

March 2009

Strictly private and confidential



# Full Year Results Announcement

Twelve months to 31 December 2008



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## Highlights



# Highlights

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- FKI acquired on 1 July 2008 for an enterprise value of c.£970m (acquired debt of c.£470m and equity of c.£500m)
  - 6.7x FKI 2008<sup>1</sup> EBITDA<sup>2</sup>
    - Debt matures 2013
    - Approximately 50% of debt fixed interest cost
- FKI's results consolidated from 1 July (i.e. second half only)
- Excellent cash generation from trading of £60m (post dividends)
- Leverage reduced from 2.7x Headline EBITDA<sup>2</sup> at acquisition to 2.25x Headline EBITDA<sup>2</sup> at year end (closing forex rates)
- Working capital so far reduced by c.£79m since 1 July 2008 (real not a “squeeze”)
- Hickory closed on schedule
  - Net cash inflow of c.£10.2m, higher than acquisition estimates
- FKI plc corporate costs reduced by c.£10m per annum
- Sale talks for Logistex very slow due to market but continuing
  - Sale split between Europe and US
- Operational improvement well underway
- Spread and quality of business is important at current times
- Strong control on cash and capex in 2009

<sup>1</sup> For year ended 31 March 2008

<sup>2</sup> Operating profit before depreciation and amortisation

# Highlights – results

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## Trading

- 2008 headline<sup>1</sup> EPS at 16.8p (2007: Proforma<sup>2</sup> 14.6p) (15% up) is better than expectations
- 2008 annualised EBITDA<sup>3</sup> for the current Melrose Group is £241m (at 2008 closing exchange rates) and £205m (at 2008 average exchange rates)

## Cash generation

- Cash generation is faster and better than expected
- Profit conversion to cash<sup>4</sup> of 166% in the 2008 full year, 191% since the FKI acquisition
- Working capital so far reduced by £79m since 1 July 2008. Further benefit to come in 2009

## Debt

- 2008 closing net debt of £543.1m, including a £153m adverse exchange movement
- 2008 net debt to EBITDA leverage of 2.65x, actually current leverage is 2.25x at year end exchange rates
- £750m committed facility until April 2013, 'worth' £825m at 2008 year end exchange rates

## Dividend

- Maintained final dividend of 4.25p (annual dividend up by c.4%)

<sup>1</sup> Before exceptional costs, exceptional income and intangible asset amortisation other than computer software

<sup>2</sup> Defined in the 2008 Finance Director's review

<sup>3</sup> Includes full 2008 headline profit for all businesses owned by Melrose as at 31 December 2008 (whether or not held for sale)

<sup>4</sup> Headline operating cash generation (headline operating profit + depreciation + working capital movement - capital expenditure) as a percentage of headline operating profit



# Highlights – operational

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## Energy

- New CEO for Turbogenerators
- Strong investment opportunities for improvement in all areas
  - Purchasing
  - Working capital management
  - After market
  - Better production efficiencies
- Market conditions still favourable
  - 70% of 2009 budgeted sales order book
- Switchgear and Transformers have both significantly improved profitability and enjoy good markets

## Lifting

- Bridon
  - Opportunities to improve business
  - Market conditions still satisfactory
    - US weaker than forecast
    - Europe still strong
  - Strong order book



# Highlights – operational

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- Crosby

- Well run, high quality business with strong management
- Will be affected by US onshore oil and gas slowdown
- Already reduced workforce substantially
  - c.10% of US workforce
- Margins reduced but still satisfactory

## Dynacast

- Well run, high quality business with strong management
- Affected by automotive slowdown
- Reduced workforce by over 22% since October 2008
- 2009 will be difficult with reduced profits but still expect reasonable operating margins

## Other Industrial

- Performance varies by market sector
- Overall division profitable to date in 2009 after restructuring costs
- Cost reduction measures already in place
- Estimate overall workforce reductions of over 10%

