



2005 Results
16 March 2006

2005 Results



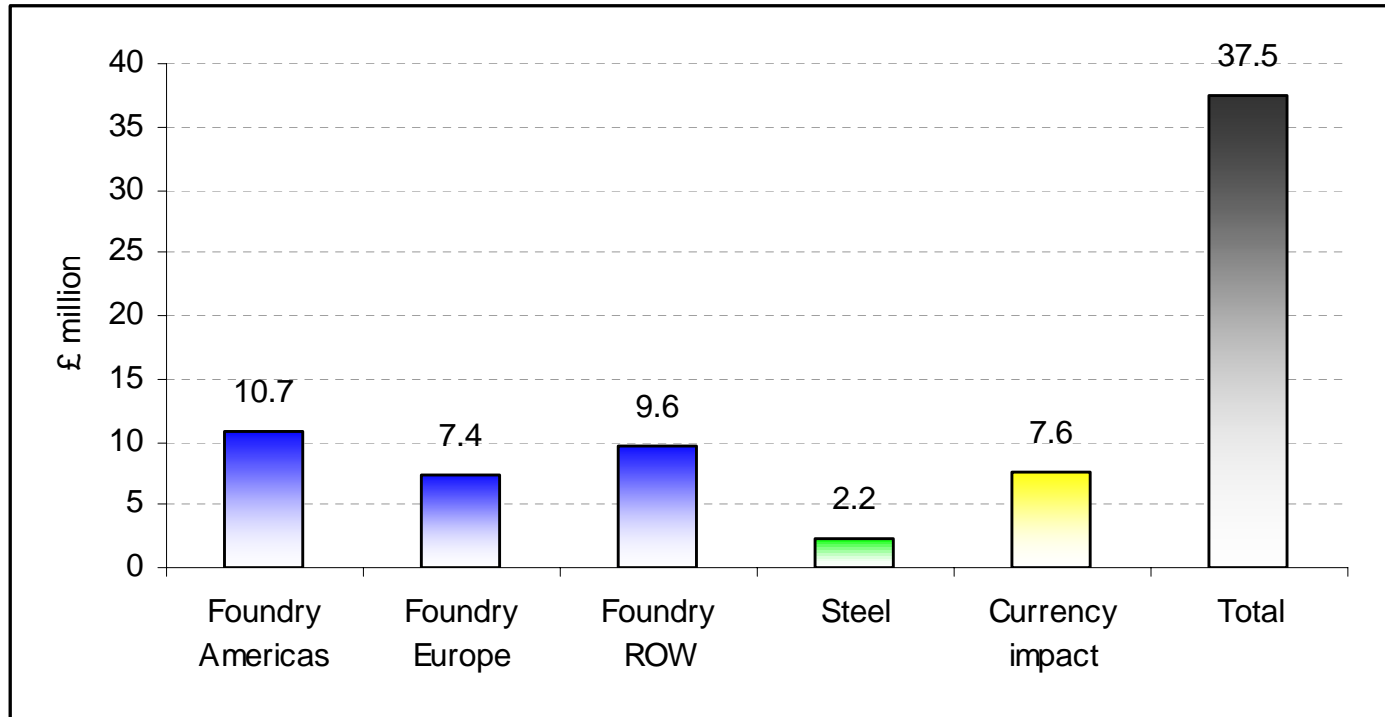
Overview

£ million	2005	2004	% change
Revenue	376.8	339.3	11.1%
Operating profit (pre-exceptional)	39.9	36.4	9.6%
Operating margin	10.6%	10.7%	
Profit before tax (pre-exceptional)	34.3	28.7	19.5%
EPS (continuing only, pre-exceptional)	12.1p	8.8p	37.5%
EPS (unadjusted)	7.5p	17.9p	-58.1%

- Revenue and operating profit increased by 11% and 10%
- Earnings per share (pre-exceptional) of 12.1p
- Final dividend per share of 3.1p
- Foundry progressed well in both developed and developing markets
- Steel facing difficult markets particularly in H2; CBC strategy on track

