Charter International plc

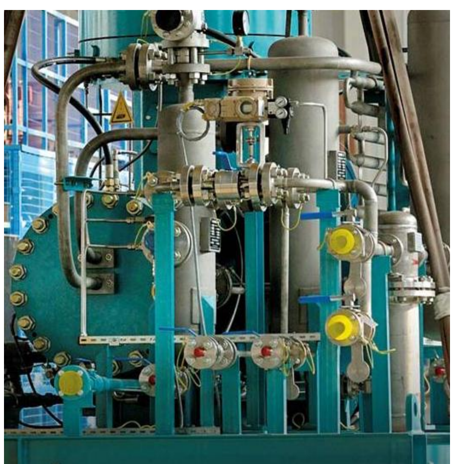
CHARTER

2011 Interim results and strategic overview

26 July 2011





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Lars Emilson

Chairman

Overview

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Introduction and operational changes

Lars Emilson and Gareth Rhys Williams

First half 2011 financial performance

Robert Careless

ESAB strategic overview

Brendan Colgan

Howden strategic overview

Bob Cleland

Concluding comments

Lars Emilson

Key management changes

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Gareth Rhys Williams
Chief Executive, Charter
25 years in the industrial sector
CEO of Capital Safety Group 2008 - 2010
CEO of Vitec Group 2001 - 2008
Track record of restructuring and operational improvement

Brendan Colgan
Chief Executive, ESAB
15 years at Charter, 10 years at Howden; at ESAB since 2005
Most recently MD of strategy and development for ESAB Global
Operational experience in US, China, Asia and Sub-Saharan Africa

Ian Brander
Chief Executive, Howden (as of 1st August)
Joined Howden in 1983
Operations Director since 2008
Held a number of technical, project and commercial roles across Howden

Gareth Rhys Williams

CHARTER

Chief Executive

First impressions

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Significant opportunity to grow and improve

- Both businesses are well respected global leaders with exciting positions in developing markets
- Both have a history of innovation and technical expertise
- Operating management in both divisions are energetic and have a clear grasp of what needs doing
- ESAB has clear targets to significantly improve its margin and working capital performance, including an increased target of £38 million cost savings
- ESAB's new management is already making the changes needed
- Howden is enjoying a record order book with the potential to grow much further organically and by acquisition
- Howden's recent investments in management infrastructure are now in place to support £1bn business

My agenda

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Expose full value potential while driving operational performance

- Work with the Board and our advisers to maximise shareholder value by examining all available strategic options
- Work with management to:
  - Maintain ESAB's growth path by improving our customers' experience
  - Drive margins at ESAB
  - Improve working capital performance, particularly within ESAB
  - Drive growth and margins at Howden
- Ensure the full value of these businesses is recognised

Robert Careless

CHARTER

Finance Director

Financial highlights

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6 months ended 30 June	**2011**	2010	*Change*
Revenue (£m)	**946.5**	840.4	*12.6%*
Adjusted operating profit (£m)	**75.2**	72.7	*3.4%*
Adjusted profit before tax (£m)	**75.6**	73.3	*3.1%*
Adjusted earnings per share (pence)*	**33.6**	32.8	*2.4%*
Basic earnings per share (pence)	**19.3**	30.4	*(36.5%)*
Dividend per share (pence)	**8.0**	7.5	*6.7%*

* After an effective tax rate of 17.5% (1H 2010: 18.5%)

Increased revenue, profit and EPS

Increase in interim dividend of 6.7%

Overview of business performance

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6 months ended 30 June, £m	**2011**	2010	*Change*
ESAB	**658.7**	558.8	*17.9%*
Howden	**287.8**	281.6	*2.2%*
Revenue	**946.5**	840.4	*12.6%*
ESAB	**40.8**	50.1	*(18.6%)*
Howden	**38.9**	28.8	*35.1%*
Central operations	**(4.5)**	(6.2)	*27.4%*
Adjusted operating profit	**75.2**	72.7	*3.4%*
Share of post tax profits of associates and joint ventures	**2.3**	1.8	*27.8%*
Adjusted operating margin			
ESAB	**6.2%**	9.0%	
Howden	**13.5%**	10.2%	

Howden performed ahead of expectations, with adjusted operating profit up £10.1 million

ESAB showed good revenue progression; action being taken on margins

Exceptional items

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6 months ended 30 June, £m	**2011**	2010
Restructuring costs		
ESAB	**(15.9)**	(7.9)
Howden	**-**	-
Central operations	**(1.3)**	-
	(17.2)	(7.9)
Add back: cessation of post-retirement medical benefits (US)	**-**	8.5
Past service post-retirement pension benefits net credit (UK)	**6.2**	-
Total exceptional items	**(11.0)**	0.6

Restructuring well underway

ESAB 1H 2011 restructuring cost includes £7 million relating to US factory closure

Expected ESAB restructuring charges:

- 2H 2011: £12 million
- 2012: £13 million

ESAB: performance overview

£m	**1H11**	2H10	1H10	*Change**
Welding	**580.6**	520.9	494.5	*17.4%*
Cutting & automation	**78.1**	77.9	64.3	*21.5%*
Revenue	**658.7**	598.8	558.8	*17.9%*
Welding	**43.0**	37.3	52.4	*(17.9%)*
Cutting & automation	**(2.2)**	1.9	(2.3)	*4.3%*
Adjusted operating profit	**40.8**	39.2	50.1	*(18.6%)*
Share of profits of associates and joint ventures (post tax)	**2.3**	2.0	1.8	*27.8%*
Adjusted operating margin				
Welding	**7.4%**	7.2%	10.6%	
Cutting & automation	**(2.8%)**	2.4%	(3.6%)	
Overall	**6.2%**	6.5%	9.0%	

* Percentage change between 1H 2010 and 1H 2011

Welding revenue: volume growth in consumables, equipment and pass through of higher steel costs

Cutting & automation remains subdued

Margin broadly flat – remedial action being taken

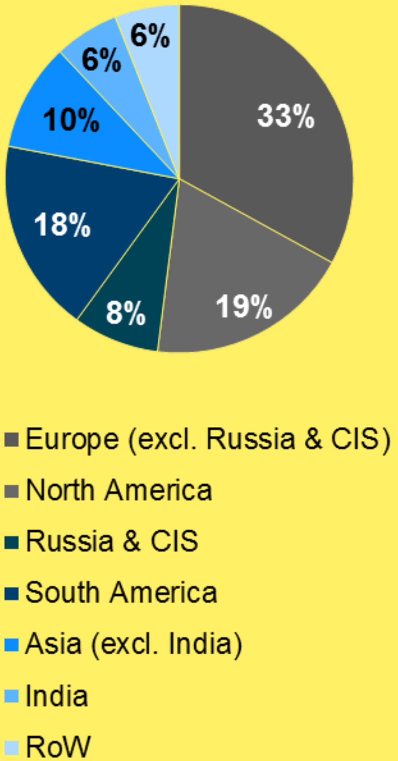
ESAB: approximately half of revenue from developing and emerging markets

- Focused on key end markets of Energy, Infrastructure, Transport & Industrial
- Market leading positions in core emerging markets

£m	**1H11**	2H10	1H10	*Change**
Europe[1]	**270.5**	230.0	214.6	*26.0%*
North America	**124.9**	112.6	109.7	*13.9%*
South America	**122.7**	127.3	114.9	*6.8%*
Asia[2]	**102.5**	90.9	86.8	*18.1%*
RoW	**38.1**	38.0	32.8	*16.2%*
Total revenue	**658.7**	598.8	558.8	*17.9%*

* Percentage change between 1H 2010 and 1H 2011
[1] Including Russia & CIS
[2] Including India

Detailed revenue breakdown 1H 2011
£658.7m



Howden: performance overview

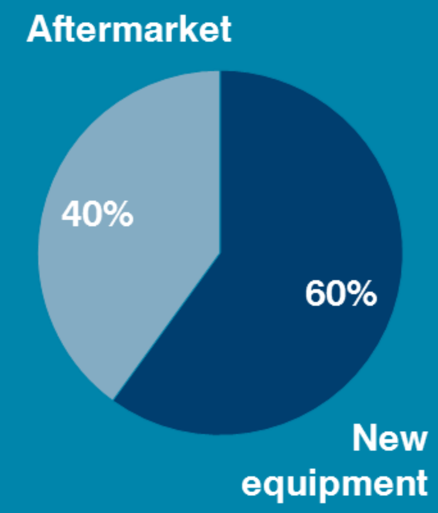
- Strong first contribution of £4m (since March 2011) from Thomassen – ahead of expectations
- Aftermarket delivered a strong performance - an increase of 22.5% in revenue compared to 1H 2010

£m	**1H11**	2H10	1H10	*Change**
New equipment	**171.3**	171.5	186.5	*(8.2%)*
Aftermarket	**116.5**	108.9	95.1	*22.5%*
Revenue	**287.8**	280.4	281.6	*2.2%*

Adjusted operating profit	**38.9**	39.0	28.8	*35.1%*
Adjusted operating margin	**13.5%**	13.9%	10.2%	

* Percentage change between 1H 2010 and 1H 2011

Howden revenue
1H 2011 **£287.8m**



Howden: record order book

£m	**1H11**	2H10	1H10
Balance brought forward	**423.8**	438.9	441.1
Net orders booked	**397.5**	265.0	266.4
Acquisitions	**58.2**	-	2.2
Sales	**(287.8)**	(280.4)	(281.6)
Foreign exchange impact	**0.2**	0.3	10.8
Balance carried forward	**591.9**	423.8	438.9

Ratio of bookings to sales ("book to bill")	**138%**	95%	95%

Order book includes £62 million from Thomassen

Bookings up by approximately 50% on 1H 2010

"Book to bill" up 43 ppts on 1H 2010, at 138% versus 95% in 1H 2010

Howden: well positioned in emerging markets

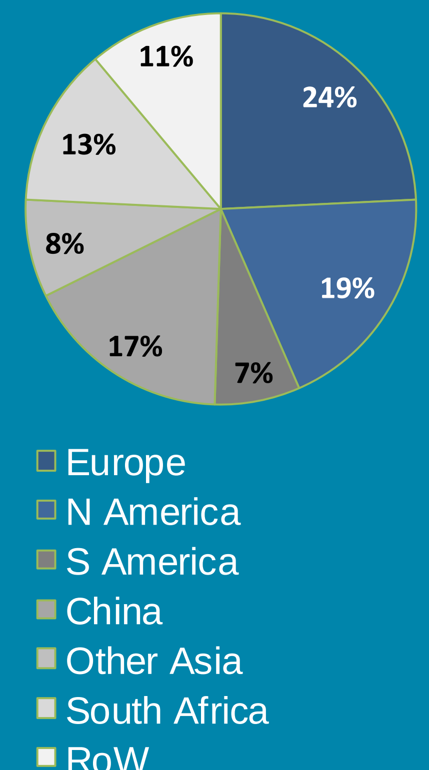
Howden

- More than one half of revenue from emerging markets - particularly China, South Africa, India and South America
- Thomassen further strengthens Howden in emerging markets, including in Russia & CIS, South America and South East Asia

£m	1H11	2H10	1H10	Change*
Europe	**69.1**	59.4	71.0	*(2.7%)*
Asia[1]	**76.3**	78.5	58.5	*30.4%*
North America	**54.8**	56.0	69.1	*(20.7%)*
South America	**19.1**	20.9	18.4	*3.8%*
RoW[2]	**68.5**	65.6	64.6	*6.0%*
Total revenue	**287.8**	280.4	281.6	*2.2%*

* Percentage change between 1H 2010 and 1H 2011
[1] Including China
[2] Including South Africa

Revenue breakdown by destination
1H 2011 **£287.8m**



Cash flow reflecting growth by acquisition

£m	**1H11**	2H10	1H10
Operating profit	**40.8**	69.1	69.3
Depreciation and amortisation and impairment	**45.6**	19.9	22.2
Net working capital (increase)/decrease	**(57.4)**	(16.1)	(32.7)
Other items[1]	**(18.9)**	(27.7)	(18.5)
Cash generated from operations	**10.1**	45.2	40.3
Capital expenditure and capitalised development costs	**(28.2)**	(28.0)	(34.1)
Acquisitions	**(92.7)**	-	(0.8)
Tax	**(15.9)**	(17.0)	(19.5)
Dividends paid to equity shareholders	**(25.9)**	(12.5)	(24.2)
Other[2]	**(4.5)**	(0.2)	1.7
Net cash absorption	**(157.1)**	(12.5)	(36.6)

[1] Other items include retirement benefit obligations, other provisions, share based payments, loss/(profit) on sale of business and fixed assets.

