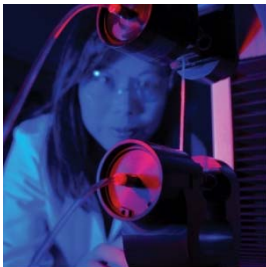
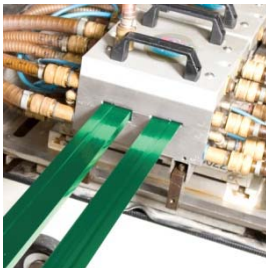




# Filtrona plc Full Year Results

## Year ended 31<sup>st</sup> December 2008





# Disclaimer

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- 
- **Financial review - Steve Crummett, Group Finance Director**
  - **Operating review - Mark Harper, Chief Executive**



## Financial highlights

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- Positive revenue, operating profit and margin performance
  - favourable currency movements
  - steady operating margin
- Strong cash generation
  - >100% conversion rate of operating profit into operating cash
- Continued growth in earnings per share
  - adjusted eps up 8.1%
- Total dividend increase of 2.4%

## Financial summary

### Adjusted eps

2006 15.6p

2007 17.2p

2008 18.6p

Year ended 31 December Continuing operations	2008 £m	2007 £m	Growth %	CER <sup>2</sup> %
Revenue	526.4	494.2	6.5	(0.9)
Adjusted operating profit <sup>1</sup>	65.0	64.4	0.9	(8.1)
Adjusted profit before tax <sup>1</sup>	58.2	58.2	-	
Adjusted eps <sup>1</sup>	18.6p	17.2p	8.1	
Basic eps	17.3p	15.3p	13.1	
Operating cash flow	65.6	68.3	(4.0)	
Total dividend per share	7.78p	7.60p	2.4	

<sup>1</sup> before intangible amortisation and 2008 exceptional acquisition fees (2007: restructuring costs)

<sup>2</sup> at constant exchange rates



## Segmental summary

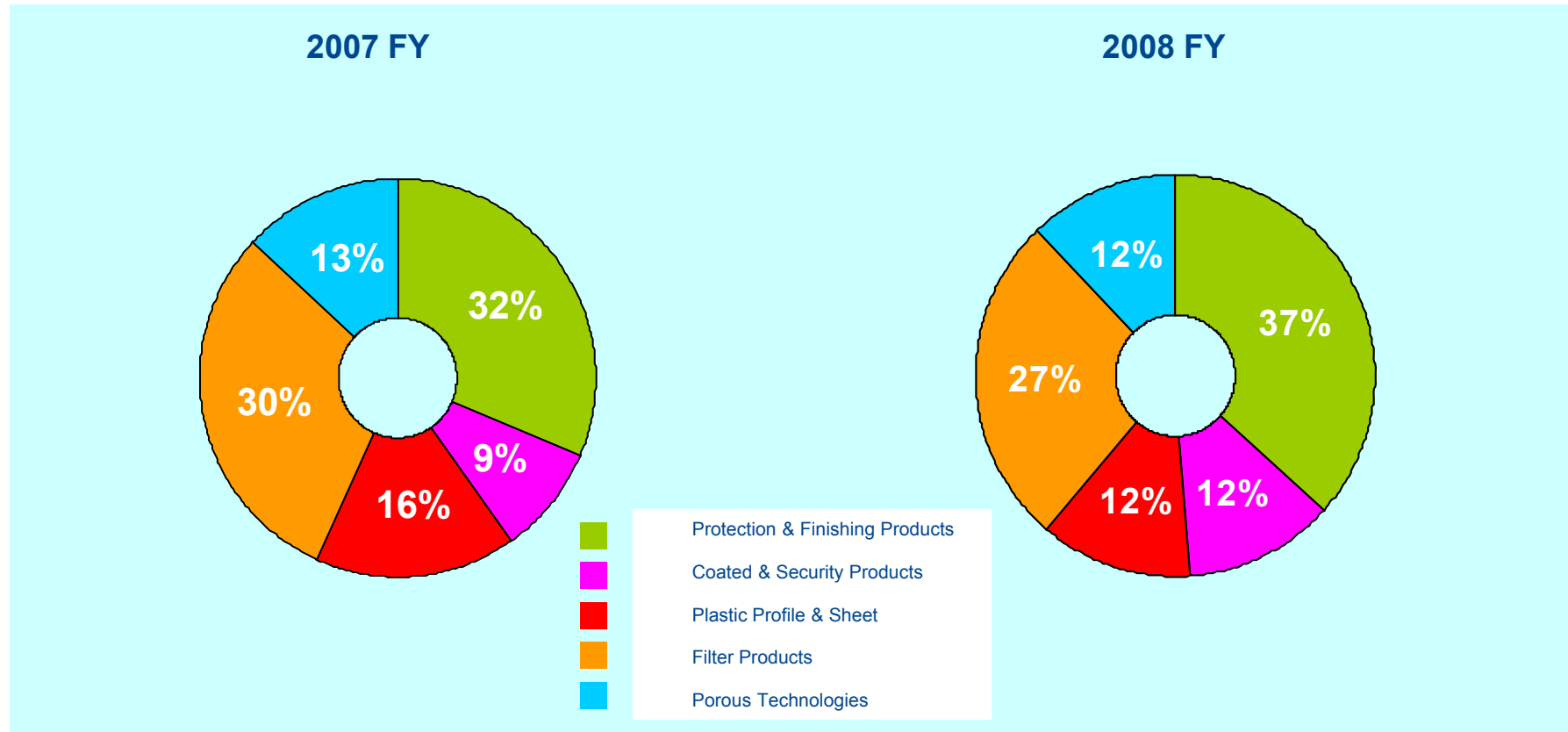
Year ended 31 December Continuing operations	Revenue		Operating profit <sup>1</sup>		Operating margin <sup>1</sup>		Normalised margin <sup>2</sup>
	2008 £m	2007 £m	2008 £m	2007 £m	2008 %	2007 %	2008 %
Plastic Technologies <i>Growth %</i>	295.4 11.1	265.8	46.0 10.6	41.6	15.6	15.7	15.6
Fibre Technologies <i>Growth %</i>	231.0 1.1	228.4	28.8 (8.9)	31.6	12.5	13.8	13.2
Central Services			(9.8)	(8.8)			
Group <i>Growth %</i>	526.4 6.5	494.2	65.0 0.9	64.4	12.3	13.0	12.9

