MELROSE

Full Year Results Announcement

Twelve months to 31 December 2010

Contents

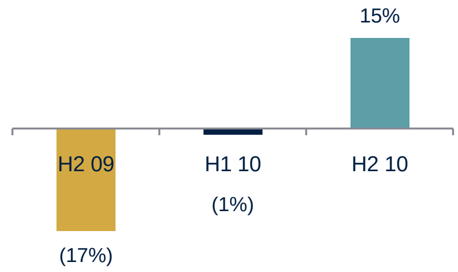
Sections

Highlights

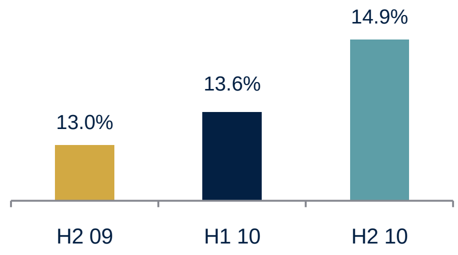
Highlights – strong recovery continuing, more to come

Key highlights in performance: revenue growth, headline[1] operating margin % and headline[1] EPS

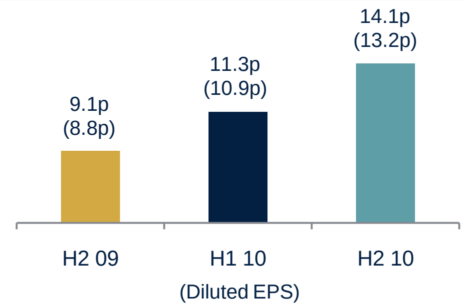
Revenue growth on prior year (%)



Headline[1] operating margin (%)



Headline[1] earnings per share (p)



Executive summary

- Record profits, operating margins, dividends and earnings per share
- Group has returned to revenue growth
  - Revenue in the second half of 2010 up 15% on 2009 (13% at constant currency)
  - Group trading 11% below H2 2008 (at constant currency) so more recovery to come
- Margin up to 14.9% in the second half virtually achieving the long term target earlier than planned
- Headline[1] EPS of 25.4p (24.1p diluted) up 53% (48% diluted) on last year and with 14.1p (13.2p diluted) achieved in the second half
- Cash generation strong, leverage[2] reduced to 1.25x
- Final dividend of 7.0p (2009: 4.8p[3]) an increase of 46% on last year
- Full year dividend of 11.0p (2009: 7.7p) an increase of 43% on last year

[1] Before exceptional costs, exceptional income and intangible asset amortisation
[2] Calculated as net debt divided by headline[1] operating profit before depreciation and amortisation
[3] 2009 second interim dividend

Highlights in 2010

- Investment in all divisions in process
  - Opportunities for improvement by investment in all key businesses
  - 1.4x depreciation H2 2010
  - Key focus for 2011 as well
- Operating margins
  - Target reached ahead of schedule
  - More opportunities for improvement
  - Operational leverage as higher sales still to come
- Pension schemes
  - As promised area of focus
- Sale process for Dynacast underway
  - Will only sell at right price
  - If sold value will be returned to shareholders
- 3 smaller businesses sold in 2011
  - Traction, Logistex UK and Madico
- Search for acquisitions continues
  - Looking for businesses with an enterprise value of c.£500 million and above
  - Will be patient

Summary financial results

Consolidated Income Statement

Income Statement – statutory format

		Year ended 31 December 2009 (£m)	Year ended 31 December 2010 (£m)
Revenue		**1,298.5**	**1,379.5**
Cost of sales		(970.3)	(988.5)
Net operating expenses	– Headline[1]	(178.5)	(194.1)
	– Exceptional items and intangible asset amortisation	(36.6)	(15.5)
Operating profit		**113.1**	**181.4**
Net finance costs		(31.1)	(26.1)
Profit before tax		**82.0**	**155.3**
Tax	– Headline[1]	(36.1)	(44.4)
	– Exceptional[2]	8.8	30.4
Profit for the year from continuing operations		**54.7**	**141.3**
Profit for the year from discontinued operations		24.6	-
Profit for the year		**79.3**	**141.3**

- Full consolidated Income Statement for continuing operations shows profit after tax of £141.3 million in 2010 (2009: £54.7 million) up 158% on last year however headline[1] performance is a better measure of underlying trends

[1] Before exceptional costs, exceptional income and intangible asset amortisation
[2] Includes exceptional tax and tax on exceptional items and intangible asset amortisation

Headline[1] earnings per share of 25.4p (diluted EPS 24.1p)

Income Statement – headline[1] results twelve months ended 31 December 2010

	Headline[1] results (£m)	Net exceptional credits[2] (£m)	Intangible asset amortisation (£m)	Total (£m)
Revenue	**1,379.5**	**-**	**-**	**1,379.5**
Operating profit/(loss)	196.9	11.1	(26.6)	181.4
Net finance costs	(26.1)	-	-	(26.1)
Profit/(loss) before tax	**170.8**	**11.1**	**(26.6)**	**155.3**
Tax (charge)/credit	(44.4)	19.2	11.2	(14.0)
Profit/(loss) for the year after tax	**126.4**	**30.3**	**(15.4)**	**141.3**
Earnings per share (EPS)	25.4p	6.1p	(3.1p)	28.4p
Diluted earnings per share (EPS)	24.1p	5.8p	(2.9p)	27.0p