2005 Results

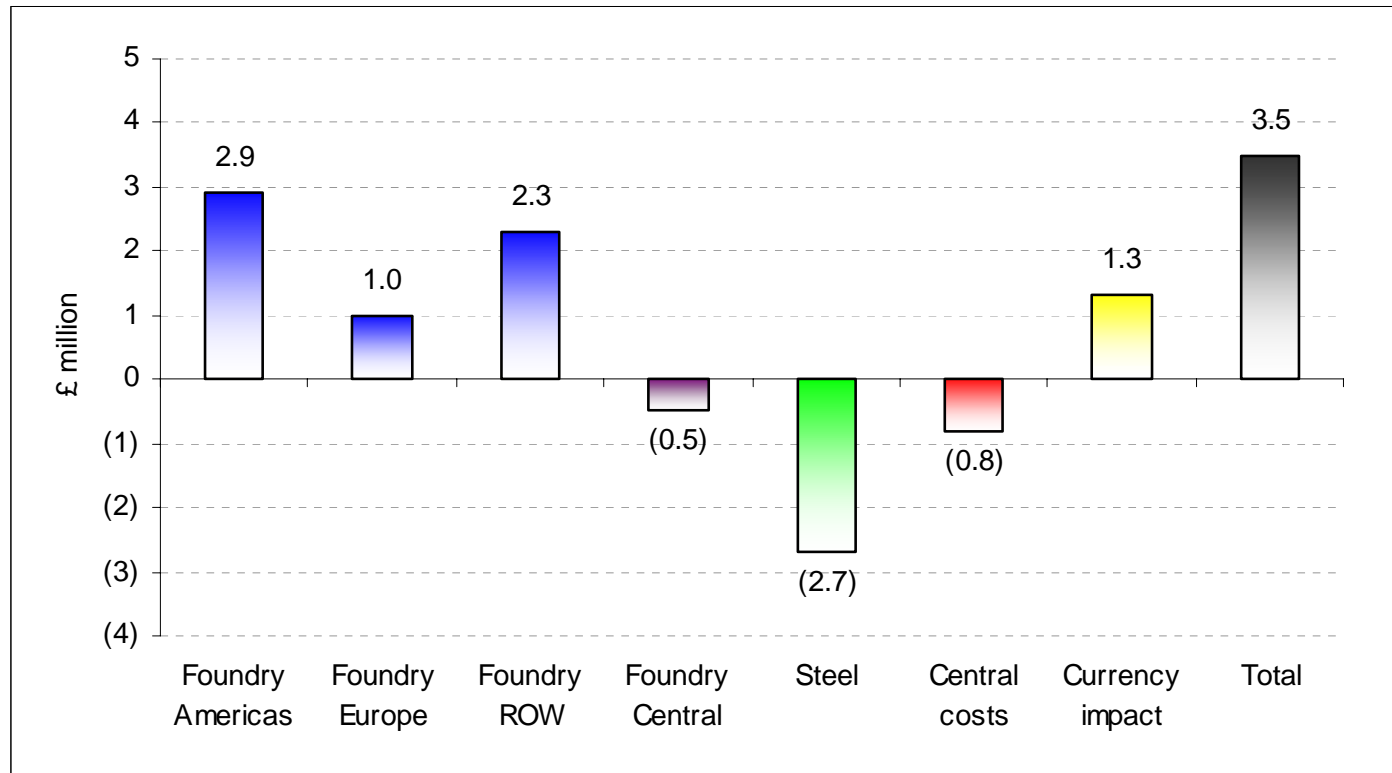
Variance Analysis: Revenue



- Notes:
- Revenue by geographic location of the operation
 - Geographic splits are shown at constant exchange rates

