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Transforming Britain's Landscapes



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Highlights

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	Half year ended 30 June 2010	Half year ended 30 June 2009
Reported results:		
Revenue	£169.8m	£166.0m
EBITDA	£18.2m	£16.5m
Operating profit	£8.8m	£6.3m
Profit before tax	£7.5m	£4.0m
Basic EPS	3.07p	2.19p
Interim dividend per share	1.75p	1.75p
Net debt	£66.7m	£73.5m



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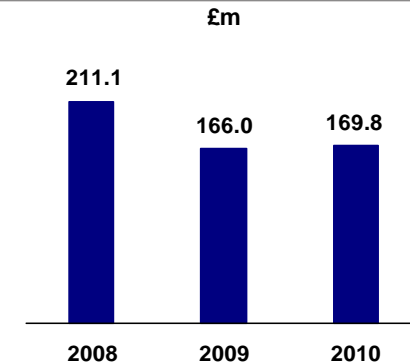
Revenue Growth

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Revenue growth 2.3%

Revenue Movement

	Revenue £m	
H1 2009	166.0	
Working days: 1 extra in H1 2010	1.3	+ 0.8%
	<u>167.3</u>	
Like for like	2.5	+ 1.5%
H1 2010	<u>169.8</u>	





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Revenue Analysis

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Public Sector and Commercial Revenue

- 57% of Group
- Like for like revenue up 3%
- Price up 1%, volume and mix up 2%

Domestic Revenue

- 43% of Group
- Like for like revenue flat
- Price up 2%, volume and mix down 2%



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Operating Profit

	2010 £m	2009 £m
Operating profit: reported	8.8	6.3
Works closure costs	-	5.0
Operating profit: before 2009 works closure costs	<u>8.8</u>	<u>11.3</u>
EBITDA : reported	18.2	16.5
: before works closure costs		21.5



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Underlying Margin Reconciliation

	Movement in Revenue	Operating Profit*	Impact on Margin
	£m	£m	%
2009 *	166.0	11.3	6.8
Working days: 1 extra in 2010	1.3	0.4	0.2
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	167.3	11.7	7.0
Trading	2.5	(0.9)	(0.6)
Incremental costs of severe weather	-	(2.0)	(1.2)
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2010	169.8	8.8	5.2
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* operating profit before 2009 works closure costs



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Additional Information and Ratios

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	2010	2009
Interest charge:		
Charge	£1.3m	£2.3m
Cover	6.9 times	5.0 times*
Tax rate:		
Reported	20.1%	10.9%
Adjusted		20.4%*
EPS:		
Reported	3.07p	2.19p
Adjusted		4.41p*
Dividend:		
2009 Interim Announced	1.75p	1.75p
Weighted average number of shares:	195.5m	163.1m
Net asset value	£186.0m	£193.3m

* before 2009 works closure costs



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Free Cash Flow

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Cash inflow arising from:	2010	2009
	£m	£m
Operating profit	8.8	11.3*
Depreciation and amortisation	9.4	10.2
EBITDA	18.2	21.5
Net financial expenses paid	(0.8)	(2.3)
Taxation received	0.2	1.5
Pensions paid	(3.3)	(1.9)
Net gain on sale of property, plant and equipment	(0.3)	(0.2)
Inventory	(0.2)	6.1
Receivables / payables	(8.2)	(13.9)
Other items	0.2	0.1
Free cash flow	5.8	10.9

* before 2009 works closure costs

	2010	2009
	£m	£m
Free cash flow	5.8	10.9
Capital Expenditure	(5.6)	(4.5)
Proceeds from sale of surplus assets	3.2	0.2
Works closure costs paid	(0.9)	(4.0)
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Movement in net debt (pre Rights Issue)	2.5	2.6
Rights Issue (net of expenses paid)	-	35.2
	<hr/>	<hr/>
Movement in net debt	2.5	37.8
Net debt at 1 January	(69.2)	(111.3)
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Net debt at 30 June	(66.7)	(73.5)
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Gearing (%)	35.9%	38.0%
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- Gearing at December 2009: 38.2%