## Melrose PLC summary financial performance



# Financial results

## Income statement — statutory format

	Year ended 31 December 2007 (restated) <sup>2</sup> £'m	Year ended 31 December 2008 £'m
Revenue	288.6	938.3
Cost of sales and net operating expenses – Headline <sup>1</sup>	(263.6)	(838.7)
– Exceptional and intangible asset amortisation	(4.1)	(26.5)
Operating profit	20.9	73.1
Net finance income/(cost) – Headline <sup>1</sup>	3.1	(24.2)
– Exceptional	—	(23.1)
Profit before tax	24.0	25.8
Tax		
– Headline <sup>1</sup>	(7.1)	(21.8)
– Exceptional	1.6	11.7
Profit for the year from continuing operations	18.5	15.7
Profit/(Loss) for the year from discontinued operations	196.5	(63.5)
Profit/(Loss) for the year	215.0	(47.8)

- Headline<sup>1</sup> operating profit £99.6m
- Headline<sup>1</sup> earnings per share of 16.8p (2007: proforma<sup>3</sup> 14.6p) up 15% on 2007 proforma
- Maintained final dividend of 4.25p (annual dividend up by c.4%)

<sup>1</sup> Before exceptional costs, exceptional income and intangible asset amortisation other than computer software

<sup>2</sup> As required 2007 has been restated to include MVC within discontinued

<sup>3</sup> As defined in the 2008 Finance Director's review

# Financial results

## Income statement — Continuing Group only

Year ended 31 December 2008

	Headline <sup>1</sup> results £'m	Other <sup>2</sup> £'m	Total £'m
Sales	938.3	—	938.3
Operating profit	99.6	(26.5)	73.1
Net finance income	(24.2)	(23.1)	(47.3)
Profit before tax	75.4	(49.6)	25.8
Tax	(21.8)	11.7	(10.1)
Profit after tax	53.6	(37.9)	15.7
Loss from discontinued operations	n/a	(63.5)	(63.5)
Profit/(Loss) for the year <sup>4</sup>	53.6	(101.4)	(47.8)
EPS	16.8p	(32.1p)	(15.3p)

- Continuing group headline<sup>1</sup> EPS = 16.8p, a rise of 15% on 2007 pro forma<sup>3</sup> EPS of 14.6p
- Exceptional operating costs and intangible asset amortisation of £26.5m (£6.7m cash) exceptional finance costs of £23.1m, (£17.9m cash) and discontinued operations costs of £63.5m (£12.7m cash)
- FKI corporate costs reduced by c.£10m per annum

<sup>1</sup> Before exceptional costs, exceptional income and intangible asset amortisation other than computer software

<sup>2</sup> Consists of exceptional costs, exceptional income and intangible asset amortisation other than computer software

<sup>3</sup> Defined in the 2008 Finance Director's review

<sup>4</sup> Includes £0.5million of continuing profit attributable to minority interests

# Financial results

## Balance sheet

	31 December 2007 £'m	31 December 2008 £'m
Fixed assets (including computer software)	61.2	298.9
Intangibles assets	23.4	456.0
Goodwill	183.5	821.5
Net working capital	18.8	213.9
Pension and retirement benefits	(25.2)	(143.3)
Provisions	(7.0)	(153.0)
Deferred tax and corporate tax	(12.8)	(140.0)
Net assets held for sale	—	20.4 <sup>1</sup>
Other	0.4	(22.1)
Net debt (excluding cash held in assets held for sale)	25.2	(544.8) <sup>1</sup>
Net assets	267.5	807.5

- £821.5m of goodwill split Energy £247.2m, Lifting £312.1m, Dynacast £222.6m and Other Industrials of £39.6m
- Net assets for sale of £20.4m comprise Logistex US, Welland Forge and Rhombus
- Balance sheet net debt £544.8m<sup>1</sup>

<sup>1</sup> £1.7m of cash held in net assets held for resale, group net debt number equals £543.1m (£544.8m – £1.7m)

# Financial results

## Movement in net debt

	Full year (since 1 January 2008)	Six months post FKI (Since 1 July 2008)
Opening net debt	32.4	22.3
Acquired net debt	(471.7)	(471.7)
Net cash flow of acquisitions	(13.1)	(11.2)
Cash generation from trading	60.0	69.4
Foreign exchange movement	(152.9)	(154.1)
Other non-cash movement	2.2	2.2
Closing net debt	(543.1)	(543.1)

- Cash generation from trading faster and better than expectations, at £60.0m (post dividends) in the full year and £69.4m since FKI acquired
- Closing net debt of £543.1m, after an adverse exchange movement of c.£153m
- Net debt includes £471.7m of debt acquired with FKI

