August 2009 Strictly private and confidential

MELROSE

Half Year Results Announcement

Six months to 30 June 2009

Contents

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Highlights

Highlights

- FKI post acquisition process going well
  - Businesses far better positioned for upturn
  - Achieved key objectives
- Good trading performance in current market:
  - Market softening for Energy but lots of "self-help"
  - Bridon performing strongly
  - Crosby and Dynacast down but reacted fast on cost reduction
  - Labour costs reduced by £67 million (17%) for a cost of £4.6 million
    - c.£60 million benefit this year
    - Mix of volume and permanent savings
- Excellent cash generation
  - Net debt reduced by £127 million in the first six months of 2009 (23% reduction)
  - Leverage reduced to 2.13x
  - Net working capital cut by £110 million (40% at constant currency) since owning FKI
  - Profit conversion to cash of 144% (post capex) in the last six months, 167% (post capex) in the last twelve months

Highlights

- Interim dividend increased by 5% to 2.9p per share (2008: 2.75p)

- All businesses shown as discontinued in 2008 have now been sold (Logistex US, Rhombus and Welland Forge)

- Sale of Logistex Europe for €30 million announced
  - Now shown as a discontinued activity
  - Completion due shortly
  - Total cash proceeds of c.£90 million for Logistex as a whole to date (including cash generation of c.£40 million)

- Tentative signs of improving trends in our early cycle businesses

- Commenced acquisition search

Melrose PLC summary financial performance

Financial results

Summary performance

	Six months ended 30 June 2009	Six months ended 31 December 2008 (restated)[4]	Proforma twelve months ended 30 June 2009
Revenue	£664.1m	£717.1m	£1381.2m
Headline[1] operating profit	£70.0m	£81.5m	£151.5m
Headline[1] profit before tax	£53.4m	£58.0m	£111.4m
Headline[1] earnings per share (EPS)	7.5p	6.9p	14.4p
Cash generation (post capex)[3]	£116.3m	£150.5m	£266.8m
Profit conversion to cash (post capex)[3]	144%	191%	167%
Cash generation from trading (after all costs including tax)	£61.8m	£90.5m	£152.3m
Net debt	£416.4m	£543.1m	
Net debt to headline[1] ebitda[2] (leverage)	2.13x	2.65x	

- 2009 first half versus 2008 second half
  - Revenue down 7%, 14% at constant currency
  - Headline operating profit down 14%, 19% at constant currency
  - Headline profit after tax fallen by only 6% due to lower finance costs, 13% at constant currency
  - EPS of 7.5p up 9% largely due to change in weighted average number of shares
- Cash generation of £152.3 million (after all costs including tax) in first twelve months since owning FKI, a profit conversion to cash (post capex) of 167%
- Leverage reduced to 2.13x

[1] Before exceptional costs, exceptional income and intangible asset amortisation
[2] Operating profit before depreciation and amortisation (last twelve months for businesses owned at 30 June 2009)
[3] Headline[1] operating cash (post working capital movement and capital expenditure) that is generated from headline[1] operating profit
[4] Restated to include the results of Logistex Europe within discontinued operations

Financial results

Income statement — statutory format

		Six months ended 30 June 2009 £m	Six months ended 30 June 2008 (restated)[2] £m	Year ended 31 December 2008 (restated)[3] £m
Revenue		664.1	155.1	872.2
Cost of sales and net operating expenses				
	– Headline[1]	(594.1)	(139.2)	(774.8)
	– Exceptional items and intangible asset amortisation	(14.6)	(1.1)	(26.5)
Operating profit		55.4	14.8	70.9
Net finance (cost)/income	– Headline[1]	(16.6)	0.4	(23.1)
	– Exceptional	-	-	(23.1)
Profit before tax		38.8	15.2	24.7
Tax	– Headline[1]	(16.0)	(3.5)	(21.8)
	– Exceptional	5.4	0.3	11.7
Profit for the year from continuing operations		28.2	12.0	14.6
Profit/(loss) for the year from discontinued operations		16.6	(2.9)	(62.4)
Profit/(loss) for the year		44.8	9.1	(47.8)

