



Filtrona plc Half Year Results 6 months ended 30 June 2008





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➤ **Highlights - Jeff Harris, Chairman**

➤ **Financial review - Steve Crummett, Group Finance Director**

➤ **Operating review - Mark Harper, Chief Executive**



Highlights

- Robust operating profit performance with sustainable margins
- Continued growth in earnings per share – adjusted eps up 6.5%
- 7.1% increase in interim dividend



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6 months ended 30 June Continuing operations	2008 £m	2007 £m	Growth %
Revenue	264.6	257.2	2.9
Adjusted operating profit ¹	34.2	34.7	(1.4)
Adjusted profit before tax ¹	31.0	31.5	(1.6)
Adjusted eps ¹	9.9p	9.3p	6.5
Basic eps	9.7p	7.8p	24.4
Operating cash flow	26.3	28.7	(8.4)
Dividend per share	2.70p	2.52p	7.1

¹ before intangible amortisation and 2007 restructuring costs

• **Impact of exchange rate movements: Revenue + £8.2m, operating profit + £1.6m**

Further good eps and dividend growth

Segmental summary

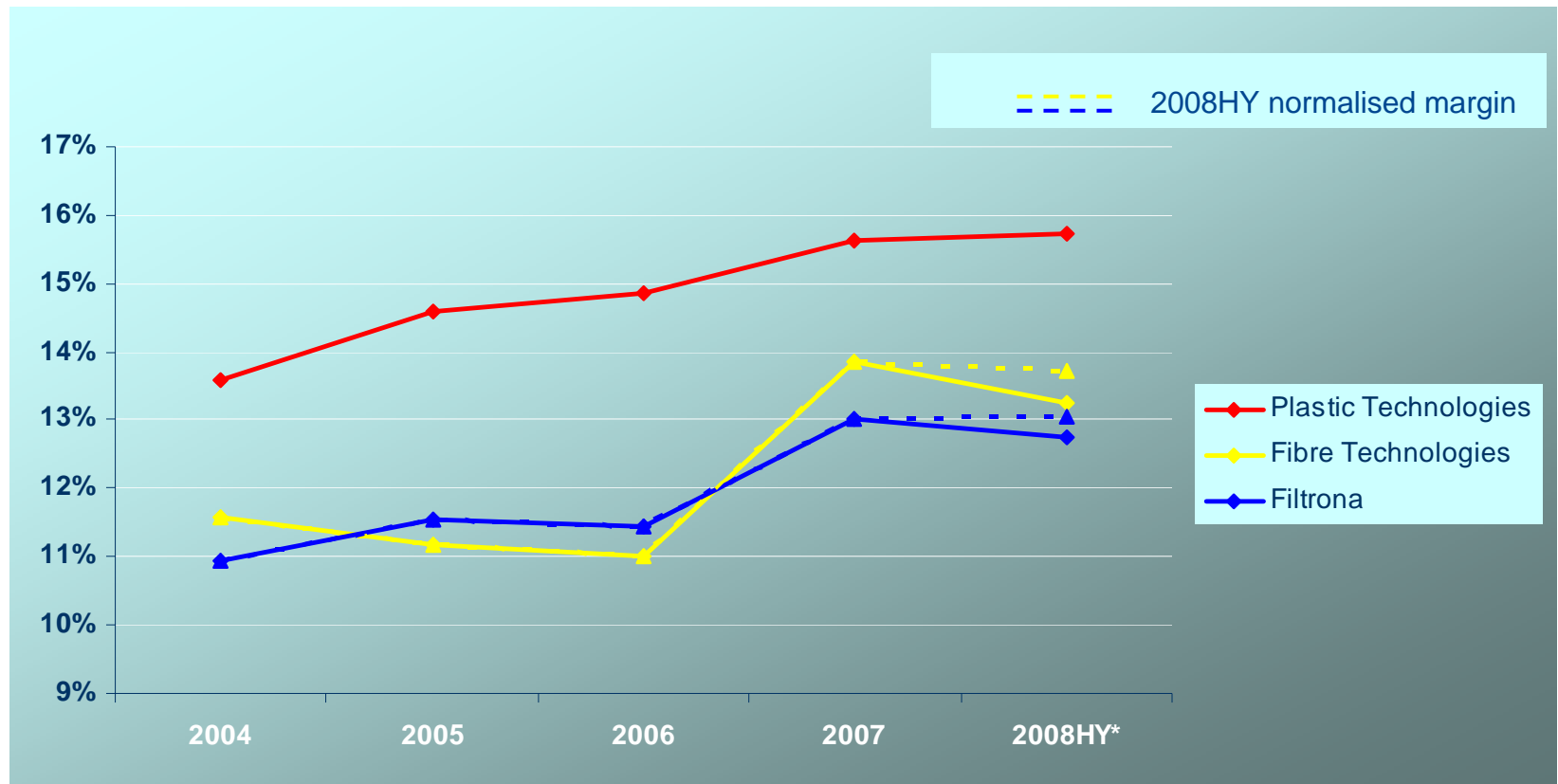
6 months ended 30 June	Revenue		Operating profit ¹		Operating margin ¹		Normalised margin*
	2008 £m	2007 £m	2008 £m	2007 £m	2008 %	2007 %	2008 %
Plastic Technologies <i>Growth %</i>	150.4 10.0	136.7	24.1 11.1	21.7	16.0	15.9	16.0
Fibre Technologies <i>Growth %</i>	114.2 (5.2)	120.5	14.9 (12.4)	17.0	13.0	14.1	13.9
Central Services			(4.8)	(4.0)			
Group <i>Growth %</i>	264.6 2.9	257.2	34.2 (1.4)	34.7	12.9	13.5	13.5

