

Filtrona plc

Investor Presentation

Half Year 2012 Results

1st August 2012

Agenda



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|---|-------------------------|
| 1. Operational Review | - Colin Day |
| 2. Financial Review | - Steve Crummett |
| 3. Vision 2015 Objectives & 2012 Outlook | - Colin Day |

Operational Review

Colin Day, Chief Executive

- Revenue growth across all principal divisions
- Supported by increased gross and operating margins
- Further improvement in tax rate and net working capital ratio
- Interim dividend per share increased by 18% to 3.9p
- Successful completion of three value-adding acquisitions
- Well-positioned to deliver further balanced growth in 2012

Continued progress vs Vision 2015 objectives

Revenue growth¹ across all principal divisions



Protection & Finishing
 Revenue ↑ 61%
 Op Margin ↓ 190bps
 Op Profit ↑ 49%

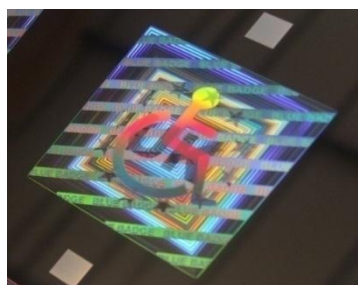


Coated & Security
 Revenue ↑ 14%
 Op Margin ↑ 40bps
 Op Profit ↑ 17%

GROUP

Revenue ↑ 24%
 Gross Margin ↑ 50bps
 Op Margin ↑ 30bps
 Op Profit ↑ 26%

Porous Technologies
 Revenue ↑ 1%
 Op Margin ↓ 20bps
 Op Profit Unchanged



Filter Products
 Revenue ↑ 10%
 Op Margin ↑ 10bps
 Op Profit ↑ 12%

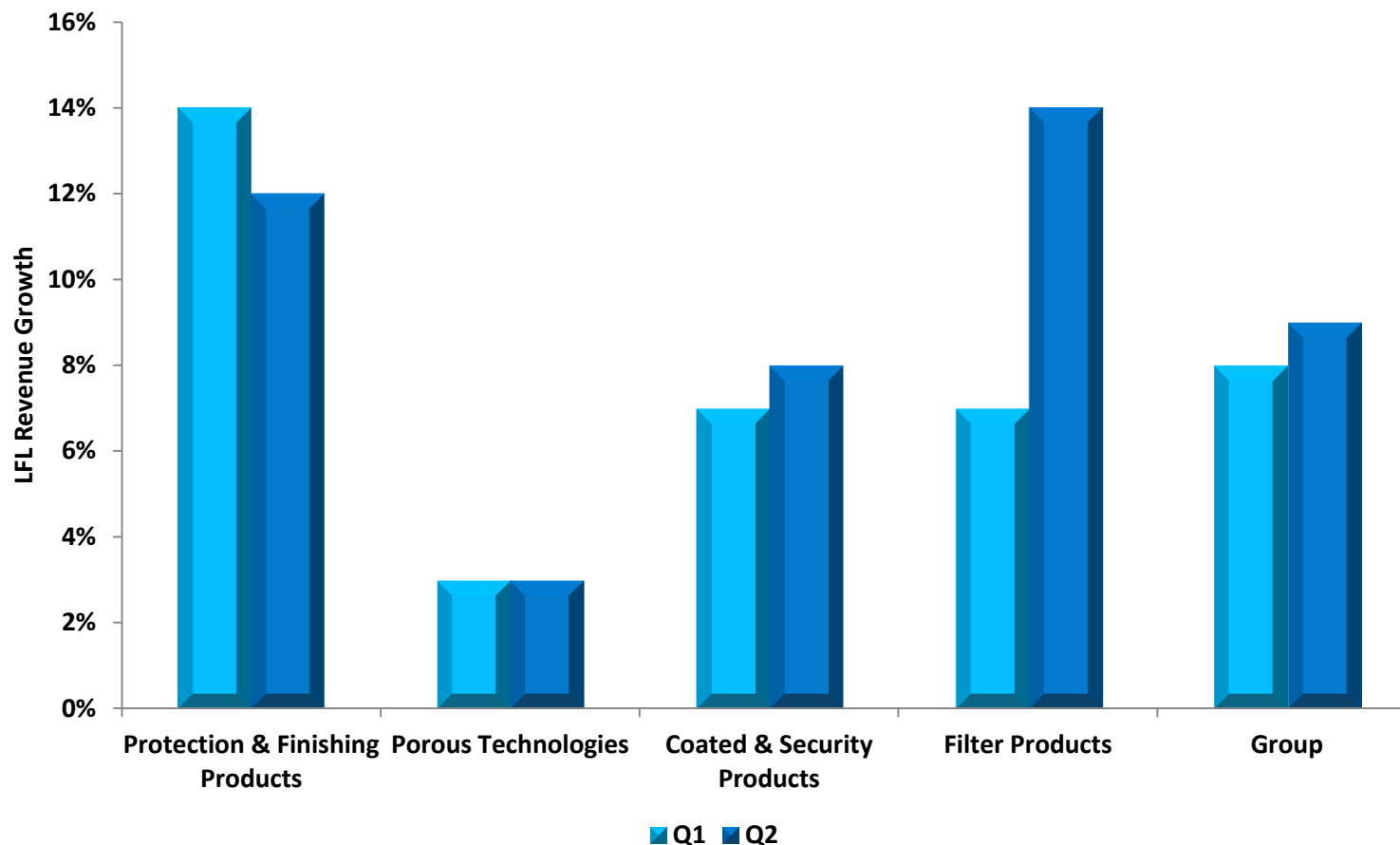


Notes:

¹ At constant exchange rates

Operating profit and margin are adjusted to exclude intangible amortisation and exceptional operating items

