Bridon Investor Visit

April 2013

Jon Templeman  CEO,  Bridon Group
Event: Investor visit
Venue: Bridon Neptune Quay

Agenda:
- Bridon timeline
- Market sectors served
- Global reach
- Financials
- Macroeconomics
- Trends
- Key initiatives
- Summary
Bridon timeline

**1800’s**
Natural fibre ropes

**1900’s**
First steel wire ropes

**1950’s**
Steel wire rope lubricant development

**1960’s**
Dyform rope technology introduced

**1970’s**
Synthetic fibre rope manufacture commences

**1980’s**
Bristar extruded polymer core ropes launched

**1990’s**
3 layer multi-strand ropes

**2013**
Bridon Technology Centre

**2012**
Bridon Neptune Quay 4 layer multi-strand ropes

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OIL & GAS
Offshore, subsea & land based

INDUSTRIAL & CRANE
Construction, heavy industry & ports

STRUCTURAL APPLICATIONS
Bridges, stadia & high cable structures

MINING
Deep shaft & surface mining

INTERNATIONAL SITE SERVICES
Trawl ropes & marine applications

Market sectors served

FISHING
International site services inspection, repair & maintenance
Global reach – local service

- 11 Manufacturing locations
- 17 Sales and distribution locations
- Global HQ and Bridon Technology Centre
Financial performance

- 2012 revenues ahead of 2011.
- Expect continued progress in 2013.
- Benefiting from strong markets in Oil & Gas and Mining.

- Margin improvement made in Melrose ownership.
- Further margin improvement through investment and leaner processes expected.

- Strong cash conversion in Melrose ownership.
- Investment made in new entity in Brazil in 2012.

Notes
1. 2008 includes pre-Melrose ownership under different accounting policies.
2. 2008 includes £20m turnover, £2m operating profit regarding Bridon Tianjin - discontinued operation.
3. High anchor line sales following hurricane Ike
4. Before exceptional costs, exceptional income and intangible asset amortisation.

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Post acquisition actions to date

**Investment**
- Total capex spend of £50 million since acquisition in 2008
- New facility opened in Newcastle in 2012 – Neptune Quay (£20 million)
- New Technology Centre opened in Doncaster (£5 million)
- Upgrade of large closer machine for the Mining sector in Gelsenkirchen, Germany (£5 million)
- Brazil service centre opened in Q4 2012 (£2 million)
- Upgrade of Wire making facilities in Doncaster to improve efficiencies, reduce carbon emissions and environmental waste (£4 million)

**Restructuring**
- New management teams in place across all regions
- In China, exited Tianjin joint venture (low end elevator ropes) and invested in (including buyout of minority) Hangzhou facility supplying high-end products
- Exited low margin element of Structures sector
- Investment in new personnel within sales, marketing, technical and operations
- Invested in sales offices in South Africa, Middle East, Singapore and Russia
- Restructured New Zealand branch operations
- Closed defined benefit pension scheme for future accrual
Bridon sales

Geographic sales - 2012

North America 29%
Europe & Middle East 35%
Asia 18%
South America 2%
Africa 5%
Oceania 11%

Sales by end market - 2012

Oil & Gas 34%
Mining 20%
Fishing & Marine 8%
Industrial & Crane 26%
Other 3%
Wire 7%
Structures 2%
**Market share & competitive position**

**Global wire market**

Volume in tonnes

Total wire market ~ 3,000K tonnes p.a.

Served global wire rope market ~1,000K tonnes p.a.

**Global served market by sector**

- **Oil & Gas** 34%
- **Fishing & Marine** 15%
- **Mining** 12%
- **Structures** 6%

Total estimated value of served sectors ~£3 billion 2012.

