



## Coated & Security Products Overview

Tony Edwards – Divisional Managing Director

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## Coated & Security Products: Vision

“to be the premier provider of creative and secure packaging, identity and security solutions to our customers and markets of choice”

# Coated & Security Products: Overview

- We aim to achieve this by providing solutions that:
  - add value to the packaging of consumer products
  - authenticate & protect valuable brands, documents & identities
  - track & trace at item level
- This can involve provision of a complete system combining a printed carrier (such as tear tape, labels, films and cards), a technology (such as a uniquely authenticating taggant), a reader and data management; or simply one or more components thereof.
- Over 50% of our sales carry some form of authentication, identification or track & trace feature.
- We trade as Payne for **tear tape**, Payne Security for **authentication & ID**, FractureCode for **track & trace** and BP Labels for **labels**.
- Financials include Enitor for reporting purposes.

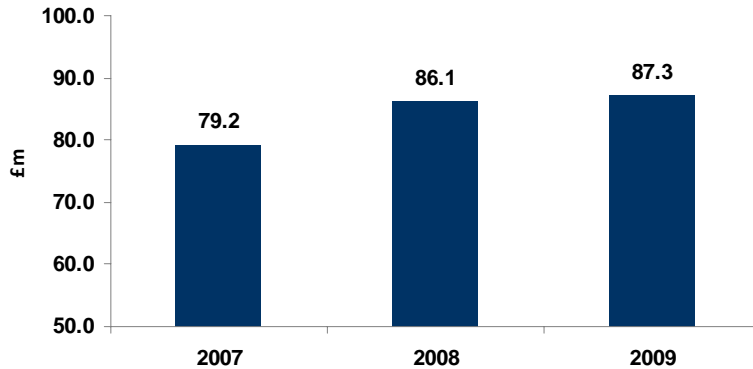


## Coated & Security Products: Key Growth Drivers

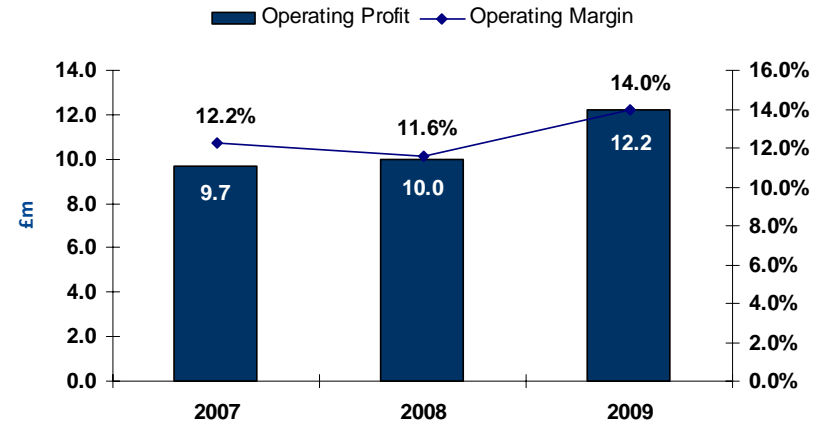
- Continued desire for innovative packaging and promotional solutions by FMCG companies
- Increasing counterfeit and contraband in FMCG markets
- Increasing willingness of Governments to enforce/encourage anti-counterfeit/contraband solutions in tobacco in particular
- Increasing requirement for sophisticated authentication of personal identity at borders and within countries/institutions

