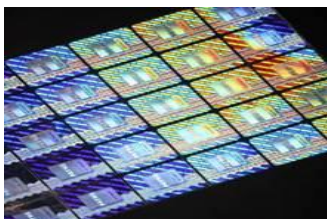




Filtrona plc

Investor Presentation



Full Year 2012 Results

21 February 2013



Agenda



- | | |
|---|--------------------------|
| 1. Operational Review | - Colin Day |
| 2. Financial Review | - Matthew Gregory |
| 3. Vision 2015 Update & 2013 Outlook | - Colin Day |

Operational Review

Colin Day, Chief Executive

- Strong revenue growth across all principal operating divisions
- Supported by increased gross and operating margins
- Continued improvement in tax rate and net working capital ratio
- Full year dividend per share increased by 19% to 12.5p
- Successful completion of three value-adding acquisitions
- Further investment and organisational change to support future growth opportunities
- Well-positioned for further balanced growth in 2013

Continued progress towards Vision 2015 objectives

Revenue growth¹ across principal divisions



Protection & Finishing

Revenue	↑	49%
Op Margin	↓	70bps
Op Profit	↑	44%



Coated & Security

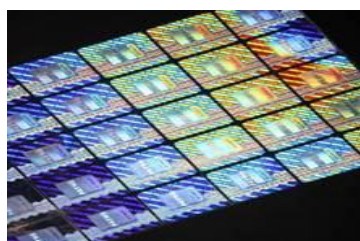
Revenue	↑	19%
Op Margin	↓	150bps
Op Profit	↑	9%

GROUP

Revenue	↑	26%
Gross Margin	↑	10bps
Op Margin	↑	30bps
Op Profit	↑	28%

Porous Technologies

Revenue	↑	12%
Op Margin	↑	20bps
Op Profit	↑	13%



Filter Products

Revenue	↑	17%
Op Margin	↑	70bps
Op Profit	↑	23%

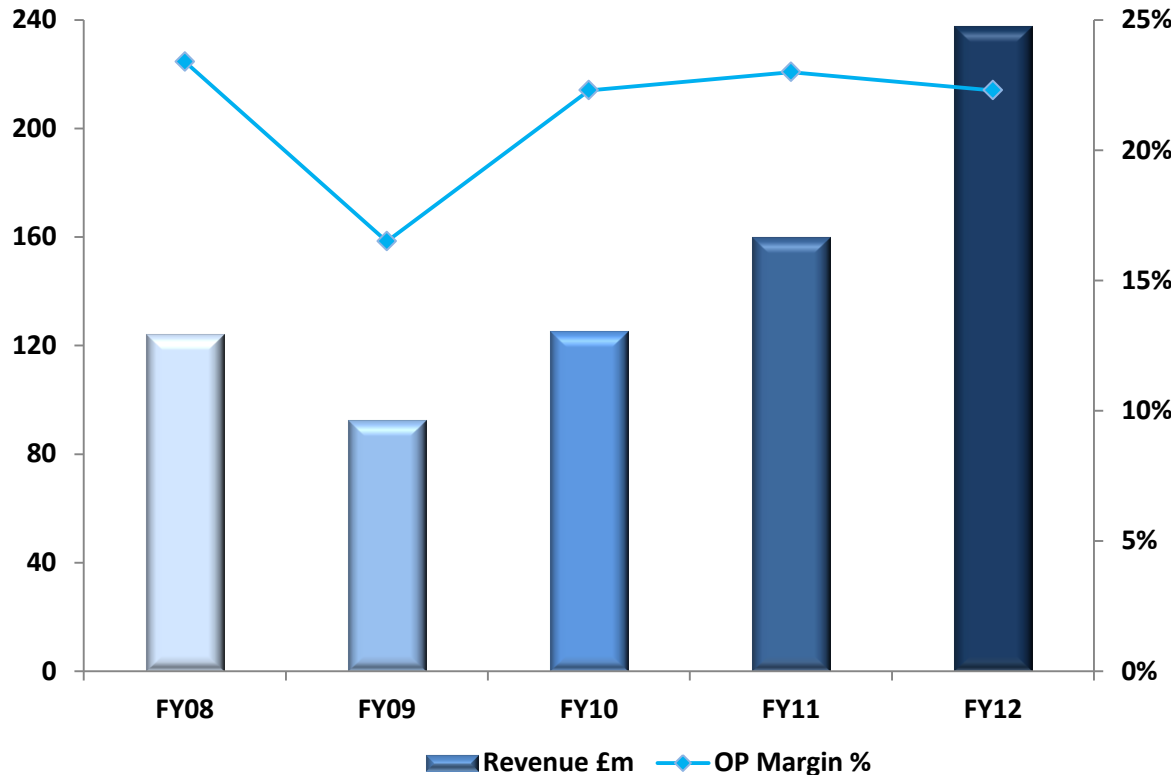


Notes:

