



**2006 Results**  
**15 March 2007**

# Overview

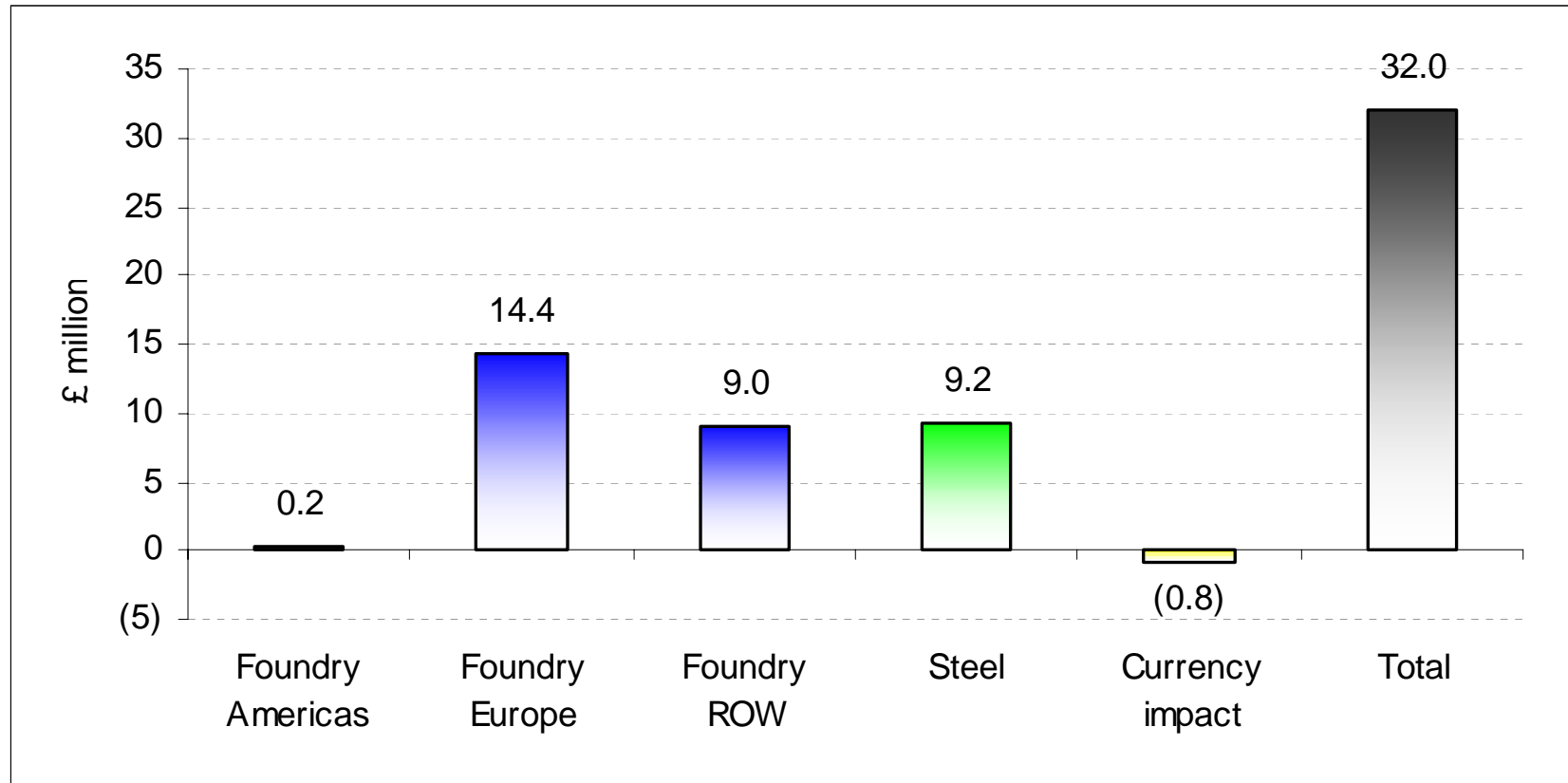


£ million	2006	2005	% change
Revenue	408.8	376.8	8.5%
Operating profit (pre-exceptional)	46.1	39.9	15.5%
Operating margin	11.3%	10.6%	
Profit before tax (pre-exceptional)	40.4	34.3	17.8%
Basic EPS (continuing only, pre-exceptional)	14.2p	12.1p	17.4%
Basic EPS (unadjusted)	14.3p	7.5p	90.7%

