
Brammer plc

The pan-European Distributor

Half Year Results

6m to 30th June 2010

- Turnover up £13.7m, up 6.3%. At constant currency, turnover increased £17.2m (8.1%). There were no acquisitions
 - Profit before tax up £3.7m from £6.0m to £9.7m*
 - Ongoing overhead costs up £1.5m, up 2.6% reflecting reduction in short time working
 - Interest covered 8.4x (2009 3.2x)
 - Net borrowings are flat at £40.2m
- * *before amortisation of acquired intangibles and exceptional items*

Half Year Results

6m to 30th June 2010

- Turnover higher by 6.3%
- Profit before tax of £9.7m - up 60.0%*
- Basic eps up from 5.7p* to 6.4p (up 12.3%)
- Dividend: 2.1p per share up from 1.84p (up 14.1%)

*

all stated before amortisation of acquired intangibles and exceptional items. Prior period adjusted for the effects of a 1 to 1 rights issue in 2009

Working Capital

- Operating cash generation of £5.7m*
- Investments in working capital, with increase in debtors driven by seasonality and a growing business
- Cash to cash cycle is 70.1 days (December 2009 78.4 days, June 2009 75.7 days)
- Inventory turn improvement continued in 2010

* *stated before amortisation of acquired intangibles and exceptional items and net of capex*

Half Year Results

6m to 30th June 2010

£m	2010 Org	2010 Fx	2010 H1	2009 H1	Change
Turnover	230.8	(0.8)	230.0	216.3	6.3%
Underlying operating profit	11.0	-	11.0	8.8	25%
Amortisation of acquired intangibles	(0.7)	-	0.7	(0.6)	
Exceptional items	-	-	-	(8.0)	
Operating profit	10.3	-	10.3	0.2	

Half Year Results

6m to 30th June 2010

£m	2010 Org	2010 Fx	2010 H1	2009 H1	Change
Underlying operating profit	11.0	-	11.0	8.8	25%
Net Finance costs	(1.3)	-	(1.3)	(2.8)	
Amortisation of acquired intangibles	(0.7)	-	(0.7)	(0.6)	
Exceptional items	-	-	-	(8.0)	
Profit/(loss) before tax	9.0	-	9.0	(2.6)	

Half Year Results: Ratios

6m to 30th June 2010

£m	2010 Org	2010 Fx	2010 H1	2009 H1	Change
Turnover	230.8	(0.8)	230.0	216.3	6.3%
Underlying operating profit	11.0	-	11.0	8.8	25%
Return on Sales	4.8%	-	4.8%	4.1%	
Closing operating capital*			156.1	162.1	
Return on capital employed**			27.8%	21.4%	
Return on investment***			14.1%	10.9%	

* Segmental assets including goodwill less liabilities, before current & deferred tax, dividends, cash, loans, deferred consideration & pension liability

** Underlying operating profit as a percentage of operating capital as defined in * but excluding goodwill & acquired intangibles

*** Underlying operating profit as a percentage of operating capital as defined in *

Cash Flow

6m to 30th June 2010

£m	2010 H1	2009 H1
	Total	Total
EBITDA	13.1	11.1
Working capital	(7.4)	7.3
Operational cash (pre excep and capex)	5.7	18.4
Net capital expenditure	(1.1)	(0.8)
Exceptional cash outflow	(1.3)	(4.7)
Deferred consideration and earnout	(4.8)	(3.3)
Interest & Pension	(2.2)	(4.6)
Tax	(0.8)	(0.8)
Own shares(purchased)/issued	0.0	(0.1)
Net cash (outflow) / inflow	(4.5)	4.1
Exchange	4.1	10.5
Movement in net debt	(0.4)	14.6

Working Capital

at 30th June - Actual Rates

£m	Dec 09	June 10	Change		
			Net	Fx	Base
Inventory	70.8	63.7	7.1	4.5	2.6
Debtors	71.2	79.7	(8.5)	3.4	(11.9)
Creditors	(82.3)	(79.6)	(2.7)	(4.6)	1.9
Subtotal	59.7	63.8	(4.1)	3.3	(7.4)
Provisions	(2.5)	(1.1)	(1.4)	(0.1)	(1.3)
Total	57.2	62.7	(5.5)	3.2	(8.7)

