Bodycote

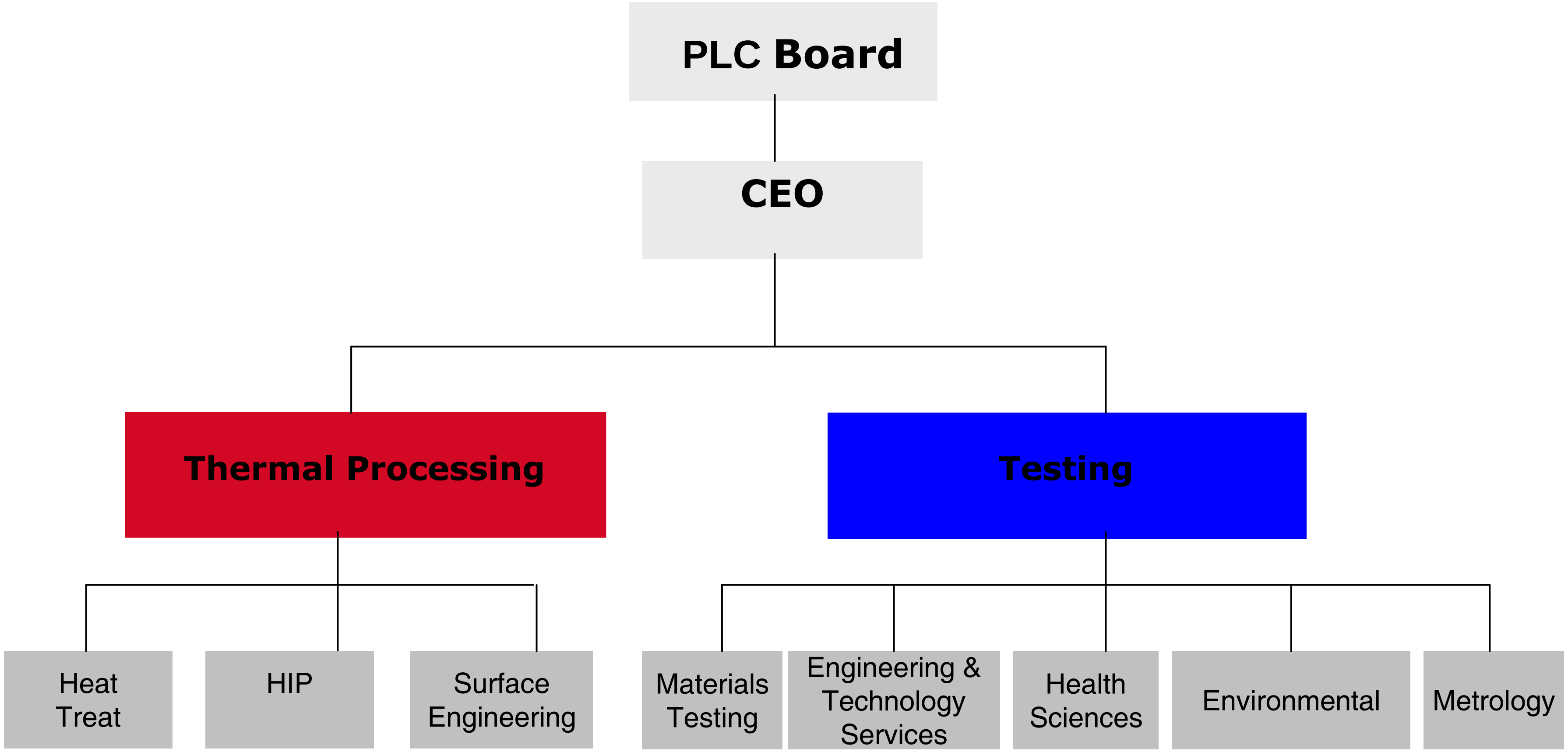
GROUP OVERVIEW

John Hubbard and David Landless

MIDLANDS TOUR

10 MAY 2006

Group Organisational Structure

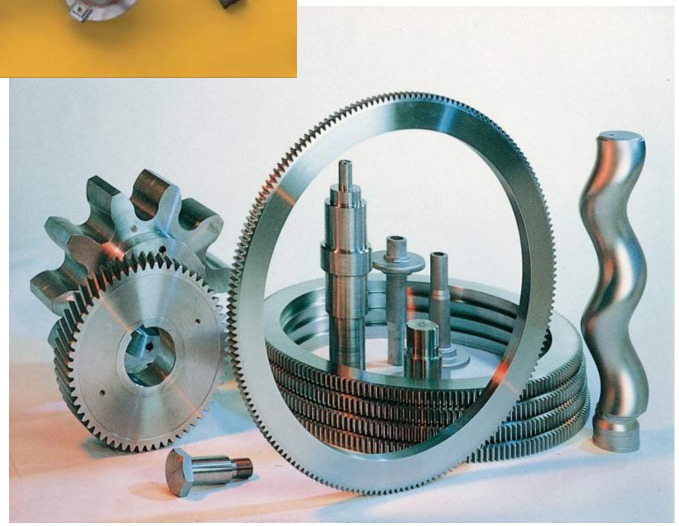


What is Heat Treatment ?

Bodycote

Heat Treatment

increases the mechanical properties of critical components so they can last longer, operate with less mass and withstand extreme conditions.



What is Materials Testing?

Materials Testing

provide independent, accredited materials testing services to almost every business sector. The results of testing facilitate product development, production release, forensic analysis and certification.

What is HIPping?

HIPping

uses high temperature and pressure to achieve structural changes in metals and other materials.

HIP technology enables critical castings to be densified, powder metallurgy products to be improved and novel materials to be made.

