



The BSS Group PLC

**Interim Results**  
**6 Months ended September 2001**

**TONY FAY**  
**CHAIRMAN**

**KEVIN HIGGINSON**  
**FINANCE DIRECTOR**

## HEADLINES

- ✍ Sales growth of 8%
- ✍ Profit before exceptionals / goodwill up 36%
- ✍ EPS up 24%
- ✍ Cost reduction target of £5m achieved
- ✍ Underlying working capital improved
- ✍ Debt refinanced

## PROFIT AND LOSS ACCOUNT

	2001	2000	
	£'m	£'m	
Turnover	233.5	216.8	+ 7.7%
Trading Profit	9.0	7.4	+ 21.6%
Trading Margin(%)	3.9	3.4	
Interest	(1.8)	(2.1)	
	7.2	5.3	+ 35.8%
Exceptional Items	(1.8)	(1.3)	
Goodwill	(1.2)	(1.2)	
	4.2	2.8	

## PROFIT AND LOSS ACCOUNT (CONTINUED)

	2001	2000
EPS*	16.5p	13.3p
Dividends	3.5p	7.5p
Dividend Cover	2.3x	0.8x
Interest Cover*	5.0x	3.5x

(\* pre goodwill and exceptional basis)

## CASH FLOW

	2001	2000
	£'m	£'m
Trading profit	9.0	7.4
Depreciation	1.3	1.6
Exceptional items	(1.8)	(1.3)
Cash generated	8.5	7.7
Interest	(1.4)	(2.1)
Taxation	1.5	(1.4)
Capex	(1.5)	(1.3)
Working capital	(15.3)	(1.3)
Dividends	(0.7)	(4.7)
Issue of shares	0.1	-
Movement in net debt	(8.8)	(3.1)
Closing net debt	£56.3m	£61.1m

## WORKING CAPITAL DAYS

	<u>September</u>		<u>March</u>
	<u>2001</u>	<u>2000</u>	<u>2001</u>
Stocks	57	62	62
Debtors	59	60	61
	116	122	123
Creditors	(66)	(66)	(74)
Net working capital	50	56	49

- Substantially improved stock and debtor performance
- Reversal of year end creditor management.

\* *Internal management reporting figures*

## SUMMARY BALANCE SHEET

	<b>Sept 2001</b>	<b>Sept 2000</b>	<b>March 2001</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
Net asset value	88.9	92.9	87.5
Finance debt	56.3	61.1	47.5
Gearing (%)	63.3	65.8	54.3
Interest cover (x)	5.0	3.5	3.2
(pre exceptionals and goodwill)			

## DEBT REFINANCING

- All debt refinanced
- Banking group of two led by HSBC
- 7 year term debt plus revolving credit
- No repayments until May 2003

## DIVISIONAL TRADING ANALYSIS

### Industrial Division

	2001	2000	
	£'m	£'m	
Sales	104.6	98.8	+5.9%
Operating Profit	6.0	4.9	+22.4%
Operating Margin	5.7%	5.0%	

- Focus on margin management – BOSS
- Re-sourcing range to provide further benefits

## DIVISIONAL TRADING ANALYSIS

### Domestic Division

	2001	2000	
	£'m	£'m	
Sales	128.9	118.0	+9.2%
Operating Profit	3.0	2.5	+20.0%
Operating Margin	2.3%	2.1%	

- Management Team reorganised
- Further margin improvements to come

## SUMMARY

- ✍ Sales and profit smartly ahead
- ✍ Cost reduction targets achieved
- ✍ Working capital utilisation improved
- ✍ Net debt continues to fall
- ✍ Debt refinanced

└ **Focus on shareholder value creation  
through profitable, cash generative growth**

**PETER WOOD**  
**CHIEF EXECUTIVE**

## INTERIMS SEPTEMBER 2001

### July Promises:

- Cost and cash initiatives under way
- Buying and selling objectives identified
- Warehousing and distribution objectives identified
- Restoration of margin levels
- Current year is all about performing

## COST AND CASH INITIATIVES – REPORT CARD

1. £5m off costs on time, in full  
More to come
2. Borrowings reducing  
Bank debt renegotiated
3. Sustainable improvements in stock and debtor days
4. Cash flow managed daily – not for show

