Lupus Capital plc
Results Presentation
Six months ended 30 June 2011
Contents

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- H1 2011 Financial Review
- H1 2011 Operating Review
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H1 2011 Overview

- Group sales in the period decreased by 4% to £124.7 million in constant currency
- Building Products sales in the period decreased by 6% to £114.6 million
- Oil Services performance driven by increased volumes of Gall Thomson and Klaw sales
- Gross margins maintained despite lower volumes
- Continued successful recovery of material cost increases
- Underlying H1 EPS performance marginally ahead of 2010 reflecting the restructuring of the balance sheet and improved tax position
- Operating Cash Conversion over last twelve months of 101 per cent.
- Net debt at half year in line with 2010 year end despite slower trading
- No Interim Dividend but committed to a Full Year Dividend of not less than 2p per share
- Successful refinancing of debt facilities to March 2016
H1 2011 Financial Review
H1 2011 Financial Highlights

- Sales – £124.7m
- Underlying Operating Profit – £15.5m
- Underlying Profit before Taxation - £12.4m
- Underlying Earnings Per Share – 6.83p
- Underlying Net Debt – £94.6m
- Gross margin maintained – driven by Oil Services
- 101 per cent. operating cash conversion over last twelve months

Constant Currency H1 2011 vs. H1 2010

- 4 per cent.
- 8 per cent.
- Flat
- Flat
- 20 per cent.
H1 2010 to H1 2011 Sales Bridge

- **H1 2010**: £133.2
- **H1 2011**: £124.7
- **Sell Price**: £4.1
- **Exchange Rate**: (2.8)
- **Volume**: (9.8)

**£m**

- H1 2010: 133.2
- Sell Price: 4.1
- Exchange Rate: (2.8)
- Volume: (9.8)
- H1 2011: 124.7
## Cash Conversion

<table>
<thead>
<tr>
<th>£m</th>
<th>H1 2011</th>
<th>H1 2010</th>
<th>LTM</th>
<th>FY 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash Inflow from Operating Activities</td>
<td>5.9</td>
<td>8.7</td>
<td>33.4</td>
<td>36.3</td>
</tr>
<tr>
<td>Income Tax Paid</td>
<td>0.5</td>
<td>0.3</td>
<td>2.5</td>
<td>2.3</td>
</tr>
<tr>
<td>Net Tangible Asset Capital Expenditure</td>
<td>(1.7)</td>
<td>(1.3)</td>
<td>(3.7)</td>
<td>(3.3)</td>
</tr>
<tr>
<td>Operating Cashflow Post- Capital expenditure</td>
<td>4.7</td>
<td>7.7</td>
<td>32.2</td>
<td>35.3</td>
</tr>
<tr>
<td>Underlying Operating Profit</td>
<td>15.5</td>
<td>17.3</td>
<td>31.9</td>
<td>33.7</td>
</tr>
<tr>
<td><strong>Operating Cash Conversion</strong></td>
<td>30%</td>
<td>44%</td>
<td>101%</td>
<td>105%</td>
</tr>
<tr>
<td>Investments in Intangibles, Net Interest, Refi. Costs &amp; Tax</td>
<td>(4.0)</td>
<td>(4.7)</td>
<td>(11.1)</td>
<td>(11.8)</td>
</tr>
<tr>
<td><strong>Free Cashflow</strong> *</td>
<td>0.6</td>
<td>3.0</td>
<td>21.1</td>
<td>23.5</td>
</tr>
</tbody>
</table>

Free cashflow = cashflow before debt repayments, dividends and share purchases

- Lower operating cash conversion reflecting reduced activity levels in H1 2011
- LTM cashflow conversion exceeded our internal target of 100%
Working Capital

- Working capital metrics remain in line with our expectations
- Inventory management a key priority for H2 2011
- Management of receivables remains a high priority
- Credit insurers returning to the market but still limited availability
Interest Charges

