



■ Interim Results Announcement

Six months to 30 June 2008



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- FKI early review
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■ Melrose PLC Summary Financial Performance

Financial results

Income statement

Six months ended 30 June 2008

	6 months ended 30 June 2008 £'m	6 months ended 30 June 2007 £'m
Sales	177.7	172.9
Headline operating profit ¹	13.5	11.4
Profit before tax	12.3	12.0
Tax	(3.2)	(2.3)
Profit after tax	9.1	9.7
Headline/Proforma EPS	7.5p ¹	6.7p ^{1 2}
Basic EPS	6.8p	3.8p

- Headline operating profit increased by 18.4%
- Headline return on sales increased by 1.0 percentage points to 7.6% (2007: 6.6%)

¹ Before exceptional costs, exceptional income and intangible asset amortisation other than computer software

² Using issued shares capital after share consolidation

Financial Results

2008 v 2007 headline results for the Group – by division

	2008 (£'m)			2007 (£'m)		
	Sales	EBIT	ROS%	Sales	EBIT	ROS%
Dynacast	126.2	18.0	14.3%	117.6	13.8	11.7%
MVC	22.6	(2.4)	(10.6)%	29.5	(0.2)	(0.7)%
MPC	28.9	2.8	9.7%	25.8	1.6	6.2%
Central Costs – Corporate	—	(3.2)		—	(2.8)	
Central Cost – LTIP	—	(1.7)		—	(1.0)	
Group	177.7	13.5	7.6%	172.9	11.4	6.6%

Commentary

- Profit growth driven by Dynacast & MPC
- MVC conditions very tough, sales down 23%
 - Fundamental review underway

Financial Results

Cash flow

Period ended 30 June 2008

	£'m
Headline operating profit	13.5
Depreciation and computer software amortisation	5.7
Working capital movement	(8.3)
Net capital expenditure	(7.7)
Non-cash operating charges - LTIPS	1.7
Net interest and tax paid	(3.7)
Pension contributions	(4.0)
Dividend	(5.7)
Other (including FKI acquisition costs)	(3.2)
Cash outflow	(11.7)
<u>Net debt reconciliation</u>	
Opening net funds	32.4
Cash outflow	(11.7)
Repayment of borrowings and leases	0.4
Exchange & finance lease movements	1.2
Closing net funds	22.3

- Dynacast profit conversion to cash remained very strong at 96%
- Capital investment continues at 1.4 x depreciation

Other Financial Highlights

- Tax
 - 26% headline rate but will increase post-FKI
- Exchange

	Average		Closing	
	2008	2007	2008	2007
Euro	1.29	1.48	1.26	1.49
US Dollar	1.97	1.97	1.99	2.00

- Exchange gain in the period of £1.9m

- Pensions
 - Accounting deficit £20.4m (2007 year end: £25.2m)
 - Calculation of deficit is currently volatile due to unusual corporate bond discount rates



Summary of Operating Divisions

Dynacast

Period Ended 30 June 2008

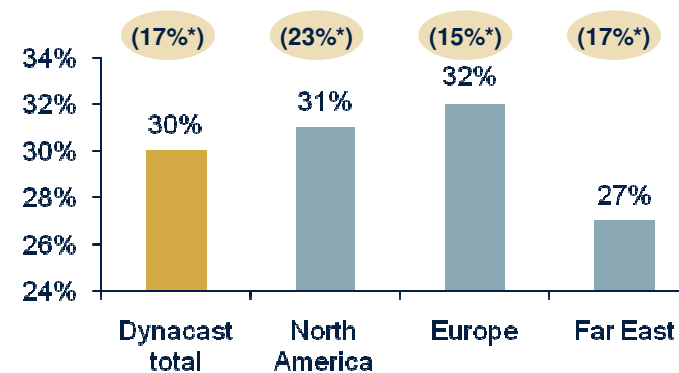
	2008 Headline Results			2007 Headline Results		
	Sales £'m	EBIT ¹ £'m	ROS ¹ %	Sales £'m	EBIT ¹ £'m	ROS ¹ %
North America	42.2	4.6	10.9	38.7	3.5	9.0
Europe	55.6	9.6	17.3	53.6	7.3	13.6
Far East	28.4	3.8	13.4	25.3	3.0	11.9
Total	126.2	18.0	14.3	117.6	13.8	11.7

¹ Before exceptional costs, exceptional income and intangible asset amortisation other than computer software.

