

13 May 2010

## **MELROSE PLC**

### **INTERIM MANAGEMENT STATEMENT**

Ahead of its Annual General Meeting being held later today, Melrose PLC issues the following Interim Management Statement for the period from 1 January 2010 to 12 May 2010.

#### **OVERVIEW**

The positive trends in our businesses reported in our Annual Results statement in March have continued. Sales growth in our early cycle businesses has been offset by weaker sales in our later cycle businesses for the year to date, but these businesses are now seeing increased orders which will translate into sales in due course. Although, as expected, some costs are returning as volumes recover, the overall profit margin growth is most encouraging.

Current trading is running ahead of management expectations for 2010.

#### **ENERGY**

Recent orders at Brush Turbogenerators provide confidence in the sales outturn for the year. Together with the better operational performance and the growing higher margin aftermarket sales, the outlook for this business continues to improve.

After a challenging 2009, Marelli is seeing signs of an upturn in orders and sales, particularly for its medium size generators, providing additional confidence of a satisfactory outcome for the year.

#### **LIFTING PRODUCTS**

Bridon continues to trade satisfactorily. With its broad product range serving different market sectors, together with the progress being made regarding operational efficiency gains, Bridon is well positioned to make further progress as the economic recovery takes hold. Management are focused on matching last year's record profit.

After a very challenging 2009, Crosby reported in March this year that there was evidence of restocking by their distributors. It is encouraging that the sales demand has continued, providing evidence that the pickup in business is being driven by end-user demand rather than restocking the supply chain and is therefore capable of being sustained.

#### **DYNACAST**

As one of our early cycle businesses, and as reported in our Annual Results, sales in all three regions (Europe, North America and Asia) continue to recover strongly. While certain payroll related costs are naturally coming back into the business as sales recover, operating profit margins continue to exceed last year's.

## **OTHER INDUSTRIAL**

This division, which is a mixture of early and later cycle businesses, continues to trade satisfactorily. Two of the early cycle businesses, Truth and MPC, continue to see decent sales growth, whilst at Harris, a later cycle business, it is encouraging to see the strengthening order book beginning to convert into sales.

## **OUTLOOK**

External economic and financial factors are far from settled and as such have the potential to cause a setback to the recent economic recovery. Notwithstanding this, two months on from our Annual Results announcement in March we continue to be optimistic regarding the trading conditions in our businesses, thereby giving confidence in the outcome for the year.

Enquiries

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