# Financial results

<b>Cash flow from trading</b>	<b>Full year (since 1 January 2008) £'m</b>	<b>Six months post FKI (since 1 July 2008) £'m</b>
Headline <sup>1</sup> operating profit	92.3	78.8
Depreciation and computer software amortisation	24.7	19.0
Working capital movement	70.9	79.2
Net capital expenditure	(34.2)	(26.5)
<b>Operating cashflow (post capex)</b>	<b>153.7</b>	<b>150.5</b>
<b>Profit conversion to cash %</b>	<b>166%</b>	<b>191%</b>
Net interest and net tax paid	(44.8)	(41.1)
Pension contributions	(20.0)	(16.0)
Capital distribution	(7.4)	(7.4)
Dividend paid	(19.4)	(13.7)
Other (including all cash flows on discontinued operations)	(2.1)	(2.9)
<b>Cash inflow from trading</b>	<b>60.0</b>	<b>69.4</b>

<b>Net cash flow of acquisitions</b>	<b>Full year (since 1 January 2008) £'m</b>	<b>Six months post FKI (since 1 July 2008) £'m</b>
Net proceeds on issue of shares	279.5	279.5
Cash cost of acquisitions	(257.0)	(255.1)
Dividend to previous FKI shareholders <sup>2</sup>	(17.7)	(17.7)
Eurobond and private placements refinance	(17.9)	(17.9)
<b>Cash flow of acquisition</b>	<b>(13.1)</b>	<b>(11.2)</b>

- Headline<sup>1</sup> profit conversion to cash (post capex) of 166% for full year, 191% since FKI acquisition
- Cash generation achieved despite capital expenditure equal to 1.4x depreciation
- Working capital to sales in Melrose now 17.5% (FKI at 31 March 2008 c.20%)

<sup>1</sup> Before exceptional costs, exceptional income and intangible asset amortisation other than computer software

<sup>2</sup> Dividend paid to previous FKI shareholders declared prior to acquisition

# Financial results

## Cash flow

Year ended 31 December 2008

## Profit conversion to cash by division

	Energy	Lifting	Dynacast	Other Industrial	HO	Total continuing	Dis-continued	Total
Headline <sup>1</sup> operating profit	30.9	35.7	33.4	16.4	(16.8)	99.6	(7.3)	92.3
Headline <sup>1</sup> operating cash generation (post capex)	38.4	35.5	41.6	28.3	(10.5)	133.3	20.4	153.7
Headline <sup>1</sup> profit conversion to cash (%)	124%	99%	124%	173%	-	134%	-	166%

## Profit conversion to cash for the Melrose Group since inception (October 2003 to December 2008)

Headline <sup>1</sup> operating profit (£'m)	213.4
Headline <sup>1</sup> operating cash generation (post capex)	253.6
Headline <sup>1</sup> profit conversion to cash (%)	118.8%

- Excellent headline<sup>1</sup> profit conversion to cash (post capex) across all divisions, 191% since owning FKI
- Long term Melrose average (2003 to 2008) now 119%
- Logistex generated £33.5m of headline<sup>1</sup> operating cash (post capex)

<sup>1</sup> Before exceptional costs, exceptional income and intangible asset amortisation other than computer software

# Financial results (continuing)

## Leverage

Net debt to headline<sup>1</sup> EBITDA<sup>2</sup>

	Headline EBITDA average rates/ Debt at closing rate £'m	Both at closing exchange rate £'m
2008 Net debt	543.1	543.1
2008 headline <sup>1</sup> EBITDA <sup>2</sup> (annualised for businesses owned at 31 December 2008)	204.7	241.3
Net debt to headline <sup>1</sup> EBITDA <sup>2</sup>	2.65x	2.25x

## Covenants

	2008	2009	2010	2011	2012
Net debt to headline EBITDA <sup>2</sup> covenant	3.5x	3.25x	3.0x	2.75x	2.5x
Interest cover covenant	3.5x	3.5x	3.5x	3.5x	3.5x

- Actual leverage (net debt to headline<sup>1</sup> EBITDA<sup>2</sup>) at December 2008 = 2.65x, includes adverse exchange lag impact
- “Current” leverage (both debt & headline<sup>1</sup> EBITDA<sup>2</sup> converted at closing exchange rates) = 2.25x
- 2008 actual headline<sup>1</sup> EBITDA<sup>2</sup> for current group = £204.7m
- 2008 run rate headline<sup>1</sup> EBITDA<sup>2</sup> (at closing year end exchange rates) for current group = £241.3m
- £750m committed facility until April 2013 now ‘worth’ £825m at 2008 year end exchange rates

