

Filtrona plc

Strategy Presentation: Filter Products Division

PT Sreekumar

15th June 2012

Agenda

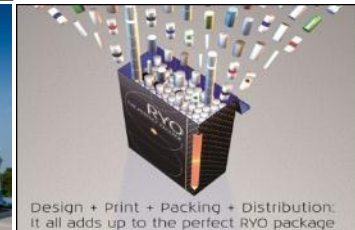
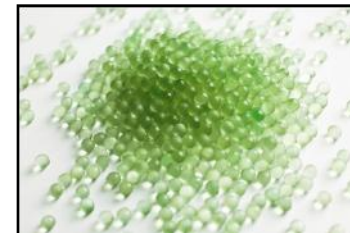


- 1. About Filter Products**
- 2. Market trends**
- 3. Delivering Vision 2015 objectives**

What we do



- Global leading independent manufacturer and supplier of:
 - Mainstream cigarette filters
 - Innovative filter products
 - Laboratory analysis of tobacco-related products
- Over 700 product specifications in 5 broad product categories
 - c. 50bn rods produced pa
 - 28 patents and registered designs
- Over 350 process specialists and 500 man years of research experience
- Competitive advantages:
 - Flexible manufacturing footprint
 - Quality
 - Cost control
 - Production efficiency



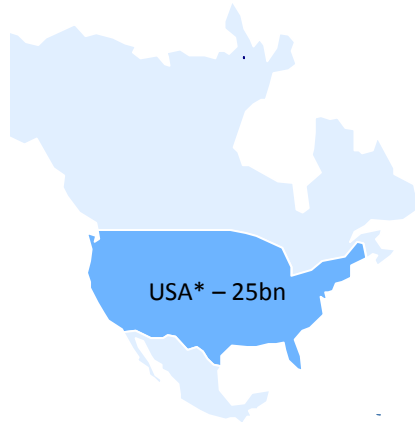
Design + Print + Packing + Distribution:
It all adds up to the perfect RYO package

Providing a comprehensive range of filter solutions

Where we do it & who for



North America



Europe / Middle East



South America



Asia



Supplier to >300 customers in more than 75 countries

NOTE: Figures are production capacity in billion rods
* Denotes the location of a development centre as well as manufacturing facility

Market trends



Regulation



Illicit trade

2011 global market: US\$694bn
Tobacco retail value: +7.1%
Cigarette retail volume: +0.1%

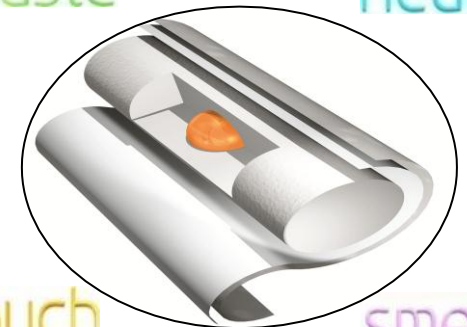


Consumer need



Cost & price

taste hear



touch smell

Consumer engagement

Increasing role for filter innovation to address industry trends

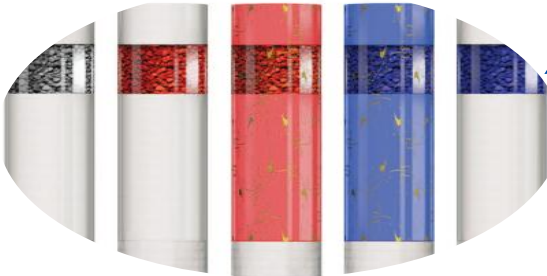
Identify key new product opportunities



Investment in Scientific Services



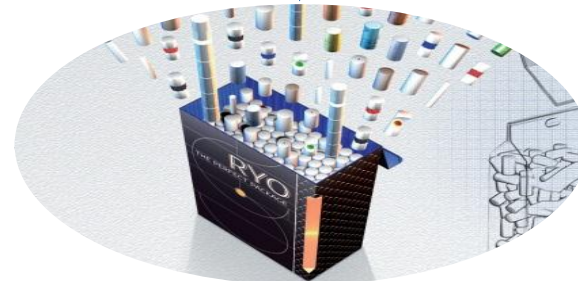
User experience
- Eg, Capsules
- Eg, Flavoured thread
- Eg, Activated carbon