¹before intangible amortisation and 2007 restructuring costs

*normalised margin is calculated by excluding Fibre Technologies restructuring costs of £1.0m and exceptional Central Services legal costs of £0.5m.



Segmental operating margins – 2004 - 2008HY

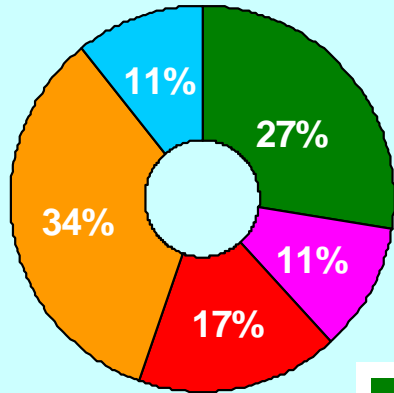


*last twelve months

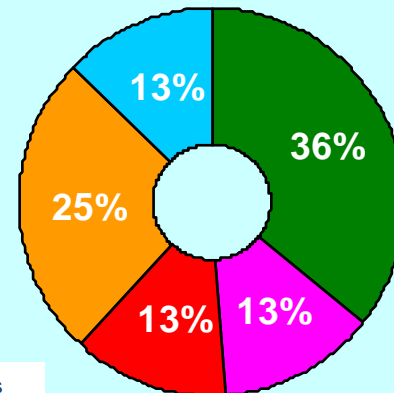
Consistent and sustainable margin performance