- Exceptional costs of £14.6 million in the six months to 30 June 2009 (£13.6 million for intangible asset amortisation)
  - See appendix
- Acquisition of FKI completed on 1 July 2008

[1] Before exceptional costs, exceptional income and intangible asset amortisation
[2] Restated to include the results of the MVC segment within discontinued operations
[3] Restated to include the results of Logistex Europe within discontinued operations

Financial results

Income statement – headline[1] results

Six months ended 30 June 2009

	Headline[1] results £m	Other[2] £m	Total £m
Revenue	664.1	-	664.1
Operating profit	70.0	(14.6)	55.4
Net finance costs	(16.6)	-	(16.6)
Profit before tax	53.4	(14.6)	38.8
Tax	(16.0)	5.4	(10.6)
Profit after tax	37.4	(9.2)	28.2
Profit from discontinued operations	-	16.6	16.6
Profit for the period	37.4	7.4	44.8
EPS	7.5p	1.5p	9.0p

- Headline[1] EPS of 7.5p (excludes the profit from Logistex Europe)
- Headline[1] return on sales 10.5%

[1] Before exceptional costs, exceptional income and intangible asset amortisation
[2] Consists of exceptional costs, exceptional income, intangible asset amortisation and results from discontinued operations

Financial results

Cost reductions achieved since 1 July 2008

	Energy	Lifting	Dynacast	Other Industrial	Total
Labour cost savings	£12.6m	£17.8m	£21.3m	£15.3m	£67.0m
Percentage of total labour costs	11%	15%	34%	19%	17%
Total cash cost incurred to achieve savings	£1.3m	£0.5m	£1.4m	£1.4m	£4.6m
Headcount (full time equivalent)					
Headcount reduction	69	193	559	549	1,370
Percentage of total headcount	2%	6%	22%	21%	12%

- Group has reacted quickly to reduce costs
- 12% reduction in full time equivalent headcount
- £67 million, 17%, of labour cost savings achieved
  - c.£60 million benefit in this year
  - Savings from headcount, short time working, overtime costs and reduction of subcontract labour
- Together with the finance costs saving of £6.9 million this has allowed headline profit after tax to fall only 6% on a revenue fall of 7%

Financial results

Balance sheet

	30 June 2009 £m	31 December 2008 (restated)[2] £m
Fixed assets (including computer software)	253.9	293.9
Intangible assets	409.5	456.0
Goodwill	762.4	829.4
Net working capital	152.2	216.9
Pension and retirement benefits	(113.9)	(143.3)
Provisions	(143.3)	(158.9)
Deferred tax and corporate tax	(142.3)	(140.0)
Net assets held for sale[1]	20.4	20.4
Other	5.1	(22.1)
Net debt (excluding cash within assets held for sale)[1]	(417.0)	(544.8)
Net assets	787.0	807.5

- Net debt reduced by £127 million, 23% in the first six months of 2009
- Sale of Logistex Europe announced

[1] £0.6m (31 Dec 2008: £1.7m) of cash within net assets held for resale, Group net debt number equals £416.4m (£417.0m - £0.6m), 31 Dec 2008:£543.1m (£544.8m - £1.7m)
[2] Restated to reflect the finalisation of the acquisition accounting of FKI plc, increasing goodwill by £7.9m

Financial results

Movement in net debt

	Six months ended 30 June 2009 £m	Twelve months ended 30 June 2009 £m
Opening net (debt) /cash	(543.1)	22.3
Acquired net debt	-	(471.7)
Net cash flow of acquisitions	-	(11.2)
Net cash flow from disposals	21.0	21.0
Cash generation from trading (after all costs including tax)	61.8	152.3
Amounts paid to shareholders (dividends and distribution)	(21.1)	(42.2)
Foreign exchange movement	66.0	(88.1)
Other non-cash movement	(1.0)	1.2
Closing net debt	(416.4)	(416.4)

- Net debt at £416.4 million (December 2008: £543.1 million)
- £152.3 million of cash generated from trading (after all costs including tax) in the last twelve months

Financial results

Cash generated from trading (after all costs including tax)