¹ At constant exchange rates

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

Protection & Finishing Products

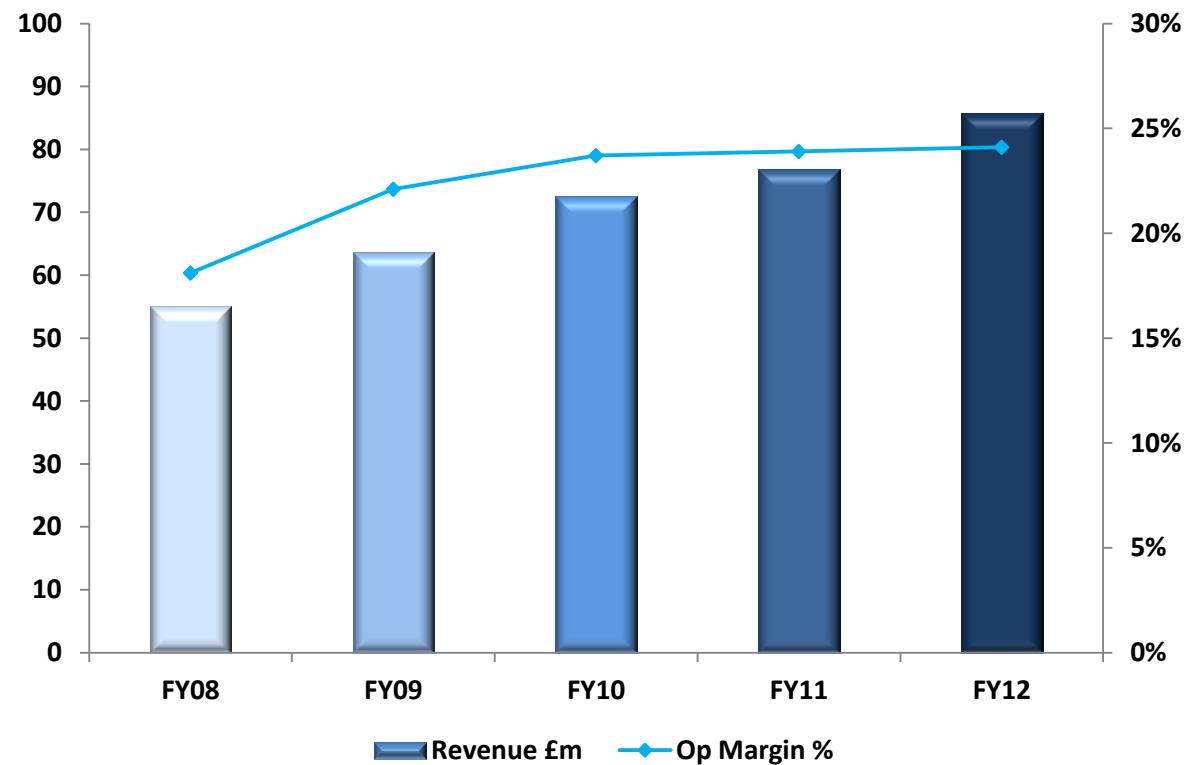


- Broad-based growth across business activities
- Further range development and improved marketing effectiveness
- Benefit from new sites
 - Moss: China, Austria, Switzerland & Slovakia
 - Alliance Express: Jacksonville, US
 - Duraco: New Jersey & Houston, US
- New MSI facility opened
- Positive product mix and operational leverage offset by Richco / Reid dilution
 - BUT synergy delivery narrowing the acquisition impact
 - Cross-selling opportunities being realised

Note:

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

Porous Technologies

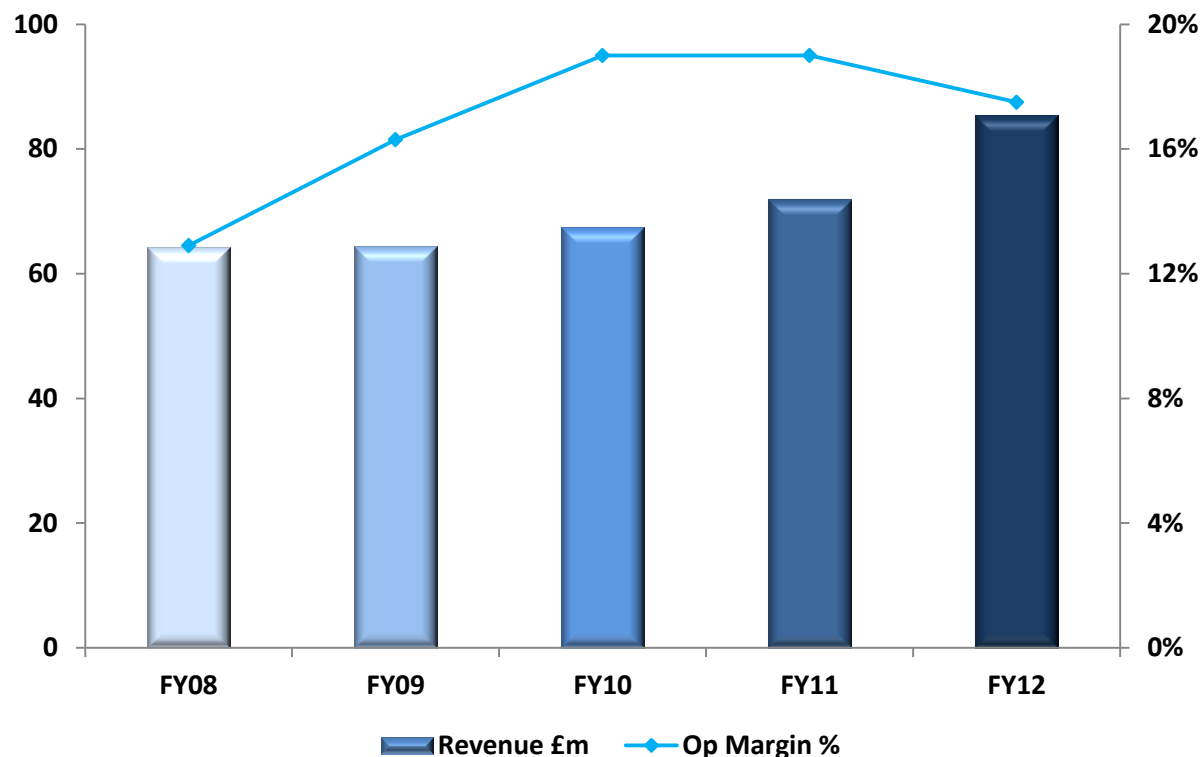


Note:

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

- Growth led by healthcare
 - Supported by printer systems, H&PC and writing instruments
- Successful completion of two value-adding acquisitions
 - Lymtech → entry into porous speciality wiping materials
 - Jae Yong strengthens Asian presence & provides entry into nibs
- Continued commercial success
 - Introduction of new technologies
 - Further roll out of products using porous plastics
- Division re-focused on three core technology platforms
- Efficiency initiatives offset investment costs

