



2005 PRELIMINARY RESULTS

Highlights

- Revenue +10%
- Headline Operating Profit¹ +28%
- Headline EPS +25%
- ROCE¹ +30%
- Testing Sales Growth +32%
- 14 bolt-on Acquisitions (Forecast Sales) £32m/y
- Outsourcing +36%
- Dividend +5%

¹ pre impairment of goodwill, amortisation of acquired intangibles, and interest and tax on associates

Preliminary Results

	2005 £m	2004 £m Restated	Change %
Sales	470.9	426.4	+10
EBITDA¹	109.1	97.1	+12
Headline Operating Profit	67.8	53.1	+28
Headline Profit before Tax²	58.8	44.3	+33
Profit before Tax	52.8	33.1	+60
Tax	(11.9)	(4.6)	
Profit after tax	40.9	28.5	+44
Free cashflow	42.1	57.3	
Headline EPS³	14.6p	11.7p	+25
Dividend/Share	6.4p	6.1p	+5

Profit Bridge

	£m					
	HT	HIP	SE	TESTING	HQ	Group
Headline Operating Profit ¹ 2005	38.8	7.1	(2.4)	12.4	(2.8)	53.1
Selling Prices	6.5	0.3		0.8		7.6
Sales Volume	4.3	2.3		1.1		7.7
Salary/Wage Inflation	(2.8)	(0.1)		(0.6)		(3.5)
Energy Costs	(2.8)	(0.1)		(0.1)		(3.0)
CoatAlloy Start-Up/US Maintenance	(0.8)	-	-	-		(0.8)
Acquisitions	1.2			2.4		3.6
Disposals US HT/Electroplating/PVD	-		2.4	-		2.4
Operating Profit 2004 at constant exchange rates	44.4	9.5	-	16.0	(2.8)	67.1
Currency Translation	0.4	-	-	0.3	-	0.7
Headline Operating Profit ¹ 2005	44.8	9.5	-	16.3	(2.8)	67.8

¹ pre goodwill and exceptional items

Sales and Operating Profit - By Region



2004 £m		2005 £m	Europe £m	Americas £m	Rest of World £m
	<u>Revenue</u>				
328.7	Heat Treatment	349.2	236.4	112.8	-
32.1	Hot Isostatic Pressing	35.2	15.5	19.7	-
65.6	Testing	86.5	45.7	34.2	6.6
426.4		470.9	297.6	166.7	6.6
30.8	PVD/Electroplating	1.5	1.5	-	-
457.2		472.4	299.1	166.7	6.6
	<u>Operating Profit ¹</u>				
38.8	Heat Treatment	44.8	33.7	11.2	(0.1)
7.1	Hot Isostatic Pressing	9.5	3.4	6.1	-
12.4	Testing	16.3	10.0	4.9	1.4
(2.8)	Head Office	(2.8)	-	-	-
55.5		67.8	47.1	22.2	1.3
(2.4)	PVD/Electroplating	-	-	-	-
53.1		67.8	47.1	22.2	1.3

¹ pre impairment of goodwill, amortisation of acquired intangibles, restructuring costs and interest and tax on associates

Sales By Market



Sector	2005	2004
	%	%
Automotive		
- Cars & Light Truck	21	24
- Heavy Truck & Bus	6	5
Aerospace/Defence	19	17
Construction, Agricultural, Railways & Marine	16	15
Tooling	9	11
Oil & Gas	7	6
Power Generation	5	5
Consumer Products	3	4
Health Science & Environmental	7	5
Electronics & Telecoms	3	4
Miscellaneous(e.g pulp & paper, nuclear)	4	4
	<u>100</u>	<u>100</u>

Summary Cash Flow and Financial Ratios



	2005 £m	2004 £m
EBITDA ¹	109.1	97.1
Non-cash Movements	(2.0)	0.7
Working Capital Movement	(3.1)	8.1
CAPEX	(44.1)	(34.4)
Interest	(9.5)	(8.8)
Tax	(8.3)	(5.4)
Free Cash Flow	42.1	57.3
Net Debt/EBITDA	1.0x	0.9x
Interest Cover ¹	9.1x	6.6x
Gearing	25%	21%
Free Cash Flow	9%	13%
Capex/Depreciation	1.1x	0.8x

