



**Bodycote Testing Group
- an introduction**

**Midlands Tour
10 May 2006**

Bodycote

Format

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3. Financial KPI's
4. Services/Markets/Competition
5. Growth Strategy
6. Summary, Q&A

Introduction Testing Group



- One of 2 core Strategic Business Units within Bodycote International plc
 - Testing Group
 - Thermal Processing
- 90 accredited laboratories / 60 at 2005 year end
- £85m at 2005 year end
- **Growing to 40% of Bodycote sales by 2010**
- 2,800 employees - scientists, engineers, technicians
- Operating in 16 countries
- Highly respected in its markets
- International Group of national identity businesses
- Global business strategy adjusted for local sensitivities
- Decentralised management structure
- Embracing prevailing cultures in the regions and countries where the Group operates

What We Do

“But the Contractor said
his tests passed”



BTG is a knowledge based company providing independent, accredited materials testing services to almost every business sector. The results of testing facilitate product development, production release, forensic analysis and certification.

Business Model Strategic Plan Elements

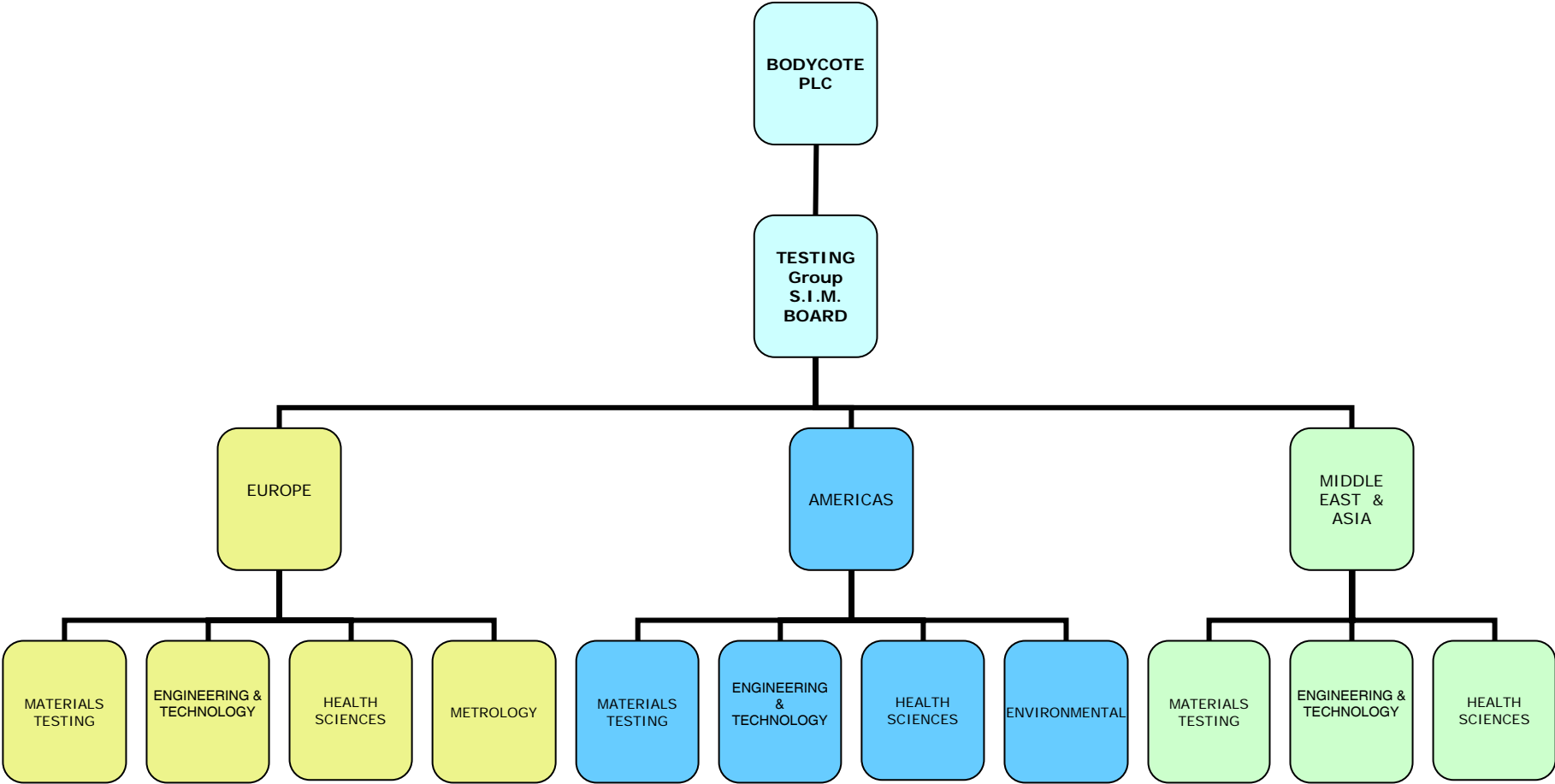
Value Proposition

Provision of **Value added** service tailored to clients needs

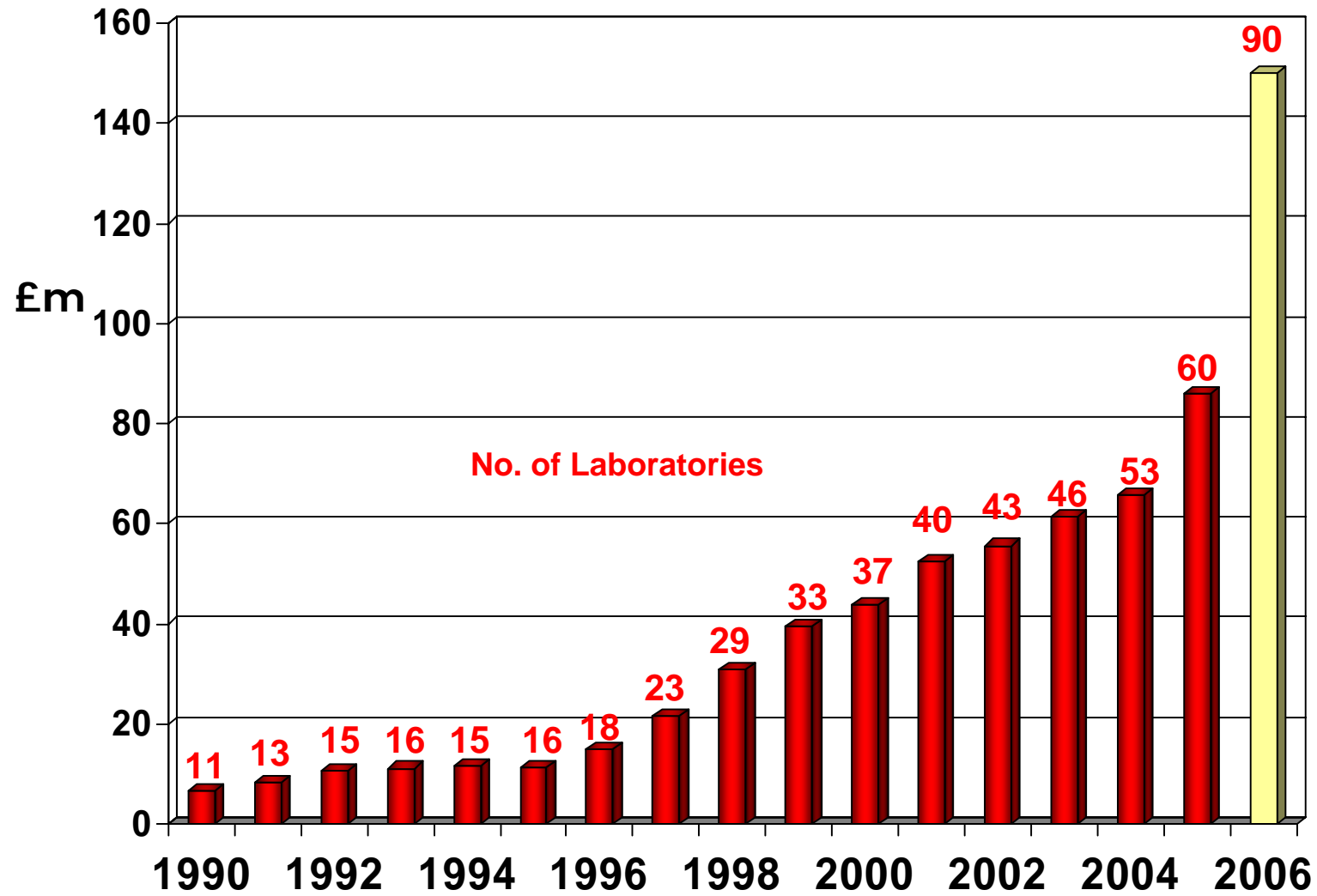
Distinctive Attributes

- Structure operations along business streams
- Align business development to core markets, e.g. Aerospace, Pharma, etc
- Leverage Intellectual Property
- Maintain strong relationships with OEMS, suppliers, retailers etc.
- Leverage technical know-how & transfer technology
- Position IS systems to ensure key client deliverables
- Develop innovative staff training & development programs
- Constantly improve integration to enable seamless acquisition assimilation

