

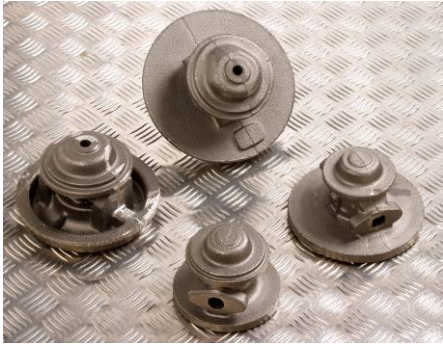
# **Chamberlin & Hill plc**

## **2007 Final Results**

7 June 2007



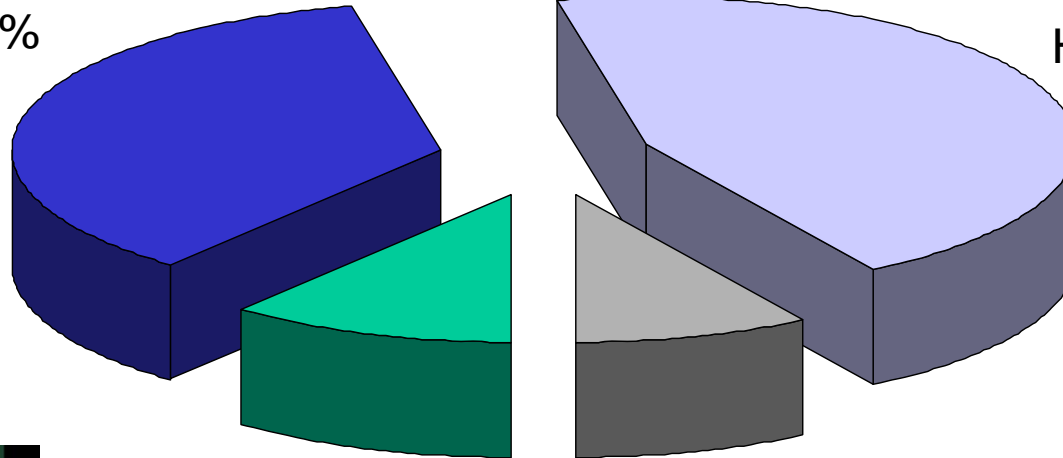
# Product Areas



Light Castings 36%

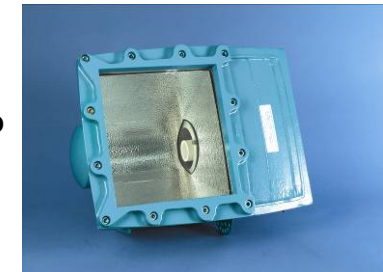


Heavy Castings 44 %



Security 11%

Hazardous Electrical 9%



Segments: Revenue 2007



# FINAL RESULTS 2007

	<u>2007</u>	<u>2006</u>
Sales	£39.2m	£41.4m
Underlying operating profit	£1.1m *	£2.4m
Underlying earnings per share	10.5p *	21.5p
Underlying return on equity	7.1% *	11.7%
Net (Borrowing)/Cash	£(0.2)m	£0.6m

- Dividend maintained at 11.85p
- Yield is 6.0% at 198p share price
- Gearing low at 1.8%

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\* Before non-recurring operating costs of £0.8m, exceptional costs of £1.1m and £0.4m tax credit



# SEGMENTAL ANALYSIS

£k	<u>Foundries</u>		<u>Engineering</u>		<u>Total</u>	
	2007	2006	2007	2006	2007	2006
Total sales	31,287	33,635	7,901	7,800	39,188	41,435
Trading profit	681	2,328	157	552	838	2,880
Non-recurring operating Costs	330	-	470	-	800	-
Underlying Trading profit	1,011	2,328	627	552	1,638	2,880
Shared Costs					506	482
Underlying Operating Profit					1,132	2,398
Underlying R.O.S.	3.2%	6.9%	7.9%	7.1%	2.9%	5.8%



# Year of Transition

- Evolution of Board completed – New CEO, FD and Non-Exec
- Re-appraisal of accounting practices identified several issues
  - Non-recurring costs of £0.8m taken this year
  - Largely non-cash
  - Upgraded controls in all areas
- Updated mortality tables increased pension deficit to £2.2m
- Restructuring required exceptional costs of £1.1m
  - Foundry strategy re-visited – Leicester to continue operations
  - Light castings consolidated to Walsall site
  - Disposal of low-margin product from PFP and increased focus on “Petrel” branded hazardous area lighting
- High calibre management recruited across the Group
- Proposal to change name to Chamberlin plc in next AGM