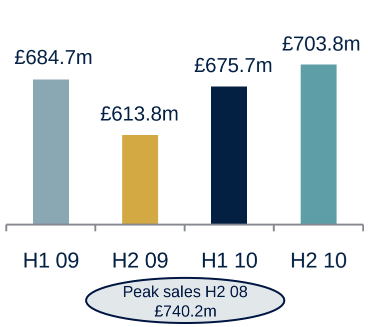
- Headline[1] EPS of 25.4p (2009: 16.6p) up 53% on last year
- Headline[1] diluted EPS of 24.1p (2009: 16.3p) up 48% on last year
- Headline[1] profit before tax £170.8 million (2009: £118.6 million) up 44% on last year
- Net exceptional credit of EPS 6.1p excluded from the headline[1] results

[1] Before exceptional costs, exceptional income and intangible asset amortisation
[2] Consists of exceptional costs and exceptional income

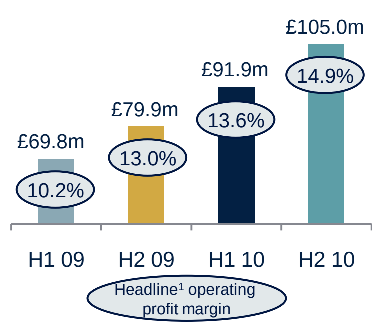
Significant improvement in revenue, margin, EPS and net debt

Summary performance – half yearly trends

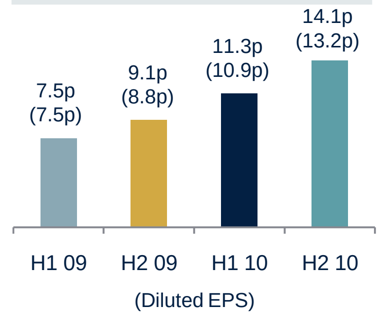
Revenue (£m)



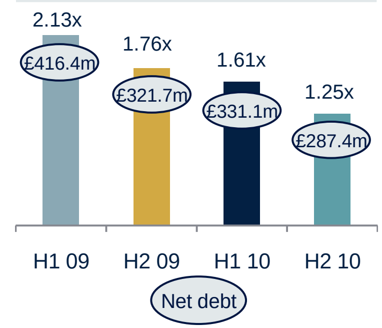
Headline[1] operating profit (£m)



Headline[1] EPS (p)



Leverage[2] and net debt



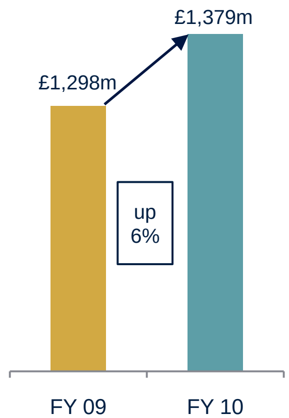
	H1 2009	H2 2009	H1 2010	H2 2010
Trading				
Revenue (£m)	684.7	613.8	675.7	703.8
Headline[1] operating profit (£m)	69.8	79.9	91.9	105.0
Headline[1] profit before tax (£m)	53.0	65.6	78.1	92.7
Headline[1] earnings per share	7.5p	9.1p	11.3p	14.1p
Headline[1] diluted earnings per share	7.5p	8.8p	10.9p	13.2p
Headline[1] operating profit as a % of revenue	10.2%	13.0%	13.6%	14.9%
Cash generation and net debt				
Headline[1] operating profit conversion to cash (post capex)	144%	154%	117%	91%
Cash generation from trading (after all costs including tax) (£m)	61.8	92.7	51.7	45.2
Net debt (£m)	416.4	321.7	331.1	287.4
Net debt to headline[1] EBITDA[3] (leverage[2])	2.13x	1.76x	1.61x	1.25x

[1] Before exceptional costs, exceptional income and intangible asset amortisation
[2] Existing businesses at Balance Sheet date, calculated as net debt divided by headline[1] EBITDA[3]
[3] Operating profit before depreciation and amortisation

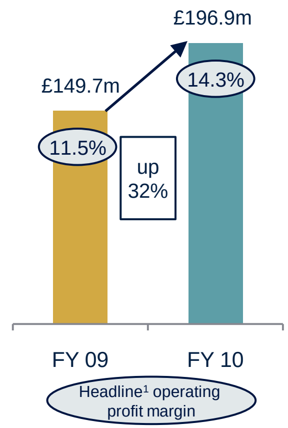
Full year performance: headline[1] EPS up 53%

Summary performance – comparison with 2009 (full year 2010 v full year 2009)

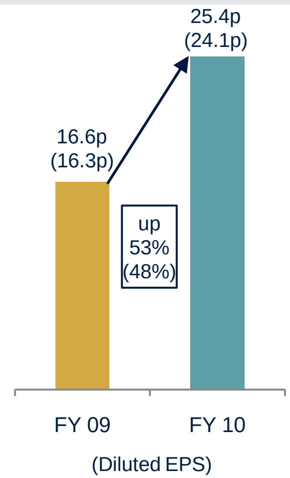
Revenue (£m)



Headline[1] operating profit (£m)



Headline[1] EPS (p)



- Revenue increased by 6% year on year including a 15% growth in H2 2010. Exchange rates had little effect
- Headline[1] margin increased by 2.8 percentage points in 2010 compared to 2009, even rising to 14.9% in H2 2010
- Headline[1] EPS benefited from revenue growth, margin improvement, lower finance costs and a reduced tax rate

	FY 2009	FY 2010	Actual variance	Variance at constant exchange rates
Revenue (£m)	1,298.5	1,379.5	**6%**	**5%**
Headline[1] operating profit (£m)	149.7	196.9	**32%**	**31%**
Headline[1] profit before tax (£m)	118.6	170.8	**44%**	**43%**
Headline[1] earnings per share (undiluted)	16.6p	25.4p	**53%**	**52%**
Headline[1] earnings per share (diluted)	16.3p	24.1p	**48%**	**47%**
Headline[1] operating profit as a % of revenue	11.5%	14.3%	***+ 2.8 percentage pts***	***+ 2.8 percentage pts***

