



2007 PRELIMINARY RESULTS

Highlights



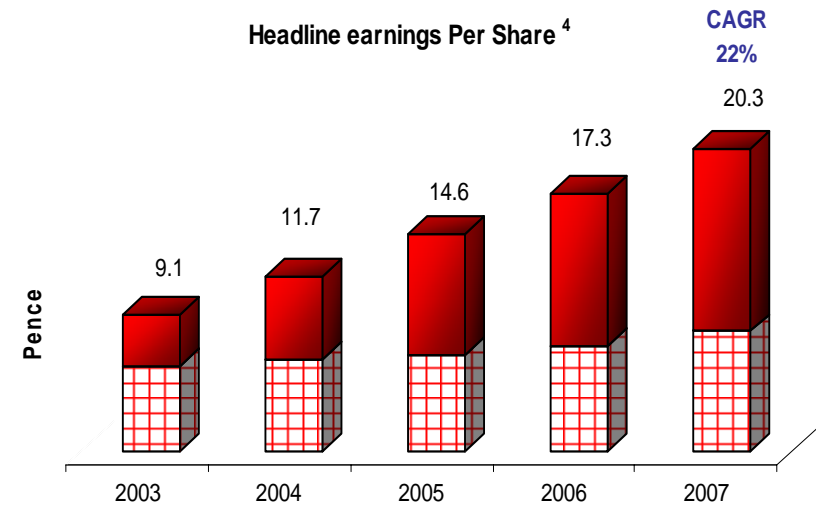
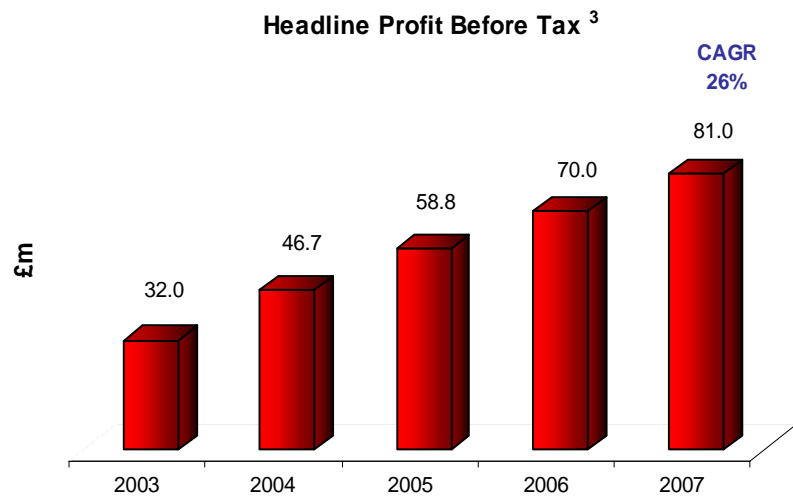
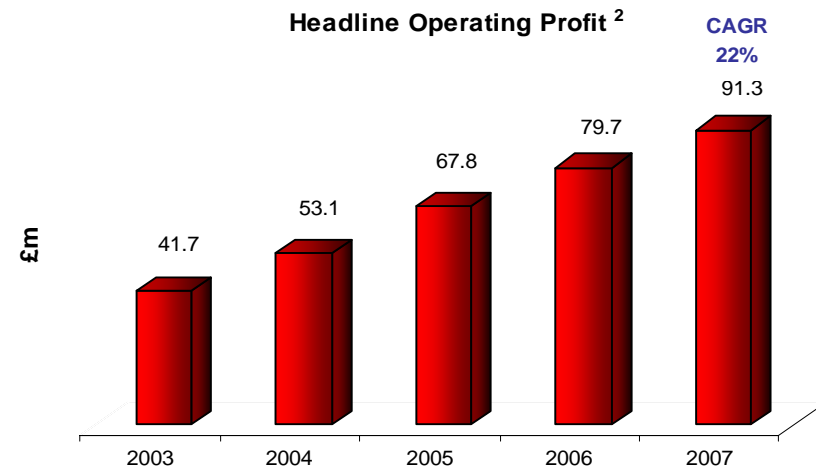
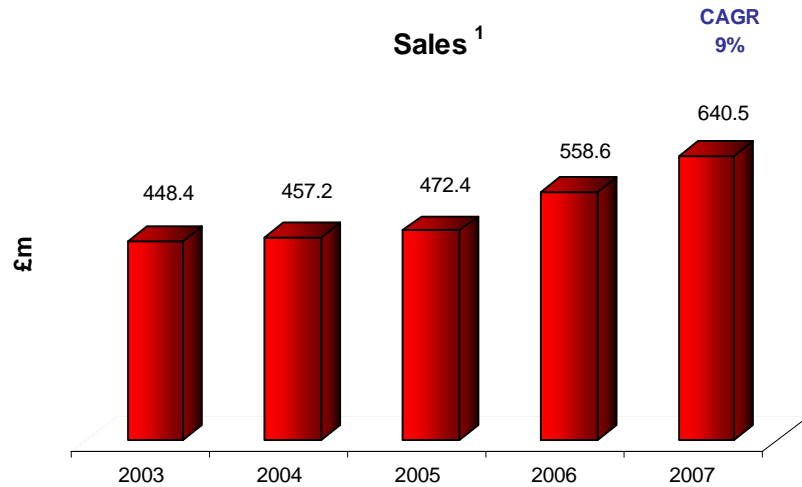
• Revenue	£641m	+15%
• Organic Sales Growth ²	£49m	+9%
• Headline Operating Profit ¹	£91m	+15%
• ROCE ¹	11.3%	50bps
• Testing Sales Growth	£31m	+21%
• 11 bolt - on Acquisitions (Forecast 2008 Sales)	£29m	
• Outsourcing Revenues increase	+£18m	

1 2007 Preliminary results

1 Pre exceptional items and interest and tax on associates.

2 Including annualised sales from closed sites.

Financial Highlights



Dividend cover

1.6

1.9

2.3

2.5

2.5

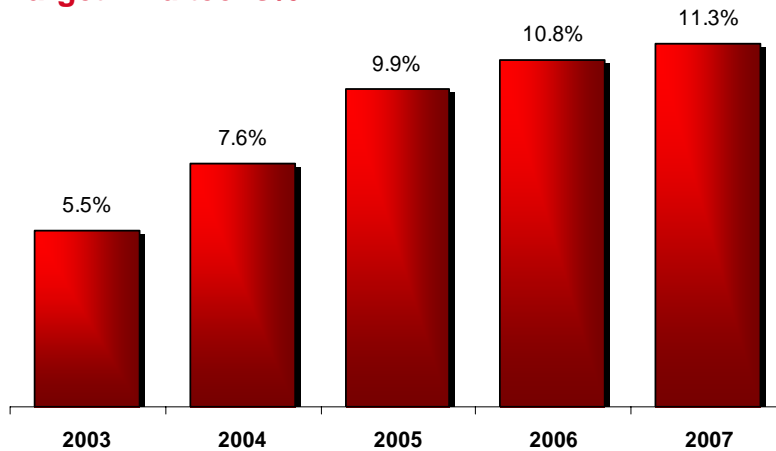
▣ Dividend per share

- 1 Including discontinued operations.
- 2 Pre exceptional items and interest and tax on associates.
- 3 Pre exceptional items and tax on associates.
- 4 Pre exceptional items and tax settlements in respect of prior year.

