



2010 Annual General Meeting

25 May 2010



Agenda

- ⇒ **2009 Performance**
- ⇒ Refinancing
- ⇒ Metalrax 2010
- ⇒ Annual General Meeting



- 2009 Performance
- Refinancing
- Metalrax 2010

Highlights

| | |
|-----------------------------|---|
| ➤ Met Market Expectations | <ul style="list-style-type: none"> • £0.6m operating loss before exceptional items |
| ➤ Strong Strategic Progress | <ul style="list-style-type: none"> • Exceptional items* of £9.1m (2008: £11.9m) of which £1.6m cash (2008: £6.3m) • 4 non-core businesses disposed/restructured |
| ➤ Trading improving | <ul style="list-style-type: none"> • H2 profit** of £0.8m vs H1 loss of £1.4m • Central costs reduced by £1.2m |
| ➤ Refinancing complete | <ul style="list-style-type: none"> • Up to £23.7m of debt finance secured for 3 years • Year end bank borrowings £14.4m (net debt: £12.2m) |
| ➤ New Chairman | <ul style="list-style-type: none"> • Stephen Boyd appointed March 2010 |

* Excluding share options costs and goodwill impairment

** Before exceptional items

Business exits & restructuring

2009 Exits:

- ⇒ BSC (Diecasting) – sold April 2009
- ⇒ MRX Romania – in administration from July 2009
- ⇒ Commercial Bearings – sold July 2009

Restructured:

- ⇒ Toolspec headcount reduced by 35%
- ⇒ New management team and reduced headcount at Metalrax Storage
- ⇒ MRX China now a branch of GWI
- ⇒ Sections & Tubes integrated into sister business (Metalrax Storage)

Metalrax now comprises 9 businesses (13 businesses at end of 2008)



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A year of two halves

| £'m Total Group | 2009 H1 | 2009 H2 | 2009 Total |
|--|---------------|-------------|---------------|
| External revenue | 31.4 | 31.5 | 62.9 |
| Operating profit before exceptional items | (1.4) | 0.8 | (0.6) |
| Exceptional items | (9.5) | 0.4 | (9.1) |
| Goodwill amortisation | (0.6) | - | (0.6) |
| Share based payments | (0.1) | (0.2) | (0.3) |
| Operating loss before interest and tax | (11.6) | 1.0 | (10.6) |
| | | | |
| Cash generated from operating activities | (3.0) | 3.5 | 0.5 |

Exceptional Items

| £'m | Continuing 2009 | Group 2009 | Continuing 2008 | Group 2008 |
|----------------------|--------------------|---------------|--------------------|---------------|
| Reorganisation costs | 1.0 | 1.0 | 1.3 | 4.4 |
| Romania provision | - | 6.4 | 0.5 | 0.5 |
| Impairment of assets | 0.1 | 1.0 | 0.3 | 5.3 |
| Onerous contracts | - | 0.2 | - | 1.4 |
| Property devaluation | 0.5 | 0.5 | 0.3 | 0.3 |
| | 1.6 | 9.1 | 2.4 | 11.9 |
| Goodwill impairment | 0.6 | 0.6 | 0.8 | 5.5 |
| IFRS2 option expense | 0.3 | 0.3 | 0.2 | 0.2 |
| | 2.5 | 10.0 | 3.4 | 17.6 |

- ⇒ Ongoing restructuring of core operations and head office
- ⇒ Romanian assets impaired as part of Administration/disposal process
- ⇒ Only £1.6m of exceptional items are in cash (2008: £6.3m)

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Refinancing of the Group

- ⇒ Facilities negotiated of up to £23.7m with HSBC and RBS
- ⇒ Three year term to September 2012
- ⇒ Secured on major assets of the business (bank & pension fund)
- ⇒ 4.99% warrants granted, exercise price of 5 pence per share
- ⇒ Pension Trustee agreement on deficit contributions
- ⇒ Adequate headroom on both EBITDA and cashflow covenant targets



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Consistent Strategy

To be a specialist engineering group:

- ⇒ Niche businesses
- ⇒ Growth
- ⇒ Barriers to entry
- ⇒ Increasing margins
- ⇒ Innovation

The economic climate has changed our tactics and timing – our goal remains the same



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2010 objectives

Every business and employee has objectives aligned to these goals:

- ⇒ Profitable revenue growth
- ⇒ Cash generation to reduce borrowings

Longer term objective – Restore shareholder value



Current trading and prospects

⇒ First quarter of 2010 in line with expectations

⇒ ahead of 2009

⇒ Key objectives

⇒ profitable revenue growth

⇒ reduced borrowings

⇒ Group of 9 businesses

⇒ securely funded

⇒ leaner, fitter

⇒ well positioned for the future

