Martyn Vaughan – Managing Director

75% of Energy
30% of Melrose

73%
17%
10%
Products Overview – Generators

The world's largest independent manufacturer of turbogenerators for the power generation industry

Products

- 2 and 4-pole air cooled Turbogenerators
- Hydrogen and combined cooled Generators

Applications

- Power Stations
- Combined Cycle Plants
- Offshore Platforms
- FPSO
- LNG Terminals
- Pipeline Power Supply

- Premium product
- Strong and respected brand with 120 year history
- Global player
## Products Overview – Transformers & Switchgear

### Products

<table>
<thead>
<tr>
<th>Products</th>
<th>Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>132 kV Transmission Transformer for Central Networks</td>
<td>Utilities</td>
</tr>
<tr>
<td>33 kV Power Transformer for Western Power Distribution</td>
<td>8 MVA 33 kV Transformers on BP Andrew Platform</td>
</tr>
<tr>
<td>AC Indoor</td>
<td>WTW Utilities</td>
</tr>
<tr>
<td>AC Outdoor</td>
<td>Transport Infrastructure</td>
</tr>
<tr>
<td>DC Switchgear</td>
<td></td>
</tr>
</tbody>
</table>

- **Utilities**
- **WTW Utilities**
- **Transport Infrastructure**
**Locations Overview – Generators**

**Manufacturing Sites**

**Loughborough, UK**
- 776 employees
- Established 122 years
- 2 Pole DAX 10-150 MVA generators
- 11/33/132 kV transformers
- Power/load management
- DAX Aftermarket

**Ridderkerk, Netherlands**
- 272 Employees post re-structuring
- Established 120 years
- Acquired in 2000
- 4 pole generators 15-60 MVA
- DG / All makes Aftermarket

**Plzen, Czech Republic**
- 977 Employees
- Established 80 years
- Acquired in 2001
- 2 Pole generators
- Air cooled 60-200 MVA (DAX)
- Hydrogen cooled 200-375 MVA
- Hydrogen / water cooled 1,100 MVA
- Aftermarket

**Locations of BRUSH Generators around the World**

- **North America** - 1,059
- **Europe** - 1,162
- **Middle East** - 556
- **Africa** - 278
- **Australasia/Asia** - 687
- **Central America** - 180
- **South America** - 241

**Over 4,000 generators installed worldwide**
Locations Overview – Switchgear and Transformers

Manufacturing Sites

Blackwood, UK
- 242 employees
- Established 100 years
- AC Indoor Switchgear
- AC Outdoor Switchgear
- DC Switchgear
- Aftermarket

Brisbane, Australia
- 41 Employees
- Established >40 years
- AC Outdoor Switchgear
- AC Indoor Switchgear
- Aftermarket

Loughborough, UK
- 162 employees
- Established 122 years
- 145 kV up to 60 MVA
- 11/33/132 kV transformers
- Tapchangers

Locations of BRUSH Transformers around the World

Over 3,850 Transformers installed worldwide

Locations of HSS Licensees around the World
Financial Performance

Revenue

- Revenue still 2% below 2008 peak
- Strong order input in 2011 will lead to further expected revenue growth in 2012
- All years include Transformers, but exclude Switchgear

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>£295m</td>
<td>£272m</td>
<td>£282m</td>
<td>£287m</td>
</tr>
<tr>
<td>Growth (%)</td>
<td>-8%</td>
<td>+4%</td>
<td>+2%</td>
<td></td>
</tr>
</tbody>
</table>

Headline Operating Profit Growth (%)

- Significant margin improvement made under Melrose ownership
- Continued significant operational improvements
- Increased Aftermarket sales

Cash Conversion

- Consistently more cash generated than profits

Notes

1. Includes pre-Melrose ownership under different accounting policies
2. Before exceptional costs, exceptional income and intangible asset amortisation

Average headline operating profit conversion to cash (post Capex) in Melrose ownership

114%
Generator Sales by End Market and Geography

Sales¹ Breakdown by End Market 2011
- Base load power
- Peak lopping
- Combined heat/power plants
- Combined cycle plants
- Solar power plants

71% OEM
54%
9%
8%
9%

Sales² Breakdown by Installation 2011
- Offshore platforms
- FPSO vessels
- Oil refineries
- LNG receiving terminals
- Pipeline power supply
- Paper mills
- Food processing plants
- Aluminium smelters
- Car plants
- Mines

29% Aftermarket

Notes
1. Excludes Transformers
2. Excludes Transformers and Aftermarket

Notes:
- North America
- South America
- Europe
- MEA
- Asia
- China
- ROW
Transformers & Switchgear Sales by End Market and Geography

