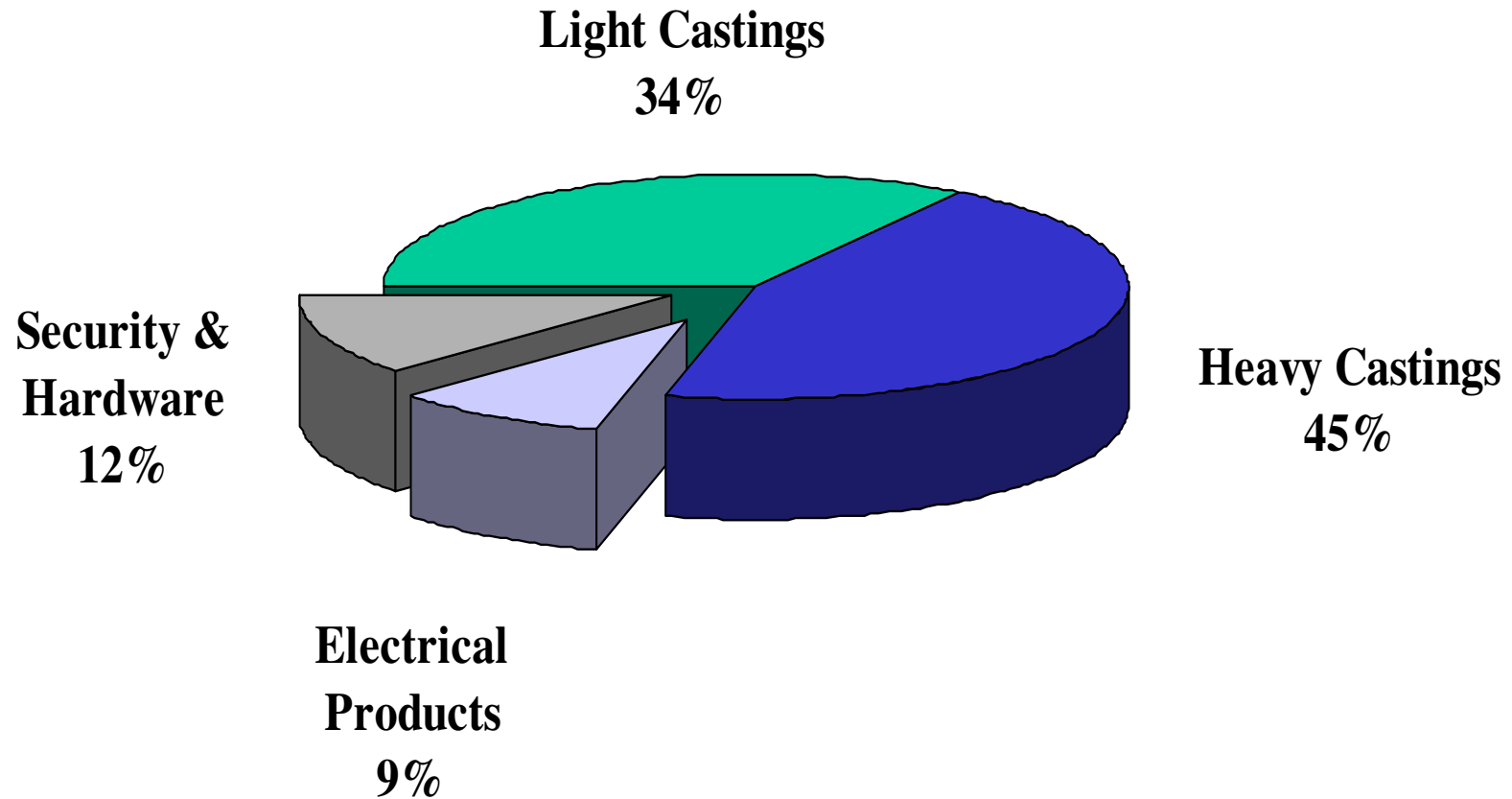


# Chamberlin & Hill plc Interim Results

23 November 2006



# Product Areas



Segments: Revenue April – Sept 2006



# INTERIM RESULTS 2006

	<u>2006</u>	<u>2005</u>
Underlying operating profit	£521k	£1,205k
Net finance income / (charge)	£2k	(£70k)
Underlying profit before tax	£523k	£1,135k
Underlying EPS	4.9p	10.8p
Net borrowing (cash)	£1,192k	(£238k)

- Gearing low at 9.6%
- Dividend maintained at 3.85p
- Yield is 6.1% at 195p share price
- Transfer to AIM completed
- New CEO and FD appointed



# SEGMENTAL ANALYSIS

	<b>Foundries</b>		<b>Engineering</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Total sales</b>	<b>15,029</b>	<b>17,175</b>	<b>3,999</b>	<b>3,982</b>
<b>Trading profit</b>	<b>712</b>	<b>1,302</b>	<b>270</b>	<b>282</b>
<b>R.O.S.</b>	<b>4.7%</b>	<b>7.6%</b>	<b>6.8%</b>	<b>7.1%</b>