Commentary

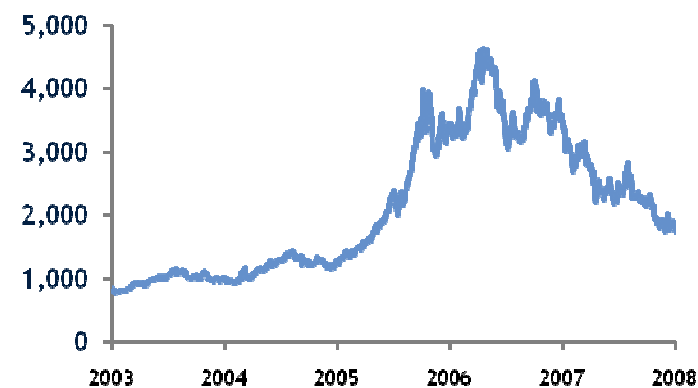
- Strong profit growth in all regions
- 14.3% return on sales, up 2.6 percentage points
- Bolt-on acquisitions strategy going to plan - Fishercast
- New South China project progressing well

EBIT Growth %



* Growth in brackets is at constant currency

Zinc Price on the LME 2003-2008 (\$) per tonne



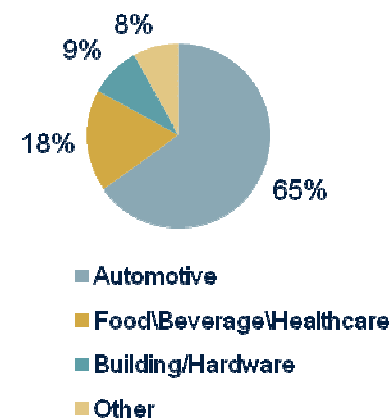
MPC

Period Ended 30 June 2008

	2008 Headline Results			2007 Headline Results		
	Sales £'m	EBIT ¹ £'m	ROS ¹ %	Sales £'m	EBIT ¹ £'m	ROS ¹ %
Stamford Bridge	9.5	1.4	14.7	7.7	0.7	9.1
Pickering	13.6	0.9	6.6	13.5	0.6	4.4
Other	5.8	0.5	8.6	4.6	0.3	6.5
Total	28.9	2.8	9.7	25.8	1.6	6.2

¹ Before exceptional costs, exceptional income and intangible asset amortisation other than computer software.

Sales By Sector



Commentary

- Excellent performance
- Demonstrating strength of a quality, reliable UK supplier
- Significant new business
- Strong long term relationship with ScotCo and Diageo
- Capital expenditure and restructuring spend successfully driving profit growth

MVC

Period Ended 30 June 2008

	2008 Headline Results			2007 Headline Results		
	Sales £'m	EBIT ¹ £'m	ROS ¹ %	Sales £'m	EBIT ¹ £'m	ROS ¹ %
Newberry	8.1	1.4	17.3	7.4	1.5	20.3
Nicholasville	14.0	(2.2)	(15.7)	21.9	0.6	2.7
MT&E (Tooling)	0.5	0.1	20.0	0.2	-	-
Head Office (Engineering)	-	(1.7)	-	-	(2.3)	-
Total	22.6	(2.4)	(10.6)	29.5	(0.2)	(0.7)

¹ Before exceptional costs, exceptional income and intangible asset amortisation other than computer software.