# Coated & Security Products

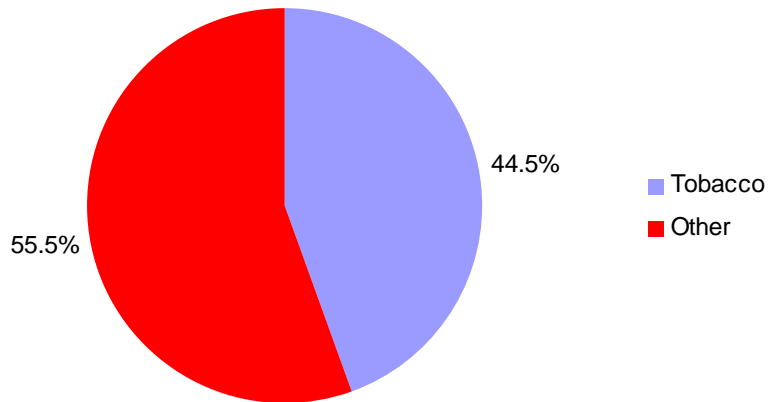
## Total Revenue



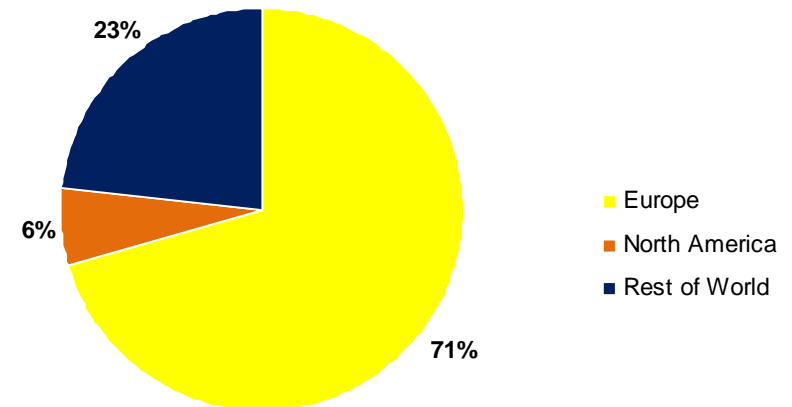
## Operating Profit and Operating Margin



