



PILKINGTON

*First in Glass*

## Annual Review and Summary Financial Statement 1999

Two years ago we said we would improve our performance by transforming Pilkington into a simpler, more focused, more efficient and lower cost glass manufacturer.

**This annual review is about the considerable progress we have made, and about what comes next.**

At constant exchange rates		1998/1999 At constant exchange rates £m	1998/1999 As reported £m	1997/1998 £m
Down 8%	Turnover	2,752	2,709	2,991
Up 20%	Operating profit	223	214	186
Up 28%	Pre-tax profit	154	135	120
Up 90%	Earnings per share	7.8p	6.5p	4.1p

**We promised to make the business simpler.**

We have created a simpler organisation, based on business lines. The Group's central functions are applying common standards across the business, securing substantial cost reductions.

**simpler**

**We said we must drive for manufacturing excellence at lowest cost.**

Productivity in our float glass plants is more than 30 per cent higher than two years ago; in our Automotive Products original equipment business, it is more than 25 per cent higher.

**more efficient**

**more focused**

**We said we would review the strategy of our Building Products business in Europe.**

The business has been radically restructured. Last year it achieved good profitability, meeting our initial financial targets.

**lower cost**

**We promised to reduce overhead costs.**

Over the last two years we have cut our overhead costs by £160 million. We aim to reduce them on a like-for-like basis by at least a further £30 million a year.

**In 1998/99 we have made real progress in driving through our plans to make the Group fully cost competitive in its industry. The benefits of our actions are clearly visible in the Group's underlying profit performance.**



**Sir Nigel Rudd, Chairman**

## **chairman's statement**

In particular, the step change in performance in the European Building and Automotive Products businesses has more than outweighed the impact of a number of adverse events. These include currency movements, recession and a currency crisis in Brazil, recession in the Far East, as well as the General Motors strike and technical problems in North America.

We are now a leaner, fitter Group, positioned for profitable growth.

### **Results**

Turnover was £2.7 billion, down 8 per cent at constant exchange rates, largely due to the disposal of unprofitable businesses.

Operating profit before exceptional items, including Pilkington's share of joint ventures and associates, was £214 million, equivalent to £223 million at constant exchange rates, a 20 per cent increase on last year. The profit before exceptional items and tax at constant exchange rates was £154 million (1998 £120 million). Exchange rate movements reduced reported profits before exceptional items and tax by £19 million to £135 million.

Exceptional costs charged against operating profits in 1999 totalled £18 million, of which £14 million was the impact of the devaluation of the Brazilian currency. The profit before taxation after charging these exceptional costs was £118 million (1998 loss £105 million).

### **Cash flow and borrowings**

The Group managed its cash flow position well, given the significant demands caused not only by the restructuring costs, but also by substantial capital investment, particularly in the European Automotive business.

Net cash inflow from operating activities was £15 million, after paying out approximately £100 million of restructuring costs and after capital expenditure, net of disposals, of £180 million. Net borrowings increased by £51 million to £610 million at the end of March 1999. Shareholders' funds at that date were £742 million and minority interests, £355 million.

### **Earnings and dividends**

Earnings per share before exceptional items were increased by 58 per cent to 6.5 pence (1998 – 4.1 pence). The board is recommending a final dividend of 3.25 pence per share, making a total for the year of 5 pence per share, the same as last year.

The final dividend, with scrip alternative, will be paid on 13th August 1999 to shareholders on the register on 18th June 1999.

### **Strategy**

During the last two years, the Group's strategy has been to concentrate on raising operating efficiency and productivity to a position where we can compete fully with the best of our

competitors. We are now seeing considerable success as a result of our cost reduction and restructuring programmes, particularly evident in the turnaround of the European businesses.

We will continue to focus on further reducing costs and improving profitability in all our businesses, particularly in North America where we have recently announced a new rationalisation programme designed to increase our margins significantly. We will also continue to divest businesses that have no prospect of reaching the Group's profitability requirements, or where we believe the prospects of profitable growth are remote.

As the Group's competitive position improves, we will capitalise on Pilkington's strengths in technology, new product development and market positions to exploit growth opportunities which exist in the glass business worldwide. We are confident that the combined effect of the success of the restructuring programmes, including the actions now underway in North America, and an increasing emphasis on investing in the growing glass markets of the world will produce improving returns to shareholders.

### **The board**

William Harrison, head of investment banking at Deutsche Bank AG, James Leng, chief executive of Laporte plc and Oliver Stocken, group finance director of Barclays PLC,

**“We have made real progress in making the Group fully cost competitive. The benefits of our actions are clearly visible in the Group's underlying profit performance.”**

joined the board in September. They bring valuable experience at a time of real progress at Pilkington.

George Simpson retired from the board in April and Michael Quinlan will retire from the board after the annual general meeting in July. They were both appointed in 1992 and I take this opportunity to thank them for their contribution and support.

Glen Nightingale will retire from the board at the end of October when he reaches the normal retirement age for executive directors. Glen has been with the company for 36 years and has made an enormous contribution to the Group and particularly to the Group's technology development. We wish him every happiness in retirement.

### Employees

The rapid changes taking place in the Group and the continued reduction in the number of our employees put ever greater demands on our people everywhere. The board appreciates the loyalty and commitment which the Group receives from everyone and we thank them all.

### Prospects

Economic conditions in our main markets in Europe remain flat, while the North American economy continues to perform strongly. We anticipate a slow recovery in the Brazilian economic situation and, as a result, we expect our profits from that region to be subdued in the short term. However, the positive impact of the cost reduction programmes of the last two years is now visible in the Group's results and will be increasingly evident in the year ahead.



*Sir Nigel Rudd, Chairman*

**“We are now a leaner, fitter Group,  
positioned for profitable growth.”**

**Two years ago we set ourselves the target of making Pilkington as competitive as the very best of our competitors. We are delivering on our promises.**



Paolo Scaroni, Group Chief Executive

We promised to transform Pilkington into a simpler, more focused, more efficient, lower cost glass manufacturer.

We said we would:

- Reduce overhead costs
- Complete the implementation of our business line organisation
- Review the strategy for our Building Products business in Europe
- Drive for manufacturing excellence at lowest cost
- Grow the business where markets are growing

Today, Pilkington's organisation is simpler and more efficient, we have refocused on businesses where we can win, our manufacturing productivity is higher, and the costs of running the business are considerably lower. We have invested in new growth markets such as Poland, and in our existing markets where we see growth opportunities.

## chief executive's review

## Simpler

In the first phase of our programme to improve Pilkington's performance, we have made the business simpler and taken advantage of the synergies that simplicity affords.

Pilkington makes similar products using similar processes wherever we operate. Synergies become visible when organisational barriers to sharing knowledge and pooling resources are removed, and when common standards are applied.