*All figures in the presentation are shown pre-exceptional items unless stated otherwise*

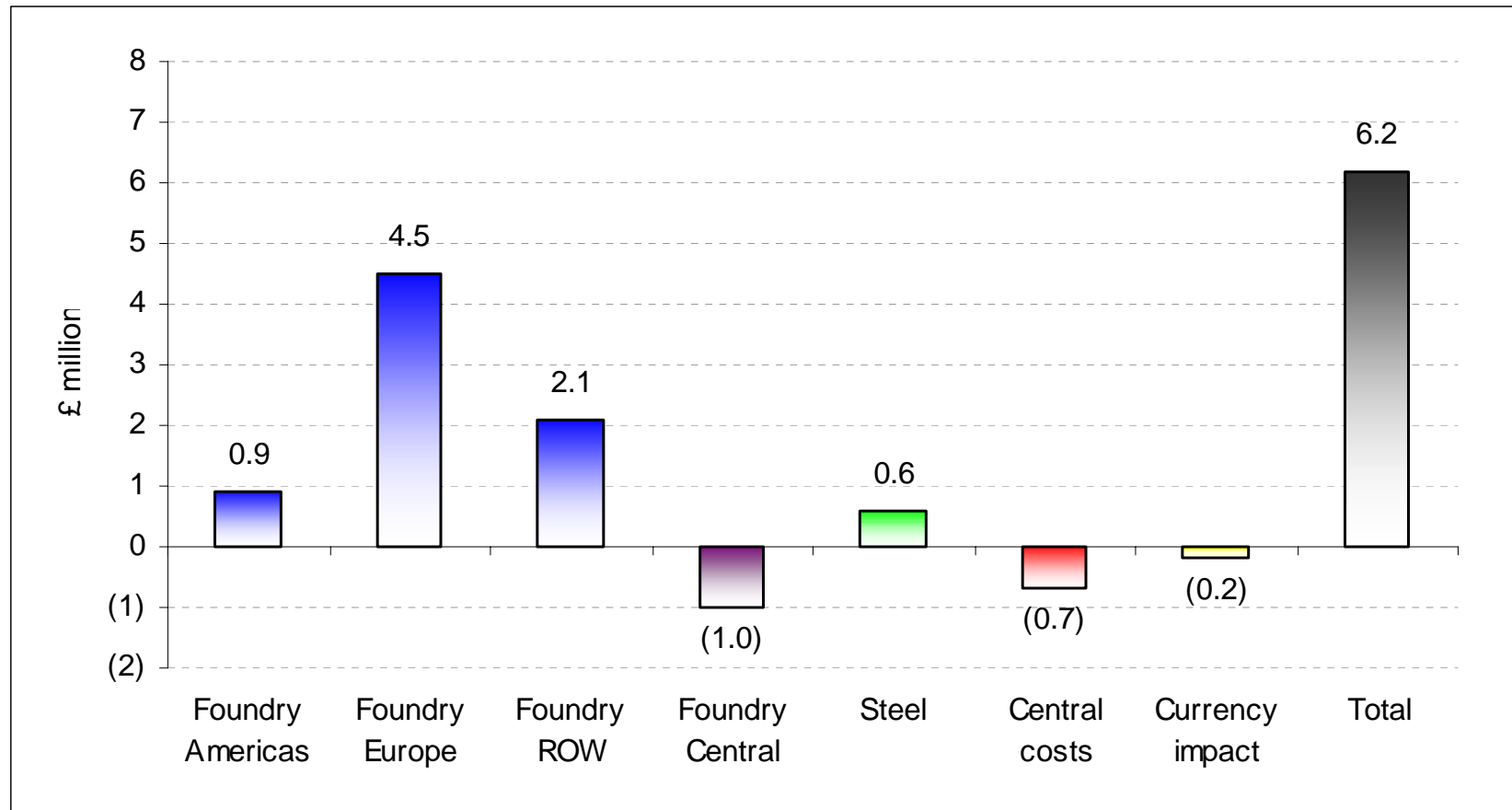
- Revenue and operating profit increased by 8% and 16%
- Basic earnings per share of 14.2p (continuing ops)
- Final dividend per share of 3.41p
- Strong progress in Foundry in both revenue and operating margins
- Good revenue growth in Steel, with continued investment to develop the business