<table>
<thead>
<tr>
<th>£m except where stated</th>
<th>HY 2011</th>
<th>FY 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Finance Costs Payable</td>
<td>3.2</td>
<td>9.4</td>
</tr>
<tr>
<td>Average Gross Debt</td>
<td>(118.6)</td>
<td>(140.0)</td>
</tr>
<tr>
<td><strong>Average Bank Interest Rate Payable</strong></td>
<td>5.4%</td>
<td>6.7%</td>
</tr>
</tbody>
</table>

**Interest Charge**
- Debt repayments typically made towards year end so have little impact on current year interest

**Outlook**
- Group’s cost of funds fixed at between 1.85 and 2.045 per cent. until June 2012
- 2011 average interest rate payable (cost of funds plus margin) following new financing arrangements expected to be c. 5.25 per cent.
- 2012 average interest rates will depend in part on future cost of funds post June 2012
## Taxation and Dividends

### Percentage Tax Rates

<table>
<thead>
<tr>
<th>Percentage Tax Rates</th>
<th>HY 2011</th>
<th>FY 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying Taxation rate</td>
<td>29%</td>
<td>32%</td>
</tr>
<tr>
<td>Underlying Cash Tax rate</td>
<td>n/a</td>
<td>9%</td>
</tr>
</tbody>
</table>

Underlying Cash Tax rate defined as Income Tax paid as a percentage of Underlying Profit before Taxation

### Underlying Taxation Rate

- Reduced to 29 per cent. which is the Group’s new long term expected tax rate
- Reduction due to decreases in the rate of UK Corporation tax and more stable earnings’ profiles in overseas jurisdictions

### Cash Tax Rate

- Expected to trend towards underlying tax rate over the coming years

### Dividends

- No Interim Dividend, however will pay a final dividend for 2011 of not less than 2p
H1 2011 Revenues

H1 2011 Revenues by Sector

- Total Sales – £124.7m
- 35.9% UK BP
- 40.8% US BP
- 15.1% Int’l BP
- 8.1% GT

Percentage Change in H1 2011 Revenues

- UK BP: (9)%
- US BP: (5)%
- Int’l BP: (2)%
- GT: 25%

Note: Percentage change on a constant currency, like for like basis.

- Subdued building product markets in the UK and US
- Have maintained market share in a competitive environment
- Solid performance from Gall Thomson in the period against tough comparators
H1 2011 Operating Profit

H1 2011 Operating Profit by Sector

- Total Operating Profit – £15.5m
  - UK BP: 34.6%
  - US BP: 11.9%
  - Int’l BP: 31.8%
  - GT: 21.8%

% Change in H1 2011 Operating Profit

- UK BP: (16)%
- US BP: (20)%
- Int’l BP: (27)%
- GT: 27%

Note: Percentage change on a constant currency, like for like basis.

- Operational gearing of the Group means a disproportionate drop through of declining sales
- Full recovery of material cost increases
- Continued focus on cost base to improve productivity
H1 2011 US Building Products

Sales

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2010</td>
<td>56.5</td>
</tr>
<tr>
<td>H1 2010 @ 2011 FX</td>
<td>53.4</td>
</tr>
<tr>
<td>H1 2011</td>
<td>50.9</td>
</tr>
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</table>

Operating Profit and Margins

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2010</td>
<td>6.6</td>
<td>11.6</td>
</tr>
<tr>
<td>H1 2010 @ 2011 FX</td>
<td>6.2</td>
<td>11.6</td>
</tr>
<tr>
<td>H1 2011</td>
<td>4.9</td>
<td>9.7</td>
</tr>
</tbody>
</table>

**Markets**
- US New Build broadly flat year to date
- No Spring upturn in 2011
- Commodity input cost pressures in H1; more muted in H2
- Tax credits gave market support in Qs 1 & 4 2010
- Maintained market share

**Financials**
- Sales down by 5% to $82.3m or £50.9m
- Underlying margins down two points to 9.7%
- Fully recovered increases in input costs