**Market share**

Served market sectors only

- **Oil & Gas**
  - Other Mfr’s 51%
  - Bridon 11%
  - Redaelli 5%
  - Haggie 2%
  - Usha 6%
  - KisWire 12%
  - WireCo 13%

- **Mining**
  - Other Mfr’s 53%
  - Bridon 16%
  - Redaelli 2%
  - Haggie 9%
  - Usha 3%
  - KisWire 6%
  - WireCo 11%

Source: Bridon – updated Bridon strategic marketing analysis using primary and secondary sources, including public information from Wire Co World Group, KisWire and Usha Martin.
Customers

Oil & Gas

Mining

Industrial & Crane

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Macroeconomics - continued strength

Commodity demand
‘Steel production expected to grow 20% requiring additional 200 million tonnes per year of metallurgical coal’.

Expected Global Coal Demand
(Tonnes in Millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>ROW</th>
<th>CHINA</th>
<th>INDIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012E</td>
<td>7,665</td>
<td>690</td>
<td></td>
</tr>
<tr>
<td>2013P</td>
<td>7,950</td>
<td>720</td>
<td></td>
</tr>
<tr>
<td>2017P</td>
<td>9,050</td>
<td>875</td>
<td></td>
</tr>
</tbody>
</table>

Source: Peabody Energy Credit Suisse 2013 energy summit

Energy demand
World primary energy consumption is projected to grow 1.6% p.a. from 2000 to 2030. 55% of consumption comes from oil and natural gas.

Source: 2013 Haliburton Credit Suisse energy summit

Infrastructure spending
‘Demand for investment in areas such as energy, transportation, water, waste, and social infrastructure is expected to hit an average of $4 trillion annually between 2011 and 2030’ versus an average of $2.7 trillion 2008-2010.

Positioned in growth markets - Oil & Gas

Challenging environments drive demand for new technology

Deepwater reserves and challenging horizontal land drilling are driving demand for technologically advanced ropes.

Bridon supplies technologically advanced performance ropes and services to deepwater target segments inc.:

- Exploration and completion
- Construction and decommissioning
- Floating production and transportation

In a relatively stable oil price environment, as currently being experienced, forecasted activity in these market segments is very positive.

**Global exploration & production (E&P)**
Forecast spend up 7% to $644 billion in 2013.¹

**Deepwater construction projects**
Spend estimated to double from $112 billion (2008-12) to $223 billion (2013-17).²

**Floating production systems (FPS)**
Spend predicted to increase >100% to $91 billion during 2013-17 from 2008-12 period.³

Referenced sources:

¹ Barclays 2013 global E&P spending outlook
² Douglas-Westwood deepwater forecast 2013-17
³ D-W The world floating production market forecast 2013-17
Positioned in growth sectors - Mining

‘Population growth expectations will support industry growth forecast of 3.2% in 2013’.


‘Urbanization and development of manufacturing base boost demand, China accounts for >45% of global production’.


‘The world will burn around 1.2 billion more tonnes of coal p.a. by 2017 compared to today... China will surpass the rest of the world for coal consumption, India will gain importance in coal market, becoming the largest seaborne coal importer’.

Energy Source: Second annual medium term coal market report from the IEA December 2012.

‘I’m still as optimistic as I’ve ever been on mining long-term’.

 Positioned in growth sectors - Industrial

“We’re expecting the economic growth in China to be near 8.5%, a more favourable environment for construction and higher commodity demand”.
Mike Dewalt, Corporate Controller and Director, Investor Relations.

‘The Boston Consulting Group says the world needs to invest $1 to $1.5 trillion more in infrastructure every year through’ 2030.
Trends

Oil & Gas
- Deep offshore deposits demand lightweight anchoring solutions & high strength lifting ropes.
- Strong interest in on-site inspection to ensure safety and extended service life.
- Increasing subsea processing equipment deployment, pushing boundaries of wire rope performance.

Mining
- Despite short term retrenchment in coal mining in North America, there is long term demand for coal and ore to fuel emerging economies.
- Surface mining focus on products that help reduce downtime for service and maintenance.
- Deep shaft mines are going deeper, requiring stronger, lighter weight ropes.