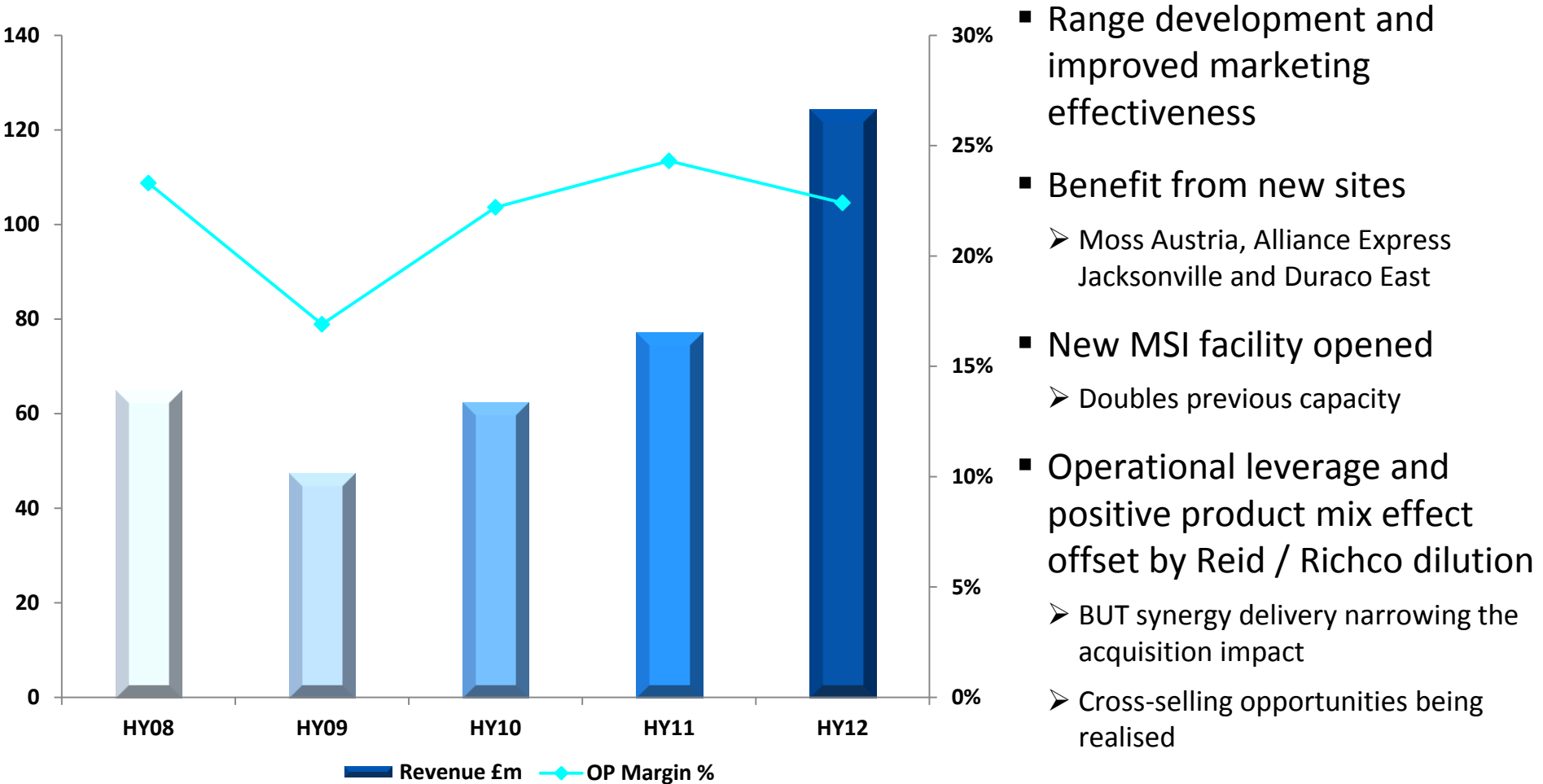
Q1 and Q2 2012 performance



Consistent delivery through the period

Note:
LFL = like-for-like, at constant FX, adjusted for acquisitions and disposals

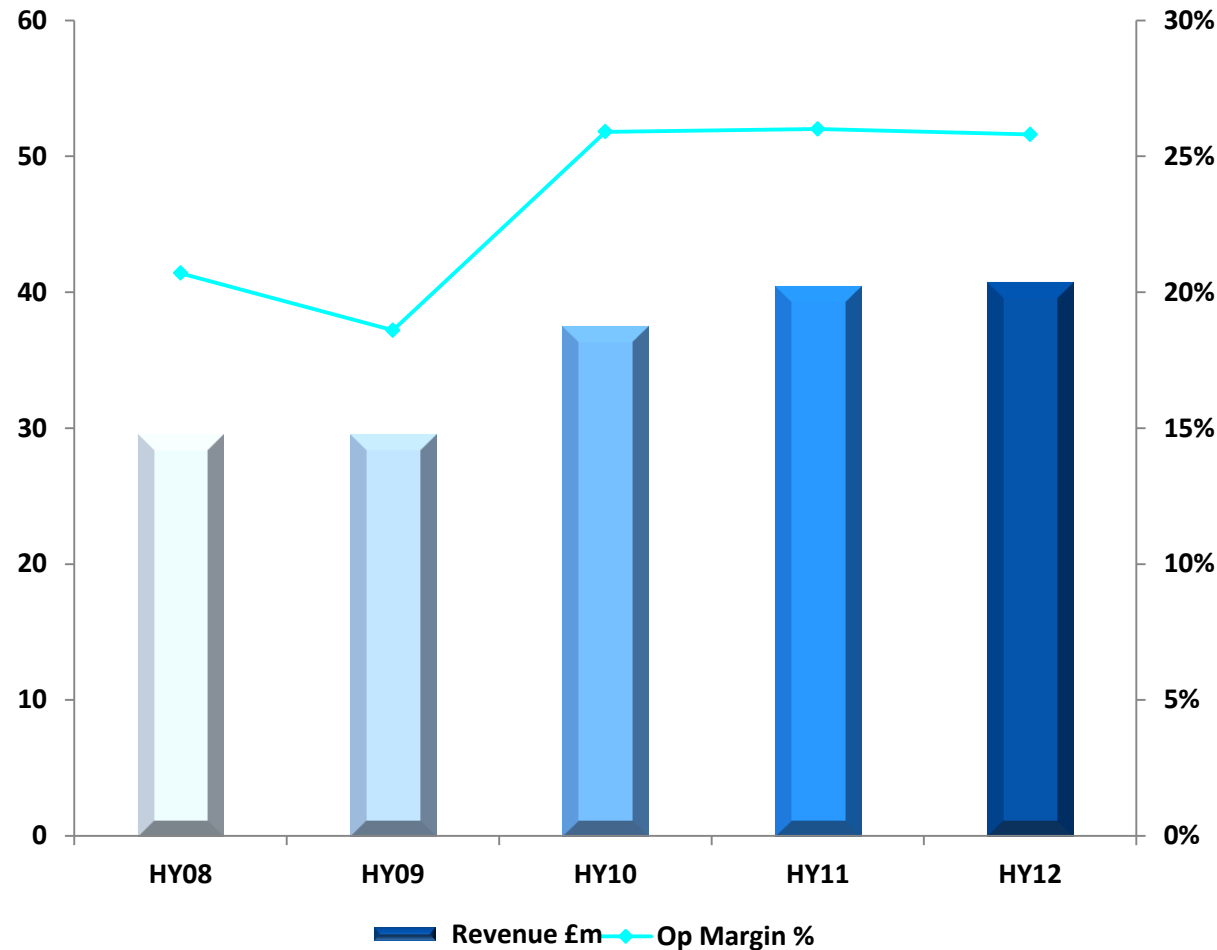
Protection & Finishing Products



Note:

At constant exchange rates, and adjusted to exclude intangible amortisation and exceptional operating items

Porous Technologies

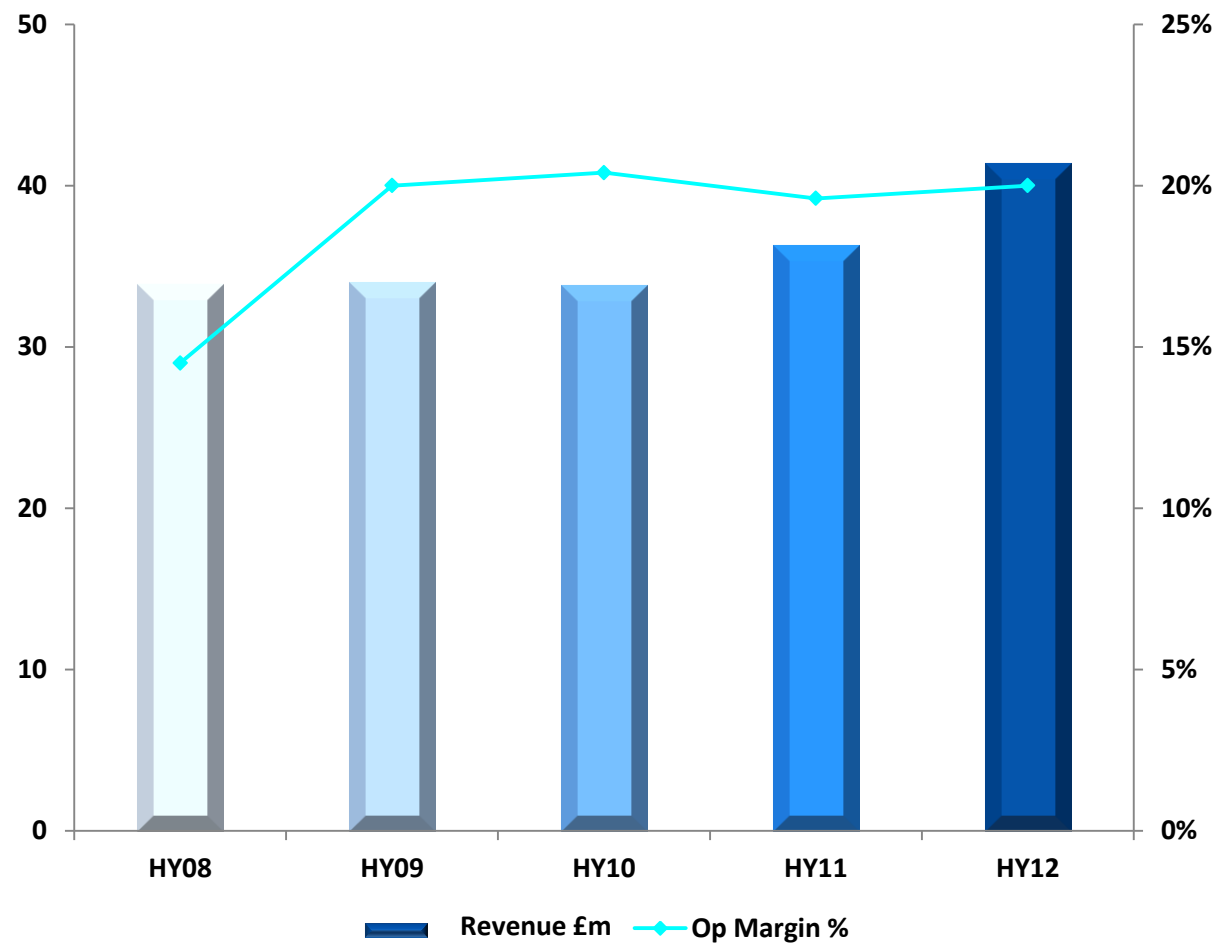


- Growth led by healthcare and printer systems
 - H&PC impacted by soft sales in European air care market
 - Continued weak consumer trends in writing instruments
- Successful completion of two value-adding acquisitions
 - Asian presence strengthened by Jae Yong
 - Expansion into porous speciality wiping materials via Lymtech
- Efficiency improvements offset by investment in porous plastics and regional commercial office in Asia

Note:

At constant exchange rates, and adjusted to exclude intangible amortisation and exceptional operating items