# Foundries

## Chamberlin & Hill Castings Ltd

- Bloxwich closed & profitable work retained within the Group
- Raw material & energy costs unfavourable, but largely recovered through price rises
- Strong demand, especially for turbocharger castings
- Increased focus on high volume work will drive efficiency

## Russell Ductile Castings Ltd

- Planned integration of Scunthorpe & Leicester unsatisfactory, adversely affecting 2007 result
- Upgraded management in place and driving performance
- Strong demand and limited UK competition



# Engineering

## Fred Duncombe Limited

- Good margins maintained and sales stable
- Low-cost sources established and expansion planned for 2008
- Factory re-organisation released freehold site, sold for £0.5m profit
- New MD appointed with strong sales focus

## Petrel Limited (formerly PFP)

- Re-branded following disposal of socket box business
- Respected brand for hazardous area electricals
- Increased focus to deliver top line growth



# Strategy

## Drivers

Currently nearly of 80% of turnover in iron foundries

Technical expertise is a defence, but long term threats:

- Low labour cost competition
- Environmental legislation
- Unattractive workplace for next generation

## Conclusion

Must evolve into a more broadly based engineering group

## Objective

Create a Group defined by “difficult things, done well“

## Action

Actively seek acquisitions that meet our criteria



# Acquisition Criteria

Targets will include several of the following characteristics:

- High specification and demanding applications
- High entry barriers and well defended intellectual property
- Constant product development influencing customers designs
- Customer or regulatory approval difficult or expensive
- High degree of process know-how
- Difficult to replicate or transfer
- Serious consequences for product failure
- Demanding logistics requiring closeness to the customer
- Potential for growth and performance improvement
  
- The right price!



# Outlook

- Robust demand in most product areas
- Initiatives in place to drive efficiency and grow sales
- Fresh management at all levels is invigorating the business
- Clear strategy for the future
- Trading currently in line with expectations



# Appendix



# Income Statement Summary

	Year Ended 31.3.07				Year Ended 31.3.06
	Underlying	Non-recurring Operating Costs	Exceptional Costs	Total	Total
Revenue	39,188			39,188	41,435
Operating Profit	1,132	(800)	(1,141)	(809)	2,502
Interest	(22)			(22)	(135)
Profit before Tax	1,110	(800)	(1,141)	(831)	2,368
EPS	10.5p			(4.4)p	22.5p



# Balance Sheet Summary

	<u>Year Ended 31.3.07</u>	<u>Year Ended 31.3.06</u>
Property, Plant & Equipment	7,954	8,206
Intangible Assets	453	483
	<u>8,407</u>	<u>8,689</u>
Current Assets	12,405	13,250
Current Liabilities	(7,738)	(7,738)
Net (overdraft)/cash	(209)	593
Non-current liabilities		
Net deferred tax asset/(liability)	312	(765)
Pension Scheme Deficit	(2,235)	(487)
Net Assets	<u>10,942</u>	<u>13,542</u>
Share Capital & Reserves	10,942	13,542



# Cashflow Summary

	<u>Year Ended 31.3.07</u>	<u>Year Ended 31.3.06</u>
Operating (Loss)/Profit	(809)	2,502
Non-cash adjustmentsIntangible Assets	1,206	(1,160)
Working Capital Reduction	1,371	1,081
Tax Paid	(237)	(823)
Net cash from operating activities	<u>1,531</u>	<u>1,600</u>
Capital Expenditure	(1,625)	(1,415)
Disposal of plant & equipment	119	1,713
Interest	(111)	(64)
Dividends	(878)	(872)
Other	162	(327)
Net (decrease)/increase in cash	<u><u>(802)</u></u>	<u><u>(635)</u></u>



# MAJOR SHAREHOLDERS

	<u> Holding </u>	<u> % </u>
Rights & Issues / Discretionary Unit Fund	1,500,000	20.2%
Brewin Dolphin	570,300	7.7%
Henderson Global	570,000	7.7%
Schroder Investment	477,178	6.4%
AXA Framlington	400,000	5.4%
Gartmore	284,980	3.8%
Chelverton	280,000	3.8%
Perfecta Assets	275,000	3.7%
Citigroup Quilter	223,800	3.0%
	<u>4,581,258</u>	<u>61.7%</u>

Shareholding at 8/5/07