# Variance Analysis: Revenue



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

# Variance Analysis: Operating Profit



Note: - Geographic splits are shown at constant exchange rates

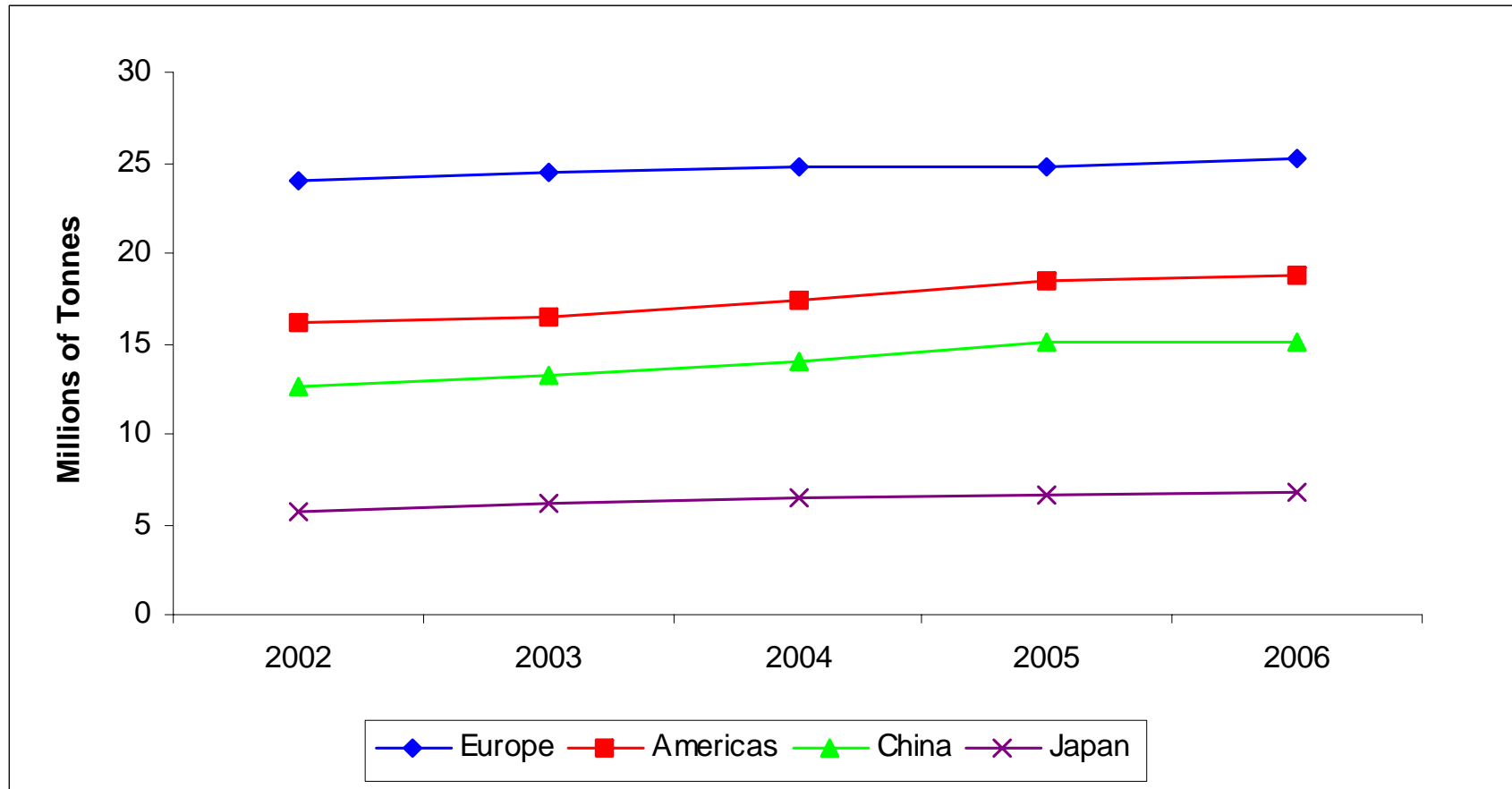
# Foundry



£ million	2006	2005 historic rates	2005 constant currency	% change historic rates	% change constant rates
Revenue	327.3	304.2	303.7	7.6%	7.8%
Operating profit (pre exceptional)	47.7	41.4	41.2	15.2%	15.8%
Operating margin	14.6%	13.6%	13.6%		

- Strong revenue increase, although moderated to a more sustainable level
- Strong demand in Europe and China
- Operating margins have improved in all regions

# Foundry – market backdrop



Source: - internal estimates

# Foundry – material and energy costs



	<b>% of COS</b>	<b>% change 2006 vs 2005</b>
Raw materials	48%	1%
Gas	2%	26%
Electricity	1%	14%

# Foundry Europe



<b>£ million</b>	<b>2006</b>	<b>2005 historic rates</b>	<b>2005 constant currency</b>	<b>% change historic rates</b>	<b>% change constant rates</b>
Revenue	143.1	129.3	128.7	10.7%	11.2%
Operating profit (pre exceptional)	24.7	20.2	20.2	22.3%	22.3%
Operating margin	17.3%	15.6%	15.7%		

- Near 10% revenue growth in Western Europe
- Substantial (29%) revenue growth in Central / Eastern Europe
- Operating margins improved due to higher volumes and prior year selling price increases

# Foundry Americas



£ million	2006	2005 historic rates	2005 constant currency	% change historic rates	% change constant rates
Revenue	80.5	78.1	80.3	3.1%	0.2%
Operating profit (pre exceptional)	8.2	6.8	7.3	20.6%	12.3%
Operating margin	10.2%	8.7%	9.1%		

- US / Canada revenue flat on implementation of margin improvement strategy
- Strong growth in Mexico and modest increases in Brazil
- Improved operating margins in all three territories due to improved mix and selling price increases

# Foundry Rest of the World



<b>£ million</b>	<b>2006</b>	<b>2005 historic rates</b>	<b>2005 constant currency</b>	<b>% change historic rates</b>	<b>% change constant rates</b>
Revenue	103.7	96.8	94.7	7.1%	9.5%
Operating profit (pre exceptional)	23.5	22.1	21.4	6.3%	9.8%
Operating margin	22.7%	22.8%	22.6%		

- Increased revenues in both mature and developing markets
- China continued to grow strongly