<sup>1</sup> Before exceptional costs, exceptional income and intangible asset amortisation other than computer software

<sup>2</sup> Operating profit before depreciation and amortisation

# Financial results

## Currency exposure

- Current split of gross debt is 66% US\$, 28% Euro and 6% sterling. This is hedged against the net investments and profit by currency

### Exchange rates

	2007		2008			
	US\$	€	US\$ (12m avg)	€(12m avg)	US\$ (6m avg)	€(6m avg)
Average rates	2.00	1.46	1.86	1.26	1.74	1.23
Closing rates	2.00	1.36	1.46	1.05	1.46	1.05

- FKI businesses translated at 6 month average rate, since acquisition.

### For every 10 cents strengthening of the US\$ (includes translation and unhedged transaction effect)

Headline <sup>1</sup> operating profit increases by	7.6
Headline <sup>1</sup> EBITDA <sup>2</sup> increases by	8.5
Net debt increases by	26.0

### For every 10 cents strengthening of the Euro (includes translation and unhedged transaction effect)

Headline <sup>1</sup> operating profit increases by	5.5
Headline <sup>1</sup> EBITDA <sup>2</sup> increases by	6.5
Net debt increases by	14.7

<sup>1</sup> Before exceptional costs, exceptional income and intangible asset amortisation other than computer software

<sup>2</sup> Operating profit before depreciation and amortisation



# Financial results

## Interest — cost of debt

- Current weighted cost of debt is below 4% (including 200 bps of bank margin)
- 50% of gross debt (\$546m) now has a fixed interest cost, four year fixed rate (Jan 2009 to Jan 2013) at 2.1%

## Tax

	%
Income statement rate	29%
Cash tax rate	21%

- Current income statement tax rate 29%, as expected
- Cash tax rate of 21% in 2008, with longer term average to be more in line with the income statement rate

# Financial results

## Pension and post retirement benefit

Year ended 31 December 2008

	Asset £'m	Asset not recognised £'m	Liabilities £'m	Deficit £'m
FKI UK defined benefit pension scheme	494.5	—	(555.2)	(60.7)
Mckechnie UK defined benefit pension scheme	116.2	(14.1)	(110.7)	(8.6)
<b>Total UK defined benefit pension scheme</b>	<b>610.7</b>	<b>(14.1)</b>	<b>(665.9)</b>	<b>(69.3)</b>

- Total UK defined benefit pension scheme deficit of £69.3m
- Other overseas pension schemes (mainly US) have a deficit of £47.0m (asset £199.8m, liabilities £246.8m). The main US scheme is closing
- £14.1m of assets in UK scheme not recognised, restricting deficit to guaranteed contributions
- Year end assumptions: Discount rate 6.3%, inflation 2.75%
- A 0.1 percentage point decrease in the discount rate increases liabilities by £9m on the main FKI UK scheme and a similar 0.1 percentage point increase in inflation increases liabilities by £5m

# Summary of Operating Divisions

- Energy
- Lifting
- Dynacast
- Other Industrial
- Logistex Group
- Discontinued

# Ongoing Divisions

## Based on July to December 2008 results

	Lifting	Energy	Dynacast	Other Industrial
	Bridon, Crosby, Acco	Turbogenerators, Switchgear, Transformers	Dynacast	Truth, Logistex Europe, Harris, Weber Knapp, MPC, Traction
Revenue (£m)	232.3	229.4	120.1	201.4
Headline <sup>1</sup> operating profit (£m)	35.7	30.9	15.4	13.6
Return on revenue	15.4%	13.5%	12.8%	6.8%
<b>% Proportion of Group profit (prior to central costs)</b>	<b>37%</b>	<b>32%</b>	<b>16%</b>	<b>15%</b>

- New divisional split, based on July to December 2008 results only
- Lifting, Energy and Dynacast division make up 85% of group headline<sup>1</sup> operating profit before central costs in the 6 month period
- Total Revenue for this 6 months is £783.2million
- Total Headline<sup>1</sup> Operating Profit for this 6 months (pre central costs) is £95.6million