2005 Results

Variance Analysis: Operating Profit



Note: - Geographic splits are shown at constant exchange rates

2005 Results

Foundry

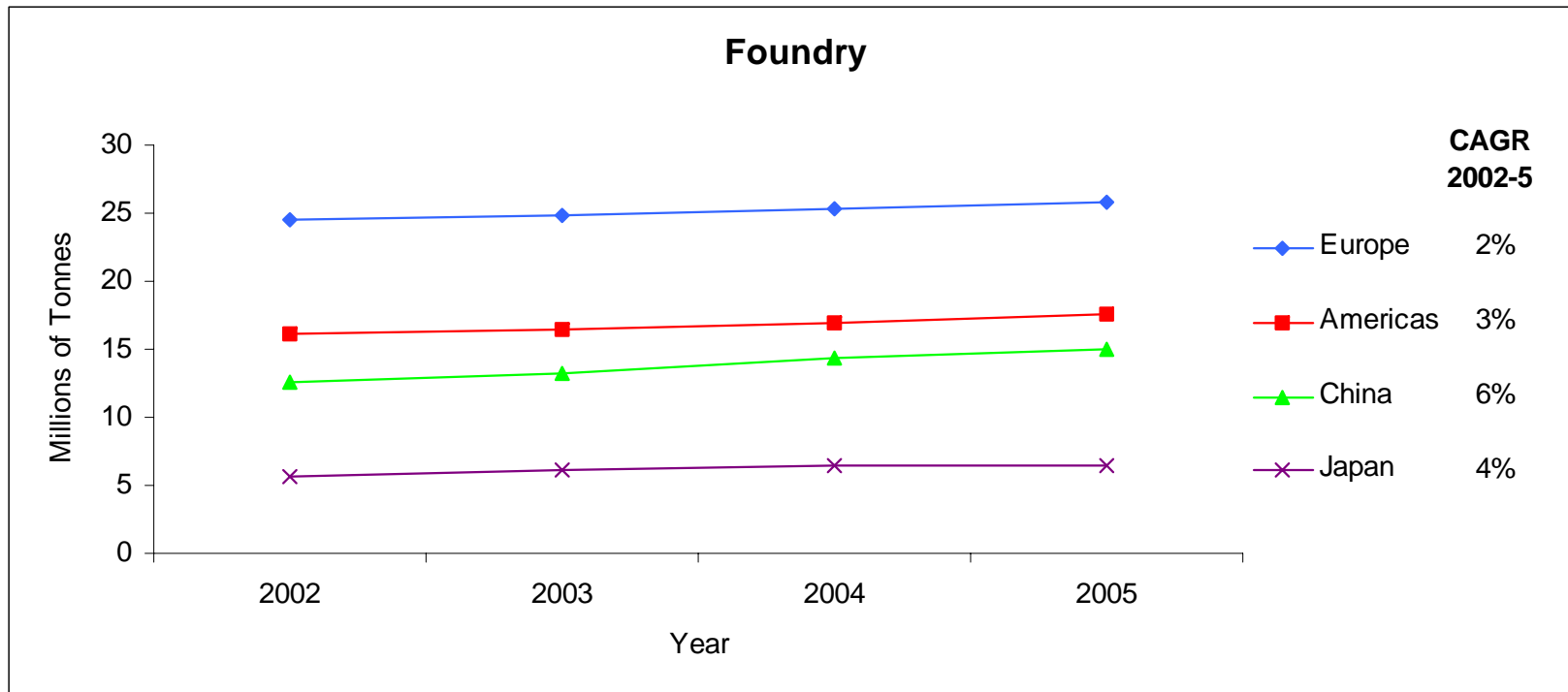


£ million	2005	2004 historic rates	2004 constant currency	% change historic rates	% change constant rates
Revenue	304.2	269.4	276.5	12.9%	10.0%
Operating profit (pre exceptional)	41.4	34.6	35.7	19.7%	16.0%
Operating margin	13.6%	12.8%	12.9%		

- Substantial revenue increase
- Success of customer focused strategy
- Favourable conditions in developed markets
- Successful exploitation of growth in developing markets

2005 Results

Foundry – market backdrop



Source: internal estimates

2005 Results

Foundry – impact of material and energy costs



Total Foundry	% of COS	% change FY 2005 vs FY 2004
Materials – price	69%	+ 4%
Gas – total	2%	+ 28%
Electricity - total	1%	+ 13%

2005 Results

Foundry Europe



£ million	2005	2004 historic rates	2004 constant currency	% change historic rates	% change constant rates
Revenue	129.3	120.9	121.9	6.9%	6.1%
Operating profit (pre exceptional)	20.2	18.9	19.2	6.9%	5.2%
Operating margin	15.6%	15.6%	15.8%		

- 4% revenue growth in developed markets
- 28% revenue growth in developing markets
- Margins broadly maintained

2005 Results

Foundry Americas



£ million	2005	2004 historic rates	2004 constant currency	% change historic rates	% change constant rates
Revenue	78.1	63.0	67.4	24.0%	15.9%
Operating profit (pre exceptional)	6.8	3.2	3.9	112.5%	74.4%
Operating margin	8.7%	5.1%	5.8%		

- Substantial sales increase in both North and South America
- North American improvement due to
 - improved market
 - successful implementation of growth plans

2005 Results

Foundry Rest of the World



£ million	2005	2004 historic rates	2004 constant currency	% change historic rates	% change constant rates
Revenue	96.8	85.5	87.2	13.2%	11.0%
Operating profit (pre exceptional)	22.1	19.7	19.8	12.2%	11.6%
Operating margin	22.8%	23.0%	22.7%		