Our first step was to simplify the structure of the organisation, reduce management layers and clarify roles. The business line structure is now working well, with common performance standards.

Simpler organisation is now in place elsewhere. A new, global purchasing organisation has been created, which is centrally led, but with specialist functions geographically

decentralised. It is delivering excellent results in reducing the costs of the Group's purchases. Increased purchasing power, together with the definition of common specifications for goods and services, is contributing to reductions of £25 million a year in revenue costs.

Our new central engineering function is substantially reducing the capital cost of investments. Standardisation of designs for plant and equipment is not only reducing design time and costs, but is also providing the opportunity to purchase components in volume. Savings of £8 million have been achieved.

We are introducing common information systems worldwide, replacing the previous patchwork and providing the businesses with greater flexibility at lower cost. They are proving a major enabler of cost reductions as the business is restructured.

# simpler

**Purchasing gains** Much of the initiative to make the Group simpler has come from the Group's HQ functions. A new, globally organised purchasing team is able to gain purchasing advantage by eliminating duplication in the specifications for plant and equipment. The leverage this provides with worldwide suppliers of equipment – such as glass cutting tools – is proving an effective way of reducing the Group's £900 million-a-year purchasing costs.



simpler more focused more efficient lower cost

In the technical function, the use of a standard project management system has allowed us to take a critical look at all our projects and identify priorities more clearly.

These are the benefits from a process which is in its early stages. It will deliver greater benefits in the future.

### More focused

We have refocused the Group, investing in and growing the businesses where we have competitive advantage, and selling, merging or closing the businesses which cannot meet our financial targets.

The European Building Products business has been a major area of attention and improvement. The upstream business, organised on a pan-European basis, comprises 11 large-scale float glass plants and 12 semi-finished product plants, which laminate, coat and silver glass. Downstream, we have created a slimmer, profitable network of processing and merchandising

businesses, organised nationally. Last year, the European Building Products business achieved good profitability, meeting our initial financial targets.

This success follows radical changes in the processing and merchandising businesses. In the UK, a network of 24 branches has replaced the previous 55. In Germany, we have almost completed a two-year programme of sales and closures, cutting out the branch network of 35 sites, and eliminating losses of more than £30 million a year. There has been further rationalisation in Austria, France, Scandinavia and Spain.

Elsewhere, the Building Products business in Australasia has been reorganised, including the sale of Smith and Smith; and in South America we have rationalised the safety glass and white goods business.

The Automotive Products business is pursuing a clear, global strategy. Single, global account management identifies customer needs, while a global product management process



more focused

translates these needs into effective and efficient delivery of products and services. The process directs research and development resources onto customer priorities.

The automotive glass fabricating plants are being restructured and supported with new investment to improve productivity, quality, service and product introduction.

In Europe, autonomous national operations have been integrated into one business, with strong central management and the elimination of duplicated functions. We have reviewed our product range, concentrated our plants on specific technologies and products, closed inefficient production lines and reinvested in high-productivity, high-capability facilities using new technology. Eight new production lines have been commissioned and a further five will be commissioned this year. A large plant in Germany will close later this year.

The benefits are visible in strong gains in productivity and efficiency, in better performance to customers, and in profit.

### **More efficient**

We are making substantial improvements in manufacturing efficiency. In our float glass plants around the world, productivity is more than 30 per cent higher than two years ago. In the Automotive Products original equipment business, it has improved by more than 25 per cent.

Programmes for continuous improvement are well established in all our operations. In the US, for example, an operating excellence programme has quickly produced efficiency improvements and reduced waste, with annual savings projected at more than £15 million.

More, however, has to be done to make the North American Automotive Products business capable of facing the tough competition in this market. We have recently announced a major reorganisation aimed at attaining world-class manufacturing cost levels. Production processes and capabilities at two major fabricating plants will be improved, enabling the

**Products rationalised** As part of the restructuring of the European Automotive Products business, we have rationalised the number of products made in separate production locations from around 2,000 to 800, concentrating production in the most efficient plants, eliminating product overlap between plants and eliminating unprofitable lines. This allows plants to specialise in more efficient, longer-run manufacturing. The rationalisation is simplifying glass supply, design and component standards, warehousing management and logistics. Improved efficiencies are reducing costs, the assets invested, and the management resources required.

transfer to them of the entire production of the Sherman, Texas, plant, which will then close. The whole process will be completed by the end of 2000.

### Lower cost

We have learned how to run the company at lower cost. Two years ago we said we would save more than £200 million a year through overhead cost reductions, loss elimination and manufacturing efficiency improvements. We have exceeded this target.

In the last two years, we have reduced overhead costs alone by £160 million, through structural change and by cutting out activities that are not essential to the business. These costs have come down from 31 per cent of sales in 1996/97 to 26 per cent in 1998/99. The continuing simplification of the organisation, and the simpler way of operating which this promotes, will reduce overhead costs on a like-for-like basis by at least a further £30 million a year.


The elimination of losses in the European Building Products businesses and improvements in manufacturing efficiency, partly through reduced manning levels, have delivered further benefits.

The combination of all these factors has also led, as forecast, to a reduction of more than 7,500 in the number of people employed in the Group. Further efforts to reduce overhead costs and increase productivity will allow us to reach a manning level of below 30,000 this year, requiring a further reduction of more than 1,000 people.

### Moving forward

All our businesses will continue to treat cost reduction and efficiency improvement as their highest priority. Although we have achieved a step-change in our costs, scope remains to achieve further efficiencies. We will also continue to divest those businesses where we do not see prospects of profitable growth.

At the same time, Pilkington will be looking increasingly to



**Competitive edge** Improvements in glass yields and reductions in manpower have increased the productivity of the Group's float glass plants by over 30 per cent in two years. Improvements are aided by new working practices, greater teamwork, targeted investment and technical advances – for example, to reduce the width of glass wastage at the edge of the float glass ribbon.

take advantage of the many opportunities for profitable growth in the industry worldwide.

Glass is a growth product – world demand has grown by a compound rate of 3 per cent a year over the last five years, and growth in emerging markets such as South America and Asia has been higher, despite the recessionary setbacks of 1998.

Pilkington has a strong international presence, superior technical capabilities – having been the leader in industry innovation over the last 50 years – and the widest product range in the industry. We have a powerful reputation, which makes us the first port of call for those seeking partners when they are planning new projects in the flat glass business.

We will invest where markets are growing, in countries with high populations and where float glass is not yet predominant. Examples of this include our investment in a float glass plant in Egypt, and our joint venture to build a float glass plant in Colombia.

We will also continue to extend our investments in our major markets. An example is in Poland, where we have recently opened a state-of-the-art automotive glass plant to serve one of the fastest growing car markets in Europe. In a further joint venture, we are also building a float glass plant in Spain.

We will pursue other opportunities for new ventures in new countries, and for acquisitions, through which we can meet the ambitious financial targets we are setting.