Sales Breakdown by End Market 2011

- Transformers: 76%
- Switchgear: 25%

Sales Breakdown by Installation 2011

- Transformers: 86%
- Switchgear: 62%

Legend:
- Oil & Gas
- Industrial
- Utility
- Aftermarket
- AC Indoor
- Traction
- AC Outdoor
- North America
- South America
- Europe
- MEA
- Asia
- China
- ROW
### Generator Power Range

<table>
<thead>
<tr>
<th>Country</th>
<th>0 - 70 MW</th>
<th>70 - 250 MW</th>
<th>250 - 1,100 MW</th>
<th>1,100 - 1,700 MW</th>
<th>&gt; 1,700 MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRUSH</td>
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<td>ANDRITZ</td>
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<td>ABB</td>
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<td>WEI</td>
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<tr>
<td>CONVERTTEAM</td>
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<td>MEIDEN</td>
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<tr>
<td>HITACHI</td>
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<tr>
<td>ALSTOM</td>
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<tr>
<td>SIEMENS</td>
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<tr>
<td>AnsaldoEnergia</td>
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<tr>
<td>TOSIBA</td>
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<tr>
<td>Fuji Electric Systems</td>
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<tr>
<td>POWER MACHINES</td>
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<td>SPIC</td>
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<tr>
<td>Doosan</td>
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<tr>
<td>Trivani</td>
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<tr>
<td>India</td>
<td></td>
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<tr>
<td>Iran</td>
<td></td>
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</tr>
</tbody>
</table>

- **UK:** 10 - 150
- **Austria:** 90 - 150
- **Sweden:** 5 - 50
- **Brazil:** 5 - 120
- **France:** 1 - 50
- **Japan:** 1 - 60
- **France:** 1 - 40
- **Korea/US:** 5 - 30
- **Japan:** 15 - 1,000
- **US:** 20 - 1,500
- **France:** 100 - 1,560
- **Germany:** 6 - 1,900
- **Italy:** 100 - 900
- **Japan:** 100 - 1,000
- **Japan:** 50 - 500
- **Russia:** 1 - 1,200
- **China:** 200 - 1,000
- **Japan:** 150 - 1,000
- **China:** 6 - 1,000
- **China:** 135 - 1,100
- **Korea:** 70 - 1,100
- **India:** 1 - 50
- **Iran:** 30 - 325

- **Power range: Generator manufacture**
- **Power range: Turbine manufactures**
- **Current Brush focus 10 - 150 MW**
- **Future Brush focus 150 - 250 MW**
**Turbine Competitive Position**

**Market Share by Unit Orders 2011**

**All sectors > 20MW (1057 Machines)**

- GE: 28%
- Siemens: 20%
- PWPS: 6%
- Mitsubishi: 5%
- Others: 38%

**Gas Turbine Sector 20 – 130MW (364 Machines)**

- GE: 55%
- PWPS: 15%
- Siemens: 12%
- Rolls Royce: 10%
- Hitachi: 2%
- Others: 6%

**Market Share by Unit Orders 2010**

**All sectors > 20MW (882 Machines)**

- Siemens: 25%
- GE: 22%
- Others: 36%
- Dongfang: 5%
- BHEL: 5%
- Shanghai: 7%

**Gas Turbine Sector 20 – 130MW (266 Machines)**

- GE: 53%
- Rolls Royce: 4%
- Hitachi: 8%
- PWPS: 8%
- Siemens: 14%
- Others: 13%

**Key Customers**

<table>
<thead>
<tr>
<th>Gas turbine</th>
<th>Steam turbine</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pratt &amp; Whitney</td>
<td>✔</td>
</tr>
<tr>
<td>Rolls-Royce</td>
<td>✔</td>
</tr>
<tr>
<td>Mitsubishi Heavy Industries Ltd.</td>
<td>✔</td>
</tr>
<tr>
<td>GE Oil &amp; Gas</td>
<td>✔</td>
</tr>
<tr>
<td>DRESSER-RAND</td>
<td>✔</td>
</tr>
<tr>
<td>Siemens</td>
<td>✔</td>
</tr>
<tr>
<td>ORMAT</td>
<td>✔</td>
</tr>
<tr>
<td>SHIN NIPPON MACHINERY CO., LTD</td>
<td>✔</td>
</tr>
<tr>
<td>HITACHI</td>
<td>✔</td>
</tr>
</tbody>
</table>

*Source: McCoy database.*
The largest independent manufacturer of turbogenerators
Market Leader in gas turbines 20MW-130MW

Source: McCoy database, BRUSH database
Medium Term Growth Prospects

Emerging markets in need of new capacity...

