

Media information
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HILL & SMITH ON THE TOP DECK WITH 45 PER CENT PRE TAX PROFIT GROWTH AND A 19 PER CENT DIVIDEND HIKE

Infrastructure, galvanising and building and construction products group Hill & Smith Holdings PLC (Hill & Smith) has today posted a 45.5 per cent rise in underlying pre tax profits for the first half of 2008.

The group has defied the economic gloom with a 58 per cent boost in underlying operating profits, thanks to the continued pay-off from innovation and product development and to resilient infrastructure products markets.

Hill & Smith provides a comprehensive range of products and solutions for market sectors which include the maintenance and the improvement of the transport infrastructure, oil and gas, power generation, water treatment, health and safety, and, in the UK, flood prevention.

Not only are these markets remaining robust, they also present new opportunities for the group. Chief Executive Derek Muir cites the example of the need for extra car parking to be provided rapidly at London's Gatwick airport. Hill & Smith's TopDeck Parking division responded by providing a 700 space car park in just 28 days.

"TopDeck, which provides temporary or permanent car parking solutions, has contributed to the group's organic growth along with strong demand for our innovative Varioguard temporary barrier rental fleet," said Mr Muir.

"The announcement by the Highways Agency last month of its intent to roll out its variable message sign active traffic management scheme will ensure that our Techspan operation will see volumes increase in the remainder of this year and throughout 2009."

Sales revenues for Hill & Smith were up by 50 per cent in the half year to £264.1m from £176.1m in the first half of 2007, benefiting from the acquisition of Zinkinvent in July 2007 together with strong organic growth.

For the six months ended 30 June, the group reported underlying profit before taxation (prior to reorganisation, property items and the amortisation of acquisition intangibles) of £21.1m compared with £14.5m in the same period in 2007.

Underlying earnings per share (prior to reorganisation, property items and the amortisation of acquisition intangibles) rose by 21.5 per cent per cent to 17.5p compared with 14.4p in the previous year.

The interim dividend of 4.3p is 19.4 per cent up on last year's figure of 3.6p and is covered 4.1 times by underlying earnings per share (2007: 4.0 times).

Cash generated from operations in the six months totalled £34.3m, well ahead of the £10.2m reported for the same period last year.

Mr Muir said: "Our trading results for the first half of 2008 significantly exceeded expectations. Our strong presence in high growth market segments, allied to our new product development, gives us confidence for continued growth in the second half of the year and in 2009."

In July, the group completed its objective of the acquisition of 100 per cent of international galvaniser and fabricator Zinkinvent, with leading galvanising operations in Europe and the USA.

At the same time, the planned sale of the Zinkinvent galvanising operations in Benelux and Germany was completed.

"The net effect of these transactions will be earnings enhancing and further benefits are anticipated from 100% ownership of Zinkinvent's key businesses in France and the United States," said Mr Muir.

Chairman David Grove, who has announced that he will be retiring at the end of 2009, said: "The strategy of developing our core businesses by means of organic growth and selective acquisitions has been extended over the last two years such that the group is now an international business. This has created significant opportunities for further growth in the future.

“We are concentrating on a number of exciting developments which will deliver international growth over the coming years and demonstrate the demand for our product portfolio on a global basis.”

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