

Filtrona plc

Strategy Presentation

15th June 2012

Agenda



- | | |
|---|--|
| 1. Group Update | - Colin Day Malcolm Waugh Matthew Gregory |
| 2. Filter Products | - PT Sreekumar |
| 3. Protection & Finishing Products | - Rob Purcell |
| 4. Porous Technologies | - Russ Rogers |
| 5. Coated & Security Products | - Tony Edwards |
| 6. Final Q&As | |

Colin Day, Chief Executive

Recapping Vision 2015 – the key platforms



Above industry average revenue growth

- Focus on volume
- Improve Go To Market
- Pipeline innovations
- White space opportunities
- Existing market penetration

Continued margin improvement

- Operational gearing
- Gross and operating margin efficiencies
- Partial re-investment in Sales, Marketing & Innovation (SM&I)
- Business reconfiguration

Disciplined use of capital

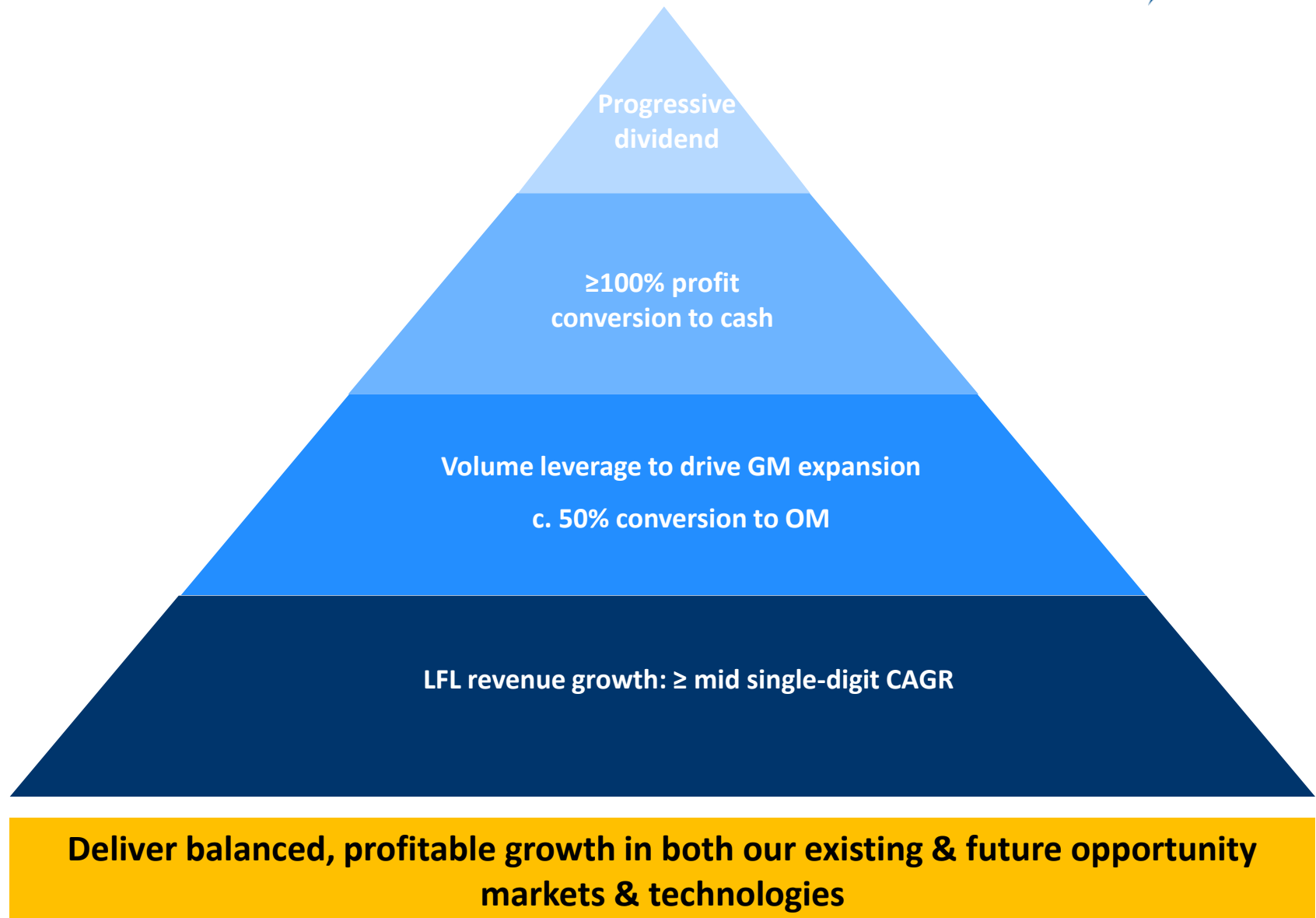
- Net Working Capital prioritisation
- Capex investment to support revenue growth
- Strategic M&A
- Tax efficiency

