Lupus Capital plc
Interim Results Presentation
Period Ended 30 June 2010
| Agenda                      |
|-----------------------------|-----------------------------|
| Overview                    | Louis Eperjesi              |
| H1 2010 Financial Review    | James Brotherton            |
| H1 2010 Operating Review    | Louis Eperjesi              |
| Outlook                     | Louis Eperjesi              |
Overview
H1 Overview

• Encouraging set of results - demonstrating our strong market positions

• Markets more stable but still highly competitive

• Trading conditions in US and UK new build markets remained difficult; RMI showed more resilience

• Tight control over the cost base and working capital levels

• Improvements in gross and net margins

• Early debt repayments made in the period

• Performance driven by strong brands, niche products, close customer relationships & relative financial strength
H1 2010 Financial Review
H1 2010 Financial Highlights

- Sales - £133.2 million (14 per cent.)
- Underlying Operating Profit - £17.3 million (43 per cent.)
- Underlying Earnings Per Share - 6.79p (68 per cent.)
- Net Debt - £113.4 million (6 per cent.)
- Gross and net margin improvement
- Underlying Operating Profit drop-through of 32 per cent.
- £3.0 million early debt repayment
Debt Facilities

- Key covenant ratio for the Group close to 3.0x at June 2010
- Headroom of between 46 and 77% on banking covenants at June 2010
- Group’s cost of funds fixed at between 1.85 and 2.0425% until July 2012
- Further permanent debt repayments to be made in H2 2010

*Calculated on the same basis as banking covenants.
H1 2009 to H1 2010 Movement in net debt

Net Debt Bridge 2009 to 2010

£’m

(120.0)

(100.0)

(80.0)

(60.0)

(40.0)

Net Debt 30 June 2009

EBITDA

Taxation

Working Cap & Other

Capital Expenditure

Amort of Loan Fees

Foreign Exchange

Interest & Fees

Net Debt 30 June 2010
### Capital Expenditure

<table>
<thead>
<tr>
<th></th>
<th>H1 2010</th>
<th>H1 2009</th>
<th>FY 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Capex</td>
<td>1.3</td>
<td>1.3</td>
<td>2.1</td>
</tr>
<tr>
<td>Depreciation</td>
<td>3.4</td>
<td>3.5</td>
<td>6.7</td>
</tr>
<tr>
<td>Capex/ Depreciation</td>
<td>0.39 x</td>
<td>0.35 x</td>
<td>0.32 x</td>
</tr>
</tbody>
</table>

- Historically a low capex business
- Capex expected to increase in future years although unlikely to reach same levels as Depreciation
Cash Conversion

- Operating cash conversion decreased, reflecting the investment in working capital in the first six months of the year
- LTM cash conversion remained strong at 110.7% of operating profit
- Balance sheet will unwind over the remainder of the year

<table>
<thead>
<tr>
<th></th>
<th>H1 2010 £'000</th>
<th>H1 2009 £'000</th>
<th>LTM £'000</th>
<th>FY 2009 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash inflow from operations</td>
<td>8,700</td>
<td>11,022</td>
<td>34,129</td>
<td>36,451</td>
</tr>
<tr>
<td>Underlying Operating Profit</td>
<td>17,322</td>
<td>12,091</td>
<td>30,829</td>
<td>25,598</td>
</tr>
<tr>
<td>Cash Conversion</td>
<td>50.2%</td>
<td>91.2%</td>
<td>110.7%</td>
<td>142.4%</td>
</tr>
</tbody>
</table>
### Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>H1 2010</th>
<th>H1 2009</th>
<th>FY 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inventory Days</strong></td>
<td>73.2</td>
<td>75.7</td>
<td>73.7</td>
</tr>
<tr>
<td><strong>Trade Debtor Days</strong></td>
<td>47.8</td>
<td>47.5</td>
<td>42.5</td>
</tr>
<tr>
<td><strong>Trade Creditor Days</strong></td>
<td>(57.6)</td>
<td>(51.0)</td>
<td>(54.4)</td>
</tr>
<tr>
<td><strong>Working Capital Days</strong></td>
<td><strong>63.4</strong></td>
<td><strong>72.2</strong></td>
<td><strong>61.8</strong></td>
</tr>
<tr>
<td><strong>Trade Working Capital</strong></td>
<td>£44.2 m</td>
<td>£42.8 m</td>
<td>£32.9 m</td>
</tr>
<tr>
<td><strong>Trade Working Capital: Sales</strong></td>
<td>17.1%</td>
<td>17.4%</td>
<td>13.6%</td>
</tr>
</tbody>
</table>

- Continued focus on working capital management - peaks at the half year
- Investment in inventory only permitted where there is clear evidence of demand
- Management of receivables remains a high priority
- Credit insurers returning to the market but still limited availability
H1 2010 Revenues

- Building Products Revenues increased by 13% compared with H1 2009 - 16% on a constant currency basis excluding Ningbo
- Strong performance across all Building Products sectors
- Very strong performance from Gall Thomson in the period

H1 2010 Sales by Sector

Total Sales £133.2 million (2009:£117.0m)