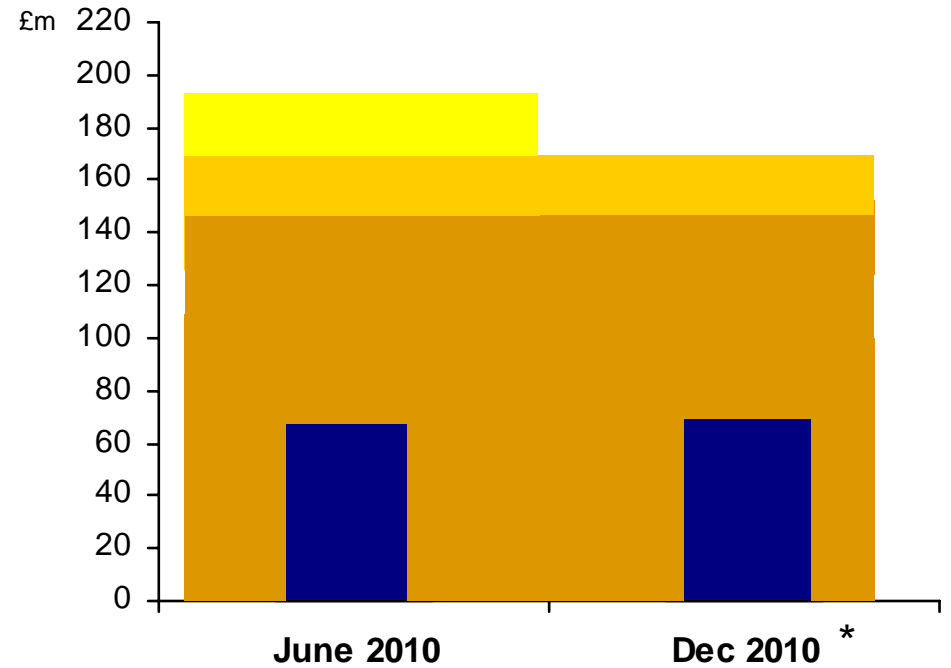


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Significant Borrowing Facilities

Expiry Date	Facility	Cumulative Facility
	£m	£m
Committed facilities:		
Q3 2014	20	20
Q1 2013	50	70
Q4 2012	25	95
Q3 2011	48	143
On demand facilities:		
Available all year	25	168
Seasonal (February to August inclusive)	20	188



- On demand: Seasonal (Feb to Aug)
- On demand: Overdrafts (all year)
- Committed
- Net debt

* Note: 2010 based on consensus information



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Actions taken have delivered

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- Integrated product offer comprising hard landscape products and street furniture
- Sophisticated data and analysis driven approach to directing sales effort
- Substantial and growing network of approved domestic paving installers
- Sector leading customer service, product availability, delivery and sustainability
- Lowest cost to market with increased operating flexibility
- Nationwide geographic coverage which competitors cannot match



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Integrated Offer

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Current Priorities - Building on our existing competitive advantages