¹ pre impairment of goodwill, amortisation of acquired intangibles and interest and tax on associates

Balance Sheet



	2005	2004
	£m	£m
Goodwill	154.2	139.7
Tangible and Intangible Fixed Assets	446.6	427.3
Investments	9.2	6.2
Trading Working Capital	29.2	24.3
Other Net Current Assets	(97.1)	(85.1)
	<u>542.1</u>	<u>512.4</u>
Shareholders' Funds	432.1	421.0
Minority Interests	1.4	1.0
Net Borrowings	108.6	90.4
	<u>542.1</u>	<u>512.4</u>

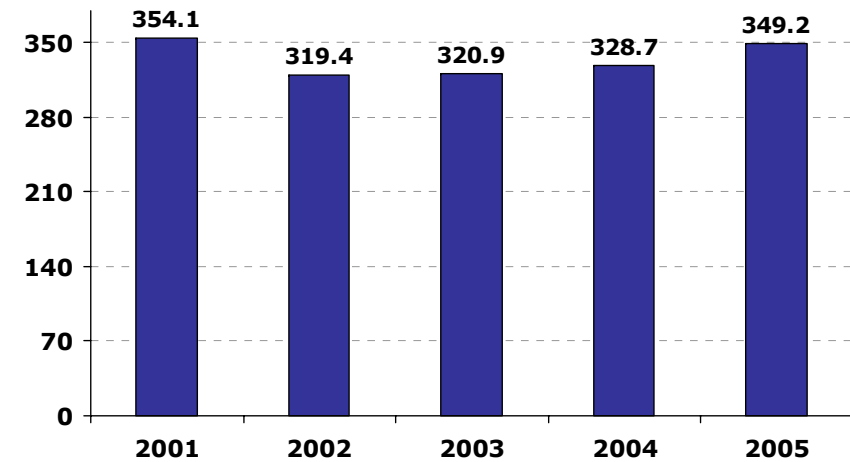
Strategy Implementation

- Testing taking greater role in growth
- Competitive advantages as outsourcing partner of choice
- Technology transfer continuing
- Consolidating existing markets
- Follow customer expansion into growing manufacturing areas
- Development of people

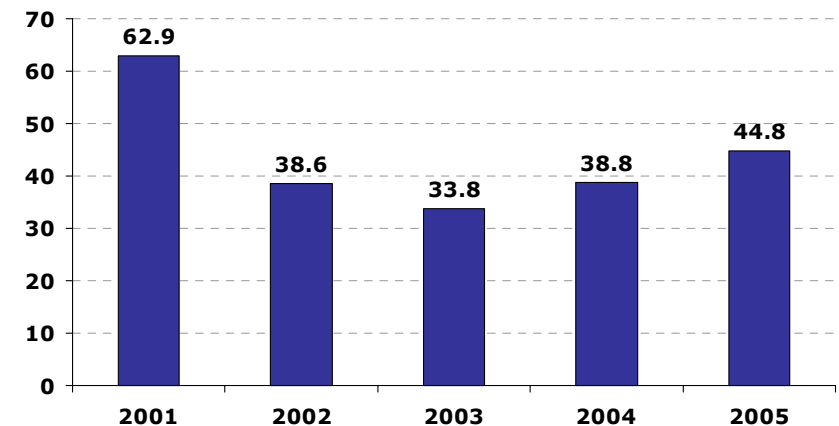
Heat Treatment

- France/USA
- Leveraging customer base
- Outsourcing
- Technology roll-out
- Manufacturing growth markets

Revenue (£m)