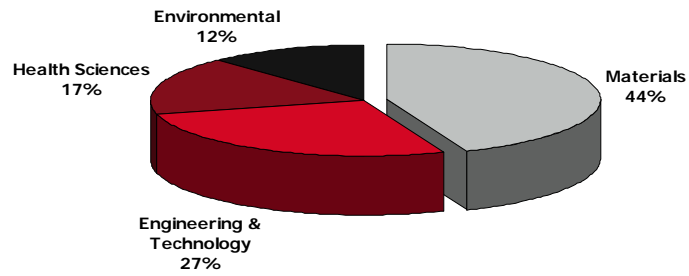
Overall Testing Group Organisation



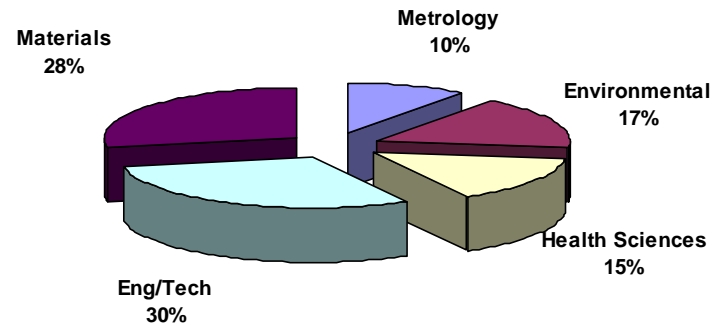
Sales Growth 1990 - 2006



Group Sales Analysis

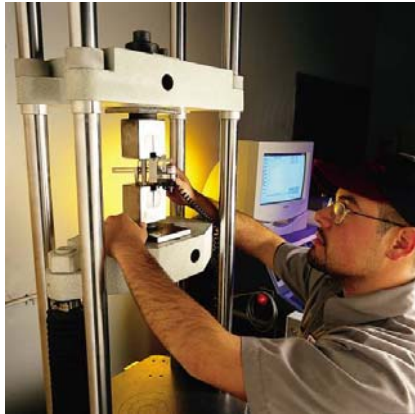


2005



2006

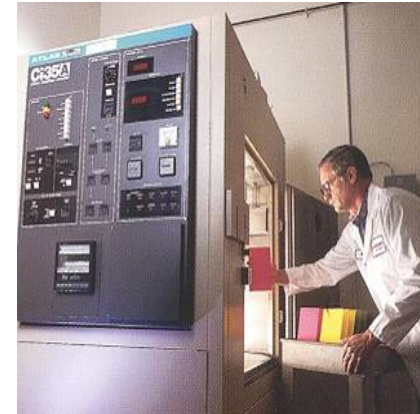
Services/Markets/Competition 'Materials' – core services