Balance Sheet

at 30th June – Actual Rates

£m	2010	2009	Base change
Fixed assets	21.0	23.7	(2.7)
Goodwill	71.4	76.6	(5.2)
Working capital (incl. provisions)	62.7	57.2	5.5
Dividend	(3.8)	-	(3.8)
Def. consideration	(10.4)	(15.7)	5.3
Tax	(9.9)	(8.5)	(1.4)
Net debt	(40.2)	(39.9)	(0.3)
Net pension liability	(19.4)	(18.5)	(0.9)
Shareholders' equity	71.4	74.9	

Half Year Results: Ratios

Segments: 6m to 30th June 2010

£m	UK	DE	FR	ES	Blux	Eeu	Other	Fx	Total
Turnover	68.8	50.3	38.2	20.0	22.2	23.2	8.1	(0.8)	230.0
Turnover growth/(decline) (SPWD)	5.8%	4.3%	9.2%	6.9%	5.7%	10.4%	15.5%		6.7%
Underlying operating profit	2.9	2.6	1.6	1.5	1.1	1.2	0.1		11.0
Return on sales	4.2%	5.2%	4.2%	7.5%	5.0%	5.2%	1.2%		4.8%
Return on sales H1 2009	3.8%	5.5%	1.9%	7.0%	4.1%	6.5%	-3.4%		4.1%
Capital employed *	14.5	16.3	8.9	4.6	11.3	15.8	11.4	(3.7)	79.1
Return on capital employed	40.0%	31.9%	36.0%	65.2%	19.5%	15.2%	1.8%		27.8%
Return on capital employed H1 2009	28.7%	33.8%	17.2%	46.4%	14.6%	15.9%	-6.4%		21.4%

* Segmental assets excluding goodwill and acquired intangibles less liabilities, before exceptional provisions, current & deferred tax, dividends, cash, loans, deferred consideration & pension liability

Exchange Rates

	Jun-09	Dec-10	Jun-10
Average	€ 1.113	€ 1.170	€ 1.153
Closing	€ 1.174	€ 1.126	€ 1.221

Brammer plc

2010

About Brammer

- European market leader
- Focussed product range in mechanical MRO - €20 billion market
 - Bearings
 - Mechanical Power Transmission
 - Fluid Power
 - Tools and general Maintenance
 - Added value services
- Leading the process of consolidation in a highly fragmented market
- Diverse customer base of over 100,000 customers
- Customer risk is low
 - Top 10 customers in any one country typically account for less than 10% of sales
- Largest European customer of our main strategic suppliers

One Brammer

- 2,300 people
- Over 300 locations
- 15 Countries
- 12 NDC's
- 3% market share
- European Leader