Coated & Security Products

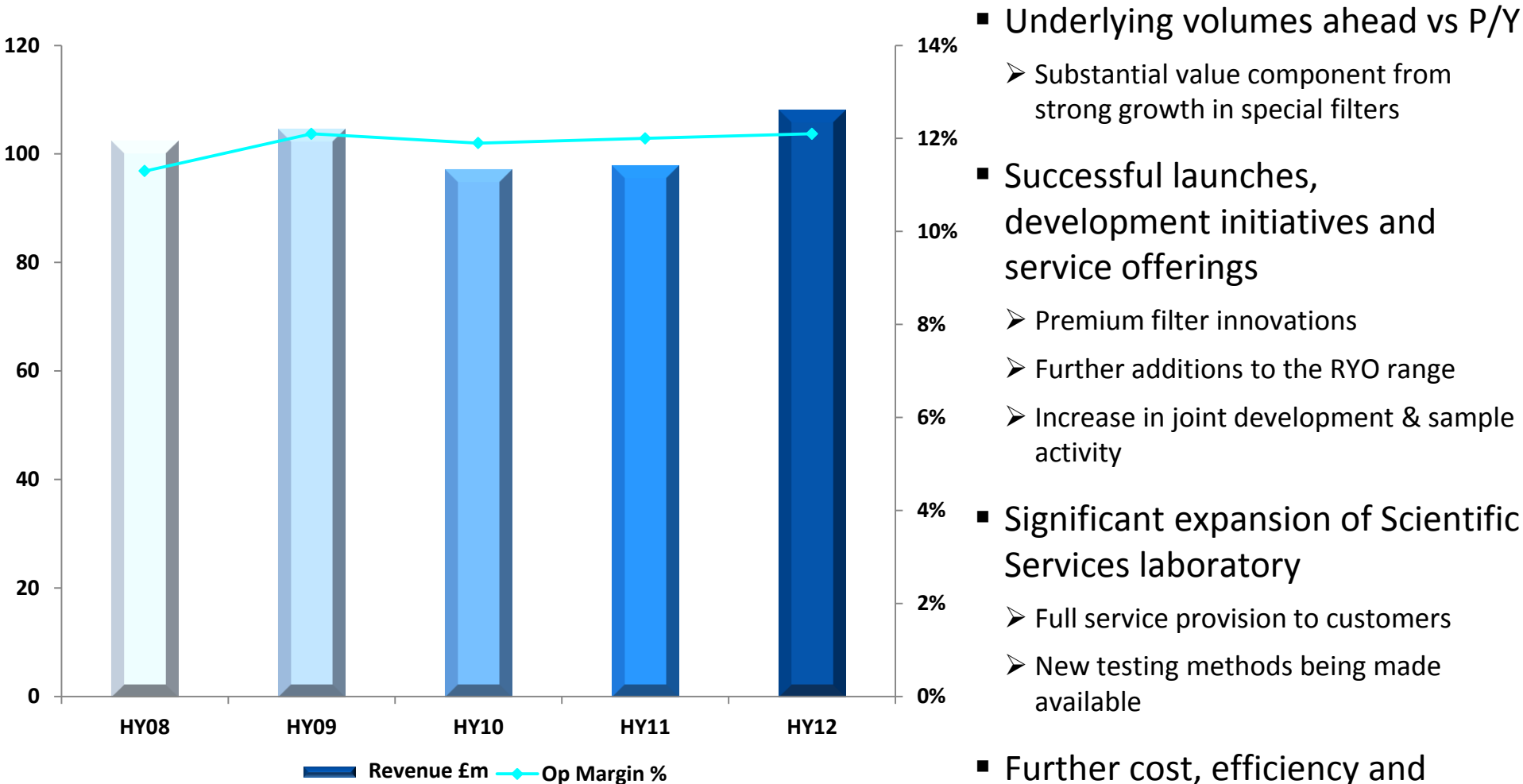


Note:

At constant exchange rates, and adjusted to exclude intangible amortisation and exceptional operating items

- Broad-based growth across the division
 - Tear tape growth in tobacco & wrapped food categories
 - Increase in labels driven by tobacco segment
 - Strong progress with Blue Badge contract in the UK
- Acquisition of Securit increases scale and accelerates development of new end-markets
- Machinery investment to support growing labels capability
- Continued focus on efficiency improvements and cost reduction

Filter Products



Note:

At constant exchange rates, and adjusted to exclude intangible amortisation and exceptional operating items

Key operational developments

Protection & Finishing Products



New sites opened in Austria, Jacksonville and New Jersey

Coated & Security Products



Investment in state-of-the-art label printing press at Payne Cardiff

Porous Technologies



Investment in porous plastics technology at Richmond & other sites

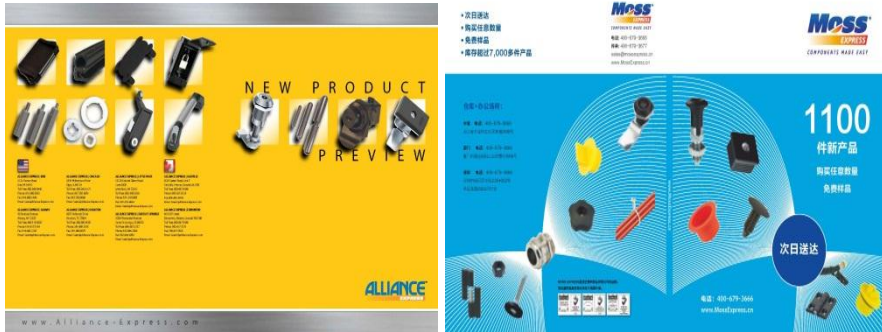
Filter Products



Investment in expanding Scientific Services' internationally-accredited laboratory

Key commercial developments

Protection & Finishing Products



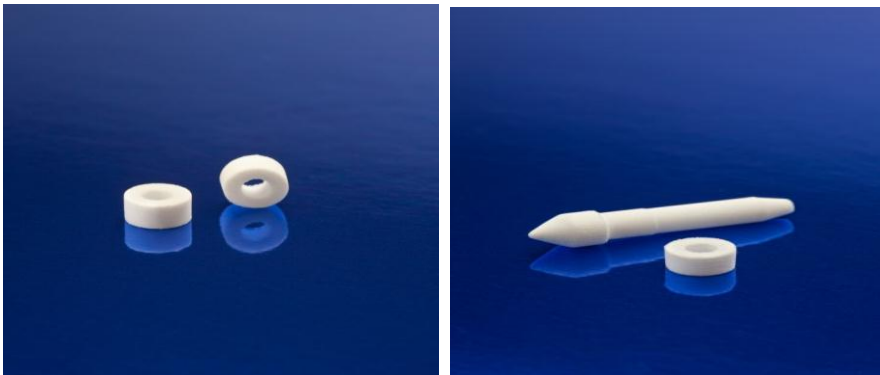
New catalogues with range expansion at Moss China and Alliance Plastics

Coated & Security Products



Promotional tape solution for Imperial Tobacco in Ukraine

Porous Technologies



Commercial expansion of products using porous plastics in healthcare and writing instruments

Filter Products



New flavoured variants & further addition to RYO range

Financial Review

Steve Crummett, Group Finance Director

Income statement - summary



	HY 12	HY 11	Growth	
	£m	£m	Actual FX	Constant FX
Revenue	324.8	268.6	+21%	+24%
<i>Like-for-like¹</i>				+9%
Gross margin	36.9%	36.2%	+70bps	+50bps
Operating profit²	54.1	43.6	+24%	+26%
Operating margin	16.7%	16.2%	+50bps	+30bps
Profit before tax²	49.1	39.5	+24%	+26%
Adjusted earnings^{2,3}	33.9	26.8	+26%	+28%
Adjusted earnings per share^{2,3}	16.3p	13.0p	+25%	+27%