Unified culture

- Leverage talent across divisions
- Appropriate and stretching KPIs
- Effective remuneration programmes
- Motivated, strategic growth-thinking organisation

Our vision: To be the leading global supplier of speciality plastic, fibre and foam components

Recapping Vision 2015 – our financial targets



Recapping Vision 2015 – our key tasks



What we said ...

- Identify key new product opportunities
- Focus on faster growing markets / economies
- Identify value-creating, complementary M&A opportunities
- Invest in improving operational excellence and execution
- Strengthen organisational structure and talent base

Critical to delivering Vision 2015 objectives

Group Management Committee



Chief Executive

Colin Day



Company Secretary
& General Counsel

Jon Green



Group Finance
Director

Steve Crummett



Group Human
Resources Director

Alan Tidy



Group Commercial
Director

Malcolm Waugh



Corporate Affairs
Director

Joanna Speed



Corporate
Development Director

Matthew Gregory



Managing Director
Protection & Finishing

Robert Purcell



Managing Director
Filter Products

PT Sreekumar



Managing Director
Coated & Security

Tony Edwards



President
Porous Technologies

Russ Rogers



Strength and breadth of capabilities

Malcolm Waugh, Group Commercial Director

- 2 very distinct channel to markets, well established in the business and serving defined customers
 - Pulling the customer to us
 - Pushing our products to market
- Some common customer groups
- Common consumer categories
 - Consumer insight
 - Customer value

- Explore clustered sales organisations by region, channel, market and category
 - Focus
 - Scale
 - Response
- Enhance key customer & regional customer management
 - Strategic relationship
 - Meaningful at all levels
 - Increase customer satisfaction



Greater customer service and success

Our product portfolio



- 2 distinct product types are taken to market through the established channels
 - Functional components
 - Consumer/Retailer orientated
- Diverse range and some commonality
 - Sales process cycle
 - Product led innovation
 - Range

- Go To Market by category and market to meet customer and consumer/industry needs
 - Greater understanding
 - Product life cycle
 - Market led innovation
 - Global and regional prioritisation
 - Increase speed to market