Tensile testing



Impact testing



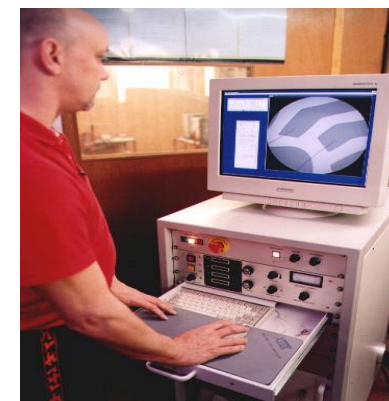
Exposure cabinet



CNC specimen machining



Microscopy



Micro-focus radiography

'Engineering & Technology' - core services



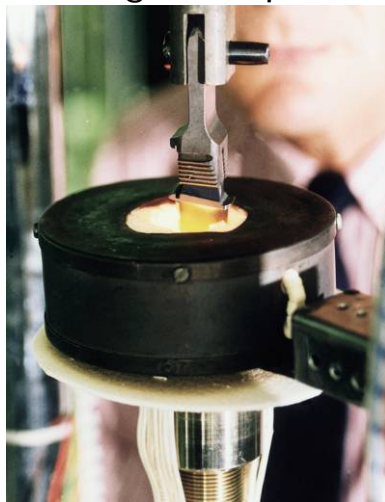
High load test on bridge damper



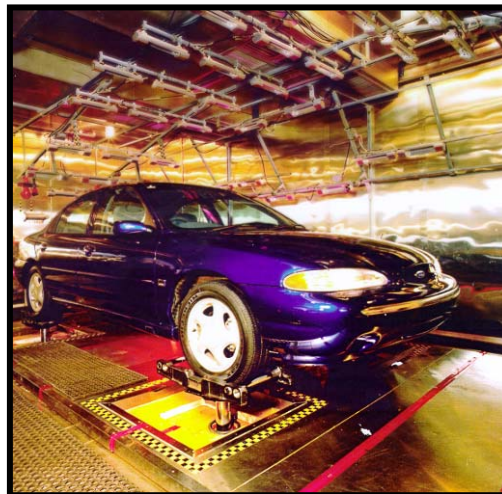
Airbag activation test



Fracture mechanics – aircraft skin



¹⁰ Turbine blade test



Vehicle testing



Corrosion testing

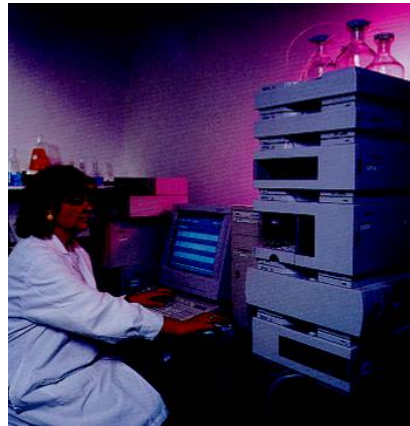
'Health Sciences' - core services



Food testing



Testing and surveying for asbestos in buildings



