



SCAPA GROUP PLC

2004/2005

PRELIMINARY RESULTS

PRESENTATION TO ANALYSTS

2 JUNE 2005



2004/05 Preliminary Results



- **Disappointing year**
- **Steady performance in North America**
- **Good sales growth in Asia**
- **Increased loss in Europe**
- **Won two key asbestos cases in last six months**
- **Board changes**



Financial Results

2004/05 Profit & Loss Account



	Year Ended		Growth vs 03/04	
	31/3/05	31/3/04		
	£m	£m	Headline	Comparable
Sales	188.2	187.9	0.2%	3.4%
Operating Profit*	3.6	6.0	(40.0%)	(34.5%)
Net interest payable	(0.7)	(0.4)	-	-
Finance Costs**	(1.7)	(1.5)	-	-
Operating profit before tax exceptionals and goodwill amortisation	1.2	4.1	(70.7%)	(66.7%)

* Excludes goodwill amortisation and exceptional items

** Includes £0.5m discount charge on litigation provision and £1.2m FRS17 finance costs

2004/05 Profit & Loss Account



	Year Ended	
	31/3/05	31/3/04
Operating profit before tax, exceptionals & goodwill amortisation	1.2	4.1
Goodwill amortisation	(1.4)	(1.5)
Operational exceptional items		
- continuing operations	(4.5)	(5.5)
- discontinued operations	-	(6.2)
(Loss)/Profit on sale of assets	(0.2)	0.9
Loss before tax	(4.9)	(8.2)

Tax, EPS and DPS



	Year Ended	
	31/3/05	31/3/04
Tax credit / (charge)		
- Before exceptional items	£(0.5)m	£1.1m
- Including exceptional items	£6.3m	£4.1m
Earnings per share (p)		
- Headline	0.4	3.6
- Goodwill amortisation	(1.0)	(1.0)
- Exceptional items	1.5	(5.4)
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	0.9	(2.8)
Dividend per share (p)		
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	0.1	0.3

Tax credit / (charge)

- Before exceptional items
- Including exceptional items

Earnings per share (p)

- Headline
- Goodwill amortisation
- Exceptional items

Dividend per share (p)

Operating Cash Flow



	Year Ended	
	31/3/05	31/3/04
	£m	£m
Operating profit*	3.6	6.0
Depreciation	6.9	7.3
Capital Expenditure	(4.6)	(6.9)
Change in working capital	(4.0)	-
Movement in other provisions	0.2	-
Additional pension payments	(3.0)	(0.6)
Operating cash flow pre-exceptionals	(0.9)	5.8
Exceptionals - continuing operations	(1.1)	(5.6)
Total operating cash flow	(2.0)	0.2

*Excludes goodwill amortisation and exceptional items

2004/05 Net Cash Flow



	Year Ended	
	31/3/05	31/3/04
	£m	£m
Operating cash flow	(2.0)	0.2
Proceeds from capital disposals & government grants	0.6	5.0
Spend on acquisitions	(0.3)	(0.3)
Forward contracts on current asset investment	1.8	0.9
Interest, tax and dividends	(0.9)	0.2
Net cash flow - continuing operations	(0.8)	6.0
Discontinued operations	(1.1)	(5.4)
Foreign exchange movements	0.4	1.4
Net cash flow	(1.5)	2.0

2004/05 Balance Sheet



	31/3/05	31/3/04
	£m	£m
Goodwill	19.6	21.2
Fixed assets	52.3	58.5
Operating working capital	29.2	25.0
Provisions for discontinued operations	(9.5)	(10.4)
Other provisions	(2.7)	(2.7)
Tax & dividends	(0.6)	(7.1)
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	88.3	84.5
Net pension deficit	(44.4)	(38.9)
Current asset investment	10.9	12.5
Net (borrowings) / cash	(15.2)	(13.7)
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Net assets	39.6	44.4



IFRS



- **Implementation project team in place for last 12 months**
- **Indications are that earnings per share before goodwill and exceptionals under UK GAAP will not be materially different under IFRS**
- **Update to analysts in second quarter of financial year**

Bank Borrowings



	Bank Borrowings		
	Committed	Uncommitted	Total
	£m	£m	£m
Utilised as at 31/3/05	20.2	2.4	22.6
Available facilities			
Upto Sept '05	30.0	15.0	45.0
From Sept '05	27.5	15.0	42.5

Cash forecasts indicate that these facilities are adequate for Group requirements for foreseeable future