Key Performance Indicators financial

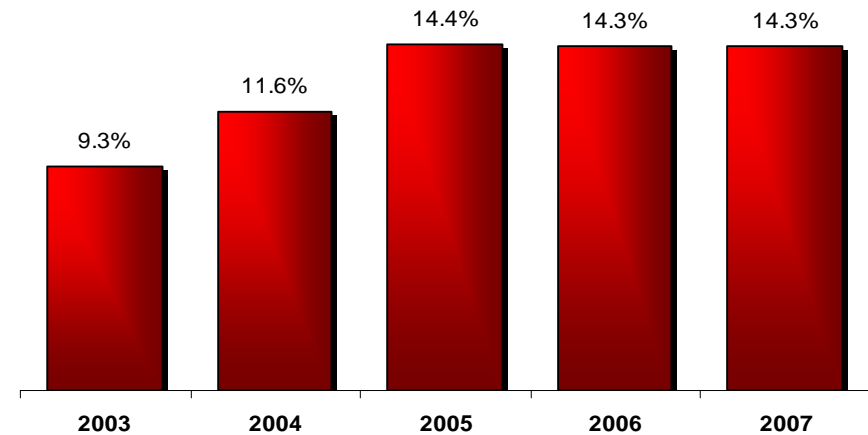
ROCE ¹

Target: Mid teens%



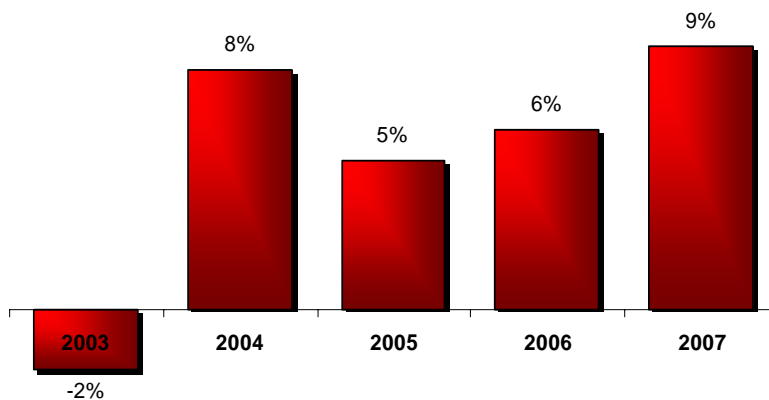
Return on sales ²

Target: High teens%



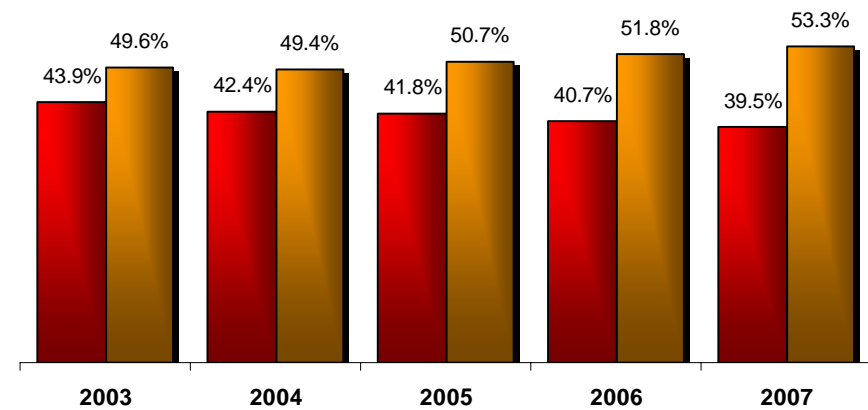
Organic sales growth ³

Target: Mid to high single digit%



People costs as a percentage of sales ⁴

Target: TP: 40% Testing: 50%



■ Thermal Processing ■ Testing

Preliminary Results



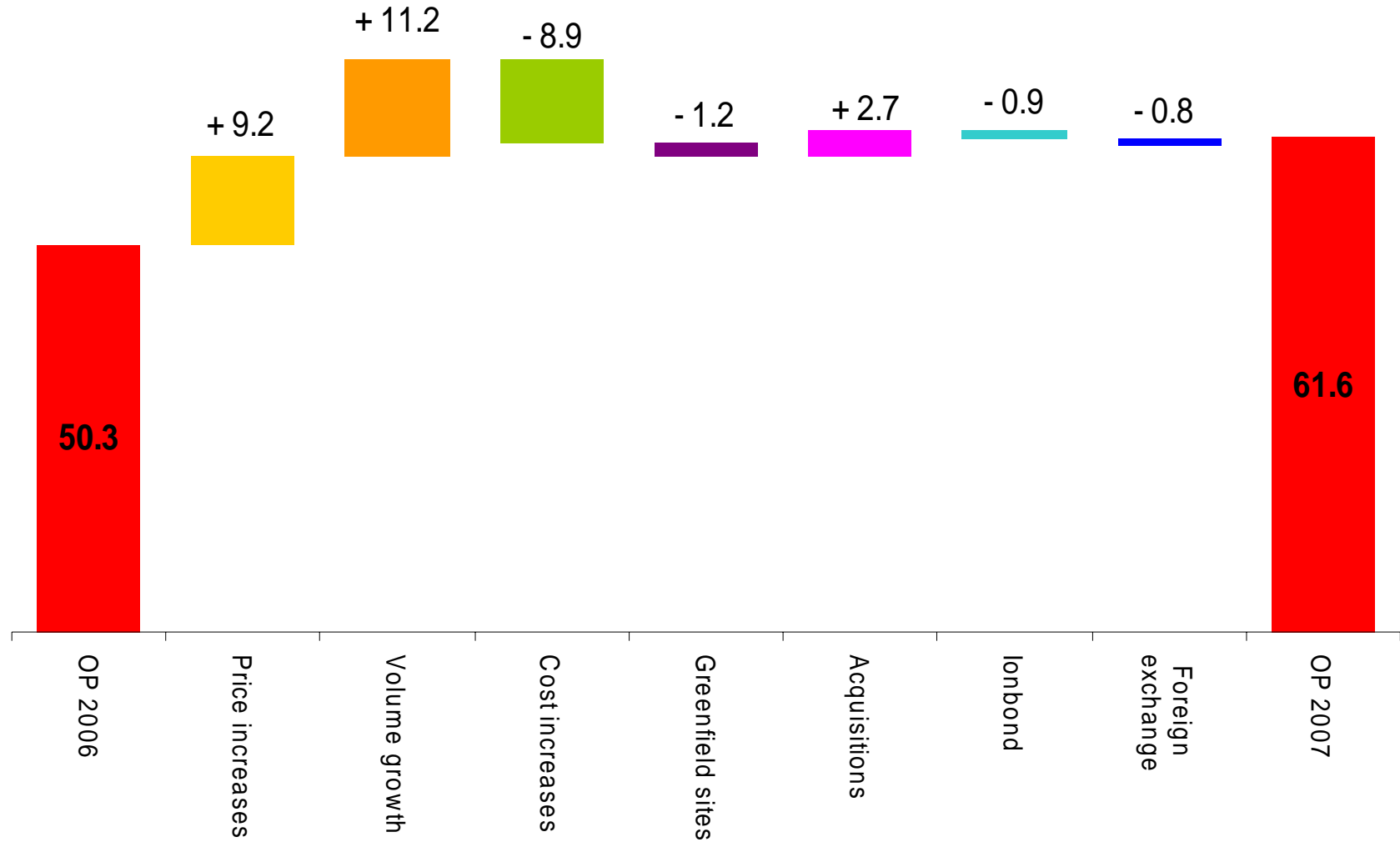
	2007	2006	Change
	£m	£m	%
Revenue	640.5	558.6	+15
EBITDA ¹	141.4	125.1	+13
Headline Operating Profit ¹	91.3	79.7	+15
Operating Profit	78.8	58.8	+34
Headline Profit Before Tax ²	81.0	70.0	+16
Headline EPS ³	20.3p	17.3p	+17
Dividend/Share	8.0p	7.0p	+14

1 Pre exceptional items and interest and tax on associates.

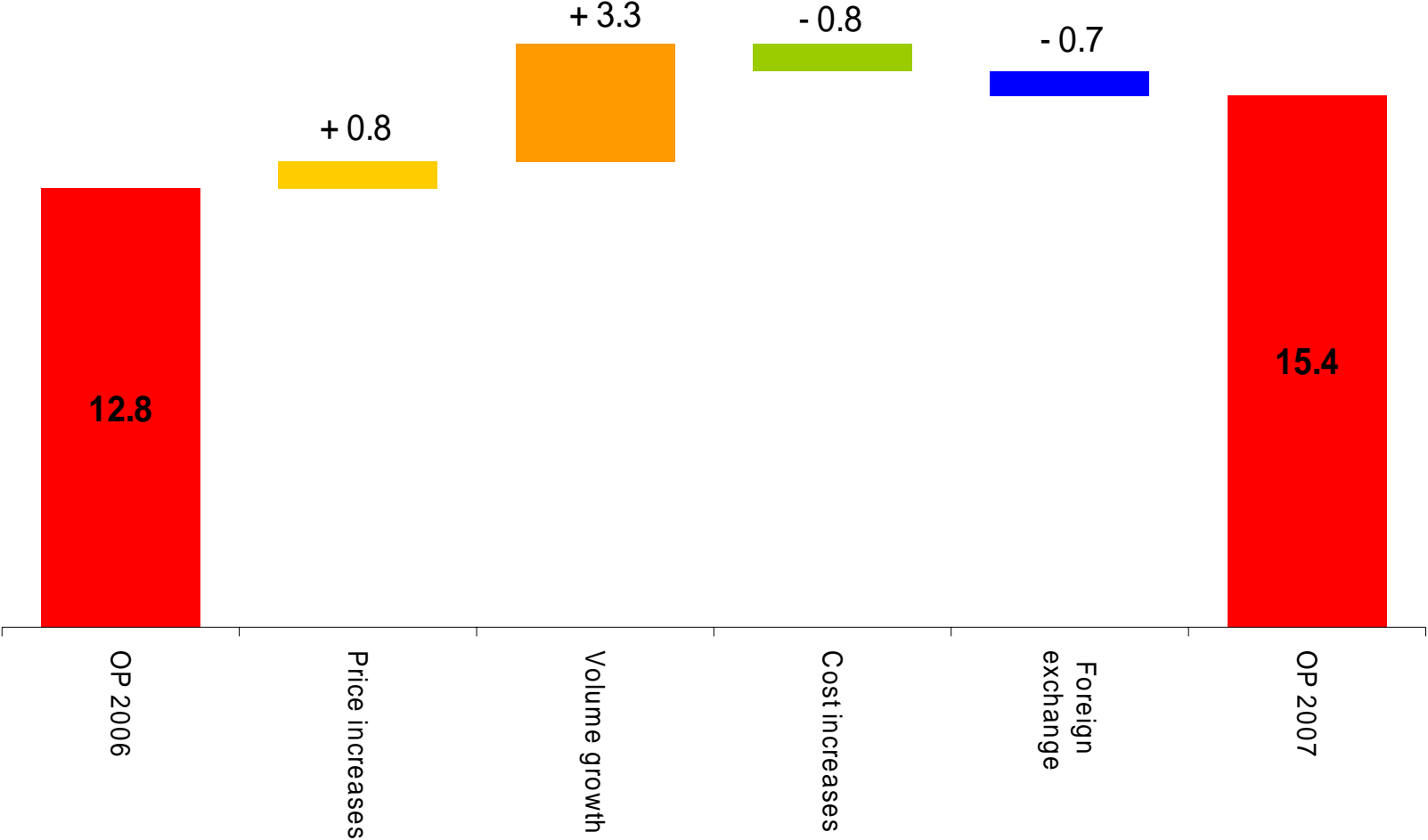
2 Pre exceptional items and tax on associates.