<sup>1</sup> before intangible amortisation and 2008 exceptional acquisition fees (2007: restructuring costs)

<sup>2</sup> "Normalised margin" is calculated by excluding Fibre Technologies' restructuring costs of £1.8m and Central Services' FractureCode costs of £1.1m



## Operating profit by division

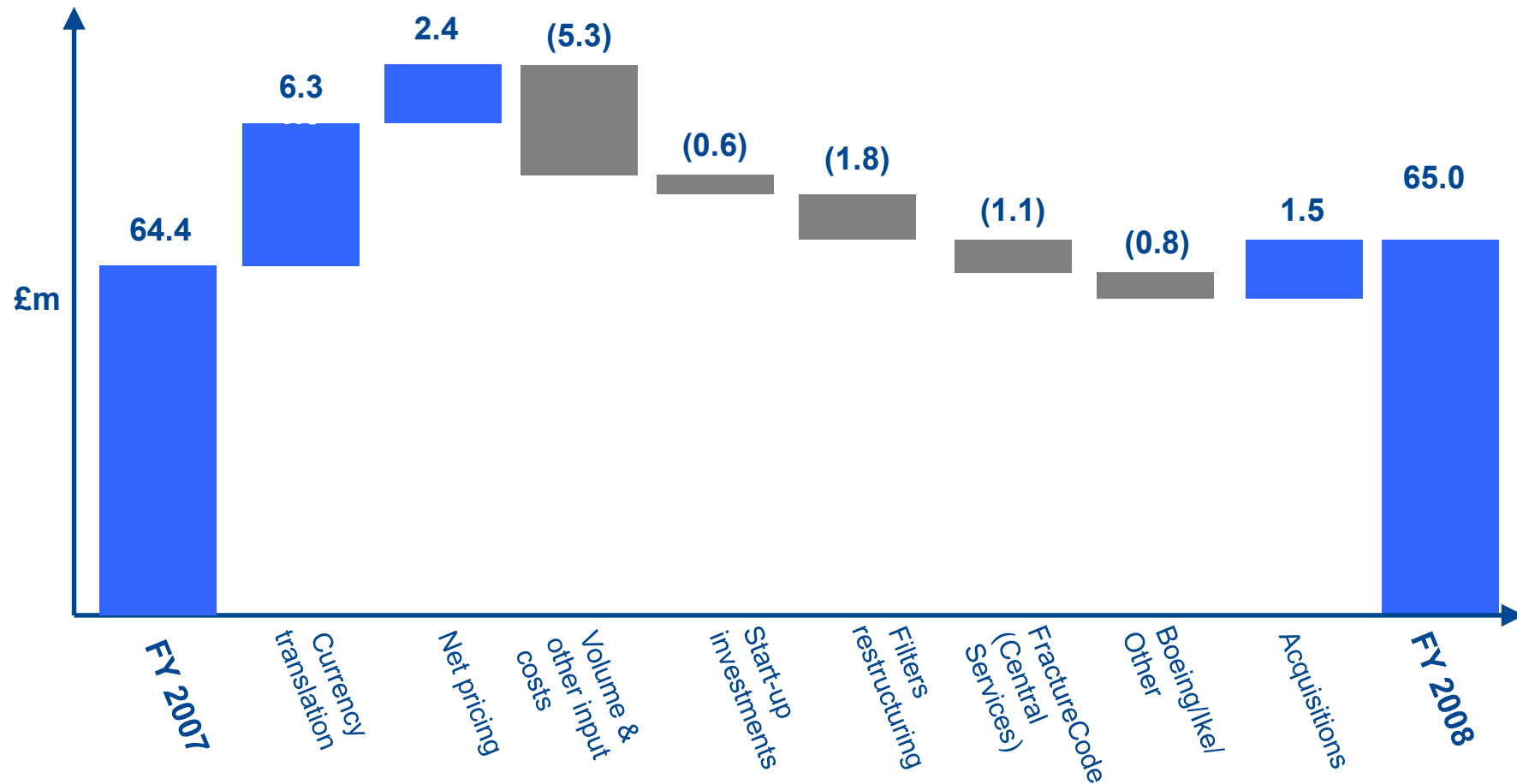


**Group trading in Q4 level with prior\***

Note: Percentages are based upon total operating profit excluding Central Services \*at constant exchange rates excluding restructuring costs