¹ At constant FX, adjusted for acquisitions and disposals

² Adjusted to exclude intangible amortisation and exceptional operating items

³ Continuing operations

Revenue growth – volume / mix / price



	%
Volume / mix	+7
Price	+2
Like-for-like	+9
Acquisitions	+15
Constant FX growth	+24
Exchange	(3)
Reported growth	+21

High quality revenue growth, driven by volume

Revenue growth – by division



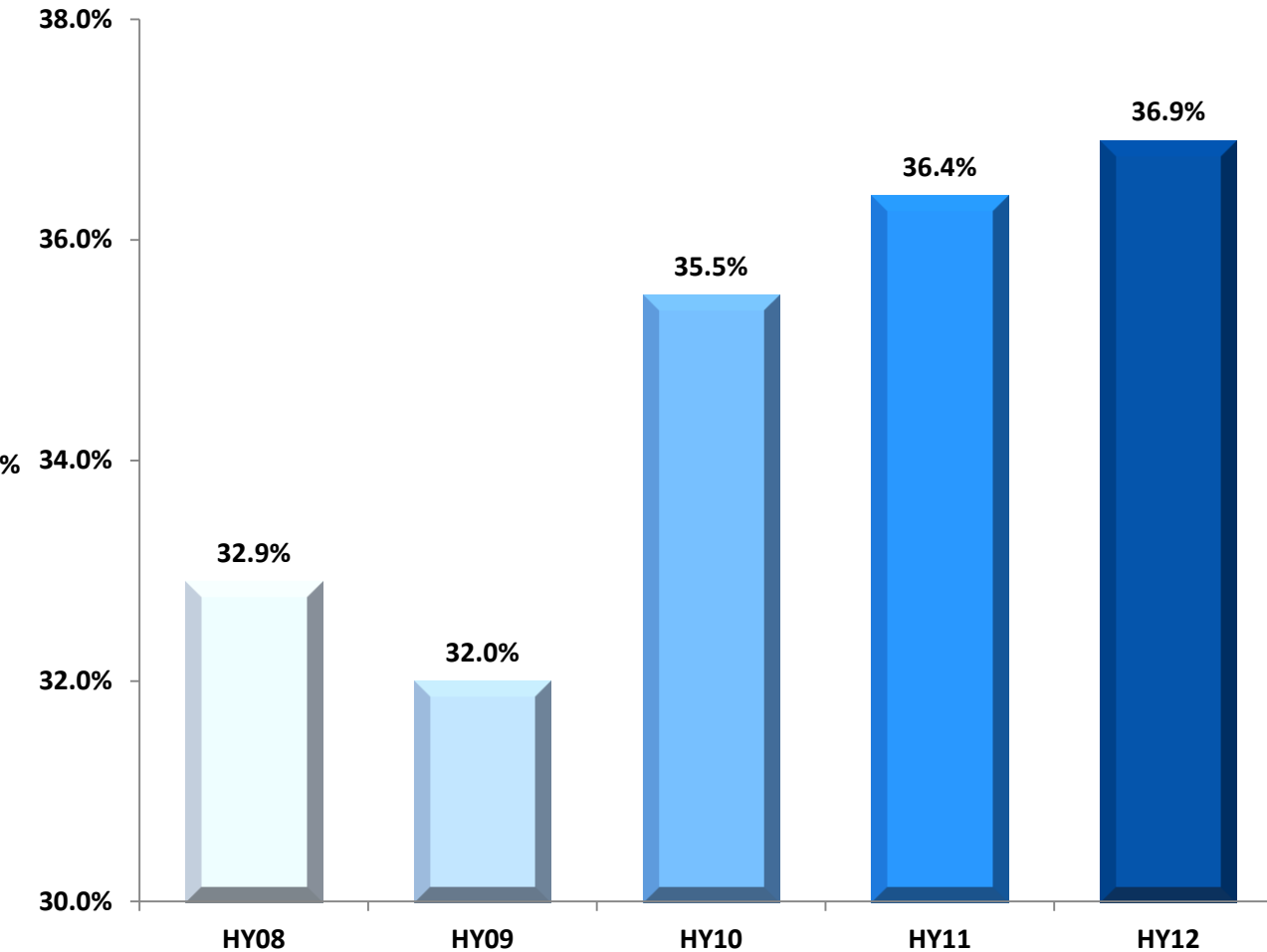
	HY 12	Growth		
	£m	Constant FX		
Protection & Finishing Products	124.3	+61%	→	LFL¹ growth +13%
Porous Technologies	40.7	+1%	→	LFL¹ growth +3%
Coated & Security Products	41.4	+14%	→	LFL¹ growth +8%
Filter Products	108.1	+10%	→	LFL¹ growth +10%
Other ²	11.8	-8%		
Eliminations	(1.5)			
Group	324.8	+24%	→	LFL¹ growth +9%
Group – at actual FX		+21%		

Contribution from all principal divisions

¹ At constant FX, adjusted for acquisitions and disposals

² "Other" relates to the Enitor plastic profile extrusion business in The Netherlands

