Agenda

- Overview
- 2010 Financial Review
- 2010 Operating Review
- Outlook
- Lupus Capital plc Businesses
2010 Overview

- Encouraging year despite flat building products markets and highly competitive environment
- Gall Thomson enjoyed another year of excellent performance
- New Executive Team – Louis Eperjesi and James Brotherton
- Successful recovery of input cost increases
- Sustained improvements in gross and net margins
- 39 per cent. increase in Underlying Earnings per Share to 13.06p (2009: 9.39p)
- Operating Cash Conversion in year of 105 per cent.; Underlying Net Debt reduced to £94.7m
- Self help strategy has enabled the Group to gain market share and make further progress
- Resumption of Dividend Payments
2010 Financial Review
## 2010 Financial Highlights

<table>
<thead>
<tr>
<th>Metric</th>
<th>2010 vs. 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales – £266.2m</td>
<td>10 per cent.</td>
</tr>
<tr>
<td>Underlying Operating Profit – £33.7m</td>
<td>32 per cent.</td>
</tr>
<tr>
<td>Underlying Profit before Taxation - £24.5m</td>
<td>56 per cent.</td>
</tr>
<tr>
<td>Underlying Earnings Per Share – 13.06p</td>
<td>39 per cent.</td>
</tr>
<tr>
<td>Underlying Net Debt – £94.7m</td>
<td>19 per cent.</td>
</tr>
<tr>
<td>Gross and net margin improvement</td>
<td></td>
</tr>
<tr>
<td>Underlying Operating Profit drop-through of 33 per cent.</td>
<td></td>
</tr>
<tr>
<td>105 per cent. operating cash conversion</td>
<td></td>
</tr>
<tr>
<td>2p per share dividend</td>
<td></td>
</tr>
</tbody>
</table>
2009–2010 EBITA Bridge

<table>
<thead>
<tr>
<th>Year</th>
<th>Sell Price</th>
<th>Mat Cost</th>
<th>Oth Infl</th>
<th>Volume</th>
<th>Utilisation</th>
<th>Other</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>25.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>33.7</td>
<td></td>
<td></td>
<td>8.0</td>
<td>(1.2)</td>
<td>0.2</td>
<td></td>
</tr>
</tbody>
</table>

£m
## Cash Conversion

<table>
<thead>
<tr>
<th></th>
<th>FY 2010</th>
<th>FY 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash Inflow from Operating Activities</td>
<td>36.3</td>
<td>36.5</td>
</tr>
<tr>
<td>Income Tax Paid</td>
<td>2.3</td>
<td>2.1</td>
</tr>
<tr>
<td>Net Tangible Asset Capital Expenditure</td>
<td>(3.3)</td>
<td>(2.1)</td>
</tr>
<tr>
<td><strong>Operating Cashflow Post-Capital Expenditure</strong></td>
<td><strong>35.3</strong></td>
<td><strong>36.5</strong></td>
</tr>
<tr>
<td>Underlying Operating Profit</td>
<td>33.7</td>
<td>25.6</td>
</tr>
<tr>
<td><strong>Operating Cash Conversion</strong></td>
<td><strong>105%</strong></td>
<td><strong>142%</strong></td>
</tr>
<tr>
<td>Investments in Intangibles, Net Interest and Tax</td>
<td>(11.8)</td>
<td>(12.8)</td>
</tr>
<tr>
<td><strong>Free Cashflow before Debt Repayments and Refinancing Costs</strong></td>
<td><strong>23.5</strong></td>
<td><strong>23.7</strong></td>
</tr>
</tbody>
</table>

- Lower operating cash conversion reflecting increased activity levels in 2010 – still exceeded 100%
- Free Cashflow largely in line with 2009
Despite 10.2 per cent. increase in sales, total working capital decreased over the year

- Trade working capital increased by £1.5m – principally due to higher receivables
- Investment in inventory only permitted where there is clear evidence of demand
- Management of receivables remains a high priority – bad debts written off 0.1 per cent. of 2010 sales
- Credit insurers returning to the market but still limited availability
Capital Expenditure

<table>
<thead>
<tr>
<th>£m</th>
<th>FY 2010</th>
<th>FY 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Tangible Asset Capital Expenditure</td>
<td>3.3</td>
<td>2.1</td>
</tr>
<tr>
<td>Depreciation</td>
<td>6.5</td>
<td>6.7</td>
</tr>
<tr>
<td><strong>Capital Expenditure / Depreciation</strong></td>
<td>0.51x</td>
<td>0.32x</td>
</tr>
</tbody>
</table>