The Global Power Market

By Technology

- Electricity demand is closely correlated to GDP growth
- Global GDP growth = 3.5% over next 5 years
- New OE equipment demand over next 5 years to stabilise at 264GW p.a.
- 23% of demand is replacement of life-expired equipment
- +32% on 2010 order levels over next 5 years
- Gas turbine sector is big winner, +75% over next 5 years

By Region

...replacement capacity required in mature economies

Installed Plant Exceeding 40 Years of Age

- Source: Credit Suisse research

Source: Credit Suisse research
Key Developments under Melrose Ownership

Brush – the First Four Years

**Key Developments**

- Increased productivity
- Greater focus on Aftermarket
- Margin improvement
- Reduced lead times
- Extend current product range
- Cash generation
- Massive culture change

**Increased Productivity**

- Starting from a low base
- Professional factory management
- Zero tolerance on reliance on overtime and hire/fire
- Make versus buy on non-core components
- Incentive system
- Lean as a strategy not just a tool

**Productivity - Sales and Profit per Employee**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (£m)</th>
<th>No. of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>£295m</td>
<td>2898</td>
</tr>
<tr>
<td>2009</td>
<td>£272m</td>
<td>2397</td>
</tr>
<tr>
<td>2010</td>
<td>£282m</td>
<td>2335</td>
</tr>
<tr>
<td>2011</td>
<td>£287m</td>
<td>2335</td>
</tr>
</tbody>
</table>

Sales/employee £k:

- 102
- 114
- 121
- 123

Profit/employee cumulative % increase:

- +32%
- +90%
- +140%
Focusing on Aftermarket

Growing the Offering

- Large POC contract replacement year. Underlying 9% growth v 2010
- Target to get to >30%
- Acquisition of GMS

Strengths of BRUSH – Knowledge and Product strong ... but need investment

- "Overall, it's their professionalism and you know if BRUSH are doing a job it gets done." – End User (Canada)
- "They are technologically competent and the engineers they have are very experienced and competent with our machines." – End User (UK)
- "I like their product, it's an excellent product. The people we have worked with have been excellent." – End User (USA)
- "They have knowledgeable engineers but very few of them." – Prime Mover GE (USA)
- "When they do provide aftermarket support they are very knowledgeable and helpful but they are scarce." – Prime Mover PW (USA)
- "If you can get the engineers on site they are the top of the line." – End User (USA)

Performance
- Responsive
- Engineers
- Knowledge
- Professional

Target to get to >30%

Focusing on Aftermarket

- Large POC contract replacement year. Underlying 9% growth v 2010
- Target to get to >30%
- Acquisition of GMS

Sales

% of total Generator Sales

2008
2009
2010
2011

57
64
28%
29%

Performance

Responsive

Engineers

Knowledge

Professional

Notes
1 Includes Transformers
The Strategy

Why?
- Exploit large Brush installed base and Brush brand
- 25 year average generator lifespan Aftermarket revenue potential
- Attractive gross margins
- End customer preference for OEM service
- Brush historically under-represented

How?
- New investment in people and Capex being put in place
- Deep knowledge of market and customers
- Global reach and local presence
- Focused and integrated organisation to deliver
- GMS acquisition in US
Products Overview - Aftermarket

Parts and Service for the Global Power Industry

Current Aftermarket Locations:
- GMS, Pittsburgh, USA
- SEM, 2 Pole Centre of Excellence
- Field Service HQ, Loughborough UK
- HMA, 4 Pole Centre of Excellence
- Parts Distribution, Chorley UK
- North Sea, Aberdeen, UK
- HSS Aftermarket, Australia

Proposed Locations:
- Workshop, Sao Paulo, Brazil
- Workshop, Nigeria, Africa
- Workshop, Middle East
- Workshop, Thailand
**Investment and Growth Phase**

1. Historically under-invested facilities and people.

2. £15m Capital expenditure approved in 2011, plus a further £8m in 2012 year-to-date.

3. Investment targeted at productivity and capacity increase in the UK and the Czech Republic.

4. Award-winning UK Apprentice Academy.

5. 87-520 Product Range extension.
Concluding Remarks

1. Strong and respected brand with premium product
   - Supplying to over 130 markets worldwide

2. Good forecast market growth in next 5 years
   - Strong energy and Oil & Gas market exposure

3. Greater focus on Aftermarket
   - Installed fleet of 4,000+ generators
   - Significant investment opportunities

4. Strong productivity growth in the first 4 years – more of the same planned for the next 3 years as capital investment benefits come through
   - Growing profitability
   - Lean “as a way of life”
   - Reducing lead times even further

5. Extend current product range