Gross margin¹

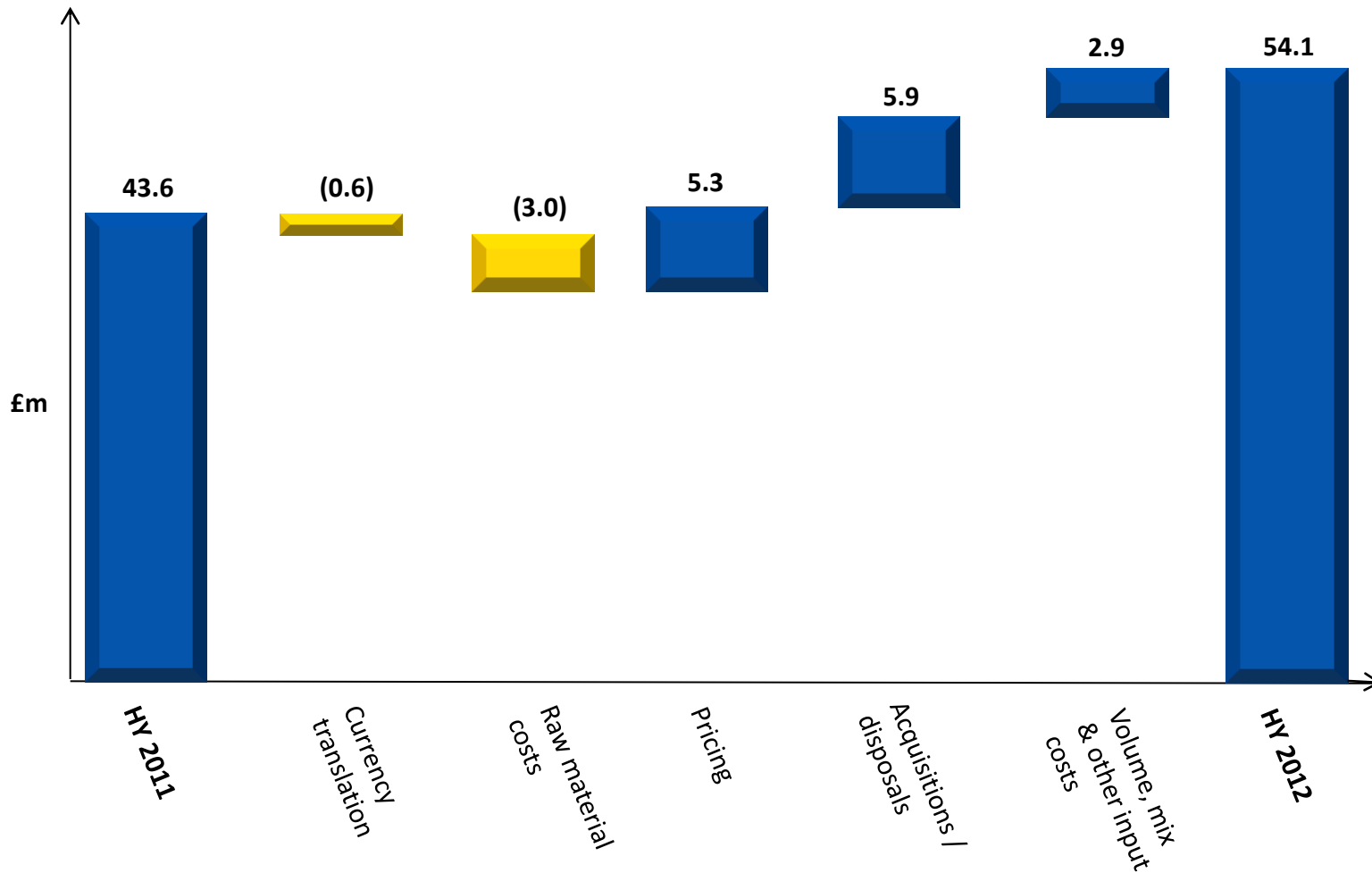


- +50 bps GM improvement
 - Operational leverage impact from higher volume
 - Continued cost improvement / efficiency initiatives
 - Manufacturing efficiencies from continued machinery upgrade programme
 - Positive pricing impact

Volume growth & further efficiency driving GM expansion

¹ At constant FX, continuing operations

Operating profit¹ – key movements



Increased profit AND investment in future growth

¹ Adjusted to exclude intangible amortisation and exceptional operating items

Operating profit¹ by division



	Adjusted ¹ operating profit		
	HY 12 £m	Growth Constant FX	Margin
Protection & Finishing Products	27.9	+49%	22.4%
Porous Technologies	10.5	-	25.8%
Coated & Security Products	8.3	+17%	20.0%
Filter Products	13.1	+12%	12.1%
Other ²	0.9	-	7.6%
Central Services	(6.6)		
Group	54.1	+26%	16.7 %
Group – at actual FX		+24%	

¹ Adjusted to exclude intangible amortisation and exceptional operating items

² “Other” relates to the Enitor plastic profile extrusion business in The Netherlands

Income statement – continued



	HY 12	Growth	
	£m	Actual FX	Constant FX
Operating profit¹	54.1	+24%	+26%
Net finance charge	(5.0)		
Profit before tax¹	49.1	+24%	+26%
Taxation	(14.5)		
- Underlying tax rate	29.4%		
Net income^{1,2}	34.6	+26%	+28%
Adjusted earnings^{1,2}	33.9	+26%	+28%
EPS - adjusted^{1,2}	16.3p	+25%	+27%
EPS – diluted, adjusted^{1,2}	15.7p	+25%	+27%