[1] Before exceptional costs, exceptional income and intangible asset amortisation

Second half performance: headline[1] EPS up 55%

Summary performance – comparison with 2009 (H2 2010 v H2 2009)

Revenue (£m) | **Headline[1] operating profit (£m)** | **Headline[1] EPS (p)**

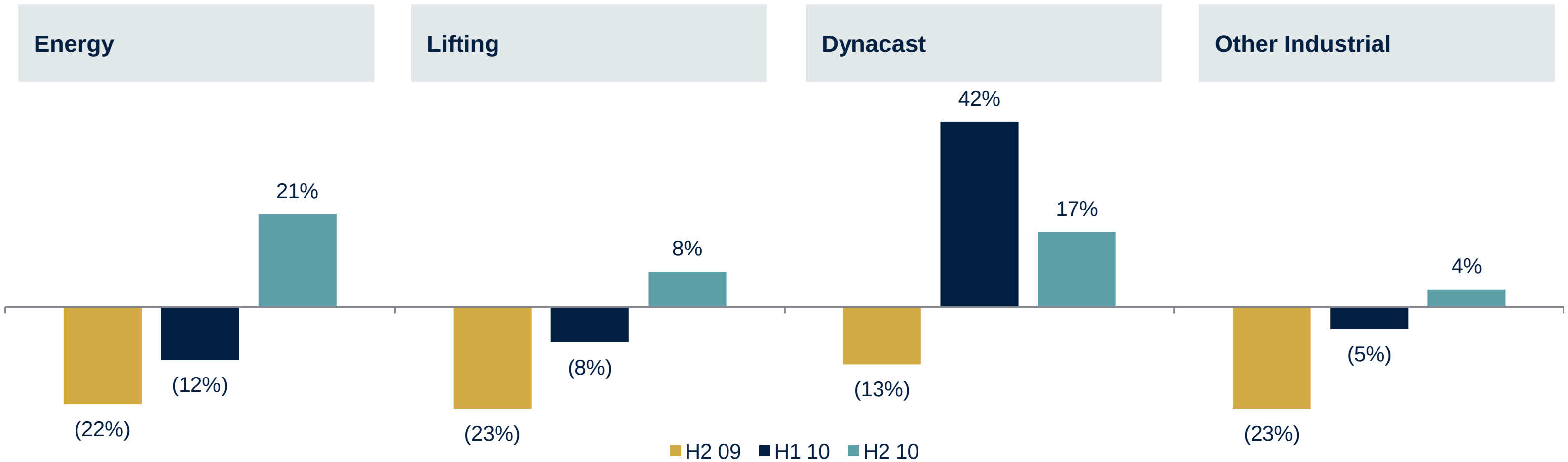
- Revenue growth of 15% in H2 2010. Exchange rates had little effect
- Headline[1] operating margin of 14.9% in H2 2010 is very close to the longer term target and is being achieved ahead of plan
- Significant pace of EPS growth continued into the second half

	H2 2009	H2 2010	Actual variance	Variance at constant exchange rates
Revenue (£m)	613.8	703.8	**15%**	**13%**
Headline[1] operating profit (£m)	79.9	105.0	**31%**	**31%**
Headline[1] profit before tax (£m)	65.6	92.7	**41%**	**41%**
Headline[1] earnings per share (undiluted)	9.1p	14.1p	**55%**	**54%**
Headline[1] earnings per share (diluted)	8.8p	13.2p	**50%**	**50%**
Headline[1] operating profit as a % of revenue	13.0%	14.9%	***+ 1.9 percentage pts***	***+ 2.0 percentage pts***

[1] Before exceptional costs, exceptional income and intangible asset amortisation

Revenue growth achieved in all divisions in H2 2010

Revenue growth trends over the last three half years (year on year at constant currency)



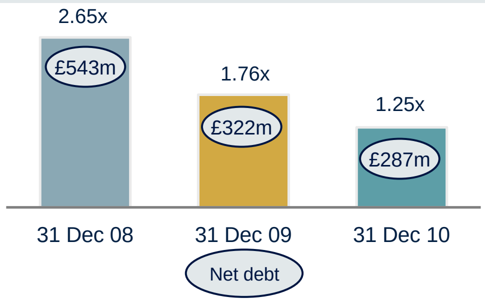
	Group	Energy	Lifting	Dynacast	Other Industrial
Second half 2010 growth rate (at constant currency)	+13%	+21%	+8%	+17%	+4%
Trading below previous peak (at constant currency) by	(11%)	(6%)	(17%)	(10%)	(20%)
Previous peak period in Melrose ownership	H2 08	H2 08	H2 08	H1 08	H2 08

- At constant currency Group revenue has grown by 13% in the second half of 2010 compared to last year
  - Energy, Crosby and Dynacast particularly strong
- At constant currency Group still trading 11% below previous peak in Melrose ownership so more recovery to come

Further strong cash generation (leverage[1] down to 1.25x)

Cash generation and net debt

Net debt (£m) and leverage[1]



- Net debt reduced in 2010 by £34.3 million (11%) despite a £7.2 million adverse exchange movement. Since the acquisition of FKI net debt has now reduced by 60% at constant currency
- Leverage[1] reduced in 2010 by 29% from 1.76x to 1.25x. Leverage[1] has more than halved in two years
- £342 million of cash generated after all costs including tax since the acquisition of FKI 30 months ago (£599 million of headline[2] operating cash generated post capex)
- Working capital (at constant exchange rates) has reduced again in 2010 by £3 million despite Group revenue growing by 6% and more importantly 15% in H2 2010