[2] Other items include finance charges, investment in associates and joint ventures, dividend received from associates and joint ventures, dividends paid to minority shareholders, issue of share capital and currency variations.

Net cash outflow of £157m primarily reflecting acquisitions (£93m) and working capital (£57m)

Modest period end gearing with net debt of £155 million

Analysis of working capital by business

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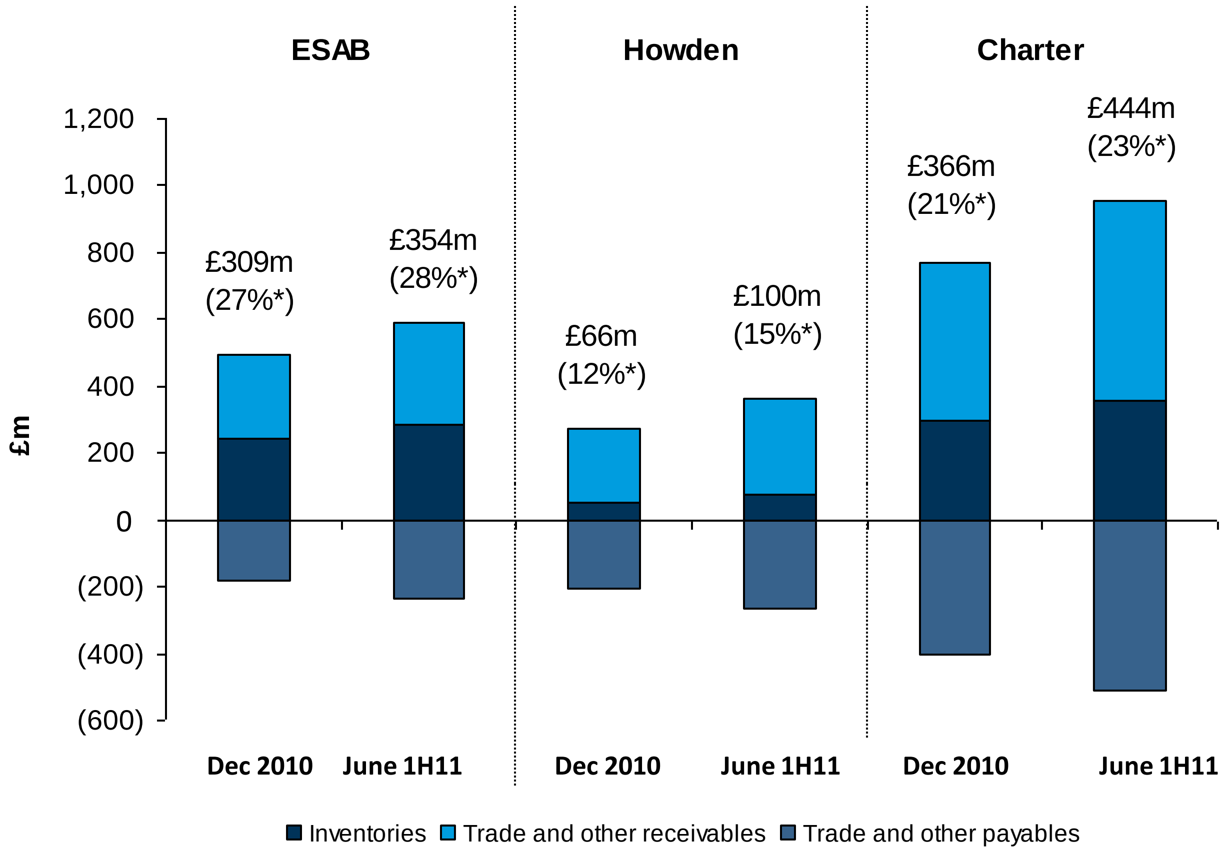
Net working capital



* Net working capital as a percentage of LTM revenue

Target of 19% working capital to revenue ratio at ESAB by the end of 2013

Howden working capital represents 15% of LTM revenue (including Thomassen)

Strong balance sheet

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£m	As at 30.06.11	As at 31.12.10
Fixed assets	**562.1**	473.8
Inventories	**359.1**	295.1
Trade and other receivables[1]	**595.9**	472.5
Trade and other payables[2]	**(510.7)**	(401.9)
Net working capital	**444.3**	365.7
Income tax assets less liabilities	**34.6**	42.2
Net retirement benefit obligations	**(132.1)**	(138.7)
Provisions	**(60.1)**	(60.6)
Net (debt)/cash	**(155.3)**	1.8
Other	**7.8**	5.7
Net assets	**701.3**	689.9
Less non-controlling assets	**54.2**	54.2
Equity shareholders' funds	**647.1**	635.7

[1] Includes non current trade and other receivables
[2] Includes non current trade and other payables

Net working capital increased by £79 million

Net pension liabilities down £6.6 million

Dividend

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	Interim dividend per share (p)	Final dividend per share (p)	Total dividend (p)
2008	7.0	14.0	21.0
2009	7.0	14.5	21.5
2010	7.5	15.5	23.0
2011	8.0	-	-

Increased interim dividend of 8.0 pence per share

Strategic Overview

Brendan Colgan
CEO ESAB

Agenda

Challenges & targets

Margin & working capital improvement

Revenue & growth

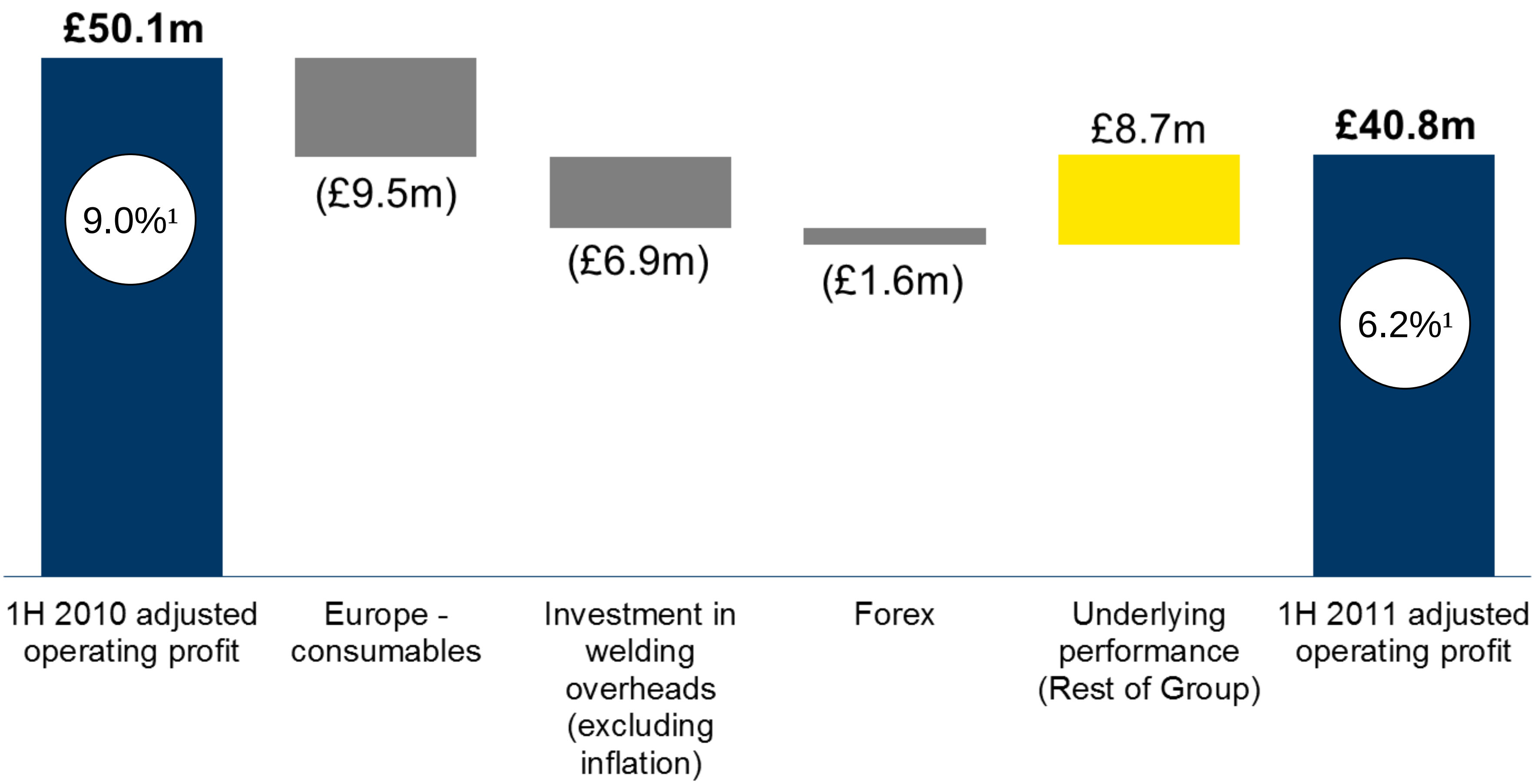
Team to deliver performance and transformation

Conclusion

Challenges and targets

Revenue in 1H 2011 up **18%** year on year		**10%** organic revenue CAGR target	ESAB is in the right geographies and end user segments
Adjusted operating margin **6.2%** in 1H 2011	Primarily due to mix effect and cycle Realigning cost structure	Target **10%** "through cycle" margin	£38m savings underway, up from £30m Cost realignment Product and brand rationalisation
Working capital **28%** of revenue in 1H 2011	Extended supply chain Steel price increases	Target reduction to **19%** of revenue by end 2013	Incentivised management Shorten supply chain Overdues and commercial terms

Adjusted operating profit bridge



[1] Adjusted operating profit margin

Europe: restoring performance

ESAB challenges 2010/11

Pricing/market share
- Product, production and distribution cost

Customer disruption from distribution changes
- 17 warehouses reduced to 3, completed July 2011

Management disruption from structural reorganisation
- Consolidation of all 28 admin centres and 8 IT systems (end 2012)

Restoring ESAB's performance

Product offering and cost
- Product portfolio rationalisation
- Lower production and distribution costs

Improved customer service

More agile and reliable supply chain

Overhead reduction
- Including new B2B and customer webshop

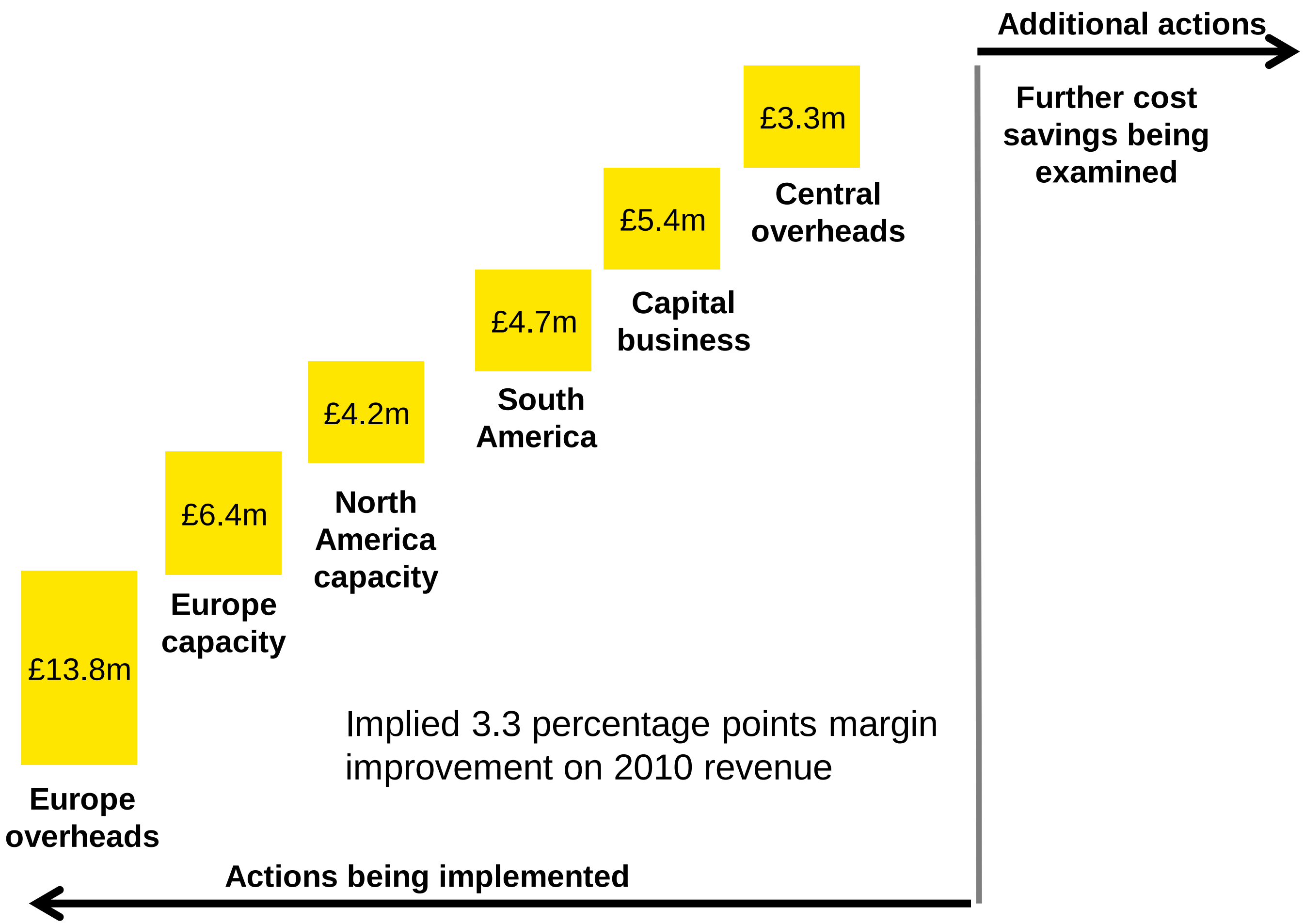
Market dynamics

Low growth market

Highly competitive

Segment cycles (product and geography mix)