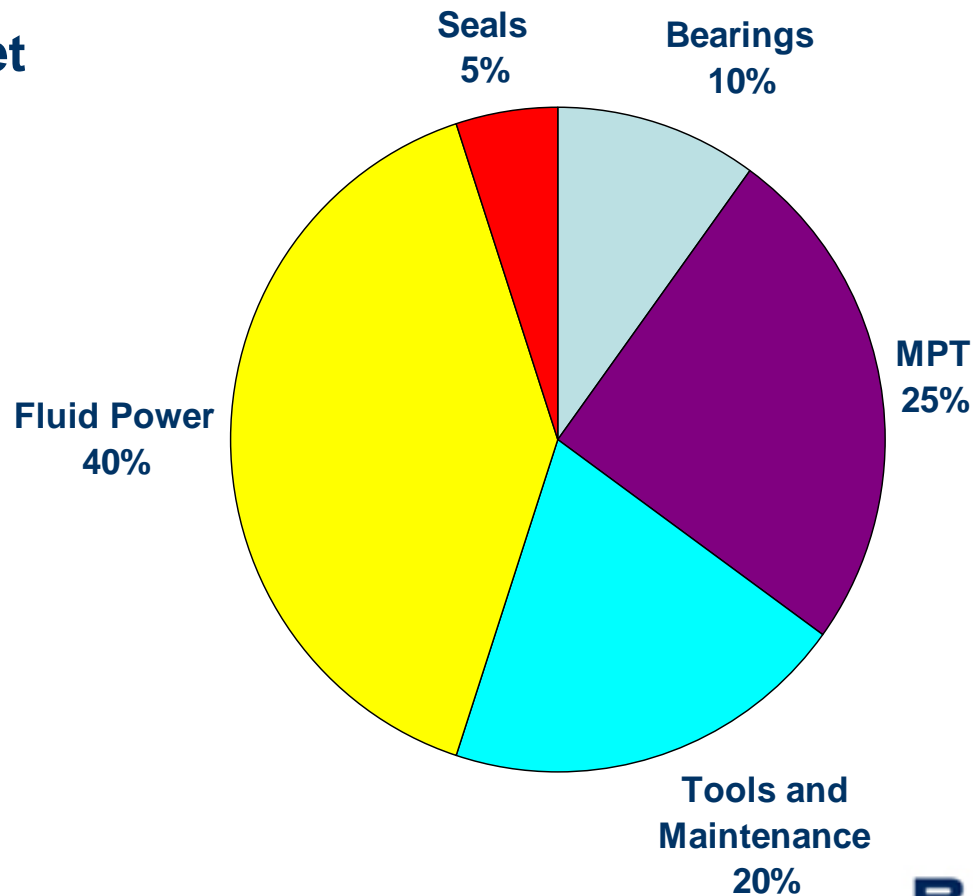
Our Strategy

Growth	Capability	Costs	Synergies
Country organic growth	People Development	Supplier Rationalisation	Business Best Practice
Key Accounts	Business Skills Development	European Buying	Systems Integration
Insites	Distributed Learning Programme Development	IT and Other Cost Reductions	Brand Development
Product range extension	Internal Communications and Involvement	Capital Employed Management	Supplier Relationship Management
Geographical development			

Growth Objective

The Market Opportunity

Total market
€20Bn



Growth

Market Segmentation

About Brammer

Market Segmentation

- Current Segments
 - Food and Drink
 - Pulp and Paper
 - Construction and Aggregates
 - Utilities
 - Recycling
 - Automotive
 - Refining



Growth

Market Segmentation

- 2010 continued focus on implementing material developed over last 6 years:
 - Training programme developed including online and face to face learning
 - Build on successes
 - Customer testimonials leading to segment leadership

Growth

Market Segmentation: Focused Segment Results

Sales to targeted segments encouraging - some sectors that were in decline in 2009 showing signs of recovery:

- Food and Drink grew by £5.4 million, or 27%, to £25.1 million
 - UK up by 37% to £9.4 million
 - DE up by 32% to £2.0 million
 - NL up by 90% to £0.7 million
- Automotive grew by 15% to £17.5 million
- Construction & Aggregates grew by 3% to £13.5 million
- Chemical grew by 18% to £12.8 million

Growth

Key Accounts

Key Accounts Sales Performance 2010

YTD June 2010

			Total	Brammer	
Multi-Site	Status	Scope	growth	Total	
Tier 1	EU Contract	Part EU Group	YTD 2009 €Value	45.8%	16,174,970
			YTD 2010 €Value		23,579,885
Tier 2	National Contract	Part EU Group	YTD 2009 €Value	11.2%	36,260,255
			YTD 2010 €Value		40,338,505
Tier 3	No Contract	Part EU Group	YTD 2009 €Value	3.3%	8,835,797
			YTD 2010 €Value		9,123,482
Tier 4	National Contract	National Group	YTD 2009 €Value	4.3%	18,628,325
			YTD 2010 €Value		19,420,221
			YTD Total 2009 €Value	15.7%	79,899,347
			YTD Total 2010 €Value		92,462,094

Growth

Key accounts

- 7 new contracts won
 - Including Alcoa, Michelin, Philip Morris International, Schneider Electric, TI Automotive,
- 15.7% growth across overall
- 1832 documented customer cost savings yielding €13.1m for our customers
- “turbo boost” contract implementation to achieve Brammer guaranteed savings a continuing theme

Reference List of Pan-European Supply Agreements



HEIDELBERGCEMENT



BOSCH



CABOT



MONIER



KNORR-BREMSE



REXAM



INVISTA™



CROWN

Brand-Building Packaging™



Valeo



ALCOA



MICHELIN

P&G



PHILIP MORRIS INTERNATIONAL

SAINT-GOBAIN

ACHATS

BRAMMER



Growth

Key accounts

- New Key Account Toolkit being implemented
 - Latest best practice gathered to update toolkit
 - Processes and tools defined in a procedures manual - mandatory approach developed
 - Particular emphasis on those tools and processes which will accelerate contract implementation – “turbo boosting”
 - Regular review and consistent approach across Europe

