Waterford Wedgwood plc
("Waterford Wedgwood" or "the Group")

Preliminary Results for the year ended 31 December 2001

	Year to 31 December 2001	Year to 31 December 2000
	€ million	€ million
Sales – total	**1012.0**	1084.4
- crystal	**368.6**	435.7
- ceramics	**472.9**	481.4
- cookware / other	**170.5**	167.3
Operating profit*	**67.3**	110.3
Pre-tax profit*	**41.3**	85.5
Earnings per share*	**5.26c**	10.00c
Dividend per share	**3.10c**	3.06c

** pre amortisation of goodwill, exceptional restructuring charge and investment write down*

- Sales again exceed €1 billion despite difficult trading conditions
- Operating profit of €67.3 million (2000: €110.3 million)
- Operating margin of 6.7%
- Proposed final dividend of €2.40c, equal to 2000 – €3.10c for full year (2000: €3.06c)
- Restructuring initiatives (€61.8 million charge) on track with significant benefits accruing
- First-time sales contribution from Ashling Corporation (luxury linens) of €25.4 million
- Rosenthal global franchise with The Andy Warhol Foundation

"The Group's portfolio of great brands stood the business in good stead in challenging trading circumstances. We have taken forward-thinking and decisive action to address rapidly changing conditions, so that the Group is well positioned in the global market for luxury lifestyle brands."

Sir Anthony O'Reilly
Chairman
6 March 2002

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WATERFORD WEDGWOOD plc

Chairman's Statement

In 2001, Waterford Wedgwood once again achieved over €1 billion sales, just 6.7% below the record year in 2000 (when sales surged 23%), despite a most challenging economic environment. The second half slow-down offset the growth achieved in the first half. However, 2001 sales were 15% over 1999 levels and 13% over the average of the past three years.

The acquisition of Ashling Corporation (luxury linens) in July highlighted the Group's continuing commitment to new product categories. The Group also announced, at the end of last year, important restructuring initiatives which respond to changing market circumstances and address the impact of 11 September. These initiatives, already well underway, will yield substantial returns to shareholders.

The Group's portfolio of great brands stood the business in good stead in 2001 in challenging trading circumstances. We have taken forward-thinking and decisive action to address rapidly changing conditions so that the Group is well positioned in the global market for luxury lifestyle brands.

Financial Results and Strategic Review Update

The Group achieved sales of €1012.0 million for the year ended 31 December 2001, a decrease of 6.7% over the prior year (2000: €1084.4 million). At the time of the Group's announcement on 7 November, we highlighted the disproportionate impact of reduced trading on the profitability of the Group, as reflected in these results. Operating profit fell to €67.3 million (2000: €110.3 million) and pre-tax profit before goodwill, restructuring charge and write down of investment was €41.3 million. Earnings per share, before goodwill, restructuring charge and investment write-down, fell to €5.26c (2000: €10.00c). Group operating margin was 6.7%.

On 7 November 2001, Waterford Wedgwood announced that, following a strategic review of its business, it would undertake a worldwide restructuring programme which would protect the Group's ongoing profitability. These initiatives are proceeding as planned. The Group projects the programme will result in incremental profits of €43.0 million, on an ongoing full year basis, against a restructuring charge of €61.8 million, which includes a cash outlay of €31.0 million.

We are further lowering operating costs through the greater use of technology, through warehouse consolidation in the UK and by decentralising sales and administrative functions at Wedgwood.

Manufacturing capacity is being reduced by the closure of the crystal plant in Stourbridge, England. Further rationalisation is in progress at the Group's other crystal and ceramics plants in the UK, Ireland and Germany.

These capacity reductions are contributing to an aggressive inventory reduction programme which also includes short-time working at the Group's own factories, curtailed purchases from outsourced suppliers and the write-down of Millennium product inventory.

Refurbishment of the Group's own retail stores, which showcase Waterford Wedgwood's luxury lifestyle brands around the world, is on track. Following the success of the recently opened Cape Town and Taiwan stores, 15 new boutique-style shop-in-shops have been opened in Japan, bringing the total to 22. These modern outlets have already demonstrated significantly increased sales. 2002 will see the ongoing refurbishment of stores worldwide as well as the closure of those concession outlets that are under-performing. The Group is actively seeking premium locations in the UK and Europe in order to pursue its target of ten new stand-alone stores.

The Board has taken the decision to write down to the market value (€2.0 million) the Group's investment in Royal Doulton plc. This investment was acquired in November 1999 for €17.2 million. The Group announced on 4 March that it had acquired 4,704,268 shares (approximately 5.66%) in Royal Doulton. The Group today announced that it has acquired a further 500,000 shares. These shareholdings are further to Waterford Wedgwood's initial holding of 12,380,570 shares and bring the Group's total holding to 21.29% (17,584,838 shares). After the restructuring provision of €61.8 million and investment write down, the loss for the year was €45.2 million.