<sup>1</sup> Before exceptional costs, exceptional income and intangible asset amortisation other than computer software

# Energy — Financial highlights

## Energy

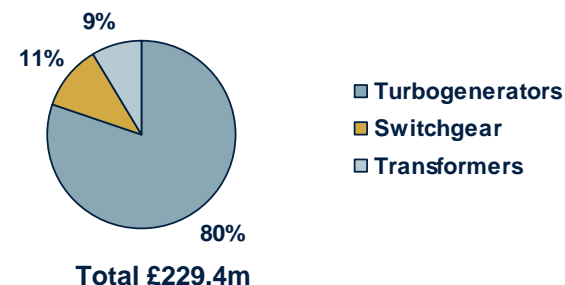
£m	Year to March 2008	Six months to Dec 2008*
Revenue	366.7	229.4
Headline <sup>1</sup> EBITDA	41.5	34.7
Headline <sup>1</sup> EBITDA margin	11.3%	15.1%
Headline <sup>1</sup> Operating profit	35.5	30.9
Headline <sup>1</sup> Operating margin	9.7%	13.5%

\* Since acquisition

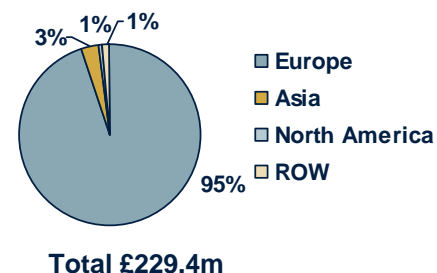
## Key points

- Strong margin performance in all businesses
- Good quality order books
- Switchgear rationalisation gone well

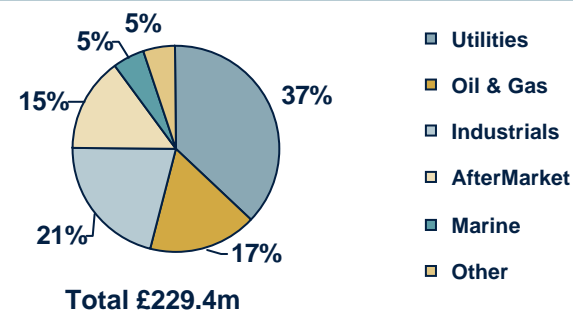
## Sales by company — six months to December 2008



## Sales by geography — six months to December 2008



## Sales by end market — six months to December 2008



<sup>1</sup> Headline; before exceptional costs, exceptional income and intangible asset amortisation other than computer software



# Energy — Operational highlights

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- New CEO of Turbogenerators
- Strong investment opportunities for improvement in all areas
  - Purchasing
  - Working capital management — Continuing process, still room for improvement
  - Servicing — More focused approach, dedicated team
  - Better production efficiencies — Improved flow and housekeeping
- Market conditions still favourable
  - 70% of 2009 budgeted sales order book — With current levels of tendering and new opportunities high
- Switchgear and Transformers have both significantly improved profitability and enjoy strong markets
- Capital investment committed for:
  - Slotting capacity and machining at Turbogenerators Czech facility
  - Large machine capability at Marelli
  - New Chinese component/assembly operations for Switchgear
  - Continuing development of Transformer JV in the Gulf
- Restructuring — Announced closure of Switchgear US operations

# Lifting — Financial highlights

## Lifting

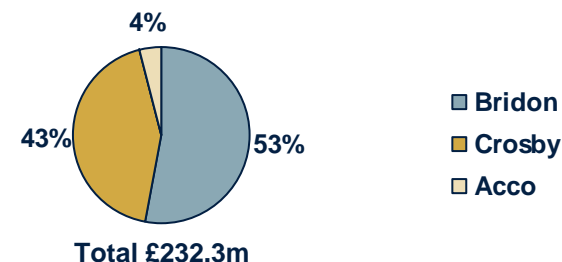
£m	Year to March 2008	Six months to Dec 2008*
Revenue	394.5	232.3
Headline EBITDA	68.4	40.2
<i>Headline EBITDA margin</i>	17.3%	17.3%
Headline Operating profit	60.5	35.7
<i>Headline Operating margin</i>	15.3%	15.4%