Growth

Key accounts

- Continued focus on defensive sectors
 - Food & Drink up 25% to €24 million
 - FMCG up 32% to €3.2 million
 - Chemical up 40% to €3.2 million
 - Packaging up 30% to €4.9 million
 - Utilities flat at €8.8 million
 - Automotive recovering up 29% to €14.4 million

Growth

Insites

Growth Insites

- Insite Development
 - Focus on consolidation
 - 21 new Insites
 - 11 Full-time
 - 10 Part-time
 - 226 Insites across the Group
 - 83 Full-time
 - 143 Part-time
- Increase of 23.4% to €36.1 million

The yearly bulletin examining the Insites of the Brammer Group

Brammer Insite Bulletin

Issue 01 2008

Brammer's Insites Help Meet Key Challenges in Modern Industry



Are you under pressure to:

- Streamline your Stock?
- Decrease your Transaction Costs?
- Keep your Production Lines Moving?
- Reduce your Working Capital?
- Manage your Energy Consumption?
- Rationalise your Suppliers?
- Minimise Downtime?

A Brammer Insite can help you face all these issues.

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BRAMMER

A Brammer Insite is a self-contained support facility established within your premises for a minimum of four hours a day, five days a week.

Brammer has a wealth of experience across Europe in the implementation of Insites. The numbers speak for themselves. We have a total of 139 Insites across France, Germany, Ireland, Italy, Poland, Spain and the UK, working with our customers throughout a whole range of industries.

There are many benefits to having Brammer on your site, working exclusively for you:

- Exclusive access to the resources and knowledge of Brammer at your location with the aim of minimising your costs and maximising the production time of your workforce and machinery
- We put at your disposal innovative services, coupled with a wide range of solutions, services, assessment and technical support
- We employ and train staff, install stock and control systems, and advise on most cost-effective products and applications
- We use Brammer employees, products and expertise to provide a fully tailored solution to meet all your MRO needs
- You benefit from reduced stocking costs and transaction costs
- Visibility of Brammer services in action through signed cost savings