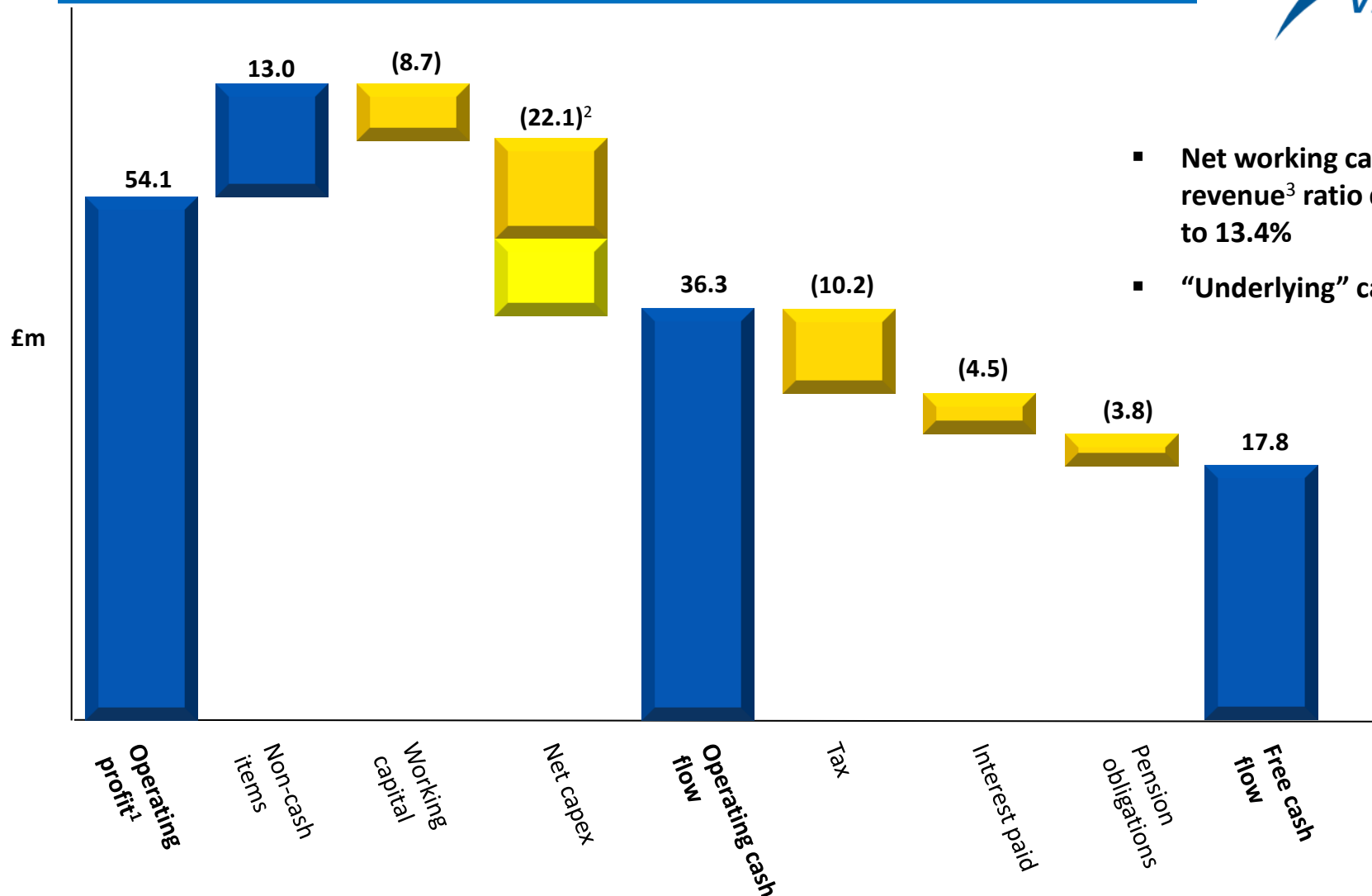
▪ Higher fee amortisation and lower pension credit

▪ Tax rate down 100bps

¹ Adjusted to exclude intangible amortisation and exceptional operating items

² Continuing operations

Cash flow¹



- Net working capital / revenue³ ratio down 100bps to 13.4%
- “Underlying” capex = c.£13m

84% “underlying” cash conversion

¹ Adjusted to exclude intangible amortisation and exceptional operating items

² Darker shading denotes underlying capex: lighter shading represents accrued capex from FY 2011 and integration capex

³ Constant FX, based on last 12 months’ revenue

Net debt reconciliation



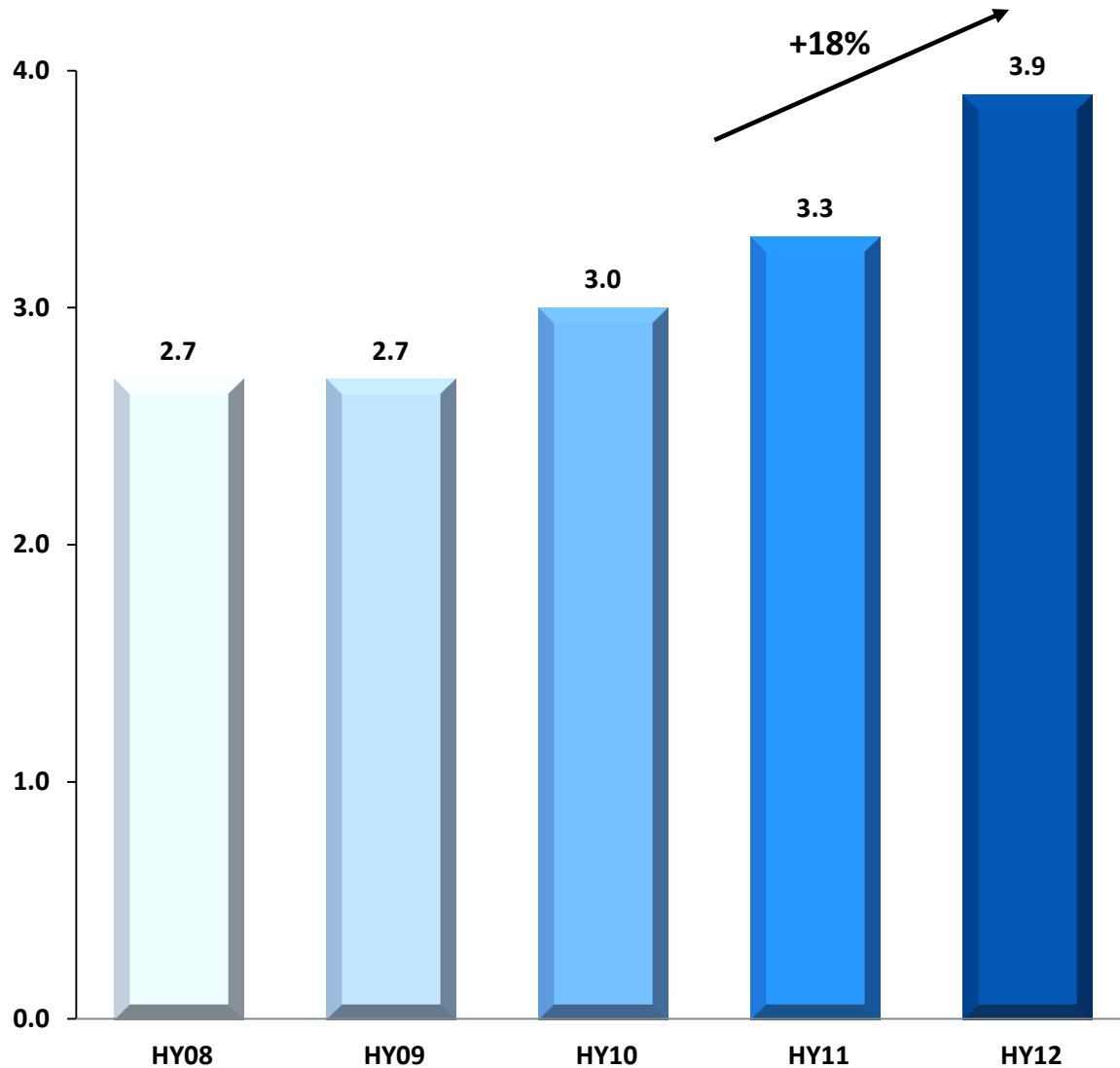
	£m
As at 1 January 2012	145
As at 30 June 2012	183
Change in net debt	38
Of which:	
Free cash flow	(18)
Acquisitions	36
Dividends	15
Other (inc.FX)	5
	38