HIPping is a vital step in manufacturing aero engine components

Strategy

- Expand Testing
- Further develop Heat Treatment and HIP
- Extend global availability of Bodycote Services

Strategy

- Target outsourcing with a focus on high added value components for medium/large national/multinational companies

- Expand the network in lower cost economies –

  Eastern Europe, Asia, South America

  via bolt-on acquisitions and selective greenfield locations

- Acquisition of bolt-on specialist Thermal Processing and Testing businesses in NA/Europe

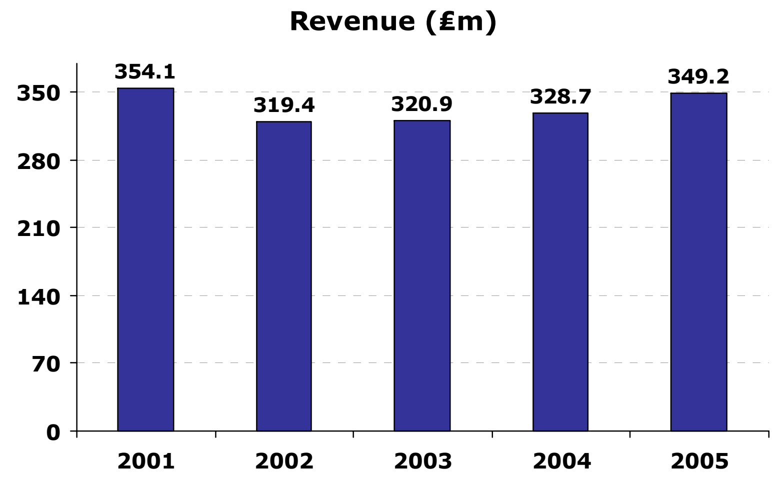
- Roll out high value processes

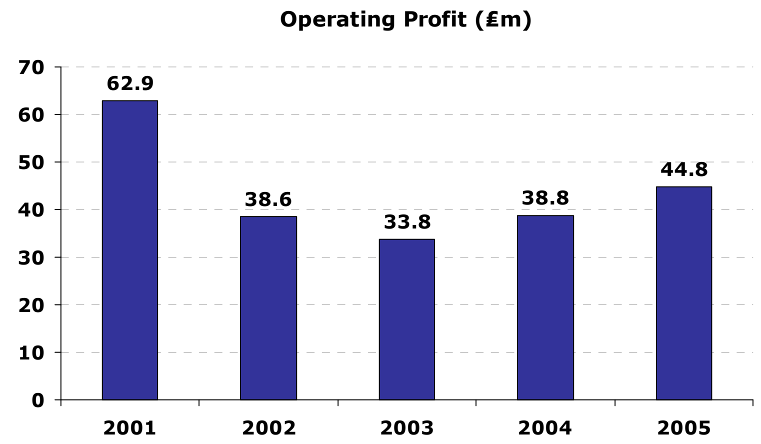
- Realign, close or dispose of underperforming and commodity orientated facilities

- A focus on ROCE

Heat Treatment

- Leveraging customer base
- Outsourcing
- Technology roll-out
- Manufacturing growth markets