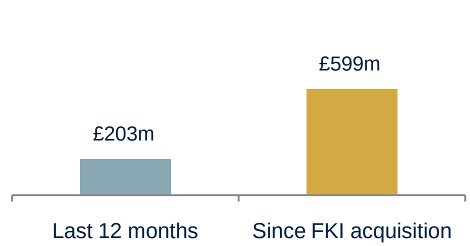
Movement in net debt

	Last 12 months (£m)	Last 30 months (since FKI) (£m)
Opening net (debt) /cash	(321.7)	22.3
Acquired net debt	-	(471.7)
Net cash flow of acquisitions	(9.1)	(20.3)
Net cash flow from disposals	(0.1)	48.5
Cash generation from trading (after tax) – see over	**96.9**	**341.9**
Amounts paid to shareholders	(43.8)	(100.5)
Foreign exchange movement	(7.2)	(105.3)
Other non-cash movement	(2.4)	(2.3)
Closing net debt	(287.4)	(287.4)

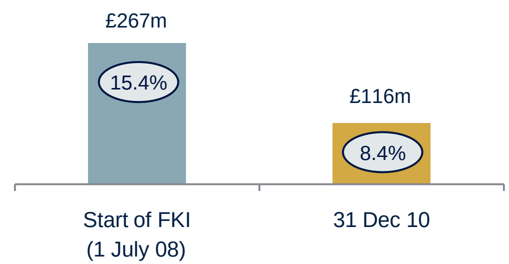
[1] Existing businesses at Balance Sheet date, calculated as net debt divided by headline[2] EBITDA[3]
[2] Before exceptional costs, exceptional income and intangible asset amortisation
[3] Operating profit before depreciation and amortisation

Profit conversion to cash (post capex) above 100% again

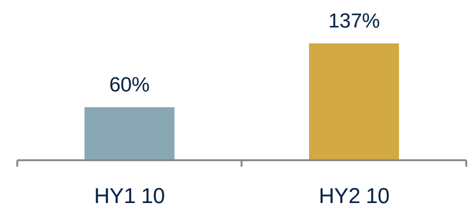
Headline[1] operating cash flow (post capex) (£m)



Net working capital (£m) (constant currency) and as a % of revenue



Capex v depreciation in 2010 (%)



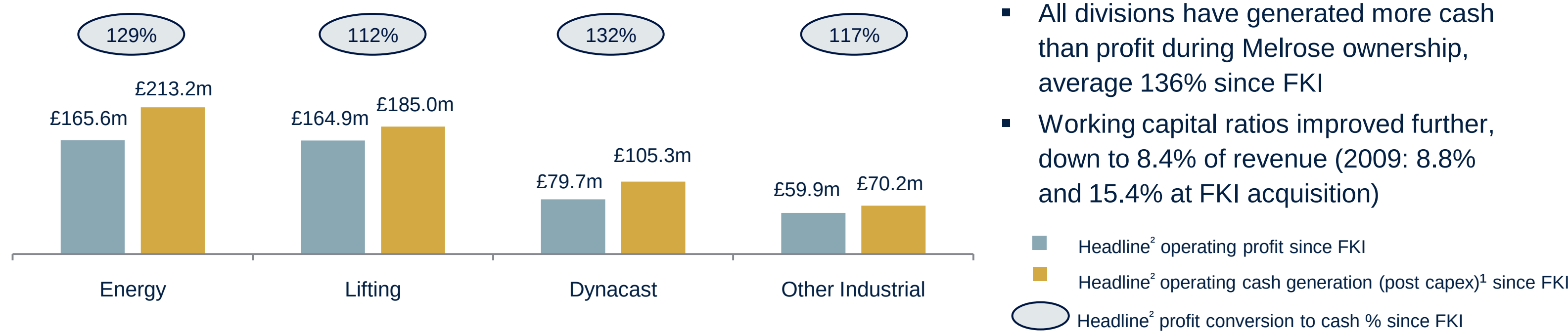
Cash generated from trading (after all costs including tax)

Including continuing and discontinued businesses	Last 12 months (£m)	Last 30 months (since FKI) (£m)
Headline[1] operating profit	196.9	440.6
Depreciation[2]	32.9	87.9
Working capital movement	3.1	151.4
Net capital expenditure	(30.4)	(80.8)
Headline[1] operating cash flow (post capex)	**202.5**	**599.1**
Headline[1] operating profit conversion to cash %	**103%**	**136%**
Net interest and net tax paid	(43.8)	(97.8)
Defined benefit pension contributions	(27.5)	(75.6)
Other (including restructuring costs)	(34.3)	(83.8)
Cash generated from trading (after all costs including tax)	**96.9**	**341.9**

[1] Before exceptional costs, exceptional income and intangible asset amortisation
[2] Includes computer software amortisation

All divisions producing strong cash flows

Operating cash generation (post capex)[1] since FKI (£m)



- All divisions have generated more cash than profit during Melrose ownership, average 136% since FKI
- Working capital ratios improved further, down to 8.4% of revenue (2009: 8.8% and 15.4% at FKI acquisition)

Profit conversion to cash by division since FKI acquisition (1 July 08)

	Energy	Lifting	Dynacast	Other Industrial	HO	Total continuing	Dis-continued	Total
Headline[2] operating profit/(loss) (£m)	165.6	164.9	79.7	59.9	(42.8)	427.3	13.3	440.6
Headline[2] operating cash generation (post capex)[1] (£m)	213.2	185.0	105.3	70.2	(24.0)	549.7	49.4	599.1
Headline[2] profit conversion to cash (%)	*129%*	*112%*	*132%*	*117%*	*56%*	*129%*	*371%*	*136%*