## Operating profit<sup>1</sup> – key movements



<sup>1</sup> before intangible amortisation and 2008 exceptional acquisition fees (2007: restructuring costs)



## Income statement

Year ended 31 December	2008 £m	2007 £m	Growth %
<b>Revenue</b>	<b>526.4</b>	<b>494.2</b>	<b>6.5</b>
<b>Adjusted operating profit<sup>1</sup></b>	<b>65.0</b>	<b>64.4</b>	<b>0.9</b>
Intangible amortisation	(2.0)	(1.5)	
Exceptional costs	(1.3)	(5.0)	
Net finance expense	(6.8)	(6.2)	
<b>Profit before tax</b>	<b>54.9</b>	<b>51.7</b>	<b>6.2</b>
Income tax	(18.5)	(17.6)	
<b>Profit from continuing operations</b>	<b>36.4</b>	<b>34.1</b>	<b>6.7</b>
Discontinued operations	-	2.0	
Minority interests	(1.1)	(2.0)	
<b>Earnings</b>	<b>35.3</b>	<b>34.1</b>	<b>3.5</b>
<b>Effective tax rate<sup>2</sup></b>	<b>33%</b>	<b>34%</b>	

<sup>1</sup> before intangible amortisation and 2008 exceptional acquisition fees (2007: restructuring costs)

<sup>2</sup> tax rate in 2008 calculated before exceptional costs as acquisition fees non-deductible

## Earnings per share/dividend per share

Year ended 31 December	2008	2007	Growth %
Weighted average number of shares	204.1m	216.3m	
Basic eps (continuing activities)	17.3p	15.3p	13.1
Adjusted eps (continuing activities)	18.6p	17.2p	8.1
Total dividend	7.78p	7.60p	2.4

## Balance sheet

### Net working capital\*/revenue

2006 16.7%

2007 14.6%

2008 14.7%

	2008 £m	2007 £m
Property, plant and equipment	210.5	170.7
Intangible assets	132.2	87.2
Net working capital	77.3	59.4
Income tax/deferred tax	(22.6)	(22.1)
	397.4	295.2
Deferred consideration	11.7	10.6
Provisions	(7.6)	(6.6)
Net derivative liabilities	(14.4)	(1.6)
Pension deficit	(37.4)	(22.3)
Net debt	(182.1)	(135.2)
	<b>167.6</b>	<b>140.1</b>
Shareholders' funds	160.6	135.3
Minority interests	7.0	4.8
<b>Net assets</b>	<b>167.6</b>	<b>140.1</b>