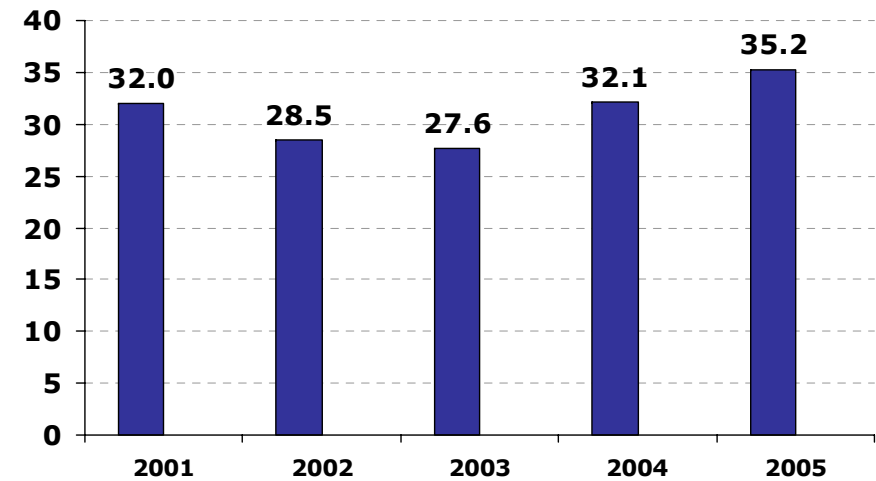
Operating Profit (£m)



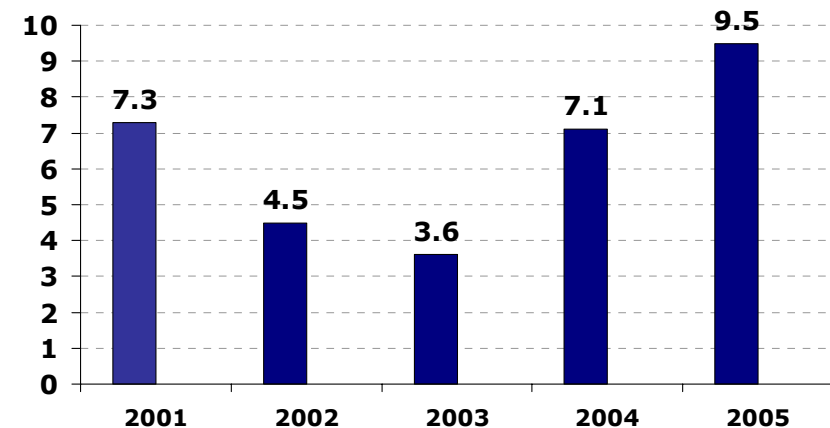
Hot Isostatic Pressing

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

Revenue (£m)



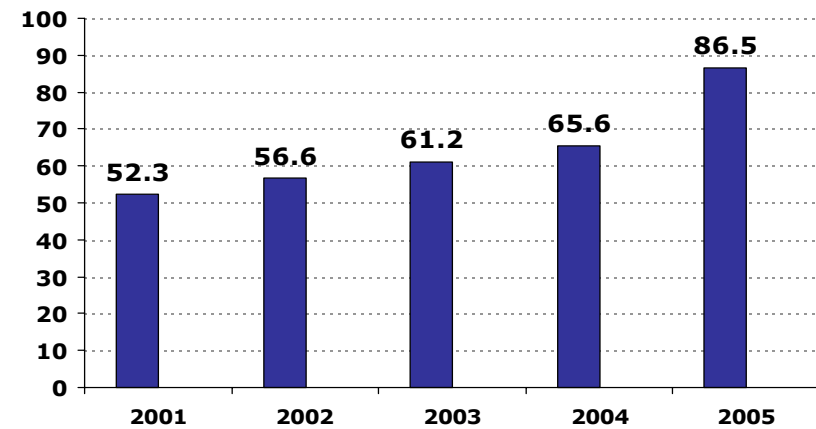
Operating Profit (£m)



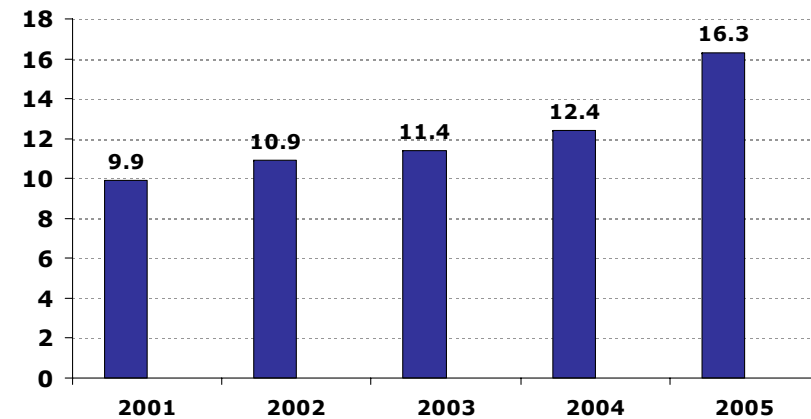
Testing

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

Revenue (£m)



