



Preformed Line Products Company

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2000 ANNUAL REPORT • PREFORMED LINE PRODUCTS

Dependability  
in communications *and* energy,  
WORLDWIDE.



Preformed Line Products is a **leading** manufacturer of sophisticated products and systems for the anchoring and control of overhead and underground lines and cables in the energy, communications and cable television industries. With headquarters in **Cleveland**, Ohio, the Company serves a **worldwide** market through strategically located manufacturing facilities and a network of international subsidiaries.

Our **mission** is to achieve profitable **growth** as a leader in the innovative development, manufacture and marketing of technically superior products and services related to **cable** systems and to use this position of leadership to exploit other exceptional product opportunities in **familiar** markets.



## Financial

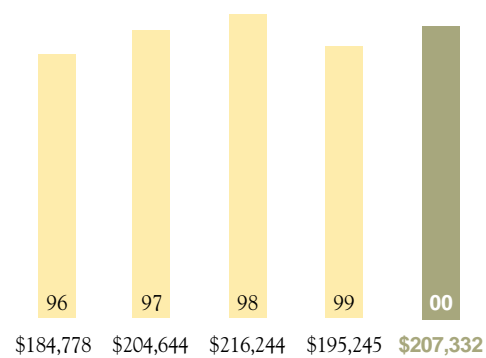
### H I G H L I G H T S

Thousands of dollars, except per share data

	Year ended December 31	
	2000	1999
Net sales	<b>\$ 207,332</b>	\$195,245
Income before income taxes	<b>17,135</b>	14,729
Net income	<b>11,051</b>	10,201
Net income per share	<b>1.91</b>	1.71
Shareholders' equity	<b>123,856</b>	119,194
Shareholders' equity per share	<b>21.47</b>	20.45

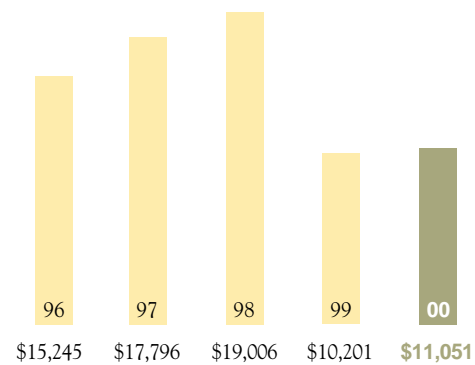
## Consolidated

### N E T   S A L E S



## Consolidated

### N E T   I N C O M E



# To our Shareholders

The year 2000 saw stability return to the sales environment of most of our major markets. Business in the communications market was slowed by the sense that the infrastructure may be temporarily overbuilt. Conversely, a long-anticipated resurgence of the electric power transmission market, after years of neglect, began in earnest in 2000.

Consolidated sales for 2000 grew more than \$12 million over 1999 to a total of \$207,332,000. Operating income for the year totaled \$17,370,000, an increase of 36% over 1999. Net income rose to \$11,051,000 or \$1.91 per share, compared with \$10,201,000 or \$1.71 per share in 1999.

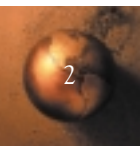
One of the consistent reasons for the Company's ability to maintain its reputation for dependability is our strong financial position. At year-end 2000, our working capital totaled \$62.6 million. Current assets of \$89.1 million were 3.4-1 to current liabilities of \$26.6 million. Shareholders' equity totaled \$123.9 million in 2000 versus \$119.2 million in 1999. We continued our payout of regular quarterly dividends, unbroken since we first began making them in 1948.

Significant gains in our FIBERLIGN<sup>®</sup> products offset the drop in sales incurred by the sale of our Birmingham plant in 2000. Similarly, our decision last year to launch the datacommunications product line worldwide should make up greatly for the sales lost from Lucent, which began manufacturing its own products in 1999. We are altering our sales strategy for datacommunications products, minimizing our dependence on OEM-type partnerships by adding additional experienced salespeople to our team who will be responsible for datacommunications products worldwide.

Our acquisition of Rack Technologies has already begun to produce profitable results as should the roll-out of our new ARMADILLO<sup>™</sup> line of products, while the successful COYOTE<sup>®</sup> product line continues to enjoy increased acceptance among customers.



Robert G. Ruhlman





In 2000, we bought our partner's share in China and now own 100% of this company, which has enjoyed unusually strong sales growth for such a young operation. Additionally, overseas we began to see increased business in our energy product sales in England and Australia as one of our competitors is now attempting to serve those countries from its off-shore facilities.