Industrial & Crane
- OEMs extending their global reach, requiring local training, stock, support.
- OEMs preferring premium, rotation resistant ropes and trusted brands.
- Demand for greater capacity lifts, greater breaking strengths, pushing the design, stability and characteristics of the rope.
Key initiatives

- Global technology leadership
- Accelerate technology development
- Deliver market leading returns
- Optimising manufacturing
- Differentiation through technology
- Seize growth in emerging economies
- Build bedrock quality
The global technology leader

**Strong global brand & reputation**
28 manufacturing, sales & distribution locations

**Focus on premium products and services**
Recognisable brand names, market differentiation, price premium

**Design & deliver superior solutions**
Bridon Technology Centre, Neptune Quay & on-site service solutions

**Drive profitable growth**
Sales increases directly attributable to new products

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## Oil & gas - differentiation through technology

<table>
<thead>
<tr>
<th>High growth applications</th>
<th>Market drivers</th>
<th>Differentiating technology</th>
</tr>
</thead>
</table>
| **Deepwater construction** | • New frontiers  
• Deeper waters  
• Immense scale  
• Harsh environments | **Hydra**  
Market enabling ultra deepwater ropes |
| **Deepwater exploration** | • Hostile environments  
• Deeper waters  
• Demanding applications  
• Higher spec. rigs | **BRISTAR**  
Market leading high performance marine riser tensioners |
| **Floating production systems** | • Lower operating costs  
• Environmental issues  
• Increased assurance  
• Longer operating life | **Sheath technology**  
Innovative mooring cables |
## Mining - differentiation through technology

<table>
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<tbody>
<tr>
<td><strong>Deepshaft mining</strong></td>
<td>• Deeper mines</td>
<td><strong>Tiger 34M SPI</strong></td>
</tr>
<tr>
<td></td>
<td>• Harsh environments</td>
<td>Longer life – superior corrosion resistance</td>
</tr>
<tr>
<td></td>
<td>• Longer operating life</td>
<td></td>
</tr>
<tr>
<td><strong>Surface mining - shovels</strong></td>
<td>• Lower operating costs</td>
<td><strong>Tiger Optima</strong></td>
</tr>
<tr>
<td></td>
<td>• Hostile environments</td>
<td>Innovative wear resistant sheathing technology</td>
</tr>
<tr>
<td></td>
<td>• Higher shovel capacities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Demanding applications</td>
<td></td>
</tr>
<tr>
<td><strong>Surface mining - draglines</strong></td>
<td>• Extreme abrasion</td>
<td><strong>Tiger Big T</strong></td>
</tr>
<tr>
<td></td>
<td>• Lower operating costs</td>
<td>Market leading service life &amp; bend fatigue performance</td>
</tr>
<tr>
<td></td>
<td>• Longer operating life</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Harsh environments</td>
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## Industrial & Crane - differentiation through technology

<table>
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<th>Market drivers</th>
<th>Differentiating technology</th>
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</thead>
</table>
| Mobile lattice boom cranes        | • High strength  
• Corrosion resistance  
• Fatigue resistance            | **Endurance Dyform**  
Bristar 8  
Increased service life          |
| Overhead cranes                   | • Lower weight  
• Crushing resistance  
• Longer operating life        | **Endurance 50 DB**  
High strength  
Rotation resistance           |
| Telescopic boom cranes            | • Rotation resistance  
• High diameter tolerance      | **34LR Max**  
High strength  
Rotation resistance           |
Seize growth in emerging economies

- Brazil new service centre investment in 2012.
- China 20% stake acquired during Melrose ownership - business now profitable.
- Indonesia capacity expansion.
- Singapore service centre investment in 2012.

Other sales offices in:
- South Africa
- Poland
- Russia
- Middle East
The journey – achieving our bedrock quality vision

**Set the foundation**
- Build quality vision plan.
- Restructure the quality organisation.
- Define and standardise quality metrics (PDCA).
- Robust problem solving of customer complaints (8D).

