

AGENDA

- Introduction Roger Boyes
- Group review Laurence Campbell
- Financial review Laurence Campbell
- Way forward Roger Boyes



THE POSITION NOW

- Loss before tax after exceptionals/goodwill £71.8m
- Exceptionals and goodwill charges £68.4m (2002: £13.5m)
- Loss before tax* £3.4m (2002: profit £16.7m)
- Loss per share* at 7.5p (2002: EPS 14.6p)
- EBIT* continuing businesses £4.9m
- Shareholders' funds £58.9m; tangible net assets £40.0m
- Year-end debt £18.4m
- Banking facilities to June 2005

* Before exceptionals and goodwill charges





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WHAT CAUSED IT?

- Ambitious programme of change
- Significant acquisition
- Large-scale new initiatives



REMEDIAL ACTIONS - DISPOSALS

- Sale of:
 - Cestrum Building Products - December 2003
 - Cestrum Conservatories - February 2004
 - Coastal Fabrication - February 2004
- Sale and leaseback of head office building - December 2003



REMEDIAL ACTION - OPERATIONS

- Initiative rationalisation
 - Centralock - downsized
 - DIY windows and doors - closed
 - Composite door - closed
- UK headcount - reduced by 15%
- Legacy product claim - part settlement



REMEDIAL ACTION – BALANCE SHEET

- Plastic Systems assets
 - Debt write-downs
 - Stock write-downs
 - Equipment write-downs
- Goodwill impairment
 - Plastic Systems
 - Cestrum
- Goodwill on disposals





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Laurence Campbell Group/Financial Review



PLASTIC SYSTEMS

Reverse declines in sales and trading profit
by addressing:

- Customer service
- Overall cost and operational effectiveness
- Product range
- Marketing strategy



PLASTIC SYSTEMS

Customer service

- “On-time-in-full” now at industry norms
 - aiming higher
- Customer complaint levels halved
 - continuing to reduce
- Warehouse operations, greatly improved and more efficient
 - further improvement expected
- Factory scheduling - greatly improved “pull” basis, reduced stocks
- Focus on increased customer-centric organisation



PLASTIC SYSTEMS

Overall cost and operational effectiveness

- Increased PVC resin prices
- Reduced customer credits
- Benefit of headcount reductions
- Lower scrap
- Formulation savings
- Purchasing savings



PLASTIC SYSTEMS

Product range

- Rationalised breadth of range in each suite
- Reduce number of suites over time
- Mila to fulfil hardware orders



PLASTIC SYSTEMS

Sales and marketing actions

- Demonstrate capability to customers
- Energise sales force
- Focus on customer/product profitability
- Win specification business
- Build on Elite 70 in rigid
- Drive volumes



HARDWARE

- Mila UK, Ireland, DK, NL and Window Ware
- Door Panels and Windowquoter
- Sales growth of 7%
- Euro impact on margins
- Far Eastern sourcing
- Door Panels growth





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SEALED UNITS

- Clayton
- Regional player
- Growth opportunity



US MARKETS

Manufactured Housing

- Remains depressed, rate of decline slowing
- Prospects improving

Pipe

- Poor profitability in H2 2003
- Increasing PVC resin prices H1 2004
- Good demand currently

General

- Election year
- Weak dollar





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US – MH/RV

- Number 1 distributor
- Year-on-year growth in period December '03 → February '04
- New products
- Higher gross margins
- Lower overheads than 2002



US - PIPE

- Retains a strong position – number 3 east of Mississippi
- Customer relationships
 - Strategic alliances
 - Vendor managed inventory
 - Plumbing wholesale
- Tactical gross margin management
- New products – C905 water pipe, conduit
- Reducing manufacturing cost per pound





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2003 PRELIMINARY RESULTS

£m	2003	2002
Turnover	499.4	603.6
Operating (loss)/profit	(1.6)	18.3
Interest	(1.8)	(1.6)
Exceptionals - operating	(16.0)	(10.0)
- non-operating	(19.6)	-
Goodwill amortisation	(3.4)	(3.5)
Goodwill impairment	(29.4)	-
(Loss)/profit before taxation	(71.8)	3.2
Taxation	(2.5)	(2.2)
(Loss)/profit after taxation	(74.3)	1.0
Dividends	(4.1)	(11.7)
Deficit for the year	(78.4)	(10.7)





