

Flooring firms surge before the downturn

A NEW report reveals the state of the flooring industry just before the start of the recession a year ago, showing a gradually increasing sales and pre-tax profits.

The Key Note Business Ratio report analyses accounts filed by 131 leading flooring companies in the three years up to September 7, 2008.

Among the manufacturers, the top performers was James Halstead Plc and its Polyflor subsidiary, which achieved an industry leading profit margin of 16.9%. Headlam Group is way ahead in the distributors' category. The best performing retailers was the Carpetright group.

During the period up to September 7 last year, average sales across the flooring industry had increased by 10% from £43m in 2005/06 to £47.3m in 2007/08.

Pre-tax profits rose from £3.4m in the first review year to £3.7m in the third year, an improvement of 9.4% overall.

However, the report also notes that profitability or return on capital (how much profit a business yields relative to the money invested in it) saw a marginal deterioration, falling from 32.2% in 2005/06 to 31.7% in 2007/08.

Return on total assets followed a similar negative trend, decreasing from 14.5% to 13.9% over the course of the review period.

The report average pre-tax profit margin recorded a minor decline after dropping from 8% in the first year of analysis to 7.9% in the third year.

Return on investment decreased from 27.9% in 2005/06 to 26.1% in 2007/08.

The top 10 companies by turnover 2007/08 is led by Headlam Group Plc with sales of £544.7m showing a growth of 6%, followed by Carpetright with revenue of £511.7m (up 6%).

In third place is Allied Carpets, the company which was recently placed in administration. Allied had sales of £206.8m, up 1%.

It was followed by Interface Europe (£111.2m, down 2%), Polyflor (£108.5m, up 13%), Brintons (£98.7m, up 2%), Interfloor (£96.6, down 7%),

Forbo Flooring (£71.2m, up 23%) AW (Europe) (£69.1m, down 1%).

A new entry at number 10 is the carpet manufacturer Greenwood & Coope with sales of £67.7m, an increase of 8%).

The highest pre-tax profit

margin among the manufacturers was achieved by Westex Carpets with 19.4%. **CFJ**

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Manufacturers: (annual sales £'000)				
	08/09	07/08	06/07	05/06
1 James Halstead Plc	–	158,740	137,252	126,024
2 Armstrong World Ind	–	142,341	138,361	128,923
3 Interface Europe	–	111,162	105,125	115,577
4 Polyflor	–	108,474	95,295	85,392
5 Brintons	–	98,722	96,871	94,313
6 Interfloor	–	96,645	110,464	112,676
7 Forbo Flooring	–	71,206	44,825	47,435
8 Greenwood & Coope	60,624	67,721	67,418	58,193
9 Victoria Plc	–	61,701	55,426	52,288
10 Abingdon Flooring	–	59,507	61,234	52,115
11 Ulster Carpet Mills	–	55,325	56,978	62,116
12 Forbo UK	–	46,425	46,779	48,432
13 Cavalier Carpets	–	46,129	47,866	40,500
14 Gradus Group	–	39,835	–	–
15 Axminster Carpets	31,869	31,645	29,960	22,057
16 Natl Floorcoverings	–	29,687	27,791	26,755
17 Victoria Carpets	–	28,364	27,316	25,460
18 Ryalux Carpets	–	27,645	29,682	36,817
19 Fred Lawton & Sons	–	26,828	27,565	26,024
20 Burmatex	–	20,816	19,339	18,579

Source: Key Note

Manufacturers: Pre-tax profit margin %					
	08/09	07/08	06/07	05/06	Pre-tax profit £'000 07/08
1 Axminster Carpets	3.3	35.3	11.1	-9.1	11,150
2 Westex Carpets	–	19.4	20.1	20.3	3,542
3 James Halstead Plc	–	18.9	17.2	13.9	29,857
4 Polyflor	–	16.9	18.1	18.5	18,242
5 Westbond	–	14.2	7.8	7.1	1,578
6 Ulster Carpets	–	13.0	7.4	3.4	7,185
7 Interface Europe	–	12.8	0.5	4.3	14,169
8 Forbo Flooring	–	10.7	8.6	6.3	7,582
9 Greenwood & Coope	4.8	6.9	5.2	6.7	4,608
10 Armstrong World Ind	–	6.5	3.1	-12.0	9,158
11 Burmatex	–	6.1	6.6	7.8	1,256
12 Victoria Plc	–	5.7	5.0	3.9	3,509
13 Natl Floorcoverings	–	5.2	5.9	7.3	1,529
14 Styletuft	3.5	4.6	–	–	57
15 Cambridge Weavers	–	4.2	-4.6	-11.6	197
16 Beach Bros	–	3.7	5.0	–	226
17 Interfloor Group	–	2.7	0.3	0.0	2,513
18 Ramsden Trading	2.9	2.4	1.4	0.2	96
19 Victoria Carpets Plc	–	2.4	1.3	-0.9	663
20 Abingdon Flooring	–	1.7	2.1	4.4	976

Source: Key Note

Business in brief

Headlam profits plunge

Operating profit at Headlam plunged by 58.4% from £21.7m to £9m in the first six months of 2009. Group revenue fell by 8.2% from £276.1m to £253.4m. On a like for like basis, revenue falls were 10.7% in the UK and 9.7% in continental Europe.

Allied stores for sale

Administrator BDO Stoy Hayward is seeking buyers for 20 stores of Allied Carpets which has been placed in administration. Of the original 217 stores, 55 were sold to a new firm set up by former Allied chief executive Clive Hutchings.

Mitie buys specialist

Fit-out specialist Mitie reportedly paid £130m to acquire Dalkia, provider of outsourced technical facilities management and energy and specialist services.

Rok profit declines

Main contractor Rok has seen its turnover drop 33% (to £364.5m) in the first half of the year with pre-tax profit down 47% (to £6m). Rok incurred £1m in restructuring costs in the first half, principally for redundancies.

Below cost warning

The Civil Engineering Contractors Association is warning of a trend for firms to price below cost. It believes the tender price drop will increase disputes and reduce investment in training and technology.

Small firms ready to grow

Small service industry businesses are poised for growth despite the recession, with 53% planning expansion in the next 12 months, says Barclays research.

Jobs boost pledge

The government has pledged a further 85,000 'opportunities' to help get young people into work, including apprenticeships with support from the construction company Carillion.

Tender enquiries up

There was a small rise in construction tender enquiries in June, says Experian.

Property positive news

The commercial property market returned to positive territory for the first time in two years during July, says a new report.

Redundancy pay rises

A one-off rise in the weekly maximum of redundancy pay from £350 to £380 has now taken effect.