Operating profit by division

2005 Half Year



2008 Half Year

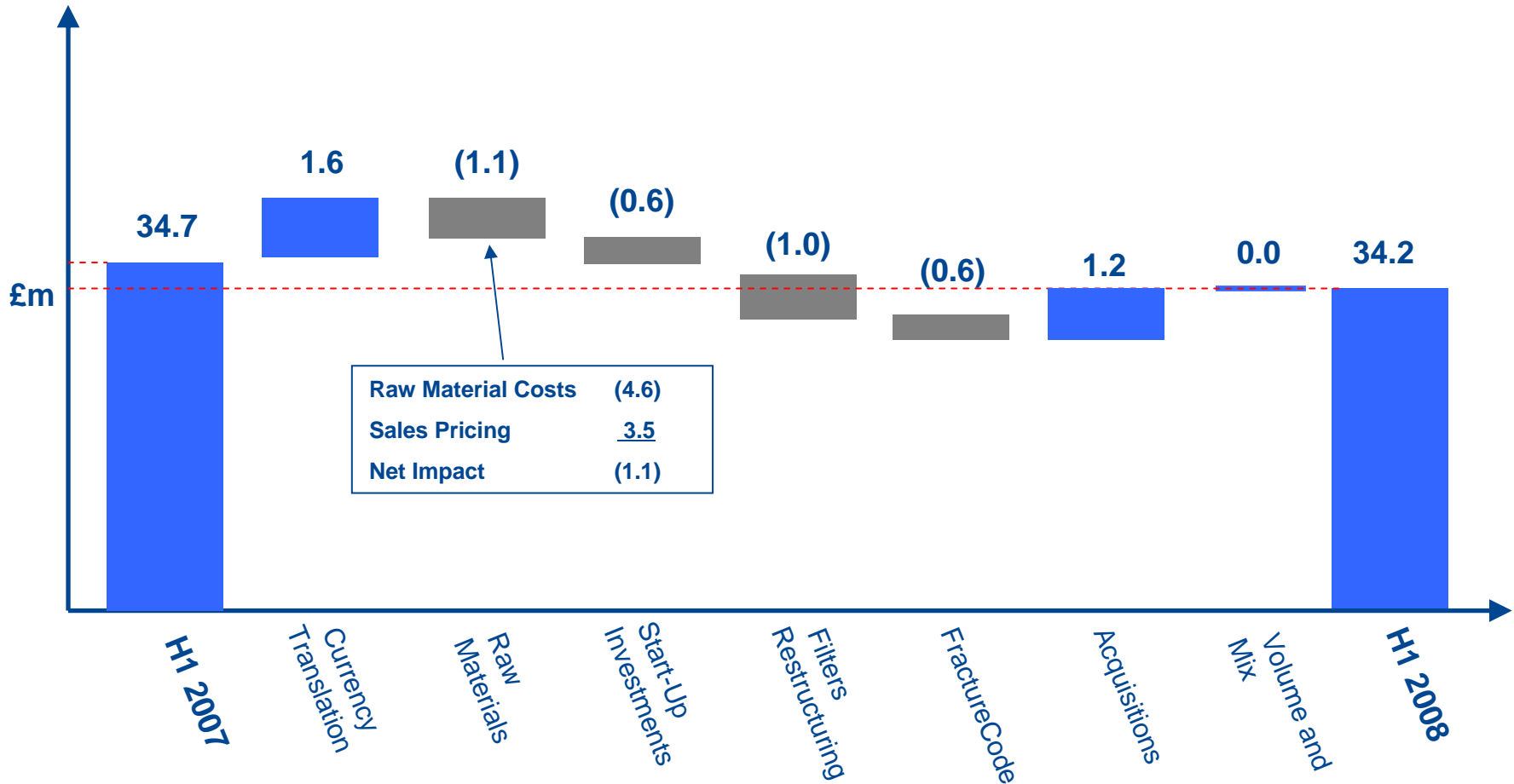


- Protection & Finishing Products
- Coated & Security Products
- Plastic Profile & Sheet
- Filter Products
- Bonded Fibre Components

Note: Percentages are based upon total operating profit excluding Central Services



Operating profit¹ – key movements



¹ before intangible amortisation and 2007 restructuring costs

Income statement

6 months ended 30 June	2008 £m	2007 £m	Growth %
Revenue	264.6	257.2	2.9
Adjusted operating profit¹	34.2	34.7	(1.4)
Intangible amortisation	(0.9)	(0.6)	
Restructuring costs	-	(4.2)	
Net finance expense	(3.2)	(3.2)	
Profit before tax	30.1	26.7	12.7
Income tax	(9.9)	(9.1)	
Profit from continuing operations	20.2	17.6	14.8
Discontinued operations	-	2.0	
Minority interests	(0.5)	(1.5)	
Earnings	19.7	18.1	8.8
Effective tax rate	33%	34%	

¹ before intangible amortisation and 2007 restructuring costs

Earnings per share/Dividend per share

6 months ended 30 June	2008	2007	Growth %
Weighted average number of shares	204.1m	218.0m	
Basic eps (continuing activities)	9.7p	7.8p	24.4
Adjusted eps (continuing activities)	9.9p	9.3p	6.5
Dividend per share	2.70p	2.52p	7.1