Operating Profit (£m)



Current Trading and Prospects

- 06 started in line with expectations
- Aerospace, IGT and oil and gas markets continue to grow
- Automotive and tooling sectors volatile
- Impact of energy costs being managed
- Outsourcing initiatives continue to deliver growth
- Confident of further progress in 06



2005 Preliminary Results

Appendix

Operational Locations



	Heat Treatment	HIP	Testing	IonBond	TOTAL
USA	42	4	11	10	67
UK	22	3	29	2	56
France	31	1	-	6	38
Canada	2	-	18	2	22
Germany	17	1	-	2	20
Sweden	12	1	6	1	20
Czech Republic	6	-	1	2	9
Netherlands	5	-	2	1	8
Italy	4	-	2	1	7
Finland	6	-	-	-	6
Switzerland	2	-	-	4	6
Poland	5	-	-	-	5
Austria	3	-	-	1	4
UAE	-	-	3	-	3
Belgium	2	1	-	-	3
India	-	-	-	3	3
China	1	-	-	2	3
Denmark	2	-	-	-	2
Mexico	-	-	-	2	2
Turkey	-	-	-	2	2
Romania	1	-	-	1	2
Oman	-	-	2	-	2
Liechtenstein	1	-	-	-	1
Norway	-	-	1	-	1
Hungary	1	-	-	-	1
Thailand	-	-	-	1	1
Singapore	-	-	-	1	1
Qatar	-	-	1	-	1
Argentina	-	-	-	1	1
Korea	-	-	-	1	1
TOTAL	165	11	76	46	298