Coated & Security Products

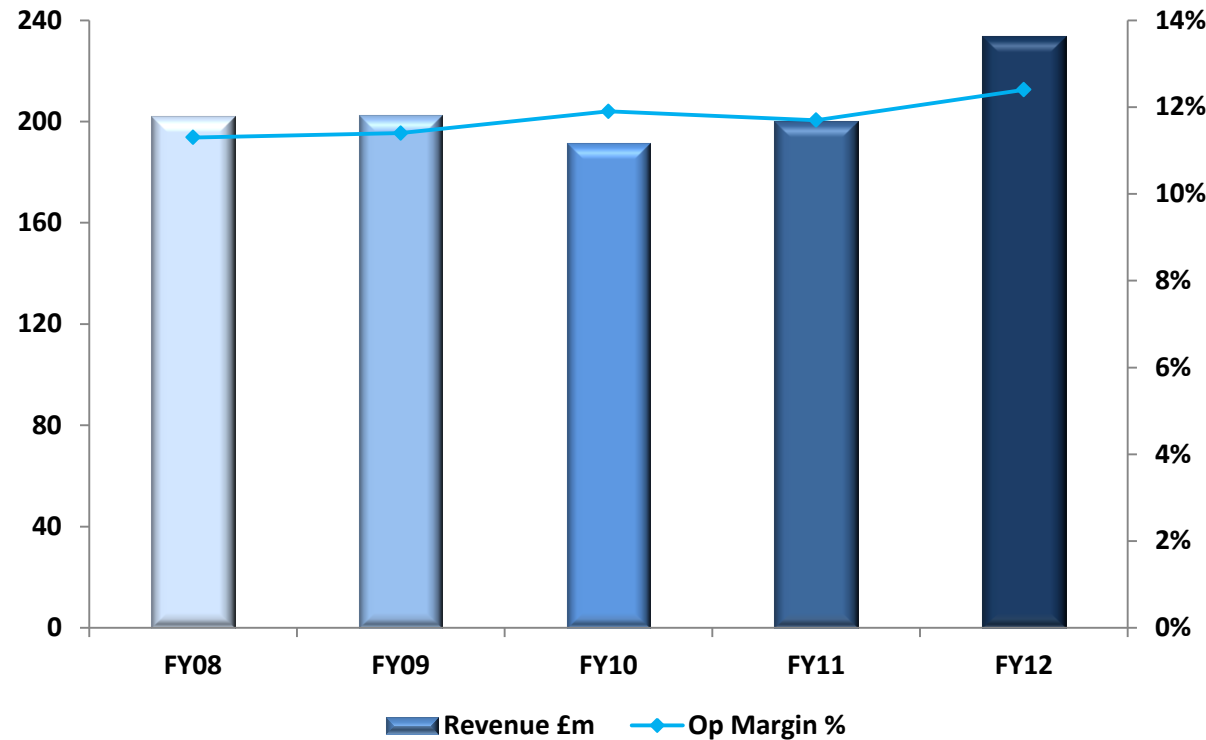


Note:

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

- Broad-based growth across the division
 - Strong performance in tear tape, driven by wrapped food & tobacco categories
 - Labels growth driven by tobacco segment
 - Excellent progress on Blue Badge contract & supply of accreditation solutions to London 2012 Games
- Continued recognition for innovation capabilities
- Integration of Securit in line with expectations
- LFL margin unchanged
 - Efficiency improvements and cost reduction offset by investment in new technologies and short-term M&A dilution

Filter Products



- Underlying volumes > FY 2011
 - Strong value component driven by increase in special filters
- Significant new business wins
 - Help underpin 2013-14 performance
- Successful launches, development initiatives and service offerings
 - Distinctive shaped & flavoured filter variants (eg, Autograph)
 - Further extension of the RYO range
 - 20% increase in joint development activity
- Investment in Scientific Services expansion and flexible high-speed equipment
- Continued cost, quality and efficiency improvements

Note:

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

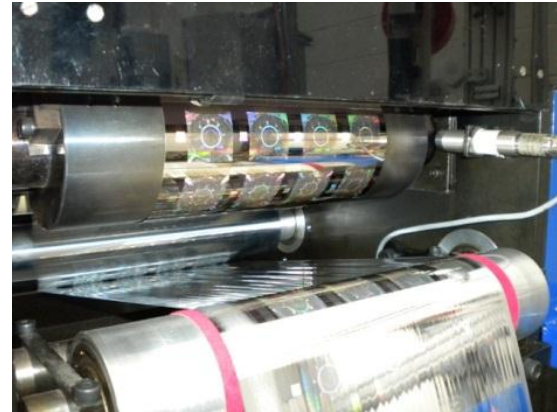
Key operational developments

Protection & Finishing Products



New sites opened in China, Slovakia, Austria, Switzerland and US

Coated & Security Products



Investment in latest generation holographic embossing system

Porous Technologies



Investment in state-of-the-art Scanning Electron Microscope

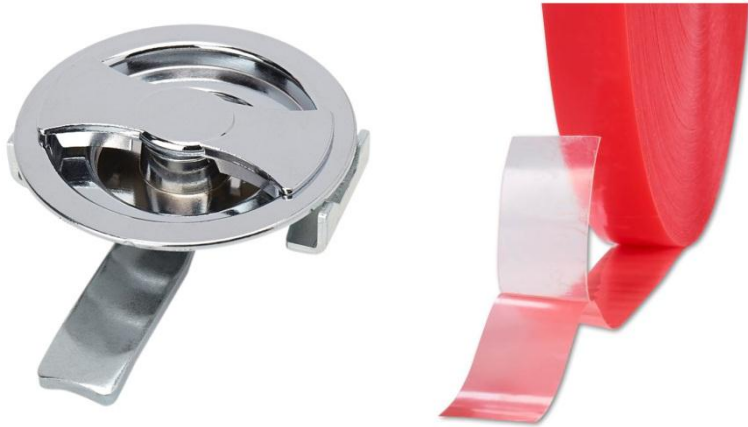
Filter Products



Continued investment in flexible, high-speed machine technology

Key commercial developments

Protection & Finishing Products

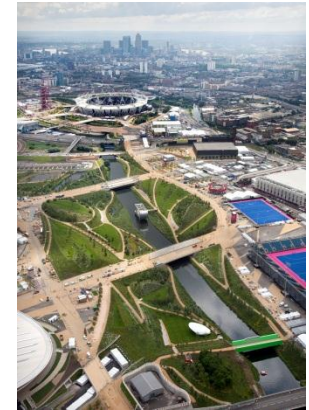


Range extension in hardware and speciality tapes

Coated & Security Products



“No label” look solution for Dr Organics & accreditation for London 2012 Games



Porous Technologies



Fibre wick technology for use in road-side breathalyser test kits

Filter Products



New additions to meet growing demand for Super Slims and visually differentiated filters

Our new organisational structure



FROM THIS ...