- All operations recorded increased revenues
- Higher growth rates in developing markets
- China grew 28% on broadening product range and increased market penetration

2005 Results

Steel



£ million	2005	2004 historic rates	2004 constant currency	% change historic rates	% change constant rates
Revenue	72.6	69.9	70.4	3.9%	3.1%
Operating profit (pre exceptional)	2.4	5.0	5.1	-52.0%	-52.9%
Operating margin	3.3%	7.2%	7.2%		

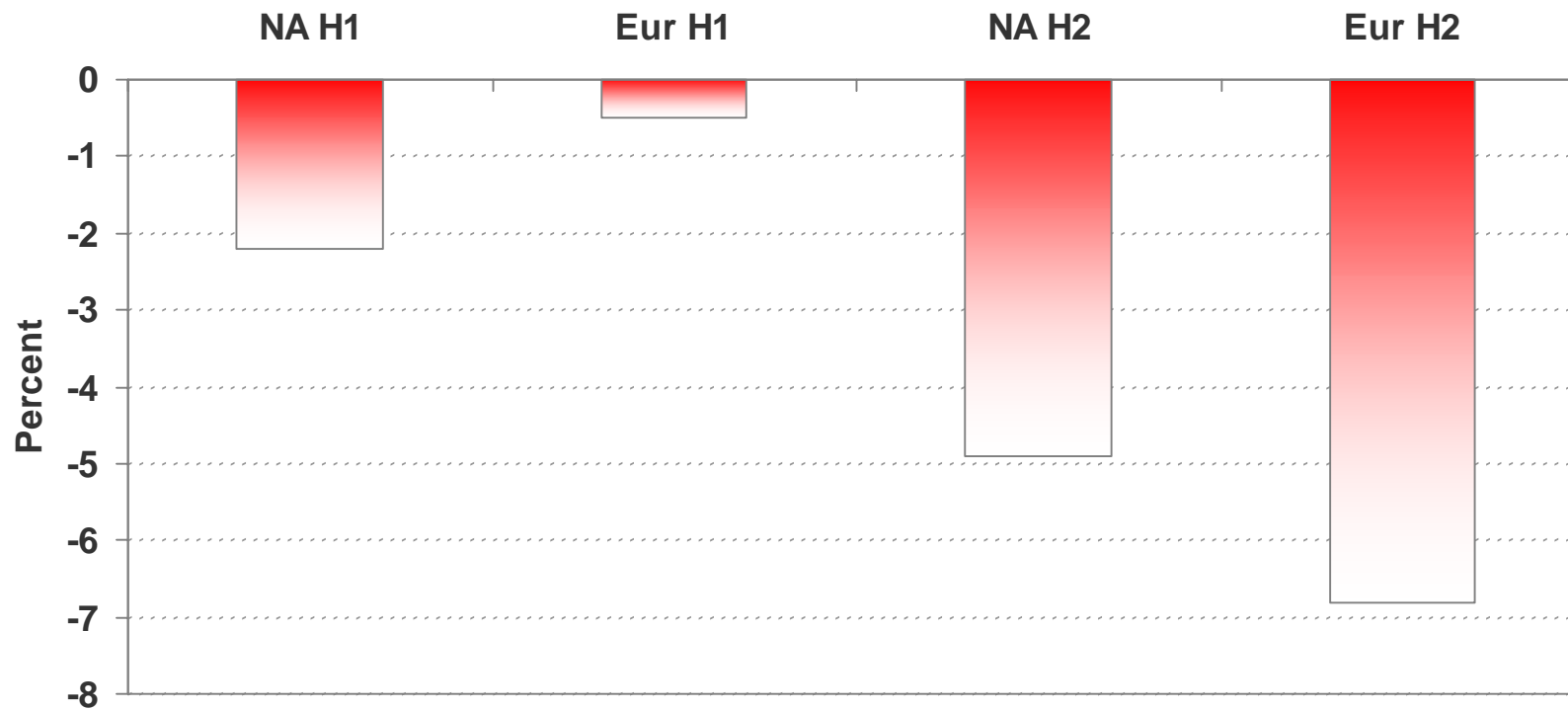
- Fall in operating profit due to
 - reduced market demand in Europe and North America
 - delayed recovery of operating cost increases
 - planned start-up costs of CBC plant in North America
 - investment in China