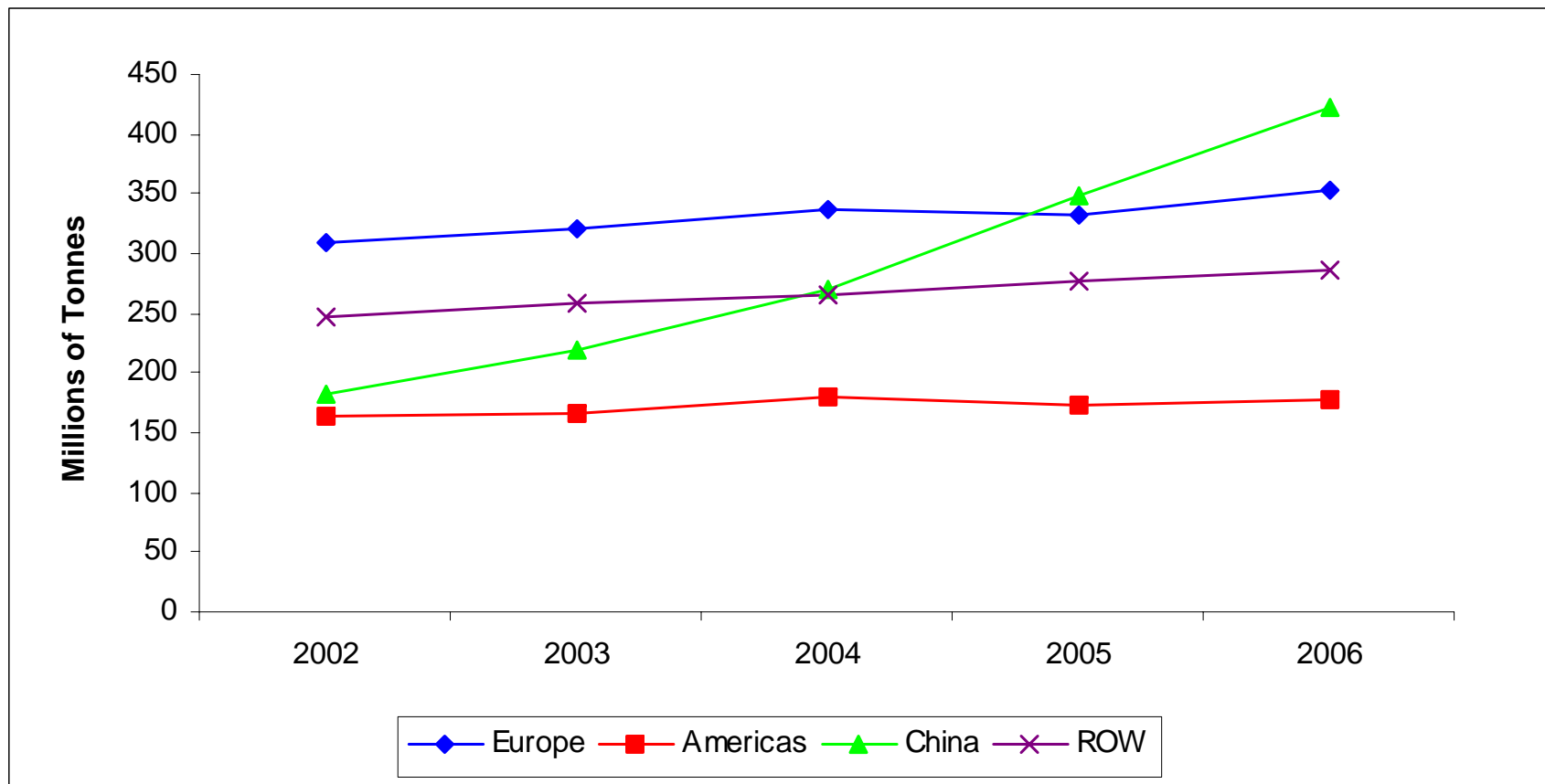
# Steel



<b>£ million</b>	<b>2006</b>	<b>2005 historic rates</b>	<b>2005 constant currency</b>	<b>% change historic rates</b>	<b>% change constant rates</b>
Revenue	81.5	72.6	72.3	12.3%	12.7%
Operating profit (pre exceptional)	3.0	2.4	2.4	25.0%	25.0%
Operating margin	3.7%	3.3%	3.3%		

- Steel market recovering from the downturn in H2 2005. Increase in revenue of 13% exceeded the market growth
- New facility in China recently opened on time and on budget

# Steel - market backdrop



Source: - IISI/MEPS Report "World Steel Outlook" Update (Jan 07)

# Steel – material and energy costs



	<b>% of COS</b>	<b>% change 2006 vs 2005</b>
Raw materials	35%	1%
Gas	3%	36%
Electricity	1%	17%

# Operating Profit



£ million	2006	2005 historic rates	2005 constant currency	% change historic rates	% change constant rates
Foundry	47.7	41.4	41.2	15.2%	15.8%
Steel	3.0	2.4	2.4	25.0%	25.0%
Central costs	(4.6)	(3.9)	(3.9)	17.9%	17.9%
<b>Total</b>	<u>46.1</u>	<u>39.9</u>	<u>39.7</u>	15.5%	16.1%