Profit conversion to cash for the Melrose Group since inception (October 2003 to December 2010)

Headline[2] operating profit (£m)	574.1
Headline[2] operating cash generation (post capex)[1] (£m)	701.0
Headline[2] profit conversion to cash (%)	*122%*

1 Headline[2] operating cash (post working capital movement and net capital expenditure) that is generated from headline[2] operating profit
2 Before exceptional costs, exceptional income and intangible asset amortisation

Recovery of commodity costs from customers

Material costs and as a percentage of revenue

	Group		Energy		Lifting		Dynacast		Other Industrial	
	(£m)	% of revenue	(£m)	% of revenue	(£m)	% of revenue	(£m)	% of revenue	(£m)	% of revenue
Revenue	1,379.5		427.5		422.7		275.7		253.6	
Key commodity										
Copper	21.0	1.5%	21.0	4.9%	-	-	-	-	-	-
Zinc	55.9	4.1%	-	-	2.7	0.6%	47.7	17.3%	5.5	2.2%
Steel	155.2	11.3%	49.1	11.5%	86.0	20.3%	-	-	20.1	7.9%
Plastics	20.4	1.5%	0.2	0%	1.3	0.3%	-	-	18.9	7.5%
Total	**252.5**	**18.3%**	**70.3**	**16.4%**	**90.0**	**21.3%**	**47.7**	**17.3%**	**44.5**	**17.5%**
Energy cost	30.6	2.2%	5.0	1.2%	11.5	2.7%	9.6	3.5%	4.5	1.8%

- Exposure to raw materials and energy is a relatively small component of overall costs
- Businesses successful at recovering rises in commodity costs
  - Energy – substantial contractual recovery and tenders at market prices
  - Lifting – Bridon and Crosby recover steel price increases through price increases, tenders at market prices and some contractual pass through
  - Dynacast – contractual pass through
- Confident Group can recover commodity price increases

Pensions being managed - Group

Pension, post retirement, life and medical benefits

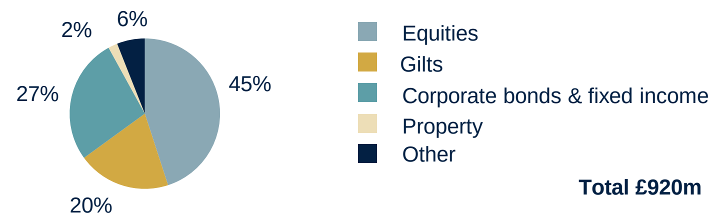
	Status	Annual cash payments	31 December 2010 Asset (£m)	Liabilities (£m)	Deficit (£m)
FKI UK defined benefit plan	Closed in Feb 2011	18.5	549	(628)	(79)
McKechnie UK defined benefit plan	Closed	4.6	144	(142)	2
FKI US defined benefit plan	Closed with no inflation linking of liabilities	-	193	(213)	(20)
Other (incl medical)	Virtually all closed **	3.4	34	(57)**	(23)
Total		**26.5**	**920**	**(1,040)****	**(120)***

** Gross of any deferred tax asset*

*** Cleco plan sold since y/e equal to £22m liabilities*

- Net deficit is shown before netting off any deferred tax asset
- Due to market movements and actions taken cash funding cost and net deficit both reduced in the year, the latter by 37% from June 2010
- Actions in Melrose ownership have reduced the gross liabilities by £81 million (7%) and the deficit by £43 million (26%)
- FKI US defined benefit plan liabilities are not inflation linked so liabilities do not increase like UK

Total asset split – Group pension plans



Actions taken

	Year		Year
Closed McKechnie UK defined benefit plan	2005	Sold Cleco defined benefit plan	2011
Closed FKI US defined benefit plan	2009	Sold Bridon exec defined benefit plan	2010
Closed FKI UK defined benefit plan	2011	Closed US post retirement medical plans	2009/10

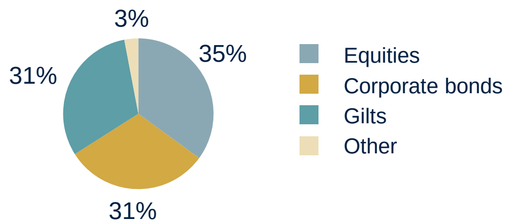
Pensions being managed – FKI UK DB Plan

FKI UK defined benefit pension plan

	Status	Annual cash payments	Liabilities (£m)	Deficit (£m)
FKI UK defined benefit plan	Now closed	18.5	(628)	(79)*
Percentage of market cap gross of tax			41%	5%
Percentage of market cap after deferred tax asset				4%

** Gross of any deferred tax asset*

Asset split – FKI UK DB plan



Exit options and amounts

- Pension liabilities can be sold either via a corporate transaction or to a pension buyout provider

Most likely exit option by type of pension liability	
1. Pensioners	The cash cost of buying out the pensioners could be covered by the savings made from closure. Therefore could potentially sell around half of the gross liabilities without any increase in the annual cash contribution.
2. Employees	Employees in the closed DB plan are the most likely pension liabilities to be sold via a corporate transaction. As at 31 December 2010 the two largest companies, Bridon and Turbogenerators, have employee deficits of approximately £30 million each.
3. Deferreds	These are no longer employees of the Group and so fall somewhere between pensioners and employees. Could be sold via either route or held onto more long term. As at 31 December 2010 if held long term these liabilities would require an annual contribution of c.£8 million.