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OPERATING EXCEPTIONALS AND GOODWILL IMPAIRMENT

£m	Oct	Final
Costs excluding goodwill	(21.7)	(16.0)
Goodwill impairment	(3.7)	(29.4)
P&L charge	<u>(25.4)</u>	<u>(45.4)</u>
Cash cost	<u>(12.0)</u>	<u>(7.0)</u>



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NON-OPERATING EXCEPTIONALS – PROFIT/(LOSS) ON DISPOSALS

£m	Vs net assets	Goodwill effect	Total P&L
Creation	15.4	(7.6)	7.8
Coldseal	(5.1)	(20.6)	(25.7)
Cestrum BP	(1.7)	-	(1.7)
P&L charge	8.6	(28.2)	(19.6)
Cash effect	32.5	-	32.5



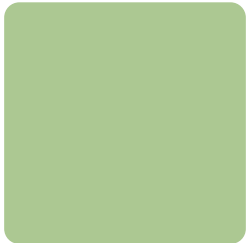
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TURNOVER AND OPERATING PROFIT

£m	UK (inc Europe)		US		Total	
	2003	2002	2003	2002	2003	2002
Turnover						
Continuing	168.0	169.6	219.4	240.1	387.4	409.7
Discontinued	65.9	96.9	46.1	97.0	112.0	193.9
Total	233.9	266.5	265.5	337.1	499.4	603.6
Operating profit *						
Continuing	(0.3)	11.4	5.2	10.3	4.9	21.7
Discontinued	(8.8)	(9.4)	2.3	6.0	(6.5)	(3.4)
Total	(9.1)	2.0	7.5	16.3	(1.6)	18.3

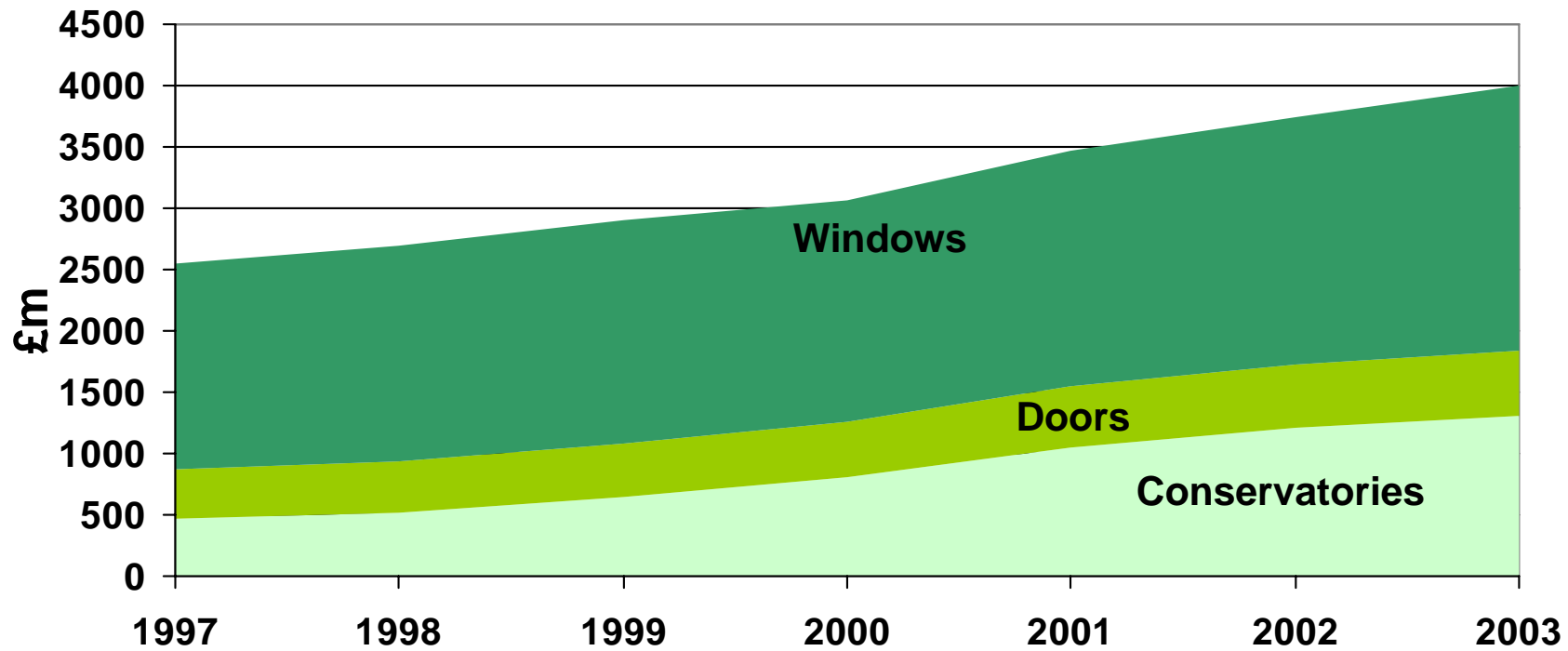
* before exceptionals and goodwill charges