**Cost and cash conscious culture prevails**

## BUYING AND SELLING – REPORT CARD

- BOSS and Tradesave sales growing
- Key supplier alliances with targets and objectives being set up
- Supplier rationalisation under way
- Professionally managing sales forces
- More customer visits and cross selling
- Achieved a tougher, more respected approach

**Sales driven culture prevails**

## WAREHOUSING AND DISTRIBUTION – REPORT CARD

- Purge on slow moving stock
- Board approved separating logistics, project to be concluded by mid 2002

### **PTS**

- PTS to four identified RDC's
- Existing under-utilised assets to be used
- Stock profiling concluded by end of year
- New RDC training Q1 2002
- Exit Magna Park end Q2 2002

### **BSS**

- Work on stock profiling under way
- Major reductions planned of Inter Branch Transfers
- Other added value operations to Magna Park
- Sole use of Magna Park Q3 2002

**Improved stock availability and customer service  
a major focus for 2002**

## RESTORATION OF MARGIN LEVELS – REPORT CARD

- Current ½ year

Operating	BSS	5.7%	(last year 5.0%)
	PTS	2.3%	(last year 2.1%)
	Group	3.9%	(last year 3.4%)

**A performance culture prevails**

# MARKET

## BSS

Strong to mid September  
Projects deferred  
2002 less certain  
Others have their own problems  
Need to be aggressive sellers

## PTS

Market place fine  
Our performance gets stronger month to month  
British Gas contract renewed  
“Lost” customers returning

Not immune from cycle  
Lower cost base is good news  
Emphasis on credit control

**No excuse culture**

## BSS INDUSTRIAL

### Key Business Plan Points

- More branch accountability
- Increased penetration of capital goods market
- BOSS branded products enhances margins
- Three new branches a year
- Maintenance and Repair business with Process Industries
- Exclusive logistics improved customer service
- Confidence returned to the business

## PTS DOMESTIC

### Key Business Plan Points

- Be clear No 2 to Plumb Center
- Organic Growth – South and Scotland
- Grow sanitaryware, reducing dependence on heating
- Three Region, 10 Area structure
- Key alliance supplier strategy
- Self sufficient logistics
- Improved communications
- New management
- Winner's mentality

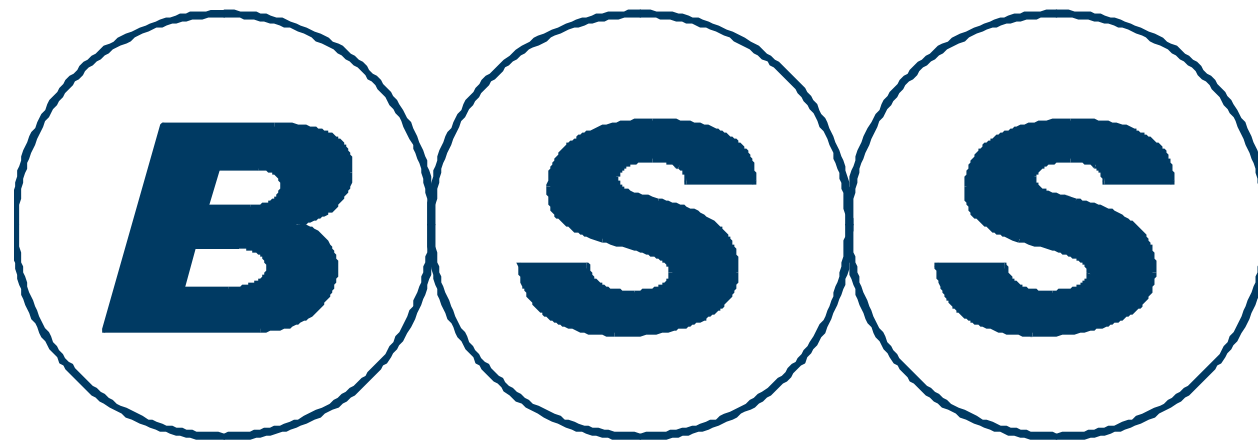
## SUMMARY

- A pleasing six months
- Stakeholder confidence returning
- Strengthening Management Team
- Major culture changes made

Need to demonstrate continued progress

Results still a long way to go to reach 5% Operating Profit (respectability)

**Despite uncertainties in market, we will deliver a year of solid progress**



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