Analysis Of Organic/Acquisition Growth



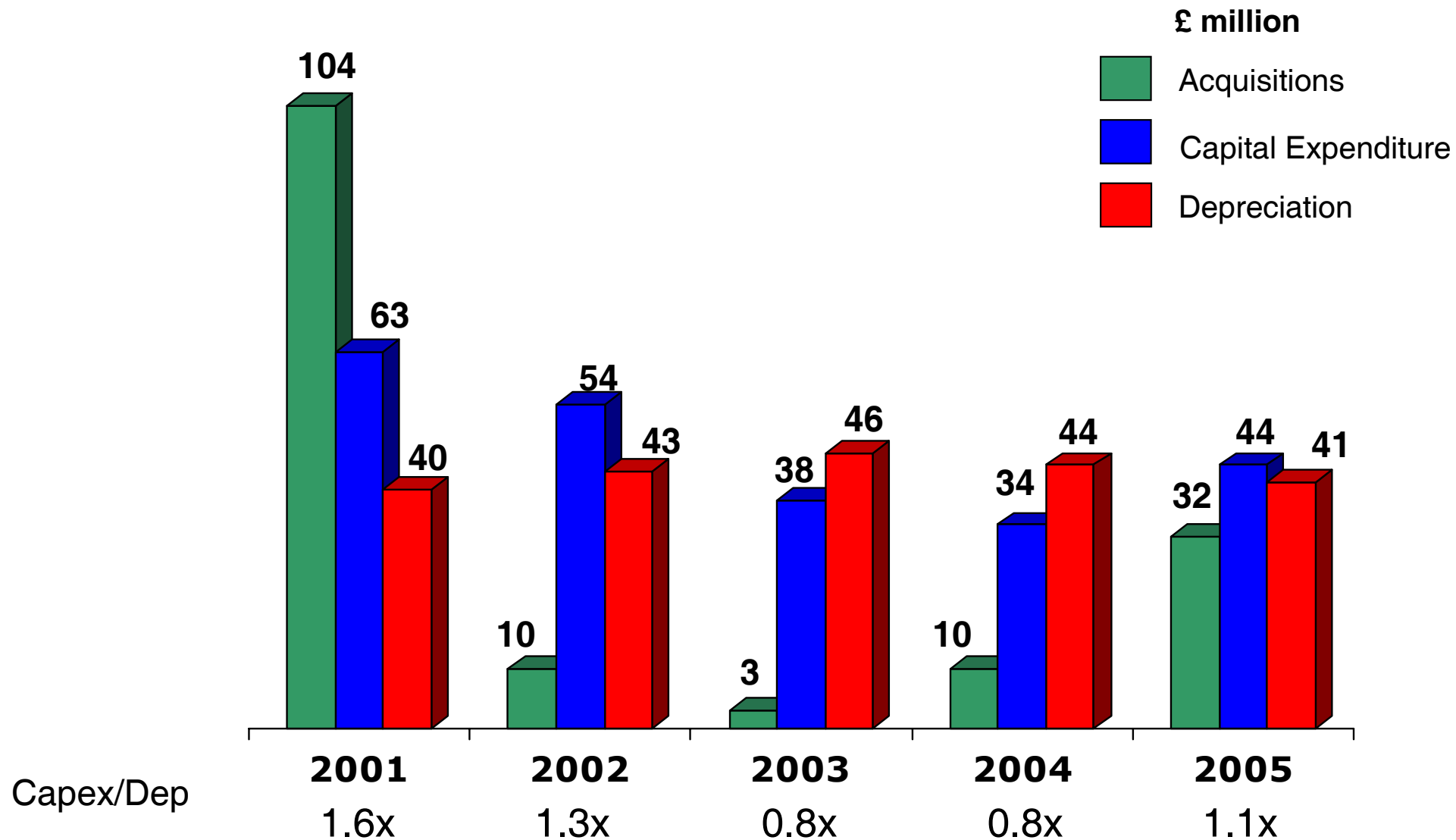
	HT £m	HIP £m	Testing £m	PVD/Electroplating £m	Head Office £m	Total £m
Sales						
2004	328.7	32.1	65.6	30.8		457.2
Organic	13.5	3.0	6.0	-		22.5
Acquisition	6.6	-	13.2	-		19.8
Disposal	(1.9)	-	-	(29.3)		(31.2)
Currency	2.3	0.1	1.7	-		4.1
2005	349.2	35.2	86.5	1.5		472.4
Operating Profit						
2004	38.8	7.1	12.4	(2.4)	(2.8)	53.1
Organic	4.4	2.4	1.2	-	-	8.0
Acquisition	1.2	-	2.4	-	-	3.6
Disposal	-	-	-	2.4	-	2.4
Currency	0.4	-	0.3	-	-	0.7
2005	44.8	9.5	16.3	-	(2.8)	67.8
% on Sales						
2005	12.8%	27.0%	18.8%			14.4%
2004	11.8%	22.1%	18.9%			11.6%

Impact Of Exchange Rates

	Sales £m	Operating Profit ¹ £m
2005 As Reported	470.9	67.8
2005 Using 2004 Rates	466.7	67.1
Impact	4.2	0.7

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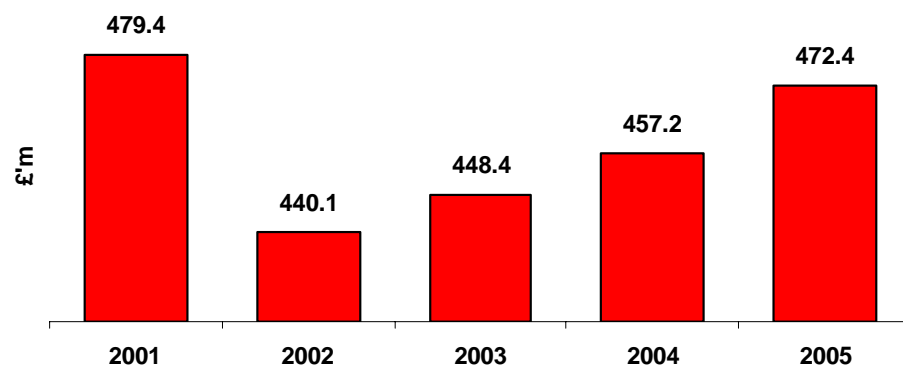
Acquisitions, Capital Expenditure & Depreciation