\* Since acquisition

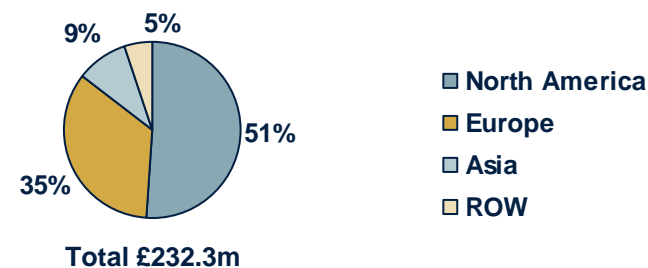
## Key points

- Strong management teams
- High quality products
- Good market position
- Good order book cover

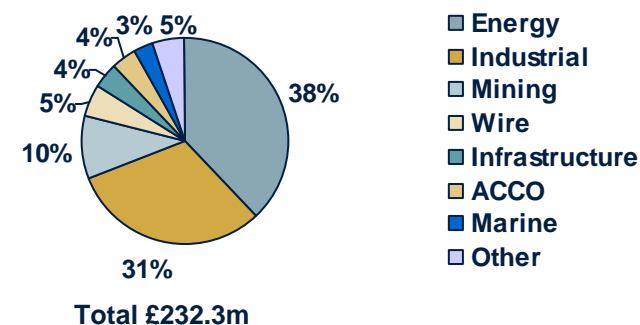
## Sales by company — six months to December 2008



## Sales by geography — six months to December 2008



## Sales by end market



Note: Headline; before exceptional costs, exceptional income and intangible asset amortisation other than computer software

# Lifting — Operational highlights

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## **Bridon**

- Opportunities taken to invest to improve business
  - Approved significant investment since ownership
    - Efficiency improvements at Doncaster Mill (3yr project)
    - Capacity investment in Multistrand rope globally
    - Willington Quay large strand machine investment
    - New capital investment in Hangzhou
- Market conditions still satisfactory
  - US marginally weaker than forecast
  - Europe still strong — Less commodity business, greater project work
  - Opportunities in Far East
- Large order book — Particularly strong in offshore oil & gas (30% of 2009 budgeted sales)
- Volatile raw material prices (mainly steel) successfully passed through to customer
- Good cash generation, further improvements to be achieved

## **Crosby**

- Well run, high quality business with strong management and brand recognition
  - Will be affected by US onshore oil and gas slowdown
  - Already reduced workforce substantially
  - c.10% of US workforce
  - Margins reduced but still satisfactory

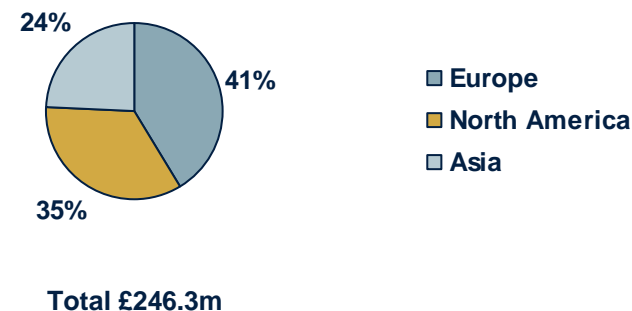


# Dynacast — Financial highlights

## Dynacast

£m	Year to Dec 2007	Year to Dec 2008
Revenue	235.9	246.3
Headline EBITDA	35.7	41.1
<i>Headline EBITDA margin</i>	15.1%	16.7%
Headline Operating profit	28.9	33.4
<i>Headline Operating margin</i>	12.3%	13.6%

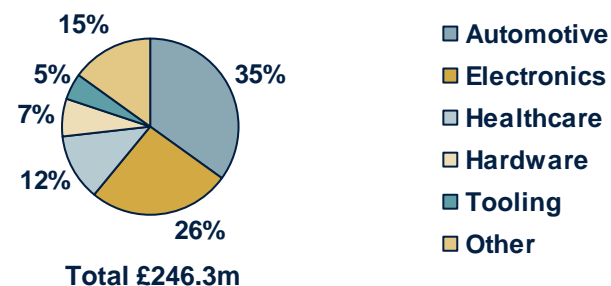
## Sales by geography—year to December 2008



## Key points

- Good margin performance
- Small year on year real volume decline
- Restructuring plans in place for 2009
- Q4 affected by slowdown