3 Pre exceptional items and tax settlements in respect of prior year.

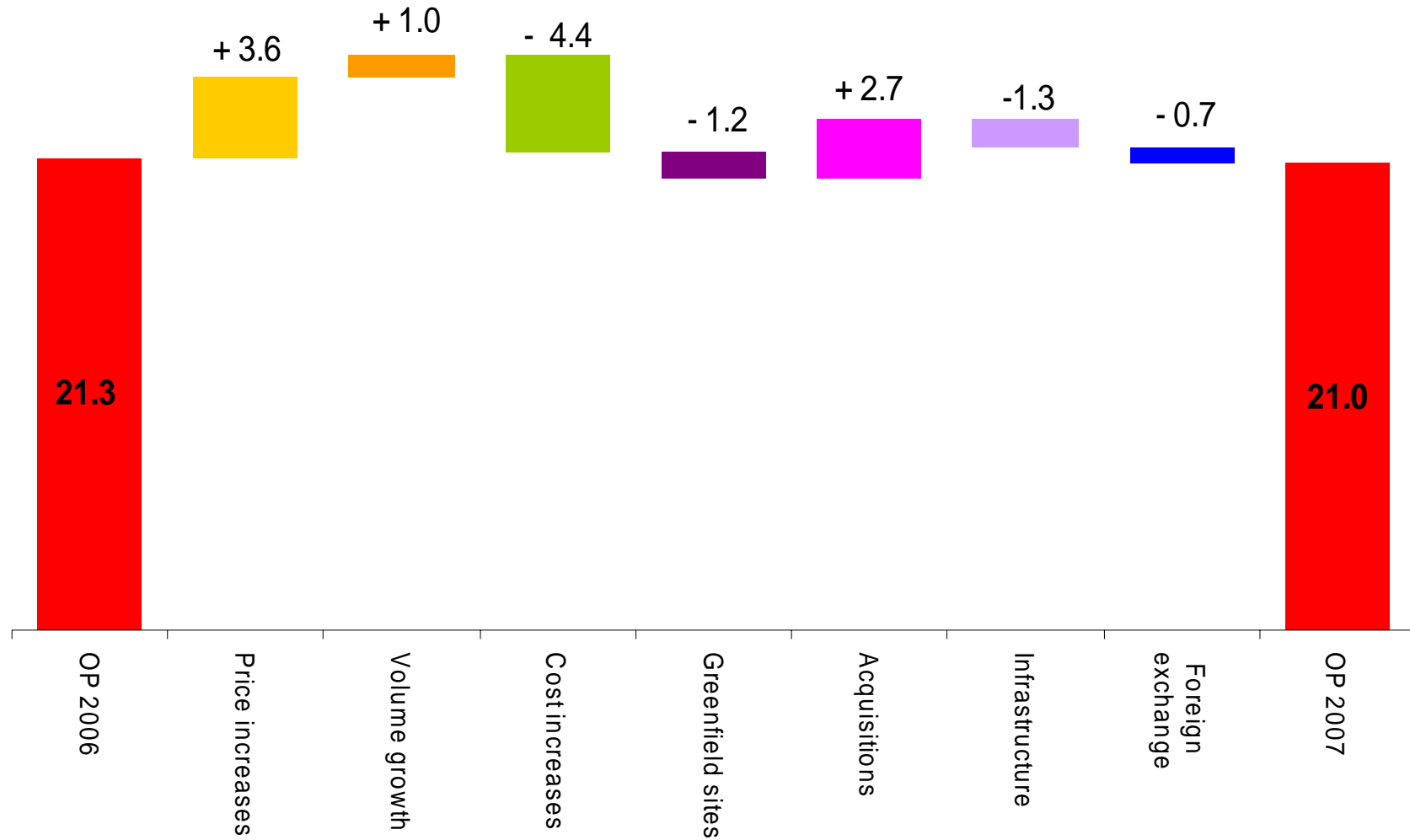
Profit Bridge – Heat Treatment (£m)



Profit Bridge - HIP (£m)



Profit Bridge - Testing (£m)



Sales and Operating Profit - By Region



2006 £m		2007 £m	EMEA £m	Americas £m	Asia Pacific £m
375.0	Heat Treatment	421.7	295.4	125.1	1.2
38.9	Hot Isostatic Pressing	43.5	21.6	21.9	-
413.9	Thermal Processing	465.2	317.0	147.0	1.2
99.6	Testing MEM *	124.4	80.3	42.2	1.9
45.1	Testing HSE **	50.9	24.7	26.2	-
144.7	Testing	175.3	105.0	68.4	1.9
558.6	Group	640.5	422.0	215.4	3.1
	<u>Operating Profit ¹</u>				
50.3	Heat Treatment	61.6	51.5	11.5	(1.4)
12.8	Hot Isostatic Pressing	15.4	6.6	8.8	-
63.1	Thermal Processing	77.0	58.1	20.3	(1.4)
14.3	Testing MEM *	16.9	11.7	5.4	(0.2)
7.0	Testing HSE **	4.1	2.1	2.0	-
21.3	Testing	21.0	13.8	7.4	(0.2)
(4.7)	Head Office	(6.7)			
79.7	Group	91.3	71.9	27.7	(1.6)

¹ Pre exceptional items and interest and tax on associates.

* MEM: Materials Testing / Engineering Technology / Measurement Technology.

** HSE: Health Sciences and Environmental.

YoY Change in Sales / Operating Margins



YoY Change in Sales ^{1&3}

	TOTAL %		EMEA %		Americas		Asia	
		Organic%		Organic%	%	Organic%	Pacific %	Organic%
Heat Treatment	14	8	15	10	12	2	-	-
Hot Isostatic Pressing	17	17	28	28	9	9	-	-
Thermal Processing	15	9	16	11	11	3	-	-
Testing MEM	29	13	26	14	33	9	72	36
Testing HSE	15	2	29	5	5	-	-	-
Testing	24	10	26	11	21	5	72	36
GROUP	17	9	18	11	14	3	176	83

Operating Margins ^{1&2}

	TOTAL%		EMEA%		Americas%	
	2007	2006	2007	2006	2007	2006
Heat Treatment	14.6	13.4	17.5	15.0	9.3	10.2
Hot Isostatic Pressing	35.4	32.9	30.7	28.4	39.9	36.6
Thermal Processing	16.5	15.2	18.4	15.9	14.0	14.3
Testing MEM	13.7	14.4	14.7	15.0	13.1	13.3
Testing HSE	7.9	15.5	8.5	12.5	7.4	17.8
Testing	12.0	14.7	13.2	14.4	11.0	15.3
GROUP	14.3	14.3	17.1	15.5	13.0	14.6

1 At constant currencies.

2. Pre exceptional items and interest and tax on associates.

3 Includes annualised sales from closed sites.

Sales By Market



Sector	2007 %	2006 %	YoY Change in Sales %
• Aerospace/Defence	20	20	+15
• Automotive			
- Cars & Light Truck	19	20	+10
- Heavy Truck & Bus	5	5	+14
• Construction, Agricultural, Railways & Marine	18	16	+29
• Oil & Gas	7	7	+17
• Tooling	7	8	+6
• Medical/Health Science & Environmental	7	7	+3
• Consumer Products	6	5	+29
• Power Generation	5	5	+28
• Electronics & Telecoms	3	3	+5
• Miscellaneous(e.g pulp & paper, nuclear)	3	4	-13
	100	100	+15

Profit Reconciliation



	2007	2006	Change
	£m	£m	%
Headline Profit Before Tax ¹	81.0	70.0	+16
Amortisation/impairment of acquired intangible fixed assets	(1.9)	(1.0)	
Impairment of goodwill	(7.2)	(6.0)	
Impairment of investment in associate	-	(8.3)	
Major facility closure costs	(5.4)	(5.0)	
Change to pension scheme rules	4.1	-	
Bid response costs	(2.1)	-	
Cost of early settlement of USD private placement debt	-	(3.1)	
Profit Before Tax	68.5	46.6	+47
Tax	(14.7)	(2.7)	
Profit After Tax	53.8	43.9	+23

Summary Cash Flow and Financial Ratios

	2007 £m	2006 £m
EBITDA ¹	141.4	125.1
Non-cash movements	2.3	1.5
Working capital movement	(20.4)	(9.0)
Net capital expenditure	(66.9)	(55.4)
Settlement of derivative financial instruments	0.7	-
Interest	(9.1)	(12.8)
Tax	(16.0)	(8.4)
Free Cash Flow	<u>32.0</u>	<u>41.0</u>
Net debt/EBITDA	1.4x	1.3x
Interest cover ¹	9.7x	6.9x
Gearing	40%	36%
Free cash flow	5%	7%
Capex/depreciation	1.3x	1.2x

¹ Pre exceptional items and interest and tax on associates.