Lifestyle solutions
- Eg, Slim / Superslims
- Eg, Low / Ultra low tar
- Eg, "Eco" ranges



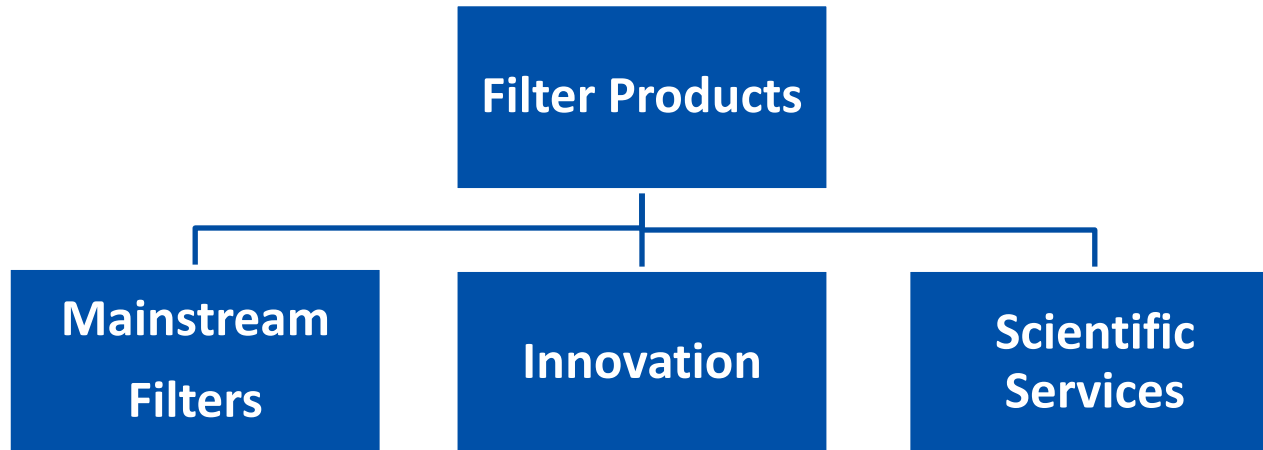
Brand-specific requirements
Eg, Recessed filters



Full bespoke service for RYO brands

Targeting growth opportunities on a number of fronts

Strengthen organisational structure & talent base



- Re-invigorated senior management team and new commercial appointments
 - Sharper sales focus across all 3 business units
- Divisional HR function to focus on skills development, retention and succession
- Active programmes through the Filters' Learning Centre and Graduate trainee programmes
- International assignments to enhance training and develop executive skills

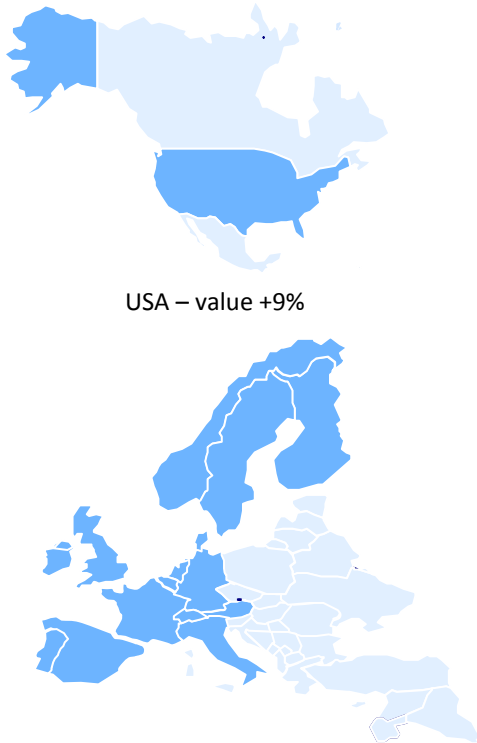
Focused organisational structure aligned with GTM strategy

Focus on faster growing markets / economies



Value markets

Generate 2x revenue per stick



USA – value +9%

Western Europe – value +8%

Volume markets

Growing low to mid single-digits



China – 2.4tn

India – 105bn

Vietnam – 96bn

Philippines – 81bn

Indonesia – 240bn

Innovation markets

Equate to 50% global special filters



Russia – 360bn

Japan – 200bn

South Korea – 86bn

Focus on critical countries in volume, value & innovation markets

Identify value-creating, complementary M&A



Filtrona's M&A scorecard ...

