

## Financial results for the first half of 2008

- Revenue of € 1,159 million, an overall decrease of 4.7%, and a like-for-like\* increase of 0.7%.
- Operating income (EBIT) of € 105 million, an overall decrease of 30.1%, and a like-for-like\* decrease of 26.4%.
- Current EBIT\*\* of € 130 million, an overall decrease of 13.8%, and a like-for-like\* decrease of 10.1%.
- Difficult conditions in certain European markets such as Spain, Italy, and in particular, the UK. Trading in North America resilient in a difficult economic environment. Mixed performance in Latin-America and the rest of the world.
- Disposal of Greenwood (UK) and acquisition of RX Plastics (New Zealand) during the period. Acquisition of Dalpex (Italy) in July, and agreement to acquire Provinil (Brazil) in September.

The unaudited condensed consolidated accounts for the first half of the year 2008 were presented to the Board of Directors at its meeting held on 25 September.

## Comments

Revenue in the first half of 2008 was € 1,159 million (2007: € 1,216 million), an overall decrease of 4.7%. Changes in the scope of consolidation accounted for 0.5% of this decrease. Adverse exchange rate movements reduced revenue by 4.9%, mainly as a result of weakening of the US dollar, the sterling and the Canadian dollar during the period. The organic increase in revenue was thus 0.7%.

Operating income was € 105 million (2007: € 151 million), an overall decrease of 30.1%, taking into account a € 25 million provision to cover product liability claims in North America. At constant exchange rates, and excluding the impact of the change in scope of the consolidation, the decrease in operating income was 26.4%. Excluding the impact of the above mentioned provision the decrease in current EBIT was 10.1%.

The trading environment in Europe was difficult in some of the major markets especially Spain, Italy and the UK, and affected mainly the performance of the Sanitary and Building Products divisions. Despite market conditions, the performance of the Group's Industry division remained satisfactory, and the same was true, to a lesser extent,

for the Utilities segment. In the UK the Group divested Greenwood, a non-core ventilation business (2007 turnover: € 21 million), and realised a net gain of € 33 million.

Performance in North America, albeit below that of the first half of 2007, generally proved resilient taking into account the continuing uncertainty and deterioration of the US economic environment since the beginning of the year.

The Group's activity in Australia and New Zealand remained broadly satisfactory. On April 1, 2008 the Group acquired RX Plastics (2007 turnover: €29 million), a New Zealand company, active in irrigation products, water storage and effluent disposal systems.

The Group's Latin American operations showed a mixed performance with resilience in South and Central America and weaker results in Mexico.

On July 1, 2008 the Group acquired the majority of the share capital of Dalpex SpA, an Italian producer of multilayer pipes for use in hot and cold water applications and other plastics products. The turnover of the company, which will broaden the Group's product range, amounted to € 34 million in 2007.

On September 18, 2008, the Group signed an agreement to acquire Provinil, a PVC pipes and fittings business in Brazil with a turnover in 2007 of €32 million. This acquisition will improve the geographical coverage of the Group in Latin America.

## Outlook for the second half of 2008

Trading is expected to remain challenging during the second half of the year.

In Europe, the Group does not anticipate any short term improvement.

With regard to North America, the economic environment is likely to remain difficult, especially in the US where the sub-prime crisis and the resulting housing sector downturn will continue during the rest of the year.

Integration of the newly acquired businesses will be the Group's focus in Latin America and Australasia.

Given the current difficult economic environment the Group is accelerating its cost reduction programs.

## Summary trading information

Condensed Consolidated Income Statement (€ million)	First half 2008	First half 2007	Inc/(dec)	Full year 2007
Revenue	1,159	1,216	(57)	2,405
Current EBITDA***	168	188	(20)	369
% of revenue	14.4%	15.5%		15.3%
Current EBIT**	130	151	(21)	292
% of revenue	11.2%	12.4%		12.2%
Operating income (EBIT)	105	151	(45)	292
% of revenue	9.1%	12.4%		12.2%
Profit before income taxes	121	134	(13)	251
Net profit,	99	95	5	182
attributable to :				
• Minority interests	1	1	-	2
• Group equity holders	98	94	5	180

Earnings per share	First half 2008	First half 2007	Inc / (dec)	Full year 2007
Basic earnings per share (€)	1.16	1.10	4.8%	2.11
Diluted earnings per share (€)	1.14	1.09	4.3%	2.09

Condensed Consolidated Balance sheet (€ million)	June 2008	June 2007	Inc / (dec)	Full year 2007
Intangible Assets	599	624	(25)	609
Property, Plant and Equipment	590	616	(26)	607
Non-Current Investments	37	31	6	31
Other Non-Current Assets	19	28	(9)	18
<b>Total Non-Current Assets</b>	<b>1,245</b>	<b>1,299</b>	<b>(54)</b>	<b>1,265</b>
Non-Cash Working Capital	581	565	16	438
<b>Total</b>	<b>1,826</b>	<b>1,864</b>	<b>(38)</b>	<b>1,703</b>
Equity (attributable to Group)	1,056	940	116	1,002
Minority Interests	11	12	(1)	11
<b>Total Equity</b>	<b>1,067</b>	<b>952</b>	<b>115</b>	<b>1,013</b>
Non-Current Liabilities	173	207	(34)	182
Deferred Tax Liability (net)	36	37	(1)	35
Net Financial Debt	550	668	(118)	473
<b>Total</b>	<b>1,826</b>	<b>1,864</b>	<b>(38)</b>	<b>1,703</b>

\* Like-for-like being at constant exchange rates and excluding the impact of changes in scope of consolidation

\*\* Current EBIT being profit from operations before non recurring items

\*\*\* Current EBITDA being EBITDA before non recurring items