Cost reduction: £38m up from £30m



Implied 3.3 percentage points margin improvement on 2010 revenue

Savings of £38m have been identified

- Majority underway
- To be completed by mid-2013

Year end run rate:

- 2011: £15m
- 2012: £35m

Income statement benefits:

- 2011: £5m
- 2012: £25m

Related exceptional charges:

- £7m in 1H 2011 completed
- £12m in 2H 2011
- £13m in 2012

Cost reduction programme: Europe

Element	Benefit	Cost
Factory Manning	£3.9m	£1.4m
Sales Regions	£9.9m	£6.1m
Totals	**£13.8m**	**£7.5m**

Timing	Benefit	Cost
2011	£2.6m	£4.3m
2012	£13.2m	£3.2m
2013	£13.8m	-

Analysis supported by external consultants

Applying standardised factory and sales model

Adjusting overheads in line with market activity

Capacity realignment: Europe

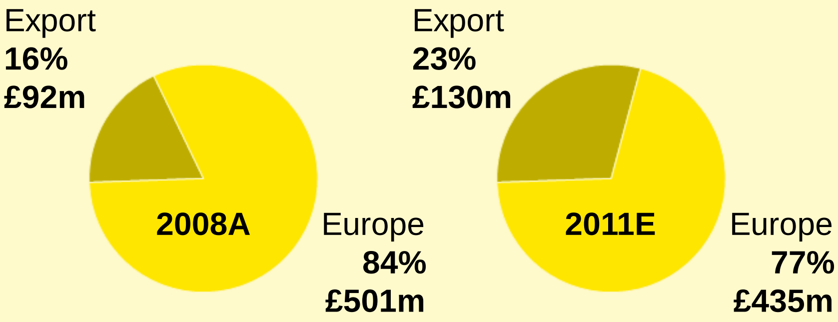
£6.4m cost savings identified

Anticipated working capital reduction

- Transfer capacity to Russia
  - Shorten supply chain
  - Reduce logistics and duty costs
  - Service market growth
  - Synergy with existing footprint (Sychevsky)
- Capacity consolidation
  - Reduce fixed overhead

24 month project to mid-2013

European exports have increased



Capacity realignment: North America

£4.2m savings projects underway

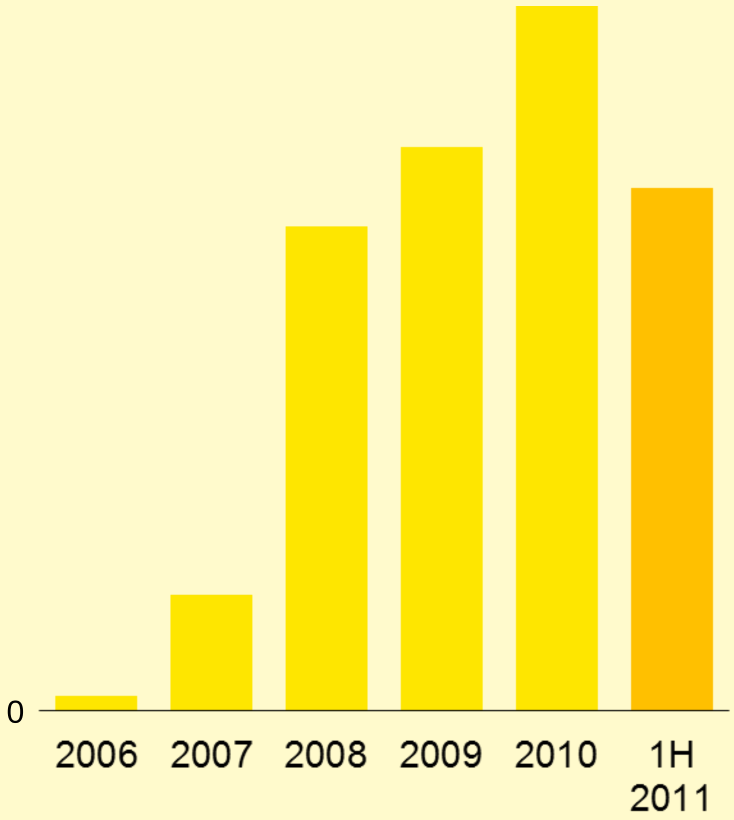
Expected solid wire gross margin improvement of 10 percentage points

Anticipated working capital reduction of £2m

- Close Ohio. Open modern, lower cost, higher capacity facility in South Carolina. Benefits include:
  - Lower overhead
  - Environmental and maintenance savings
  - Improved product quality
- Transfer US bound production of Aristorod from China to South Carolina:
  - Flexibility improvement due to shorter supply chain benefits

12 month project to mid-2012

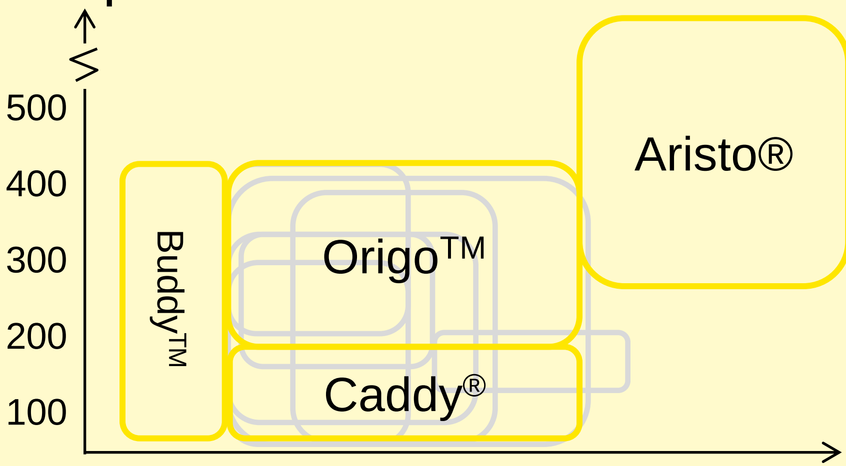
Aristorod volumes (indexed)



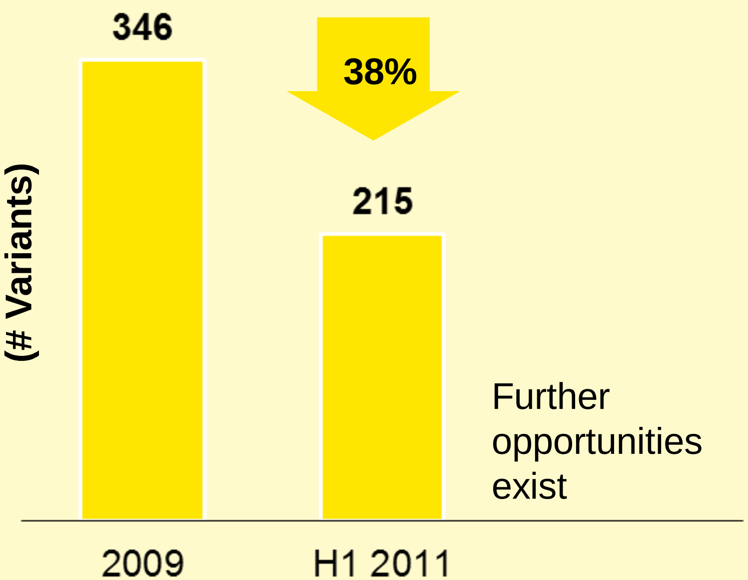
Reducing product range complexity to drive margin and working capital improvements

- 66 equipment product groups will be reduced to 4 core brands by the end of 2012
- 346 variants reduced to 215: further opportunities exist
- Opportunity to further rationalise our consumables product range

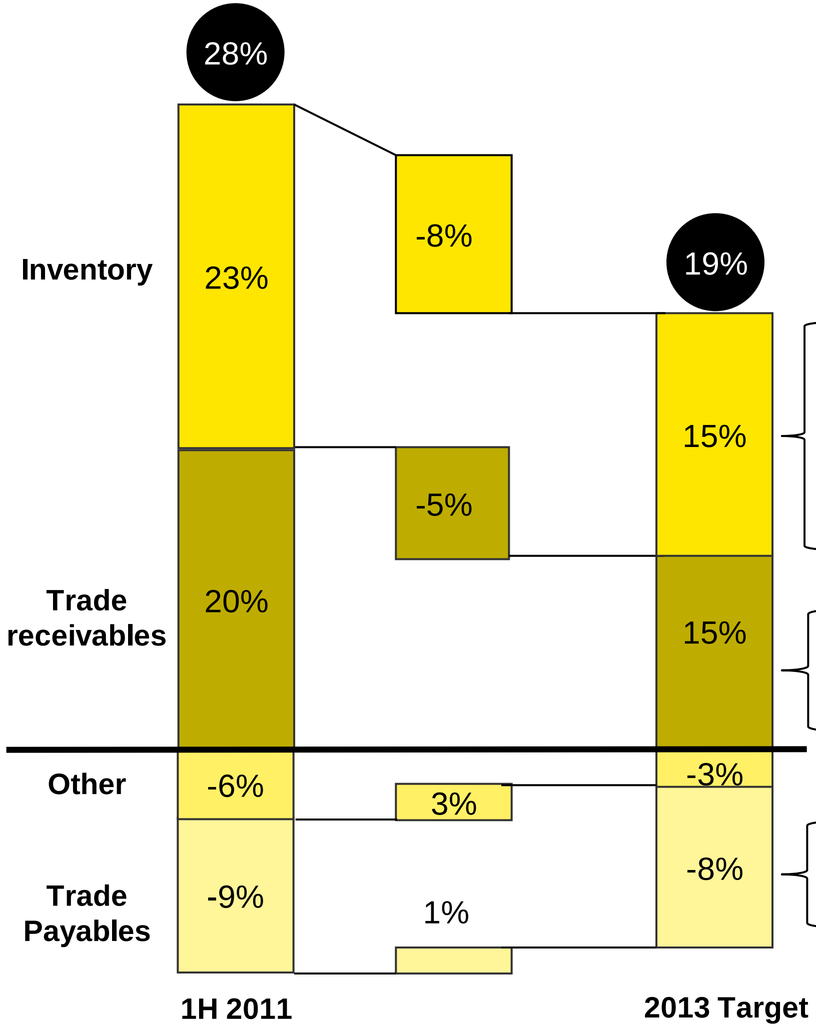
Four Core Brands by end 2012



Product variants



Targeting 19% working capital to revenue by end of 2013



Portfolio rationalisation

Reduction of slow moving stock

Capacity realignment to shorten supply chain

Reduce overdue debt

Improved commercial terms

Portfolio rationalisation

Management Incentives

New Supply Chain management

ESAB markets are growing

Estimated growth in steel consumption	CAGR 2011 – 2016
European Union - 27	3.7%
European Union - other	4.4%
CIS	4.5%
Russia	4.9%
North America	4.6%
South & Central America	4.2%
China	4.0%
India	7.0%
World	4.3%

