



25 September 2009

The 600 Group PLC

AGM Statement 2009

At the Annual General Meeting of The 600 Group PLC (the "Group") held today at 11.30am, Chairman, Martin Temple, made the following statement:

"The first phase of our turnaround strategy was successfully concluded in May 2009. We have now completed the second phase, other than the integration of our German operations, into one central site which is due to be completed by the end of October. I am pleased to report that these timely actions, which were taken early in the current economic cycle, have achieved estimated annualised cost savings of £12m.

The Group has been facing major challenges in all its markets over the past 10 months. Since the year end, the trend seen in the final quarter of the previous financial year has continued into the first half and underlying sales for the first five months of the year are 38% lower than those for the comparable period last year. In recent weeks, however, there have been some positive signs of increased activity within our core machine tool and laser marking businesses and, as a result, we are anticipating an improvement in order intake during the second half of the year.

The Group is now principally focused on its own brands and we have retained a significant sales and engineering structure to maximise opportunities for our core products. In line with this strategy, we have discontinued our involvement with high specification factored machines and systems for a number of reasons; in particular, weak demand, historically low margins, high overheads and the working capital requirement associated with this business.

Overall, operating margins in the current financial year to date have continued to improve, despite the difficult market conditions, as the benefits of our turnaround actions are being realised. Net borrowings increased during the year to date, as anticipated, mainly due to the costs associated with the implementation of the turnaround programme. As a result of the improvements achieved in our supply chain, we have reduced our stock levels globally and working capital improvements continue to be an ongoing focus for our executive team.

The Group has banking relationships in all the countries where it has an operating presence. The banks have been regularly updated regarding the progress of the Group, during the course of the turnaround process, and facilities totalling £6m are currently in place. This compares with facilities of £5m at the time of the 2008 AGM. This was achieved through an increase in the UK facility by £1m for a period of six months to support the final stages of the restructuring in the UK.

As noted in our Annual Report, The 600 Group Pension Fund (the "Pension Fund") is significant in size and, as such, its funding could have a significant financial impact on the Group. We are working closely with the Trustee to continue to limit the Group's exposure to the Pension Fund and have undertaken an exercise to evaluate the option of purchasing annuities for certain members of the Pension Fund to reduce the impact of assumptions regarding improving life expectancy. At present, the effect of purchasing these annuities is marginal in terms of cost and benefit but we will, in conjunction with the Trustee, continue to monitor the position closely. In addition, we are exploring other opportunities to de-risk the future exposure that the Group has to the scheme.

On 2 June 2009, we announced that Jonathan Kitchen would retire at the AGM and I would like to express my gratitude for his wise counsel both during my period as Chairman and throughout the many years he has served the Group. We also announced the appointment of Chris Cundy as non-executive Director, with effect from 1 August 2009. Chris has wide experience as a finance director in manufacturing and service environments and we welcome him to the board.

We believe the improvements already achieved through the turnaround strategy, combined with our targeted market focus and leaner operations, will provide the Group with a platform for the future and leave us well positioned to take full advantage of any future upturn in the market. During the second half of the year, we will seek to maximise any existing market opportunities, take action to further strengthen our supply chain and continue to develop our strategy for growth.

The Group expects to announce its results for the six month period to 26 September 2009 in mid-November and will give a further update on trading at that time."

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Notes to Editors:

The 600 Group PLC is the UK's largest machine tool company operating from a number of locations worldwide and sells its products into more than 180 countries. The Group has two core areas of business activity centred on machine tools and laser marking excellence:

- Machine Tool Division: 600 Group is one of the world's leading names in the manufacture and global distribution of state-of-the-art machine tools. Principal products within the internationally renowned **Colchester-Harrison** range include **Tornado CNC** turning centres, **Alpha CNC** combination lathes, **Storm** vertical machining centres and conventional centre lathes. Important parts of this division are:
 - The 600 Europe operations in West Yorkshire and Stuttgart, Germany, distribute 600 Group products throughout the UK, Continental Western and Central Europe. Additionally, it distributes workholding accessories under the **Parat** brand.
 - 600 North America, based in Michigan, supplies Group products throughout the USA and Canada, including the **Clausing** range of machine tools.
 - The Group's international distribution centres also stock and ship a wide range of workholding accessories manufactured for other machine builders, most of which are manufactured in the Group's UK facilities. These accessories include manual and power chucking products from **Pratt Burnerd**, workholding products from **Crawford Collets** and precision machine tool bearings from **Gamet Bearings**.
 - To support these comprehensive product ranges, a complete technical support service is available for all customers, including on-site service engineering and extensive spare parts stockholding for the installed base of existing machines.
- Laser Marking Division: **Electrox** provides laser marking solutions for a huge range of materials and applications, through its operations in the UK and USA. Electrox is one of the few truly integrated manufacturers of laser marking systems in the world, taking end-to-end responsibility for every aspect of design, development and production of both hardware and software technologies.