Income Statement tax rate at 26%, cash tax again lower

Tax			
	2009	2010	
Headline[1] Income Statement rate	30%	26%	
Headline[1] cash tax rate	3%	16%	NB. 2009 cash tax includes a £9.8 million cash refund

- Current Income Statement tax rate
  - Headline[1] rate equal to 26% as expected (2009: 30%)
  - Reduced in 2010 due to the geographic mix of profit, access to tax assets and the changes over time to national statutory tax rates
  - Including exceptionals, the full tax rate was 9% due mostly to a one-off exceptional tax credit of £23.5 million
- Cash tax
  - The rate of 16% is again below the headline[1] tax rate due mostly to UK losses and deferred tax assets being utilised against UK profits and a Canadian tax refund of £1.6 million received in the year as a result of the closure of a long running enquiry
  - However no further significant refunds are anticipated and the UK is expected to become partially taxpaying in 2011 as the unrecognised losses are much more difficult to access than in previous years

[1] Before exceptional costs, exceptional income and intangible asset amortisation

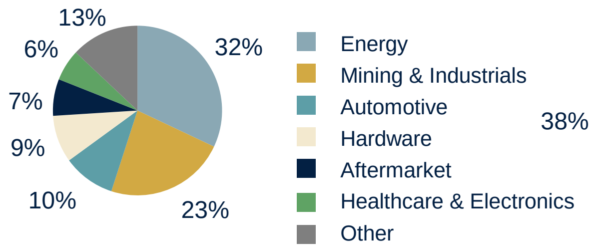
Summary of operating divisions

- Energy
- Lifting
- Dynacast
- Other Industrial

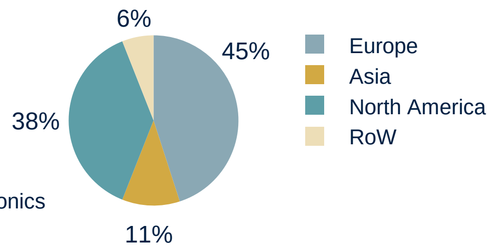
Operating divisions

	Energy	Lifting	Dynacast	Other Industrial
	Turbogenerators (incl Transformers), Marelli, Switchgear	Bridon, Crosby, Acco	Dynacast	Truth, Harris, Weber Knapp, Madico[1], MPC, Traction[1], Logistex UK[1]
12 months to 31 December 2010				
Revenue (£m)	427.5	422.7	275.7	253.6
Headline[2] operating profit (£m)	73.7	66.7	43.0	28.7
Headline[2] operating margin	*17.2%*	*15.8%*	*15.6%*	*11.3%*
Percentage of Group profit[3]	**35%**	**31%**	**20%**	**14%**

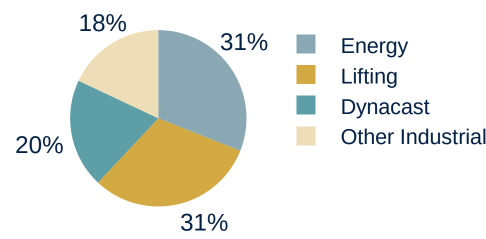
Revenue by end market



Revenue by geographical destination



Revenue by division



[1] Disposed of post 31 December 2010
[2] Before exceptional costs, exceptional income and intangible asset amortisation
[3] Headline[2] operating profit before Melrose central costs

Energy

Energy — highlights

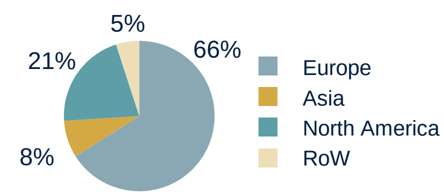
Energy – headline[1] results

(£m)	Full year 2010	Full Year 2009	H2 2010	H2 2009	HY2 2010 v HY2 2009	Full year 2010 v Full year 2009
Revenue	427.5	418.3	223.3	186.7	20%	2%
Headline[1] EBITDA[2]	81.7	68.5	43.8	33.9	29%	19%
Headline[1] EBITDA[2] margin	*19.1%*	*16.4%*	*19.6%*	*18.2%*	*+ 1.4pps*	*+ 2.7pps*
Headline[1] operating profit	73.7	61.0	39.9	30.2	32%	21%
Headline[1] operating margin	*17.2%*	*14.6%*	*17.9%*	*16.2%*	*+ 1.7pps*	*+ 2.6pps*

Key points – headline[1] results for full year 2010 v full year 2009

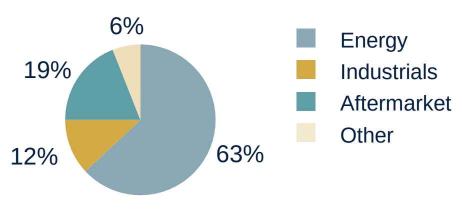
- Revenue up 2%
  (3% at constant currency)
- Headline[1] operating profit up 21%
  (23% at constant currency)
- Headline[1] operating margin up 2.6 percentage points
  (2.7 percentage points at constant currency)

Revenue by geographical destination – full year 2010



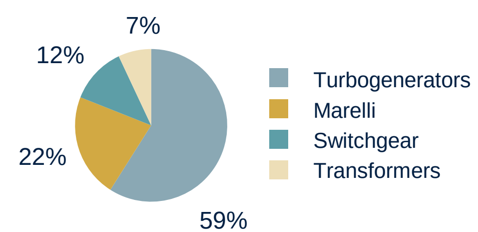
Total £427.5m

Revenue by end market – full year 2010



Total £427.5m

Revenue by company – full year 2010



Total £427.5m

[1] Before exceptional costs, exceptional income and intangible asset amortisation
[2] Operating profit before depreciation and amortisation