# Financial Highlights



£ million	2006	2005	% change
Revenue	408.8	376.8	8.5%
Operating profit (pre exceptional)	46.1	39.9	15.5%
Operating margin	11.3%	10.6%	
Net finance costs (pre exceptional)	(5.7)	(5.6)	1.8%
Interest cover	8.1x	7.1x	
Profit before tax (pre exceptional)	40.4	34.3	17.8%
Tax rate (pre exceptional)	38.6%	37.9%	
Basic EPS (continuing only, pre-exceptional)	14.2p	12.1p	17.4%
Basic EPS (unadjusted)	14.3p	7.5p	90.7%

- Net interest in line with 2005 with a healthy interest cover
- Tax rates edged up predominantly due to geographic mix of profits

# FX effect



<b>£ million</b>	<b>2006 average rates</b>	<b>2006 closing rates</b>
Revenue	408.8	396.3
Operating profit (pre exceptional)	46.1	44.2
Operating margin	11.3%	11.2%
Profit before tax (pre exceptional)	40.4	38.5
Tax rate (pre exceptional)	38.6%	39.2%
Basic EPS (continuing only, pre-exceptional)	14.2p	13.4p

# Balance Sheet



£ million	2006	2005	% change
Non-current assets	103.3	105.9	-2.5%
Current assets	151.2	145.0	4.3%
Total Assets	<u>254.5</u>	<u>250.9</u>	1.4%
Equity	27.8	12.8	117.2%
Non-current liabilities	146.3	159.1	-8.0%
Current liabilities	80.4	79.0	1.8%
Total liabilities	<u>226.7</u>	<u>238.1</u>	-4.8%
Total equity & liabilities	<u>254.5</u>	<u>250.9</u>	1.4%
Net debt	86.8	94.3	-8.0%

# Cash flow from operating activities



£ million	2006	2005	% change
Operating profit before exceptionals	46.1	39.9	15.5%
Depreciation and amortisation	11.0	10.1	
Non cash Ltip charge	0.8	0.4	
Working capital	(3.8)	(1.3)	
Borrowing costs	(5.7)	(5.1)	
Income tax paid	(16.0)	(12.7)	
Operating cash flow before exceptional items	<u>32.4</u>	<u>31.3</u>	3.5%
Cash flow from exceptional items	(0.5)	(10.3)	
Operating cash flow after exceptional items	<u><u>31.9</u></u>	<u><u>21.0</u></u>	51.9%

# Cash flow



<b>£ million</b>	<b>2006</b>	<b>2005</b>
Operating cash flow after exceptional items	31.9	21.0
Net capital expenditure	(12.9)	(10.6)
Interest received	0.6	0.5
Returns to shareholders & minorities	(9.1)	(38.7)
Purchase of treasury shares	(1.5)	(1.0)
Change in borrowings	(1.7)	35.0
Change in cash and cash equivalents	<u>7.3</u>	<u>6.2</u>

## Outlook – 2007

- Outlook remains positive
- Further trading progress anticipated
- Strength of sterling, if maintained, to impact translation

# Appendix

# FX rates



## Average exchange rates used for the translation of the income statement

		FY 2005	H1 2006	FY 2006	Dec 2006 closing
Eurozone	€	1.46	1.45	1.47	1.48
United States	US\$	1.82	1.79	1.85	1.96
Brazil	Real	4.44	3.94	4.02	4.18
Japan	Yen	200.29	206.71	213.72	233.20
China	Renminbi	14.91	14.38	14.72	15.28
India	Rupee	80.24	80.59	83.53	86.62
Australia	A\$	2.39	2.41	2.44	2.48
Canada	C\$	2.20	2.03	2.09	2.28
South Korea	Won	1,866.18	1,724.93	1,760.27	1,820.15
South Africa	Rand	11.48	11.42	12.59	13.80