Dividend growth in line with earnings growth



Balance sheet

Net working capital/revenue*

H1 06 13.9%

H1 07 14.0%

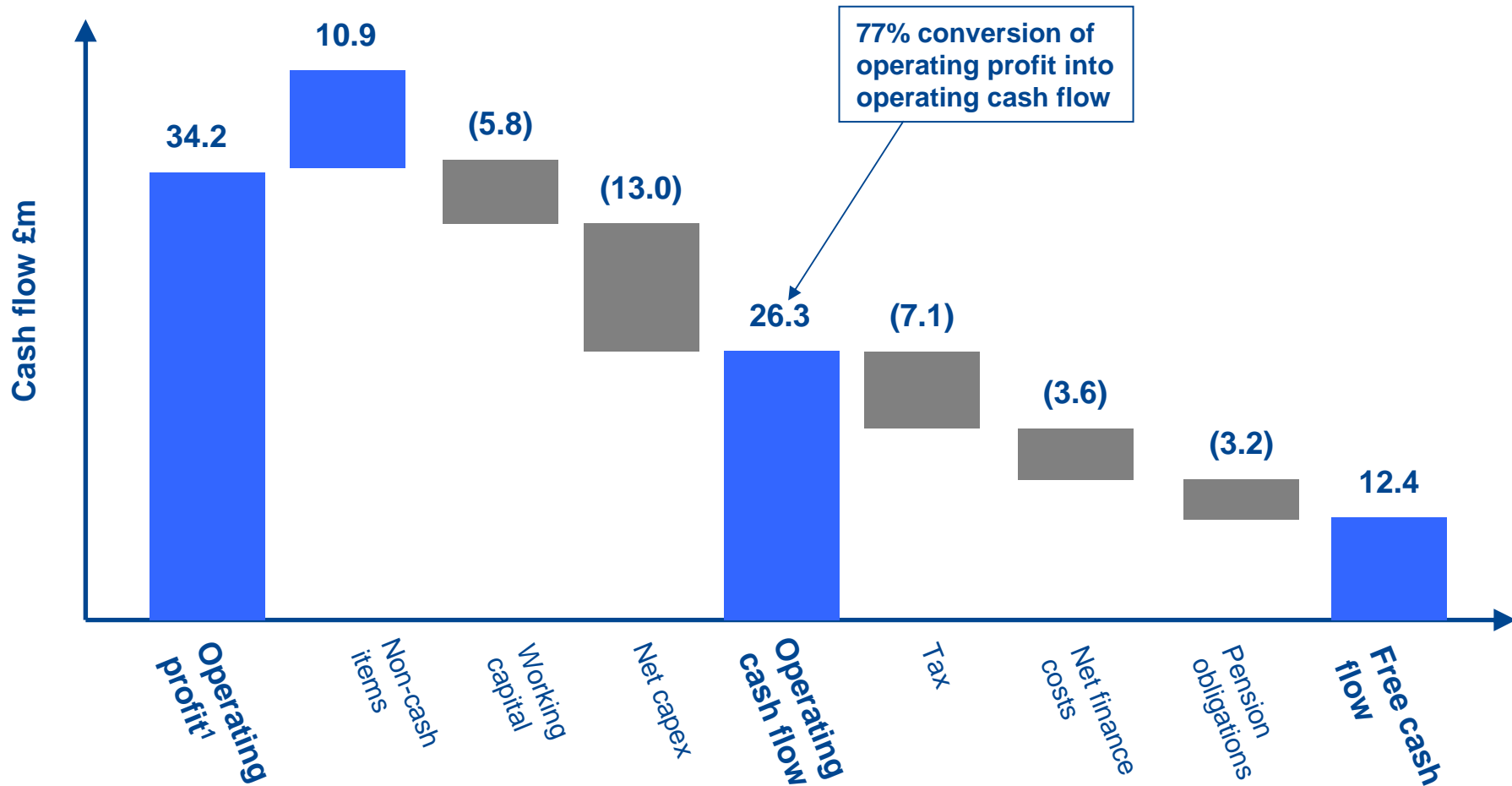
H1 08 13.2%

* Last 12 months revenue

	30 Jun 2008 £m	30 Jun 2007 £m	31 Dec 2007 £m
Property, plant and equipment	176.7	166.3	170.7
Intangible assets	89.4	84.5	87.2
Net working capital	66.3	70.9	57.8
Income tax/deferred tax	(19.8)	(23.7)	(22.1)
	312.6	298.0	293.6
Deferred consideration	8.6	10.2	10.6
Provisions	(7.2)	(13.0)	(6.6)
Pension deficit	(30.9)	(28.9)	(22.3)
	283.1	266.3	275.3
Shareholders' funds	142.5	147.0	135.3