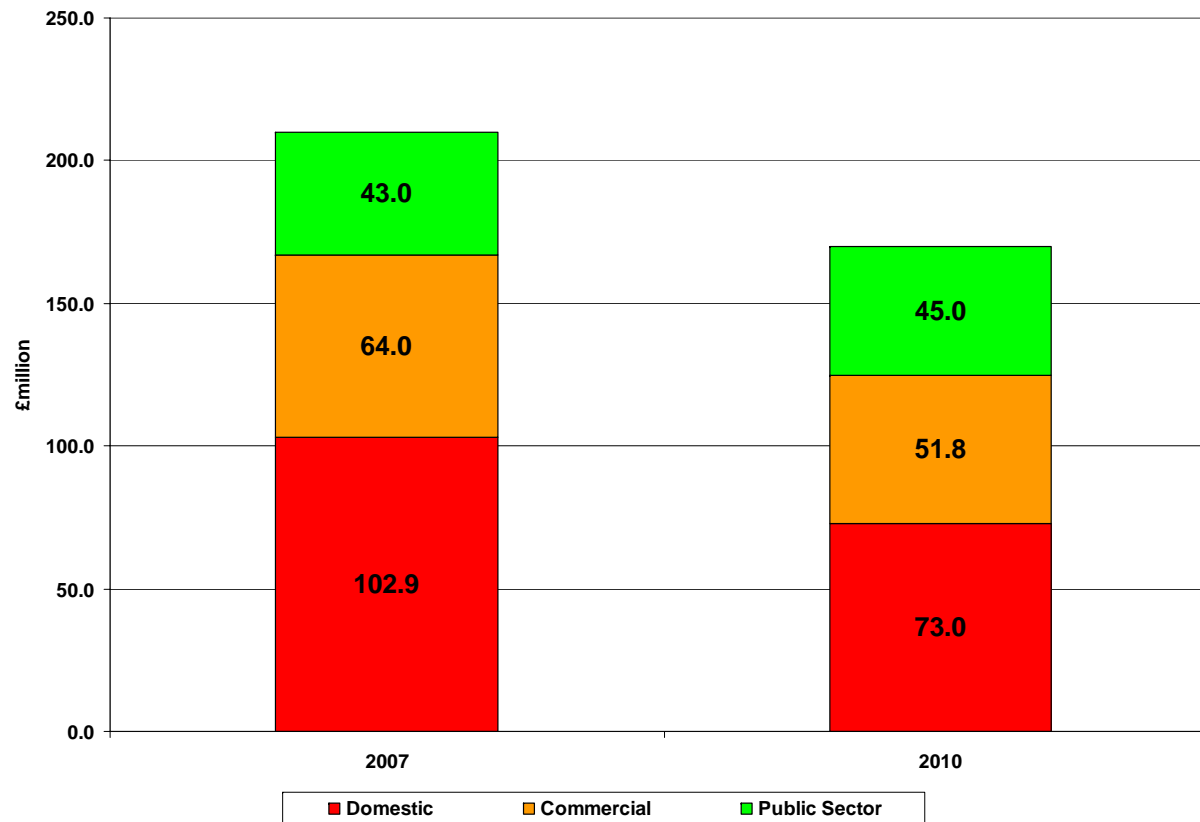
- Expanding integrated product solutions further to meet customer needs
- Focussing on marketing innovation and sales effort on areas where demand is greatest
- Development of new products to meet needs of market e.g. security bollards
- Supporting development of approved domestic installers and increasing size of Marshalls Register
- Optimisation of “lowest cost to market” model following restructure
- Embedding sustainability in everything we do