Balance Sheet



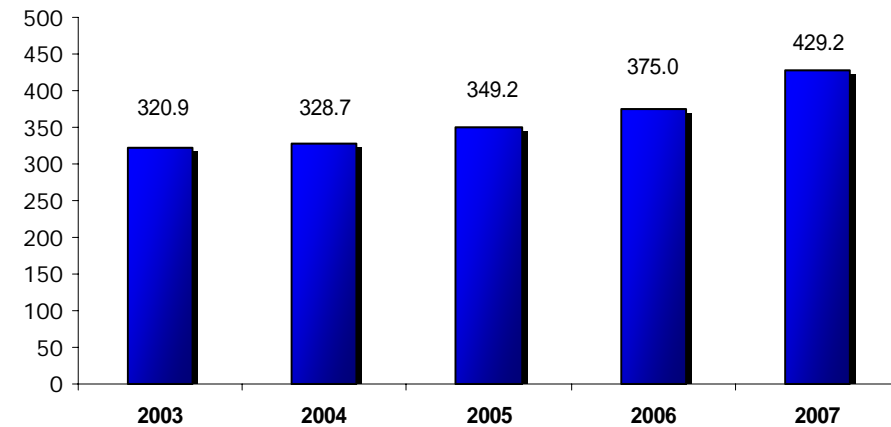
	2007 £m	2006 £m
Goodwill	213.0	201.9
Tangible and intangible fixed assets	523.2	458.8
Investments	0.6	1.2
Trading working capital	97.5	79.0
Other net assets / (liabilities)	<u>(139.5)</u>	<u>(126.1)</u>
Net assets before borrowings	<u><u>694.8</u></u>	<u><u>614.8</u></u>
Shareholders' funds	490.0	449.5
Minority interests	6.6	4.4
Net borrowings	<u>198.2</u>	<u>160.9</u>
Equity and borrowings	<u><u>694.8</u></u>	<u><u>614.8</u></u>

Heat Treatment

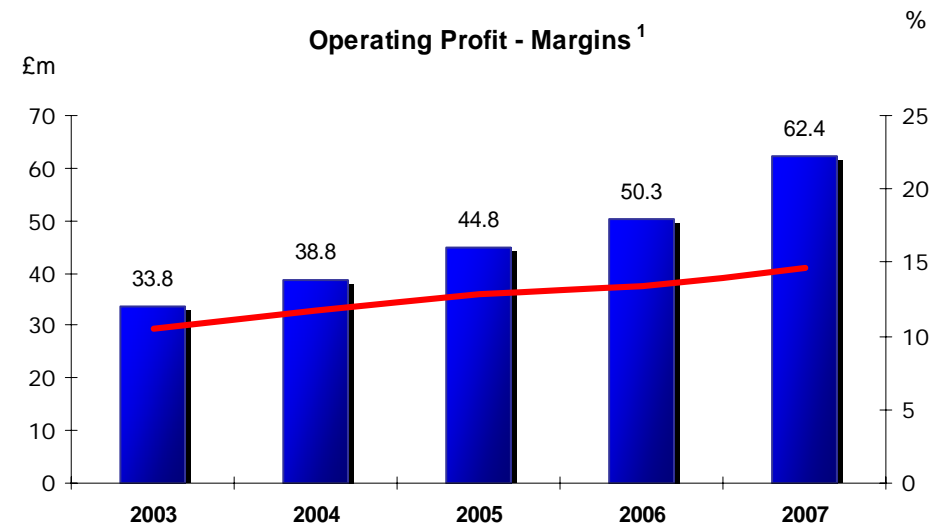


- Sales¹ + 14%
- Operating margin¹ 14.5%
- Utilisation 74%
- Cost increases recovered
- Outsourcing continues growth
- Technology roll-out progressing
- Emerging market presence

Revenue ¹ (£m)



Operating Profit - Margins ¹

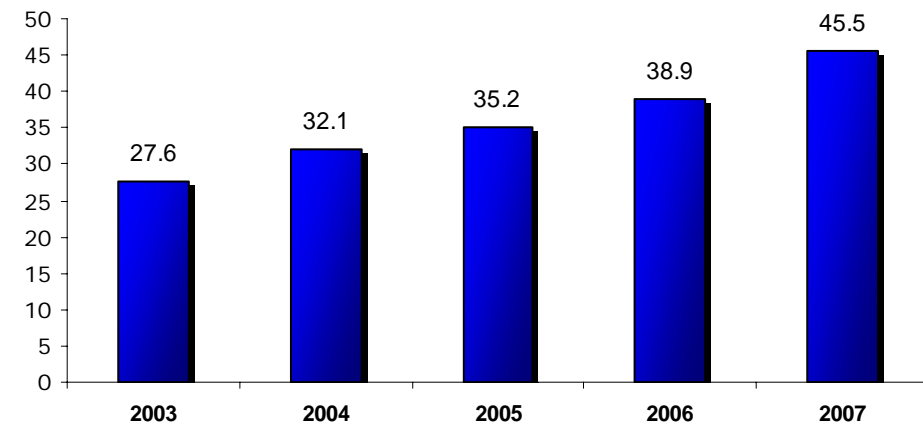


Hot Isostatic Pressing

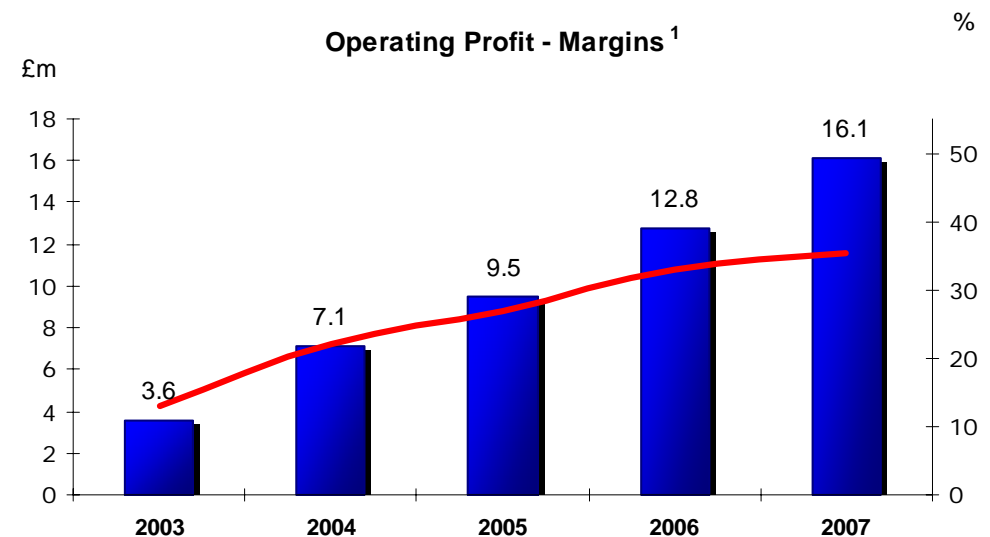


- Sales¹ + 17%
- Operating margin¹ 35.4%
- ROCE > 20%
- Utilisation 71%
- Additional capacity
- New applications

Revenue ¹ (£m)



Operating Profit - Margins ¹

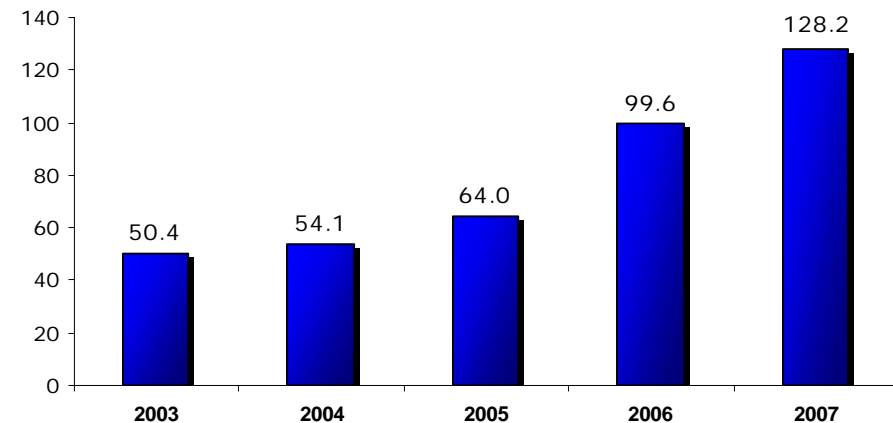


Testing MEM

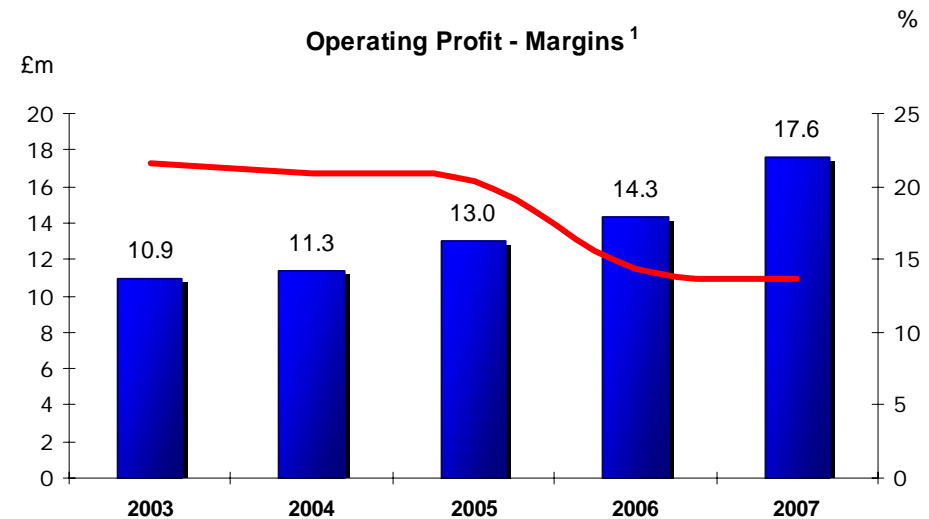


- Sales¹ + 28.7%
- Operating margin¹ 13.7%
- Strong organic growth 13%
- Emerging market presence
- Integrating acquisitions

Revenue ¹ (£m)