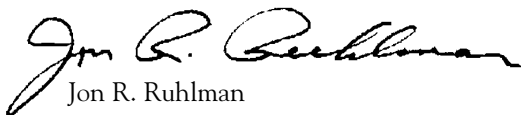
Cost control throughout the Company is receiving continued attention, particularly in alternative sources of raw materials for both our traditional wire products as well as our recently developed products for the communications market.

Looking to the future, we see excellent opportunities for growth. We have established aggressive goals for the next five years and intend to grow to a size that allows us to be an even more significant factor in the markets we serve, while giving our employees expanded opportunities for growth. We also continue to promote talented people in all divisions of the Company into positions of greater decision-making responsibility.



Jon R. Ruhlman

In the constant sea of changes rolling through our major markets and brought on by deregulation, consolidations and mergers, Preformed Line Products remains an unusually dependable resource, a company that our customers know they can rely on for responsive service, technologically superior products and a passion for customer satisfaction. As our competitors become part of bigger, more impersonal entities, our unique ability to establish trusted personal and working relationships with our customers should help us increase our share of both the new-technology markets as well as the more traditional ones.

  
Jon R. Ruhlman  
CHAIRMAN

  
Robert G. Ruhlman  
PRESIDENT *and* CHIEF EXECUTIVE OFFICER



The year 2000 saw a slowing down in the pace of the telecommunications market. While the market has begun to stabilize, our profits continued to improve in this area.

Mergers, acquisitions and consolidations among key customers were major factors last year in a more **conservative** approach being taken in product specification and purchasing. Delays in these decisions, together with personnel changes and shifts in standardization committees, contributed to longer, more deliberate purchasing cycles.

This market remains on edge, with the strong possibility of future **changes**. Such a climate may well favor a company like PLP which has grown a reputation for sound research, advanced technology and exceptional customer service, yet is more **flexible** than our behemoth competitors in responding quickly to market changes and customer needs.

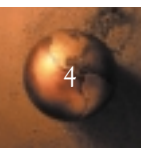
PLP has been actively pursuing the development of products for the Regional Bell Operating Companies (RBOCs), the Inter-Exchange Carriers (IXCs), and the aggressive Competitive Local Exchange Carriers (CLECs), the young telecommunications **upstarts**

nipping at the heels of the traditional phone companies.

Due to the growing demand for broadband application, which enables quicker access to the Internet, copper-based plant continues to be an important factor in our sales to the communications market.

To serve this market, we introduced the **ARMADILLO™** Series late in 2000, the next-generation closure designed for copper cable. Still in the early stages of its product life cycle, the ARMADILLO Series represents a product that was created in **response** to customer needs. In addition to employing a more cost-effective technology, the ARMADILLO Closure is a craft-friendly product, light in weight yet strong and durable, featuring an end-plate design which eliminates the need for a source of power in the field for drilling the end plates – a major **benefit** for all customers. We will continue to pursue sales in this traditional market, while simultaneously increasing our share of market in the growing fiber optic communications business through our COYOTE® Closure product series.

The **cable TV** business continues



to swirl in a demanding and competitive environment. Nevertheless, our sales to this market were up significantly across all product lines, reaching close to 30% of our total communications business. This growth represents a major shift in the last five years, with much of it due to the development of our successful COYOTE Closure product series. We have also established strategic relationships with several of the major Multiple System Operators (MSOs), such as Adelphia, Charter Communications and Time-Warner Cable. We anticipate that these strategic relationships will continue in 2001 and beyond.

Another new product created to serve this market is the **COYOTE** RUNT Closure for low fiber-count applications.

Successful integration of the COYOTE Cross-Connect technology has found its way into fiber-to-the-home applications with several local telephone systems and contractors.

Our share of market in the growing fiber optic communications business increased in 2000 with continued acceptance of COYOTE products by major customers. Significant sales growth was achieved across all product lines in

the COYOTE Family. We have enhanced our product offerings to this market with the addition of COYOTE Closures for both **high-** and **low-fiber** counts.

Products for **tower** and **antenna** boasted sizable growth in 2000, up considerably over 1999, driven by a strong year of tower construction for CATV, HDTV, digital upgrades, cell phones and AM radio.

**Metal** building products continued to experience growth in 2000. 2001 is projected to benefit considerably from the shift of two major companies in this industry to cable-bracing technology, which favors PLP products.

In the uncertain environment of deregulation, mergers, consolidations and acquisitions, PLP is better positioned than ever to leverage its **reputation** for quality products and dependable service.