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Revenue Breakdown

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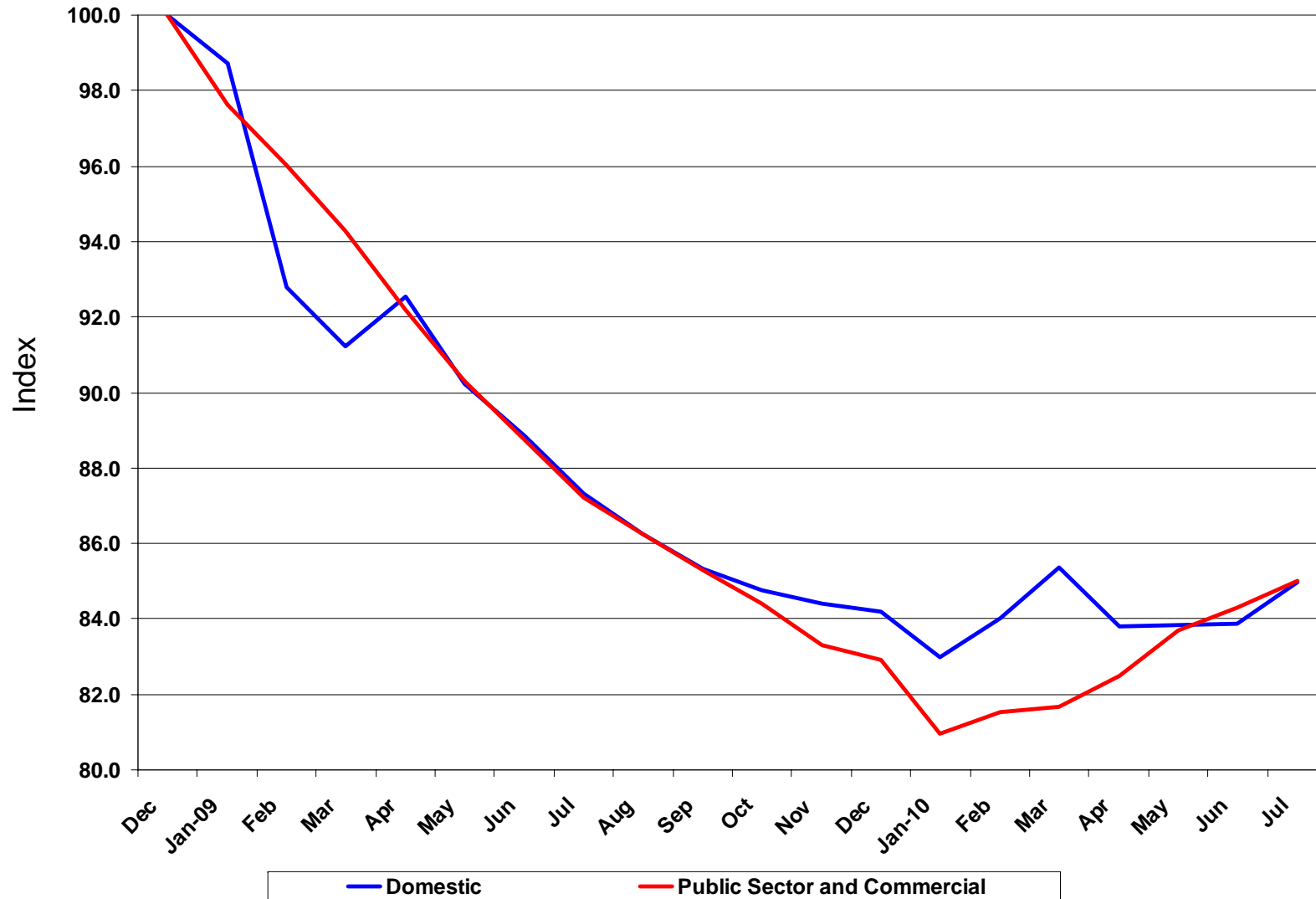
- Domestic: down 29%
- Commercial: down 19%
- Public Sector: up 5%