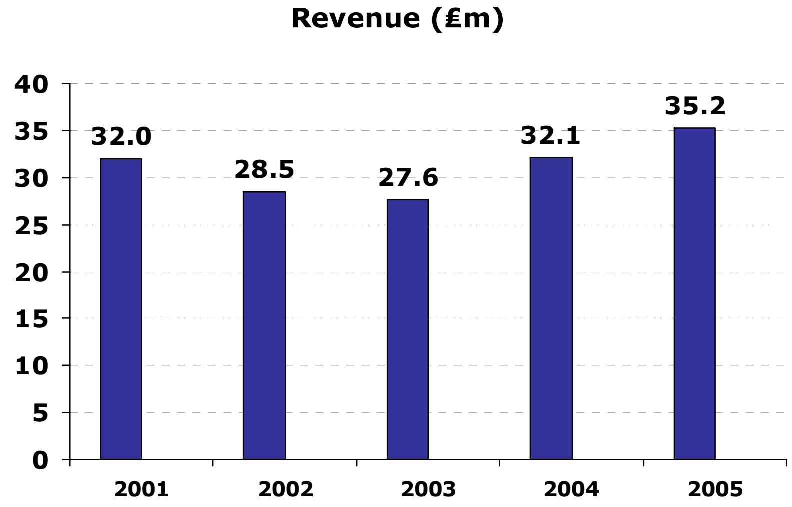


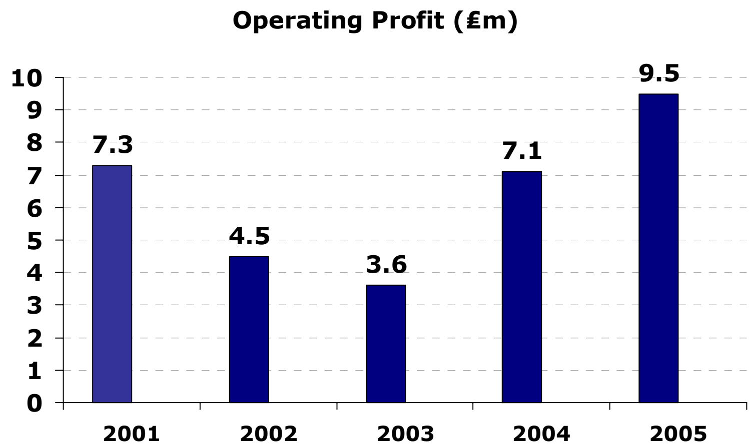


Hot Isostatic Pressing

Bodycote

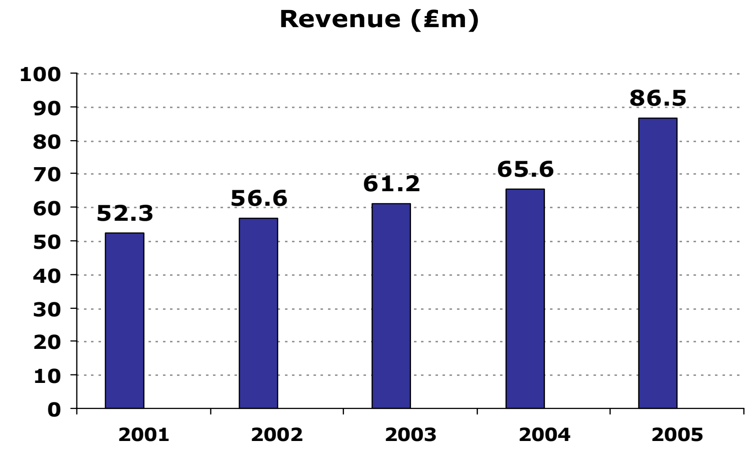
- Volume growth/operational gearing
- Applications being developed:
- Additional capacity being added
- Approaching ROCE goal