- Historically a low Capital Expenditure business
- Increased Capital Expenditure in H2 2010
- Capital Expenditure expected to increase in future years although unlikely to reach same levels as Depreciation
## Debt Facilities

<table>
<thead>
<tr>
<th>£m</th>
<th>FY 2010</th>
<th>FY 2009</th>
<th>Average 2010</th>
<th>Average 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Debt</td>
<td>(122.4)</td>
<td>(141.2)</td>
<td>(140.0)</td>
<td>(164.0)</td>
</tr>
<tr>
<td>Cash Balances</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>27.7</td>
<td>25.0</td>
<td>26.1</td>
<td>28.4</td>
</tr>
<tr>
<td><strong>Underlying Net Debt</strong> (i)</td>
<td>(94.7)</td>
<td>(116.2)</td>
<td>(113.9)</td>
<td>(135.6)</td>
</tr>
<tr>
<td>Loan Fee Amortisation</td>
<td>2.9</td>
<td>5.2</td>
<td>4.1</td>
<td>4.6</td>
</tr>
<tr>
<td>IFRS Net Debt (ii)</td>
<td>(91.7)</td>
<td>(111.0)</td>
<td>(109.8)</td>
<td>(131.0)</td>
</tr>
<tr>
<td><strong>Net Debt: EBITDA</strong> (iii)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.4x</td>
<td>3.6x</td>
<td>2.8x</td>
<td>4.2x</td>
</tr>
</tbody>
</table>

(i) Underlying Net Debt is defined as interest bearing loans and borrowings, net of cash and cash equivalents, plus unamortised borrowing costs added back  
(ii) 2010 IFRS Net Debt number has been rounded  
(iii) Calculated on the same basis as banking covenants

- Average Net Debt: EBITDA ratio below 3.0x for 2010, Key Banking Metric  
- Year end Net Debt: EBITDA 2.4x  
- Headroom of between 46 and 77 per cent. on banking covenants at December 2010  
- Operational Deleveraging expected to continue in 2011
Interest Charges

<table>
<thead>
<tr>
<th>£m except where stated</th>
<th>FY 2010</th>
<th>FY 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Finance Costs Payable</td>
<td>9.4</td>
<td>9.9</td>
</tr>
<tr>
<td>Average Gross Debt</td>
<td>(140.0)</td>
<td>(164.0)</td>
</tr>
<tr>
<td><strong>Average Bank Interest Rate Payable</strong></td>
<td>6.7%</td>
<td>6.0%</td>
</tr>
</tbody>
</table>

**Interest Charge**
- 2009 benefited from lower margins prior to refinancing
- 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) under present financing arrangements expected to be c. 5.5 per cent.
## Taxation

<table>
<thead>
<tr>
<th>Percentage Tax Rates</th>
<th>FY 2010</th>
<th>FY 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying Taxation rate</td>
<td>32%</td>
<td>28%</td>
</tr>
<tr>
<td>Underlying Cash Tax rate</td>
<td>9%</td>
<td>14%</td>
</tr>
</tbody>
</table>

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

### Underlying Tax Rate
- Rate for the year 32 per cent. as expected
- Increase in 2010 due to geographic mix of profit growth

### Cash Tax Rate
- Below the underlying tax rate due to historic losses
- Expected to trend towards underlying tax rate over the coming years
Dividend

- 2009 Banking arrangements precluded dividends until net debt ratios reduced
- Final dividend proposed of 2p per share with unanimous consent of banking syndicate
- Subject to approval at May AGM
- Absolute level of future dividends will take into account underlying earnings, cash flows, balance sheet strength and capital investment plans
2010 Operating Review
Encouraging year across all businesses despite flat building product markets

“Self Help” strategy has enabled market share gains in a highly competitive environment

Excellent performance from Gall Thomson across the year as a whole

Total Sales - £266.2m

Note: Percentage change on a constant currency, like for like basis.
2010 Operating Profit

2010 Operating Profit by Sector

Total Operating Profit – £33.7m

- 23.4%
- 42.9%
- 13.4%
- 20.3%

Double digit earnings growth across each of our business sectors
International Building Products benefits from high degree of operational gearing
Continued focus on cost base to drive drop-through