### Net working capital

- increase driven by foreign exchange translation of £16.5m

### Net derivative liabilities

- non cash, IFRS valuation of forward currency contracts

### Pension deficit

- increase due to lower equity asset valuations

### Net debt/EBITDA: 2.05 x

- debt covenant : <3  
- 1.71x at year end rates

### EBIT\*\*/Interest: 9.6 x

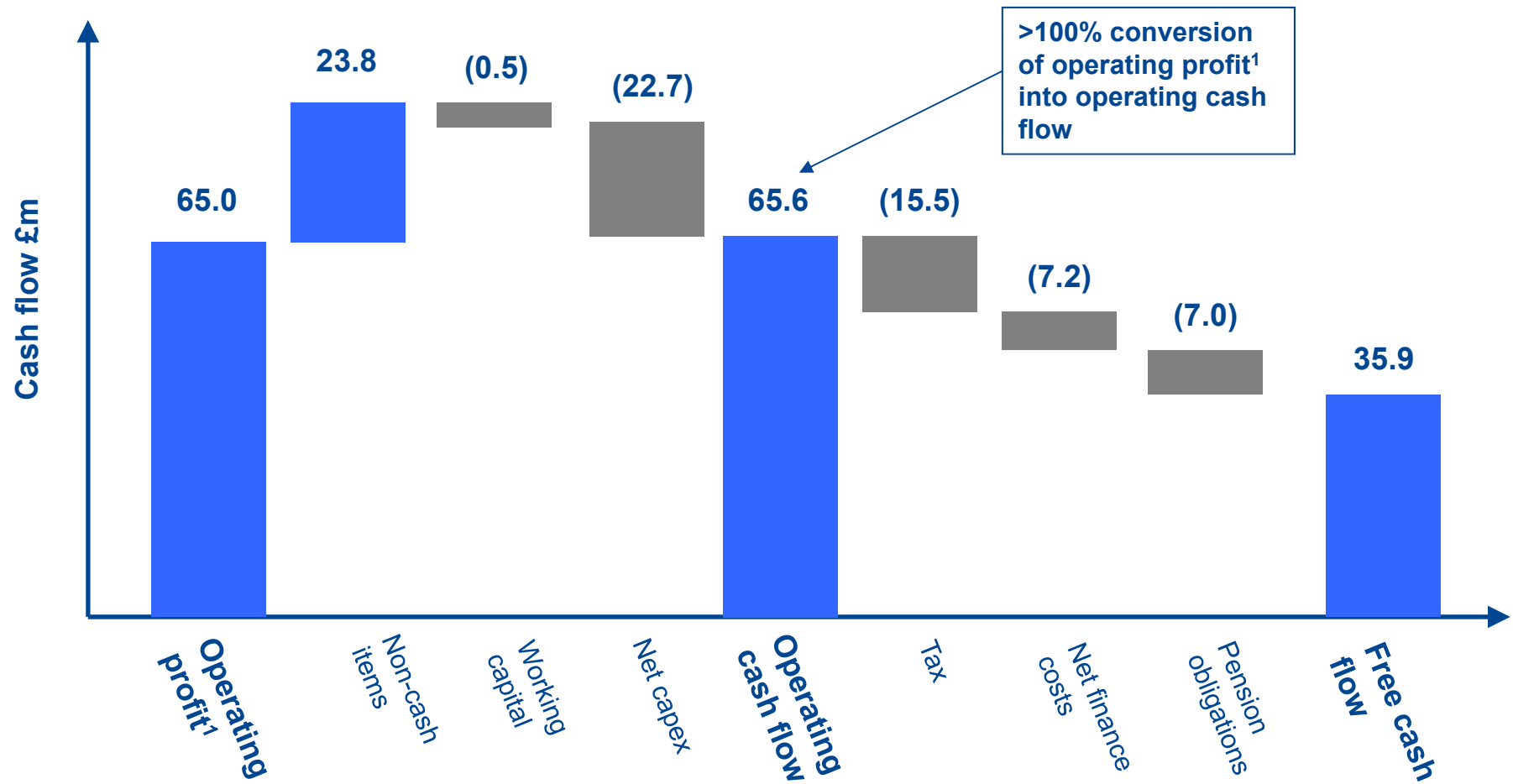
- debt covenant >3

\* at constant exchange rates, excluding capex payables

\*\* before intangible amortisation and 2008 exceptional acquisition fees



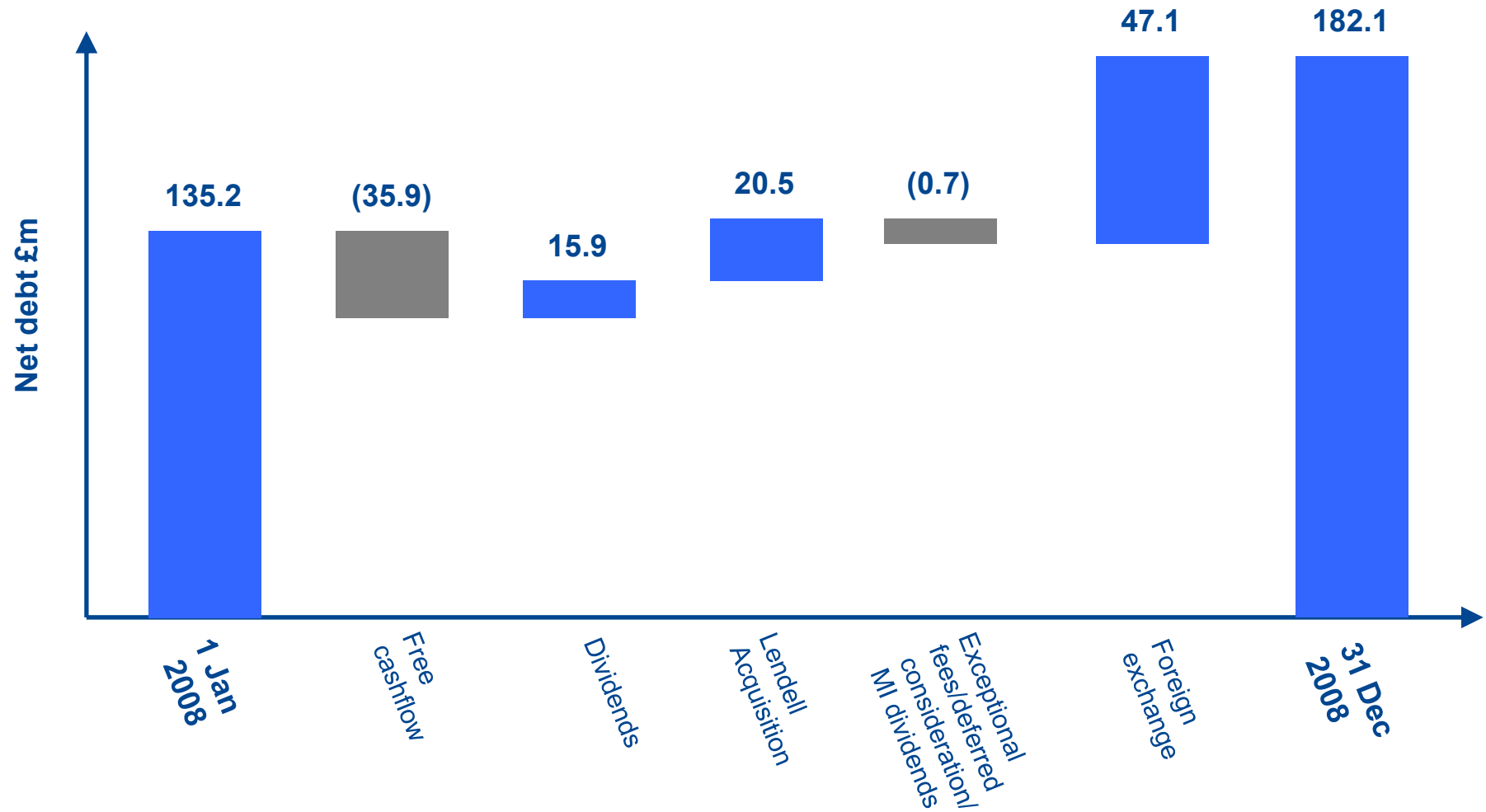
## Cash flow analysis



<sup>1</sup> before intangible amortisation and exceptional acquisition fees



## Net debt reconciliation





## Refinancing

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- Existing debt facilities
  - £215m matures in May 2010
  - US\$40m matures in November 2009
- Working towards medium-term certainty of financing
- Confident of successful conclusion shortly
- Potential approximate doubling of finance expense in 2009
  - materially higher debt margins
  - amortised fees



## Cost Management / Restructuring

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- Total headcount down 8% in 2008
- Revenue per employee\* up 3.5% in 2008
- 2009/2010 restructuring programme – focus on Filter Products division