Move more quickly

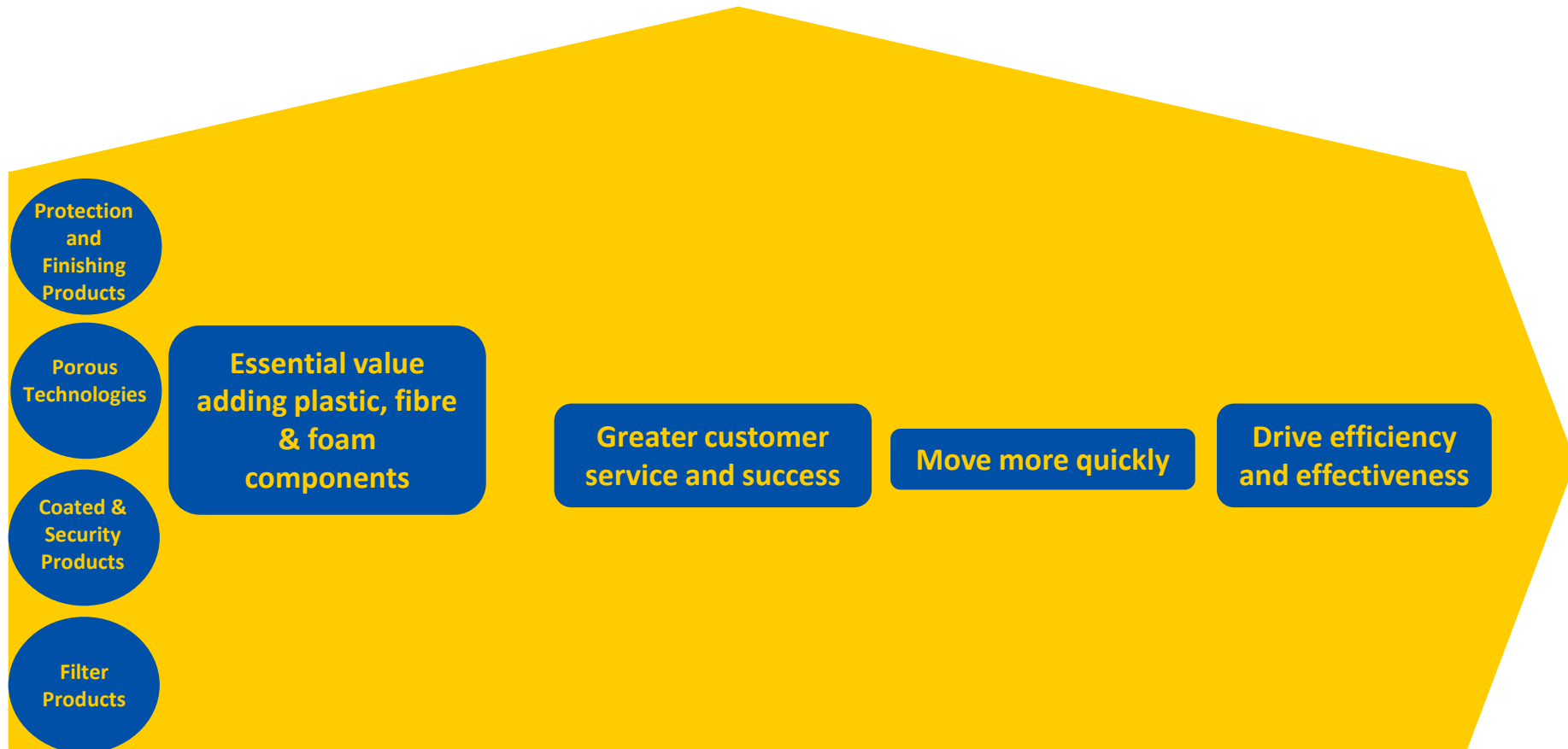
- 4 individual divisions promoting independently to the market
- Generally all doing the same in different ways

- More common approach based on promoting and selling through focused clusters
 - Greater insight giving a more efficient and effective response
 - Measured infrastructure
- Leverage success through regional sales structures
- Establish a group wide e-commerce and communication programme
- Seek to create commonality and govern through CRM platform