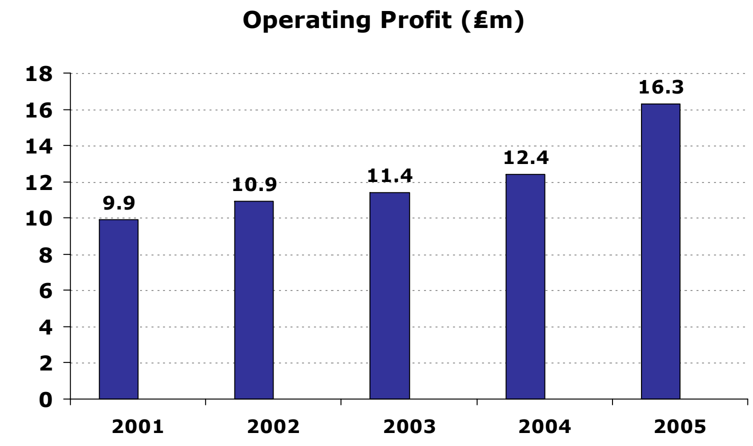




Testing

- Integrating acquisitions
- Margins
- Organic growth
- Outsourcing wins
- Acquisition pipeline
- Asia

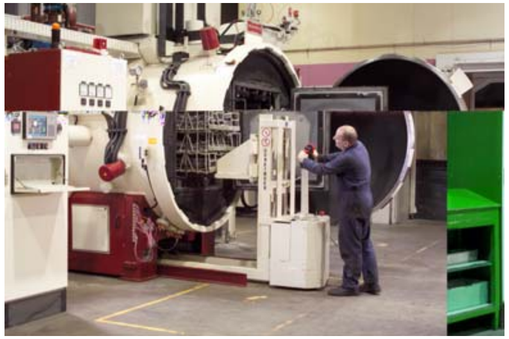




Sales By Market - 2005

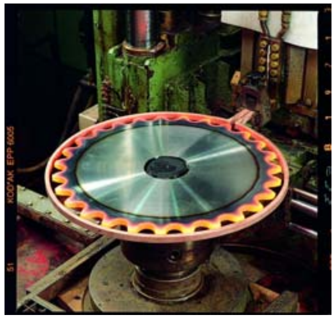
Sector	Group %	Thermal Processing %	Testing %
Automotive			
- Cars & Light Truck	21	24	7
- Heavy Truck & Bus	6	6	2
Aerospace/Defence	19	19	21
Construction, Agricultural, Railways & Marine	16	17	11
Tooling	9	11	1
Oil & Gas	7	4	18
Power Generation	5	5	5
Consumer Products	3	4	2
Health Science & Environmental	7	2	29
Electronics & Telecoms	3	4	-
Miscellaneous(e.g pulp & paper, nuclear)	4	4	4
	100	100	100

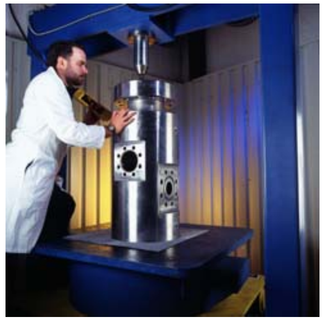
Bodycote Business Models



- **‘Strategic Partnership’ Agreements**
  - ‘Factory Gates’ option – permits third party in-load
  - Reciprocal business development

- **Long Term Agreements**
  - Price stability and volume linked rebates
  - Capacity and service guarantees





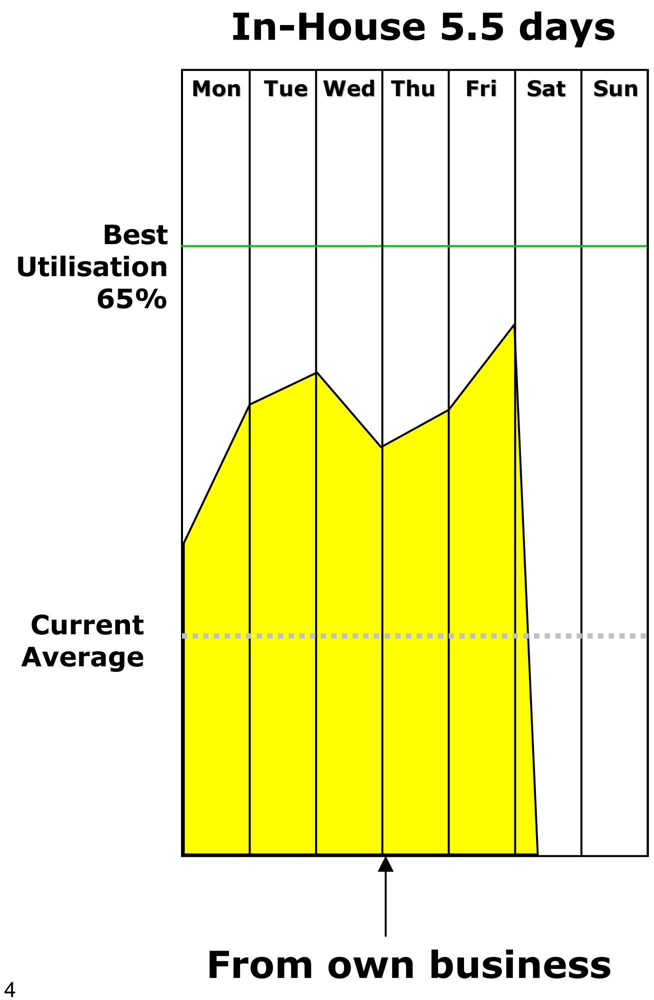
- **Conventional Subcontract Support**
  - Concentrate on core business
  - Higher quality assurance