Net debt was €364.1 million, €31.3 million up on 2000, of which €22.2 million is accounted for by exchange and acquisitions. Restructuring spend in 2001 was €13.3 million. Underlying net debt is therefore slightly below 2000 levels. The Group continues to concentrate on tight cash control, lower capital expenditure and a determination to match capacity to demand, thus minimising inventory and reducing debt.

The Directors are proposing a final dividend of €2.40c, equal to 2000, and making a total dividend for the year of €3.10c (2000:€3.06c)

Sector Overview

Crystal

Sales of Crystal products fell 3%, exclusive of Millennium products, and 15% overall to €368.6 million (2000: €435.7 million). The slow-down in the US economy, exacerbated by department store de-stocking and the impact of the fourth quarter, rippled through most markets. However, sales in Continental Europe were up 17%, while Pan Asia increased by 25%.

New product introductions in 2002 include the 50th Anniversary Collection of Lismore, the most successful pattern in Waterford's history, and "W", a new contemporary collection. The John Rocha range goes from strength to strength with sales up 9%. The Jasper Conran Collection continues its exciting performance with sales up 15%.

Despite the magnitude and timing of the sales change, inventory has been held to 2000 levels and our unsold Millennium product has been written down.

Ceramics

Ceramics product sales held 2000 levels, with the full year addition of Hutschenreuther, acquired in August 2000, offsetting slower global demand, particularly in the second half of the year. Sales were €472.9 million (2000: €481.4 million). Margins were affected by slower core sales, product mix and the one-time effect of absorbing Hutschenreuther's first half results. However, Hutschenreuther provided strong profits in the second half, and its integration with Rosenthal's operation will be complete by April 2002, one year ahead of schedule.

During 2001, Wedgwood substantially decentralised its management structure, providing significant cost savings in 2002. Short-time working and capacity reduction will continue to decrease supply chain costs and improve efficiency.

The Wedgwood brand grew 4% in Pan Asia, and 3% in Europe, Waterford China sales in the US were up 17%, which helped the Group's Ceramics market share to reach 21.7%, a strong second position. Rosenthal group brand sales, helped by the full year impact of Hutschenreuther, were up 11%.

New product initiatives continue to drive the Ceramics business. Jasper Conran at Wedgwood is a great success with early sales exceeding expectations and a strong consumer and media profile. The Vera Wang at Wedgwood Collection, to be launched in the US this April, has already received critical acclaim and is eagerly anticipated in its bridal market.

In 2001, Rosenthal obtained from The Andy Warhol Foundation the worldwide rights to produce the artist's ceramics and crystal collections. The first such collections were enthusiastically received at the Frankfurt International Trade Exhibition in February 2002.

Cookware / Other

Sales of €170.5 million were up 2% over 2000 levels (2000: €167.3 million), including the sales of newly acquired Ashling Corporation (luxury linens) which contributed €25.4 million, helping to offset the impact of the US slowdown.

All-Clad sales reached €92.9 million, 14% below 2000 but still 21% ahead of 1999 levels. The Emeril Lagasse product has been very successful, with additional innovative products endorsed by this US celebrity chef planned for 2002.

Our brand extensions, including linens, jewellery, cutlery and soft furnishings, now €100 million at wholesale, have considerable growth potential. Wedgwood Blue jewellery was launched in the UK and at the Frankfurt International Trade Exhibition in February.

Change of Year End

The Group will change its financial year-end to 31 March. Historically, profits have been seasonally weighted towards the fourth quarter of the Group's financial year, often leading to late visibility of earnings. Changing our year-end will provide a more balanced half-to-half financial performance and enable the Group to plan its business more effectively.

To ensure full disclosure during the transition to the new year-end, the Group will report on the three-month period from 1 January to 31 March 2002, on Wednesday, 5 June and will then report interim results for the six months to 30 September 2002, in November 2002. The Group's Annual General Meeting will be held in Ireland on 25 July 2002. Waterford Wedgwood will then adopt a regular reporting cycle based on a 31 March year-end for future years.

Due to the proposed change of our financial year-end, subject to shareholder approval at the 25 July AGM, the dividend will be paid on 6 September 2002 to shareholders on the register on 7 June 2002. A scrip dividend alternative will be available to shareholders.

Trading Update and Summary

Difficult worldwide trading conditions in all consumer goods categories posed a challenging year in 2001. These trading conditions have shown little sign of improvement in the first two months of 2002 and we expect a similar environment to continue through the first half. The Group's recent restructuring initiatives, however, are already yielding cost reductions and improving cash flow.