Minority interests	5.1	4.2	4.8
Net debt	135.5	115.1	135.2
	283.1	266.3	275.3
Net debt to EBITDA	1.57	1.40	1.56

Strong balance sheet and net debt ratios

Cash flow analysis



¹ before intangible amortisation

Strong cash generation



Financial highlights

- Robust operating profit performance
- Sustainable operating margin
 - normalised margin of 13.5%
- Good growth in earnings and dividend per share
 - adjusted eps up 6.5%, dps up 7.1%
- Continued strong cash generation



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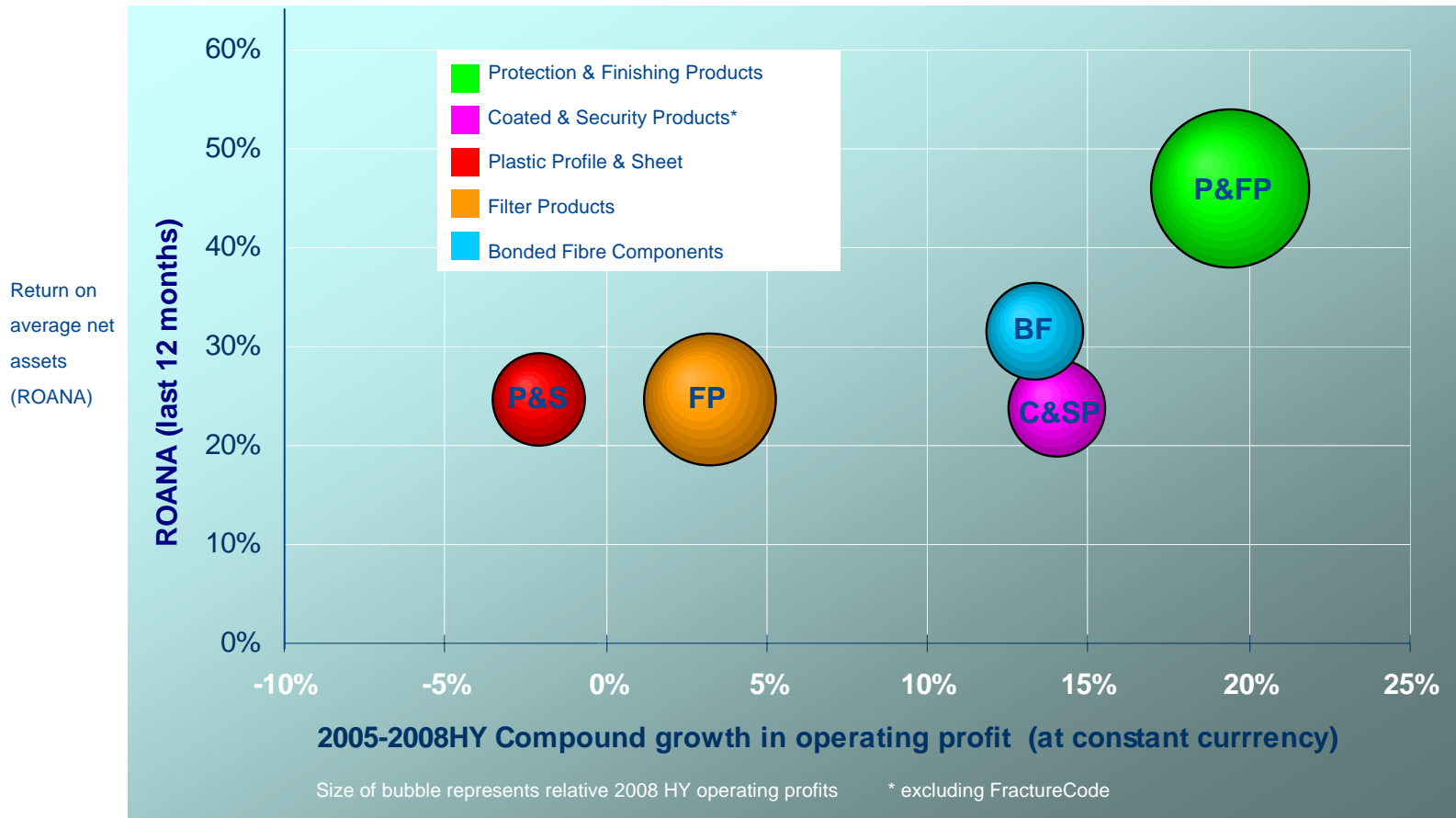