## Sales by end market—year to December 2008



Note: Headline; before exceptional costs, exceptional income and intangible asset amortisation other than computer software



# Dynacast — Operational highlights

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- Well run, high quality business with strong management
- Affected by automobile slowdown in final quarter of the year and into 2009
- Reduced workforce by over 22% since October 2008
- Successful acquisition of Fishercast in Canada and UK
- New plant in Southern China opening in second quarter of 2009
- Continuing to invest in new machine technology for higher finish quality
- Successful integration of the QZD & Techmire operations acquired late 2007
- Lower zinc pricing supporting new business development with less substitution
- Good working capital management with continuing strong profit to cash conversion

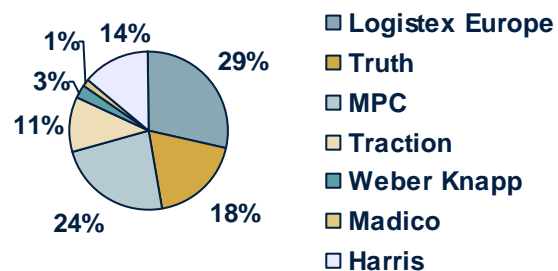
# Other Industrial — Financial highlights

## Other Industrial

£m	MPC Year to Dec 2007	FKI Year to Mar 2008	Total	MPC Year to Dec 2008	FKI* six months to Dec 2008	Total as reported
Revenue	52.7	342.5	395.2	54.4	175.9	230.3
Headline EBITDA	5.5	37.6	43.1	5.9	15.3	21.2
<i>Headline EBITDA margin</i>	10.4%	11.0%	10.9%	10.8%	8.7%	9.2%
Headline Operating profit	3.9	31.0	34.9	4.3	12.1	16.4
<i>Headline Operating margin</i>	7.4%	9.1%	8.8%	7.9%	6.9%	7.1%

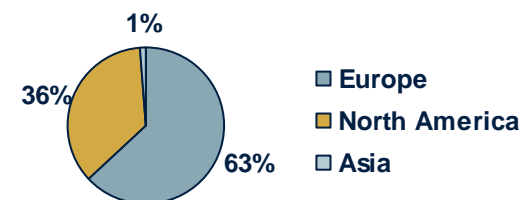
\* Since acquisition

## Sales by company



Total £230.3m

## Sales by geography



Total £230.3m

Note: Headline; before exceptional costs, exceptional income and intangible asset amortisation other than computer software

# Other Industrial — Operational highlights

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- Performance varies by market sector
- Overall division profitable so far in 2009 after restructuring costs
- Cost reduction measures already in place
- Estimate overall workforce reductions of over 10%
- **Truth** — Grown market share in declining market  
— Manufacturing process undergone major change
- **Harris** — Strong performance in 2008 with scrap steel indexes rising in H2  
— Current strong order book but book to bill falling with lower current demand for scrap metal  
— Rationalisation of manufacturing facilities underway
- **MPC** — A successful 2008 albeit with a low Q4  
— Automotive exposure (Europe) circa 50% of sales  
— Improvement in non-automotive sector with new developments in consumer markets
- **Traction** — Solid performance in 2008  
— Strong order book to support 2009 performance

# Logistex Group — Financial highlights

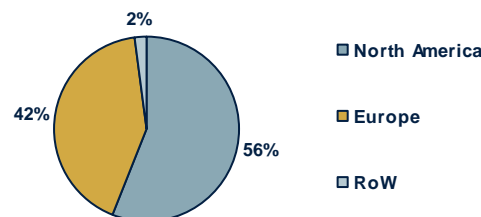
## Logistex Group

£m	Year to March 2008			Six months to December 2008		
	N. America	Europe	Total	N. America	Europe	Total
Revenue	174.2	140.9	315.1	82.6	66.1	148.7
Headline EBITDA	7.8	3.8	11.6	2.1	3.1	5.2
<i>Headline EBITDA margin</i>	4.5%	2.7%	3.7%	2.5%	4.7%	3.5%
Headline Operating profit	5.8	1.9	7.7	0.9	2.2	3.1
<i>Headline Operating margin</i>	3.3%	1.3%	2.4%	1.1%	3.3%	2.1%

