

RNS Number:8405E

Portmeirion Group PLC

04 November 2004

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Portmeirion Group PLC announces a major re-organisation of its manufacturing and

warehouse facilities, in order to strengthen the Group's ability to meet the

challenges of intense competition from low-cost imported products, and to be

able to achieve organic growth.

In summary, the Group will reduce its UK manufacturing, warehousing and

distribution operations from 4 sites to 2 while maintaining current production

capacity. This will be achieved by combining the 2 existing warehouse sites into

one new site. The current 2 manufacturing sites will be consolidated into 1

existing site. As a result 2 freehold sites will be sold, which are expected to

be cash generative after re-organisation costs. The anticipated reduction in

operating costs will be circa ?0.5m. per annum, which will come into full effect

in 2006.

The Group currently operates a warehouse and distribution centre of

approximately 50,000 sq.ft. in Stoke-on-Trent. This warehouse is operating at

near maximum capacity, and with ageing equipment. As previously announced, the

Group intends to relocate to a significantly larger warehouse, with modern handling equipment, in 2005. The existing warehouse, which is leased, will be

sublet.

The Group owns a 5-acre site, which is used for storage of bulk deliveries and

the warehousing of seconds stock. Both these stocks will be relocated to the new

larger warehouse. This will enable the sale of the 5-acre site.

Manufacturing is conducted on 2 sites. With further efficiencies and investment

the primary site in central Stoke-on-Trent will be reorganised, so that the manufacturing operation at the smaller second site will be consolidated into the

primary site during 2005. This work is planned to start early in the New Year

for completion by midyear. This second site will also then be sold.

The results of this re-organisation will be:

- The Group will be able to maintain its current production levels, with a significantly reduced cost base, and improved levels of efficiency.

- The Group employs some 540 people on the 4 sites in Stoke-on-Trent. It is

anticipated that there will be a modest reduction in the workforce in 2005, and a proportion of this will be through natural staff turnover.

- Having all the stock-holding on one larger site, with new handling equipment will ensure an improved level of service to our customers, who

are ever more demanding in terms of speed of delivery and product mix. It

will also facilitate the handling of increased volumes of externally sourced products, which are planned to provide incremental sales and organic growth.

- The cost of re-organisation is planned to be under ?1m. expended in 2005,

and the cash generated from the sale of the 2 sites is expected to exceed

this. Capital expenditure costs of ?3m. for internal warehouse equipment

will be additional.

- This re-organisation will ensure that the Group improves productivity in

manufacturing, warehousing and distribution, so as to meet the

ever-increasing competitive challenges. It will maintain the Group's strong

balance sheet and financial position, and ensure that it is well positioned

to increase sales and profitability in future years. Further details and an

update on progress will be included with the announcement of the Group's

full year results in March 2005.

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