- Protection & Finishing Products
 - Moss
 - Skiffy
 - Alliance
 - Richco
 - Reid
 - MSI Oilfield Products
 - Duraco
- Coated & Security Products
 - Payne
 - Payne Security
- Porous Technologies
- Filter Products
- Enitor

... TO THIS

- Component & Protection Solutions
 - Component Distribution
 - Europe, Middle East & Africa
 - Americas
 - Asia
 - Pipe Protection Technologies - MSI
- Coated & Security Products
 - Packaging Solutions - Payne
 - Authentication & Identity Solutions - Payne Security
 - Speciality Tapes - Duraco
- Porous Technologies
- Filter Products
- Enitor

Exploiting previously untapped cross-selling and end-market potential

Financial Review

Matthew Gregory, Group Finance Director

Income statement - summary



	FY 12	FY 11	Growth	
	£m	£m	Actual FX	Constant FX
Revenue	663.4	540.7	+23%	+26%
<i>Like-for-like¹</i>				+11%
Gross margin	35.9%	35.7%	+20bps	+10bps
Operating profit²	105.3	84.5	+25%	+28%
Operating margin	15.9%	15.6%	+30bps	+30bps
Profit before tax²	95.8	76.2	+26%	+29%
Adjusted earnings^{2,3}	66.3	51.8	+28%	+32%
Adjusted earnings per share^{2,3}	31.7p	25.1p	+26%	+30%

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	+9
Price	+2
Like-for-like	+11
Acquisitions	+15
Constant FX growth	+26
Exchange	(3)
Reported growth	+23

High quality revenue growth, driven by volume

Revenue growth – by division



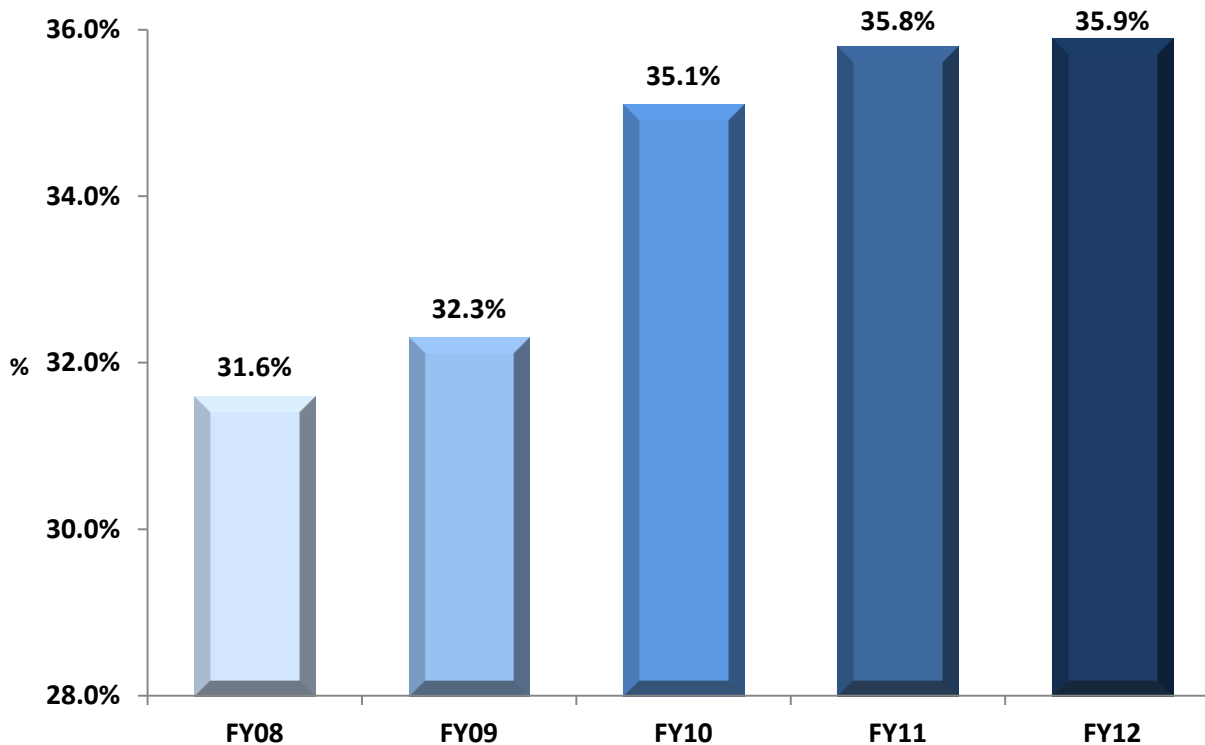
	FY 12	Growth		
	£m	Constant FX		
Protection & Finishing Products	237.7	+48.6%	—————→	LFL¹ growth +10%
Porous Technologies	85.8	+11.8%	—————→	LFL¹ growth +6%
Coated & Security Products	85.3	+18.6%	—————→	LFL¹ growth +10%
Filter Products	233.6	+16.9%	—————→	LFL¹ growth +17%
Other ²	23.4	-2.4%		
Eliminations	(2.4)			
Group	663.4	+26.0%	—————→	LFL¹ growth +11%
Group – at actual FX		+22.7%		