*Paolo Scaroni, Group Chief Executive*



more efficient

## Building products

**Building product sales were £1.31 billion, down 11 per cent on the previous year. Operating profits improved by 26 per cent to £153 million.**

### Europe

The European Building Products business – the Group's largest business, representing over 60 per cent of building products sales and 30 per cent of total sales – has been transformed. The benefits of the restructuring programme have come through strongly. Margins, at 9 per cent, were more than double the previous year's as a result of the elimination of loss-making businesses, simplification of organisation, reduction of overheads and improvements in manufacturing efficiency. Operating profits were up more than 80 per cent on 1997/98, following a 30 per cent increase the year before.

Demand for float and rolled glass was similar to the previous year's. All the Group's float glass plants have been running at close to full capacity for most of the year, with the seasonal slow-down occurring in the winter quarter. One of the German float glass lines was repaired early in the year. The small float glass line in Finland was restarted in November, ahead of the scheduled repair of the Group's largest European line, in Sweden, which began in May.

Float glass prices were firm for much of the year, although they trended lower in the winter quarter, reflecting the annual fall-off in demand and construction activity.

Demand for laminated safety glass and coated glass grew strongly, now supported by new coating capacity in Germany. Sales of fire-protection glass also grew strongly. New product launches included three decorative glasses in the UK under the Pilkington Texture Glass™ name, and new high-performance, solar-control products.

Following the radical pruning and restructuring carried out in the last 18 months, our processing and merchandising businesses are now profitable. In addition to rationalisation in Germany and the UK, the branch structure in Scandinavia has been reorganised, and the Austrian rolled glass operation will be closed. A Europe-wide operational improvement programme is now underway, focusing on productivity, quality, efficiency of the sales organisation and customer service. Benchmarking is being used to improve performance across the branches.

During the year, Pilkington acquired the outstanding 17 per cent minority holding to take full control of Pilkington IGP SA, which has 11 processing and distribution outlets in Poland. The 40 per cent minority holding in Floatex Glas AB in Sweden was also acquired.

## review of operations

**Supporting savings** Information technology is proving a major enabler of overhead savings in the Group's businesses. Common information systems, replacing the previous patchwork, are being installed throughout the Group. They integrate every stage of the business process, increasing operational efficiency. They support better informed decisions, increasing management effectiveness. At a time of major structural change, information technology is critical to managing the business at lower cost.

### North America

The North American Building Products business, which accounts for over 10 per cent of building product sales, had a successful year. Demand in both the residential and commercial construction sectors ran at higher levels than in the previous year. All float glass lines operated at full capacity. Prices were relatively firm throughout the year.

Sales revenue declined by 1 per cent. Overhead cost reductions offset the impact of lower revenues. New products included blue solar control glass, and fire-resistant, patterned and clear white glass introduced to the market from elsewhere in the Group.

In Mexico, Vitro Plan SA de CV (VVP) again improved its profits, recording another strong performance. Although domestic sales in Mexico fell slightly, export sales grew by 10 per cent, and dollar denominated revenues now account for over 70 per cent of total revenues. VVP's US subsidiary also performed well.

### South America

South American building products account for 9 per cent of building product sales. In Argentina and Chile, demand was flat and prices fell on average by about 7 per cent. The Group lost some market share to imports, but profits held up well as a

result of further cost reduction. The Argentinian float line will stop for repair in mid-1999. The shortfall during the three-month stoppage will be covered by running down inventories and by imports from other Pilkington facilities.

In Brazil, float glass sales volumes to the domestic market fell by 13 per cent as a result of increased local competition, imports and recession in the Brazilian economy. Prices were firm. Trading profits were reduced as a result of lower volumes and the devaluation of the Brazilian currency.

### Australasia

In Australia, the economy performed above expectations, surviving the Asian crisis with less damage than forecast. In New Zealand, the economy entered recession.

Sales volumes in Australasia, which accounts for 8 per cent of building product sales, fell by just over 10 per cent, reflecting, in part, rationalisation of the downstream businesses, which has now been completed. As a result of this rationalisation, and of cost reductions generally, profits were significantly higher than in the previous year.



lower cost

## Automotive products

**Automotive product sales were £1.21 billion, 6 per cent down on last year. Operating profits fell by 7 per cent to £63 million.**

### Europe

In Europe, sales volumes in the Original Equipment (OE) business were up 5 per cent, with strong demand in Germany, France and Spain offsetting weakness in Italy and the UK.

The impact of the restructuring and capital investment programme was clearly visible in the results of this business, which accounts for more than half of the Group's worldwide automotive OE sales. Profits were substantially higher, reflecting improving plant yields, increased productivity, lower overheads and successful product rationalisation.

Business processes have been streamlined and improved, enhancing the capability to meet customer requirements for short lead times, innovative products and higher quality.

Eight new fabricating lines were started up successfully during the year and the Group's market position was strengthened as parts for 31 new car models were introduced.

Sales volumes in the Automotive Glass Replacement (AGR) business increased slightly but the trading result was

disappointing, partly because of a shortage of parts from the manufacturing plants, which were fully committed to the OE business.

A new European distribution centre will open this summer and will transform the purchasing and logistics of this operation, and improve customer service.

### North America

Demand for OE glass in North America, which accounts for over 30 per cent of Pilkington automotive product sales, remained strong.

Profitability in the second half-year reflected improvements in manufacturing efficiency. Profits for the year, however, were significantly lower than in the previous year, for three main reasons: the impact of a strike at General Motors in the first half-year, which was only partially recovered in the second half; a reduction in export sales to Japan and the Far East; and the extended recommissioning of a float glass line, following a major rebuild using innovative technology, which required external purchases of glass to meet demand.

During the year, one of three encapsulation plants was closed and overhead costs were reduced significantly. A further major reorganisation is underway.

**Worldwide opportunities** Pilkington will continue to invest where markets are growing, taking advantage of its worldwide spread, superior technical capabilities, wide product range, and its strong reputation in the industry. In the Automotive Products business, we have commissioned a state-of-the-art automotive glass plant in Poland to serve one of the fastest growing markets in Europe. We are joint venture partners in projects to build new float glass plants in Spain and Colombia. We will pursue other opportunities for new ventures in new countries, and for acquisitions.

In the AGR business, a start was made in recovering sales to the independent wholesale segment of the market, which had been lost in the previous year. Sales volumes were reduced as a result of eliminating unprofitable contracts, and of a loss of market share to imports. Further rationalisation is underway to reduce costs in this business.

During the year, the AGR business relocated its North American headquarters to its central distribution operation in Columbus, Ohio, to reduce costs.

In Mexico, the automotive glass business of VVP, which increased its capacity by 10 per cent, finished the year strongly. Margins improved further and sales were higher. A new seven-year supply agreement was concluded with Ford.