Lifting

Lifting — highlights

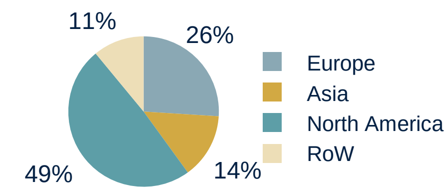
Lifting – headline[1] results

(£m)	Full year 2010	Full Year 2009	H2 2010	H2 2009	HY2 2010 v HY2 2009	Full year 2010 v Full year 2009
Revenue	422.7	419.0	210.5	188.8	11%	1%
Headline[1] EBITDA[2]	76.1	71.7	36.5	35.1	4%	6%
Headline[1] EBITDA[2] margin	*18.0%*	*17.1%*	*17.3%*	*18.6%*	*- 1.3pps*	*+ 0.9pps*
Headline[1] operating profit	66.7	62.5	32.0	30.8	4%	7%
Headline[1] operating margin	*15.8%*	*14.9%*	*15.2%*	*16.3%*	*- 1.1pps*	*+ 0.9pps*

Key points – headline[1] results for full year 2010 v full year 2009

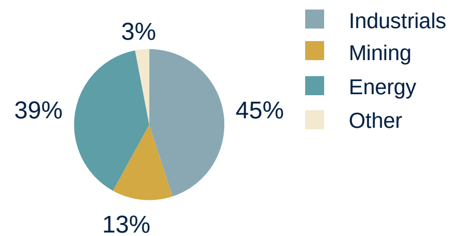
- Revenue up 1%
  (down 1% at constant currency)
- Headline[1] operating profit up 7%
  (5% at constant currency)
- Headline[1] operating margin up 0.9 percentage points
  (0.9 percentage points at constant currency)

Revenue by geographical destination – full year 2010



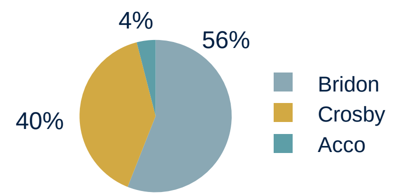
Total £422.7m

Revenue by end market – full year 2010



Total £422.7m

Revenue by company – full year 2010



Total £422.7m

[1] Before exceptional costs, exceptional income and intangible asset amortisation
[2] Operating profit before depreciation and amortisation

Dynacast

Dynacast — highlights

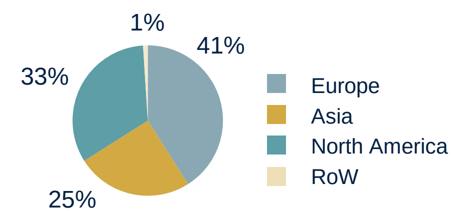
Dynacast – headline[1] results

(£m)	Full year 2010	Full Year 2009	H2 2010	H2 2009	HY2 2010 v HY2 2009	Full year 2010 v Full year 2009
Revenue	275.7	208.7	136.3	113.0	21%	32%
Headline[1] EBITDA[2]	50.7	30.1	27.0	16.6	63%	68%
Headline[1] EBITDA[2] margin	*18.4%*	*14.4%*	*19.8%*	*14.7%*	*+ 5.1pps*	*+ 4.0pps*
Headline[1] operating profit	43.0	21.3	23.4	12.3	90%	102%
Headline[1] operating margin	*15.6%*	*10.2%*	*17.2%*	*10.9%*	*+ 6.3pps*	*+ 5.4pps*

Key points – headline[1] results for full year 2010 v full year 2009

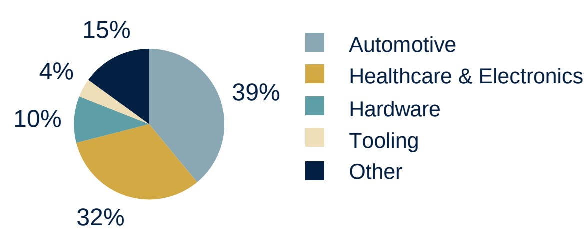
- Revenue up 32%
  (29% at constant currency)
- Headline[1] operating profit up 102%
  (95% at constant currency)
- Headline[1] operating margin up 5.4 percentage points
  (5.3 percentage points at constant currency)

Revenue by geographical destination – full year 2010



Total £275.7m

Revenue by end market – full year 2010



Total £275.7m

Dynacast locations

[1] Before exceptional costs, exceptional income and intangible asset amortisation
[2] Operating profit before depreciation and amortisation

Other Industrial

Other Industrial — highlights

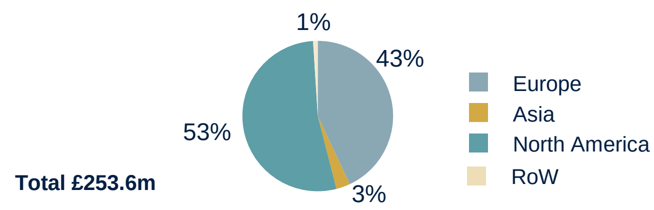
Other Industrial – headline[1] results

(£m)	Full year 2010	Full Year 2009	H2 2010	H2 2009	HY2 2010 v HY2 2009	Full year 2010 v Full year 2009
Revenue	253.6	252.5	133.7	125.3	7%	-
Headline[1] EBITDA[2]	35.8	28.0	18.6	18.3	2%	28%
Headline[1] EBITDA[2] margin	*14.1%*	*11.1%*	*13.9%*	*14.6%*	*- 0.7pps*	*+ 3.0pps*
Headline[1] operating profit	28.7	20.6	15.2	14.7	3%	39%
Headline[1] operating margin	*11.3%*	*8.2%*	*11.4%*	*11.7%*	*- 0.3pps*	*+ 3.1pps*