**Highlights**
- Development of the National Accounts Program
- Commercial Team Recruited
- Investment in New Product Development
- South East Extrusion opportunity
H1 2011 UK Building Products

Sales

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2010</td>
<td>49.4</td>
</tr>
<tr>
<td>H1 2010@2011 FX</td>
<td>49.4</td>
</tr>
<tr>
<td>H1 2011</td>
<td>44.8</td>
</tr>
</tbody>
</table>

Operating Profit and Margins

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2010</td>
<td>8.2%</td>
</tr>
<tr>
<td>H1 2010@2011 FX</td>
<td>8.2%</td>
</tr>
<tr>
<td>H1 2011</td>
<td>7.6%</td>
</tr>
</tbody>
</table>

Markets
- UK and ROI markets remain subdued with little sign of recovery
- Distribution sector performed strongly in H1 2011
- Commodity input cost pressures
- Social Housing contraction continued

Financials
- Sales decreased by 9%
- Underlying margins decreased to 7.6%
- Underlying EBITA down 16%

Highlights
- New product launches well received
- Restructuring of composite doors business
- Portfolio businesses taking significant market share
H1 2011 International Building Products

Sales

<table>
<thead>
<tr>
<th>£m</th>
<th>H1 2010</th>
<th>H1 2010@2011 FX</th>
<th>H1 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>19.2</td>
<td>19.3</td>
<td>18.9</td>
</tr>
</tbody>
</table>

Operating Profit and Margins

<table>
<thead>
<tr>
<th>£m</th>
<th>H1 2010</th>
<th>H1 2010@2011 FX</th>
<th>H1 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.5</td>
<td>2.5</td>
<td>1.8</td>
</tr>
<tr>
<td>%</td>
<td>12.8%</td>
<td>13.1%</td>
<td>9.8%</td>
</tr>
</tbody>
</table>

Markets
- Growing markets in South America, Scandinavia, Germany and Eastern Europe
- Australasia affected by natural disasters
- Southern Europe remains weak

Financials
- Sales decreased by 2%
- Underlying margins decreased to 9.8%
- Underlying EBITA 25% lower than H1 2010 due to mix of products sold and operational gearing

Highlights
- Strong growth in small Brazilian business
- Focus on cross selling opportunities
- Expand market shares in core sealing products
Markets
- Offshore markets continued to grow in H1 2011

Financials
- Sales increased by 25% to £10.1m
- Improvement in overall margins
- Full recovery of steel price increases
- Underlying profit increased by 27% to £5.4m
- Enquiry levels and order intake in both GT and Klaw remain strong

Highlights
- New contract wins for Klaw
2011 Refinancing
New and significantly improved debt facility agreement to 31 March 2016

Repayment of approximately £120 million of existing facilities

£110 million multicurrency term loan and a £30 million multicurrency working capital facility

Unsecured facilities with no debt silos and simplified covenant structures

Annual amortisation payments of c. £11 million from 2012

Standard provisions surrounding dividends, M&A activity and capital expenditure

Market pricing incorporating a margin step down as the Group degears

Initial step down in margin payable of approximately 75 bps – worth c. £800k per annum

Bookrunners and Arrangers - Barclays, HSBC, Lloyds and RBS

Total fees and expenses estimated at £2.7 million
2011 Refinancing – Covenant Structure

<table>
<thead>
<tr>
<th>Covenant Measures</th>
<th>Leverage</th>
<th>Interest Cover</th>
<th>Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less Than</td>
<td>More Than</td>
<td>More Than</td>
</tr>
<tr>
<td>Covenant</td>
<td>3.25x</td>
<td>4.00x</td>
<td>1.00x</td>
</tr>
<tr>
<td>Pro Forma Measure at 30 June 2011</td>
<td>2.52x</td>
<td>5.26x</td>
<td>2.96x</td>
</tr>
<tr>
<td>Pro Forma Headroom at 30 June 2011</td>
<td>29%</td>
<td>24%</td>
<td>66%</td>
</tr>
</tbody>
</table>