## 2009 Revenue by End Market



## 2009 Geographical Revenue Spread



# Coated & Security Products: \*Key Customers



PHILIP MORRIS  
INTERNATIONAL



BRITISH AMERICAN  
TOBACCO



Nestlé

innocent™

COTY



3M

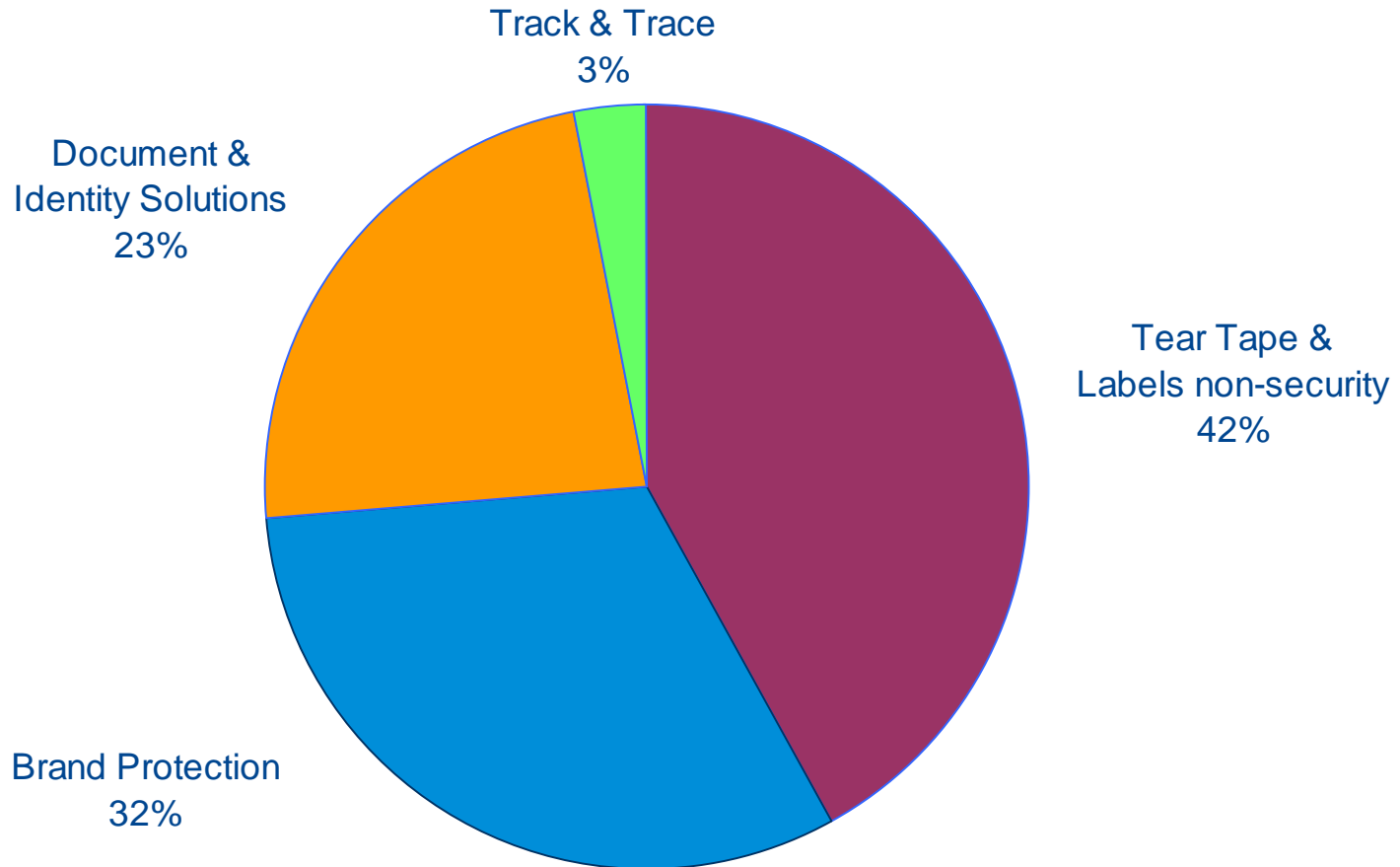


Altria



\*Excluding Entor

# Coated & Security Products: \*Sales Analysis 2009



\*Excluding Enitor

# Payne Tear Tape – Business Overview

- Invented self adhesive tear tape in 1984
- By far the market leader outside China in terms of sales, global reach and innovation
- Tobacco industry is the largest served market
- Global sales force, including an extensive network of agents
- Customers in over 100 countries
- Full service factories in UK & USA, sales & conversion in Brazil & India, sales office in Singapore and converting in Indonesia
- Strong growth in volume & value-add supported by investment in R&D, printing, coating, slitting and physical expansion
- Tear tape from Payne is the number one carrier of brand protection solutions for the Global tobacco industry





# Payne Tear Tape - Processes



**Tear tape coating**



**10 station gravure printing**



**Tear tape slitting**

# Payne Tear Tape - Global Supply Chain



Richmond



Nottingham



São Paulo



Beijing



Bangalore



Singapore



Surabaya

# Payne Security - Brand Protection

- Available carriers: labels & tear tape
- State of the art gravure & UV flexo print capability
- Extensive authentication technologies including ink & taggant based systems



# Payne Security - Proprietary Taggant System

- Patented, differentiated reading technology
- Can be supplied on carriers (for example film, laminate, labels, tear tape, cards) or as an ink (offset, gravure, litho, screen)
- Secure Supply Chain
- Solution is not affected by background colours or environmental conditions
- Tag Reader can be programmed to hold up to six taggant signatures
- Currently used by Brand Owners/European Governments for authentication of high value products and fiscal stamps, for example



# Payne Security - Document Authentication

- Protection & authentication for passports and other national ID documents
- Available carriers: films & laminates
- Manufacturing Capability:
  - 1.7m wide extrusion coater, slitting, label placing, sheeting, ID pouch making at Banbury
  - Printing capability in Nottingham & Richmond



Extrusion coating



Label placement

# Payne Security - Personal ID

- Key Markets (UK): Government, Local Government, Health, Education, Transport
- Available carriers: PVC, PC, PET, Composites, Smart Cards
- Manufacturing Capability: Pre-press design, digital print, card fabrication, foiling, embossing & volume smart-card encoding
- Data management & fulfilment
- ID Badge Systems: Software, Printers, Installation & Support Services



**Card clean room**

# FractureCode Corporation – Track & Trace/Auto-ID

- FractureCode is a patented coding system for tracking & tracing products comprising:
  - A unique code
  - A combination of high speed camera systems and algorithms that create a database
  - Field reading, communication and database reading technology that enables authentication and track & trace
- Enables products to be given their own identity which can then be tracked domestically and internationally to validate the supply chain
- The business has developed extensive capability in the track & trace field more generally which can be applied to other track & trace and digital tax stamp solutions
- Exploring new business model as track & trace implementer



# BP Labels

- C&SP is continually looking to:
  - Do more for its most important customers
  - Develop new carriers for value added print & technology
  - Invest in new capability that it can use to develop the new and different
- Labels & Narrow Web capability fit this strategy
- We have worked with BP Labels and BP Secure Solutions as partners for over two years
- With the aim of growing sales, we have complementary customer bases:
  - C&SP strong in Tobacco and International Consumer Goods
  - BP strong in Pharmaceuticals, Healthcare, Cosmetics, Toiletries
  - Both in Food & Drink but different sectors
- We see this acquisition as an important component of our international growth strategy





# BP Labels

- Established in 1979 in order to provide labels to a major pharmaceutical company
- Developed into other markets on the back of these high standards
- High customer and employee retention rates
- Customer categories include:
  - Pharmaceutical
  - Healthcare
  - Toiletries & Cosmetics
  - Food & Drink
  - Retail
  - Electronics
  - Tobacco (via C&SP)



# Coated & Security Products: Competitive Advantage

- Creative and innovative
- Proprietary systems and technologies
- Printing and processing expertise using state of the art production capability
- Range of product carriers – tapes, labels, laminates, inks and lacquers
- Ability to combine systems, design technology and materials into solutions for our customers
- Customer base credibility
- Global footprint

# Coated & Security Products: Looking Forward

- The world's leading self-adhesive tear tape company
- A new capability in creative self adhesive labels and narrow web printing & converting
- A strong position in brand protection based on expertise in printing, inks and taggant technologies
- A growing capability in the document & identity solutions market
- A technology and capability leader in the emerging international track & trace market
- Forward Strategy:
  - Deepen our position in tobacco further based on technology, capability and pedigree
  - Expand in pharmaceuticals and alcohol based on authentication
  - Broaden our presence in other FMCG markets with creative packaging solutions
  - Establish a differentiated position in the identity market based on technology and print