

# FIRST HALF 2002 NEWS RELEASE



ON 6 AUGUST 2002, PACIFICA GROUP LIMITED ANNOUNCED ITS RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2002:

## Pacifica Announces Profit Increase of 34% for First Half

### Highlights of the First Half

- Net profit after tax up by 34.1% on the first half of 2001 to \$21.8 million
- Operating revenue of \$560.4 million
- Strong performance by PBR, particularly in North America
- Positive contribution to earnings by the Construction Products Division
- Strong cash flow and lower gearing

Additionally, in July, Pacifica completed and announced the sale of Lionweld Kennedy, its UK-based construction products business.

### Dividend

Directors have declared a dividend of 9 cents per share franked to 60% for the first half of 2002. This compares with an interim dividend of 8.5 cents per share franked to 81% for 2001. The 2002 interim dividend will be paid on 20 September 2002.

### Share Buy Back

To date, Pacifica has bought back 7.1 million shares out of a possible 15.1 million before September 2002. The average price paid for the shares has been \$3.88. Further purchases will be made as appropriate on the basis of an assessment of price and future cash requirements.

---

**PACIFICA GROUP LIMITED**  
**ABN 69 006 530 641**

264 East Boundary Road, East Bentleigh Victoria 3165 Australia  
Telephone: (613) 9575 2222 - Facsimile: (613) 9575 2411  
Website: <http://www.Pacifica.com.au> - Email: [Pacifica\\_enquiries@Pacifica.com.au](mailto:Pacifica_enquiries@Pacifica.com.au)

## **Automotive**

PBR, Pacifica's automotive business, increased revenue by 5.4% and earnings by 21.5% over the corresponding period for last year.

The continuing strength of the North American automotive sector, particularly the light truck market, drove healthy demand for PBR's brake technologies. The major US automotive manufacturers maintained the range of incentive programs introduced after 11 September last year and these contributed to the unexpectedly high level of new registrations during the first six months of 2002.

Both of PBR's plants in North America performed well, not only on the back of increased sales but also as a result of a concerted drive to increase productivity and margins particularly through the further application of lean manufacturing techniques.

Demand in Asia was also strong and PBR's Malaysian and Thai operations achieved excellent results with PBR Malaysia in particular performing well.

In Australia, PBR achieved solid sales to local manufacturers. Additionally, domestic manufacturers have increased their focus on export programs which has created further growth for PBR.

Bendix Mintex, Pacifica's joint venture friction materials business, had a flat half with earnings slightly lower than the corresponding period for last year. The timing of the payment of the interim dividend from Bendix Mintex to Pacifica varies. The 2002 interim dividend was paid in July whereas in 2001 it was paid in June.

Pacifica's 51% partner in Bendix Mintex, Honeywell, has announced that it intends to divest its worldwide friction businesses. Pacifica is continuing to monitor the process.

## **Pacifica Group Technologies**

Pacifica Group Technologies focused much of its attention on the development of PBR's electronic Banksia park brake and on overall improvements to process technologies.

Additionally, PBR's long term sustainability is being enhanced by Pacifica Group Technologies' investment into research and development relating to the electric actuation of brake systems.

This increased investment in research and development will ensure that PBR maintains its leadership in the lightweight brake systems market.

## **Construction Products**

The corrective action taken during 2001 together with firmer markets in Australia, Asia and the UK resulted in the Construction Products Division returning a solid performance for the first half of 2002. All of the businesses benefited from increased sales on a lower cost base.

---

## FIRST HALF 2002 NEWS RELEASE

---

On 5 July 2002, Pacifica announced the sale of its UK-based Construction Products business, Lionweld Kennedy. An \$826,000 loss on the sale was provided in the first half as an individually significant item.

The sales processes relating to the other Construction Products businesses, Webforge and Melwire, are ongoing and Pacifica will continue to negotiate with the clear objective of optimising the outcome for shareholders.

### Outlook

Pacifica's short term focus continues to be the optimisation of current operations with a view to enhancing profitability.

Pacifica's outlook for the second half of 2002 will depend largely on the performance of the automotive sector in North America. Although current market estimates for vehicle sales are still very high, it is still unclear to what extent demand is being brought forward by the incentive programs currently in place in that market. If such incentives do not continue to have the same stimulative effect, there may be some decline in sales. Pacifica expects that demand in the US market will decrease by approximately 5% in the second half although, from a PBR perspective, this will be offset to a significant extent by the continuing ramp up in Columbia.

Demand in Asian automotive markets is expected to weaken and it is therefore expected that both PBR plants in the region will generate lower results in the second half.

In Australia, the supply of brake systems to Toyota is expected to commence around October and this should add some impetus to local sales to vehicle manufacturers although this is expected to be offset by some weakening in the aftermarket sector. Overall, PBR sales in Australia should remain relatively steady.

While the sales processes for the two remaining Construction Products Division businesses are ongoing, it is expected these businesses will continue to make a positive contribution to earnings pre sale.

On the basis of current forecasts for Automotive and Construction Products, Pacifica expects full year profits for 2002 to be higher than the \$33.3 million (before significant items) earned in 2001 by approximately 25% to 30%.

While Pacifica expects that there will be only modest earnings growth in 2003, from 2004 onwards further strong growth is anticipated. New business awards already obtained through Bosch will be met through the expansion of the Columbia plant in South Carolina which is already underway.

PBR is establishing application engineering capabilities in both Japan and Europe with a view to increasing the potential to obtain new business post 2004. The current thrust of this campaign relates to aluminium calipers and electric Banksia park brakes.

## Financial Summary

Half Year Ended 30 June 2002

	2002 \$000	2001 \$000	% change
<b>Revenue</b>	<b>560,350</b>	<b>615,601</b>	<b>-9.0%</b>
<b>Earnings before interest, tax, depreciation &amp; amortisation</b>	<b>81,849</b>	<b>79,433</b>	<b>3.0%</b>
Depreciation & amortisation	(33,466)	(37,154)	
Interest	(8,189)	(12,132)	
<b>Pre-tax profit</b>	<b>40,194</b>	<b>30,147</b>	<b>33.3%</b>
Significant items	(826)	-	
Taxation	(8,012)	(5,349)	
Outside equity interests	(9,547)	(8,529)	
<b>Net profit</b>	<b>21,809</b>	<b>16,269</b>	<b>34.1%</b>
<b>Earnings per share (cents)</b>	<b>14.7</b>	<b>10.9</b>	
<b>Interim dividend (cents)</b>	<b>9.0</b>	<b>8.5</b>	
<b>Operating cash flow</b>	<b>71,943</b>	<b>40,765</b>	
<b>Cash flow per share (cents)</b>	<b>48.6</b>	<b>27.2</b>	

**PACIFICA GROUP LIMITED**  
**ABN 69 006 530 641**

264 East Boundary Road, East Bentleigh Victoria 3165 Australia

Telephone: (613) 9575 2222 - Facsimile: (613) 9575 2411

Website: <http://www.Pacifica.com.au> - Email: [Pacifica\\_enquiries@Pacifica.com.au](mailto:Pacifica_enquiries@Pacifica.com.au)