### South America

The South American Automotive Products business, which accounts for approximately 10 per cent of the Group's automotive OE sales, was hit by the economic crisis in Brazil. Car production fell by over 20 per cent for the year as a whole, with a 40 per cent fall in the second half. Production in Argentina was also badly affected by reduced exports to Brazil, following devaluation of the real. Despite the difficult trading environment, the South American business made a small

profit for the year, reflecting its operating efficiencies.

Sales in the AGR business increased by 18 per cent, following the establishment of dedicated warehouses in São Paulo and Buenos Aires.

### Asia-Pacific

In Australia, car sales were buoyant and production for the OE market was at a high level throughout the year. Manufacturing performance improved strongly and overheads were reduced.

The re-equipment of the Geelong laminating and toughening factory is nearing completion, making it a world-class facility.

Sales declined in the AGR business following the sale of the Smith and Smith distribution business and the cessation of car assembly in New Zealand.

In China, all three plants are now on stream and are providing useful low-cost facilities for the Group's AGR businesses, as well as supplying the domestic market.



positioned for growth

## Technical products

**Sales in the Technical Products business were £171 million, down £64 million on the previous year largely due to Pilkington Optronics no longer being included. Sales in the continuing businesses were down 5 per cent and operating profits were £8 million, down 58 per cent.**

The slow-down in the Far East particularly affected orders for electronic glass and for optical and ophthalmic products.

The Automotive Mirrors business, the largest Technical Glass business, performed well in an expanding market.

Pilkington Solar International continued to build a strong position in the market for photovoltaic modules for solar energy generation in buildings.

## Aerospace

Pilkington Aerospace sales and profits were lower than in the previous year, partly due to the Asian crisis and partly due to some reduction in military business. There was continued growth in bullet-resistant glazings and in CrystalVue™ aircraft passenger windows, for which long term contracts were secured with additional airlines.

## Pilkington and the environment

The management system ISO 14001, which offers common standards of assessment, is helping to make environmental control simpler. We aim to have all our large plants certified to these standards in the near future.

The Group's new intranet system, which allows easy worldwide access to information, is making environmental management more efficient. The environmental function's wide range of expertise, from noise and pollution control to energy efficiency and waste management, is made instantly available from this electronic library. It is an excellent medium for circulating policies, best practices, benchmarks and performance data on environmental issues and safety programmes.

Worldwide direction of the function is providing a focus on major issues such as climate change and air pollution. Our technology has significantly reduced both the energy we need to make our products, and emissions into the atmosphere. Recognition of the need to reduce emissions of carbon dioxide caused by buildings is providing market opportunities for our energy-saving products.

## environment and community

Our approach to the environment is helping the drive for lower costs. Waste reduction programmes are reducing costs and increasing output. Efficient management systems reduce the risk of spills and other accidents, and help to avoid future liabilities.

On safety matters, the accident rate in the Group has been substantially reduced in the last three years, and innovative programmes are in place to achieve further improvements.

### Pilkington in the community

Charitable donations are made to national organisations, and to communities where the Group operates. The Group supports charities for education, arts, medicine, welfare and young people. We also support programmes which help create jobs and promote urban renewal.

Among many examples of activities in which we are involved is a new museum, *The World of Glass*, currently being built in St Helens. Due to open in 2000, it is expected to provide a boost to the local economy by becoming a major visitor attraction. The Pilkington Museum Glass Collection will be transferred to the new centre.

In the United States, we have contributed to the restoration of the Toledo main library, a highly valued community resource. The company also matched 50 per cent of the money raised by employees for the United Way campaign. Funds go to a variety of community projects.

In Germany, we are supporting a new university which has an innovative approach to science and education. In Finland, we arrange training in our company for young people to help solve local unemployment and, in Sweden, we receive reduced cost training for our own personnel by sponsoring vocational training equipment at a local secondary school.

In Argentina, our educational support for the community has earned a tax rebate, half of which is used to provide the latest computer technology for a local technical school. In Australia, our Business Alive programme to help secondary students understand business continues to be highly regarded by participants.



The Pilkington 3R™ clean air process cuts emissions of nitrogen oxides from glass melting furnaces by up to 80 per cent.

This year the process, which has been licensed to several of our competitors, received the American Ceramic Society's corporate environmental achievement award.

**Over the last 20 years Pilkington has grown by acquisition. Rather than being fully integrated into the Pilkington culture and ways of working, however, large parts of the Group were left to operate with a substantial degree of independence. The organisation was complex, activities were duplicated, and different standards were applied across the world. Pilkington was unable to exploit the synergies of being one of the world's leading glassmakers.**

That is why we have mounted a worldwide programme called "Building One Pilkington," which aims to change the culture of the company to one where standards are uniform, where wasteful duplication is eliminated, where best practice is readily exchanged, and where people and ideas flow freely from one part of the Group to another.

The starting point has been an intensive Group-wide communication, reaching every employee directly.

We have introduced a slogan, *Pilkington – First in Glass*, a few simple words which are understandable across the world. The slogan is concise, aspirational, descriptive, memorable and recognisable globally.

Behind it is a simple mission statement:

"We aim to be a dynamic, market driven, global provider of glass products, judged best in class by our customers, our people and our shareholders."

The statement provides a common purpose. Our actions must contribute to achieving this purpose.

Everyone has been told, in detail, how the strategy for their part of the business fits into the Group's global strategy. Success in implementing this strategy will enable the Group to fulfil its mission.

The strategies across the business contain some common elements: there is a common requirement to grow, but only to grow profitably. And there is a requirement to meet targets for return on sales, return on assets, overhead costs and world-class manufacturing efficiency, all of which are designed to enhance shareholder value.

Finally, we have devised some critical rules of behaviour for everyone in the business to practice. They apply to our behaviour inside the business, and to our relationships outside it, with customers, suppliers and others on whom success depends. We continue to emphasise to everyone in the business

## Building One Pilkington

*"I know where the company is headed, what the objectives for my section are, and where the efforts of my team will be most appreciated. Everyone feels committed and involved."*

Antonio Coria, laminating line operator, Argentina.

***"It's what we needed – we are able to see where we're heading."***

Ron Van Zwol, employee representative, Dandenong, Australia.

*"It's encouraged me to try to break down barriers between countries, now I understand more of how Pilkington operates elsewhere."*

Soren Hedegaard, sales representative, Denmark.

that, by working to these rules, we will, through collective effort, be successful.

### **One Pilkington – through the Intranet**

Pilkington is making increasing use of electronic communication systems to help simplify the Group's operations, accelerate integration and save costs.

The Group is harnessing Internet technology to develop a secure electronic 'library', the Pilkington Intranet, linking employees worldwide. Operating through Pilkington's private wide-area network, *Glassnet*, the new structure enables everyone on the system to access the same information anywhere in the world, at any time.

