

RNS Number:2202G

Portmeirion Group PLC

09 December 2004

Portmeirion Group plc

Trading Statement

Portmeirion Group PLC announces that sales in America have continued to be ahead

of the previous year, but this benefit has been significantly reduced by adverse

movements in the sterling/dollar exchange rate. Sales in the UK market are approximately level with the previous year, as is the case in Korea, but sales

in all other markets have declined year on year. The overall effect of this is

that Group sales to date for the final quarter of 2004 will be below

management's expectations, when converted into sterling, as a result of which

full year results will also be below management's expectations and are likely to

be a modest loss before exceptional items and tax.

The major reorganisation of the Group's manufacturing and warehouse facilities,

consolidating from 4 sites to 2, will proceed as advised in the announcement of

4th November 2004. Also, following the loss of an additional distributorship,

the board has reviewed the operation of its wholly owned subsidiary, Portmeirion

Japan and now intends to reorganise its operation in Japan in order to improve

performance. These reorganisations are expected to reduce the Group's annual

operating costs by at least ?0.5 million per year with effect from 2006 and will

also result in a one-off exceptional non-cash write-down of approximately ?1

million. The Group still expects to sell two freehold sites, generating cash,

which will more than cover actual relocation costs, estimated at ?0.5m.

Given the Group's strong balance sheet, and the steps being taken as outlined,

the Board expects to maintain the full year dividend.

During the second half of 2004, the Group has reorganised and strengthened its

management team, in order to re-establish organic sales growth with new product

ranges and new routes to market. The challenges faced by the Group are

formidable, but the radical re-organisation taking place will ensure that the

Group is well prepared to meet those challenges.

For further information contact

A.W. Ralley, Chairman

B.W.J. Phillips, Group Finance Director

Tel: (01782) 744721