	<b>2009</b>	<b>2010</b>
	<b>£m</b>	<b>£m</b>
Cash Costs	5.0	2.0
Savings	2.5	6.5

- Non-cash costs of £3m over 2009/2010

\* At constant exchange rates



## Financial highlights

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- Positive revenue, operating profit and margin performance
  - favourable currency movements
  - steady operating margin
  - Q4 results reflect robustness of business
- Strong cash generation
  - >100% conversion rate of operating profit into operating cash
- Continued growth in earnings per share
  - adjusted eps up 8.1%
- Total dividend increase of 2.4%



- **Financial review - Steve Crummett, Group Finance Director**
- **Operating review - Mark Harper, Chief Executive**



## Presentation overview

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- 2008 performance
  - market conditions
  - resilience of served markets
  - business highlights
  - cost base management
  - 2009 prospects
  
- Corporate priorities
  
- Group outlook



## Plastic Technologies

### Operating margin (%)

2006 14.9

2007 15.7

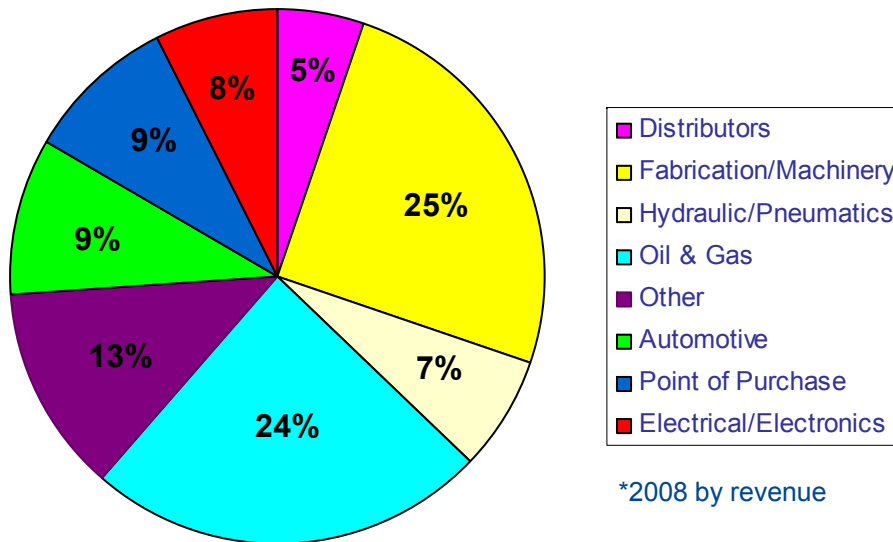
2008 15.6

	2008 £m	2007 £m	Growth %
Revenue	295.4	265.8	11.1
Operating profit	46.0	41.6	10.6
Margin %	15.6	15.7	

- Margin held up well despite
  - rapid escalation of raw material costs
  - tough market conditions in the US