	Six months ended 30 June 2009 £m	Twelve months ended 30 June 2009 £m
Headline[1] operating profit	80.5	159.3
Depreciation and computer software amortisation	19.4	38.4
Working capital movement	30.4	109.6
Net capital expenditure	(14.0)	(40.5)
Operating cash flow (post capex)	**116.3**	**266.8**
Profit conversion to cash %	***144%***	***167%***
Net interest and net tax paid	(11.7)	(52.8)
Pension contributions	(15.1)	(31.1)
Other (including restructuring costs)	(27.7)	(30.6)
Cash generated from trading (after all costs including tax)	**61.8**	**152.3**

- Working capital cut by £109.6 million in cash terms since owning FKI, equal to 40% at constant currency
- Profit conversion to cash (post capex)
  - 167% in the last twelve months
  - 144% in the last six months
- Capex in excess of depreciation in the last twelve months

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

Financial results

Cash flow

Profit conversion to cash by division

£m	Energy	Lifting	Dynacast	Other Industrial	HO	Total continuing	Dis-continued	Total
Headline[1] operating profit - ***last six months***	30.8	31.7	9.0	6.1	(7.6)	70.0	10.5	80.5
Headline[1] operating cash generation (post capex) – ***last six months***	44.4	44.2	18.9	2.0	(2.2)	107.3	9.0	116.3
Headline[1] profit conversion to cash (%) – ***last six months***	144%	139%	210%	33%	-	153%	86%	144%
Headline[1] profit conversion to cash (%) – ***last twelve months***	134%	118%	178%	75%	-	140%	692%	167%

Profit conversion to cash for the Melrose Group since inception (October 2003 to June 2009)

Headline[1] operating profit (£m)	292.8
Headline[1] operating cash generation (post capex) (£m)	368.7
Headline[1] profit conversion to cash (%)	126%

- All divisions cash generative
- Very strong cash generation from Energy (144%), Lifting (139%) and Dynacast (210%). Other Industrial is lower in the first six months of 2009 due to some seasonality in MPC and Truth
- Five and a half year Melrose average profit conversion to cash (post capex) now 126%

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

Financial results

Net working capital reduction – total Group

	30 June 2009 £m	31 December 2008 £m	30 June 2008 £m
Net working capital – constant currency (30 June 2009 exchange rates)	161[1]	191	271

Reduction – six months to June 2009 at constant currency	(30)
Reduction – twelve months to June 2009 at constant currency	(110)

- At 30 June 2009, total net working capital reduced by:
  - £30 million, 17%, in the last six months at constant currency
  - £110 million, 40%, in the last twelve months at constant currency
- Net working capital reduction has been three times greater than the comparable sales decline at constant currency
- Net working capital now approximately 11% of sales at like for like exchange rates

[1] Equivalent to £152.2m on continuing operations (per the balance sheet) and £8.9m on Logistex Europe in discontinued operations

Financial results

Leverage

Net debt to headline[1] EBITDA[2]

June 2009 net debt	£416.4m
June 2009 headline[1] EBITDA[2] (last 12 months for businesses owned at 30 June 2009)	£195.1m
Net debt to headline[1] EBITDA[2]	2.13x

Interest cover

June 2009 headline[1] EBITA[3] (last 12 months for businesses owned at 30 June 2009)	£163.1m
Net finance cost[4]	£33.0m
Interest cover	4.94x

Covenants

	2009	2010	2011	2012
Net debt to headline EBITDA[2] covenant	3.25x	3.00x	2.75x	2.50x
Interest cover covenant	3.50x	3.50x	3.50x	3.50x

Facility

- 'Worth' £741.9 million at June 2009 exchange rates (after an early prepayment of £24 million)
- Maturity is just under 4 years
- Undrawn amount at June 2009 was equal to £219.4 million
- Total finance cost of debt is 3.75% including a bank margin now reduced to 175bps (70% fixed until early 2013)
- Improved net debt to EBITDA[2] formula approved by banks for nominal (£0.15 million) fee

[1] Before exceptional costs, exceptional income and intangible asset amortisation
[2] Operating profit before depreciation and amortisation
[3] Operating profit before amortisation
[4] As defined in Banking Documents

Financial results

Exchange rates

	2009		2008 (6 month average post FKI)	
	US$	€	US$	€
Average rates	1.49	1.12	1.74	1.23
Closing rates	1.65	1.17	1.46	1.05