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UK MARKET TRENDS – PVC ONLY

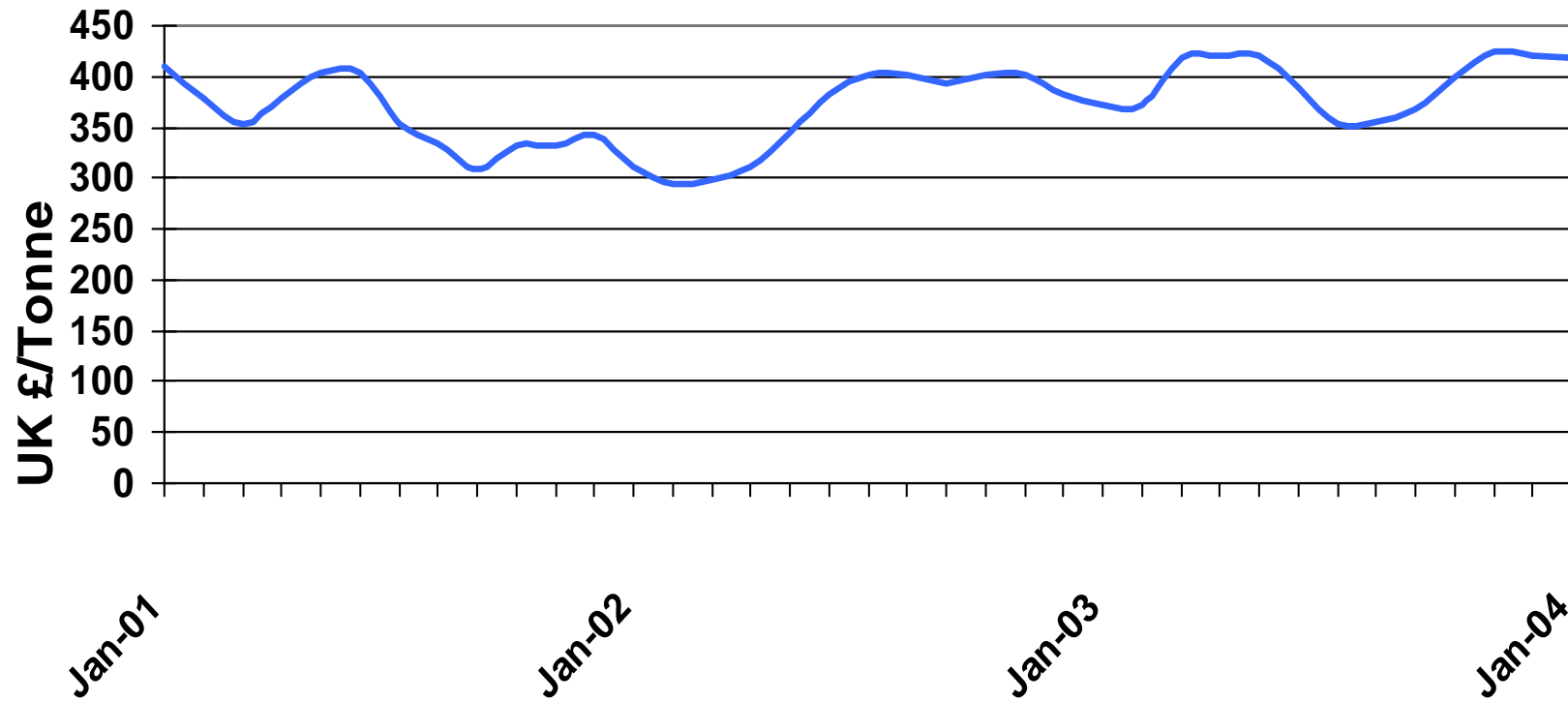


Sources : Company estimates in consultation with Palmer Market Research



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PVC RESIN PRICE - UK