Strong performance across 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

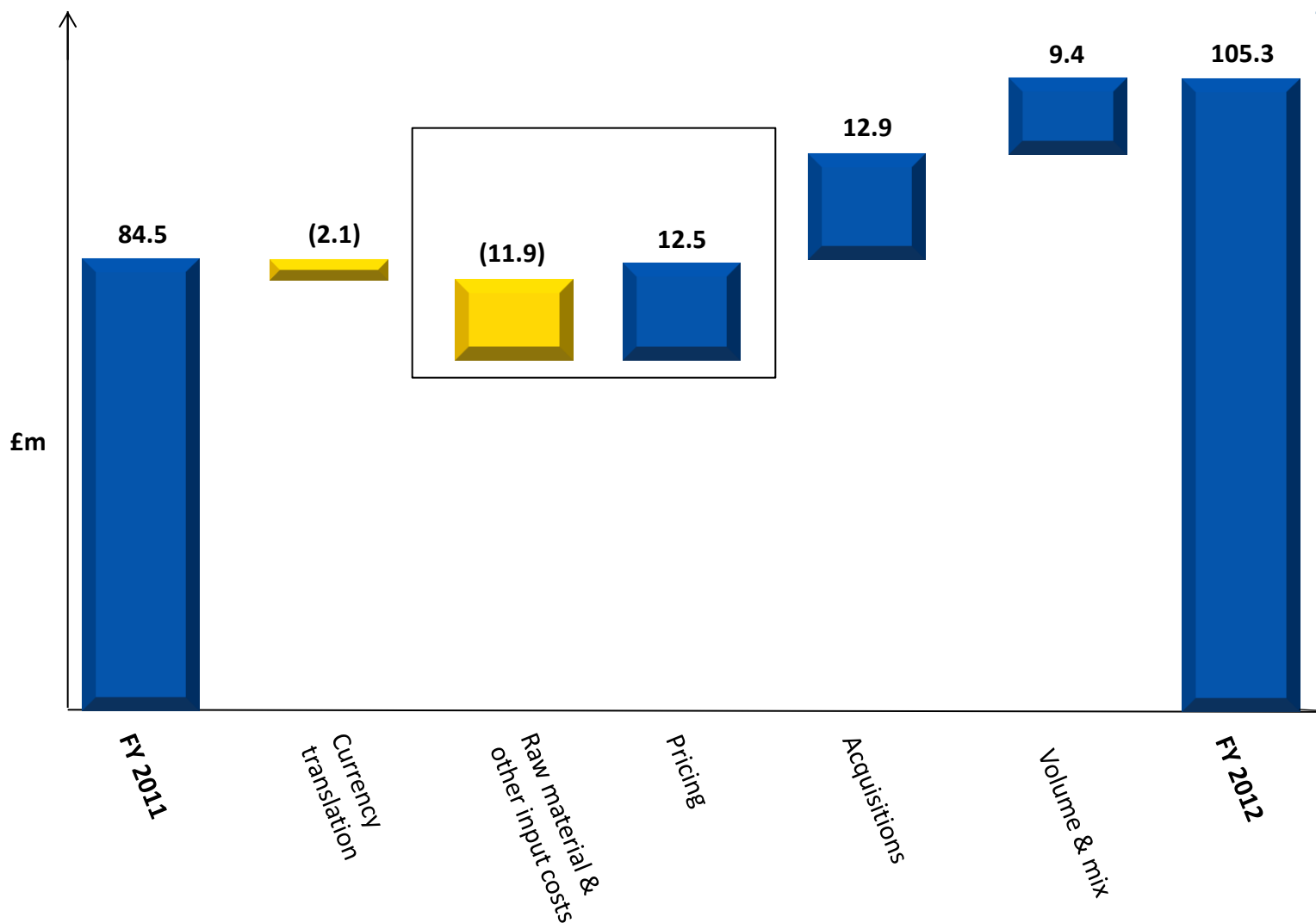
Gross margin¹



- +10 bps GM improvement
 - Higher volume → operational gearing
 - Further cost improvement / efficiency initiatives
 - Productivity gains from ongoing upgrade of machinery
- BUT ...
 - Negative mix impact from higher growth in Filters

¹ At constant FX, continuing operations

Operating profit¹ – key movements



Pricing > higher raw material & other input costs

¹Adjusted to exclude intangible amortisation and exceptional operating items

Operating profit¹ by division



	Adjusted ¹ operating profit		
	FY 12 £m	Growth Constant FX	Margin
Protection & Finishing Products	53.1	+44%	22.3%
Porous Technologies	20.7	+13%	24.1%
Coated & Security Products	14.9	+9%	17.5%
Filter Products	28.9	+23%	12.4%
Other ²	1.6	-7%	6.8%
Central Services	(13.9)		
Group	105.3	+28%	15.9 %
Group – at actual FX		+25%	

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



	FY 12	Growth		
	£m	Actual FX	Constant FX	
Operating profit¹	105.3	+25%	+28%	
Net finance charge	(9.5)			→ Impact of M&A spend & higher net pension expense
Profit before tax¹	95.8	+26%	+29%	
Taxation	(28.2)			
- Underlying tax rate	29.4%			→ Tax rate down 100bps
Net income^{1,2}	67.6	+28%	+31%	
Adjusted earnings^{1,2}	66.3			
EPS - adjusted^{1,2}	31.7p	+26%	+30%	
EPS – diluted, adjusted^{1,2}	30.7p	+26%	+30%	