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

Headline[1] EBITDA[2] increases by	£10.8 million
Net debt increases by	£24.1 million
Net debt to ebitda ratio	2.2x

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

Headline[1] EBITDA[2] increases by	£4.2 million
Net debt increases by	£5.0 million
Net debt to ebitda ratio	1.2x

- Approximately three quarters of debt is in US$ which is hedged to profit at around the average Group leverage multiple
- Group policy is to hedge the transaction exchange effect

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

Financial results

Tax

	%	
Income statement rate	30	
Cash tax rate	5	(note: includes a tax refund of £5.4 million)

- Current income statement tax rate equal to 30%, as expected
- Cash tax rate of 5% in 2009 (16% excluding tax refunds). Longer term average will become more in line with the income statement rate

Financial results

Pension and post retirement benefit

	30 June 2009				31 December 2008
	Asset	Asset not recognised	Liabilities	Deficit	Deficit
	£m	£m	£m	£m	£m
FKI defined benefit pension scheme	504.6	-	(560.6)	(56.0)	(60.7)
McKechnie defined benefit pension scheme	119.5	(14.1)	(110.7)	(5.3)	(8.6)
FKI North America defined benefit pension scheme	183.7	-	(208.7)	(25.0)	(28.0)

- Pensions updated from December 2008 by accounting for contributions made and service costs accrued in the six months to 30 June 2009
- FKI North America pension scheme closed this year
- Majority of post retirement US medical schemes being closed this year
  - Significant potential saving of future cash costs
- McKechnie defined benefit pension scheme in reality is in surplus. On an accounting basis, consistent with new accounting rules, the deficit shown in accounts equals the guaranteed contribution to the scheme

Summary of Operating Divisions

– Energy
– Lifting
– Dynacast
– Other Industrial
– Discontinued

Ongoing Divisions

	Energy	Lifting	Dynacast	Other [2] Industrial
	Turbogenerators, Switchgear, Transformers	Bridon, Crosby, Acco	Dynacast	Truth, Harris, Weber Knapp, MPC, Traction
Six months to 30 June 2009				
Revenue (£m)	231.6	230.2	95.7	106.6
Headline[1] operating profit (£m)	30.8	31.7	9.0	6.1
Return on revenue	13.3%	13.8%	9.4%	5.7%
Percentage of Group profit (prior to central costs)	**39%**	**41%**	**12%**	**8%**
Six months to 31 December 2008				
Revenue (£m)	229.4	232.3	120.1	135.3
Headline[1] operating profit (£m)	30.9	35.7	15.4	11.4
Return on revenue	13.5%	15.4%	12.8%	8.4%
Percentage of Group profit (prior to central costs)	**33%**	**38%**	**17%**	**12%**

[1] Before exceptional costs, exceptional income and intangible asset amortisation
[2] Excluding Logistex Europe

Energy — Financial highlights

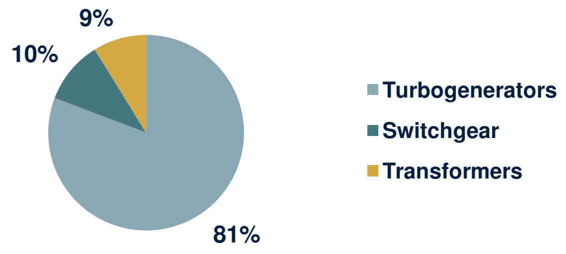
Energy – Headline[1] results

£m	Six months to June 2009	Six months to December 2008
Revenue	231.6	229.4
Headline[1] EBITDA	34.6	34.7
Headline[1] EBITDA margin	*14.9%*	*15.1%*
Headline[1] Operating profit	30.8	30.9
Headline[1] Operating margin	*13.3%*	*13.5%*

Key points – Headline[1] results

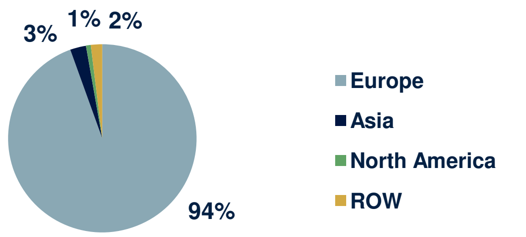
- Stable trading. Sales, profit and margin flat at actual exchange rates
- Sales down 3% at constant exchange rates for the first half of 2009 versus the second half of 2008 and profit down 3%
- Softening of demand expected for 2010 but lots of "self-help"