... in the context of Filter Products

PLACE:

- Potential for acquisitions / JVs in under-represented markets

PRODUCT & MARKETS:

- Limited in mainstream filters ...
- ... BUT possible opportunities in:
 - Innovation
 - Scientific services
 - Developing Other Tobacco Products categories

PEOPLE:

- Local knowledge in new markets
 - Local talent with international mobility
-

Potential for M&A / JVs to complement organic GTM strategy

Invest in improving operational excellence & execution



Investment in high speed flexible machines in Indonesia

- Continuing review of alignment to customer requirements
 - Customer footprint
 - Facility size and capacity
 - Capabilities and product range
- Focus on balanced regional technical expertise
- Two-year investment programme for production machinery
- Technology and process improvement programmes to deliver:
 - Improved production
 - Lower waste
 - Shorter lead times

Operational excellence → improved gearing

Conclusion



Vision 2015 objectives ...

... and some examples of what we're doing

Identify key new product opportunities

- Continued innovation to capture industry growth trends
- More competitive on standard filters
- Investment in Scientific Services

Strengthen organisational structure & talent base

- New structure aligned to focused GTM strategy

Focus on faster growing markets / economies

- Head office re-located to Singapore
- Creation of regional development centres
- Centres of operational excellence established
- Stronger commercial focus

Identify value-creating M&A opportunities

- Potential for M&A / JVs to complement organic GTM strategy

Invest in improving operational excellence & execution

- Investment in machinery upgrades
- Continued improvement initiatives

Well-positioned to deliver Vision 2015 objectives



Questions

Appendix

Appendix 1



PT Sreekumar - Managing Director, Filter Products

PT Sreekumar joined Filtrona in 1995, being initially responsible for the Company's joint venture in India. Before being appointed to his current role in 2005, Sreekumar was Regional Director for Asia Pacific, responsible for the business in Asia and the Middle East. Prior to joining Filtrona, Sreekumar worked for the Indian tobacco company Godfrey Philips.

Disclaimer



IMPORTANT LEGAL NOTICE

THIS DOCUMENT IS STRICTLY CONFIDENTIAL TO THE RECIPIENT AND HAS BEEN SUBMITTED TO YOU SOLELY FOR YOUR INFORMATION. THE RECIPIENT MAY NOT REPRODUCE OR REDISTRIBUTE ANY PART OF THIS DOCUMENT TO ANY PERSON IN ANY FORM.

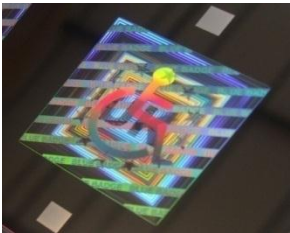
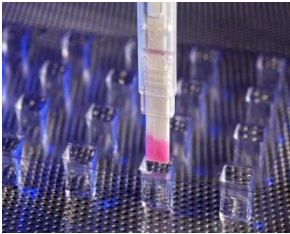
THIS DOCUMENT AND THE PRESENTATION TO WHICH IT RELATES ("**PRESENTATION**") NEITHER CONSTITUTES, NOR FORMS PART OF, AN ISSUE FOR SALE OR SUBSCRIPTION OF, OR SOLICITATION OF ANY OFFER OR INVITATION TO SUBSCRIBE FOR, UNDERWRITE OR OTHERWISE ACQUIRE OR DISPOSE OF ANY SECURITIES OF FILTRONA PLC (THE "**COMPANY**") NOR SHOULD IT OR ANY PART OF IT FORM THE BASIS OF, OR BE RELIED ON IN CONNECTION WITH, ANY CONTRACT OR COMMITMENT WHATSOEVER WHICH MAY AT ANY TIME BE ENTERED INTO BY THE RECIPIENT OR ANY OTHER PERSON, NOR DOES IT CONSTITUTE AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY UNDER SECTION 21 OF THE UK FINANCIAL SERVICES AND MARKETS ACT 2000, NOR DOES IT CONSTITUTE AN INVITATION TO EFFECT ANY TRANSACTION WITH THE COMPANY OR TO MAKE USE OF ANY SERVICES PROVIDED BY THE COMPANY.

THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW AND PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS.

WHILE THE INFORMATION IN THIS DOCUMENT AND THE OPINIONS ARE BASED ON SOURCES BELIEVED TO BE RELIABLE THE COMPANY HAS NOT INDEPENDENTLY VERIFIED THE CONTENTS OF THIS DOCUMENT. ACCORDINGLY, NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IS MADE AS TO AND NO RELIANCE SHOULD BE PLACED ON THE FAIRNESS, ACCURACY, COMPLETENESS OR CORRECTNESS OF THE INFORMATION OR OPINIONS CONTAINED IN THIS DOCUMENT OR IN ANY PRESENTATION OR OTHER COMMUNICATION (WHETHER WRITTEN OR ORAL) ACCOMPANYING THIS DOCUMENT. THE INFORMATION AND OPINIONS CONTAINED IN THIS DOCUMENT OR THE PRESENTATION ARE PROVIDED AS AT THE DATE OF THIS PRESENTATION AND ARE SUBJECT TO CHANGE WITHOUT NOTICE. NEITHER THE COMPANY NOR ITS SHAREHOLDERS NOR ANY OF THEIR ASSOCIATES OR AFFILIATES NOR ANY OF THEIR RESPECTIVE DIRECTORS, MEMBERS, OFFICERS OR EMPLOYEES SHALL HAVE ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING DIRECTLY OR INDIRECTLY FROM ANY USE OF THIS DOCUMENT OR ITS CONTENTS OR OTHERWISE ARISING IN CONNECTION THEREWITH.

NEITHER THE INFORMATION IN THIS DOCUMENT NOR THE PRESENTATION SHOULD NOT BE INTERPRETED AS A PROFIT FORECAST NOR SHOULD ANY INFORMATION CONTAINED HEREIN BE INTERPRETED TO MEAN THAT THE FUTURE EARNINGS PER SHARE OF THE COMPANY WILL NECESSARILY MATCH OR EXCEED THE HISTORICAL PUBLISHED EARNINGS PER SHARE. PAST PERFORMANCE CANNOT BE RELIED ON AS A GUIDE TO FUTURE PERFORMANCE.

ALL STATEMENTS OTHER THAN STATEMENTS OF HISTORICAL FACTS INCLUDED IN THIS PRESENTATION, INCLUDING, WITHOUT LIMITATION, THOSE REGARDING THE COMPANY'S FINANCIAL POSITION, BUSINESS STRATEGY, PLANS AND OBJECTIVES OF MANAGEMENT FOR FUTURE OPERATIONS (INCLUDING DEVELOPMENT PLANS AND OBJECTIVES RELATING TO THE COMPANY'S SERVICES) ARE 'FORWARD-LOOKING STATEMENTS'. FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE COMPANY OR THOSE MARKETS AND ECONOMIES TO BE MATERIALLY DIFFERENT FROM FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THESE RISKS AND UNCERTAINTIES INCLUDE INTERNATIONAL, NATIONAL AND LOCAL CONDITIONS AND OTHER FACTORS INCLUDING THOSE DESCRIBED UNDER "MANAGEMENT OF PRINCIPAL RISKS" IN THE COMPANY'S ANNUAL REPORT AND ACCOUNTS. SUCH FORWARD-LOOKING STATEMENTS ARE BASED ON NUMEROUS ASSUMPTIONS REGARDING THE COMPANY'S PRESENT AND FUTURE BUSINESS STRATEGIES AND THE ENVIRONMENT IN WHICH THE COMPANY WILL OPERATE IN THE FUTURE AND SUCH ASSUMPTIONS MAY OR MAY NOT PROVE TO BE CORRECT. THESE FORWARD-LOOKING STATEMENTS SPEAK ONLY AS AT THE DATE OF THIS PRESENTATION. THE COMPANY EXPRESSLY DISCLAIMS ANY OBLIGATION (OTHER THAN PURSUANT TO LAW) OR UNDERTAKING TO DISSEMINATE ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN TO REFLECT ANY CHANGE IN THE COMPANY'S EXPECTATIONS WITH REGARD THERETO OR ANY CHANGE IN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED.



Filtrona plc

Strategy Presentation: Filter Products Division

PT Sreekumar

15th June 2012