Change in net debt \approx acquisition spend

NOTE:

Negative numbers denote a cash inflow, positive numbers a cash outflow

Dividend

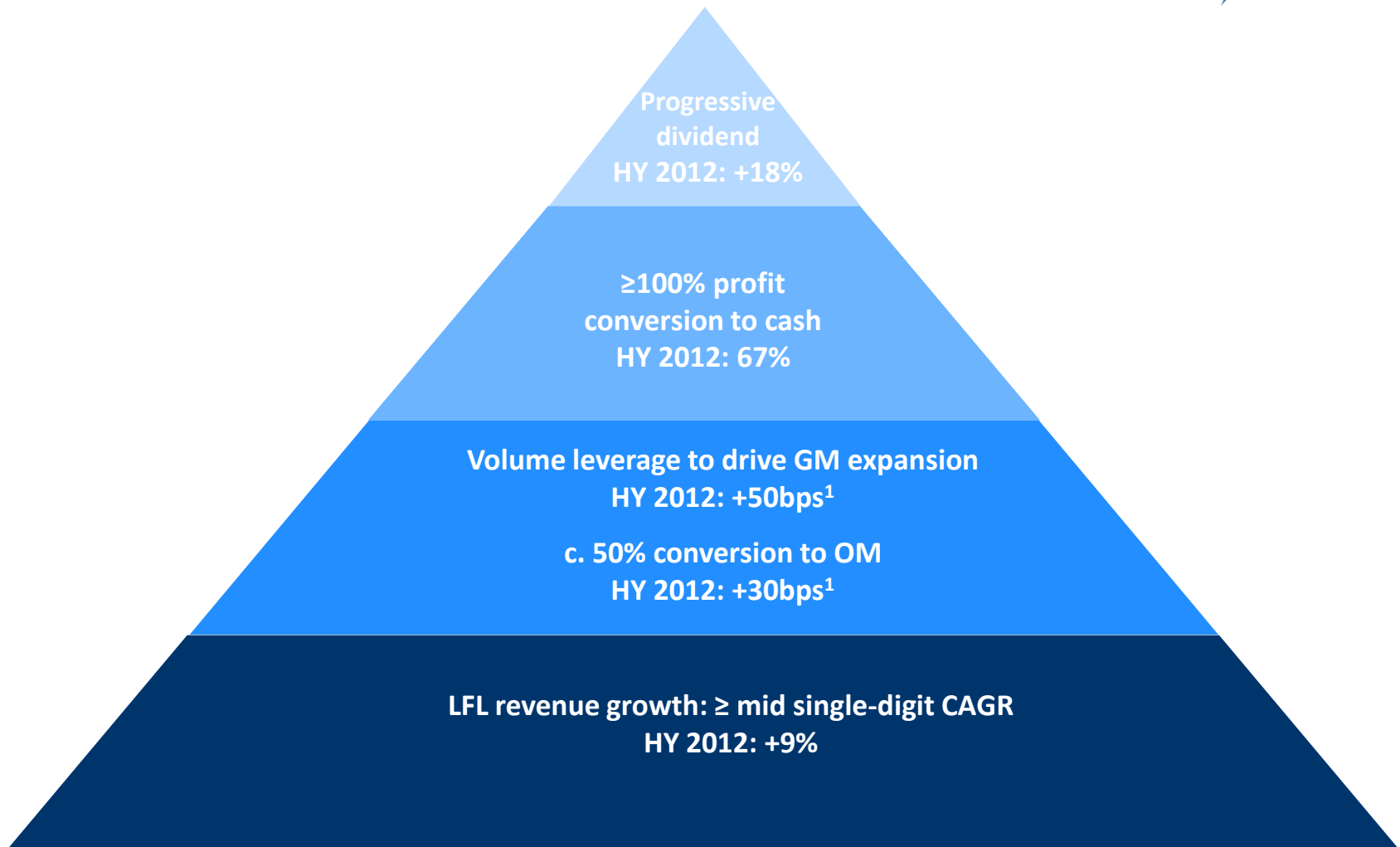


Dividend growth in line with profit growth

Vision 2015 Objectives & 2012 Outlook

Colin Day, Chief Executive

Vision 2015 – how are we doing so far?



Delivering balanced profitable growth

¹ At constant exchange and adjusted to exclude intangible amortisation and exceptional operating items

- Well positioned for continued balanced growth
 - Positive momentum maintained into H2 2012
- Focus on successful integration of recent acquisitions
- Continued strong underlying cash flow
 - FY 2012 capex of £35-40m
 - Continued improvement in net working capital
- FY 2012 tax rate c.100 bps < FY 2011



Further progress towards Vision 2015 objectives:
> mid single-digit LFL revenue growth and double-digit adj. EPS growth¹

¹ At constant FX

Appendices

Income statement – reported basis



	HY 12	Growth	
	£m	Actual FX	Constant FX
Adjusted operating profit	54.1	+24%	+26%
Intangible amortisation	(3.7)		
Exceptional operating items	(4.6)		
Reported operating profit	45.8	+9%	+11%
Net finance charge	(5.0)		
Profit before tax	40.8	+8%	+10%
Taxation	(12.4)		
- Underlying tax rate	29.4%		
Net income ¹	28.4	+8%	+10%
EPS ¹	13.3p	+6%	+8%
EPS ¹ - diluted	12.9p	+6%	+8%

¹Continuing operations

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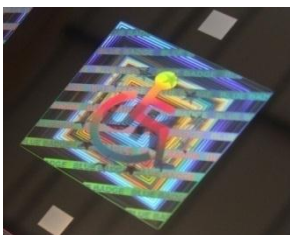
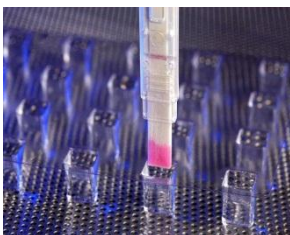
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