Source : Company estimates



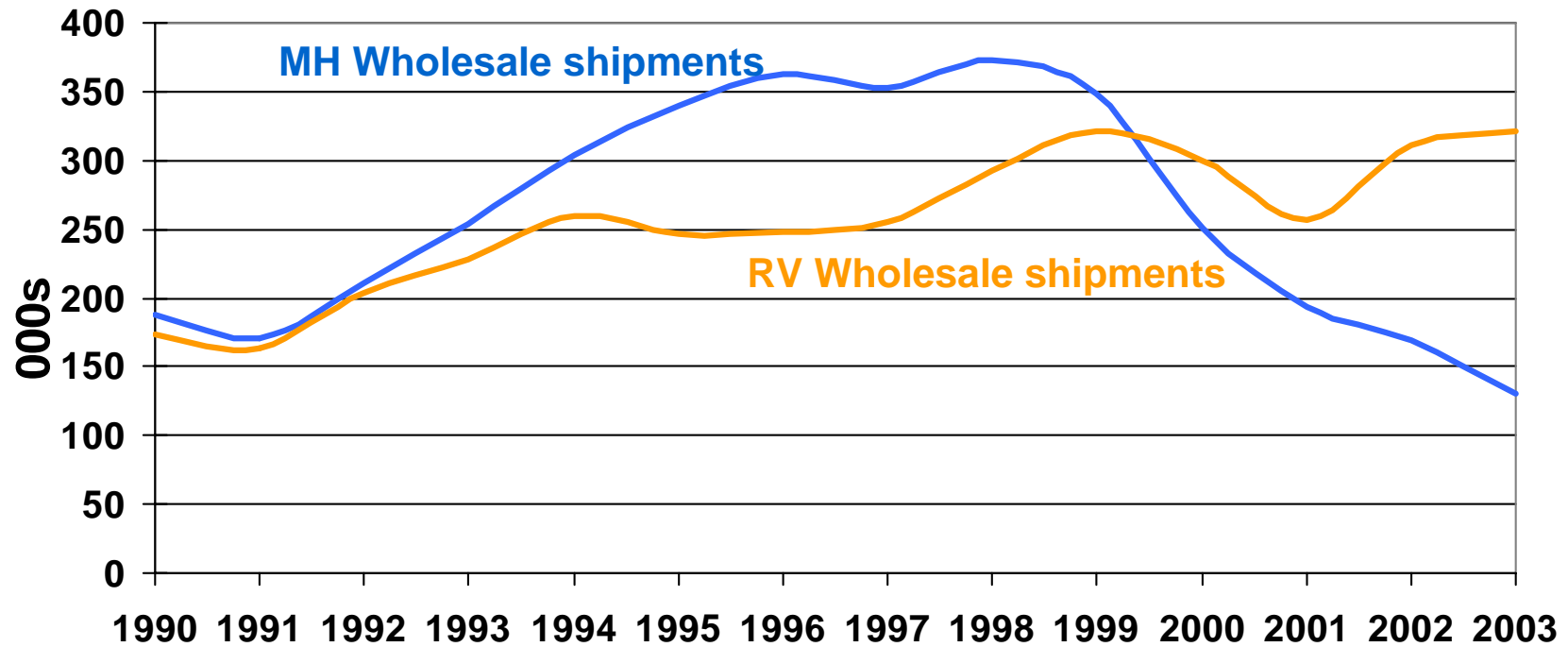
TURNOVER BY MARKET – UK

£m	2003	% Change
Systems	77.7	(13.0)
Hardware	99.9	6.7
Glass	6.1	27.6
Intergroup & discontinued	50.2	
	233.9	(12.2)



