

Final Results 2008 Victoria P.L.C.

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Financial Performance 2008

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Group Finance Director

Preliminary Results 2008

Income statement

	2008	2007	Change
Revenue	£61.70m	£55.43m	+11.3%
Operating Profit	£ 4.19m	£ 3.39m	+23.9%
Profit Before Tax	£ 3.51m	£ 2.76m	+27.0%
Operating margin	6.8%	6.1%	0.7%
Earnings per share	36.54p	28.92p	+26.3%
Proposed dividend	14.0p	12.5p	+12.0%

Preliminary Results 2008

Divisional results

	Revenue			Operating Profit		
	2008	2007	Change	2008	2007	Change
	£'m	£'m		£'m	£'m	
United Kingdom	27.15	25.52	6.4%	1.34	1.22	9.8%
Ireland	6.08	6.20	(1.9)%	0.39	0.35	11.2%
Australia	28.48	23.71	20.1%	3.05	2.08	46.5%
Central Costs	-	-	-	(0.58)	(0.26)	121.8%
	61.70	55.43	11.3%	4.19	3.39	23.9%

Preliminary Results 2008

Cash flow

	2008	2007
	£'m	£'m
Operating profit	4.19	3.39
Depreciation & non-cash items	3.32	2.24
Working capital	(0.50)	0.80
Interest	(0.74)	(0.79)
Tax	(0.84)	(0.58)
Cash from operating activities	5.43	5.06
Capital expenditure	(2.04)	(1.89)
Dividends	(0.81)	(0.76)
Foreign exchange	(0.49)	0.01
Movement in net debt	2.09	2.42

Preliminary Results 2008

Balance sheet

	2008	2007
	£'m	£'m
Intangibles, investments and deferred tax asset	2.36	2.12
Property, plant & equipment	24.87	23.85
Current assets	28.94	25.99
Current liabilities	(15.65)	(14.49)
Non-current liabilities	(7.96)	(8.49)
Net assets	32.56	28.98

Financial Performance 2008 Summary

- Top line growth in revenues despite challenging market conditions
- Operating margins improved in all regional divisions
- Improved return on operating assets
- Net borrowings reduced
- Proposed dividend increase and proposal to introduce an interim dividend in the next financial year

Group Review Year ending 29 March 2008

Alan Bullock

Group Managing Director

Divisional Review – United Kingdom

- GENERAL ECONOMIC BACKGROUND
 - Gross domestic product declining
 - Housing market stalling
 - Lower consumer confidence = reduced consumer footfall on the high street
- MARKET BACKGROUND
 - Residential sector affected by lower disposable income and lowest levels of consumer confidence for years
 - Intense competition as manufacturers chased declining market
 - Strong Euro in H2 v Sterling made continental products less attractive but added to our costs
 - Management estimated the market to be down by circa 5%

■ SALES PERFORMANCE

- Revenues up by 6.4% from £25.52m to £27.15m
- UK revenues represent 44% of the Group's overall revenues
- Drivers to growth:
 - Excellent product offer
 - New range introductions performing well
 - New “roll-only” initiatives introduced
- Carpet sales in UK up by 6.8% to £24.86m
- Home : Export split 88% : 12%
- Export market sales down by 13.1% from £4.04m to £3.51m

- Channels to market

	Growth %
Independent retailers	+ 13.42
Wholesale	- 3.07
Major groups	+ 4.75
Contract	- 7.62
Export	- 13.37

- Independent retailers represent 64% of UK sales and 56% of our total sales including Export sales

- PROFITABILITY AND MARGIN
 - Focus remains on tight cost control
 - Yarn runnability exercises at Westwood Yarns and Victoria reap benefits
 - Forward yarn contracts protect margins
 - Operating profits up from £1.22m to £1.34m (+9.8%)
 - Operating Margin improved from 4.8% to 4.9%
 - Pre-tax profits up by 19.8% to £1.10m

- GENERAL ECONOMIC BACKGROUND
 - Irish economic growth slows with GDP down
 - Housing market stalls with large overhang of unsold houses
 - Reduced consumer confidence

- MARKET BACKGROUND
 - Residential sector affected by lack of consumer confidence and slow down in the housing market
 - Contract market highly competitive

Divisional Review – Ireland (Cont.)