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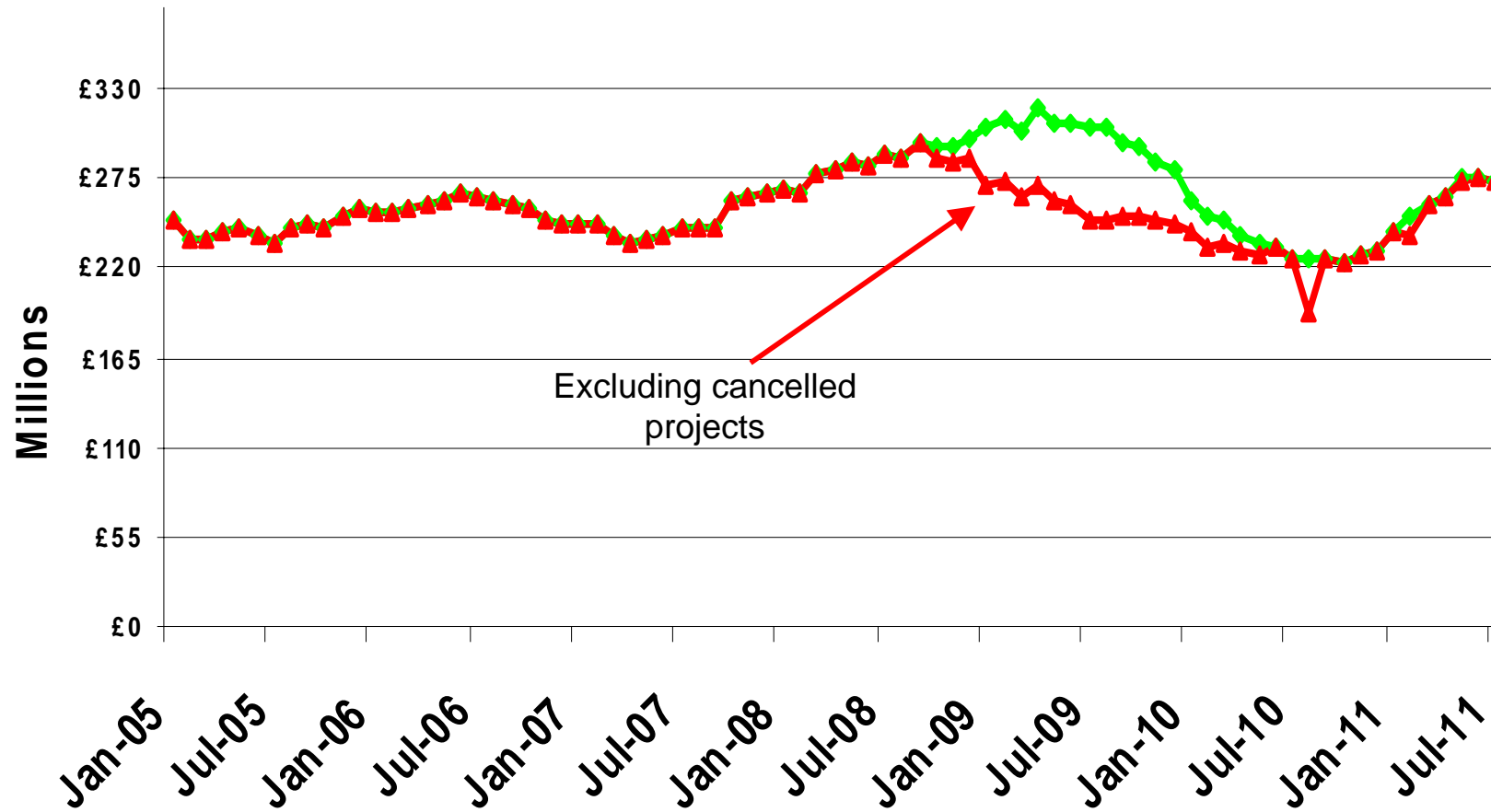
Marshalls Revenue Per Day Index MAT