**Transmission.** 2000 was an excellent year, registering solid growth over 1999. There is significant potential for this trend to continue. For more than a decade, the transmission grid has been neglected throughout much of the U.S.



Special  
Industries

Energy





Because of deregulation, many utilities have turned this responsibility over to Independent System Operators (ISOs) who have also been slow to add transmission lines.



With demand for power now heavily exceeding supply in areas like California, the need for the movement of bulk power from the energy-rich states to the energy-deficient areas means that new transmission lines must be built and many existing lines will be refurbished.

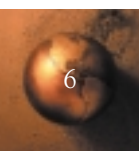
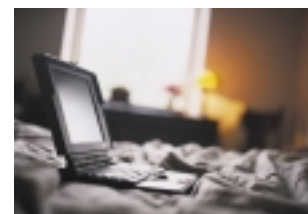
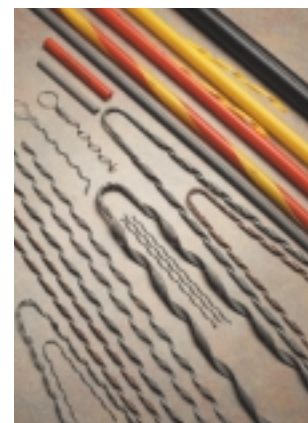
In addition, consolidations are also driving the demand for new transmission lines, because merged utilities need to tie their systems together. The combined result of these events should generate high growth in this market over the next few years. PLP is actively developing new product offerings to meet the expected demands.

**Distribution.** Sales to this core line of our business were down slightly in 2000 since customers had built unusually high stock levels in 1999 because of the Y2K concern. Unlike the transmission market in this era of deregulation, distribution is still handled by the traditional local electric utilities, and they are still motivated by cost. But the fear, and now reality, of power

shortages and rolling blackouts should not only push attention to increased maintenance of distribution lines, but also reawaken an appreciation for the dependability of PLP products for those lines.

We plan to seize this initiative by reinforcing the reputation of our well-regarded and branded products for this market. While growth will be seen primarily in modest increases through incremental gains in market share, we feel that the pendulum may slowly be shifting back to an emphasis on quality products and service over price.

**Fiber Optic Hardware.** This market continues to represent a high-growth opportunity for PLP. Communications companies seeking to serve the burgeoning Internet needs of their customers are providing substantially increased access speed by stringing fiber optic cables onto existing power utility poles and rights-of-way. We are investing heavily in this area and have done considerable research to develop products for this market. We are selling to both communications companies and electric utilities, while working hard to get our products specified by the fiber-optic cable manufacturers.



Sales increased considerably in this area last year and now represent a significant portion of our energy market sales. We view this market as a continuing opportunity to grow sales of overhead cable products and a natural fit for our reservoir of research and knowledge in this area.

high-tech areas of the market, such as fiber optics, where growth is expected to be solid for several years. Our introduction of the new Category 6 Jacks – along with our anticipated introduction of Component Compliant Category 6 Patch Panels – should add significantly to future sales.

While sales increased nicely in 2000, the figure was lower than we had projected. Profits were affected by a one-time write-off of excess inventories, a bad debt expense from the bankruptcy of a large distributor and the start-up costs of our datacommunications international initiative.

Offsetting these disappointments was the substantial growth of our distributors, our increasing sales to Internet Service Providers, success in the Wide Area Network (WAN) marketplace and the addition of key multiple-branch wholesalers. We greatly improved sales coverage throughout the U.S. and added direct sales people in several key markets, including Atlanta, Chicago, Denver and Seattle.

A primary focus in 2001 and beyond is to concentrate our efforts in the exploding,

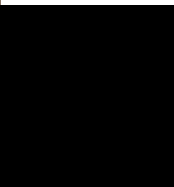
We are well positioned for increased success, having built a broad product line for both the copper-based and fiber markets and providing technologically superior support for them. In addition, we plan to capture more control of our own future by increasing direct sales to high-growth markets throughout the world.

Overall sales of our international subsidiaries showed strong growth for 2000, especially when viewed in local currencies. PLP is successfully reallocating resources as we continue to see a trend of our sales to the energy markets shifting toward the world's emerging regions. PLP's traditional businesses in Mexico and Brazil, for example, continue to grow along with their economies while other energy markets are becoming increasingly flat. Of special interest for 2000 and years beyond is our success in China where prospects look promising.