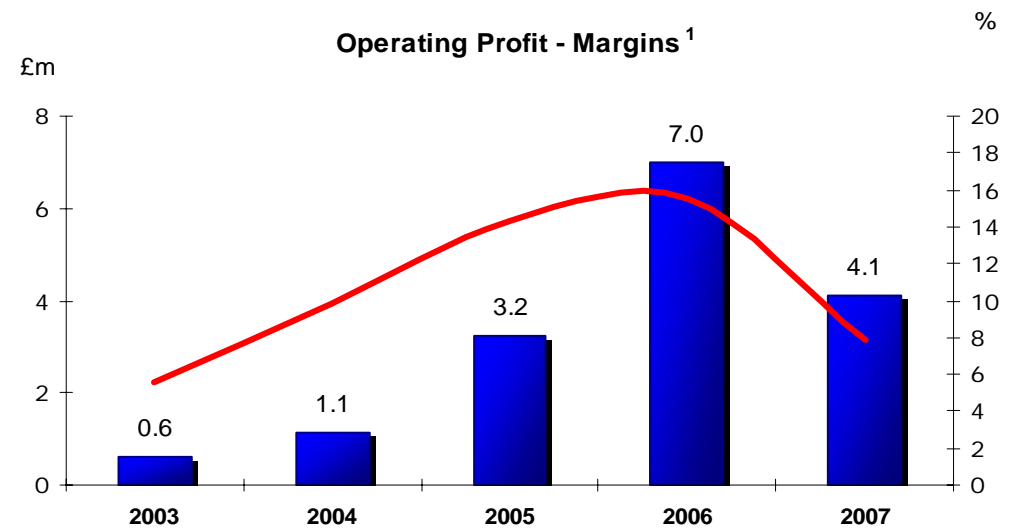
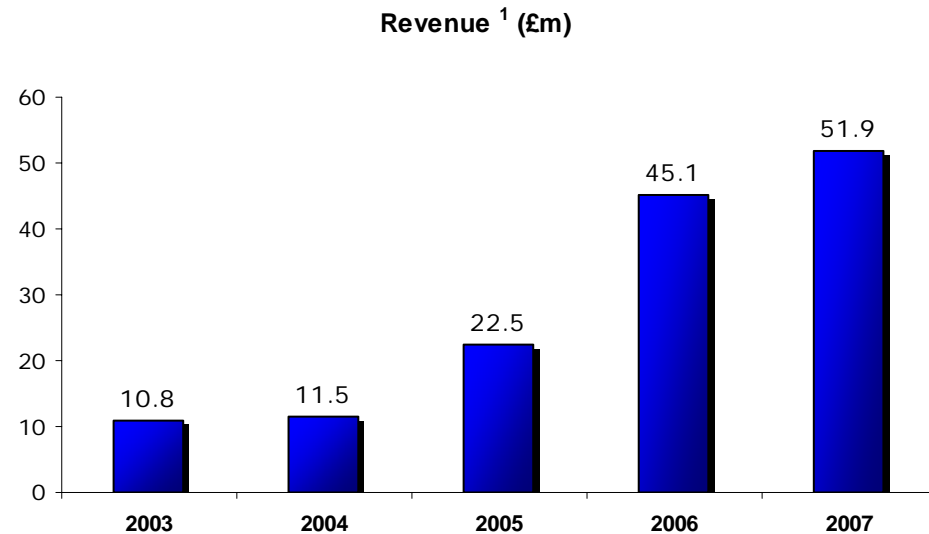
Operating Profit - Margins ¹



Testing HSE



- Sales¹ +15%
- Operating margin¹ 7.9%
- Pricing pressure in environmental & food
- Lab rationalisation in Canada
- Emerging markets
- Focus on client oriented IS



Delivering the Strategy

- Increase importance of Testing
- Expand the Group into developing manufacturing economies
- Add high added value processes to Thermal Processing
- Intensify outsourcing initiatives

Current Trading and Prospects



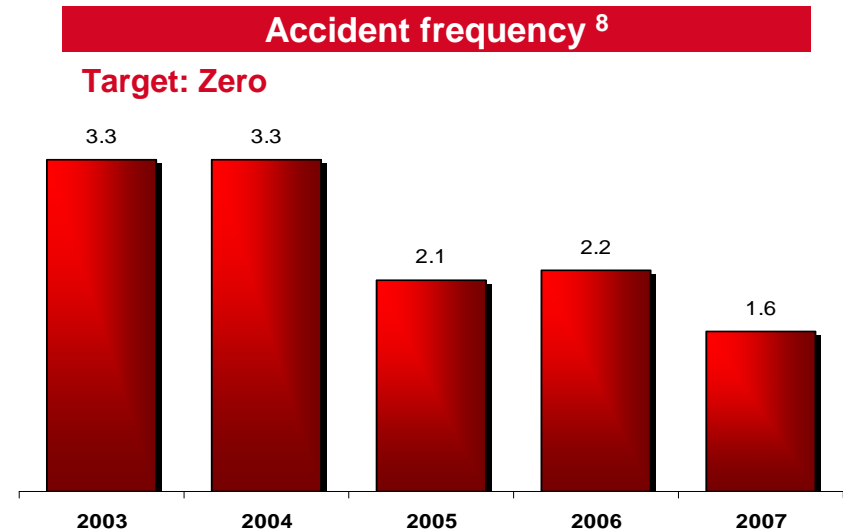
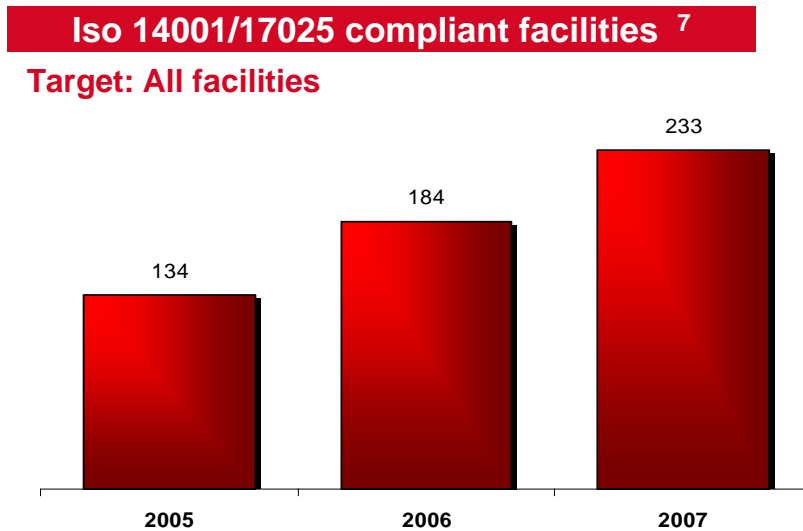
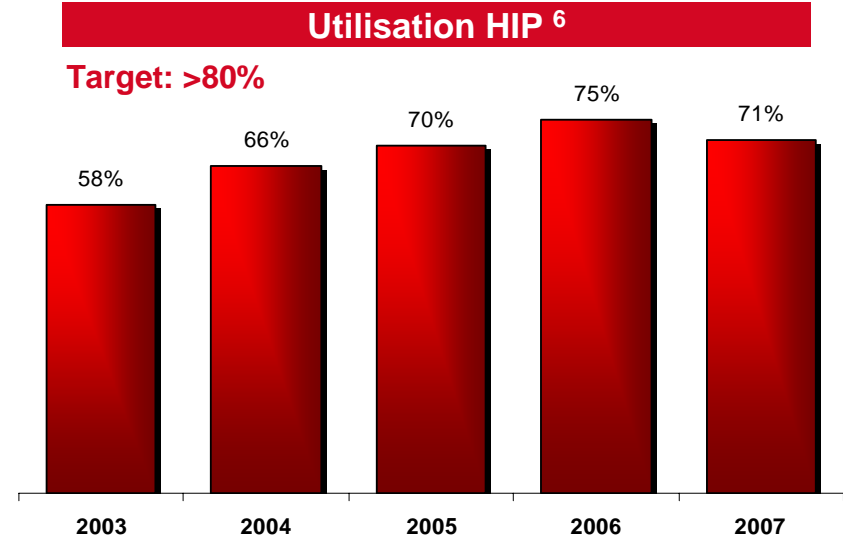
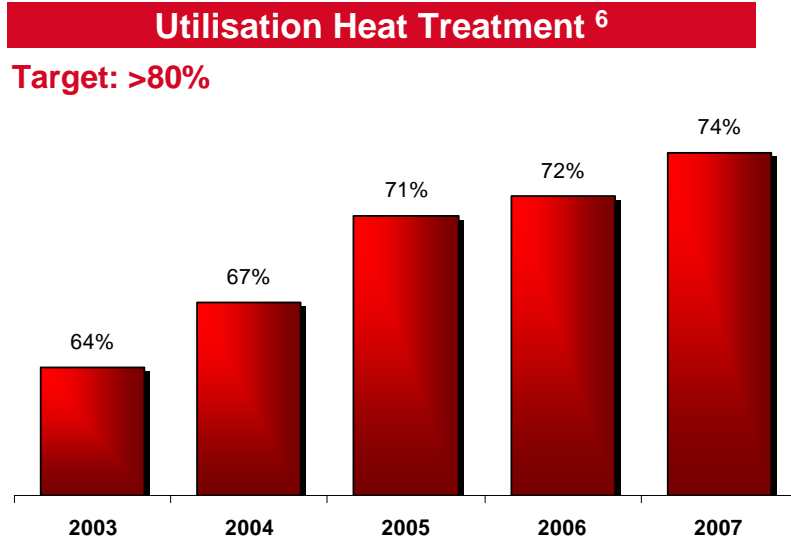
- January results in line with our expectations
- Aerospace, power generation, oil & gas continue to grow
- Automotive gaining share
- Energy costs steady
- Outsourcing initiatives continue to deliver growth
- Pipeline of bolt-on acquisitions
- Confident in prospects for rest of 2008



2007 PRELIMINARY RESULTS

Appendix

Key Performance Indicators non financial



Analysis Of Organic/Acquisition Growth



	Testing				Head Office £m	Total £m
	HT £m	HIP £m	MEM £m	HSE £m		
Sales						
2006	375.0	38.9	99.6	45.1	-	558.6
Organic ¹	29.0	6.6	12.9	0.9	-	49.4
Closed sites	(7.1)	-	-	-	-	(7.1)
Acquisition	32.3	-	15.7	5.9	-	53.9
Currency	(7.5)	(2.0)	(3.8)	(1.0)	-	(14.3)
2007	421.7	43.5	124.4	50.9	-	640.5
Operating Profit ²						
2006	50.3	12.8	14.3	7.0	(4.7)	79.7
Organic ¹	8.8	3.3	1.0	(3.3)	(2.0)	7.8
Closed sites	0.6	-	-	-	-	0.6
Acquisition	2.7	-	2.3	0.4	-	5.4
Currency	(0.8)	(0.7)	(0.7)	-	-	(2.2)
2007	61.6	15.4	16.9	4.1	(6.7)	91.3
% on sales						
2007	14.6%	35.4%	13.6%	8.1%	-	14.3%
2006	13.4%	32.9%	14.4%	15.5%	-	14.3%

¹ Includes annualised sales/operating profit from closed sites.