Revenue by company — six months to June 2009



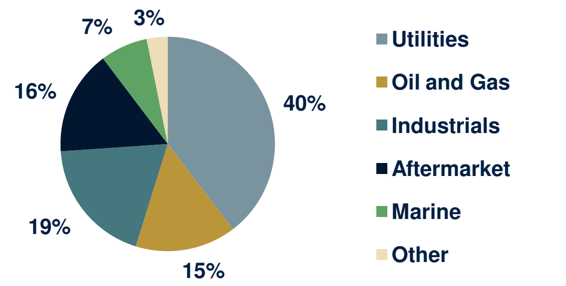
Total £231.6m

Revenue by geography — six months to June 2009



Total £231.6m

Revenue by end market — six months to June 2009



Total £231.6m

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

Energy — Operational highlights

- Senior management restructuring at Turbogenerators
- Four year €46 million Mochovce contract won which starts in 2010
- GE contract successfully renegotiated
- Some softening of market demand though book to bill for division c.90% for H1 2009
- Greater focus on the Turbogenerators aftermarket business resulting in improved mix and profitability in this business sector
- All businesses have undergone restructuring with significant savings in subcontract and overtime working. Annual benefits are estimated at c.£12.6 million for the actions taken in the last year
- Ofgem spending limits for DNO’s investment for 2010/2015 significantly increased from 2005/2010. Brush Transformers and HSSwitchgear well positioned to benefit
- Strong working capital management generating profit conversion to cash of 144% for H1 2009

Lifting — Financial highlights

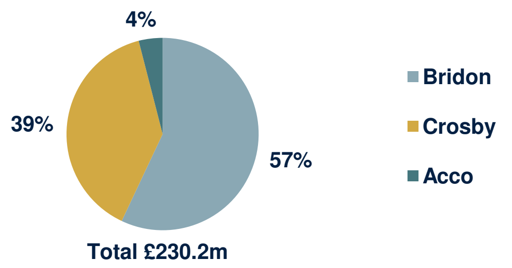
Lifting – Headline[1] results

£m	Six months to June 2009	Six months to December 2008
Revenue	230.2	232.3
Headline[1] EBITDA	36.6	40.2
Headline[1] EBITDA margin	*15.9%*	*17.3%*
Headline[1] Operating profit	31.7	35.7
Headline[1] Operating margin	*13.8%*	*15.4%*

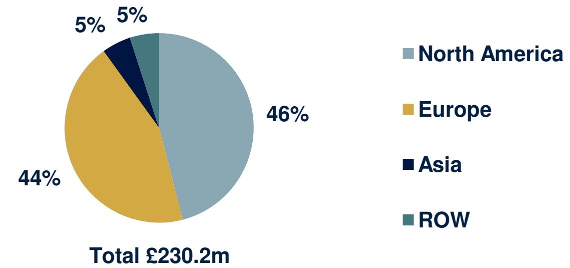
Key points – Headline[1] results

- Bridon trading strongly
- Crosby down in sales and margin
- Total lifting sales down 1% (9% at constant exchange rates), profit down 11% (18% at constant exchange rates) in the first half of 2009 versus the second half of 2008

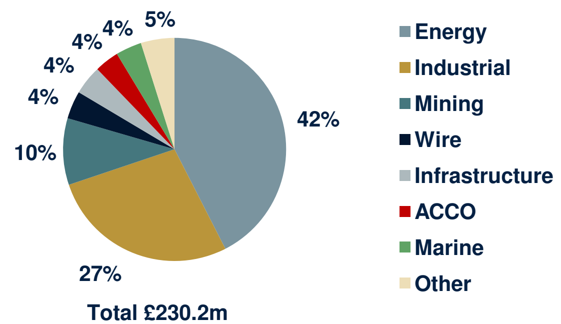
Revenue by company — six months to June 2009



