

Hill & Smith Holdings PLC
25 May 2005

Investment in Zinkinvent GmbH (“Zinkinvent”)

The Board of Hill & Smith Holdings PLC ('Hill & Smith' or the 'Group') announces that the Group has entered into agreements to acquire an equity stake in Zinkinvent.

The Group has agreed to subscribe €25.0m in cash for 33.3 per cent. of the enlarged equity of Zinkinvent and has also agreed to advance to Zinkinvent an interest-bearing loan of €10.0 million. This investment has been funded out of new banking facilities.

Zinkinvent is a privately-owned German holding company whose principal asset is an investment of 62.6 per cent. of the issued share capital of Vista N.V. (“Vista”). Zinkinvent will use the €35.0 million investment from Hill & Smith solely to increase its equity holding stake in Vista from 62.6 per cent to 86.0 per cent.

Whilst the agreement has been entered into the funds will not be released until Hill & Smith has received satisfactory evidence that Zinkinvent has acquired full legal title to the increased equity stake in Vista.

Hill & Smith has also entered into an exclusivity agreement with the existing shareholders of Zinkinvent. This agreement, which expires on 31 December 2005, sets out a purchase price for the Group to acquire all the remaining shares in Zinkinvent not already owned by Hill & Smith.

Vista is a Belgian group with operations in Benelux, France and the United States in the hot dip galvanising and lighting column markets. Vista has strong market shares in Benelux and France and the quality of its operations has benefited from the implementation of a coordinated commercial and industrial brand management strategy.

Under German law, Zinkinvent is not currently required to produce consolidated accounts. The turnover of Vista, as shown in its audited accounts for the year ended 31 December 2003, was €150.7 million and profit before tax was €9.1 million. The net assets of Vista as at 31 December 2003 were €46.1 million.

Under the terms of the agreements, Hill and Smith will be entitled to nominate two directors to the board of Vista and will also be entitled to appoint an observer to attend the board and shareholders' meetings of Zinkinvent. The Board of Hill & Smith intends to nominate David Grove, chief executive of Hill & Smith, to the board of Vista.

The Board has been advised that this investment will be equity accounted as an associate company in the Group's future consolidated accounts. The Board anticipates that the investment in Zinkinvent will be earnings enhancing in the current year and in subsequent years (see Note).

The investment will bring a strong commercial association between Hill & Smith and Vista, with eventual adoption of Vista's brand management strategy by the Group. Hill & Smith will also benefit directly from Vista's extensive market intelligence, particularly in areas of new product development.

Hill and Smith will, over the coming months, be carrying out further due diligence on Zinkinvent and Vista in order to determine whether or not to proceed with the acquisition of the remaining ordinary share capital of Zinkinvent. The decision as to whether or not to proceed will be at the sole discretion of Hill & Smith and the purchase price remains subject to satisfactory completion by Hill & Smith of its detailed due diligence programme.

In the event that Hill & Smith does not proceed, the shareholders of Zinkinvent have undertaken to purchase at the original subscription price the shares owned by Hill & Smith, to procure the repayment by Zinkinvent of the €10.0 million loan and to pay in full, by 31 December 2006, the financing and other incidental costs incurred by Hill & Smith in making this investment.

David Grove, chief executive of Hill & Smith, said: "I am delighted that Hill & Smith has been able to secure this investment in Zinkinvent. This opens up significant new markets and opportunities to the Group and we look forward to working in partnership with the owners of Zinkinvent in the coming months."

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Note: This statement should not be taken to mean that earnings per share in periods following the investment will necessarily be greater than those for the relevant preceding financial period.