Designed to reflect the Group's worldwide business structure, the Pilkington Intranet is already helping to capture and pool key business data, to facilitate problem solving and to avoid duplication. It allows vast amounts of company information to be easily organised, distributed, shared and retrieved electronically. It helps the process of standardisation because everyone is accessing the same information. It allows individuals or groups of people working on a problem to tap

into expertise across the Group or share solutions. It is simple to update, with no printing involved.

The benefits of the Pilkington Intranet are already becoming clear as more sites are added to the network.

The Group's global Automotive Products business is using the new system to improve its customer account management and to speed up decision making. In Manufacturing, Technology and Engineering, data on benchmarking, best practice, new products and processes can be shared instantly between colleagues around the world. Financial manuals and other key documents can be distributed and updated quickly, saving time and printing and distribution costs.

By making the same information available to everyone, the Pilkington Intranet is a key element in breaking down barriers across the business – and in Building One Pilkington.

***"Building One Pilkington means global standardisation. Standardisation allows people more time for creativity, generating more ideas for relentless, continuous improvement."***

Bob Hazen, manager, operating excellence, Columbus, USA.

*"Building One Pilkington has simplified the structure of the organisation, making us more competitive."*

Dave Lippincott, shift co-ordinator, Niles, USA.

***"We can only exploit the advantage of our excellent geographical spread in Europe by adopting a common, standardised way of working in all sites and functions."***

Clemens Miller, operations planning and supply director, Gelsenkirchen, Germany.

*"The Building One Pilkington programme has played a major part in developing our UK processing and merchandising branches into one coherent business."*

Steve Gange, head of human resources, St Helens, UK.

**Building One Pilkington is a radical programme which aims to change the way Pilkington works. New strategies have been defined, new targets have been set, and new ways of working established. A worldwide communication process explaining the initiative has reached everyone in the Group.**

Pilkington is a large-scale manufacturer of glass and glazing products for building, automotive and technical markets. We are one of the world's largest manufacturers of flat and safety glass, with operations in 22 countries on four continents. About 85 per cent of our sales are outside the United Kingdom. We have major market shares in the building and automotive product markets of the world.

At the heart of our business is the float glass process which manufactures clear, tinted and coated glass for buildings, and clear and tinted glass for vehicles.

A float plant, which operates non-stop for up to 12 years, makes around 6,000 kilometres of glass a year in thicknesses of 0.4mm to 25mm and in widths up to 3 metres. Pilkington operates 23 float glass plants in 11 countries – the UK, Sweden, Finland, Poland, Germany, Italy, USA, Argentina, Brazil, Chile and Australia – and has interests in ten more, which are operated by partners or associates. New plants are being built with partners in Spain and Colombia.

## Pilkington 1999 this is now our business

simpler more focused more

### Pilkington



Half of the Group's sales are in glass products for buildings of all types. We have a substantial share of the European market – our biggest market – and of the US commercial building market. We are the market leader in South American and Australasian markets.



Forty five per cent of sales are to the automotive market. We are one of the largest suppliers to both the new car market and the replacement glass market in Europe. We are the leading independent glassmaker in the North American market, the market leader in Australasia and a leader in South America.



Technical products, ranging from electronic glass to solar panels, from car mirrors to aircraft glazing, account for the rest of our sales.

Float glass for the building market is sold without further processing, or it is processed into products with additional properties. We make products to help control energy usage, to protect against fire, to insulate against noise, to provide safety and security, to afford decoration and privacy, and to build all-glass facades. We employ large-scale coating, laminating and silvering processes to make these products. In some parts of the world we sell through our own processors and distributors.

Float glass is also processed into automotive glazing products and systems. We are one of the world's largest suppliers of toughened and laminated safety glass for cars, trucks and buses – one in four of the world's cars contains our products. We are expert in shaping and strengthening glass to meet the complex requirements of today's cars. We supply the world's leading carmakers.

Pilkington has automotive glass operations in 21 countries, with major factories in the UK, Germany, Italy, Spain, Sweden, Finland, USA, Canada, Mexico, Argentina, Chile, Brazil, Australia, New Zealand and China. We make a wide range of automotive glazings for new cars and for replacement markets, offering a full systems capability to our customers, from initial design to final product. Our products include solar control glass for passenger comfort, glass heating systems to control condensation and icing, security glazing, and glazing systems with components – such as radio antennas – added after basic manufacturing.

We also make a range of technical glass products including very thin float glass for the electronics industry, automotive mirrors and solar panels for energy generation. We manufacture glass and plastic composite glazing for aircraft and locomotives.

Pilkington invests around £40 million a year in research and development. The technical programmes focus on product development and manufacturing efficiency improvement.

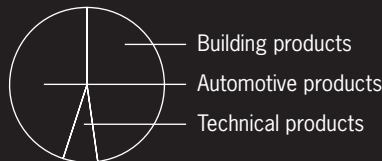
In addition to the float glass process, which Pilkington invented in 1952 and which is now the universal method for making high-quality flat glass, our inventions include energy-saving products such as Pilkington K Glass™; advanced bending processes for making car windscreens in complex shapes to fine tolerances; Pilkington Pyrostop™ advanced fire-resistant glass; Ez-Kool™, Sundym™ and Galaxsee™ solar control glass for cars; solar reflective automotive glazing; the Pilkington Planar™ structural glazing system; and the 3R™ clean air process for reducing nitrogen oxide emissions from glass furnaces.

The Group employs about 31,000 people. There are 5,700 in the UK, 13,800 in continental Europe, 6,500 in North America, 2,100 in South America and 2,900 in Asia-Pacific.

At the end of March 1999 there were almost 50,000 shareholders in Pilkington plc. There were 1,092 million issued shares in the company. The majority of shares are owned by financial institutions, with over a third owned by five of these. About 10 per cent are owned by private investors.

## efficient lower cost

**Turnover by business**



**Turnover by geographical area**



## board of directors

### **Sir Nigel Rudd**

Chairman. Age 52

Appointed a non-executive director in 1994 and non-executive chairman in 1995. He is chairman of Williams PLC and a non-executive director of Barclays PLC. He is a member of the Audit and Remuneration Committees and chairman of the Nomination Committee.



### **Paolo Scaroni**

Group Chief Executive. Age 52

Appointed an executive director in April 1997 and group chief executive in May 1997. He is also responsible for the Building Products businesses in Europe and North America, and the Technical Glass businesses. He is a member of the Board of Overseers, Columbia Business School, New York and a non-executive director of Burmah Castrol plc. He is a member of the Nomination Committee.

### **Andrew Robb**

Age 56

Appointed an executive director in 1989. He is group finance director and is also responsible for the legal and corporate affairs functions, and for the Building Products business in South America. He is a non-executive director of Alfred McAlpine plc.