- US BP 42%
- UK BP 35%
- Int BP * 17%
- GT 6%

% Change in H1 2010 Sales

- US BP 14%
- UK BP 17%
- Int BP * 19%
- GT 39%

Note: %age change on a constant currency basis versus H1 2009
* International BP is stated on a like for like basis - excluding Ningbo
H1 2010 Operating Profit

• Improvements in operating profit across all sectors
• US Building Products had an exceptionally strong first half
• Solid growth in the UK despite a flat market - underpinned by new sales strategy
• Gall Thomson margin improved significantly due to increased volumes of MBC sales
US Building Products - H1 2010 Performance

**Sales**

- H1 sales grew by 14% in constant currency terms to £56.7m
- Net margins were substantially improved, increasing by 2.4 points to 11.6%
- Operating profit increased by 44% to £6.6m in constant currency terms

**Operating Profit and Margins**

- Continued ramp up of manufacturing at the Group’s Mexican facility - now producing c. 45,000 balances per day
- Expansion of the National Accounts Program, to leverage our product offering within the North American customer base
- Restructured approach to Amesbury marketing
UK Building Products – H1 2010 Performance

**Sales**

- UK Building Products sales grew by 17% in H1 to £46.3m.
- Net margins were flat at 8.8% despite significant increases in input costs
- Operating profit increased by 17% to £4.1m in H1 reflecting close focus on cost control

**H1 Highlights**

- Grouphomesafe established as the umbrella brand for the UK business
- UK salesforce sell full grouphomesafe product range
- Benefits of unified approach already visible ahead of schedule
- Ventrolla Ireland launched
- Composite Doors Division fully integrated within grouphomesafe and restructured
- Reviewing portfolio to ensure Part L Building Regulations compliance
International BP - H1 2010 Performance

### Sales

- International sales grew by 19% in H1 to £21.6m
- Net margins increased from 8.6% to 11.4%
- Operating profit increased by 57% to £2.5m

### Operating Profit and Margin

- Closure of Chinese manufacturing gives us greater flexibility in sourcing high quality low cost product
- Focus on cross selling opportunities through International business - Australasia continues to lead the way
- Bolstered our presence in South America with expansion of Brazilian sales office
- Eastern Europe continues to perform strongly; Southern European markets remain depressed

International BP is stated on a like for like basis - excluding Ningbo
Oil and Gas Services - H1 2010 Performance

**Sales**

- Sales increased by 39% to £8.1 million
- Continued strong operating profit margins

**H1 Highlights**

- Increased sales of our most profitable product - Marine Breakaway Couplings - drove net margins higher in the period
- Order book and enquiry levels remain healthy
- Timing of sales dependent on rigs and platforms coming on stream
**Site Rationalisation Programme**
- Conversion of Chinese manufacturing to a sourcing operation
- Mexican plant now operating at increased production levels
- Tipton site now exited

**Management and Board Visits**
- CEO has visited all manufacturing sites worldwide
- Remaining significant Distribution and Sourcing sites will be visited in H2 2010
H1 2010 Executive Priorities

- Rebranding and refocusing of UK Operations - grouphomesafe
- Investment in technology - CRM system, business intelligence system
- Website Redesign
- Higher priority given to Group marketing
- Composite Doors - Restructured ahead of expected downturn in Social Housing
- Headcount increases where meritied by business activity levels
- Cost recoveries
- Renewed emphasis on New Product Development
- Restructured approach to Group sourcing - Closure of Chinese Manufacturing
Website Redesign

- Website upgrade programme launched in 2010
- New plc website - designed to be a window on the Group
- Gall Thomson website created
- Grouphomesafe website created to tie in with new branding and approach to market
- By year end all Group websites will have been updated
Outlook
2010 Outlook

- **Building Products**
  - Markets much more stable in H1 2010 than in 2009 but still highly competitive
  - H2 2010 further progress expected but will not see a repeat of the marked period on period increases

- **Oil Services**
  - Steady inflow of orders at Gall Thomson in H1 2010
  - MBC orders depend on the timing of platforms and rigs coming on-stream

- **Input costs**
  - General upward pressure on input costs expected to continue
  - Will seek to recover cost increases where possible without sacrificing market position

- **Management focus in H2 2010**
  - Continue to gain market share where possible
  - Protect margins
  - Tight control over costs
  - Continued cash generation to reduce net indebtedness

- Cautiously optimistic about prospects for the full year

- Expect to report results for the year ahead of current expectations
Longer Term Outlook

- End-markets not expected to provide significant underlying growth for the foreseeable future

- Focus will remain on self help measures
  - Build on strong financial position and brands in current markets
  - Cross selling opportunities to existing customer base
  - Targeting increased share of customer spend
  - Margin enhancement
  - Continued investment in new product development, technology and marketing
  - Exploit competitor weakness

- Significant opportunities in the US
  - Higher margin businesses
  - Compelling US demographics over the medium to long term
  - Fragmented markets

- UK business much better positioned following successful implementation of grouphomesafe initiative

- New Geographies (Far East, South America and Eastern Europe) offer possible longer term potential

- Well positioned to take advantage of any long term increases in activity levels