Source: AME Group

Global steel growth: 4.3% CAGR 2011 to 2016

Drivers of steel consumption
- Urbanisation
- Population growth
- Industrialisation

Welding industry trends: positive for ESAB

Growth opportunities driven by customer requirements:

- Materials are getting ***lighter, stronger, thicker and thinner***
- High performance products to meet ***extreme*** conditions
- Drive to increase ***productivity*** and automation to improve cost and quality
- ***Skills shortages*** encourage further automation
- Emphasis on ***service and reliability***

Targeting end user segments with strong growth potential

- ESAB has ***global footprint*** and ***total solution capability***
- Strategic focus on ***higher growth*** end user segments, targeting **greatest *earnings potential***
- We operate in multiple end user segments. We are particularly focusing upon the following ***high potential*** segments:

Four focus segments

Energy

Transport

Infrastructure

Industrial

Technical expertise

Leading products

Global footprint

Total solution capability

Strong growth

Exciting segment opportunities in our strong regions

ESAB®

North America
Number 2 in consumables

Energy, transport, industrial and infrastructure

Europe
Market leader

Energy and transport

Russia
Leading overseas welding company

Energy, transport, industrial and infrastructure

China
Energy, transport and infrastructure

South America
Market leader in Brazil and Argentina

Energy, transport, industrial and infrastructure

World Cup 2014/ Olympics 2016

Sub Saharan Africa
New region – Building presence

Energy and transport

India
Market leader

Energy, transport, industrial and infrastructure

S.E. Asia
Number 2 player in the region

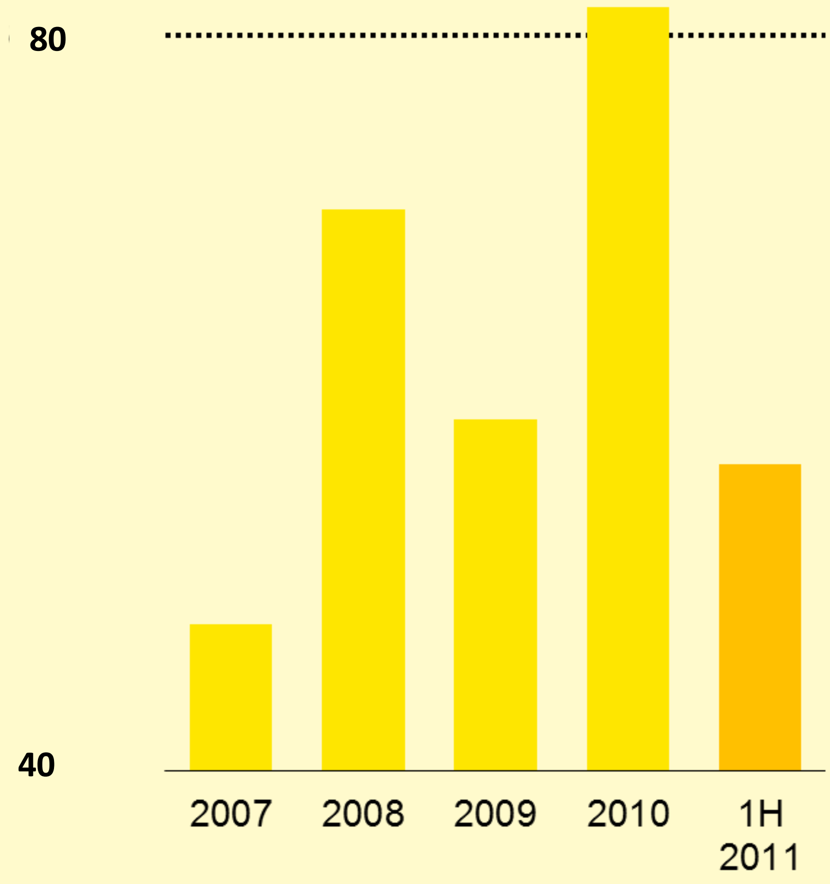
Energy, transport, industrial and infrastructure

Source: Frost & Sullivan, 2010

Success story: Russia

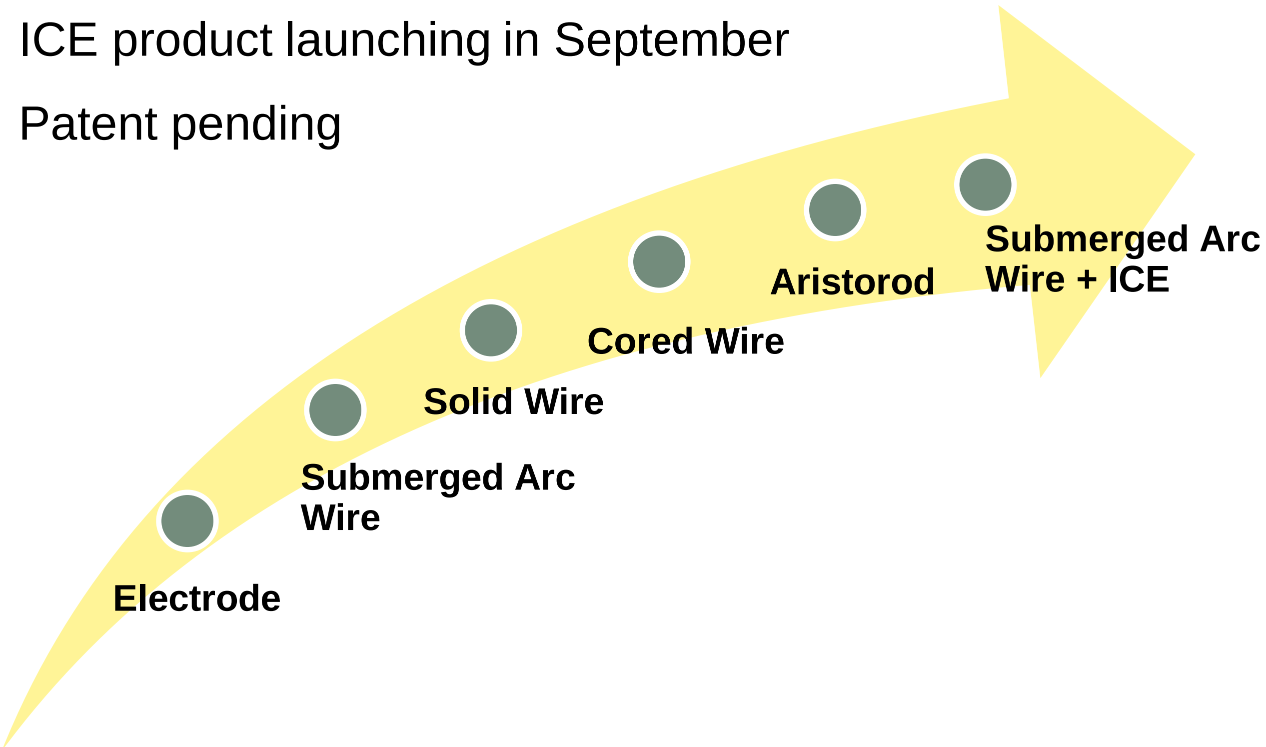
- Strong organic revenue growth: 19% CAGR 2007 to 2010
- Established as a leading overseas welding company, focused on high-end electrodes in the Oil & Gas sector
- Presence significantly enhanced by the acquisition of Sychevsky in March 2011, including additional local manufacturing capacity
- Strong and growing network of over 200 distributors
- Further growth opportunities throughout Russia & CIS particularly in Nuclear and Infrastructure

Revenue (£ million)



Growth from process evolution and innovation

- ICE product launching in September
- Patent pending



Customer benefits	• Reduced energy costs • Increased productivity
ESAB benefits	• Targeted energy and offshore segments • Grow share • Improve margin

Incremental market opportunities

Estimated £4.6bn market for ancillary welding products

Targeting c.5% market share building on £57m revenue in 2010

Extension of products already sold under ESAB brand

Leverages existing ESAB distribution channels

Developing our presence in South America

ESAB revenues in South America of £242m in 2010, representing 21% of ESAB revenue

ESAB grown strongly in Brazil and is a leading player in South American welding industry

Condor acquisition

A leading Gas Apparatus company in Brazil

- Efficient manufacturing
- New products
- Available capacity

Synergies:

Sales channels

Supply chain

Driving market share through enhanced customer service

Leading international products well known and recognised in many geographies

Global reach trading in 122 countries, through an extensive distribution network

Local presence of ESAB operations

Ability to offer complete range of welding products

Industry acknowledged technical expertise

"Mastery of the welding arc" metallurgy and chemistry

Best-in-class* and award winning technical and customer service

Innovative, new product range

Enhanced customer service

+

Strong world wide platform

Increased market share

* Frost & Sullivan Award

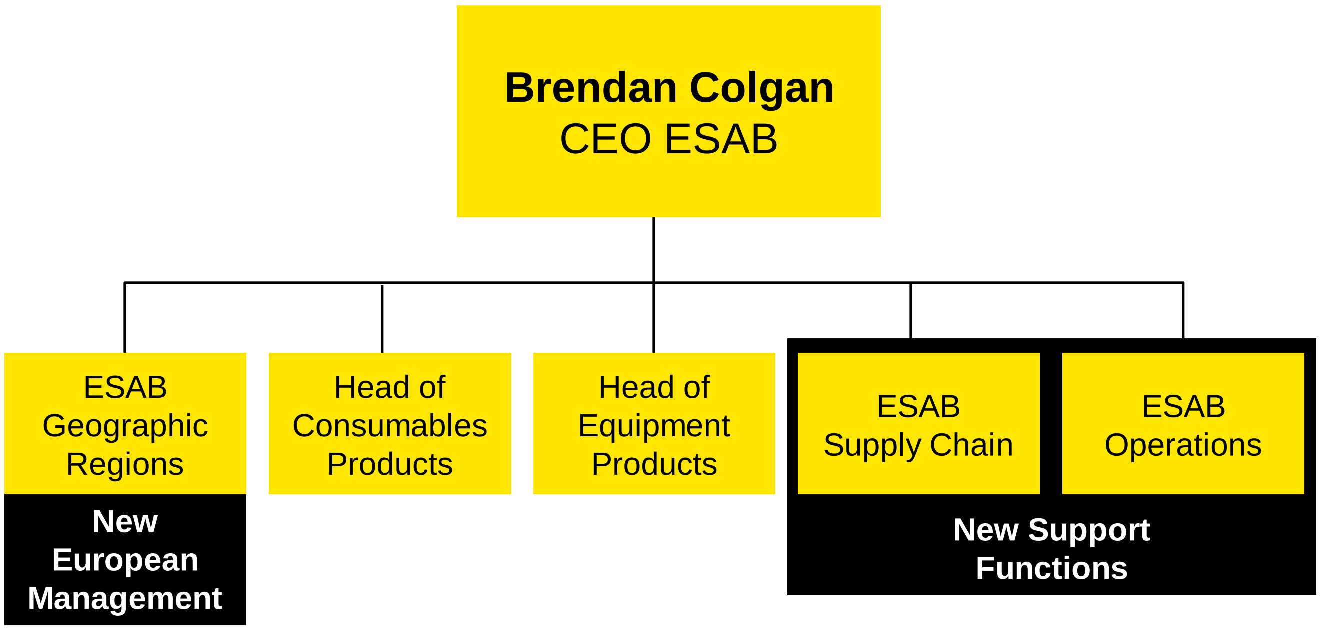
Our path to 10% “through cycle” margin target

6.2%

- Cost savings
- Focus on growth segments
- Product portfolio initiatives
- Supply chain and customer service
- Leverage from growth and cyclical recovery

10%

Team to deliver performance and transformation



ESAB now has its own dedicated CEO

New European leadership

Regions focused on delivering growth and business performance

Heads of Consumables and Equipment focused on driving portfolio development

New Supply Chain and Operations functions to drive operational excellence across the group

Conclusion

Growth	→	Leading positions and great potential
Margins	→	Clear actions and initiatives to deliver improvement
Working capital	→	Re-align and drive improved performance
Management	→	Team to deliver transformation