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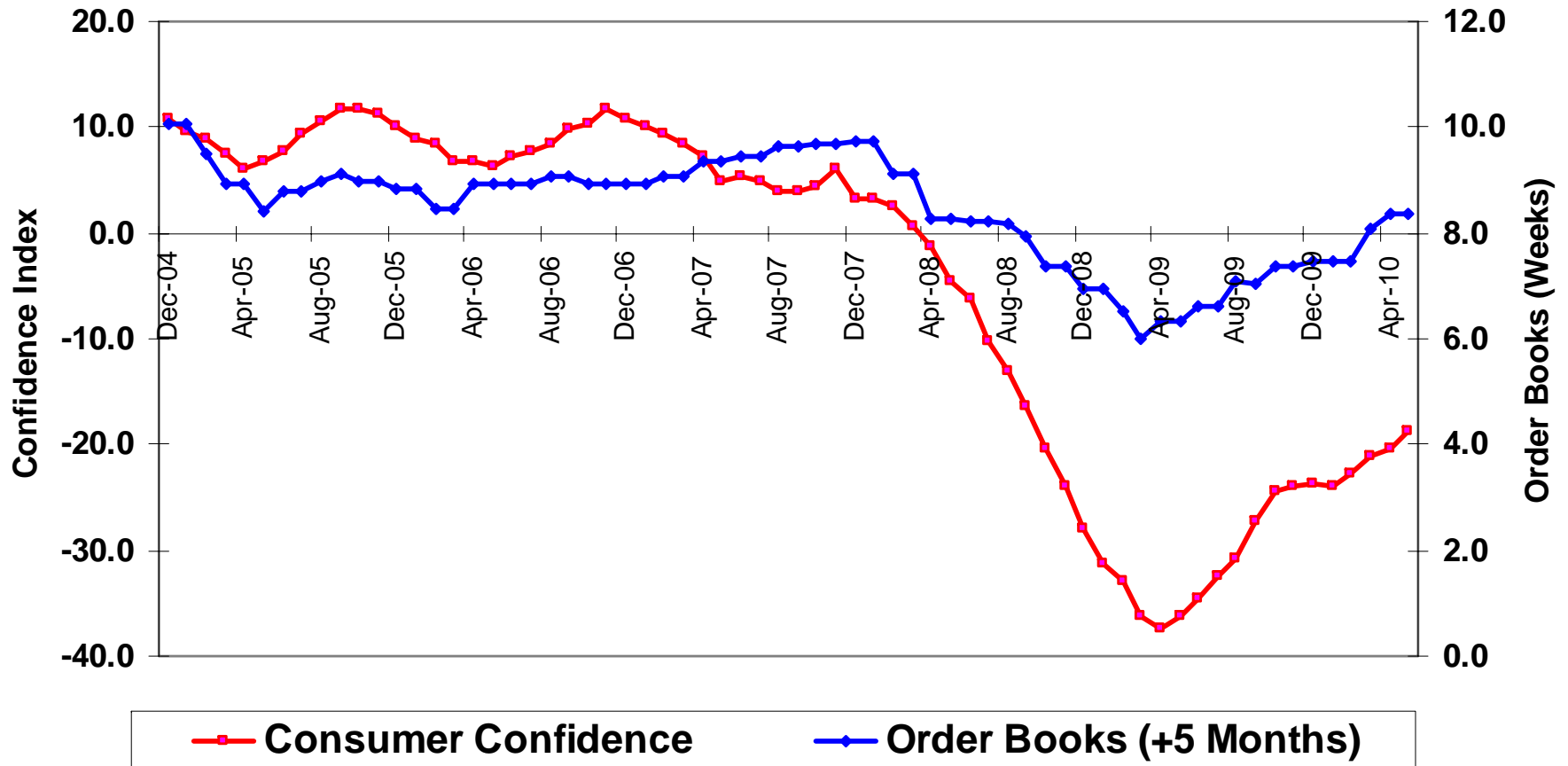
Public Sector and Commercial End Market New Work Sales Lead Indicator MAT





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Domestic Market Consumer Confidence and Installer Order Books



Installer order book based on 6 month rolling average.

Climate for major purchases as recorded 5 months earlier.