² Pre exceptional items and interest and tax on associates.

Taxation



	2007	2006
	£m	£m
Headline profit before tax ¹	81.0	70.0
Exceptional items	(12.5)	(23.4)
Profit before taxation	68.5	46.6
Current taxation ²	22.6	16.6
Tax effect of exceptional items	(7.9)	(2.7)
Exceptional tax settlements in respect of prior years	-	(11.2)
Total tax charge (credit)	14.7	2.7
Pre exceptional and prior period items	27.9%	23.7%
Post exceptional and prior period items	21.5%	5.8%

1 Pre exceptional items and tax on associates.

2 Pre exceptional and prior period items.

Operational Locations

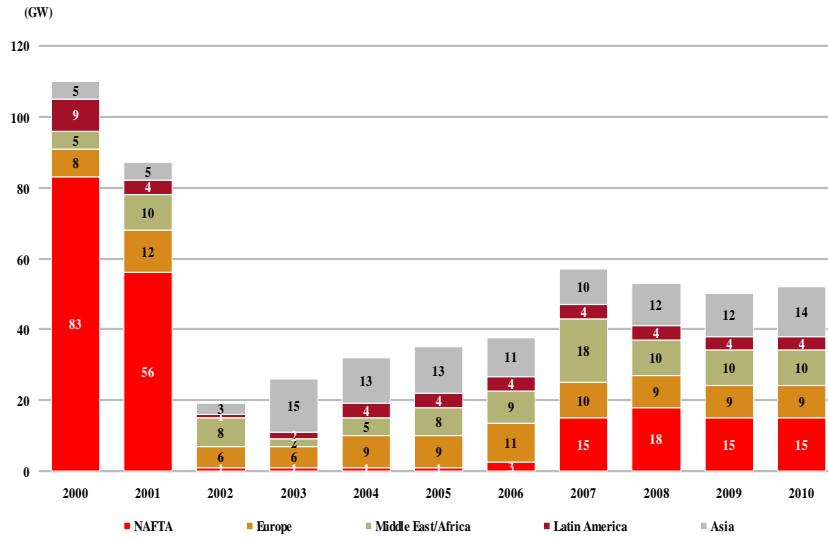


	Heat Treatment	HIP	Testing	Total
USA	39	4	18	61
UK	18	3	33	54
France	33	1		34
Sweden	11	1	11	23
Germany	20	1	1	22
Canada	2		17	19
Brazil	6		1	7
Finland	5		2	7
Netherlands	5		2	7
UAE	1		6	7
Czech Republic	5		1	6
Italy	4		2	6
Poland	6			6
Turkey	6			6
Belgium	2	1	2	5
Denmark	2		2	4
Ireland			4	4
Australia			3	3
Austria	3			3
China/Hong Kong	2		1	3
India	3			3
Mexico	1		2	3
Romania	2			2
Switzerland	2			2
Singapore	1		1	2
Argentina	1			1
Bahrain			1	1
Croatia			1	1
Hungary	1			1
Liechtenstein	1			1
Norway			1	1
Saudi Arabia			1	1
Oman			1	1
Qatar			1	1
Thailand	1			1
Total	183	11	115	309

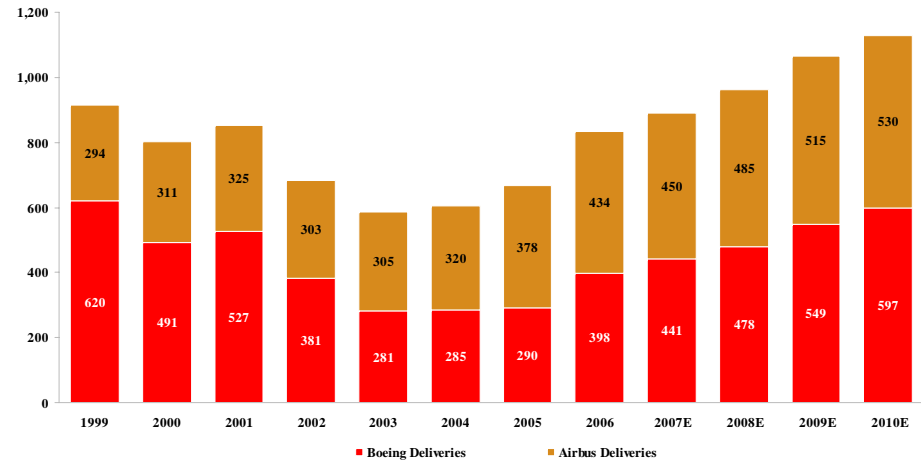
End Market Demand



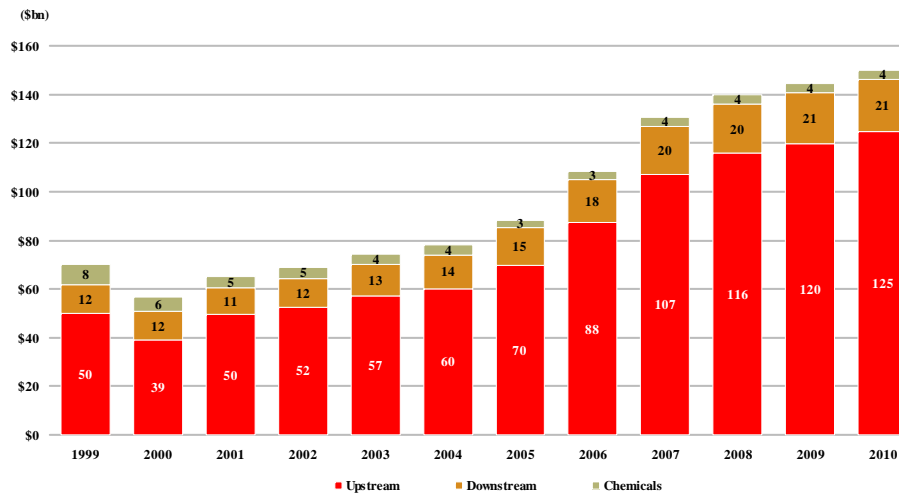
Gas Turbine Orders



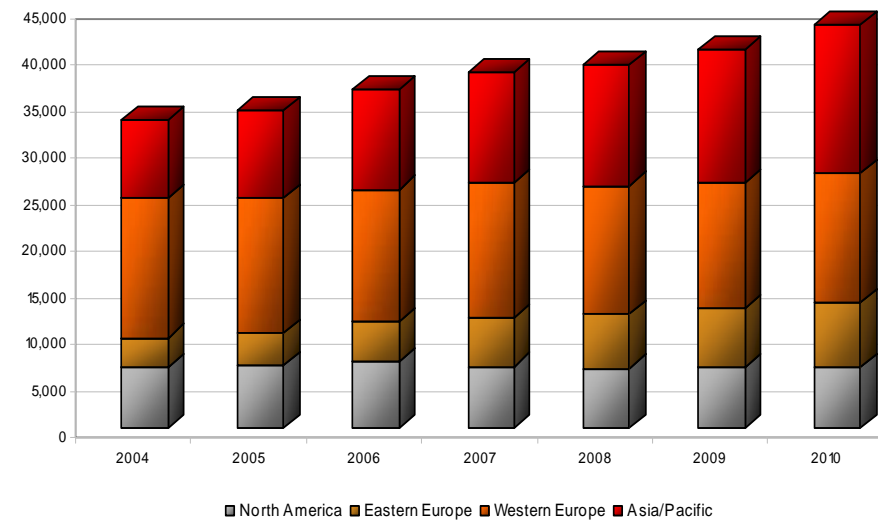
Boeing & Airbus Deliveries



Oil & Gas Industry Capex (\$bn)

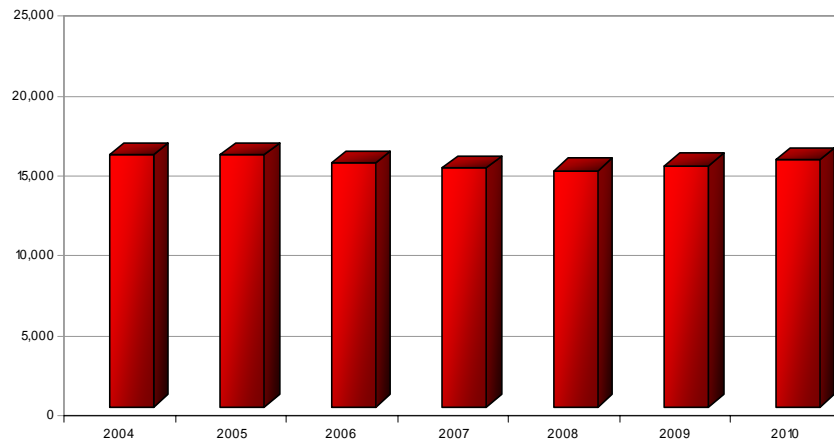


Commercial Vehicle Production ('000 Units)