Waterford Wedgwood remains committed to its objective of doubling the business within the next five years. Selective brand acquisitions remain a core part of our growth strategy along with our determination to expand our existing businesses through exploring new distribution channels, line and brand extensions and innovative new product introductions. We are well positioned to exploit our portfolio of international luxury lifestyle brands and to generate profitable growth in the years ahead.

Sir Anthony O'Reilly
Chairman
6 March 2002

Waterford Wedgwood plc

Consolidated profit and loss account

	Note	Year ended 31 December 2001 € million	2000 € million
Sales			
Crystal		**368.6**	435.7
Ceramics		**472.9**	481.4
Cookware/Other		**170.5**	167.3
Total Group sales		**1012.0**	1084.4
Operating profit			
Crystal		**29.2**	65.8
Ceramics		**12.5**	18.7
Cookware/Other		**25.6**	25.8
Group operating profit before restructuring charge and goodwill amortisation		**67.3**	110.3
Exceptional restructuring charge	2	**(61.8)**	-
Goodwill amortisation	4	**(6.6)**	(5.9)
Group operating (loss)/profit		**(1.1)**	104.4
Amounts written off investment		**(16.2)**	-
Net interest payable		**(26.0)**	(24.8)
(Loss)/profit on ordinary activities before taxation		**(43.3)**	79.6
Taxation		**(1.5)**	(11.0)
(Loss)/profit on ordinary activities after taxation		**(44.8)**	68.6
Minority interests		**(0.4)**	(0.8)
(Loss)/profit attributable to members of parent Company		**(45.2)**	67.8
Dividends	3	**(23.6)**	(22.9)
(Loss) absorbed/profit retained for the year		**(68.8)**	44.9
(Loss)/earnings per share (cents)	4	**(6.03)**	9.20
Diluted (loss)/earnings per share (cents)		**(6.00)**	9.12
Earnings per share (cents) pre goodwill amortisation exceptional charge and investment write down	4	**5.26**	10.00

Waterford Wedgwood plc

Consolidated balance sheet

	Note	As at 31 December 2001 € million	2000 € million
Fixed assets			
Intangible assets	**5**	**123.4**	110.6
Tangible assets		**264.6**	282.9
Financial assets		**8.1**	23.1
		396.1	416.6
Current assets			
Stocks		**296.9**	290.3
Debtors		**166.3**	179.8
Cash and deposits		**119.6**	66.2
		582.8	536.3
Creditors (amounts falling due within one year)		**(244.4)**	(235.7)
Net current assets		**338.4**	300.6
Total assets less current liabilities		**734.5**	717.2
Creditors (amounts falling due after more than one year)		**(489.0)**	(415.0)
Provisions for liabilities and charges		**(2.4)**	(4.8)
Net assets		**243.1**	297.4
Capital and reserves			
Called up share capital		**55.3**	54.4
Share premium account		**190.0**	178.0
Revaluation reserve		**9.8**	9.8
Revenue reserves		**(18.0)**	48.9
Capital conversion reserve fund		**2.6**	2.6
Shareholders' funds - equity interests		**239.7**	293.7
Minority interest - equity interests		**3.4**	3.7
		243.1	297.4

Waterford Wedgwood plc

Consolidated summary cash flow

	Year ended 31 December	
	2001	2000
	€ million	€ million
Operating profit	**60.7**	104.4
Exceptional restructuring charge	**(61.8)**	-
Provision for redundancy and related costs	**39.1**	-
Depreciation	**48.8**	44.3
Working capital		
Inventory	**2.4**	(47.4)
Other	**(4.0)**	5.8
Cash flow from operations	**85.2**	107.1
Exceptional restructuring	**(13.3)**	(5.4)
Interest	**(26.0)**	(24.8)
Capital expenditure less disposals	**(27.3)**	(56.1)
Dividend	**(20.2)**	(16.8)
Taxation	**(9.3)**	(13.4)
Other	**1.8**	1.7
Cash flow	**(9.1)**	(7.7)
Exchange	**(9.4)**	(13.5)
Acquisitions	**(12.8)**	(8.4)
Sale of treasury shares	**-**	8.6
Opening net debt 1 January	**(332.8)**	(311.8)
Closing net debt 31 December	**(364.1)**	(332.8)

Statement of total recognised gains and losses and reconciliation of shareholders' funds

	Year ended 31 December	
	2001	2000
	€ million	€ million
(Loss)/profit for the financial year	**(45.2)**	67.8
Exchange translation effect on net overseas Investments	**(1.2)**	(1.0)
Total recognised (losses)/gains for the year	**(46.4)**	66.8
Dividends	**(23.6)**	(22.9)
Scrip dividends	**3.1**	3.5
New share capital subscribed	**12.9**	1.7
Sale of treasury shares	**-**	8.6
Opening shareholders' funds	**293.7**	236.0
Closing shareholders' funds	**239.7**	293.7

Waterford Wedgwood plc

Notes

1. **Basis of financial statements**

The information contained within this preliminary release has been extracted from the 2001 audited financial statements. The accounting policies applied in the financial statements are consistent with those applied in previous years and are as set out in the audited financial statements for the year ended 31 December 2000. The Group has consistently reviewed its accounting policies and estimation techniques. As a consequence of recent acquisition activity and the growth in the number of retail stores, the Group has undertaken a further review of the consistency of application of accounting estimation techniques in the areas of (a) application and overheads to stock in manufacturing and to stock held at retail stores and (b) the useful economic lives attributed to fixed assets. The outcome of this review has resulted in changes to the way in which certain Companies in the Group make these estimates and accordingly operating profit for the year has improved by €15 million.