### **Glen Nightingale**

Age 59

Appointed an executive director in 1987. He is responsible for the Group's technology, purchasing and information systems functions. He is also responsible for the Group's businesses in China and the Building Products business in Australasia.

### **Warren Knowlton**

Age 52

Appointed an executive director in 1997. He joined the Group from Owens Corning in May 1997, originally as president, Building Products Worldwide. He is now president, Automotive Products Worldwide.



**Sir Michael Quinlan**

Age 68

Appointed a non-executive director in 1992 after a career in the Civil Service. He is director of The Ditchley Foundation. He is the chairman of the Audit Committee and a member of the Remuneration and Nomination Committees. He will retire following the annual general meeting.

**Lord Simpson**

Age 56

Retired as a non-executive director on 30th April 1999. He was chairman of the Remuneration Committee and a member of the Audit and Nomination Committees.

**Hans-Peter Keitel**

Age 51

Appointed a non-executive director in 1995. He is chairman and CEO of Hochtief AG, a leading German construction company. He is an executive director of RWE AG, a non-executive director of Leighton Holdings (Sydney), and a member of supervisory boards in Germany and the Netherlands. He is a member of the Audit, Remuneration and Nomination Committees.

**William Harrison**

Age 50

Appointed a non-executive director in September 1998. He is head of investment banking at Deutsche Bank AG and vice chairman of its Global Corporates and Institutions business. He is a member of the Audit, Remuneration and Nomination Committees.

**James Leng**

Age 53

Appointed a non-executive director in September 1998. He is chief executive of Laporte plc. He was appointed chairman of the Remuneration Committee on 1st May 1999 and is a member of the Audit and Nomination Committees.

**Oliver Stocken**

Age 57

Appointed a non-executive director in September 1998. He is finance director of Barclays PLC and a non-executive director of MEPC plc, Rank Group plc and Bunzl plc. He is a member of the Audit, Remuneration and Nomination Committees and will be appointed chairman of the Audit Committee following the annual general meeting.

## Summary directors' report

The following pages are a summary of the information contained in the Directors' Report and Accounts for the year ended 31st March 1999.

### Business activities and developments

Pilkington is a leading worldwide producer of flat and safety glass and a successful innovator of products and processes in the glass industry. The Group serves the building and automotive markets and supplies technical glass to new, developing markets.

The chairman's statement, comment on recent events and likely future developments, and a summarised business review appear in other parts of this document.

### Directors

The names, biographical details and photographs of the directors are on pages 20 and 21.

Lord Simpson retired as a director on 30th April 1999 and Sir Michael Quinlan is to retire as a director following the annual general meeting. William Harrison, James Leng and Oliver Stocken were appointed to the board on 11th September 1998 and will offer themselves for election as directors at the annual general meeting. Glen Nightingale, Andrew Robb and Hans-Peter Keitel are due to retire by rotation at the annual general meeting and in accordance with the company's Articles of Association offer themselves for re-election.

### Corporate governance

During the year Pilkington has made further enhancements to the Group's practices in this area in order to comply with the new Combined Code on corporate governance which is annexed to the London Stock Exchange Listing Rules. A more detailed report on corporate governance is contained in the Directors' Report and Accounts.

### Post-balance sheet event

On 26th May 1999 the Group announced its plans to reorganise and streamline its automotive manufacturing operations in North America. This will involve the closure of a plant and the transfer of its production to two other existing facilities in North America. The programme is expected to involve exceptional restructuring costs of approximately £30 million, of which half are expected to be cash costs. No adjustment for this has been made in the financial statements.

### Auditors

Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1st July 1998, following which Coopers & Lybrand resigned and the directors appointed the new firm, PricewaterhouseCoopers, as auditors. A resolution proposing the reappointment of the auditors, PricewaterhouseCoopers, will be put to the annual general meeting. Special notice of the intention to propose this resolution was received by the company on 6th May 1999 in accordance with Section 379(1) of the Companies Act 1985.

The auditors' report on the full annual accounts of the Group for the year ended 31st March 1999 is unqualified and does not contain any statement concerning accounting records or failure to obtain necessary information or explanations.

### Report of the auditors

#### Auditors' statement to the shareholders of Pilkington plc

We have examined the summary financial statements set out on pages 23 to 28.

#### Respective responsibilities of directors and auditors

The summary financial statement is the responsibility of the directors. Our responsibility is to report to you our opinion on the preparation and consistency with the Directors' Report and Accounts.

#### Basis of opinion

We conducted our work in accordance with Auditing Guideline, "The auditors' statement on the summary financial statement," adopted by the Auditing Practices Board.

#### Opinion

In our opinion the summary financial statement is consistent with the Directors' Report and Accounts of Pilkington plc for the year ended 31st March 1999 and complies with the requirements of Section 251 of the Companies Act 1985 and the regulations made thereunder.

PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
London  
3rd June 1999

## Group profit and loss account

	Note	Before exceptional items		Total including exceptional items	
		1999 £m	1998 Restated £m	1999 £m	1998 Restated £m
For the year ended 31st March 1999					
<b>Turnover</b>					
Group turnover – total continuing operations	2	2,469	2,701	2,469	2,701
Share of joint ventures' and associates' turnover		240	290	240	290
<b>Turnover including joint ventures and associates</b>		<b>2,709</b>	<b>2,991</b>	<b>2,709</b>	<b>2,991</b>
<b>Operating profit/(loss)</b>					
Group operating profit/(loss) on continuing operations	2 + 4	160	130	146	(26)
Share of joint ventures' and associates' operating profit		54	56	50	56
<b>Operating profit including joint ventures and associates</b>		<b>214</b>	<b>186</b>	<b>196</b>	<b>30</b>
Profit on disposal of fixed assets and investments	4	–	–	–	4
Profit/(loss) on disposal of operations	4	–	–	1	(73)
<b>Profit/(loss) before investment income and interest</b>		<b>214</b>	<b>186</b>	<b>197</b>	<b>(39)</b>
Investment income		1	3	1	3
Net interest payable and similar charges		(80)	(69)	(80)	(69)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>135</b>	<b>120</b>	<b>118</b>	<b>(105)</b>
Taxation		(42)	(56)	(42)	(62)
<b>Profit/(loss) on ordinary activities after taxation</b>		<b>93</b>	<b>64</b>	<b>76</b>	<b>(167)</b>
Minority interests (including non-equity shares)		(22)	(22)	(22)	(19)
<b>Profit/(loss) for the financial year attributable to shareholders of Pilkington plc</b>		<b>71</b>	<b>42</b>	<b>54</b>	<b>(186)</b>
Dividends				(55)	(54)
<b>Retained loss of the Group</b>				<b>(1)</b>	<b>(240)</b>
<b>Directors' emoluments</b>	7	<b>2</b>	2	<b>2</b>	2
<b>Earnings/(loss) per share</b>		<b>6.5p</b>	4.1p	<b>5.0p</b>	(18.0)p
<b>Fully diluted earnings/(loss) per share</b>		<b>6.5p</b>	4.0p	<b>5.0p</b>	(17.8)p

The exceptional items charged against operating profits totalling £18 million in 1999 comprise the effects of the Brazilian devaluation (£14 million) and redundancy costs incurred (£4 million). In 1998 these items comprised restructuring charges totalling £156 million.