**Focus on avoidance**
- Focus upon internal NC’s and internal process adherence ‘right first time’. (Rapid fire audit).
- Providing framework for the Bridon Operating System (BOS).
- Enhanced order intake risk evaluation process.
- Utilise process failure mode effect analysis (FMEA) risk avoidance techniques.

**Enhance the process**
- Introduce ‘the Bridon audit’ 2nd party compliance.
- Focus upon non-operational areas contribution to quality.
- Enhance site scrap analysis systems to improve allocation and visibility.
- Enhance project and supplier quality governance (PPAP).

**Embed the culture**
- Continual process & results review to ensure customer focused, value added, lean and best practice.
- Customer and supplier quality partnerships - external benchmark and recognition.
- Increased quality involvement at innovation stages - reliability and robustness.
- Learning environment – prevent and avoid (Six Sigma).

Source: Bridon EMEA quality strategy
Optimise manufacturing footprint

**Sector centres of excellence**
- Willington Quay •Oil & Gas •Industrial
- BAC •Surface Mining •Industrial
- BIG •Mining

**Neptune Quay**

**Bridon global manufacturing**
- Integrated rod to rope manufacturing processes.
- Leveraging low cost intergroup suppliers
  - PTB Jakarta, Indonesia
  - Hangzhou, China.
- Advanced wire & rope design capabilities.
- Bridon global operating system.
- Development of market sector centres of excellence.
- Driving lean and continuous improvement.

- Focused, extensive investment: O&G, Mining.
- Provides 9,000 tonnes pa additional capacity.
- Manufacture the largest, strongest and longest wire ropes in the world.
- Push the boundaries of what is possible.
- Completed on time and on budget.
Accelerate technology development

• Bridon Technology Centre (BTC), opened in February 2013, is a £5m investment in one of the world’s most advanced rope testing facilities.

• Specialist fibre and wire rope testing gives Bridon a unique capability to accelerate development of complex ropes.

• The BTC allows Bridon to rapidly develop application specific performance data.

• Over 20 dedicated design, manufacturing and specialist staff.

• Performance database and expert applications knowledge ensures Bridon is uniquely positioned to develop products.

• Opportunities to partner with key customers to develop bespoke solutions tailored to their needs.
Accelerate technology development

2012/13 PRODUCT DEVELOPMENT PIPELINE

**Oil & Gas**
Multi-strand Hydra, the next generation of offshore heavy lifting and subsea deployment ropes.
Market leading 180mm diameters & 4,000 metre length.
Improved fatigue life from a plasticated core.

**Construction**
Improved consistency high strength sheathed locked coil cable for Lusail bridge contract.
Superior corrosion protection without the need for expensive paint coatings.

**Mining**
Proprietary anti-wear sleeve for shovel ropes.
Bristar core & sheathing significantly increase fatigue life of Tiger Blue shovel ropes.

**Fibre**
Cable laid fibre sling (4000T breaking load).
## Drive sustainable market leading returns

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<thead>
<tr>
<th>Strong markets</th>
<th>Sales growth</th>
<th>Margin enhancements</th>
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<tbody>
<tr>
<td>• Bridon targeting global markets with high potential</td>
<td>• A leading position in served markets</td>
<td>• Eliminating waste</td>
</tr>
<tr>
<td>• Strong opportunity for differentiated products</td>
<td>• Global reach</td>
<td>• Adopting best practices across regions</td>
</tr>
<tr>
<td>• Technical experts increasingly required</td>
<td>• Aligned with global leaders</td>
<td>• Driving cost improvements</td>
</tr>
<tr>
<td></td>
<td>• Accelerating new product introduction</td>
<td>• Improving product mix</td>
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Summary

For over a century, Bridon brands have led the market and set the benchmark for high performance rope solutions in safety critical applications.