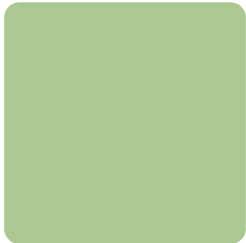
US MARKET TRENDS

MH/RV



Sources : MH : NCSBCS
RV : RVIA

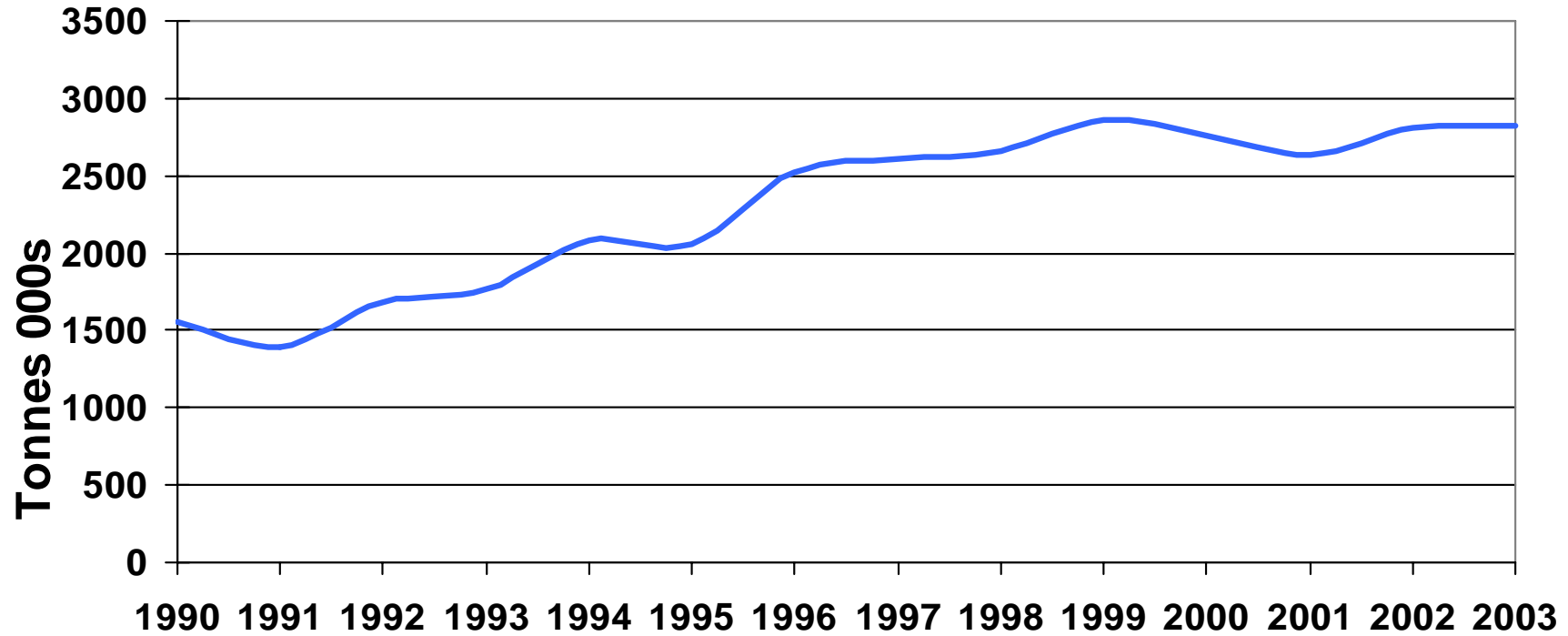




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US MARKET TRENDS

PVC PIPE