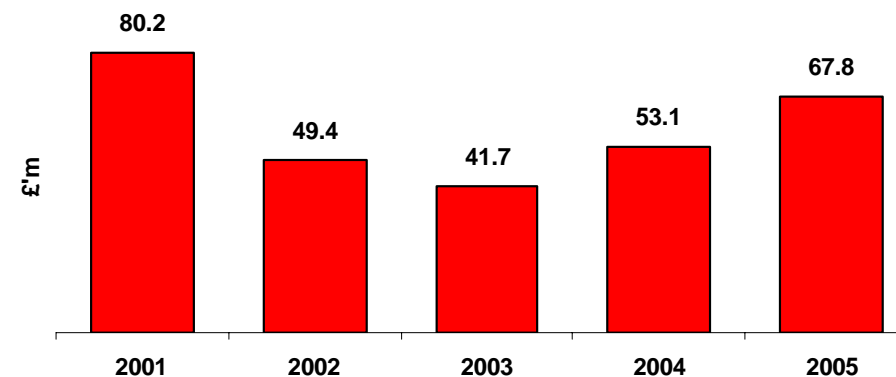
Financial Highlights



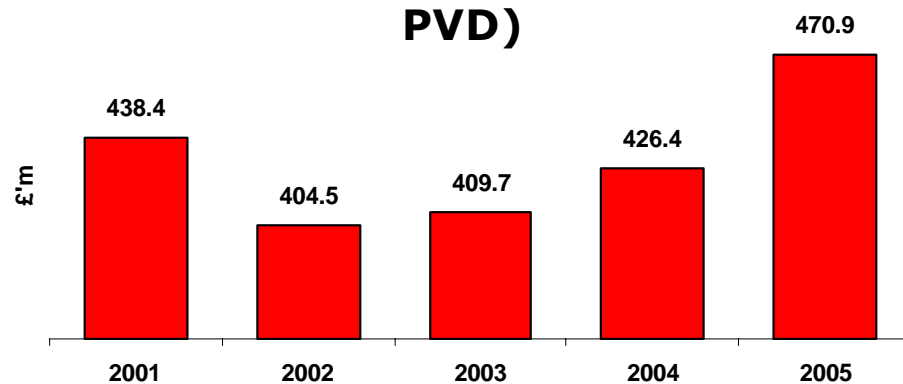
Sales



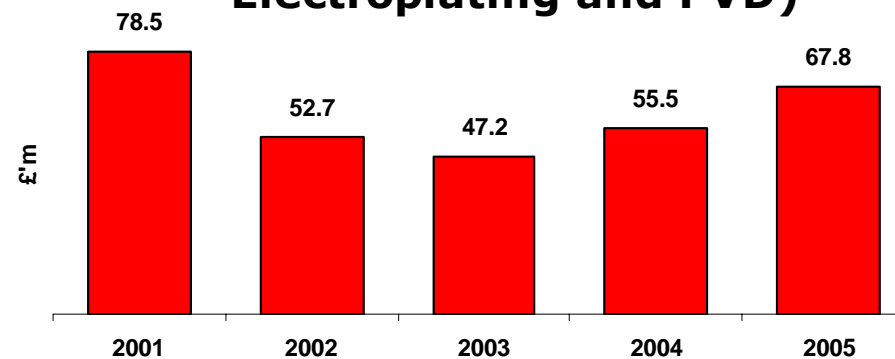
Operating Profit¹



Sales (excl. Electroplating and PVD)