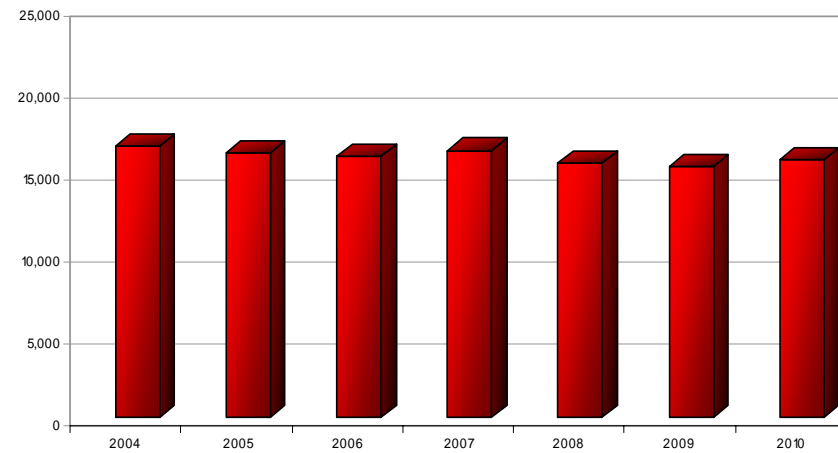


Light Vehicle assembly ('000 Units)

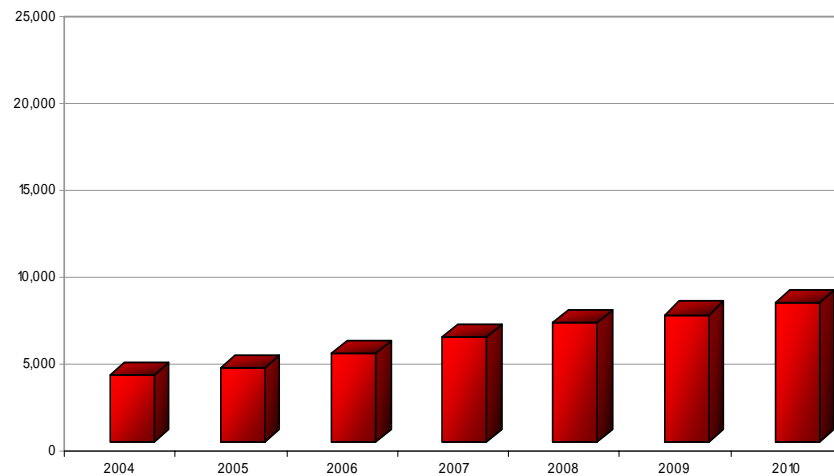
North America



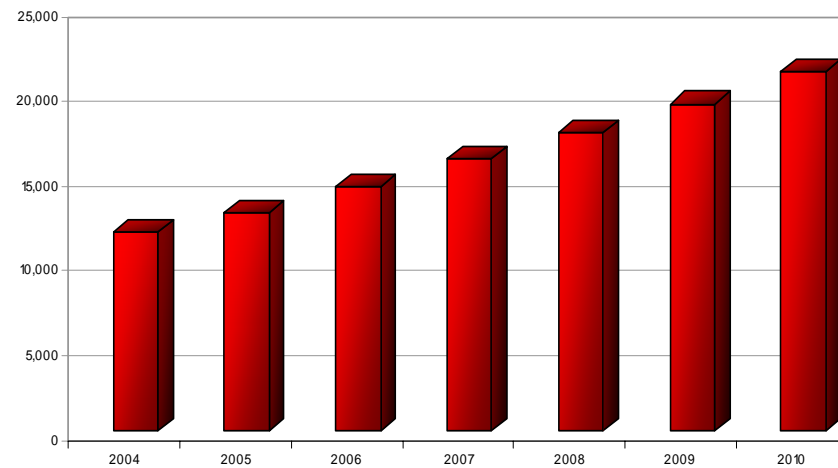
Western Europe



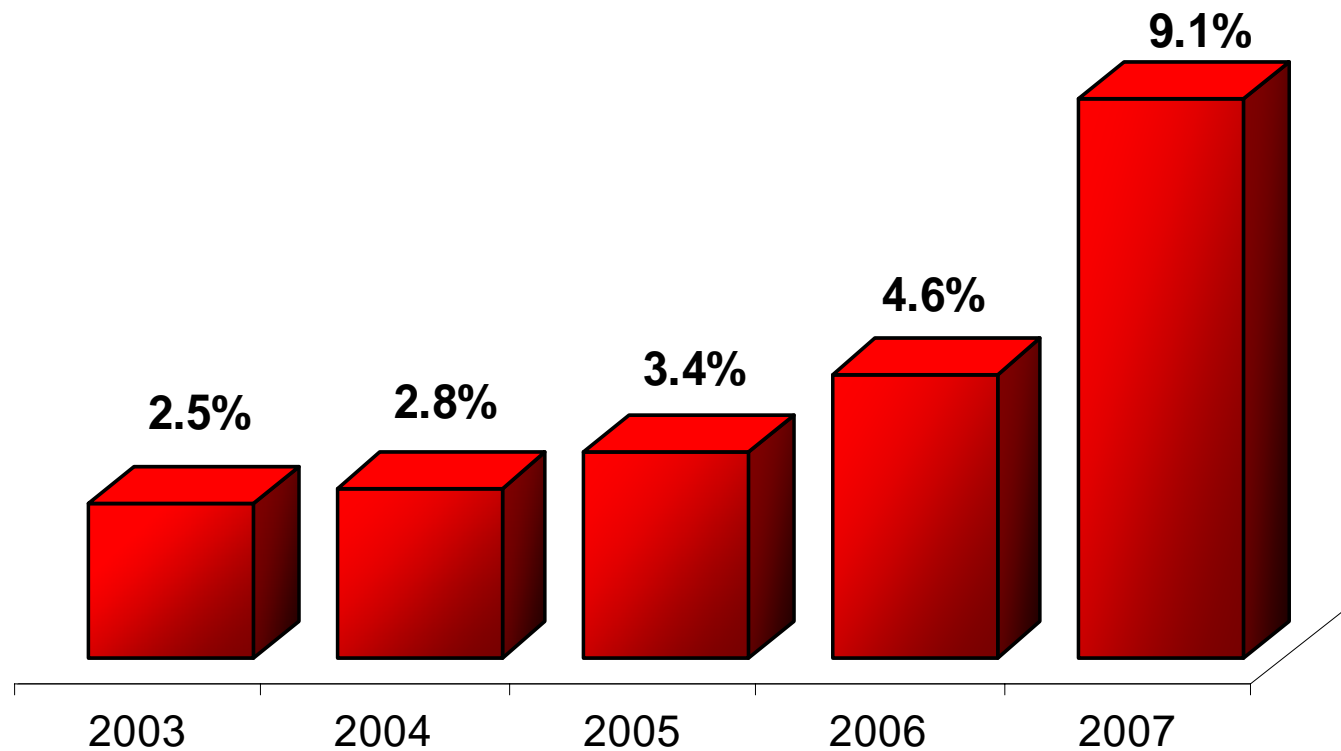
Eastern Europe



Asia Pacific



Emerging markets as a % of group sales



Emerging Markets



Sales	2003	2004	2005	2006	2007
	£m	£m	£m	£m	£m
Eastern Europe	4.5	5.0	8.6	11.8	19.4
South America	2.7	1.9	-	3.2	22.9
Asia Pacific	-	-	-	-	1.2
Heat Treatment	7.2	6.9	8.6	15.0	43.5
Eastern Europe	0.4	0.7	0.9	1.1	1.4
Middle East	3.8	5.0	6.5	9.7	13.4
Asia Pacific	-	-	-	0.1	0.3
Testing	4.2	5.7	7.4	10.9	15.1
TOTAL	11.4	12.6	16.0	25.9	58.6

