

## Lupus Capital plc

### Pre Close Trading Update

Lupus Capital plc (“Lupus” or the “Group”), a leading international supplier of building products to the door and window industry and the world's number one manufacturer of marine breakaway couplings, issues the following trading update for the six months ended 30 June 2011.

#### Financial Performance

Sales for the six months ended 30 June 2011 were approximately £125 million (2010: £133.2 million), 6 per cent. behind the corresponding period in 2010. On a constant currency basis, sales in the period decreased by approximately 4 per cent. compared with the 2010 half year. The Group's Underlying EBITA for the first six months of the year is expected to be not less than £15.5 million (2010: £17.3 million), reflecting the Group's operational gearing.

#### Financial Position

At 30 June 2011 the Group's Underlying Net Debt was approximately £95 million (2010: £113.3 million).

The successful deleveraging of the Group over the past two years means that the Group's interest payable on bank loans and overdrafts, net of bank interest receivable, for the 2011 full year is presently expected to be around £2.5 million lower than in 2010.

#### Building Products

As previously reported, trading conditions remained challenging in the first half of the year with residential building markets in both the UK and the US subdued. Pricing pressures continued to affect our key raw materials purchases of steel and oil derivative products as well as imported finished goods; however we have successfully continued our policy of full recovery without sacrificing market position.

In North America the Amesbury Group has seen a weaker first half of the financial year compared with the corresponding period in 2010. The 2010 year was characterised by an uneven demand pattern in the US market with performance during the first four months of the year heavily influenced by one-off impacts of customers rebuilding inventories and tax credits offering market support. Despite sluggish market conditions we remain confident that we have maintained our market share.

In the UK, grouphomesafe has seen some increases in demand for its components products, most noticeably from the distribution sector, offset by weaker demand in the OEM sector. As expected, the decline in social housing demand has significantly impacted sales in our composite door business; however we continue to make good progress with our restructuring and repositioning initiatives and have started to win sales in the trade and retail markets.

# LUPUS CAPITAL

Our International Building Products business has seen local currency sales broadly in line with the corresponding period in 2010, with encouraging increases in demand in Germany and Brazil, tempered by more muted demand for products in Southern Europe. Our Australasian business had a slower start to the year than in 2010, with market demand affected by the Australian floods and the New Zealand earthquake, however in recent weeks order levels have picked up.

## Oil Services

Gall Thomson and Klaw have each had a strong first half with sales and orders in both businesses running significantly ahead of the equivalent period in 2010.

## Outlook

The trading environment remains challenging in both the UK and US building markets and, as stated at the time of our 2010 full year results, we do not expect any further material improvements in conditions in those markets to come through in 2011. However, we will maintain our focus on the cost base of the business and the successful execution of our self help initiatives in order to ensure that we continue to take market share where possible.

In Oil Services, given the strength of the order books at both Gall Thomson and Klaw, we expect continued solid performance.

Lupus Capital will issue its half year results for the period ending 30 June 2011 on Tuesday 6 September 2011.

## Enquiries:

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