Operating Profit (Excl. Electroplating and PVD)¹

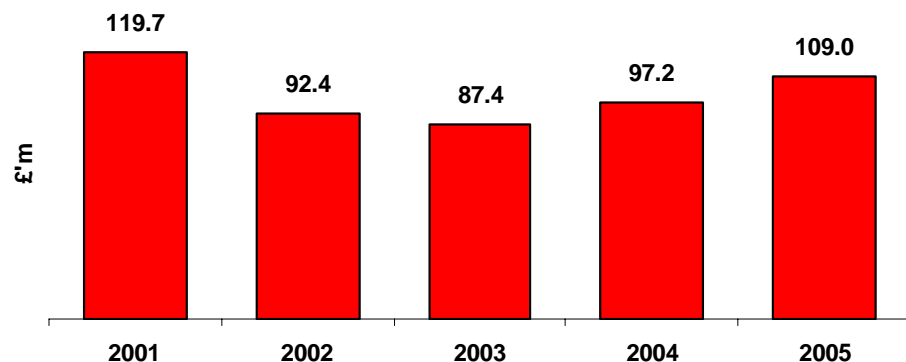


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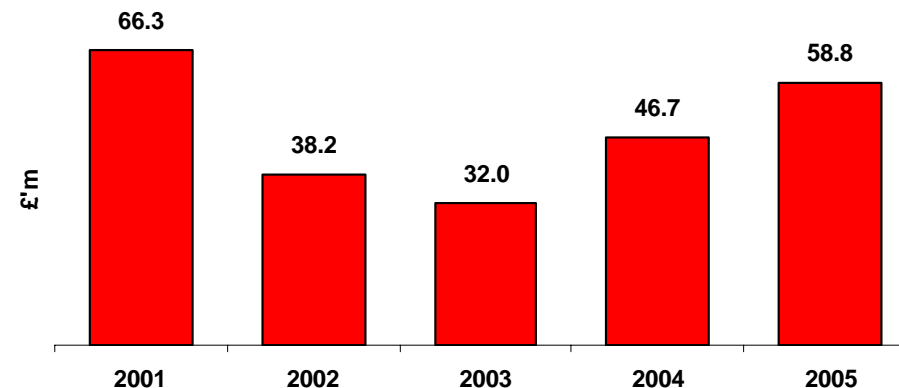
Financial Highlights



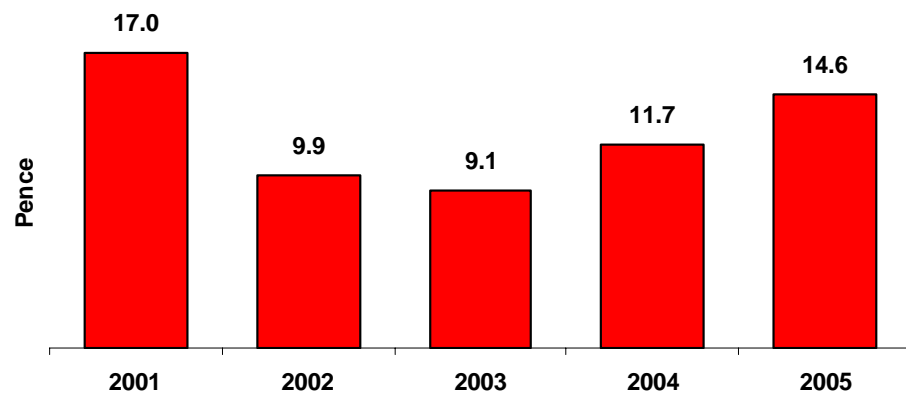
EBITDA¹



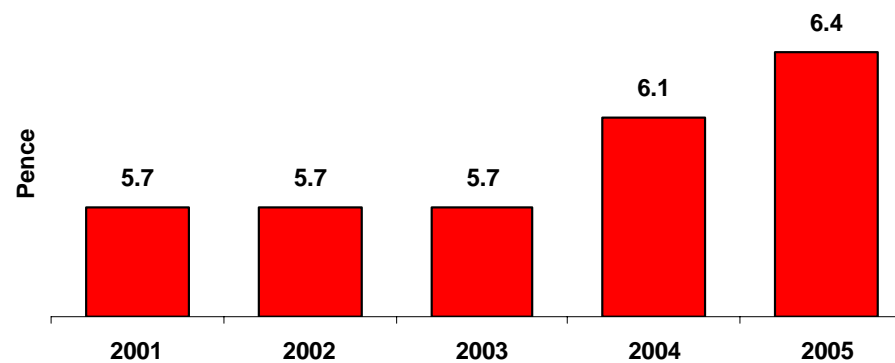
Group Profit Before Tax¹



Headline Earnings Per Share²



Dividend Per Share³



¹ pre impairment of goodwill, amortisation of acquired intangibles, restructuring costs and interest and tax on associates

² pre impairment of goodwill, amortisation of acquired intangibles, restructuring costs

³ as restated for the 1 for 4 rights issue in March 2004