Revenue by geography — six months to June 2009



Revenue by end market – six months to June 2009



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

Lifting — Operational highlights

Bridon

- Market conditions slightly weaker but still good:
  - Order book good for 2009
  - US remains slow but cost reduction partly countered
  - Considerable activity in bridge, stadia and infrastructure projects
  - Oil and gas weakened from record levels
- Investment in business continues:
  - UK wire mill efficiency and environmental upgrade project
  - Multistrand rope capability in the US and Indonesia
- Good cash generation:
  - Stock reduced by 15% – more to come
  - Profit conversion to cash of 129%

Crosby

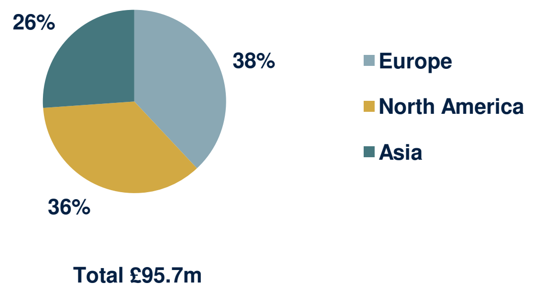
- Market conditions weaker:
  - Greater reliance on onshore gas market where prices have remained low
  - US construction and general lifting markets well down but some signs of bottoming out
  - Order backlog has dropped from high of 2008 to more historic levels
  - Management believe destocking coming to an end
- Cost cutting across all operations reduced work force by c.20% with annual savings of c.£13 million
- Excellent cash generation with a profit conversion to cash of 156% supported by a 20%+ reduction in inventory

Dynacast — Financial highlights

Dynacast – Headline[1] results

£m	Six months to June 2009	Six months to December 2008
Revenue	95.7	120.1
Headline[1] EBITDA	13.5	19.3
Headline[1] EBITDA margin	*14.1%*	*16.1%*
Headline[1] Operating profit	9.0	15.4
Headline[1] Operating margin	*9.4%*	*12.8%*

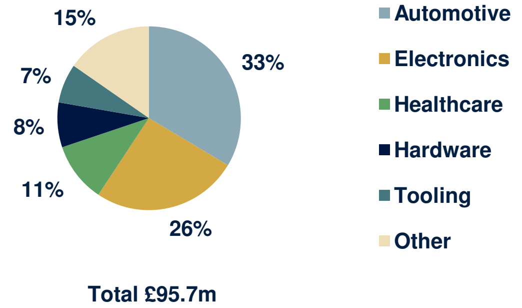
Revenue by geography — six months to June 2009



Key points – Headline[1] results

- Dynacast down but the trend is stabilising over recent months
- Sales down 20% (28% at constant exchange rates), profit down 42% (45% at constant exchange rates) in the first half of 2009 versus second half of 2008
- Headline operating margin held at 9.4%

Revenue by end market — six months to June 2009



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

Dynacast — Operational highlights

- High quality business with experienced management team
- Managed economic downturn well in all business sectors, maintaining good operating margins
- Annualised £20 million plus labour savings achieved since July 2008
- Strong performance from Fishercast operations following acquisition in H2 2008
- New plant in Southern China with initial investment of £2.5 million now running
- Reduced capital expenditure focused on new machine technology
- Excellent cash generation from focused working capital reductions generating 200% plus profit conversion to cash

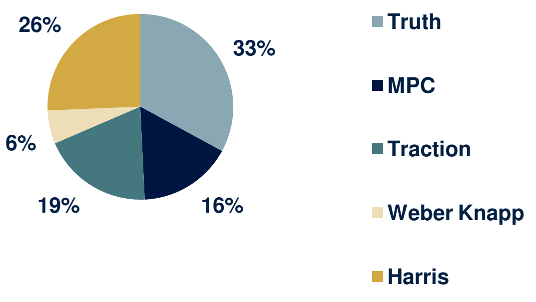
Other Industrial — Financial highlights

Other Industrial – Headline[1] results

£m	Six months to June 2009	Six months to* December 2008
Revenue	106.6	135.3
Headline[1] EBITDA	9.6	14.4
Headline[1] EBITDA margin	*9.0%*	*10.6%*
Headline[1] Operating profit	6.1	11.4
Headline[1] Operating margin	*5.7%*	*8.4%*