## Protection and Finishing Products

Served Markets\*



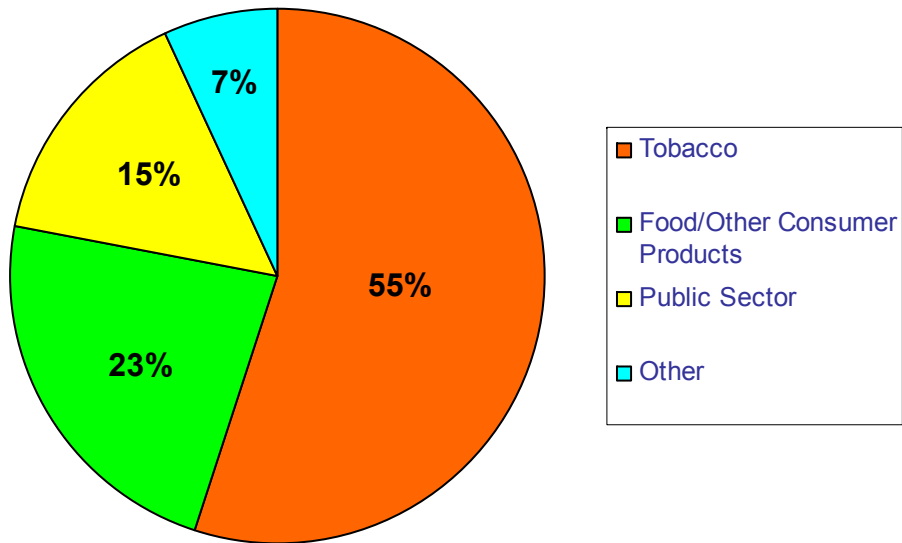
- Another year of growth – consistent strategy
- Sustained marketing – 20,000 new accounts
- Oil and gas very strong
- Cost management and productivity improvement
- Duraco integration complete
- Activity levels softened in Q4 – GDP sensitivity

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



## Coated and Security Products

Served Markets

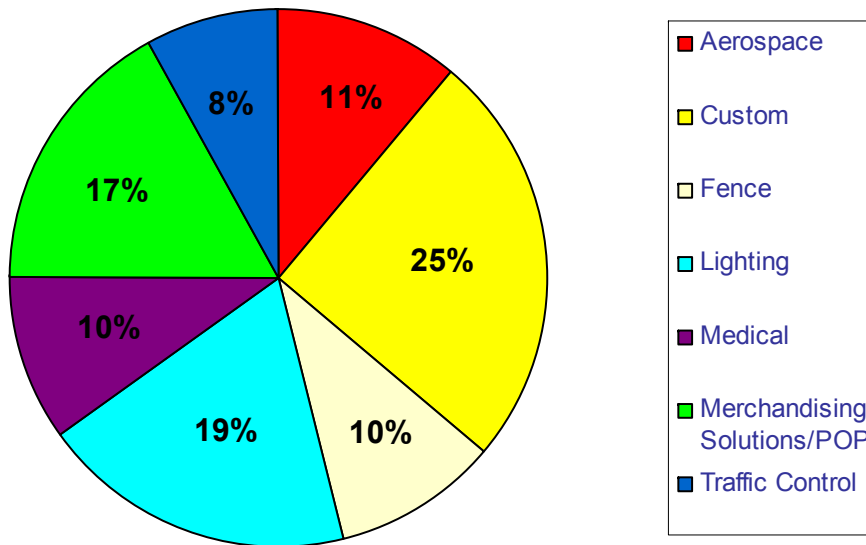


- Defensiveness of served markets
- Improved revenue and profit performance
- Tear tape growth in all regions
- Good variable data promotions
- New business in labels and Payne proprietary authentication system
- Positive outlook

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

## Plastic Profile and Sheet

Served Markets



- Performance down but margins and returns still good for sector
- Good growth in POP
- Raw material costs under recovery of £0.8m
- Acute focus on costs – 11.4% headcount reduction
- 2009 to remain challenging

Leading producer of proprietary and customised extruded products



## Fibre Technologies

### Operating margin (%)

2006 11.0

2007 13.8

2008 12.5

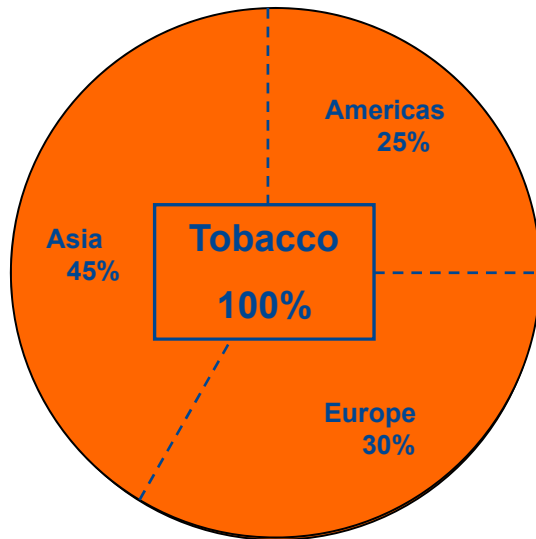
	2008 £m	2007 £m	Growth %
Revenue	231.0	228.4	1.1
Operating profit	28.8	31.6	(8.9)
Margin %	12.5	13.8	