2005 Results

Steel - Variance Analysis: Production volumes Europe & North America



2005 vs 2004



Source: IISI

2005 Results

Operating profit (pre-exceptional)



£ million	2005	2004 historic rates	2004 constant currency	% change historic rates	% change constant rates
Foundry	41.4	34.6	35.7	19.7%	16.0%
Steel	2.4	5.0	5.1	-52.0%	-52.9%
Central costs	(3.9)	(3.2)	(3.1)	21.9%	25.8%
Total	39.9	36.4	37.7	9.6%	5.8%

2005 Results



Financial Highlights

£ million	2005	2004	% change
Revenue	376.8	339.3	11.1%
Operating profit (pre exceptional)	39.9	36.4	9.6%
Operating margin	10.6%	10.7%	
Net finance costs (pre exceptional)	(5.6)	(7.7)	-27.3%
Interest cover	7.1x	4.7x	
Profit before tax (pre exceptional)	34.3	28.7	19.5%
Tax rate (pre exceptional)	37.9%	44.6%	
EPS (pre exceptional)	12.1p	8.8p	37.5%
EPS (unadjusted)	7.5p	17.9p	-58.1%

- Financing costs fell substantially due to redemption of deep discounted bonds in mid 2004
- Tax rate reduced due to refinancing on flotation

2005 Results



Exceptional items & Discontinued operations

£ million	2005
Exceptional items	
Listing costs	(3.8)
Silica indemnity	(1.8)
Release of Turbostop™ provision	0.9
Release of provision for costs of attempted disposal	0.7
Profit on disposal of fixed assets	0.3
Relocation of European manufacturing facilities	(0.1)
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Operating loss	(3.8)
Finance costs	(3.4)
Tax	(0.4)
Discontinued operations	
Tax on disposal of Chem-Trend	(0.1)
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Loss for the period	<u>(7.7)</u>

2005 Results

Balance Sheet

£ million	2005	2004	% change
Non-current assets	106.0	101.8	4.1%
Current assets	144.9	127.0	14.1%
Total Assets	<u>250.9</u>	<u>228.8</u>	9.7%
Equity	12.8	39.9	-67.9%
Non-current liabilities	159.1	103.7	53.4%
Current liabilities	79.0	85.2	-7.3%
Total liabilities	<u>238.1</u>	<u>188.9</u>	26.0%
Total equity & liabilities	<u>250.9</u>	<u>228.8</u>	9.7%
Net debt	94.3	63.3	49.0%



2005 Results

Cash flow from operating activities



£ million	2005	2004	% change
Operating profit before exceptionals	39.9	36.4	9.6%
Depreciation and amortisation	10.1	9.8	
Non cash LTIP charge	0.4	-	
Working capital	(1.3)	(4.0)	
Borrowing costs	(5.1)	(4.4)	
Income tax paid	(12.7)	(11.0)	
Operating cash flow before exceptional items	<u>31.3</u>	<u>26.8</u>	16.8%
Cash flow from exceptional items	(10.3)	(5.3)	
Operating cash flow after exceptional items	<u>21.0</u>	<u>21.5</u>	-2.3%

2005 Results

Cash flow



£ million	2005	2004
Operating cash flow after exceptional items	21.0	21.5
Net capital expenditure	(10.6)	(8.7)
Interest received	0.5	1.6
Disposal of businesses	-	52.0
Returns to shareholders & minorities	(38.7)	(0.6)
Purchase of treasury shares	(1.0)	-
Change in borrowings	35.0	(75.6)
Change in cash and cash equivalents	<u>6.2</u>	<u>(9.8)</u>

2005 Results

Outlook - 2006



- Markets continue to remain broadly favourable
- Further progress is anticipated

2005 Results



Appendices

2005 Results



Foundry - progress in Ex-CIS countries

- Foseco Russia formed August 2004, and began trading in it's own right late 2005
- Sole distributor in Ukraine
- Satisfactory sales development with leading foundries, including Kamaz and AvtoVaz
- Most sales in premium product lines
- Rate of progress dependent upon ability to recruit to Foseco standards

	2003	2004	2005
Active customers	12	16	25
Sales to territory £(000)*	714	927	1,735
EBIT £(000)*	(77)	(87)	(12)
Employees in territory	0	0	4

* At December 2005 rates

2005 Results

Steel Volumes



Steel Production 2006 vs 2005

EU25	+0.4%
USA	+0.5%

Source: MEPS