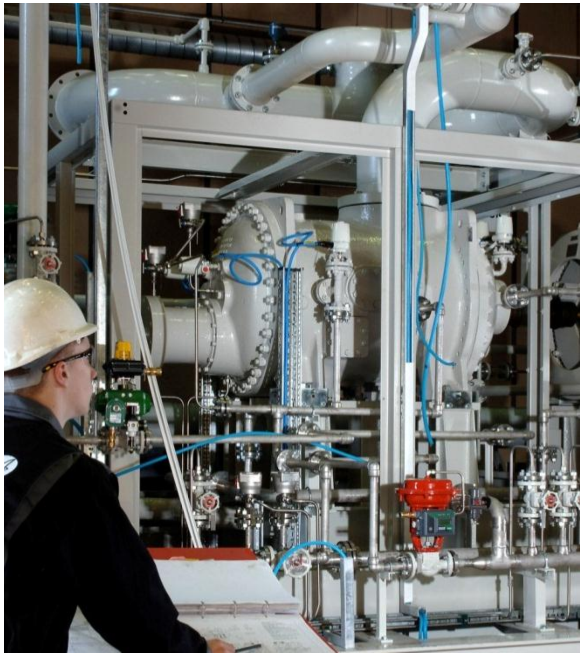
Organic revenue target:
10%
CAGR

Adjusted operating margin target:
10%
"through cycle"

Working capital target:
19%
of revenue by end of 2013

Strategic Overview

Bob Cleland
CEO Howden



Agenda

Strategic objectives

Order book

Growth and margin improvement

- Market growth
- Aftermarket growth
- Compressors
- Execution and technical excellence

Summary

Strategic objectives

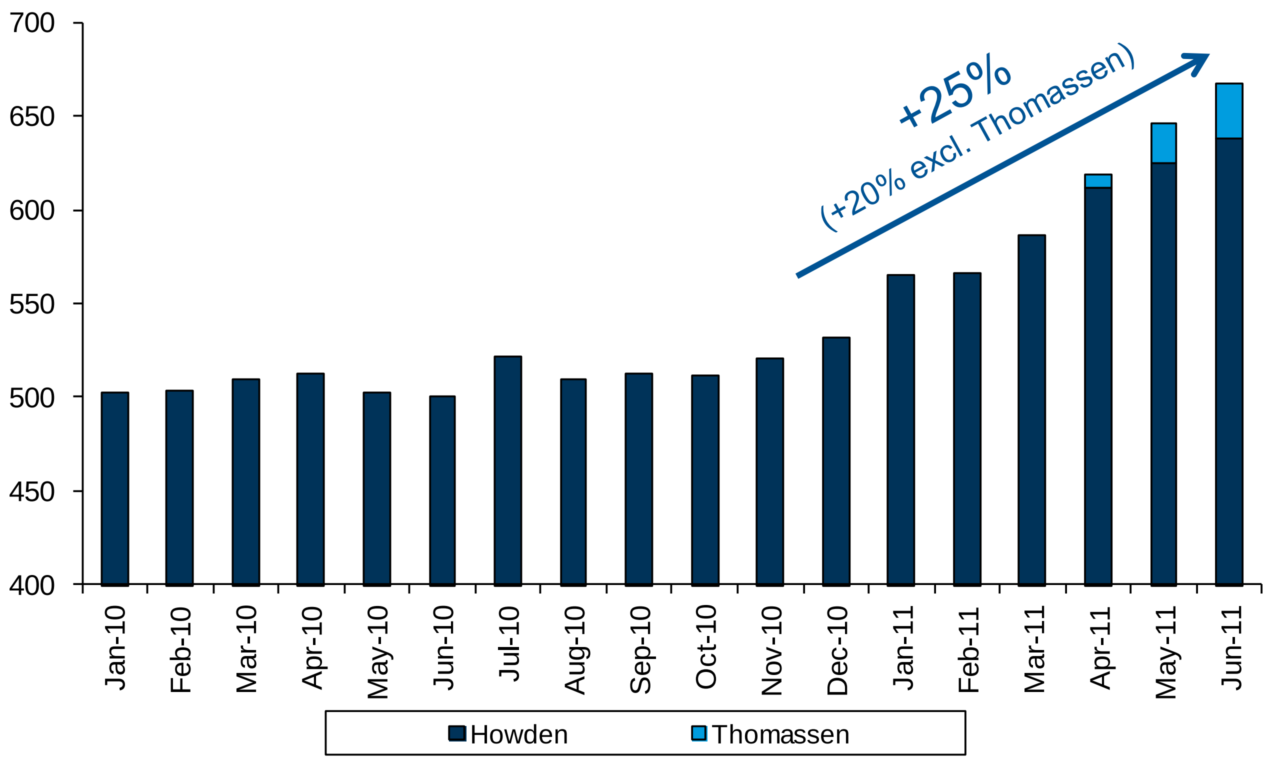
Key strategic objectives underpin growth and margin targets:

- **Organic revenue CAGR of 10%+**
- **Medium to long-term adjusted operating margin target of 14%**