Bank Covenants



- **All covenants met for year ending 2004/5**
- **Forecasts indicate well within borrowing limits**
- **Weaker than budgeted trading in April**
- **Interest cover covenant potentially at risk at half year**
- **We have initiated discussions with our banks for potential easement**



Discontinued Businesses



- **Little change in number of outstanding claims**
- **Over last three years 176 cases dismissed covering 1,113 plaintiffs**
- **Appeal processes underway in Maryland and Louisiana**
- **Two favourable verdicts during the year - Arkansas and Maryland**
- **Robust defence approach continuing**



Geographic Performance

2004/05 Group Performance

Full Year 03-04 vs 04-05



	Sales £m	OP* £m	ROS
2003/04	187.9	6.0	3.2%
FX translation	(5.9)	(0.5)	
2003/04 at 04/05 rates	182.0	5.5	3.0%
Organic change	6.2	(1.9)	
2004/05	188.2	3.6	1.9%

* Before exceptional items & goodwill amortisation

2004/05 North America

Full Year 03-04 vs 04-05



	Sales £m	OP* £m	ROS
2003/04	64.7	7.1	11.0%
FX translation	(4.5)	(0.5)	
2003/4 at 04/05 rates	60.2	6.6	11.0%
Organic change	3.9	0.1	
2004/05	64.1	6.7	10.5%

* Before exceptional items & goodwill amortisation

2004/05 Europe

Full Year 03-04 vs 04-05



	Sales £m	OP* £m	ROS
2003/04	118.3	(1.5)	(1.3%)
FX translation	(1.1)	-	
2003/04 at 04/05 rates	117.2	(1.5)	(1.3%)
Business transfers	(3.0)	}	
Organic change	1.1		(2.1)
2004/05	115.3	(3.6)	(3.1%)

* Before exceptional items & goodwill amortisation

2004/05 Asia

Full Year 03-04 vs 04-05



	Sales £m	OP* £m	ROS
2003/04	4.9	0.4	6.1%
FX translation	(0.3)	-	
2003/04 at 04/05 rates	4.6	0.4	8.7%
Business transfers	3.2	0.1	
Organic change	1.0		
2004/05	8.8	0.5	5.7%

* Before exceptional items & goodwill amortisation

Business Unit Performance: 2003/04 to 2004/05



	Automotive £m	Cable £m	Medical £m	Industrial £m
Sales – 2003/04	19.7	33.0	20.4	114.8
FX translation	(0.4)	(0.4)	(1.3)	(3.8)
2003/04 at 04/05 rates	19.3	32.6	19.1	111.0
Organic change	1.3	2.4	4.4	(1.9)
Sales - 2004/05	20.6	35.0	23.5	109.1

Recovery Plan

- **Europe**
- **Asia**
- **Business Portfolio**



Recovery Europe



- **Strengthen management**
- **Recover margins**
- **Improve product development**
- **Reduce costs**
- **Tackle loss makers**



Improve Asian Performance



- **Leverage existing infrastructure**
- **Review cost structure**
- **Reassess Strategic Plan**
- **Evaluate manufacturing v outsourcing**

Review Portfolio



- **Too many products**
- **Niche player**
- **Improve overall margins**
- **Cash generative portfolio**

Prospects



- **Board changes implemented**
- **Initial trading in 2005/06 below budget**
- **Further round of price increases underway**
- **Recovery Plan in development**



Appendix

Exchange Rates



	Closing			% Change to 31/3/05	
	31/03/05	30/09/04	31/03/04	from 30/9/04	from 31/3/04
Euro	1.4540	1.4570	1.4955	-0.2%	-2.8%
US\$	1.89	1.81	1.84	4.4%	2.7%
CAD\$	2.29	2.29	2.42	-	-5.4%

	Average				% Change to H2 04/05		
	H2 04/05	H1 04/05	FY 03/04	H2 03/04	from H1 04/05	from FY 03/04	from H2 03/04
Euro	1.442	1.489	1.441	1.453	-3.2%	0.1%	-0.7%
US\$	1.88	1.81	1.69	1.79	3.7%	11.1%	4.9%
CAD\$	2.29	2.41	2.30	2.35	-5.0%	-0.4%	-2.6%

	FY Average		% Change to 31/3/05
	31/03/05	31/03/04	
Euro	1.466	1.441	1.7%
US\$	1.85	1.69	9.5%
CAD\$	2.35	2.30	2.2%



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