Leverage and Interest Cover Covenants change to 3.00x and 5.00x from 31 December 2012

<table>
<thead>
<tr>
<th>Covenant Definitions</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Leverage</td>
<td>Total net debt to Underlying EBITDA</td>
</tr>
<tr>
<td>Interest Cover</td>
<td>EBITDA to Net Finance Charges</td>
</tr>
<tr>
<td>Debt Service Cover</td>
<td>Cashflow available for Debt Service to Debt Service</td>
</tr>
</tbody>
</table>

All covenants tested on the basis of average exchange rates across the period and on frozen GAAP as at 2 September 2011
2011 Business Focus

- Not waiting for markets to recover
- Focus on operational cashflow generation will continue
- Price leadership
  - Full recovery of input cost increases except in exceptional circumstances
- Service Levels
  - Aiming to set industry leading standards for delivery on time and in full
- Continued development of CRM and BIS
  - Allow us to monitor margin, payment performance and customer opportunities / churn at point of sale
- Introduction of new products to market
- Seek to enhance our strong geographical positions
- Take market share from a weakened competitor base
2011 Current Trading and Outlook

Building Products
- Trading environment remains challenging
- Few indications of improvements in building products market conditions over next twelve months
- Provided no further deterioration would expect to trade satisfactorily for the balance of the year

Oil & Gas Services
- Strong Enquiry Levels and Order Books at both Gall Thomson and Klaw
- Continued solid performance expected across the balance of the year
Appendix A
Lupus Capital plc Businesses
2010 Sales by Product and Division

Sales by Product:
- Door and Window Hardware: 14.6%
- Foam Seals: 15.1%
- Pile Seals: 23.4%
- Balances: 8.8%
- Reinforcer: 6.3%
- Composite Doors: 5.2%
- Other: 1.4%

Sales by Division (Restated):
- UK BP: 36.8%
- US BP: 43.9%
- Int’l BP: 14.1%
- GT: 5.2%
2011 Geographic Footprint

- Mexican plant now operating at increased production levels – exploring other products
- Consolidation of Sioux Falls Facilities now underway
- Consolidation of Composite Doors footprint now in progress
- Exploring extrusion opportunities in the South East of the United States
2011 Building Products Opportunities

- Build on ghs early wins and reduce churn
- Suited Hardware; high security handles and locks
- Composite Door sales to trade and retail
- Set industry leading standards for delivery on time and in full
- Use relative financial strength to our advantage

- Focus on lean and green manufacturing
- Site consolidation and increased use of Mexico facility
- New generation seals – Intumescent foam and Microbial pile
- Casement window winders
- Develop commercial market opportunities

### 2011 Building Products Market Expectations

<table>
<thead>
<tr>
<th>Market</th>
<th>New Build</th>
<th>RMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>↑ 4–6%</td>
<td>↓ 2–4%</td>
</tr>
<tr>
<td>US*</td>
<td>↑ 0–2%</td>
<td>↑ 1–4%</td>
</tr>
<tr>
<td>N &amp; E Europe*</td>
<td>N/A</td>
<td>↑ 3–6%</td>
</tr>
<tr>
<td>S Europe</td>
<td>N/A</td>
<td>Flat</td>
</tr>
</tbody>
</table>

*Revised down since March 2011 in the light of ytd market performance*
Building Products Division – Product Range

- **Window and door hardware**
- **Seals and extruded products**
- **Security doors**
- **Hardware and components**

**Copier Brush**
Marine Breakaway Couplings
- Large global market share
- High barriers to entry
- Made to order for oil majors
- Excellent customer base
- Established management team
- Growth markets / Deep sea oil production increasing