Locations



Commentary

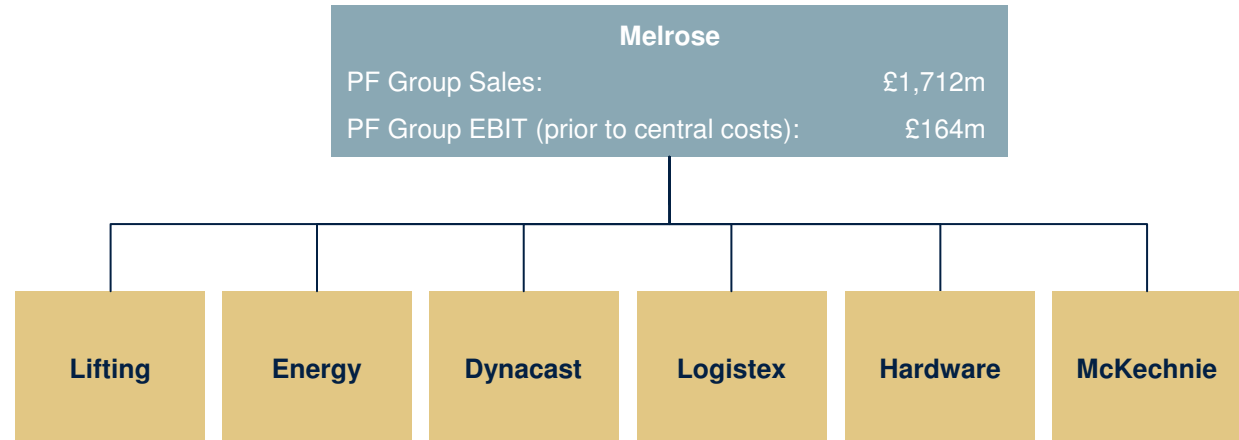
- Extremely tough conditions
- Sales down by 23%, and Q2 worse than Q1
- Operational improvements being made, but need to improve more
- Cost recovery being achieved to an increased extent, but not fully
- Nicholasville site the main driver of losses
- Outlook remains very challenging

Fundamental review



FKI Acquisition Update

Shape of Group



Sales (£'m)	452.1	429.2	244.5	315.2	166.6	104.3
EBIT (£'m)	67.5	46.7	33.1	8.1	6.4	2.4
ROS (%)	14.9	10.9	13.5	2.6	3.8	2.3
% of Group EBIT	41.1%	28.4%	20.2%	4.9%	3.9%	1.5%

— Divisional split to be reviewed by year end

Note: Melrose financials are for the last twelve months (July 2007 – June 2008), whereas FKI figures are for the year to March 2008



Actions to Date

FKI divisions

- Investment being increased
- Overall strategic plan agreed
- Detailed operational strategy in place by the end of October
- Logistex sale progressing
- Hickory sale/closure announced

Cost reduction

- London and Loughborough head offices closed
- USA and China head offices being reduced in size

Cash management

- Melrose cash management processes being implemented

Debt and financing

- Pro forma opening net debt of c.£490m
- Today launching tender offer for the €600m Eurobond
- US private placements (\$80m) repaid



Questions



Appendices

Energy and Lifting

Energy

Energy			Sales By Company	Sales By Geography
£m Mar YE	2008	2007		
Turnover	429.2	344.4		
EBITDA	52.9	30.2		
<i>EBITDA margin</i>	12.3%	8.8%		
Operating profit	46.7	24.2		
<i>Operating margin</i>	10.9%	7.0%		

Key Points

- Grow market share
- Investment in increasing capacity and levels of development
- Operational improvements

Sectors Included

- **Turbo: (year to March 2008 sales: £276.1m)**
 - Brush, Harrington and Marelli: Suppliers and manufacturers of generators
- **Switchgear: (year to March 2008 sales: £45.1m)**
 - Manufactures medium voltage switchgear
- **Transformers: (year to March 2008 sales: £34.5m)**
 - Manufactures a range of transformers
- **Traction: (year to March 2008 sales: £62.5m)**
 - Maintains and re-engineers locomotives and rolling stock
- **Other: (year to March 2008 sales: £11.0m)**

Divisional split may change

Lifting

Lifting			Sales By Company	Sales By Geography
£m Mar YE	2008	2007		
Turnover	452.1	434.2		
EBITDA	76.5	67.4		
<i>EBITDA margin</i>	16.9%	15.5%		
Operating profit	67.5	57.7		
<i>Operating margin</i>	14.9%	13.3%		

Key Points	Sectors Included
<ul style="list-style-type: none"> Expand globally Restructure division Improve operations Acquisition opportunities 	<ul style="list-style-type: none"> Bridon: (year to March 2008 sales: £216.3m) <ul style="list-style-type: none"> Wire ropes for heavy lifting Crosby: (year to March 2008 sales: £154.8m) <ul style="list-style-type: none"> Locks, sheaves and shackles used in material handling Harris: (year to March 2008 sales: £45.9m) <ul style="list-style-type: none"> Scrap processing and recycling equipment Acco: (year to March 2008 sales: £16.5m) and Welland: (year to March 2008 sales: £11.7m) <ul style="list-style-type: none"> Manufactures monorail cranes, hoists and a wide range of closed die forgings Other: (year to March 2008 sales: £6.9m)

Divisional split may change