¹ Adjusted to exclude intangible amortisation and exceptional operating items

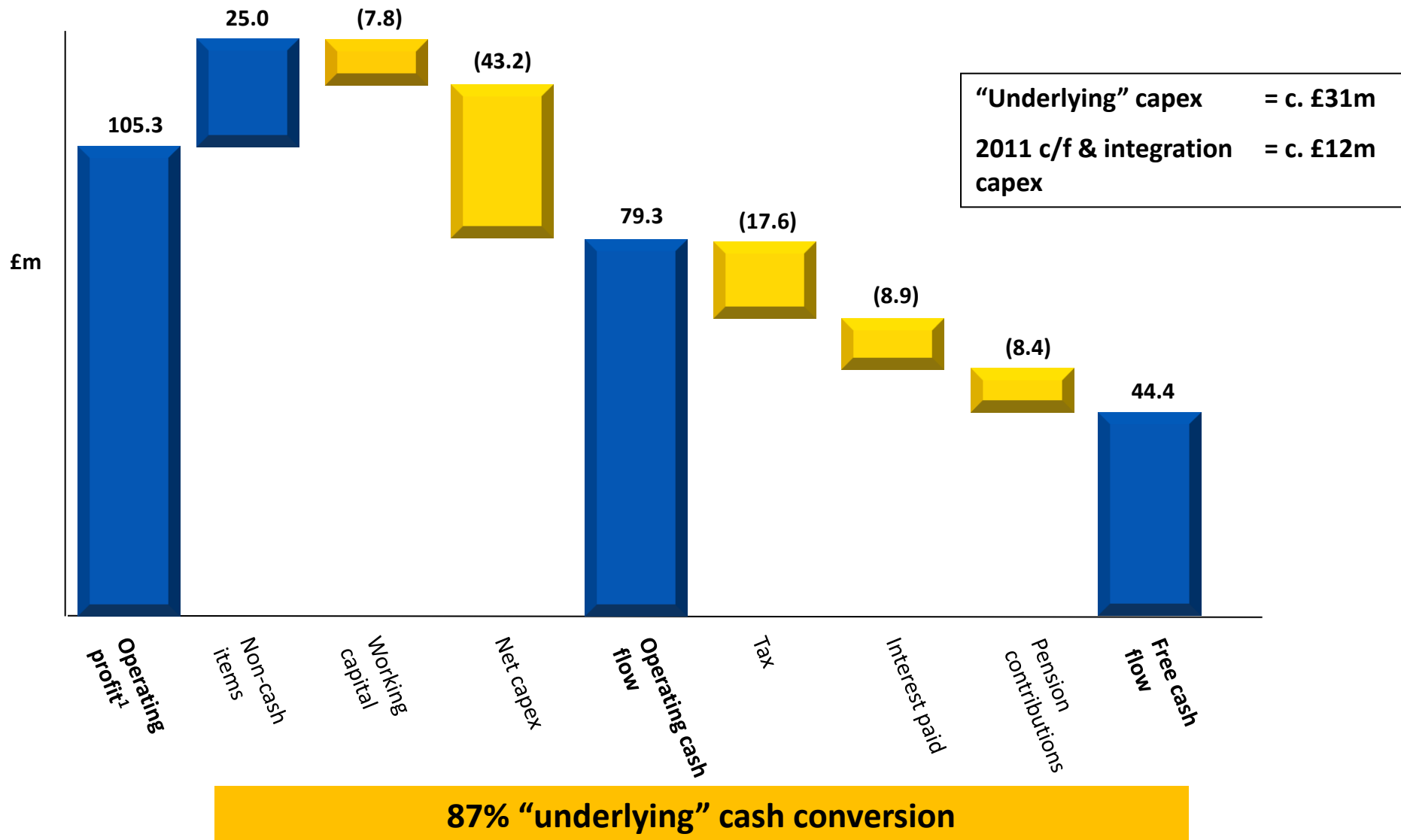
² Continuing operations

Exceptional operating items



	FY 12
	£m
Acquisition fees in respect of Lymtech, Jae Yong & Securit	1.2
Acquisition integration & restructuring costs	8.8
Other	0.6
Total exceptional operating items	10.6

Cash flow¹

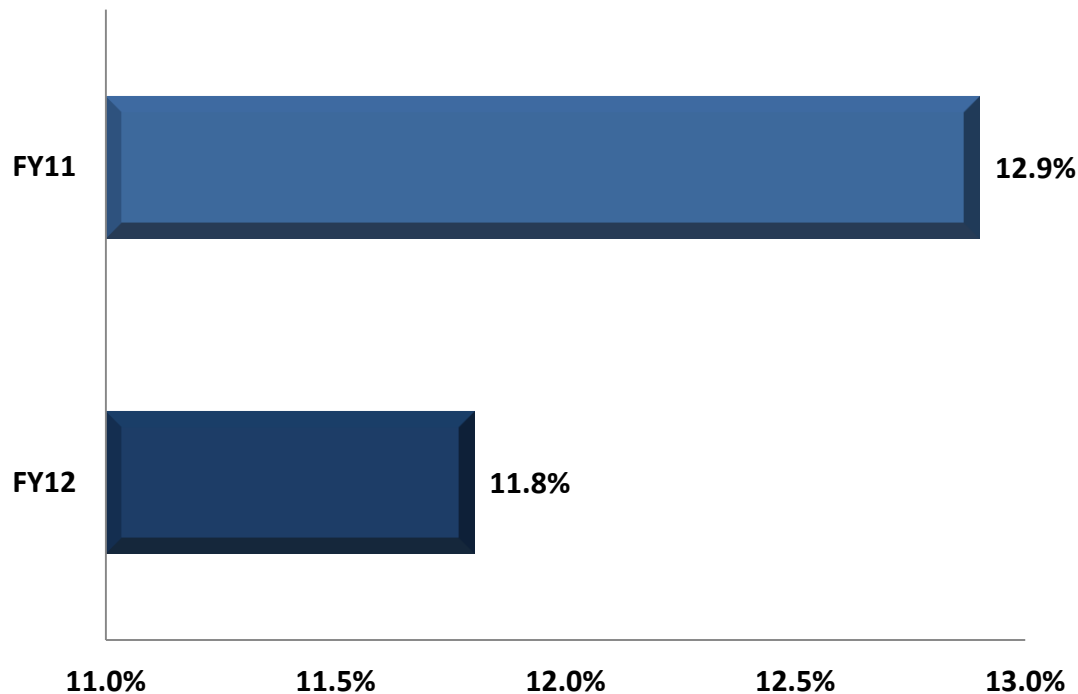


¹ Adjusted to exclude intangible amortisation and exceptional operating items

Working capital



Working capital / revenue¹ (WCR)