Market Conditions – Medium Term

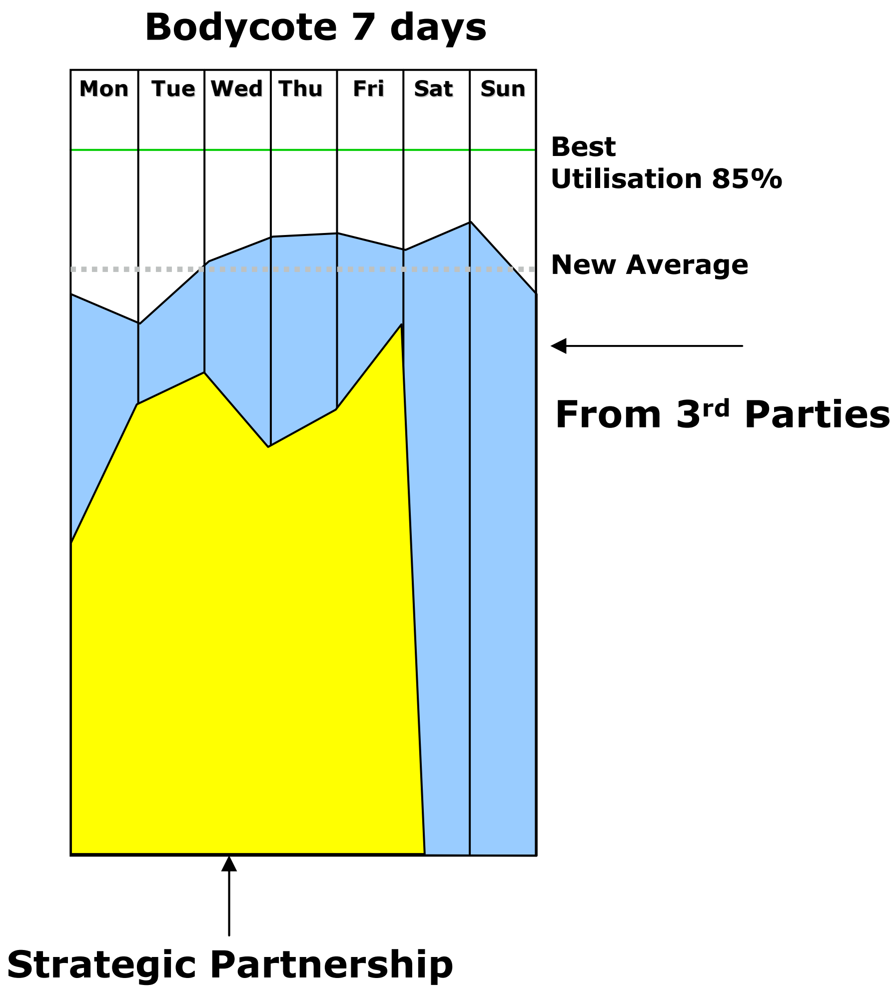
- Automotive
  - underlying position stable in NA and Europe
  - growth coming from outsourcing and lower cost economies
- Aerospace/Defence/IGT
  - good medium term growth prospects
- Construction/Agricultural/Marine
  - will be cyclical – focus on outsourcing
- Oil & Gas
  - good demand whilst oil price remains high
- Tooling
  - some drift to lower cost economies to continue
- Health Science/Environmental
  - solid regulatory driven growth anticipated
- Energy Costs
  - will continue to be recovered

Furnace Utilisation

(75% of Heat Treatment is still captive in Europe)



Driver for cost down



Summary

- A focus on ROCE
- Expansion of Testing
- Increasing presence in lower cost economies
- Bolt-on acquisitions
- Strategic Partnerships for higher added value components


Bodycote