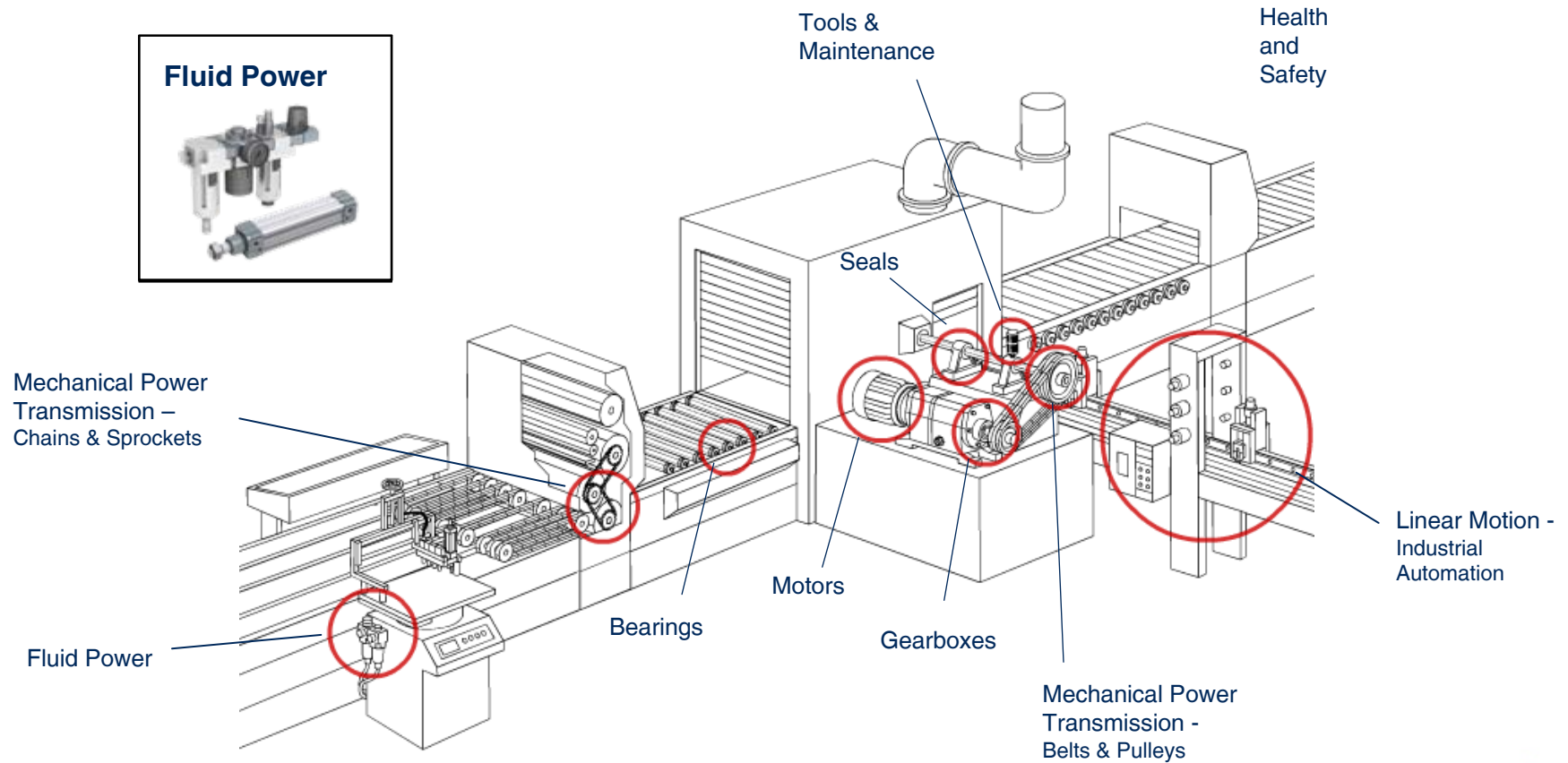
This bulletin demonstrates some key Brammer success stories, highlighting the added value of a Brammer Insite to our customers.

Growth

Product Range Extension

Growth

Product Range Extension



Growth

Product Range Extension

- New product range introduction continues on the continent
- At constant rates Bearings are up 2.1%, Non-bearings are up 11.8%
- Continued focus in fluid power and tools and maintenance throughout continental Europe
- Catalogue supporting tools and general maintenance and fluid power launched in France, Spain, Germany & Austria
 - Mechanical power transmission up 13% to £34.2 million
 - Fluid power up 11.1% to £36.5 million
 - Tools and general maintenance up 27% to £13.9 million
- Huge opportunity for further growth through cross-selling - e.g. 0.5% market share in tools and general maintenance and 1% share in fluid power compared with 10% share in bearings.

Growth

Acquisitions

Acquired Businesses

- No new businesses acquired in H1 2010
- Selective bolt-ons being considered
- No new territories planned at this stage