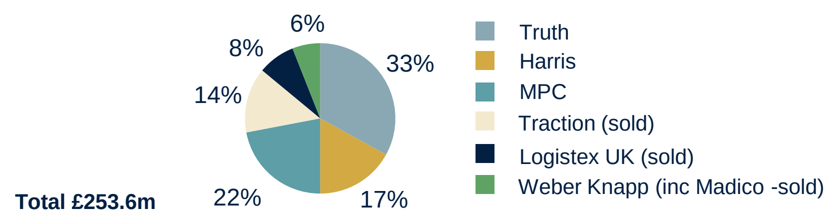
Key points – headline[1] results for full year 2010 v full year 2009

- Revenue flat
  (flat at constant currency)
- Headline[1] operating profit up 39%
  (39% at constant currency)
- Headline[1] operating margin up 3.1 percentage points
  (3.2 percentage points at constant currency)
- Excluding results for Madico, Traction and Logistex UK sold early 2011. Other Industrial 2010 sales of £195.7 million and headline[1] operating profit of £22.9 million (11.7% headline[1] operating margin)

Revenue by geographical destination – full year 2010



Revenue by company – full year 2010



[1] Before exceptional costs, exceptional income and intangible asset amortisation
[2] Operating profit before depreciation and amortisation

Conclusion

Conclusion

- Melrose companies well positioned for sales growth
- Further margin improvement opportunities
- Good capex opportunities
- We are confident of a successful 2011
- Like to do another acquisition and dispose of Dynacast but only on right basis

Questions

Appendices

Balance Sheet and related currency effect

Balance Sheet	31 December 2009 (£m)	31 December 2010 (£m)	FX movement (£m)
Fixed assets, intangible assets and goodwill	1,436.6	1,435.3	18.4
Net working capital	114.3	115.9	3.2
Pension and retirement benefits	(169.1)	(119.6)	(0.8)
Provisions	(144.2)	(118.7)	(2.9)
Deferred tax and current tax	(152.5)	(134.3)	(2.6)
Other[1]	(0.1)	(8.3)	-
Net debt	(321.7)	(287.4)	(7.2)
Net assets	**763.3**	**882.9**	**8.1**

[1] Other includes interests in joint ventures and derivative financial instruments

Exchange rates used in the periods

Exchange rates

	2009		2010	
	US Dollar	**Euro**	**US Dollar**	**Euro**
Average rates	1.57	1.12	1.55	1.17
Closing rates	1.62	1.13	1.56	1.16

Bank facility and leverage[1]

Leverage[1]

Net debt to headline[2] EBITDA[3]	**Jul 2008**	**Dec 2008**	**Jun 2009**	**Dec 2009**	**Jun 2010**	**Dec 2010**
Net debt to headline[2] EBITDA[3]	2.70x	2.65x	2.13x	1.76x	1.61x	1.25x

Credit bank facility

£750 million committed loan facility	**Repaid to date**	**Available (at current exchange rates)**	**Drawn**	**Undrawn**
Revolving credit facility £250m	-	£250m	£15m	£235m
Committed term facility £500m	$80m	£489m	£489m	-
Total facility £750m	**$80m**	**£739m**	**£504m**	**£235m**
			Plus current cash in hand	£196m
			Total undrawn facility plus cash in hand	**£431m**

- Significant headroom available with the current bank facility (acquisitions need bank approval)
- Facility runs until 2013

1 Existing businesses at Balance Sheet date, calculated as net debt divided by headline[2] EBITDA[3]
2 Before exceptional costs, exceptional income and intangible asset amortisation
3 Operating profit before depreciation and amortisation

FKI investment performance

Remaining invested capital in FKI

		(£m)
FKI acquisition price		970.4
Cash generated (after all costs including tax):	- from trading	(272.2)
	- from acquisitions and disposals	(39.4)
Remaining invested capital in FKI		658.8

12 month EBITDA[1] of FKI businesses as at 31 December 2010	188.0
Multiple of EBITDA[1]	3.5x

[1] Operating profit before depreciation and amortisation

Net exceptional credits

Net exceptional credits and intangible asset amortisation

Full year 2010 (£m)	Cash costs	Non cash costs	Total
Restructuring costs	(4.2)	(1.7)	(5.9)
Bridon Group Senior Executive Pension Plan buyout	(5.5)	1.5	(4.0)
Acquisition of businesses	(0.2)	-	(0.2)
Disposal of businesses	(0.1)	(0.1)	(0.2)
Curtailment gain	-	13.1	13.1
Captive insurance commutation gain	(5.7)	11.3	5.6
Net provisions release to exceptionals	-	2.7	2.7
Net exceptional credits	**(15.7)**	**26.8**	**11.1**
Amortisation of intangible assets	-	(26.6)	(26.6)
Total net exceptional credits and amortisation of intangible assets	**(15.7)**	**0.2**	**(15.5)**

Disposal of businesses – post 31 December 2010

Disposed businesses

Business	Proceeds	2010 revenue	Profit multiple	Comments
Traction	£19.0m	£35m	4x	Also sold over £100 million of parent company guarantees and bonds and a £7 million warranty provision. Rented premises to Wabtec for 25 years at c.£700k p.a.
Logistex UK	nil	£19m	n/a	Included the sale of £22 million of pensions liabilities, with a small deficit after a £3.3 million contribution
Madico	£1.7m	£4m	8x	
Total	**£20.7m**	**£58m**		

- Three businesses disposed of post 31 December 2010 for net proceeds of £21 million
- All of these businesses were included in the Other Industrial division
- Disposal of Traction included the transfer of over £100 million of parent company guarantees and bonds
- Disposal of Logistex UK included the transfer of the Cleco Pension Plan with over £20 million of liabilities and a small deficit