Percentage Change in 2010 Operating Profit

- UK BP: 26%
- US BP: 31%
- Int’l BP: 70%
- GT: 16%

Note: Percentage change on a constant currency, like for like basis.
Consistent improvements in the Building Products Division since start of 2009

Sales per employee pa have increased from £111k to £129k

Cumulatively, since H1 2009:
- Sales up 19.8 per cent.
- Operating Profit up 46.7 per cent.
- Operating Margin improved by 2 points

Note: All numbers presented on a constant currency basis.
Conversion of Chinese manufacturing to a sourcing operation
Mexican plant now operating at increased production levels – exploring other products
Merger of ERA and LSH businesses to create ERA Security Hardware
Brazilian Sales Office expanded
Consolidation of Sioux Falls Facilities now underway
US Building Products – 2010 Financials

**Markets**
- US New Build ↑ c.6%; RMI ↑ c.4%
- Relatively low price inflation and less affected by commodity input cost pressures
- Tax credits gave market support in Qs 1 and 4

**Financials**
- Sales grew by 10% to $181.4m or £117.2m
- Underlying margins up two points to 12.3%
- Underlying EBITA 33% higher than 2009
- Underlying drop-through 34%

**Highlights**
- Continued ramp up of manufacturing in Mexico
- Expansion of the National Accounts Program
- Restructured approach to Amesbury marketing
UK Building Products – 2010 Financials

**Markets**
- UK New Build ↑ c.30%; RMI ↓ c.3%
- Significant commodity input cost pressures
- Social Housing contraction started in H2 2010 – impacted Composite Doors

**Financials**
- Sales increased by 19%; c. 50% due to price
- Underlying margins increased to 8.3%
- Underlying EBITA was 26% higher than 2009
- Underlying drop-through 11%

**Highlights**
- Creation of grouphomesafe – operationally and financially performing ahead of schedule
- Focus on customer service and differentiation enabled share gain in a difficult market
International Building Products

Markets
- Growing markets in Australasia, South America, Scandinavia and Eastern Europe
- Markets more stable in 2010 than the previous two years
- Southern Europe remains weak

Financials
- Sales increased by 8%
- Underlying margins increased to 11.3%
- Underlying EBITA 70% higher than 2009 due to mix of sales growth and operational gearing
- Underlying drop-through of 62%

Highlights
- Expansion of Brazilian sales office
- Roll out of BIS and CRM System to International Business
2010 Oil and Gas Services

Markets
- Offshore markets continued to grow in 2010

Financials
- Sales increased by 9% to £13.7m
- Improvement in overall margins reflects increased sales of high margin MBC product
- Full recovery of steel price increases
- Underlying profit increased by 16% to £6.8m
- Enquiry levels and order intake in both GT and Klaw very strong towards the year end
- Underlying drop-through of 81%

Highlights
- Klaw distribution agreement – Composite Hoses
- LNG Projects Secured
Outlook
2011 Business Focus and Aspirations

- 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
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

Further penetration of existing products internationally
Further sales of hardware into existing seal markets
Continue geographical expansion – eg South America
Roll out BIS and CRM system to all International Businesses

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>↑ 5–10%</td>
<td>↑ 3–6%</td>
</tr>
<tr>
<td>N &amp; E Europe</td>
<td>N/A</td>
<td>↑ 6–10%</td>
</tr>
<tr>
<td>S Europe</td>
<td>N/A</td>
<td>Flat</td>
</tr>
</tbody>
</table>

*Recent forecasts for US markets have tended to be over optimistic*
2011 Current Trading and Outlook

**Building Products**

- Steady start to 2011 with sales and orders broadly in line with 2010
- Seasonal nature of the businesses and short order books means that the first quarter offers little visibility on the full year
- 2011 not expected to deliver material improvements in building products markets
- Significant input cost pressures expected to continue for foreseeable future
- Well positioned to maintain margins and take advantage of any sustained increase in activity levels

**Oil & Gas Services**

- Significant Enquiry Levels and Order Books at both Gall Thomson and Klaw
Our Timeline

2009
- Refinancing
- Board Reorganisation
- Cost Reduction Programmes

2010
- Focus on cash generation
- Investment in the balance sheet
- Exploit competitor weakness
- Grow market shares

2011
- Refinancing
- New product introductions
- Acquisition opportunities

Aiming to grow with our customers
Lupus Capital plc Businesses
Building Products Division – Product Range

Window and door hardware

Seals and extruded products

Security doors

Hardware and components
Oil and Gas Services – Product Range

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