- Results include £1.8m of restructuring costs
- Margin 13.2% if restructuring added back



## Filter Products

### Served Markets



- 7.2% volume reduction as expected – 11.7% reduction in specials and 1.4% growth in monos
- Strong growth in Asia
- Significant restructuring
- Hungary developing well
- Pricing mitigated sharp raw material increases
- Stable revenues forecast for 2009

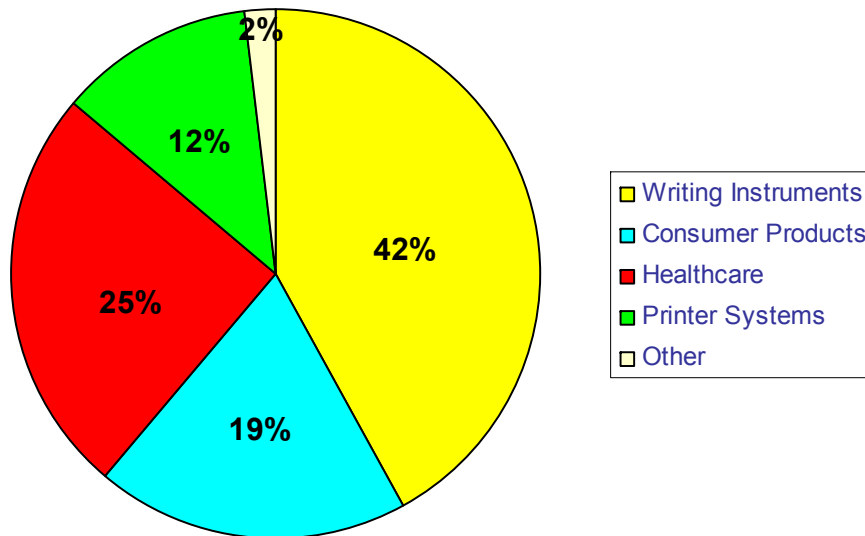
The only global independent filter supplier





## Porous Technologies

Served Markets



- Performance down due to writing instrument reservoir segment
- New projects in the medical and ink jet printer segments
- Lendell acquisition – key markets medical and cosmetics
- Sensitivity to discretionary consumer spending
- New projects start up in Q1 2009 – full year underlying growth expected

Leading producer of bonded fibre and hydrophilic foam components for fluid and vapour handling



## Corporate Priorities

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- Cash flow – effective working capital control and capex below depreciation
- Refinancing
- Proactive cost management and effective restructuring
- Reinforcing strong market positions
- Consistent execution of corporate strategy



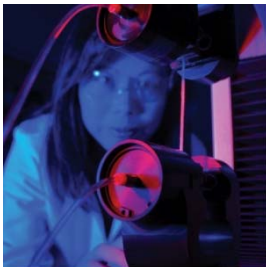
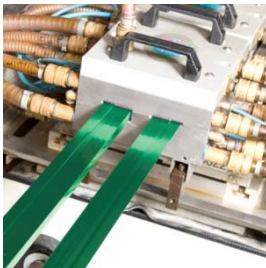
## Summary and outlook

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- Business in good financial health
- Resilient but not immune to global downturn
- Strong business model will continue to generate good cash flow
- Interest charge to increase on refinancing
- Focus on cash, costs and market positions
- Clear corporate strategy and well positioned to deliver growth as demand recovers



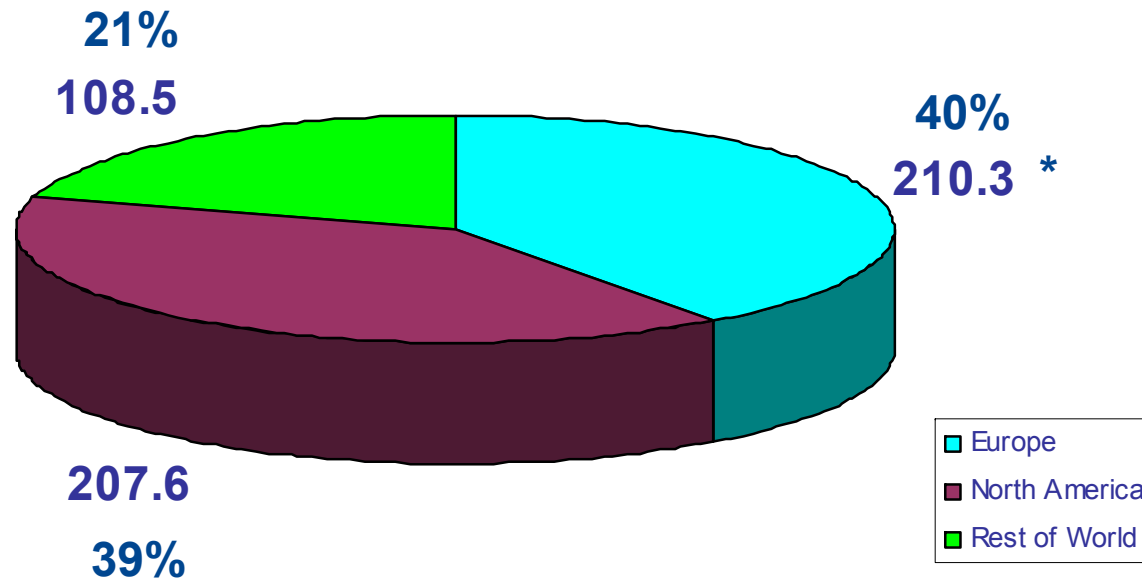
# Filtrona plc Full Year Results Year ended 31 December 2008