Order intake: strong momentum

Rolling LTM order intake

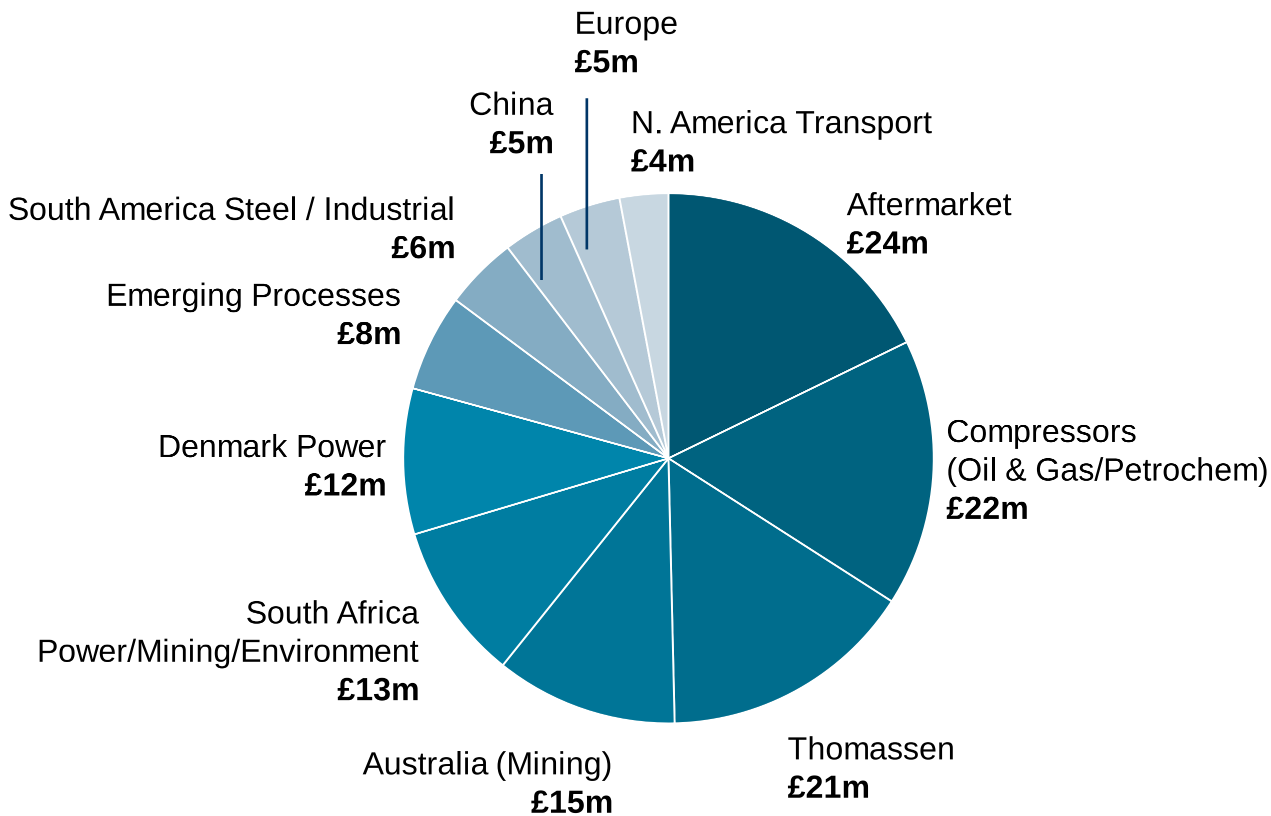
£m



The last six months have seen a significant increase in order intake

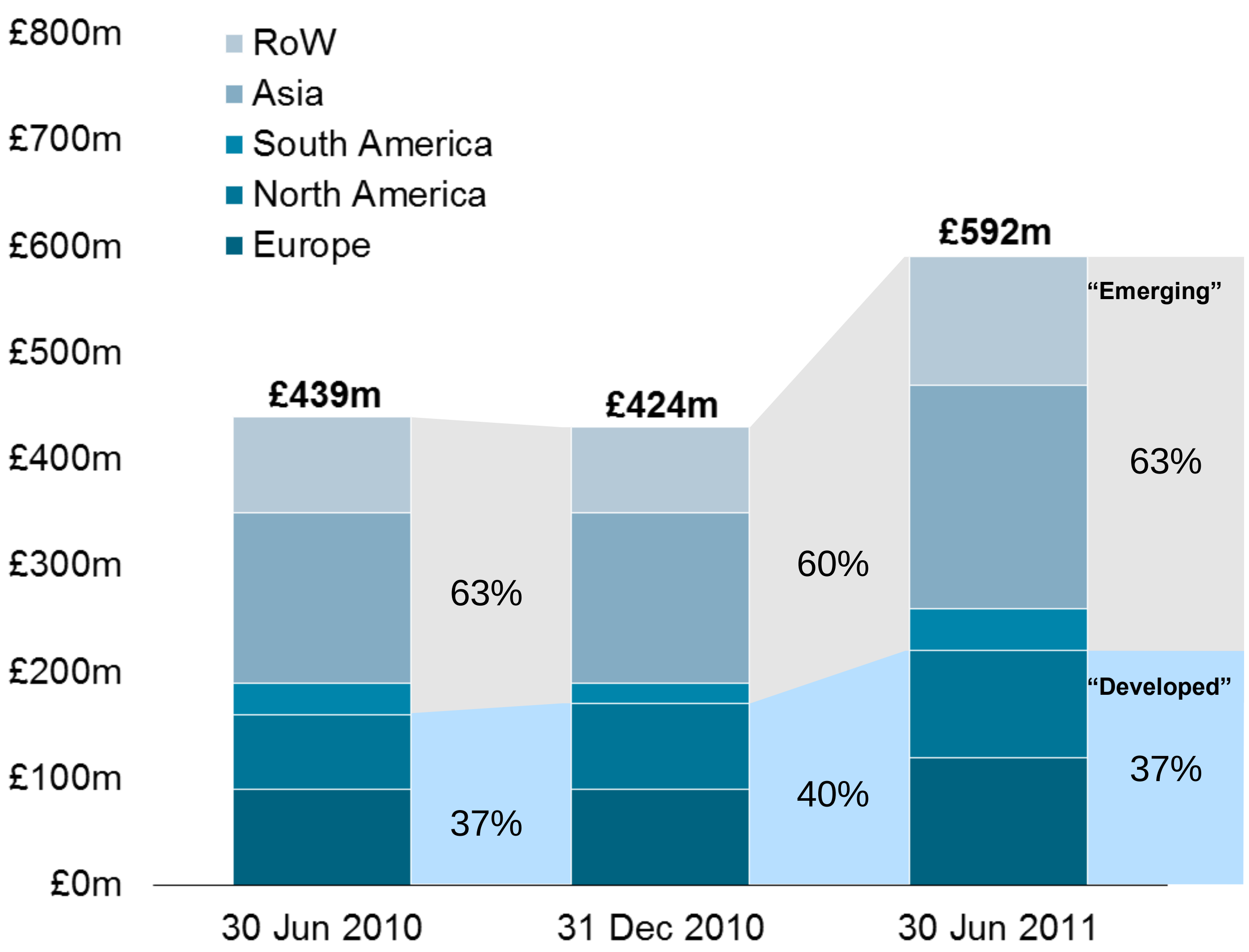
Breakdown of increase in order intake

1H 2011 order intake vs. 1H 2010



Increased order intake reflects successful diversification of Howden's business

Record order book



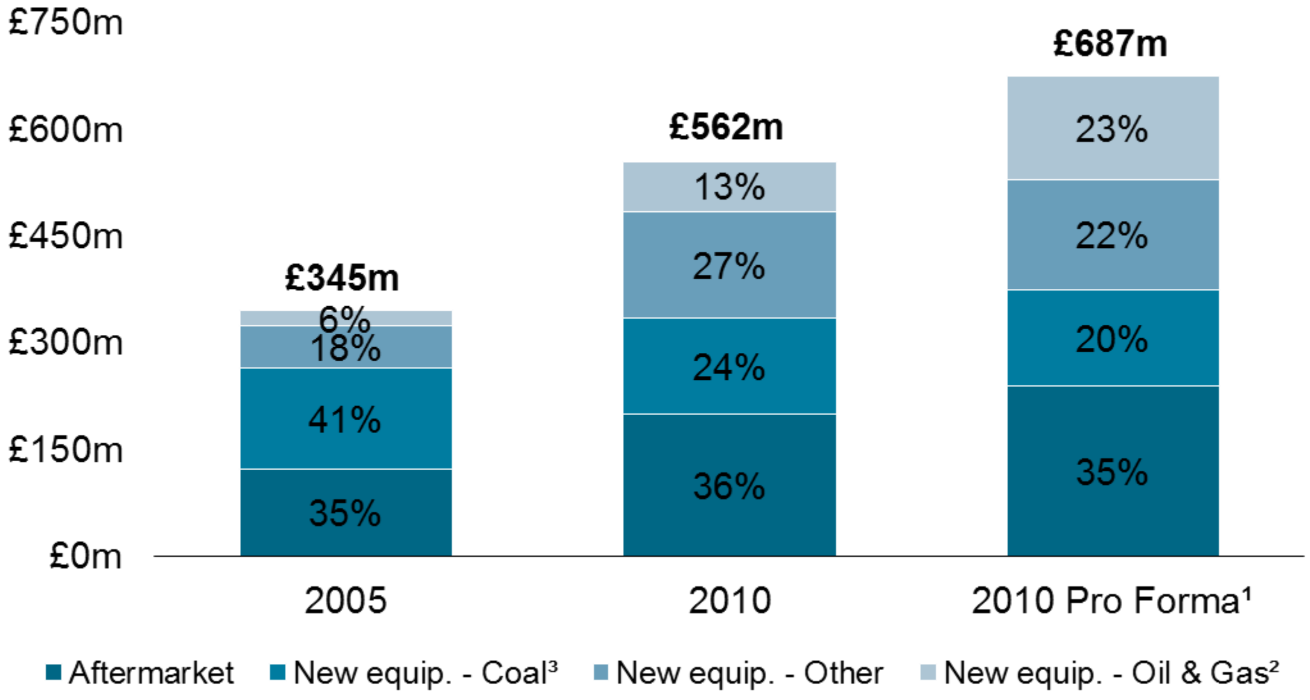
New equipment order book - 130% of 2010 new equipment sales

Thomassen – £62m of the order book, at end 1H 2011

Order book - 63% from emerging markets

Diversifying our end user base

Howden revenue 2005 vs. 2010 and 2010 Pro Forma for Thomassen



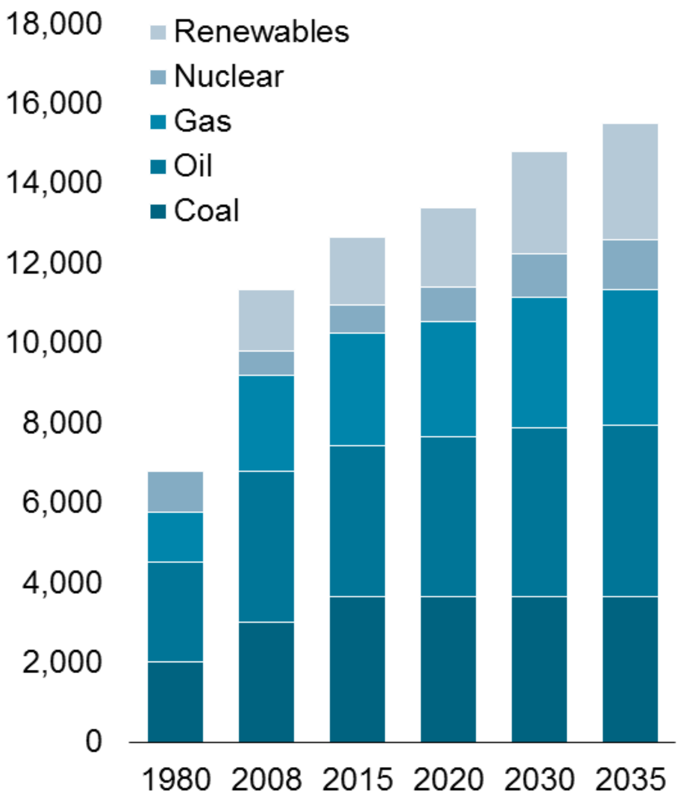
[1] Pro forma for the acquisition of Thomassen
[2] In 2010, c.81% of Howden's sales to the Oil & Gas / petrochemical industry were from compressors
[3] In 2010, c.98% of Howden's total sales in Coal power were fans and heat exchangers

Howden has successfully diversified away from coal-fired power generation into new segments, while maintaining growth at a CAGR of 10%

Global energy, regulation and resources drive our growth

Howden

World primary energy demand by fuel
(Mtoe)



CAGR 1980 - 2008	CAGR 2008 - 2035
2.0%	2.5%
4.9%	2.2%
2.7%	1.4%
1.0%	0.5%
2.2%	0.6%

* Source: World Energy Outlook 2010© OECD/IEA, 2010

Coal

- Estimated opportunity for Howden in 2010 of c£600m
- Coal is the dominant fuel for electricity generation with a 41% share in 2008*
- China and India will dominate
- Howden is a market leader in fans and rotary heat exchangers

Oil & Gas

- Estimated opportunity for Howden in 2010 (including Thomassen) of c£1.9bn
- Worldwide oil demand estimated to rise by 1.5mb/d in 2012
- Howden compressors used upstream and downstream

* Source: World Energy Outlook 2010© OECD/IEA, 2010

Global energy, regulation and resources drive our growth (cont.)

Howden

South African Air Quality Act (effective from 1st April 2010)

- Potential £1bn+ opportunity over the next 10 to 15 years
- Howden products – Fabric Filters, Booster Fans, Gas Scrubbers

US Emission Control Legislation

- c.£300m opportunity over five years from 2012
- New US EPA rules - a significant market with up to 73GW (20% of the coal fleet) requiring upgrading

Mining

- c. £200m per annum opportunity
- Rising demand for coal and strong precious metal prices are key market drivers
- Howden Products – Ventilation fans and mine cooling plant

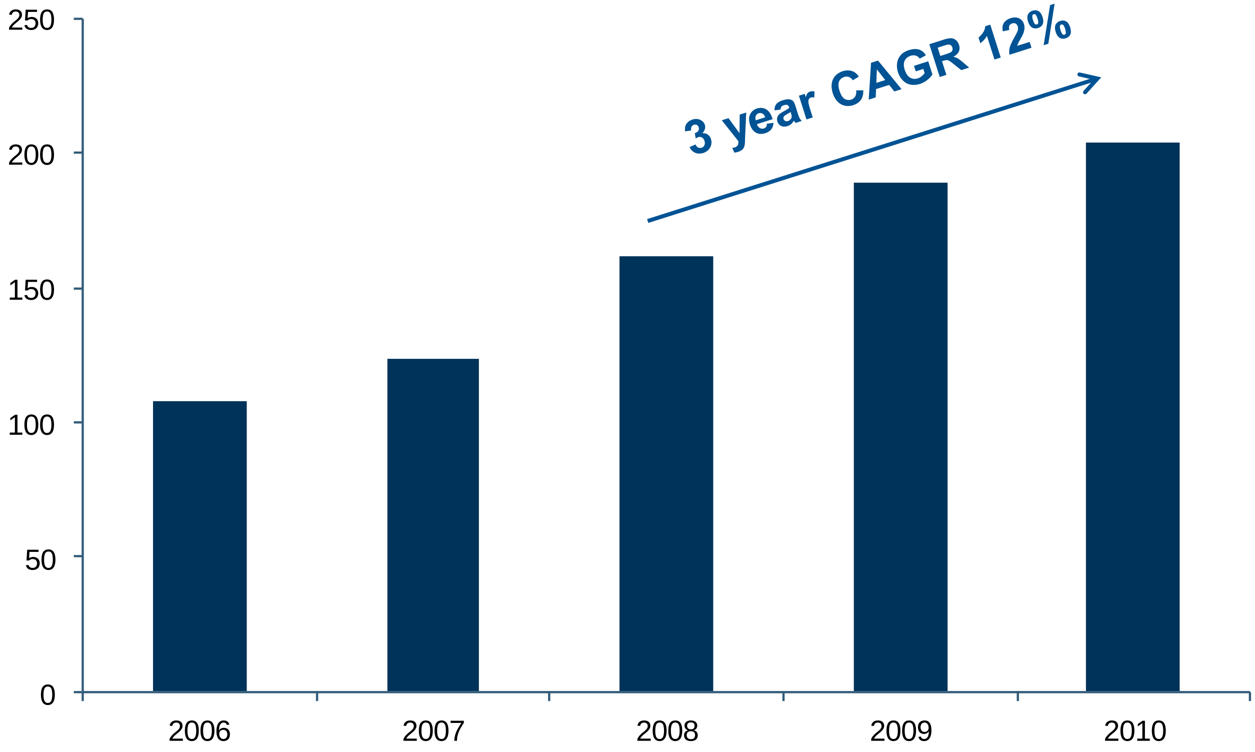
Iron & Steel

- c. £60 million per annum opportunity
- Iron ore price reached all time high of $178/tonne – one of the drivers being Chinese consumption
- Requirement is for large heavy duty fans for sinter and pellet plants

Aftermarket: continued target of 10%+ CAGR

Howden aftermarket revenue development

£m



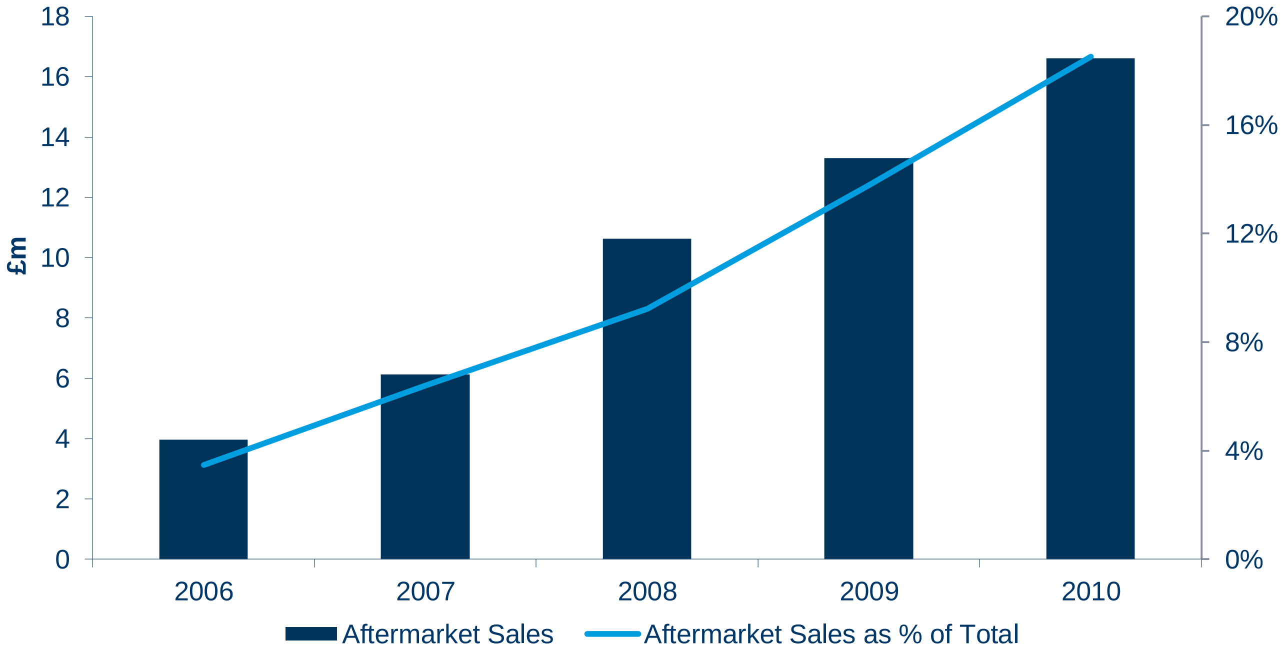
Aftermarket business is expected to continue to grow at 10%+ CAGR