Strategic focus

- Build on existing core competencies and strong international market positions
- Organic growth supplemented by acquisitions in higher margin and higher growth divisions
- Focus on small but essential products in industrial and consumer markets
- Strategy underpinned by well invested global infrastructure and experienced management



Strategic metrics



Group Return On Total Invested Capital of 13.3%



Plastic Technologies

Operating margin (%)

H1 06 15.5

H1 07 15.9

H1 08 16.0

	2008 £m	2007 £m	Growth %
Revenue	150.4	136.7	10.0
Operating profit	24.1	21.7	11.1
Margin %	16.0	15.9	



- Good performance despite weakness in Plastic Profile and Sheet
- Robust margins
- Full half year contribution from Duraco



Protection and Finishing Products

Leading supplier of low value, non-core but essential products in fragmented global market

- Moss sales growth and mix improvement continue to underpin strong performance
- Skiffy sales growth across the network
- Alliance flat overall but growth in Brazil
- Duraco trading well
- MSI strong trading in line with oil and gas drilling

Growth driven by distribution expansion, product range development and sustained marketing investment



Coated and Security Products

The global leader in self-adhesive tear tape market and growing security products supplier

- Performance significantly ahead of 2007
- Increased tear tape volumes and benefit from variable data promotions
- New projects for encoded smart cards and entry passes
- Payne authentication system progressing very well

Good growth from innovation and developing security products market



Plastic Profile and Sheet

Leading producer of proprietary and customised extruded products

- Tough North American trading conditions – volumes down 12%
- Rapid raw material cost escalation – under-recovery
- Major focus on cost and productivity
- Strong POP sales growth – three important new retail customers captured
- Division maintaining healthy returns on net operating assets

Cost savings and growth in key product sectors



Fibre Technologies

Operating margin (%)

H1 06 10.7

H1 07 14.1

H1 08 13.0

	2008 £m	2007 £m	Growth %
Revenue	114.2	120.5	(5.2)
Operating profit	14.9	17.0	(12.4)
Margin %	13.0	14.1	

- Figures include £1.0m charge for restructuring in UK Filter Products operation
- Excluding restructuring charge margin would have been 13.9%





Filter Products

The only global independent filter supplier

- Brand repositioning
- Resilient performance despite an 8.7% volume decline and £1.0m restructuring charge
- Intense focus on operational improvement and cost
- Asia performing very well – encouraging developments in China
- Hungary growing efficiently – H1 start-up costs of £0.3m
- New European project commencing in September

Expansion into emerging markets, operational improvement, product innovation and savings from restructuring



Bonded Fibre Components

Leading manufacturer of bonded fibre components for fluid and vapour handling

- Inkjet printer cartridge volumes continue to grow well – Hewlett Packard has just launched next generation family of printers with Fibertec materials
- Medical product revenues progressed strongly – new opportunities being progressed
- New business with Japanese companies
- Weaker sales in US writing instrument reservoir market

Increased revenues from new projects and emerging markets

- Robust performance in line with expectations despite challenging market conditions
- Active management of raw material cost increase recovery
- Intense focus on productivity and costs with associated restructuring
- Continued investment in organic development
- Committed to growth by acquisition





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