2. **Exceptional restructuring charge**

In November 2001 the Board of Waterford Wedgwood plc announced restructuring measures worldwide designed to lower operating costs, reduce capacity, improve factory efficiency, reduce inventories and stimulate sales through increased marketing spend and significantly improved retail presentation.

The following summarises the major actions being taken:

Lower Operating Costs
The Group plans to lower its operating costs through greater use of technology, through warehousing consolidation in the UK and by reducing certain Wedgwood central sales and administrative functions. The related once-off restructuring charge is €19.6 million.

Capacity Reduction
Additionally the Group is planning to reduce capacity by closing its crystal manufacturing plant in Stourbridge in the West Midlands in rationalising production at the Group's other crystal and ceramic manufacturing plants in the UK, Ireland and Germany. The related once-off restructuring charge is €24.3 million.

Inventory Initiatives
At the interim results the Group reported the impact of reduced Millennium sales on the crystal division. In order to ensure that the Group carries the right levels and mix of inventory, it plans to write off this inventory as part of the process of winding down the Millennium business. The related once-off restructuring charge is €12.5 million.

Retail Refurbishment and Rationalisation
The Group plans to upgrade significantly its retail presentation to reflect and showcase the international lifestyle of Waterford Wedgwood brands. In the UK, this programme will include the closure of over 40 under-performing concession shops, the refurbishment of all other shops and the opening of 10 new stand-alone stores in premium locations. Similar actions, on a smaller scale, are planned for Germany and South East Asia. The related once-off restructuring charge is €5.4 million.

The charge is analysed as follows:

	€ million
Write down of fixed assets at Stuart Crystal	5.7
Write down of inventory	17.0
Provision for redundancy and related costs	39.1
Total restructuring charge	**61.8**

3. Dividends

The dividend represents the total amount of dividends paid and proposed in respect of Waterford Wedgwood plc ordinary shares. Shareholders can elect, in lieu, to receive an equivalent dividend on their income shares in Waterford Wedgwood U.K. plc. Income shares entitle certain shareholders to receive dividends with a UK tax credit attached. Additionally, a scrip dividend alternative in lieu of a cash dividend is available to shareholders.

4. Loss/earnings per share

	2001 **€ million**	2000 € million
Profit for the financial year before amortisation of goodwill, exceptional charge and amounts written off investment	**39.4**	73.7
Amortisation of goodwill	**(6.6)**	(5.9)
Exceptional charge	**(61.8)**	-
Investment write down	**(16.2)**	-
(Loss)/earnings available to shareholders	**(45.2)**	67.8
Earnings per share before amortisation of goodwill exceptional charge and investment write down (cents)	**5.26**	10.00
(Loss)/earnings per share (cents)	**(6.03)**	9.20

The calculation of earnings per share is based on 749.2 million shares being the weighted average number of shares in issue during the twelve months ended 31 December 2001 (2000: 737.1 million).

5. Intangible assets

The movement on intangible assets arises as follows;

	Goodwill	Hutschenreuther brand	Total
	€ million	**€ million**	**€ million**
At 31 December 2000	108.2	2.4	110.6
Arising on acquisition of a further 5.2% of Rosenthal AG	4.4	-	4.4
Arising on acquisition of Ashling Corporation	10.3	-	10.3
Amortisation	(6.5)	(0.1)	(6.6)
Exchange	4.7	-	4.7
At 31 December 2001	**121.1**	**2.3**	**123.4**

6. Net debt

Net debt at 31 December 2001, comprising finance leases, short and long term borrowings less cash and deposits, amounted to €364.1 million (2000: €332.8 million).

7. Foreign exchange

Exchange rates used between the Euro and the principal foreign currencies in which the Group does business were as follows:

	Profit and loss transactions		Balance sheet	
	2001	2000	**2001**	2000
U.S. dollar	$0.90	$0.92	$0.90	$0.94
Sterling	£0.62	£0.61	£0.62	£0.63
Yen	¥109.00	¥99.71	¥117.18	¥107.22

8. Copies of the Annual Report and Accounts will be posted to shareholders in June 2002.