# Foundry Performance

## Light Division

- Bloxwich closed on schedule and site handover complete
- Selected work transferred to Walsall – remainder removed as planned
- Digesting Bloxwich work and people delayed expected improvements
- Margin improvement has now started

## Heavy Division

- Demand did not recover as expected
- Increased raw materials and energy costs put pressure on margins
- Management over-stretched by site consolidation project, operating performance adversely affected



# Consolidate & Improve Heavy Division (Russell Ductile)

## Immediately

- New MD appointed
- Review site consolidation project to take advantage of delayed development timescale for Leicester

## Strategy

- Low-cost low volume foundry in Scunthorpe
- Use existing infrastructure to limit capital expenditure
- Select work to migrate to Scunthorpe
- Run Leicester for cash & close in 3 to 5 years



# Consolidate & Improve Light Division (Chamberlin & Hill Castings)

## Immediately

- Independent identity created
- Organisation re-structured
- Drive quality and productivity

## Strategy

- “Lean manufacturing” implementation to improve performance
- Review opportunities to expand into machining



# Engineering Performance

## Electrical Products (PFP)

- Revenue flat, with growth in hazardous area products offset by declining socket box sales
- Pressure on socket box margins from increased steel prices
- Result similar to prior year

## Security & Hardware (Duncombe)

- Exidor product for uPVC doors launched and well received
- Component sourcing from China in place
- Site re-organisation commenced
- Managing Director exited - costs reduced first half result below prior year



# Consolidate & Improve Electrical Products (PFP)

## Immediately

- Re-focus on hazardous area products
- Exit socket box business
- Pursue product development opportunities

## Strategy

- Create sustainable high value-added business
- Grow organically in niche sectors



# Consolidate & Improve Security & Hardware (Duncombe)

## Immediately

- Recruit replacement MD
- Complete site consolidation & sell surplus building
- Increase focus on Exidor sales

## Strategy

- Grow Exidor, run other products for cash
- Expand sales in high security range
- Explore range extension into access control



# Update Management Culture

- Small plc team – entrepreneurial Divisions
- Rigorous & financially driven
- Financial reporting clear, standardised & promptly reviewed
- Strong leadership in key positions
- Market-driven products & services
- Excellent customer service as standard
- “Lean manufacturing” activity in all businesses
- Urgent & straightforward culture
- Attractive to high calibre management and employees
- Focus on growth and cost control
  
- Cultural change has started but takes time



# Adjust Balance of the Group

- Currently nearly 80% of turnover in iron foundries
- Foundry expertise provides defence for next decade, but long term threats apparent
  - Low labour cost competition
  - Environmental legislation
  - Unattractive workplace for next generation
- Long term security requires more non-foundry activity
- Strategy to re-balance the Group when performance allows



# Appendix



# INCOME STATEMENT SUMMARY

	Six months to			Six months to
	Underlying	Exceptionals	Total	30-Sep-05
	£000	£000	£000	2005 £000
Revenue	19,028	-	19,028	21,157
Operating profit	521	(421)	100	1,205
Net interest	2	-	2	(70)
Profit before tax	523	(421)	102	1,135
EPS	4.9p		0.9p	10.8p



# BALANCE SHEET - ASSETS

	30 Sept 2006 £000	30 Sept 2005 £000
<b>Non-current assets</b>		
Intangibles	481	244
Property, plant and equipment	8,518	8,795
Deferred tax assets	782	930
	<u>9,781</u>	<u>9,969</u>
<b>Current assets</b>		
Inventories	5,192	5,094
Trade and other receivables	8,227	8,714
Cash and cash equivalents	-	238
	<u>13,419</u>	<u>14,046</u>
<b>Total assets</b>	<u>23,200</u>	<u>24,015</u>



# BALANCE SHEET - LIABILITIES

	30 Sept 2006	30 Sept 2005
	£000	£000
<b>Capital and reserves</b>		
Share capital	1,854	1,840
Share premium account	829	743
Capital redemption reserve	109	109
Retained earnings	9,666	9,694
	12,458	12,386
<b>Current liabilities</b>		
Financial liabilities	1,192	-
Trade and other payables	7,004	6,612
Income taxes payable	55	943
	8,251	7,555
<b>Non current liabilities</b>		
Deferred tax	1,273	1,151
Pension scheme deficit	1,218	2,923
	2,491	4,074
	23,200	24,015
<b>Total equity and liabilities</b>	23,200	24,015



# MAJOR SHAREHOLDERS

	Number	%
Rights & Issues	1,000,000	13.48%
Discretionary Unit Fund	500,000	6.74%
	<hr/> 1,500,000	<hr/> 20.23%
Brewin Dolphin	592,215	7.99%
Henderson Global	570,000	7.69%
Schroder Investment	551,231	7.43%
AXA Framlington	400,000	5.39%
Perfecta Assets	275,000	3.71%
Morgan Stanley Quilter	223,800	3.02%
	<hr/> 4,112,246	<hr/> 55.45%