Drive efficiency and effectiveness

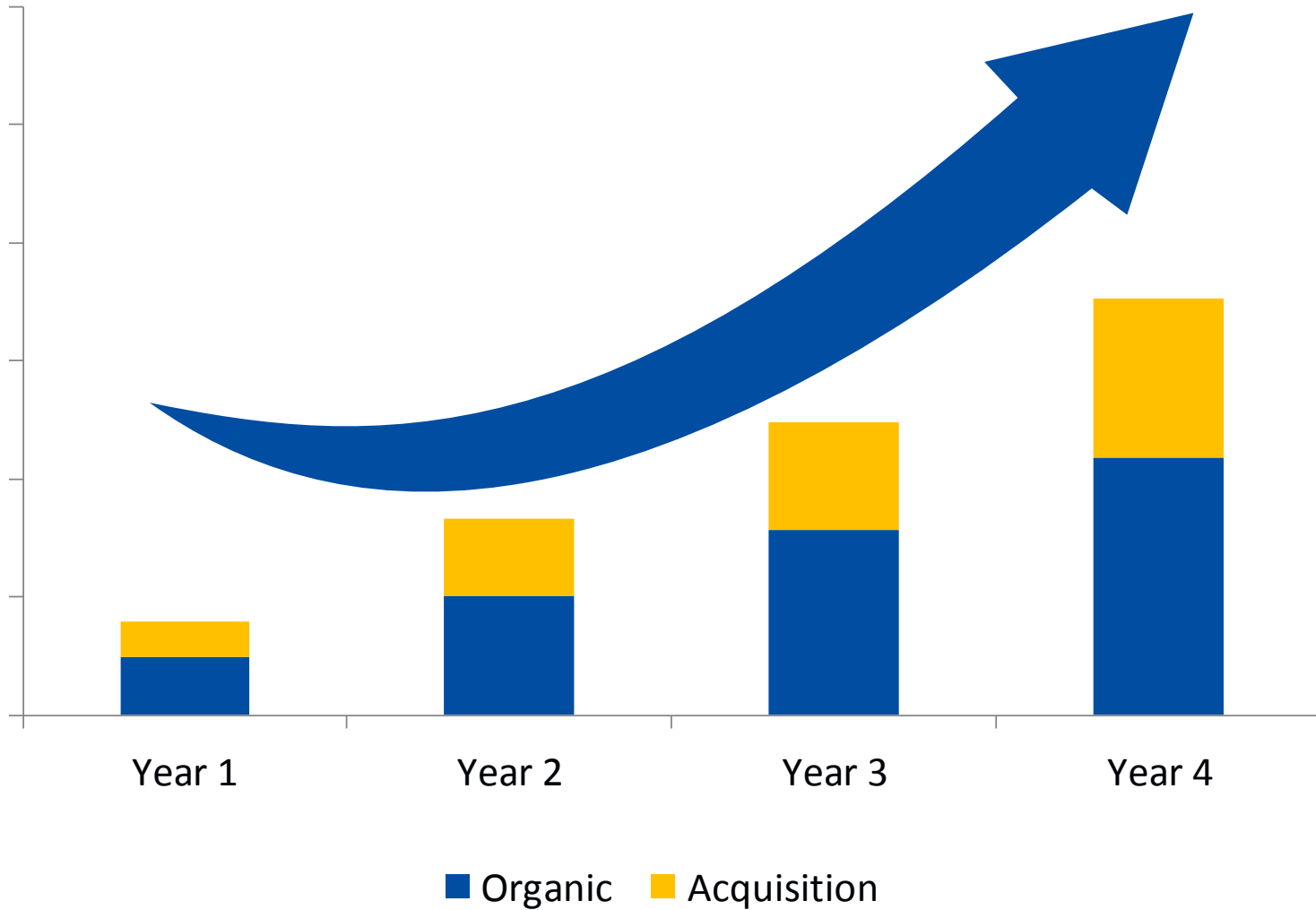
Customers and Markets



Engaged commercial team unified through common culture and process

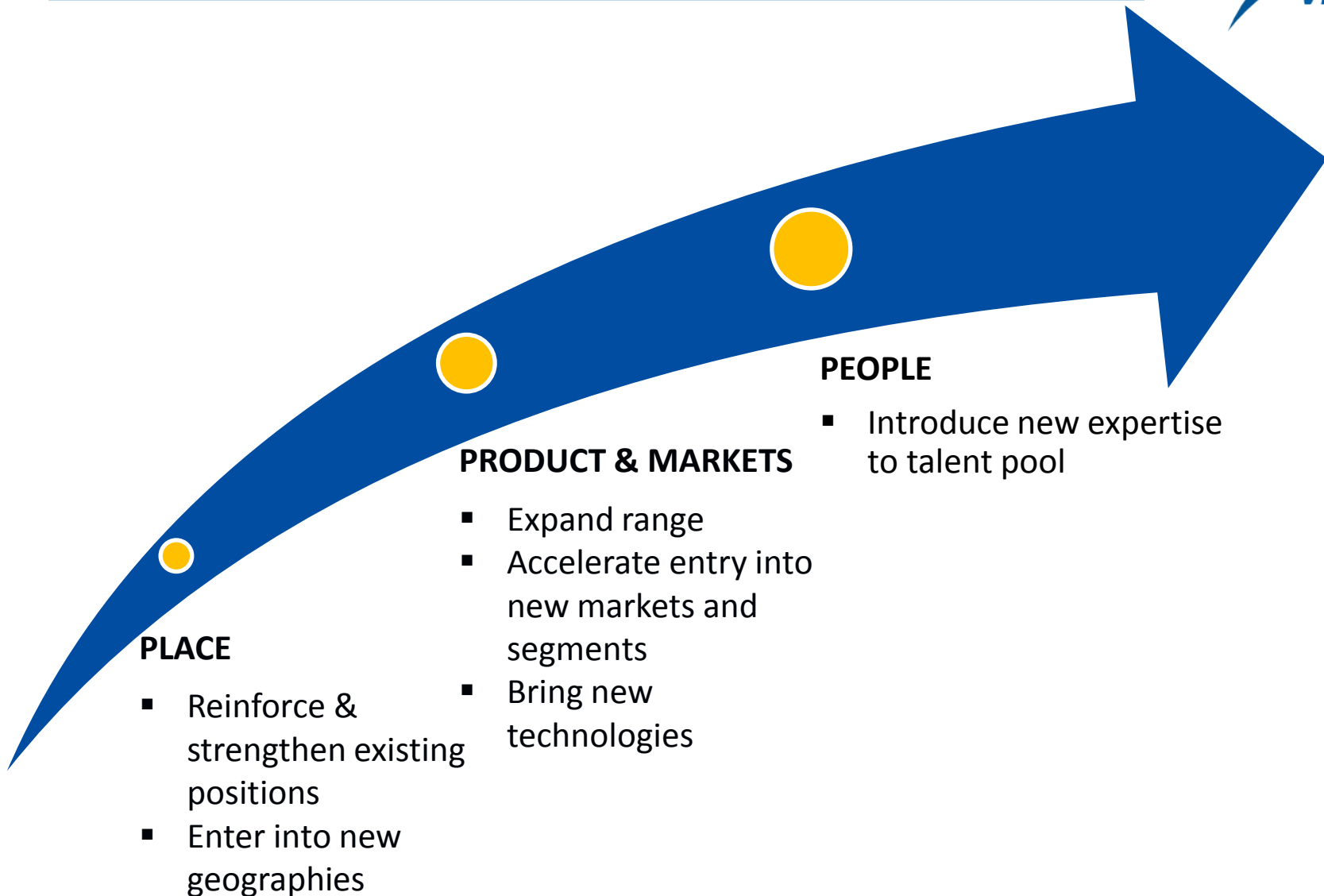
Matthew Gregory, Corporate Development Director