Equalisation of payables & receivables

¹ Constant FX, based on last 12 month revenue

Net debt reconciliation



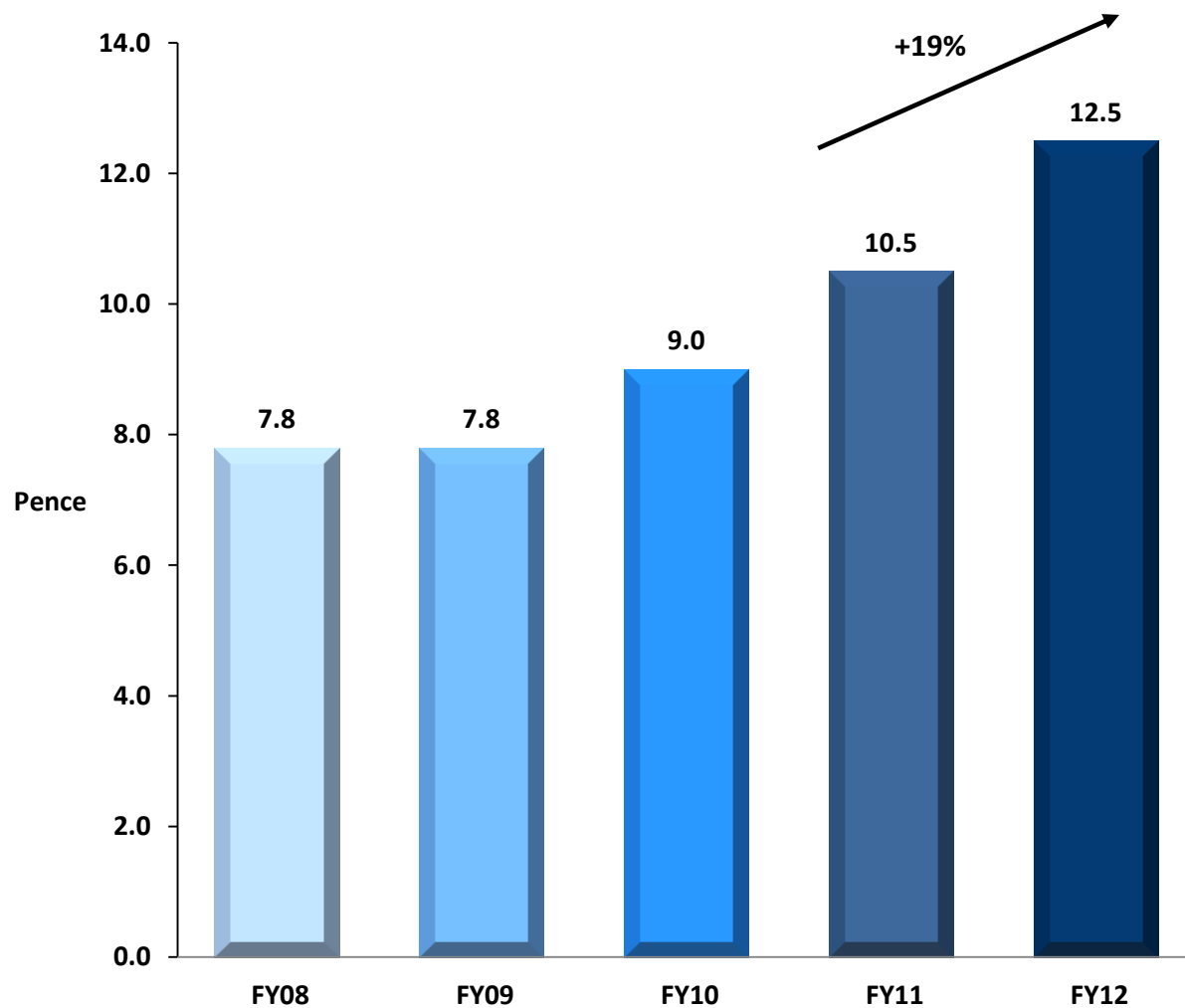
	£m
As at 1 January 2012	145
As at 31 December 2012	164
Change in net debt	19
Of which:	
Free cash flow	(44)
Acquisitions	35
Dividends	23
Other (inc.FX)	5
	19

Strong FCF offset by acquisition spend & higher dividends

NOTE:

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

Dividend



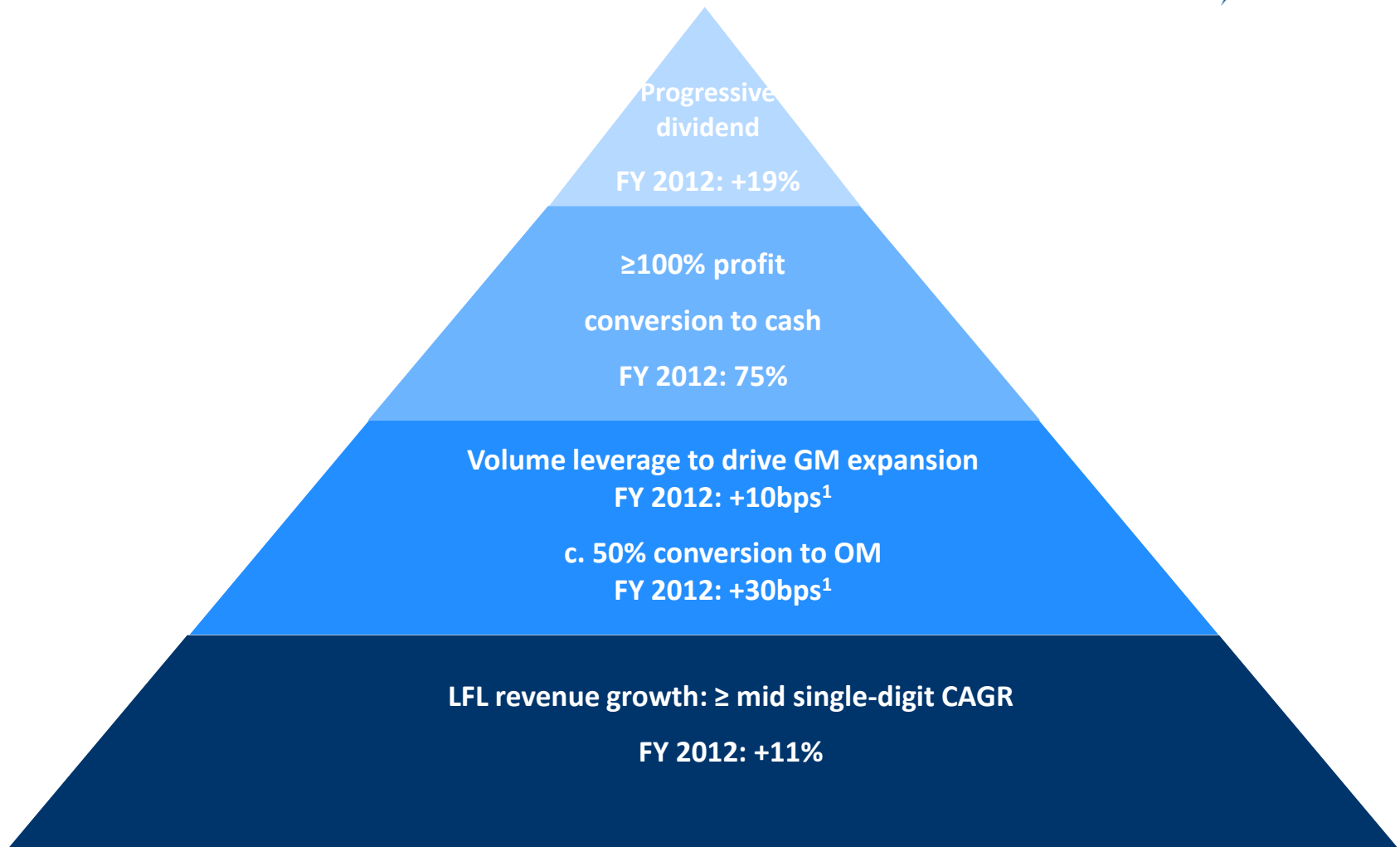
Dividend cover¹ of 2.5x

¹ Adjusted to exclude intangible amortisation and exceptional operating items

Vision 2015 Update & 2013 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

Vision 2015 – how are we doing so far?



What we said what we've achieved
<ul style="list-style-type: none">▪ Identify new product opportunities▪ Focus on faster growing markets / economies▪ Identify value-creating, complementary M&A opportunities▪ Invest in improving operational excellence & execution▪ Strengthen organisation	<ul style="list-style-type: none">▪ Successful new business wins supported by innovation in all divisions▪ Continued range expansion and improved marketing effectiveness▪ Further site roll-out in existing and new markets▪ Establishment of a corporate office in Singapore for Porous Technologies▪ Entry into new markets via M&A (eg, South Korea, Malaysia)▪ Acquisition of Lymtech, Jae Yong and Securit in 2012▪ Formation of UAE JV & acquisition of Ulinco post-year end▪ Re-aligned commercial teams, to focus more on geographical support▪ Greater focus on go-to-market by product category▪ Continued investment in sites and machinery to support future growth▪ Appointed Group Operations Director and a number of key divisional positions▪ Undertook first ever Group-wide employee engagement survey▪ Extended geographical reach of Management & Graduate Development Programmes

Significant progress to underpin future growth opportunities

Areas of further opportunity



Focus area	Opportunity
<ul style="list-style-type: none">▪ Gross margin▪ Net working capital▪ M&A▪ Go to market▪ Treasury / tax▪ Talent management	<ul style="list-style-type: none">▪ “War on waste”▪ Inventory management▪ Faster integration▪ Category focus▪ Greater salesforce efficiency▪ Even more rigour▪ Enhanced mobility▪ More international employees

We’re doing well, but there’s still more we can do ...

“Horizontality” in India



BEFORE ...

- Ad hoc approach
- Successful JV in Filter Products
- Separate tear tape slitting facility in C&SP
- No presence for other divisions



... AFTER

- New purpose-built, stand-alone facility
- Capacity to accommodate manufacturing, warehousing and commercial infrastructure for three divisions
 - JV in Filter Products will continue as is
- Market entry for Porous Technologies, Component Distribution & Speciality Tapes
- Entire operational structure run by a General Manager - India

A more co-ordinated approach ACROSS the Group – more markets to come ...

- Well positioned for continued balanced growth
 - Positive momentum maintained into early 2013
- Focus on successful integration of recent acquisitions
- Continued strong cash flow
 - FY 2013 capex of c. £50m
 - Further improvement in net working capital % ratio
- FY 2013 tax rate c.100 bps < 2012



**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



	FY 12	Growth	
	£m	Actual FX	Constant FX
Adjusted operating profit	105.3	+25%	+28%
Intangible amortisation	(8.3)		
Exceptional operating items	(10.6)		
Reported operating profit	86.4	+19%	+23%
Net finance charge	(9.5)		
Profit before tax	76.9	+20%	+24%
Taxation	(23.4)		
- Underlying tax rate	29.4%		
Net income ¹	53.5	+26%	+31%
EPS ¹	25.0p	+25%	+30%
EPS ¹ - diluted	24.2p	+25%	+30%

¹Continuing operations

Exchange rates



Year ended 31 December 2012	Average	Closing
US \$/£	1.59	1.63
Euro €/£	1.23	1.23

Impact of a one cent change per annum	Op. Profit
US \$/£	£0.3m
Euro €/£	£0.2m

Year ended 31 December 2011	Average	Closing
US \$/£	1.60	1.55
Euro €/£	1.15	1.20

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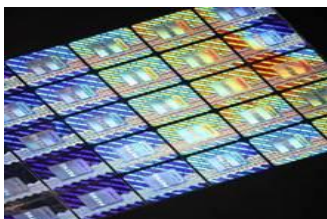
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Filtrona plc

Investor Presentation



Full Year 2012 Results

21 February 2013