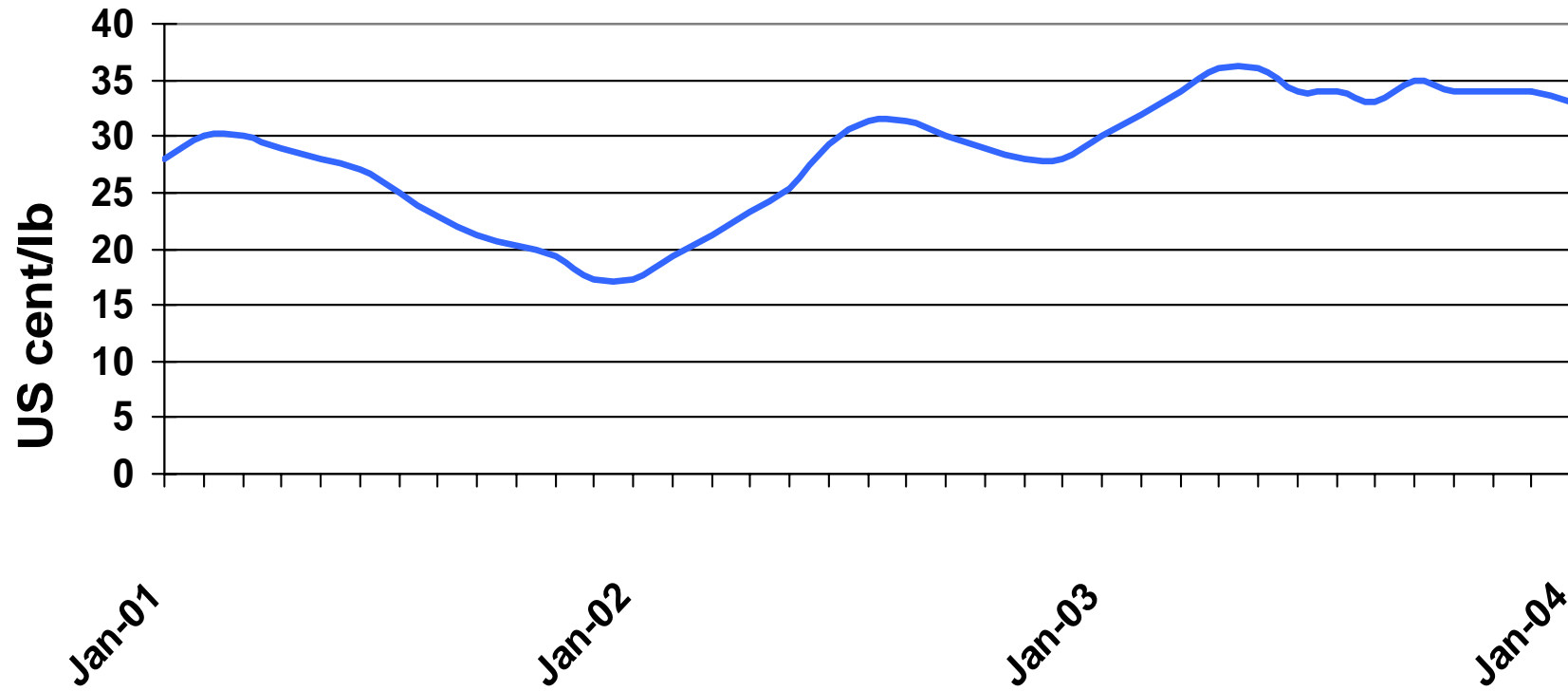


Source : Company estimates



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PVC RESIN PRICE - US



Source : Company estimates



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TURNOVER AND OPERATING PROFIT – US