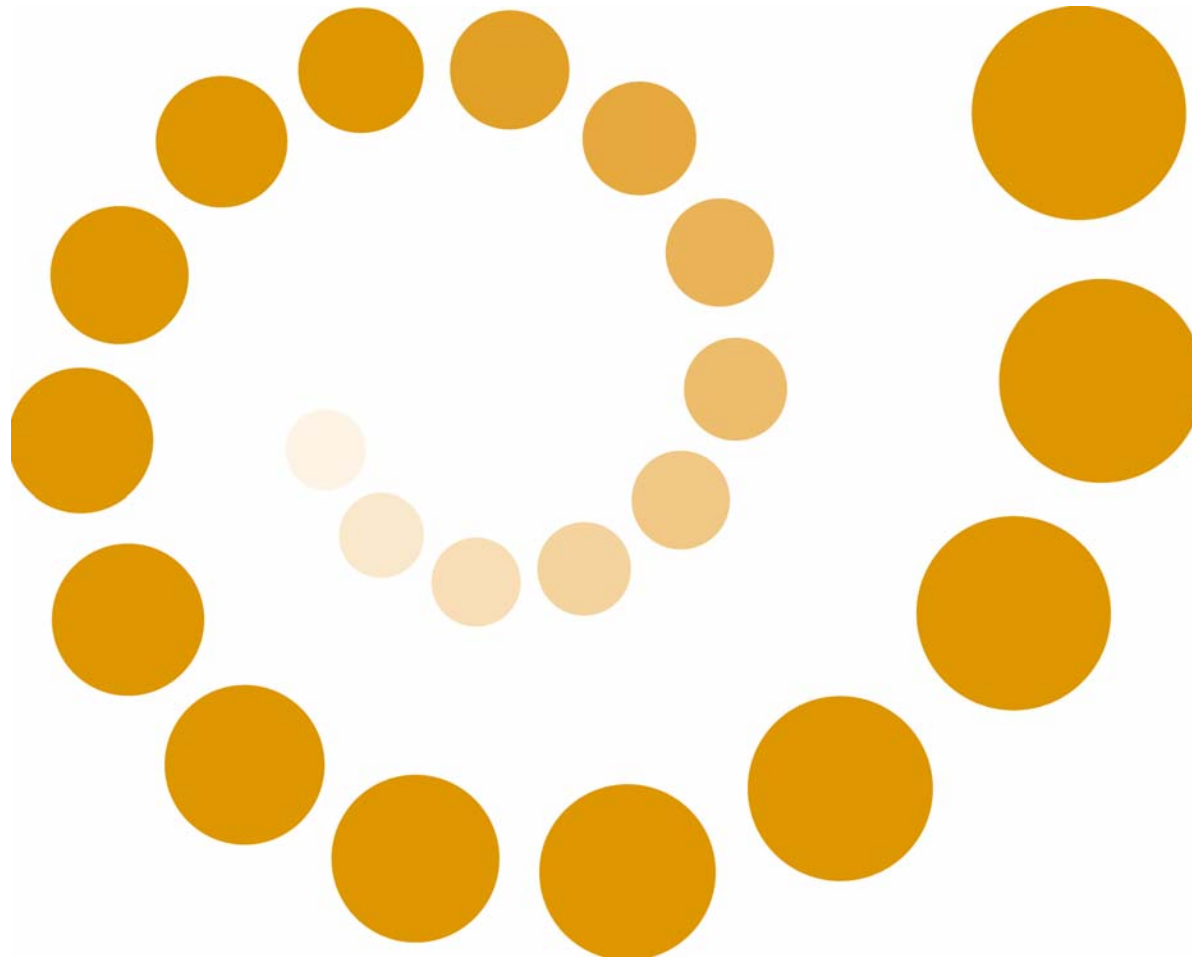
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Summary of Market Outlook

- Public Sector and Commercial end market
 - Public currently stable, expect weakness from 2011
 - Commercial has been very weak, forward indicators positive
 - Overall mildly positive
- Domestic end market has stabilised after a 29% decline – installer order books an encouraging 9.1 weeks
- Overall neutral with some upside potential

- Financial flexibility - balance sheet robust and borrowings reducing
- Sales led company - well known brand and range of marketing and sales initiatives building on unique competitive advantages
- Sector leading customer service
- Decisive action - permanent reduction of cost base, ensuring remain lowest cost to market with nationwide geographic coverage. Increased operating flexibility and retained capability
- Experienced and committed workforce
- Realistic about outlook, continuous improvement of business and competitive position will continue to deliver market outperformance





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Appendices

	2006	2007	2008	2009	2010	2011	2012
£m/% change	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast
Housing							
	21,995	22,188	18,359	14,193	13,756	14,618	15,158
	4.4%	0.9%	-17.3%	-22.6%	-3.1%	6.3%	3.7%
Other New Work							
	40,150	42,357	44,118	40,456	39,069	39,546	39,477
	4.7%	5.8%	4.2%	-8.4%	-3.4%	1.2%	-0.2%
Repair, Maintenance and Improvement							
Private Housing	14,858	15,054	15,507	13,638	13,638	13,911	14,328
	-3.1%	1.3%	3.0%	-12.1%	-	2.0%	3.0%
Total							
	46,219	46,407	47,224	42,503	41,716	41,514	41,966
	-2.9%	0.4%	1.8%	-10.0%	-1.9%	-0.5%	1.1%
Total All Work							
	108,364	110,952	109,701	97,152	94,541	95,678	96,602
	1.3%	2.4%	-1.1%	-11.5%	-2.7%	1.2%	1.0%

(2005 constant prices)