Why M&A is important



Boosts balanced organic growth strategy

The role of M&A



Complements strategic business objectives

Our approach



Divisional

- White space expansion
Further penetration of existing markets
- Complementary products, IP or technologies
- Expand into new markets with existing technologies
- Bolt-on / infill

Group

- Could add a new leg to the business ...
- ... but MUST have compelling strategic rationale and meet financial metrics
- Leverage USPs and complement existing business strengths

Key financial parameters

- EPS enhancing
- ROIC > WACC by at least year 3
- Debt

What has changed?



- Higher priority of M&A at all levels
- Broader thinking in terms of assessing targets
- Accelerated pace of integration
- Increased focus on cross-divisional leverage and synergies

Greater pace and ambition

Update on M&A



| Date | Company | Division | Value | Place | Product & Markets | People |
|--------|-----------------|----------|--------------|---|---|--|
| Sep-11 | Reid | P&FP | Upto US\$32m | - Strengthens position in the US | - Adds >50K products, esp. in hardware | - Strong mgmt team, with good understanding of e-commerce |
| Dec-11 | Richco | P&FP | US\$110m | - Expands footprint in Europe & Asia - 70% revenue outside US - Adds manufacturing in China | - Expands range in plastic fasteners & cable management | - Global mgmt team |
| Feb-12 | Securit | C&SP | £6m | - Reinforces position in the UK - Adds export business | - Accelerates development in adjacent ID segments | - Highly successful track record - Strong understanding of distributor sales channels |
| Apr-12 | Jae Yong | Porous | n/d | - Adds Korea - Reinforces position in Asia | - Adds “Tier 2” ink reservoir brand, and tubes - Provides an entry point into nibs | - Skilled workforce |
| Jun-12 | Lymtech | Porous | US\$45.3m | - See slide 20 | - See slide 20 | - See slide 20 |