## Revenue by destination - 2008

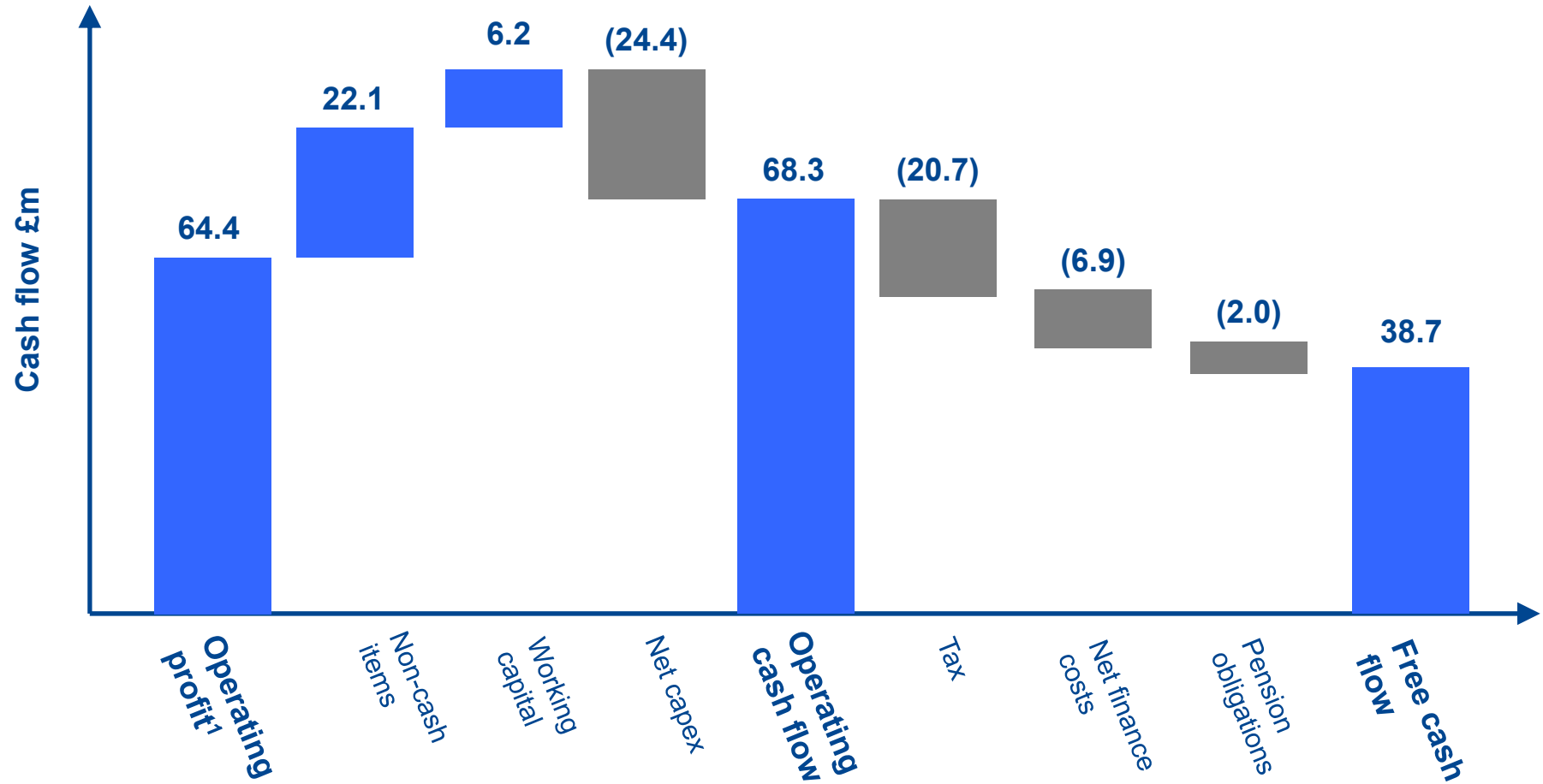
£m



\* 8.4% of revenue into the UK



## Cash flow analysis – 2007 (continuing operations)



<sup>1</sup> before intangible amortisation and restructuring costs