Datacommunications

Products

International  
Operations



The general weakness of foreign currencies relative to the U.S. dollar had a negative impact on our gross margins. This unfavorable situation, however, was more than offset by the sales growth in local currency and sales from the broadening of our international product portfolio.

Our **acquisition** of Rack Technologies, an Australian manufacturer of Local Area Network(LAN) cabinets for storing and securing network equipment, was an important move. We have now successfully integrated sales of this division with those of SMP and PLP to create an appealing and competitive line-up of products to serve the energy, telecommunications and datacom markets **worldwide**.

We have high expectations for growth in all three of these markets. Our greatest **competition** will come from very large corporations as everyone scrambles for market share and influence, especially in the telecom/datacom industries. We believe we are ideally positioned to **compete** against these corporate giants through our smaller, more flexible size and ability to focus faster and more personally on our customers' needs. Our

extensive **local** presence, with both sales and manufacturing, will also continue to be important ingredients in our international growth.

To reinforce our local positions, and prepare for more activity in our communications product lines, facility expansions continued in several of our operations. These facilities, coupled with the local management teams, reinforce our position as the worldwide **Source** for dependable products and service that our global customers demand.

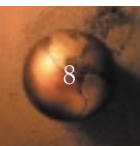
In 2000, Robert G. Ruhlman, President and Chief Operating Officer, was **promoted** to President and Chief Executive Officer.

Jon R. Ruhlman continues to serve as Chairman of the Company.

Rob Ruhlman joined PLP in 1979 as a project engineer in the marine systems division. He has worked in various areas of the company, including marketing, manufacturing and corporate planning. He became a member of the Board of Directors in 1991 and has been in charge of all domestic operations since becoming President & COO in 1995.



Management  
Changes



# Corporate Information

## DIRECTORS

JON R. RUHLMAN  
Chairman

ROBERT G. RUHLMAN  
President and  
Chief Executive Officer

FRANK B. CARR  
Private Investor

JOHN D. DRINKO  
Attorney  
Baker & Hostetler LLP

WILBER C. NORDSTROM  
Consultant

BARBARA P. RUHLMAN

RANDALL M. RUHLMAN

## OFFICERS

JON R. RUHLMAN  
Chairman

ROBERT G. RUHLMAN  
President and  
Chief Executive Officer

JON BARNES  
Vice President  
Marketing and Sales

ERIC R. GRAEF  
Vice President  
Finance and Treasurer

WILLIAM H. HAAG III  
Vice President  
International Operations

ROBERT C. HAZENFIELD  
Vice President  
Research and Engineering

MICHAEL S. PEZO  
Vice President  
Manufacturing

ROBERT L. WEBER  
Vice President  
Employee Relations

J. RICHARD HAMILTON  
Secretary

## DOMESTIC PLANT LOCATIONS

Arkansas  
Rogers

Florida  
Melbourne

North Carolina  
Albemarle  
Asheville  
Charlotte

## SUBSIDIARIES

Superior Modular Products  
BBR Systems Ltd.  
Glenrothes Fife, Scotland

## INTERNATIONAL OPERATIONS

### SUBSIDIARIES

Australia  
Preformed Line Products (Australia) Ltd.  
Rack Technologies Pty. Ltd.  
Sydney, Australia

Brazil  
PLP-Produtos Para Linhas Preformados Ltd.  
Sao Paulo, Brazil

Canada  
Preformed Line Products (Canada) Ltd.  
Cambridge, Ontario, Canada

China  
Beijing PLP Conductor Line Products Co., Ltd.  
Beijing, China

Mexico  
Preformados de Mexico S.A. de C.V.  
Querétaro, Mexico

South Africa  
Preformed Line Products (South Africa) Pty. Ltd.  
Pietermaritzburg, Natal  
Republic of South Africa

Spain  
APRESA—PLP Spain, S. A.  
Sevilla, Spain

United Kingdom  
Preformed Line Products (Great Britain) Ltd.  
Andover, Hampshire, England

## JOINT VENTURES

Japan  
Japan PLP Company, Ltd.  
Tokyo, Japan

Toshin Denko Kabushiki Kaisha  
Osaka, Japan

## AUDITORS

Ernst & Young LLP

## REGISTRAR & TRANSFER AGENT

National City Bank  
Corporate Trust Department  
629 Euclid Avenue  
Room 635  
Cleveland, Ohio 44114

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## COMMON STOCK

PLP common stock is traded in the  
Over-The-Counter market (OTC)  
under the ticker symbol: PLIN

## CORPORATE HEADQUARTERS

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