* excluding Logistex Europe

Revenue by company

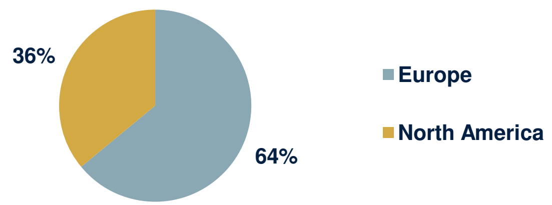


Total £106.6m

Key points – Headline[1] results

- Sales down 21% (28% at constant currency), profit down 46% (56% at constant currency) in the first half of 2009 versus the second half of 2008
- All businesses remain profitable annually
- Truth stabilising over recent months

Revenue by geography



Total £106.6m

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

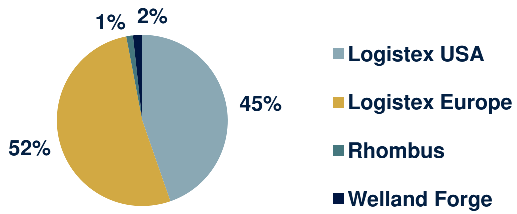
Other Industrial — Operational highlights

- The sales reduction in this division reflects economic downturn in the markets served by the various businesses. Primarily the US housing market, the European automotive sector and the US steel recycling industry.
- Cost reductions have been made in all businesses with a 21% reduction in headcount and annualised savings of c.£15 million in the past year.
- **Truth**
  - New CEO
  - Continues to grow market share in difficult but improving market conditions
  - Increase in repairs and renewals market compensating reduced housing starts
  - Continued investment in new and support tooling and die casting capability
- **Harris**
  - Strong order book at start of year supported good first half performance, lower scrap steel indices impacting current demand though tendering activity remains relatively high
  - Manufacturing sites undergone significant restructuring with improved production flow
  - Significant cost reduction
- **MPC**
  - Continues to pick up new business in depressed market
  - Investment in engineering and technical skills to support new product development and innovation
  - Undergone further restructuring and cost reduction
- **Traction**
  - Solid first half performance, order book broadly in place for second half forecasts
  - Work force successfully flexed down following HST refurbishment work

Discontinued — Financial highlights

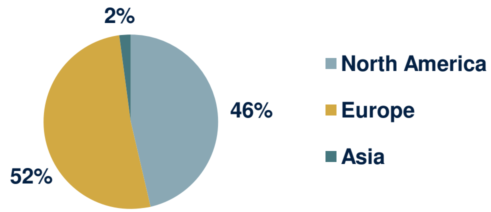
Discontinued	six months ended June 2009			six months ended December 2008		
£m	Logistex Europe £m	Disposals £m	Total £m	Logistex Europe £m	Disposals £m	Total £m
Revenue	91.9	83.8	**175.7**	66.1	127.9	**194.0**
Headline[1] EBITDA	8.6	4.3	**12.9**	3.1	(2.4)	**0.7**
Headline[1] EBITDA margin	*9.4%*	*5.1%*	***7.3%***	*4.7%*	*(1.9%)*	***0.4%***
Headline[1] Operating profit	7.6	2.9	**10.5**	2.2	(4.9)	**(2.7)**
Headline[1] Operating margin	*8.3%*	*3.5%*	***6.0%***	*3.3%*	*(3.8%)*	***(1.4%)***

Revenue by company



Total £175.7m

Revenue by geography



Total £175.7m

- Logistex Europe remains profitable with headline operating profit of £7.6 million in the first six months of 2009, £3 million of this a “one-off” contract change payment. All now shown in discontinued operations
- Rhombus, Welland Forge and Logistex USA sold in first six months of 2009

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

Questions

Appendix

Financial results

Net exceptional costs and intangible asset amortisation

Six months ended 30 June 2009

£m	Cash costs	Non-cash costs	Total
Continuing operating costs			
Reorganisation costs	4.8	1.1	5.9
Intangible asset amortisation	-	13.6	13.6
US medical scheme closures (future cash costs saved)	(4.9)	-	(4.9)
Total	(0.1)	14.7	14.6