Aftermarket revenue grew by 22% in 1H 2011 versus 1H 2010, 12% excluding Thomassen

Aftermarket: growth in China driven by increasing installed base

Howden Hua aftermarket revenue development

£m



China installed base up by around £750m since 2003

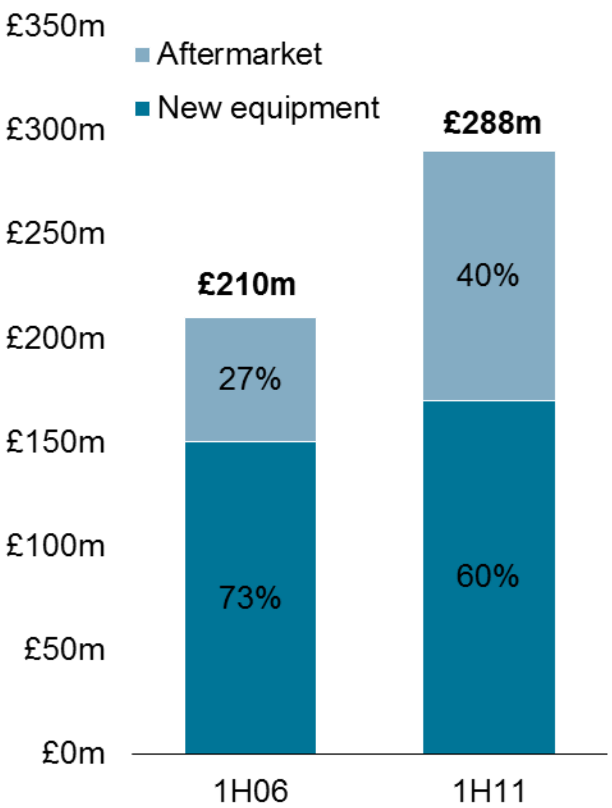
Aftermarket:

- 18% of revenue 1H 2011
- Growth of 22% from 1H 2010

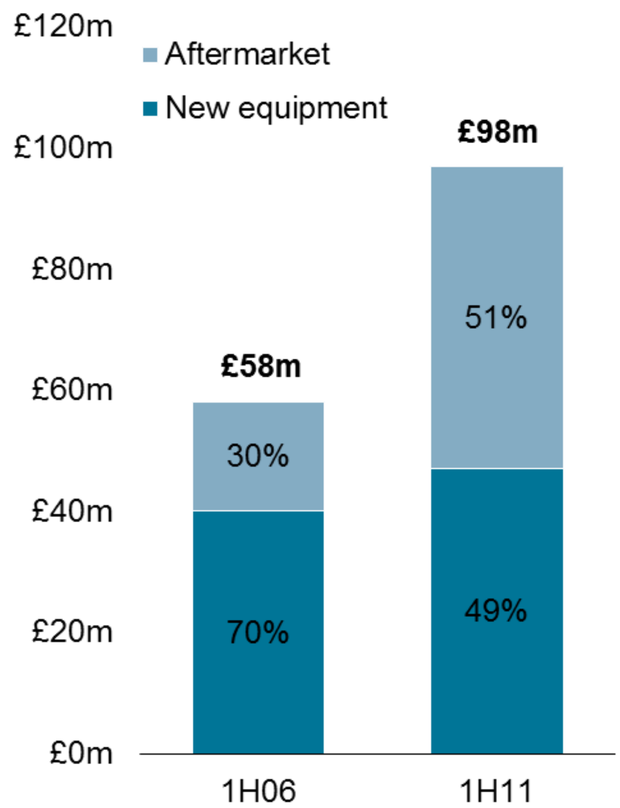
Opportunity for continued strong future growth

Aftermarket: attractive gross margin contribution

Howden revenue
1H 2006 vs. 1H 2011



Howden gross margin
1H 2006 vs. 1H 2011



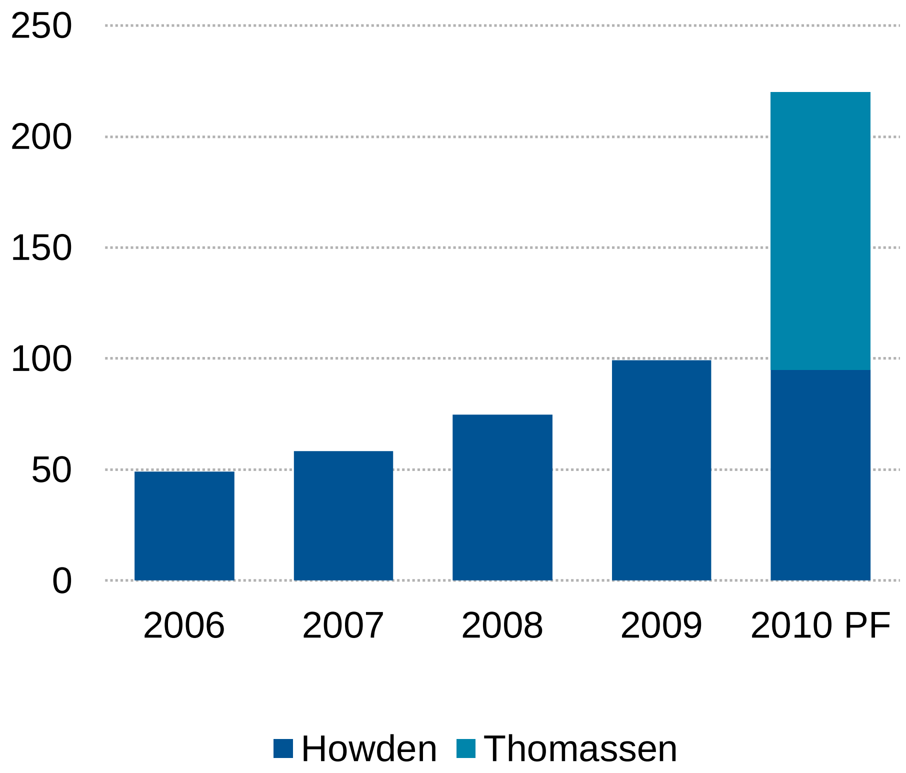
Through the cycle, aftermarket revenues expected to represent approximately one third of total revenue

On this basis, the aftermarket will generate around one half of the total gross margin

Significant expansion of compressor business

Howden compressor revenue

£m



Expansion of compressor business achieved through:

Geographic development

- A leading position in emerging markets (c.75% of 2010 pro forma sales, including Thomassen)

Product development - £3m invested in current projects

Acquisitions - including Thomassen in March 2011

A leading compressor supplier to the Oil & Gas sector

Howden is a leading company in the supply of:

- High specification, high power piston compressors for refining
- High specification screw compressors for Oil & Gas

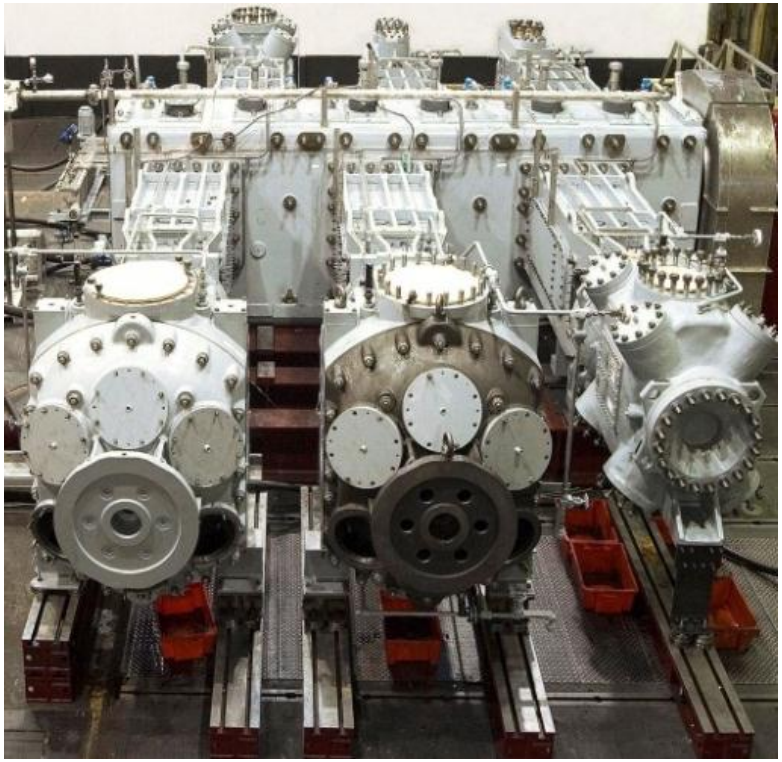
Emerging applications for compressors include:

- Coal bed methane
- Projects underway in Australia
  - First two major contracts awarded to Howden
  - 89 of Howden's largest model
- Howden supplies bare screw compressors
- Shale gas
- Carbon capture
- Gas to liquids

Acquisition of Thomassen Compression Systems – ahead of expectations

Acquired in March 2011 for a consideration of €100 million, debt funded

- Strong product and geographic fit; combined group has full piston compressor product range and global coverage
- Aftermarket approximately a third of revenue
- Financial benefits:
  - Expected to enhance earnings per share from 2011 onwards[1]
  - Expected to at least match Charter's cost of capital in 2012 and to be value enhancing thereafter
  - Synergies amounting to at least £5m per annum by 2014
- Integration is progressing to plan and financial performance is ahead of budget



[1] This statement should not be interpreted to mean that earnings per share will necessarily be greater than in 2010

Growth strategy: well positioned in BRIC economies

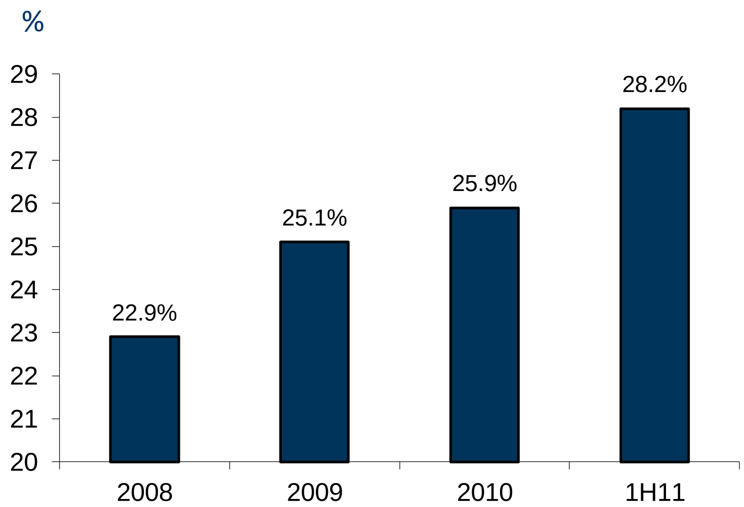
		Current order book
China	Howden has been present in China since 1994 5 plants; 900 employees; 235 graduate engineers 1H 2011 performance ahead of budget	£122m
India	JV with Larsen & Toubro winning power market contracts Strong opportunities in steel and Oil & Gas	£49m
Brazil	New facility opened in 2010 – Strong order book Thomassen strengthens position in Oil & Gas	£32m
Russia & CIS	Thomassen strengthens position in Oil & Gas	£25m
BRIC total		**£228m**

Growth strategy: focus on resource rich Africa and Australia

Howden

		Current order book
Africa	Supplier to ESKOM (RSA – power utility) BEE certified Opportunities for deep mining throughout Africa	£76m
Australia	Mining Coal-bed methane Compressor packages for Oil & Gas applications	£20m
Total		**£96m**

Execution and supply chain excellence drives margin improvement



New build project margin progression

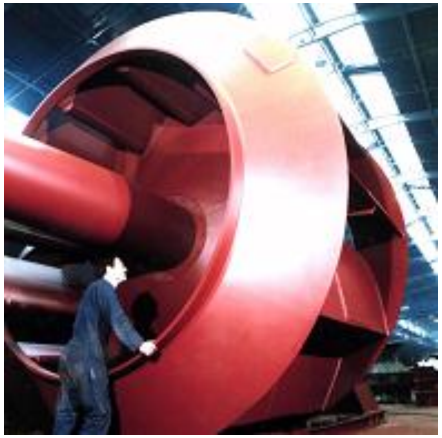
New build project margins improved by over 5 percentage points since 2008 through execution excellence:

- International supply chain
- LEAN programme
- Contract management

Strong operational flexibility:

- Subcontractors account for approximately 50% of man-hours with growing footprint in emerging markets

Technical leadership underpins our growth and margins



Centrifugal fan impeller

Rotary heat exchanger

Thomassen piston compressor

Engineering and technological capability in performance critical applications

- Products require extremely high levels of efficiency and reliability

Adapting our products to enter new growth markets and enhance our margins

- Carbon capture and storage
- Coal bed methane
- Waste water treatment

Investment in overhead to support strategic growth

Howden

£m	2007	2010
Business development	0.7	4.1
Product/process	0.1	1.2
Global strategic initiatives	-	5.0
Global infrastructure	4.0	10.5
Divisional infrastructure	-	3.2
Total	4.8	24.0
Net increase		+ 19.2

Howden has been investing in its overhead to support future growth and £1bn revenue target adopted in 2007

Limited incremental overheads will be required for planned future growth

Medium to long-term margin improvement target

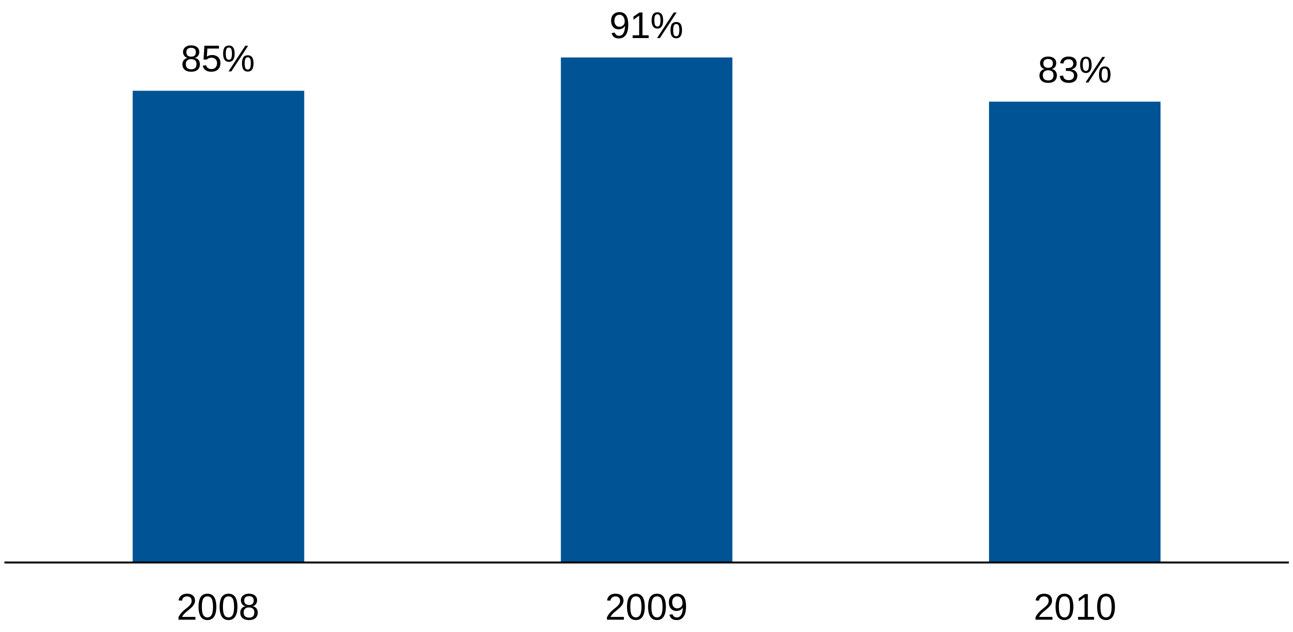
Howden's objective is to achieve an adjusted operating margin of 14 per cent in the medium to long-term

- Based on aftermarket remaining approximately one third of total revenue
- Howden's target is to deliver improved adjusted operating margins principally reflecting the following:

Improved margins from Thomassen synergies	0.4%
Supply chain and LEAN manufacturing	0.5%
Operational leverage	1.5%
Total adjusted margin improvement	**2.4%**

Strong and consistent cash generation

Cash conversion



Note: Cash conversion is defined as operating cash flow divided by adjusted operating profit

Low working capital and strong cash conversion

- Supply Chain sub-contracting model
- Stage payments through contract life

Summary: strategic objectives

Howden's key strategic objectives underpin our growth and margin targets:

Key Drivers

End-user diversification

Aftermarket revenue growth

Capitalise on strength in compressors

Further development in BRICs and other emerging markets

Focus on resource driven economies - South Africa, Australia

Further development of contract execution and supply chain

Strategic objectives

Organic revenue CAGR of 10%+

Medium to long-term adjusted operating margin target of 14%

Outlook

CHARTER

“The Board of Charter is confident in the full year performance of the Company.

ESAB's second half outlook remains unchanged with the Board confident of performance in line with its previous expectations. Howden performed well in the first half of the year and the substantial growth in its order book in this period underpins a robust second half performance.

Looking forward to 2012, the Board believes that both businesses are well set to make further material progress. For ESAB, the benefits of its restructuring programme will materially enhance performance. We expect Howden to benefit from its current momentum, most obviously evidenced by its growing order book and the strong performance of newly acquired Thomassen.

For the medium to longer term, the Board believes that it has two attractively-positioned global businesses with substantial exposure to emerging markets and growing end-user industries. Both businesses are implementing plans to deliver growth and margin enhancement. ESAB is strongly positioned to recover going forward. Howden is set to continue its current growth and is well placed to benefit from recent investment in its business.

We look to the future with confidence.”

Concluding comments

CHARTER

Two global businesses with market-leading positions

Strong opportunities for growth

Clear path to margin enhancement

Focus on cash conversion

Full range of strategic options being explored to maximise shareholder value

Q&A

CHARTER



Appendix

CHARTER

Currency translation effects

6 months ended 30 June	**As reported 2011 £m**	Underlying movement at constant exchange	2010 translated at 2011 Exchange	Currency Fluctuations	As reported 2010 £m
Revenue					
ESAB	**658.7**	98.3	560.4	1.6	558.8
Howden	**287.8**	5.4	282.4	0.8	281.6
Total revenue	**946.5**	103.7	842.8	2.4	840.4
ESAB	**40.8**	(9.8)	50.6	0.5	50.1
Howden	**38.9**	10.0	28.9	0.1	28.8
Central companies	**(4.5)**	1.7	(6.2)	-	(6.2)
Adjusted operating profit	**75.2**	1.9	73.3	0.6	72.7

Adjusting items

CHARTER

6 months ended 30 June	2011 Earnings £m	2011 Earnings per share pence	2010 Earnings £m	2010 Earnings per share pence
Unadjusted results	**32.3**	**19.3**	50.8	30.4
Exceptional items				
Restructuring	**17.2**	**10.3**	7.9	4.7
Post retirement benefit post service credit	**(6.2)**	**(3.7)**	-	-
Post retirement benefit curtailment gain	**-**	**-**	(8.5)	(5.1)
Acquisition costs	**1.6**	**1.0**	0.1	0.1
Amortisation and impairment of acquired goodwill and intangibles	**21.8**	**13.1**	3.9	2.3
Net finance charge – retirement benefit obligations	**0.8**	**0.5**	2.1	1.3
Retranslation of intercompany loan balances	**(7.1))**	**(4.3)**	(1.9)	(1.1)
Taxation on adjusting items	**(3.1)**	**(1.9)**	0.5	0.3
Minority share of adjusting items	**(1.2)**	**(0.7)**	(0.1)	(0.1)
Adjusted results	**56.1**	**33.6**	54.8	32.8

Shareholders' funds

CHARTER

	As at 30.06.11 £m	As at 31.12.10 £m
Equity shareholders' funds	**647.1**	635.7
Minority interests	**54.2**	54.2
Total equity	**701.3**	689.9

Movements in equity shareholders' funds	6 months to 30.06.11 £m	12 months to 31.12.10 £m
Brought forward	**635.7**	549.9
Profit attributable to equity shareholders	**32.3**	106.6
Exchange translation (losses)/gains	**8.5**	18.1
Net after tax gains/(losses) on cash flow and net investment hedges	**0.1**	(0.1)
Net after tax losses on retirement benefit obligations	**(4.4)**	(3.1)
Dividends paid to equity shareholders	**(25.9)**	(36.7)
Other	**0.8**	1.0
As at period end	**647.1**	635.7

Net retirement benefit obligations

CHARTER

	6 months to 30.06.11 £m	12 months to 31.12.10 £m
Net opening balance	**138.7**	(162.2)
Income statement		
Operating profit	**5.4**	8.3
Net finance charge – retirement benefit obligations*	**(0.8)**	(4.1)
	4.6	4.2
Net actuarial losses**	**(5.7)**	1.0
Exchange adjustments	**(1.1)**	(3.0)
Contributions paid	**9.0**	21.3
Acquisitions	**(0.2)**	-
Net movement during the period	**6.6**	23.5
Net closing balance	**(132.1)**	(138.7)
Fair value of plan assets	***602.0***	*594.2*

* Excluded from calculation of adjusted earnings per share
** Experience adjustment on plan assets and liabilities, plus changes in assumptions in relation to plan liabilities

Tax

CHARTER

6 months ended 30 June	2011 £m	2010 £m
Tax on underlying profits	**(12.8)**	(13.2)
Effective adjusted tax rate[1]	***17.5%***	*18.5%*
Taxation on amortisation and impairment of acquired intangibles and goodwill	**0.6**	0.8
Taxation on exceptional items and acquisition costs	**2.6**	(1.8)
Taxation on net financing charge – retirement benefit obligations	**0.2**	0.5
Tax on net losses on retranslation of intercompany loan balances	**(0.3)**	-
Tax on profit on ordinary activities	**(9.7)**	(13.7)

[1] Before exceptional items, acquisition costs, amortisation and impairment of acquired intangibles and goodwill, net finance change on retirement obligations, gains/(losses) on retranslation of intercompany loan balances and share of post tax profits of associates and joint ventures

Net working capital movement

CHARTER

£m	
Net working capital as at 1 January 2011	**365.7**
Acquisitions	**15.6**
Exchange	**6.9**
Cash flow - working capital	**57.4**
Cash flow - other	**(1.3)**
Net working capital as at 30 June 2011	**444.3**

New senior management: detailed biographies

CHARTER

Gareth Rhys Williams
Chief Executive, Charter

Over 25 years experience in the industrial sector. From 2001 to 2008 he was CEO of Vitec Group plc, where he delivered significant shareholder value by restructuring and growing the business both organically and through acquisition and by expansion into faster growing markets.

Recruited by Candover in July 2008 to manage Capital Safety Group Ltd, one of the world's leading fall protection businesses, he joined at a time of shrinking order books and profitability. By improving factory performance and customer focus, and by driving product innovation he turned the business around and returned it to growth, before leaving when Candover transitioned to Arle Capital Partners.

Originally trained as an engineer, he gained his MBA from INSEAD, following which he ran a number of business units for Bowater, now Rexam, between 1990 and 1996, in the UK and US, before moving to BPB plc where he was responsible for Central Europe.

He is a fellow of the Institution of Mechanical Engineering and of the Institution of Engineering and Technology, and a Companion of the Chartered Management Institute.

New senior management: detailed biographies

CHARTER

Brendan Colgan
Chief Executive, ESAB

Appointed Chief Executive of ESAB in June 2011; before that he was Managing Director of Strategy & Development for ESAB Global with executive responsibility for China, North & South East Asia, Sub-Saharan Africa, the Middle East and North America. Previously CEO of ESAB North America, where he delivered rehabilitation of the Consumables manufacturing operations. Focused the organisation on securing growth, margin improvement as well as end to end supply chain improvements to customer service and working capital.

Spent ten years at Howden, with management roles globally, including UK (contract execution & margin management); Mexico (power market contract execution); Australia and Asia and North America (restructuring and turnarounds to improve margins, financial integrity and performance).

Degree in accounting from the University of Ulster, is a Harvard AMP Graduate and a Fellow of The Chartered Institute of Management Accountants.

Ian Brander
Chief Executive, Howden (as of 1st August)

Joined Howden in 1983. Worked first in design, then engineering management and project management. Held a number of General Management positions in Howden from 1994 to 2006 including 8 years in the compressor business. Appointed Technology Director in 2006 and member of the Howden Board in 2007.

Appointed Operations Director of Howden in 2008. From long and varied experience in Howden Ian has extensive knowledge of its products, markets, customers and operations. Graduated from the University of Strathclyde in Mechanical Engineering.