Industrial Breakaway Couplings
- Replicate MBC skills / expertise
- Create new markets
- Growing fast
## Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>H1 2011 Reported £'000</th>
<th>Margin %</th>
<th>H1 2010 at '11 Rates £'000</th>
<th>Margin %</th>
<th>H1 2010 Reported £'000</th>
<th>Margin %</th>
<th>FY 2010 Reported £'000</th>
<th>Margin %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>124,688</td>
<td></td>
<td>130,438</td>
<td></td>
<td>133,238</td>
<td></td>
<td>266,212</td>
<td></td>
</tr>
<tr>
<td>2011 Variance versus 2010</td>
<td>(4.4)%</td>
<td></td>
<td>(6.4)%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>43,909</td>
<td>35.2%</td>
<td>45,725</td>
<td>35.0%</td>
<td>92,809</td>
<td>34.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011 Variance versus 2010</td>
<td>(4.0)%</td>
<td></td>
<td>(5.7)%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Underlying operating profit</strong></td>
<td>15,544</td>
<td>12.5%</td>
<td>16,984</td>
<td>13.0%</td>
<td>33,675</td>
<td>12.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011 Variance versus 2010</td>
<td>(8.5)%</td>
<td></td>
<td>(10.3)%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Underlying profit before tax</strong></td>
<td>12,428</td>
<td>10.0%</td>
<td>12,423</td>
<td>9.4%</td>
<td>24,533</td>
<td>9.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011 Variance versus 2010</td>
<td>0.0%</td>
<td></td>
<td>(1.1)%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Underlying net debt</strong></td>
<td>(94,557)</td>
<td></td>
<td>(112,534)</td>
<td></td>
<td>(117,591)</td>
<td></td>
<td>(94,659)</td>
<td></td>
</tr>
<tr>
<td>2011 Variance versus 2010</td>
<td>(16.0)%</td>
<td></td>
<td>(19.6)%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating cashflow (post capex)</strong></td>
<td>4,659</td>
<td></td>
<td>n/a</td>
<td></td>
<td>7,697</td>
<td></td>
<td>35,265</td>
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<tr>
<td><strong>Cash Conversion</strong></td>
<td>30.0%</td>
<td></td>
<td></td>
<td></td>
<td>44.4%</td>
<td></td>
<td>104.7%</td>
<td></td>
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<tr>
<td><strong>Underlying earnings per share</strong></td>
<td>6.83p</td>
<td></td>
<td>n/a</td>
<td></td>
<td>6.79p</td>
<td></td>
<td>13.06p</td>
<td></td>
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<tr>
<td><strong>Variance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.6%</td>
</tr>
</tbody>
</table>
Definitions and Exchange Rates

<table>
<thead>
<tr>
<th>Exchange Rates</th>
<th>H1 2011</th>
<th>H1 2010</th>
<th>FY 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Closing Rates:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>US Dollars</td>
<td>1.6018</td>
<td>1.5071</td>
<td>1.5471</td>
</tr>
<tr>
<td>Euros</td>
<td>1.1131</td>
<td>1.2348</td>
<td>1.1675</td>
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<td><strong>Average Rates:</strong></td>
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<tr>
<td>US Dollars</td>
<td>1.6162</td>
<td>1.5265</td>
<td>1.5463</td>
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<tr>
<td>Euros</td>
<td>1.1525</td>
<td>1.1491</td>
<td>1.1661</td>
</tr>
</tbody>
</table>

**Definitions**

- Where appropriate “**Underlying**” is defined as before amortisation of intangible assets, deferred tax on amortisation of intangible assets, exceptional items, unwinding of discount on provisions, amortisation of borrowing costs and the associated tax effect.
- “**Underlying Net Debt**” is defined as interest bearing loans and borrowings, net of cash and cash equivalents, plus unamortised borrowing costs added back.
- “**Operating Cash Conversion**” is defined as Net cash inflow from operating activities before Income tax paid and after Payments to acquire property, plant and equipment divided by Underlying operating profit.

**Roundings**

- Percentage numbers have been calculated using figures rounded to the nearest thousand from the financial statements, which may lead to small differences in some figures and percentages quoted.