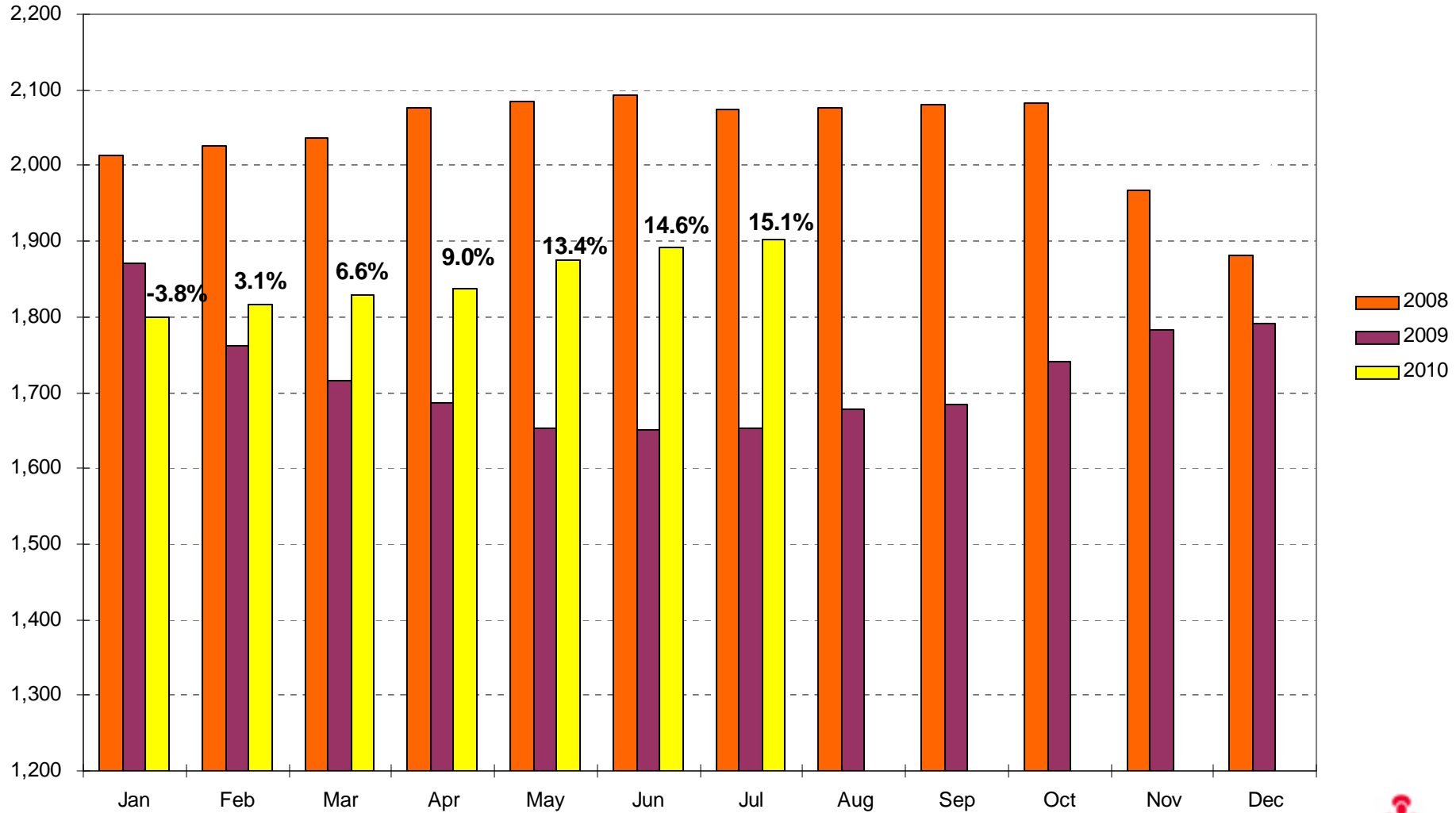
The Results of our Growth Strategy

SPWD Analysis: Year on Year to June 2010

%	Q1-08	Q2-08	Q3-08	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10	YTD-10
UK	7.6%	12.1%	7.1%	6.2%	3.4%	-1.8%	-3.6%	0.9%	5.4%	6.1%	5.8%
Germany	15.6%	12.5%	6.0%	-2.4%	-22.9%	-37.9%	-35.1%	-26.3%	-6.5%	18.1%	4.3%
France	17.8%	14.5%	6.9%	-1.2%	-14.7%	-21.8%	-15.8%	-4.9%	4.1%	14.9%	9.2%
Spain	32.6%	19.9%	3.7%	-16.6%	-24.7%	-24.7%	-26.9%	-10.8%	0.3%	14.0%	6.9%
Netherlands	14.5%	15.6%	12.5%	3.6%	-12.8%	-23.2%	-13.8%	-16.1%	3.5%	13.8%	8.4%
Total	21.7%	17.4%	8.3%	1.6%	-10.8%	-21.7%	-19.8%	-11.4%	-0.1%	14.3%	6.7%

Deseasonalized SPWD (£k per day)

(£k per day)



The Future

- Recovery is underway, and market share gains evident, driven by Key Accounts, Insites, and product range extension
- July SPWD up 18% with UK double digit
- Good cash flow, bank facilities secure through to 2012
- Significant reduction in cost base maintained
- Continued improvement in working capital management, particularly inventory
- Providing the ability to take advantage of growth opportunities, and to drive further consolidation in a fragmented market

Brammer plc

2010