## Summary Group balance sheet

As at 31st March 1999	1999 £m	1998 Restated £m
<b>Assets employed</b>		
<b>Fixed assets</b>		
Intangible fixed assets – goodwill	103	101
Tangible fixed assets	1,601	1,566
Joint ventures, associates and trade investments	197	182
	<u>1,901</u>	<u>1,849</u>
<b>Current assets</b>		
Stocks	375	375
Debtors	500	561
Investments – marketable	16	31
Cash at bank and in hand	97	120
	<u>988</u>	<u>1,087</u>
Creditors – amounts falling due within one year	(729)	(820)
<b>Net current assets</b>	<u>259</u>	<u>267</u>
<b>Total assets less current liabilities</b>	<u>2,160</u>	<u>2,116</u>
<b>Financed by</b>		
Creditors – amounts falling due after more than one year	526	479
Provisions for liabilities and charges	516	612
	<u>1,042</u>	<u>1,091</u>
Deferred income	21	18
	<u>1,063</u>	<u>1,109</u>
<b>Capital and reserves</b>		
Called up share capital	546	521
Reserves	196	139
<b>Total equity shareholders' funds</b>	<u>742</u>	<u>660</u>
<b>Minority interests</b>	<u>355</u>	<u>347</u>
	<u>2,160</u>	<u>2,116</u>

## Statement of total recognised gains and losses

For the year ended 31st March 1999	1999 £m	1998 Restated £m
Profit/(loss) attributable to shareholders of Pilkington plc	54	(186)
Other recognised gains/(losses):		
– Exchange rate movements on foreign currency net investments	27	(68)
– Unrealised surplus on revaluation of associates	–	33
Total recognised gains/(losses)	<u>81</u>	<u>(221)</u>

## Reconciliation of movement in shareholders' funds

For the year ended 31st March 1999	1999 £m	1998 Restated £m
Profit/(loss) attributable to shareholders of Pilkington plc	54	(186)
Dividends	(55)	(54)
Other recognised gains/(losses)	27	(35)
Goodwill written back	-	9
Shares issued	25	3
Premium on shares issued	31	2
Net increase/(decrease) in shareholders' funds for the year	82	(261)
Shareholders' funds at beginning of the year as restated	660	921
Shareholders' funds at end of the year	742	660

## Summary Group cash flow statement

For the year ended 31st March 1999	1999 £m	1998 £m
Net cash inflow from operating activities (note 5)	195	184
Dividends received from joint ventures and associates	17	17
Net cash outflow from returns on investments and servicing of finance	(79)	(84)
Taxation paid	(29)	(42)
Net cash outflow from capital expenditure	(180)	(186)
Net cash inflow from acquisitions and disposals	18	56
Net cash outflow before dividends, management of liquid resources and financing	(58)	(55)
Equity dividends paid by parent company	(35)	(51)
Management of liquid resources	16	7
Net cash inflow/(outflow) from financing:		
– Issue of Pilkington plc ordinary shares	56	3
– Issue less repayment of preference shares to minorities	-	82
– Loans and finance leases	(24)	(14)
Decrease in cash	(45)	(28)

## Reconciliation of net cash flow to movement in net debt

For the year ended 31st March 1999	1999 £m	1998 £m
Net debt at start of the year	(559)	(524)
Decrease in cash in the year	(45)	(28)
Cash inflow from management of liquid resources	(16)	(7)
Net decrease/(increase) in loans	13	(1)
Net decrease in obligations under finance leases	10	10
Net movement in funds of subsidiaries acquired and disposed	(1)	(38)
Exchange rate adjustments	(12)	29
	(610)	(559)

## Notes on Group results

### 1 Changes in accounting policies

These results have been prepared on the basis of the accounting policies set out in the Directors' Report and Accounts for the year ended 31st March 1999, except for the effects of changes arising from the introduction of FRS 10 on Goodwill and Intangible Assets. In accordance with this standard, Pilkington has restated prior years by capitalising all goodwill, previously written off to reserves, arising after the introduction of FRS 7, i.e. after 1st April 1995. The following restatements have been made:

- Goodwill at cost amounting to £109 million, less accumulated amortisation of £8 million to 31st March 1998, giving a net book value of £101 million, has been capitalised and reserves increased by the same amount.
- The result for the year to 31st March 1998 has been adjusted to reflect a goodwill amortisation charge of £5 million and the year to 31st March 1999 includes an amortisation charge of £6 million. Earnings per share figures have been amended accordingly.

The remaining goodwill, as at 1st April 1998, previously written off to reserves and not capitalised, amounting to £241 million, has been transferred from goodwill reserve to the profit and loss reserve.

Goodwill arising on acquisitions is now capitalised and amortised over its estimated useful economic life to a maximum of 20 years.

In addition, Pilkington has adopted the new accounting standards FRS 11 on Impairment of Fixed Assets and Goodwill, FRS 12 on Provisions, Contingent Liabilities and Contingent Assets, FRS 13 on Derivatives and Other Financial Instruments: Disclosures, and FRS 14 on Earnings per Share. There has been no material effect on the Group results in the year from the implementation of these new accounting standards.

	1999		1998	
	Turnover	Operating profit/(loss)	Turnover	Operating profit/(loss) Restated
	£m	£m	£m	£m
<b>2 Continuing operations before exceptional items</b>				
Building products	<b>1,176</b>	<b>117</b>	1,332	83
Automotive products	<b>1,106</b>	<b>45</b>	1,186	53
Technical products	<b>169</b>	<b>8</b>	178	16
Group operations and technology management	<b>18</b>	<b>(10)</b>	5	(22)
	<b>2,469</b>	<b>160</b>	2,701	130
Europe	<b>1,489</b>	<b>109</b>	1,544	73
North America	<b>629</b>	<b>25</b>	729	35
Rest of the World	<b>333</b>	<b>36</b>	423	44
Group operations and technology management	<b>18</b>	<b>(10)</b>	5	(22)
	<b>2,469</b>	<b>160</b>	2,701	130

	1999	1998
	£m	Restated £m
<b>3 Net operating assets of continuing operations</b>		
Building products	770	777
Automotive products	672	545
Technical products	120	112
Group operations and technology management	(8)	(26)
	<b>1,554</b>	<b>1,408</b>
Europe	953	842
North America	247	241
Rest of the World	362	351
Group operations and technology management	(8)	(26)
	<b>1,554</b>	<b>1,408</b>

#### 4 Exceptional items

The principal exceptional items in the year to 31st March 1999 were a charge against profits of £10 million in the Group and £4 million in joint ventures arising from the effect on profits of the Brazilian devaluation, and £4 million in respect of redundancy costs incurred.