Testing and evaluating pharmaceuticals



Advisory services

'Environmental' - core services



Sampling hazardous substances



Testing soil and water



Stack emission testing



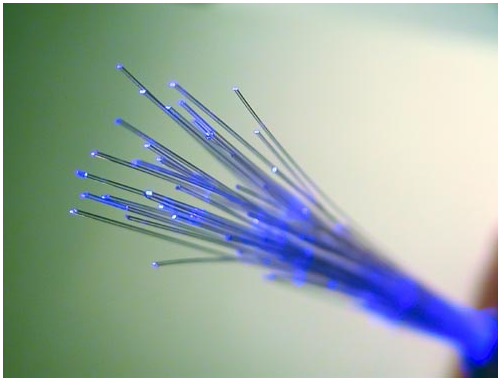
Eco-toxicology



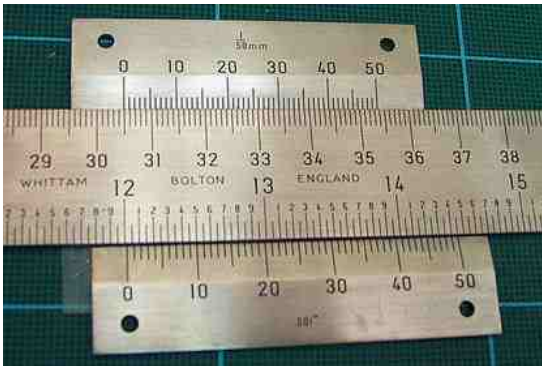
Lagoon water sampling

'Metrology' – core services

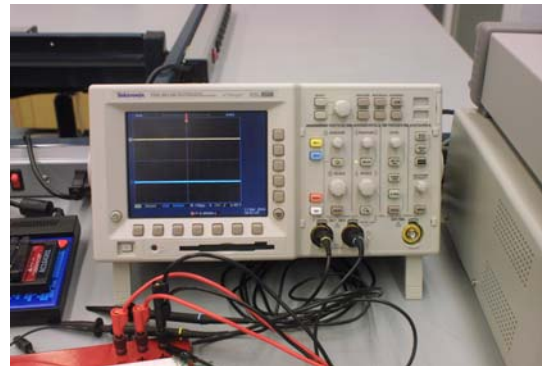
Telecommunications



Healthcare

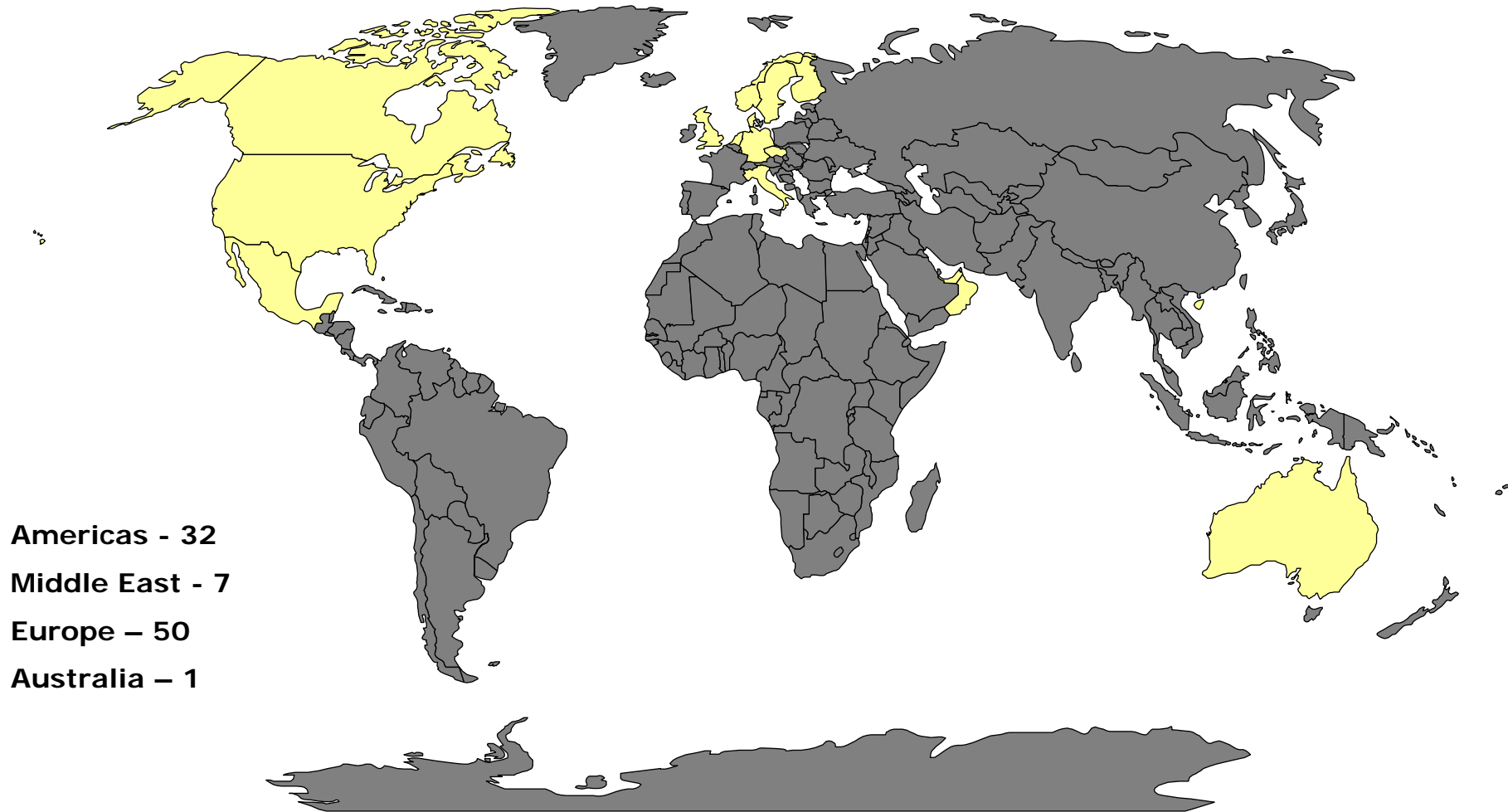


Metrology



Avionics

Where is the service provided from?



Americas - 32

Middle East - 7

Europe - 50

Australia - 1

What sectors does Bodycote Testing serve?