£m	Pipe Continuing		MH/RV Continuing		Auto/RV Discontinued		Total	
	2003	2002	2003	2002	2003	2002	2003	2002
Turnover	70.3	63.1	149.1	177.0	46.1	97.0	265.5	337.1
Operating profit #	1.2	4.2	4.0	6.1	2.3	6.0	7.5	16.3
Operating profit %	1.7%	6.7%	2.7%	3.4%	5.0%	6.2%	2.8%	4.8%

before goodwill amortisation



TURNOVER BY MARKET - US

£m	2003	% Change	% Change like-for-like*
MH/RV	149.1	(15.8)	(8.9)
Pipe	70.3	11.4	20.5
Discontinued	46.1		
	265.5	(21.2)	(15.0)

* excludes the effect of exchange rates





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BALANCE SHEET

£m	2003	2002
Fixed assets - Intangible	18.9	56.3
- Tangible	50.0	74.1
Working capital	41.7	45.4
Provisions	(33.3)	(28.3)
Net borrowings	(18.4)	(34.9)
Shareholder's funds	58.9	112.6



MOVEMENT ON RESERVES

£m	Tangible	Intangible	Total
As at 1 January 2003	56.3	56.3	112.6
Deficit for the year	(41.0)	(37.4)	(78.4)
Exchange fluctuations	1.1	-	1.1
Goodwill relating to disposals previously written off	23.6	-	23.6
As at 31 December 2003	40.0	18.9	58.9





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PROVISIONS

£m	Opening	FX	P&L	Disposals	Cashflow	Asset write off/ reclass	Closing
Deferred tax	12.7	(1.2)	1.5	(1.8)	-	-	11.2
UK restructuring	1.1	-	16.0	-	(0.7)	(8.9)	7.5
Product rectification	9.8	-	-	-	1.6	0.9	12.3
Other warranty	4.1	-	1.0	(3.2)	(0.7)	-	1.2
Surplus properties	0.6	-	0.6	-	(0.1)	-	1.1
	28.3	(1.2)	19.1	(5.0)	0.1	(8.0)	33.3



UK DEFINED BENEFIT PENSION FUND

- Ongoing basis of valuation – deficit £11.8m
- £1.7m higher annual P&L charge – April 2003 forward
- £1.7m extra annual cash contribution – January 2004 forward
- FRS17 basis (disclosure only) – deficit £24.4m





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CASH FLOW

£m	2003	2002
Operating (loss)/profit #	(1.6)	18.3
Working capital	(7.9)	(5.2)
Net capex	4.6	(3.6)
Taxation	(1.6)	(4.1)
Free cash flow before exceptionals	(6.5)	5.4
Exceptionals	0.9	(5.6)
Disposals/other	36.4	4.2
Dividends/interest	(14.3)	(13.2)
Cash flow	16.5	(9.2)

before exceptionals and goodwill charges



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WHERE DOES THIS LEAVE THE GROUP?

		2003 gross sales**
		£m
UK*	- Plastic Systems	77.7
	1 rigid factory – Macclesfield	
	1 cellular factory – Scunthorpe	
	1 central warehouse – Stoke	
	- Hardware	99.9
	2 UK warehouses – Daventry/Bedford	
	3 UK factories – Upton/Tamworth/Daventry	
	3 European warehouses – Dublin/NL/DK	
	- Sealed units	6.1
	1 UK factory – Co Durham	
		<hr/> 183.7
US	-Pipe	70.3
	-MH/RV	149.1
		<hr/> 219.4
		<hr/> <hr/> 403.1

* Larger installations only

** Including intercompany sales



LEADERSHIP AND GOVERNANCE

- New Group Chief Executive
 - Robert Barr (47)
 - Astucia Ltd - Chief Executive
 - Kingspan PLC - Chief Operating Officer
 - Bespack PLC - Managing Director - Europe
 - Diageo PLC - Director of Logistics - UK
- New Non-Executive Director
 - Graham Menzies
 - Senior PLC – Chief Executive



SUMMARY

- Re-focussed the group
 - disposed of non-core businesses
 - eliminated non-core loss-making operations
 - focus on Plastic Systems profitability
- Tight cash management
- High calibre additions to the management team
- Current trading in line with operating plan