Strategically compelling transactions across all divisions

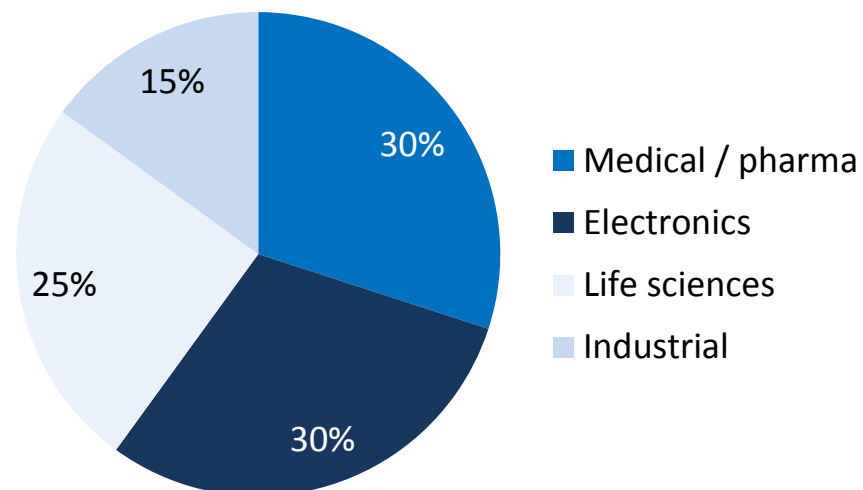
Acquisition of Lymtech Scientific



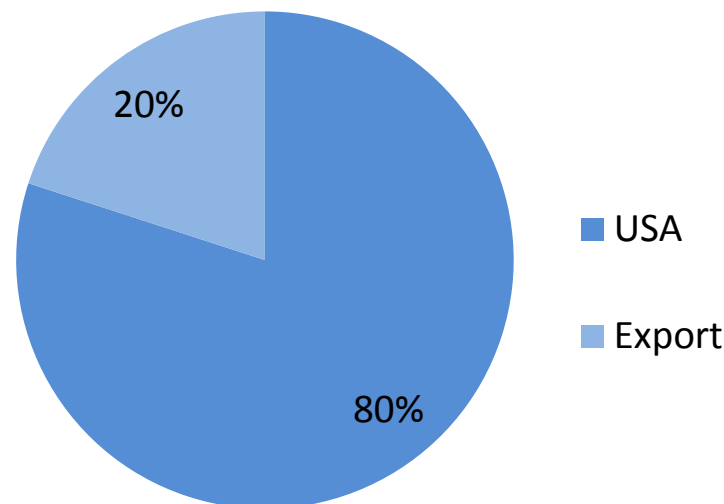
About Lymtech

- A US manufacturer and distributor of porous speciality wiping materials used in cleanroom and controlled environments
- Serves the medical, life science, electronics and industrial markets

Revenue by end market



Revenue by geography



Key metrics

- | | |
|----------------------|--|
| ▪ Purchase price: | US\$45.3m |
| ▪ Revenue (9/2012E): | c. US\$30m |
| ▪ EBITDA (9/2012E): | c. US\$6m |
| ▪ Employees: | c. 90 |
| ▪ Live customers: | c. 3,000 including distributor network |

Acquisition of Lymtech



Vs our scorecard ...

... Lymtech delivers

PLACE:

- Adds export business
- Real opportunity to globalise

PRODUCT & MARKETS:

- Adds complementary technology in a growth segment
- Opportunity to broaden range through using Porous Tech. R&D
- Enhances commercial reach through distribution sales channel

PEOPLE:

- Highly successful track record
- Strong understanding of the distributor sales channels, complementary to existing skills

RATIONALE:

- Immediately EPS enhancing
- ROIC > WACC in year 2
- Revenue synergies through broadening product range & globalising sales offering using our existing infrastructure



A value-adding acquisition for Porous Technologies

Questions

Appendix



Colin Day, Chief Executive

Colin Day joined Filtrona plc as Chief Executive in April 2011. Prior to joining the Company, Colin was Chief Financial Officer at Reckitt Benckiser Group plc for over ten years. In addition to leading the finance function Colin was instrumental in both mergers and acquisitions activity and the development of group strategy. Before this, Colin held a range of senior finance and operational positions at a variety of companies. Colin is a Non-Executive Director of WPP Group plc and AMEC plc.



Malcolm Waugh, Group Commercial Director

Malcolm Waugh joined Filtrona in 2007 as Managing Director of Payne Tear Tape, and was appointed to his current role in January 2012. Prior to joining Filtrona, Malcolm was Commercial Director at Tetra Pak UK and Ireland, holding a variety of business development and commercial positions during his 18 year career there.



Matthew Gregory, Corporate Development Director

Matthew Gregory joined Filtrona in 2003 as Finance Director of the Moss plastic parts business. Before being appointed to his current role in 2010, Matthew was Finance Director of the Protection & Finishing Products division. Prior to joining Filtrona, Matthew worked for the Rank Group plc in a number of senior finance roles. Matthew is a Chartered Accountant, having qualified with Ernst & Young.

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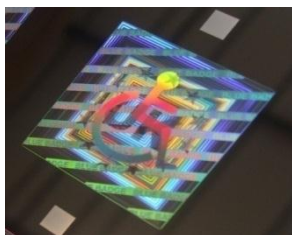
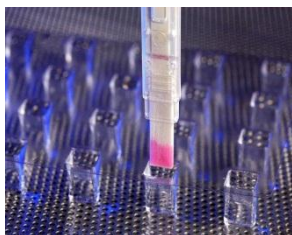
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