Impact Of Exchange Rates



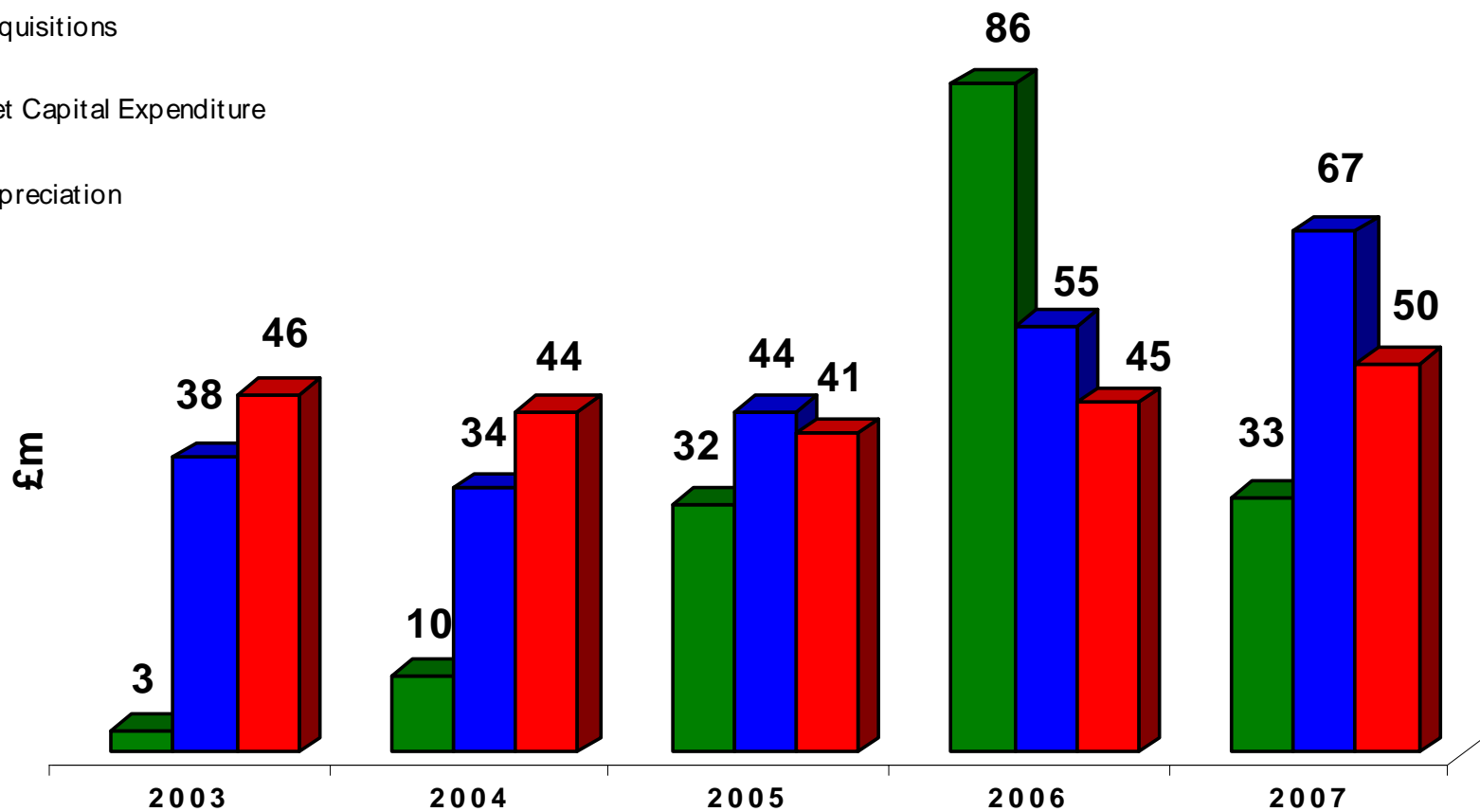
	Sales £m	Operating Profit ¹ £m
2007 As Reported	640.5	91.3
2007 Using 2006 Rates	654.8	93.5
Impact	(14.3)	(2.2)

Acquisitions, Capital Expenditure & Depreciation

■ Acquisitions

■ Net Capital Expenditure

■ Depreciation



Capex/Dep⁵

0.8x

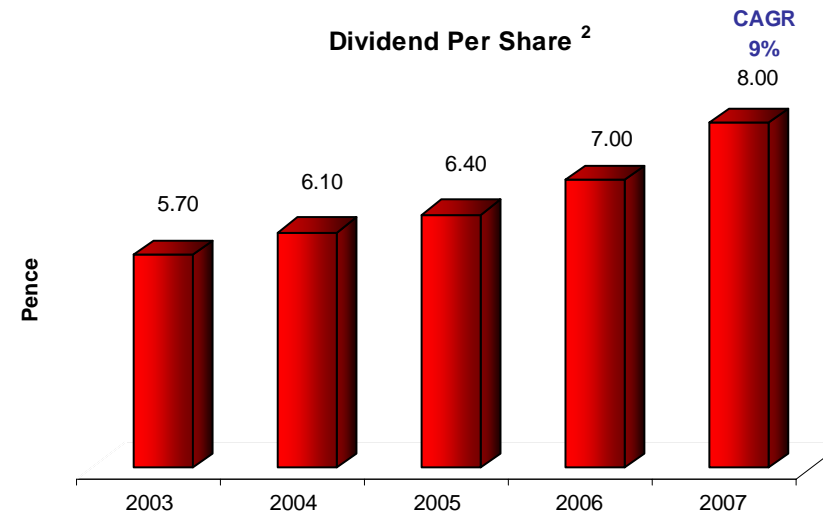
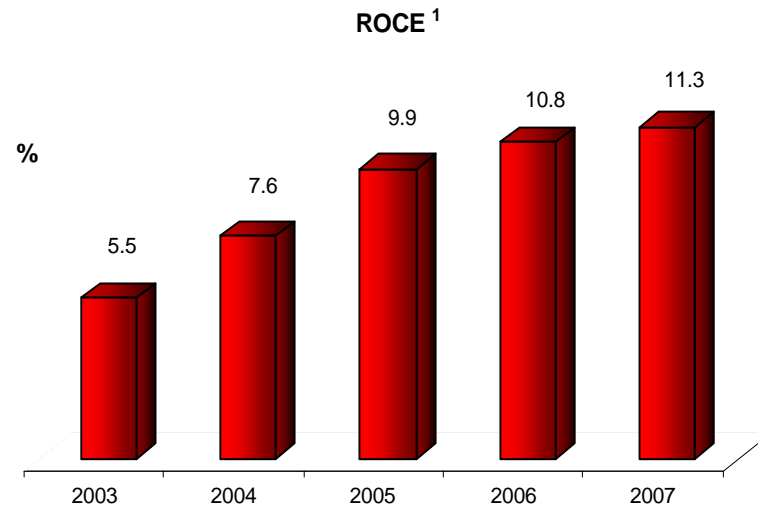
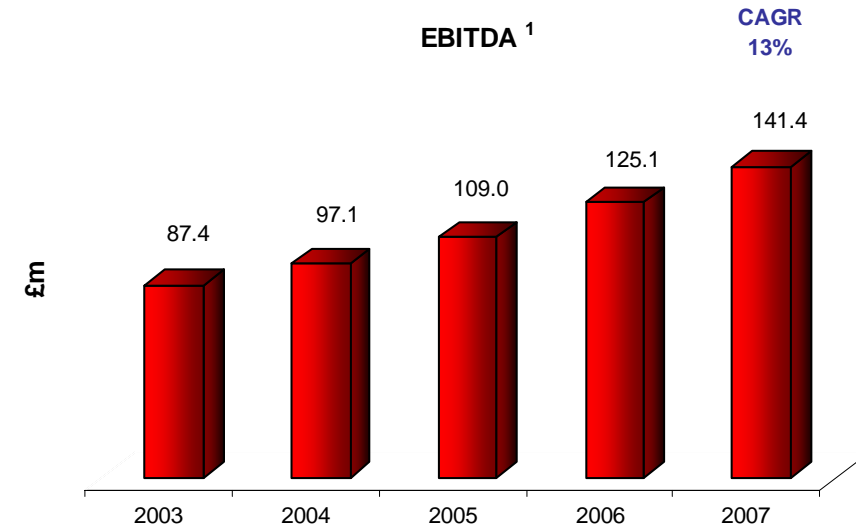
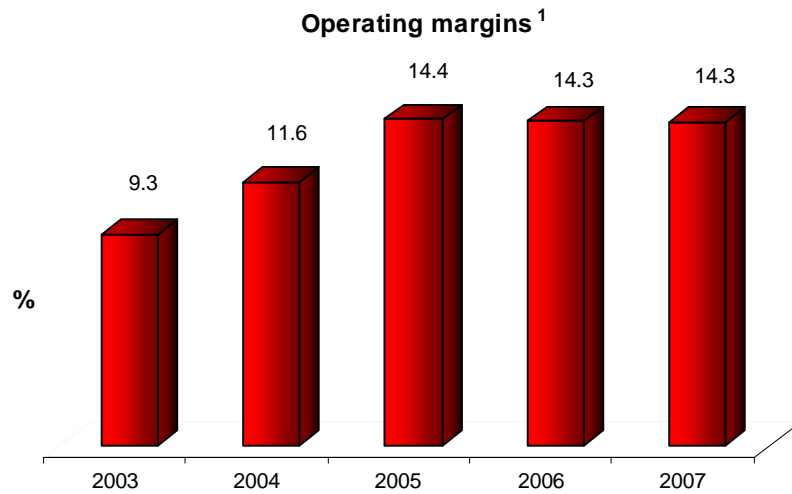
0.8x

1.1x

1.2x

1.3 x

Financial Highlights



¹ Pre exceptional items and interest and tax on associates.
² As restated for the 1 to 4 rights issue in March 2004.

Key performance indicators definitions

1. Headline operating profit as a percentage of average capital employed. Capital employed includes tangibles and intangibles assets including all previously amortised/impaired goodwill and all non interests bearing assets and liabilities. Headline operating profit is stated pre exceptional items and interest and tax on associates.
2. Headline operating profit as percentage of revenue from continuing operations. Headline operating profit is stated pre exceptional items and interest and tax on associates.
3. Year on year increase in revenue, at constant currencies from continuing operations excluding revenue from acquisitions made within the prior twelve months.
4. The salary and benefit costs of all employees a percentage of revenue from continuing operations.
5. Net capital expenditure divided by depreciation.
6. Actual revenues expressed as a percentage of theoretical maximum revenue assuming that heat treatment facilities operate 24 hours per day, 365 days per year.
7. The number of facilities holding registrations for ISO 14001 or ISO 17025.
8. Accident frequency - the number of accidents x 200,000 (approximating 100 man years), divided by the total hours worked.



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