Almost all industries:-

Aerospace

Automotive

Construction

Defence

Electronics

General Engineering

Oil & Gas

Power Generation

Rail

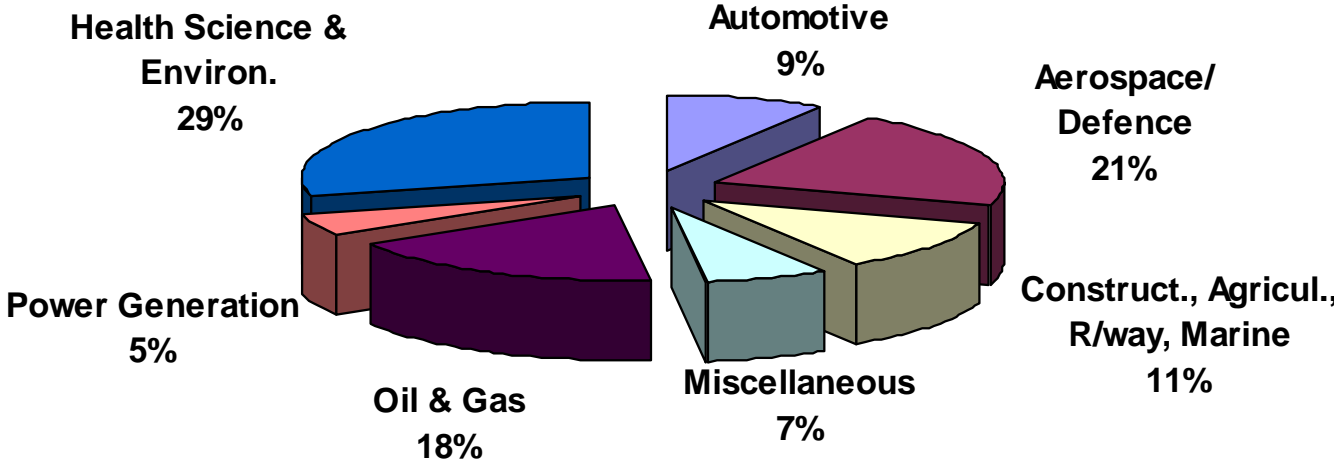
Medical

Water

Environmental



Sales Segmentation 2005



Competition

- Numerous smaller independents >1000 globally
- A few larger independents – Staveley, USA; Stork, US & Europe; Canspec, Canada
- Manufacturers with in-house facilities
- Multinational certification companies – DNV, SGS, Intertek – in a few areas only
- Universities & Technical institutions (RAPRA, Edison Welding Institute, TWI)
- Life Science Groups – Alcontrol, Eurofins, ALS, etc.
- Calibration & Metrology groups – Trescal, Qinetiq, Agilent Technologies, Rohde & Schwarz GmbH & Co

Growth Strategy

Bodycote plans to grow the testing group both organically and by acquisition.

1. Diversify away from routine and commodity testing by expanding further up the value chain
2. Increase BTG exposure to regulatory driven markets, as opposed to cyclical engineering/manufacturing markets
3. Broaden scope of services and network provision
4. Expand into new geographical markets

List of outsourcing wins + value

<u>Acquisition</u>	<u>Country</u>	<u>Sales</u>	<u>Sector</u>
Dubai Light Railway	UAE	£3.4M	Materials
Festival City	UAE	£1.3M	Materials
Effluent Analysis	UAE	£0.5M	Environmental
Engine Testing	Mexico	£2.0M	Eng/Tech
Emissions Testing	US	£3.0M	Eng/Tech
Effluent Analysis	Canada	£0.4M	Environmental
Turbine Blade X-ray	UK	£2.2M	Materials
Product Labelling	UK	£0.5M	HS
Microbiology	UK	£0.2M	HS

List of 2006 acquisitions (sector)

<u>Acquisition</u>	<u>Country</u>	<u>Sales PA</u>	<u>Sector</u>
Tetra	UK	£0.5M	HS
WCAL	USA	£5M	HS
Norwest	Canada	£10M	ENV/HS
Warrington Fire	UK/Belgium	£10M	ENG/TECH
ACT Labs	US	£7M	ENG/TECH
Saab Metech	Scandinavia/ Germany	£17M	Metrology

New Geographical Markets

Bodycote are investigating projects/acquisitions/outourcing in the following countries:

<u>COUNTRY</u>	<u>Division</u>	<u>MARKET SECTOR</u>
France	ME / MT	Aerospace
Germany	ME / MT	Aerospace/Gen. Engineering
Croatia	MT	Oil/Gas
Poland	ME / MT	Automotive
Ireland	HS	Food/Pharmaceutical
China	MT / ME	Aerospace / Auto
Mexico	ME / MT	Aerospace/Auto
Libya	MT	Oil/Gas – Civils
Caspian Region	MT / HS	Oil/Gas/Food
S.E. Asia	MT	Oil/Gas
Turkey	MT / HS	Oil/Gas/Food

Summary

- A proven track record of consistent revenue EBIT and ROCE performance
- Growth strategy moving forwards with business expanded >150% in last 12 months
- Business Development function provides pipeline of outsourcing/organic/acquisition opportunities
- Integration planning resource to ensure seamless assimilation of acquisitions
- Highly motivated management team committed to achievement of strategic goals



Bodycote