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Historical Perspective

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	Revenue	Operating Profit	Margin	Capital Expenditure
	£000	£000	%	£000
1990	181,447	28,630	15.8	36,143
1991	184,370	18,697	10.1	11,959
1992	174,355	17,317	9.9	3,786
1993	169,492	12,437	7.3	5,712
1994	191,495	21,683	11.3	20,384
1995	229,496	31,194	13.6	20,120

These are years ended 31st March



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Financial Flexibility

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	H1 2010 Actual	Year End 2010 Consensus
EBITA: Interest charge	5.7 times	Approx 7.1 times
Net Debt: EBITDA	2.1 times	Approx 2.1 times

- EBITA to interest charge must be greater than 2.5x
- Net debt to EBITDA must be less than 3x
- Net assets must be greater than £100 million

Risk Management

- 2000 closed to new members
- 2006 closed to future service accrual
- 2007 investment strategy

Investment Strategy

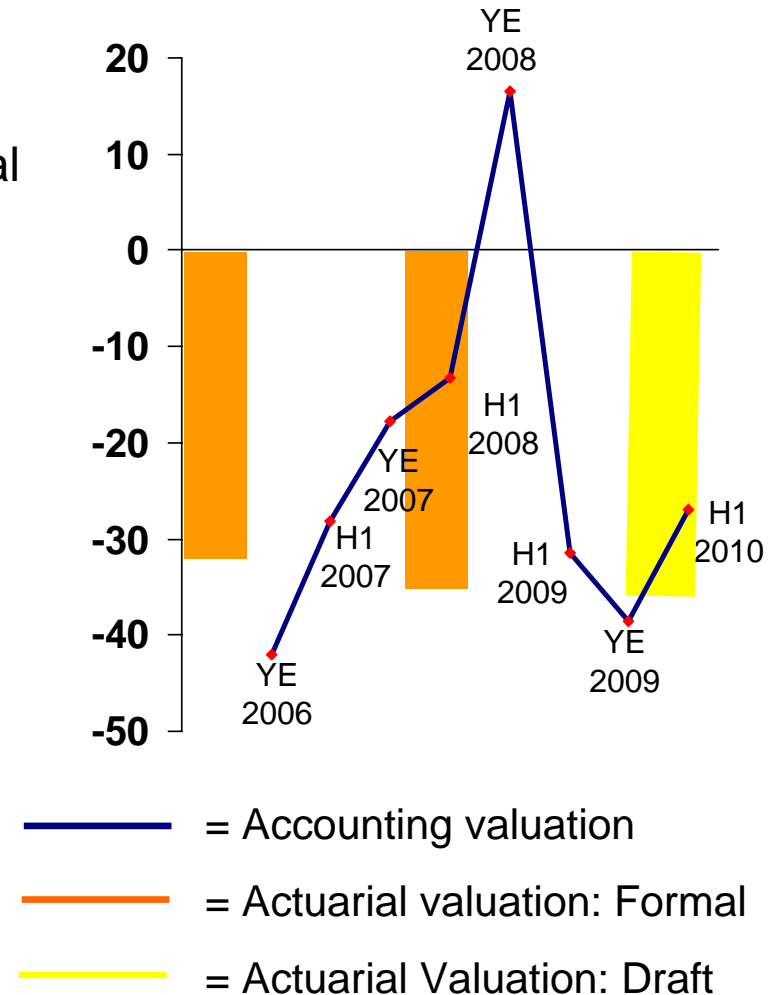
- Moved from equities to LDIs
- Closer matching to liability profile of pension scheme

Balance Sheet Values

- HYE 2010 deficit £27.0m
 - Net of deferred tax £19.4m
- YE 2009 deficit £38.0m
 - Net of deferred tax £27.3m

Movements

- AA Corporate Bond Rate
- Inflation expectations
- Asset values





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Net Assets

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	£m	£m
2009 Year End Net Assets		181.1
Impact of movements in year:		
Trading profit	6.0	
Ordinary dividends	(6.8)	
Actuarial movement on pensions (after tax)	5.8	
Hedging reserve	(0.1)	
	<u> </u>	4.9
2010 Half Year Net Assets		<u><u>186.0</u></u>



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