The principal exceptional item in the year to 31st March 1998 was a charge against operating profits of £156 million, primarily in respect of rationalisation and redundancy costs, the largest element of which arose in Building Products Europe. The losses on disposal and termination of operations of £73 million included provisions of £75 million created relating to the building products downstream operations in Germany, most of which have been sold in 1998/99.

	1999	1998
	£m	£m
<b>5 Reconciliation of operating profit to net cash inflow from operating activities</b>		
Operating profit/(loss)	146	(26)
Exceptional items (included in operating profit)	14	156
Operating profit before exceptional items	160	130
Depreciation and amortisation	154	153
Movements in working capital:		
– Stocks and work in progress	6	(7)
– Debtors	43	(13)
– Creditors	(62)	14
Provisions	(10)	4
Exceptional costs	(98)	(100)
Other items	2	3
	<b>195</b>	<b>184</b>

	1999	1998
	£m	£m
<b>6 Net borrowings</b>		
Loans and overdrafts	656	633
Finance leases	67	77
Gross borrowings	723	710
Cash and marketable investments	113	151
Net borrowings	<b>610</b>	<b>559</b>

## 7 Directors' remuneration

The Remuneration Committee determines, on behalf of the board, all matters relating to the remuneration and terms of service of the executive directors of the company. The objectives are to ensure that salaries and incentives are aligned with the performance of the Group and the interests of shareholders and to enable the Group to attract, retain and motivate the highest calibre of executives on a worldwide basis. The remuneration arrangements consist of basic salary and benefits, pension entitlement, performance-related bonuses and longer term incentive programmes.

	Basic salary £000	Other benefits £000	Annual bonus £000	<b>1999 Total £000</b>	1998 Total £000
<b>Executive directors</b>					
Paolo Scaroni	575	2	110	<b>687</b>	525
Glen Nightingale	270	16	50	<b>336</b>	285
Andrew Robb	270	20	50	<b>340</b>	290
Warren Knowlton	321	126	112	<b>559</b>	126
Roger Leverton	–	–	–	<b>–</b>	154
	<u>1,436</u>	<u>164</u>	<u>322</u>	<b><u>1,922</u></b>	<u>1,380</u>
<b>Non-executive directors</b>					
Sir Nigel Rudd	200	–	–	<b>200</b>	153
Sir Michael Quinlan	25	–	–	<b>25</b>	25
John Macomber	7	–	–	<b>7</b>	22
Lord Simpson	25	–	–	<b>25</b>	25
Hans-Peter Keitel	22	–	–	<b>22</b>	22
William Harrison*	12	–	–	<b>12</b>	–
James Leng*	12	–	–	<b>12</b>	–
Oliver Stocken*	12	–	–	<b>12</b>	–
	<u>315</u>	<u>–</u>	<u>–</u>	<b><u>315</u></b>	<u>247</u>
Total	<u>1,751</u>	<u>164</u>	<u>322</u>	<b><u>2,237</u></b>	<u>1,627</u>

\*Appointed 11th September 1998.

The pension costs in respect of the executive directors amounted to £637,000 (1998 £501,000).

The Summary Financial Statement does not contain sufficient information to allow for a full understanding of the results of the Group and state of affairs of the company or of the Group.

For further information, the directors' report, the annual accounts and the auditor's report on those accounts should be consulted, copies of which may be obtained, free of charge, from the company's Registrars, Computershare Services PLC,

PO Box 82, Caxton House, Redcliffe Way, Bristol BS99 7NH.

Any shareholder who received only the Summary Financial Statement this year will continue to do so in future years.

Any shareholder who would like, in addition, to receive the full Annual Report and Accounts in future years should write to the company's Registrars at the above address.

## Shareholder information

### Dividend

The directors recommend a final dividend for the year ended 31st March 1999 of 3.25p per share, with scrip alternative, payable to shareholders on the Register on 18th June 1999.

Shareholders with an existing scrip dividend mandate will automatically receive new shares in lieu of a cash dividend. Forms of variation and scrip dividend mandates are available from the company's Registrars and should be completed and returned to them no later than 14th July 1999. The Registrars will also supply copies of the full terms of the scrip dividend scheme on request.

The scrip dividend share value will be calculated on the basis of the average of the middle market quotations of Pilkington shares on the London Stock Exchange for the five dealing days commencing on 14th June 1999.

Announcement of results	3rd June 1999
Ex-dividend date	14th June 1999
Record date	18th June 1999
Latest return date for scrip dividend mandates and forms of variation	14th July 1999
Annual General Meeting	22nd July 1999
Dividend payment date and first date of dealing in scrip dividend shares	13th August 1999

### For the year ended 31st March 2000

Announcement of interim results	28th October 1999
Interim dividend payment date (to be confirmed)	April 2000

### Annual general meeting

The Notice convening the company's 1999 annual general meeting at the Pilkington European Technical Centre, Hall Lane, Lathom, Nr Ormskirk, Lancashire on Thursday 22nd July 1999 at 11.30 am, is on pages 2 and 3 of a separate document issued to shareholders.

### Registrars

Enquiries concerning shareholdings should be addressed to: Computershare Services PLC

PO Box 82, Caxton House, Redcliffe Way, Bristol BS99 7NH  
Telephone: 0117 930 6666

Email: [web.queries@computershare.co.uk](mailto:web.queries@computershare.co.uk)

In addition you can access information on your Pilkington shareholding at <http://www.cshare.co.uk>

### Share dealing service

NatWest Stockbrokers Limited offers a low cost postal dealing service for the purchase and sale of Pilkington shares. For details of the service, please telephone NatWest Stockbrokers Helpline: 0171 895 5489

### Registered office

*Company Number 41495*  
Prescot Road, St Helens WA10 3TT  
Telephone: 01744 28882

### Issued by:

Group Corporate Affairs  
Pilkington plc, Prescot Road, St Helens WA10 3TT  
Telephone: 01744 28882

## For more information on Pilkington

- **Directors' Report and Accounts 1999:** Contains the directors' report, remuneration report, financial results and explanatory notes. Available as a download from the Pilkington website, or in print from the company's registrars.
- **Investor information:** The Pilkington website now contains a section dedicated to investors, including a detailed briefing on the company, annual and interim reports, and presentations about the company to research analysts.

[www.pilkington.com](http://www.pilkington.com)



**PILKINGTON**

*First in Glass*

We aim to be a dynamic, market driven, global provider of glass products, judged best in class by our customers, our people and our shareholders.

Pilkington plc  
St Helens  
United Kingdom