### Key points

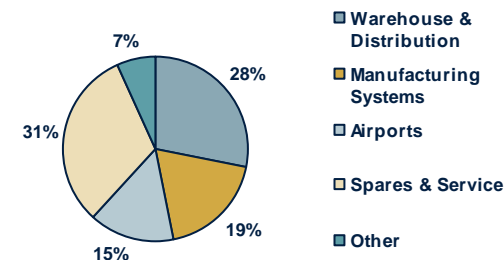
- North American disposal underway (discontinued)
- Order books to support 2009 volumes for Europe and US
- Excellent cash generation of £33.5million
- Analysis of contracts completed

### Sales by geography — six months to December 2008



Total: £148.7m

### Sales by end market — six months to December 2008



Total: £148.7m

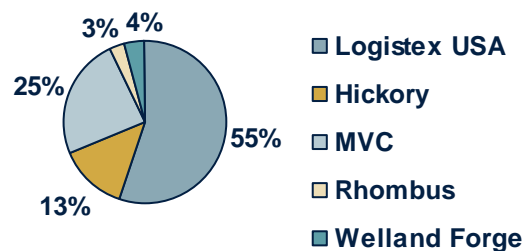
Note: Headline; before exceptional costs, exceptional income and intangible asset amortisation other than computer software

# Discontinued — Financial highlights

## Discontinued

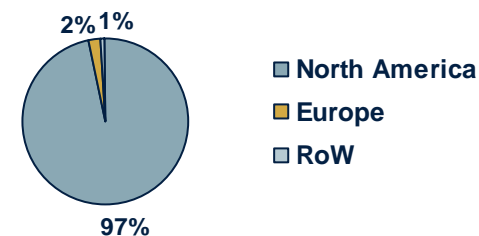
£m	MVC Year to Dec 2007	FKI Year to Mar 2008	Total	MVC Year to Dec 2008	FKI six months to Dec 2008	Total
Revenue	55.4	259.5	<b>314.9</b>	37.1	113.4	<b>150.5</b>
Headline EBITDA	1.4	2.5	<b>3.9</b>	(5.9)	2.1	<b>(3.8)</b>
<i>Headline EBITDA margin</i>	2.5%	1.0%	<b>1.2%</b>	(15.9)%	1.9%	<b>(2.5)%</b>
Headline Operating profit	(0.5)	(1.5)	<b>(2.0)</b>	(7.9)	0.6	<b>(7.3)</b>
<i>Headline Operating margin</i>	(0.9)%	(0.6)%	<b>(0.6)%</b>	(21.3)%	0.5%	<b>(4.9)%</b>

## Sales by company



Total £150.5m

## Sales by geography



Total £150.5m

Note: Headline; before exceptional costs, exceptional income and intangible asset amortisation other than computer software

## ■ Outlook and conclusion



# Outlook and conclusion

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- Difficult economy but excellent businesses with strong management
- Good spread of business activities
- Cost reductions in place and ongoing where necessary
- Expect strong cash generation of at least £50million from trading in 2009
- We expect 2009 to be a tough but still satisfactory trading year
- Markets will create opportunities for our model



# | Appendix

# Financial results

## Net exceptional costs and intangible asset amortisation

Year ended 31 December 2008

	Cash costs	Non-cash costs	Total
<b>Continuing operating costs</b>			
FKI office head office closure	5.6	2.4	8.0
Fishercast reorganisation	1.1	1.3	2.4
Realisation of loss on captive insurance investments	—	1.7	1.7
Other reorganisation	—	0.8	0.8
Intangible asset amortisation	—	13.6	13.6
	<b>6.7</b>	<b>19.8</b>	<b>26.5</b>
<b>Finance costs</b>			
Eurobond refinance	9.0	—	9.0
US private placement refinancing	8.9	—	8.9
Exceptional unwind of discount on provisions	—	5.2	5.2
	<b>17.9</b>	<b>5.2</b>	<b>23.1</b>
<b>Discontinued</b>			
Loss on disposal of MVC	1.2	38.7	39.9
Disposal costs MVC and Logistex	1.5	—	1.5
Hickory closure	1.9	18.9	20.8
Rhombus reorganisation	0.4	0.4	0.8
Intangible asset amortisation	—	0.2	0.2
Results of discontinued businesses	7.7	—	7.7
Tax on discontinued operations	—	(7.4)	(7.4)
Total	<b>12.7</b>	<b>50.8</b>	<b>63.5</b>