■ SALES PERFORMANCE

- Revenues in Ireland were marginally down from £6.20m to £6.08m (-1.9%)
- Irish revenues represent 9.8% of overall Group revenue
- Navan Carpets' sales were up 1% in tough market conditions
- Munster Carpets' sales were down by 17.4% on prior year

■ PROFITABILITY AND MARGIN

- Focus during year remained on widening Navan Carpets' product offer
- Irish divisions' Operating Profits were up by 11.2% from £0.35m to £0.39m
- Operating profit margin was up from 5.6% to 6.4%
- Pre-tax profits were up 15.5% to £0.35m (2007: £0.30m)

Divisional Review – Australia

- GENERAL ECONOMIC BACKGROUND
 - Overall, the commodity driven Australian economy remains buoyant
 - Gross domestic product has been at around 3.9% in the year under review
 - Inflationary fears push interest rates up to 7.25%
 - General Election and change of government leaves economy still strong
- MARKET BACKGROUND
 - Victoria capitalises on the dislocation in the Industry
 - Victoria is now the second largest carpet manufacturer in the Australian market
 - Competition remains intense
 - Strong Australian Dollar against the New Zealand Dollar makes New Zealand sales harder

Divisional Review – Australia (Cont.)

■ SALES PERFORMANCE

- Australian revenues represent 46.2% of the Group's overall revenues
- Revenues increase in year by 20.1% from £23.71m to £28.48m
- Victoria have an outstanding year and continue to gain market share in both Australia and New Zealand
- Drivers to sales growth:
 - Innovative product development
 - In particular the growth of solution dyed nylon products
 - Well established and strong customer relationships with the retail buying groups

■ PROFITABILITY AND MARGINS

- Operating profit was up 46.5% from £2.08m to £3.05m
- Operating margins were up from 8.8% to 10.7%
- Pre-tax profits were up from £1.81m to £2.79m, an increase of 53.8%
- Pre-tax profit margin is now 9.8%

Divisional Review – Canada (Colin Campbell & Sons)

- GENERAL ECONOMIC BACKGROUND
 - Western Canada's commodity driven economy remains strong
 - The 2010 Winter Olympics to be held in British Columbia adds to general well being

- MARKET BACKGROUND
 - Contract residential developments continue in Vancouver
 - Increased competitor activity in all areas

Divisional Review – Canada (Cont.) (Colin Campbell & Sons)

■ SALES PERFORMANCE

- Strong growth in revenues which are up 11.4% from C\$9.12m to C\$10.15m
- Contract residential sales in wool carpets particularly strong with major projects of note in Vancouver
 - Harbour Green apartments
 - Shangri-La apartments and hotel
- Nature's Carpet^R marketing package and sales team in US put in place in Q4

■ PROFITABILITY AND MARGINS

- Operating profits up 22.3% from C\$0.72m to C\$0.88m
- Operating margin up from 7.9% to 8.6%

- THE GROUP IS COMMITTED TO A THREE YEAR GROWTH PLAN :
 - UK & Ireland
 - Concentrate on the Group's core business
 - Deliver leverage to the Company's "brand" and operational capabilities
 - Enter the contract floor covering markets in both the UK and overseas
 - Australia
 - Utilise the significant new investment in plant and equipment to exploit growth opportunities in both the residential and contract markets

Future Outlook (Cont.)

- UNITED KINGDOM AND IRELAND
 - Economic and market conditions anticipated to remain extremely challenging:
 - Housing market likely to further decline
 - Consumer confidence to remain weak
 - Competition from home and abroad to remain intense
 - Victoria's competitive advantages:
 - Strong and experienced management team
 - Proven ability of winning market share
 - Current and fashionable products offering value for money
 - Modern, highly efficient manufacturing operation
 - Widening product offer and channels to market
 - Victoria establishing a contract sales team and contract products
 - Distribution agreement with Mannington Inc

Future Outlook (Cont.)

■ AUSTRALIA

- Economic and market conditions remain positive:
 - Interest rates may still increase to curb inflation
 - GDP forecast to slow slightly in 2008, but still good
 - Weak NZ Dollar may help NZ manufacturers and hinder our exports
- Victoria's competitive advantages:
 - Well proven and strong management team
 - Track record of winning market share
 - Strong customer relationships
 - Strong product offer
- Major investment of A\$8.5m in new Tufters coming on-stream in second half of our financial year

Future Outlook (Cont.)

- CANADA
 - Economic and market conditions
 - The picture remains relatively positive
 - US economy for residential carpets remains very challenging
 - Campbell's competitive advantages
 - Well established business with excellent reputation
 - Operating in higher margin area of market
 - Core business expected to grow with Nature's Carpet sales increasing

Future Outlook (Cont.)

■ SUMMARY

- The difficulties the Group will encounter in the current economic and market conditions are real and the Board does not under estimate the challenges it faces
- The Group is committed to its three year plan of growing its core business to deliver continued growth in existing markets
- The Group has strong products, unrivalled knowledge and expertise and a passion for Customer Service that means it is as well placed as any to deliver growing returns to its shareholders