

**Interim Results Presentation
Half Year ended 30 Sept 2012**

November 27, 2012

Innovative plastic products for global markets...

Outline

- **Highlights**
- **Financial Review**
- **Outlook & Summary**
- **Appendix**

H1 12-13 Highlights - Underlying Results

£m	H1 12-13	H1 11-12	%
Sales	15.7	16.3	-3%
EBITDA*	2.3	2.7	-16%
PBT*	1.8	2.0	-7%
eps*+ (p)	5.5	5.3	4%
dps (p)	0.66	0.33	100%
Net Debt	8.6	11.2	-23%

*Note: Amortisation, exceptionals and unrealised fx gains/losses excluded; + projected tax rate 17%

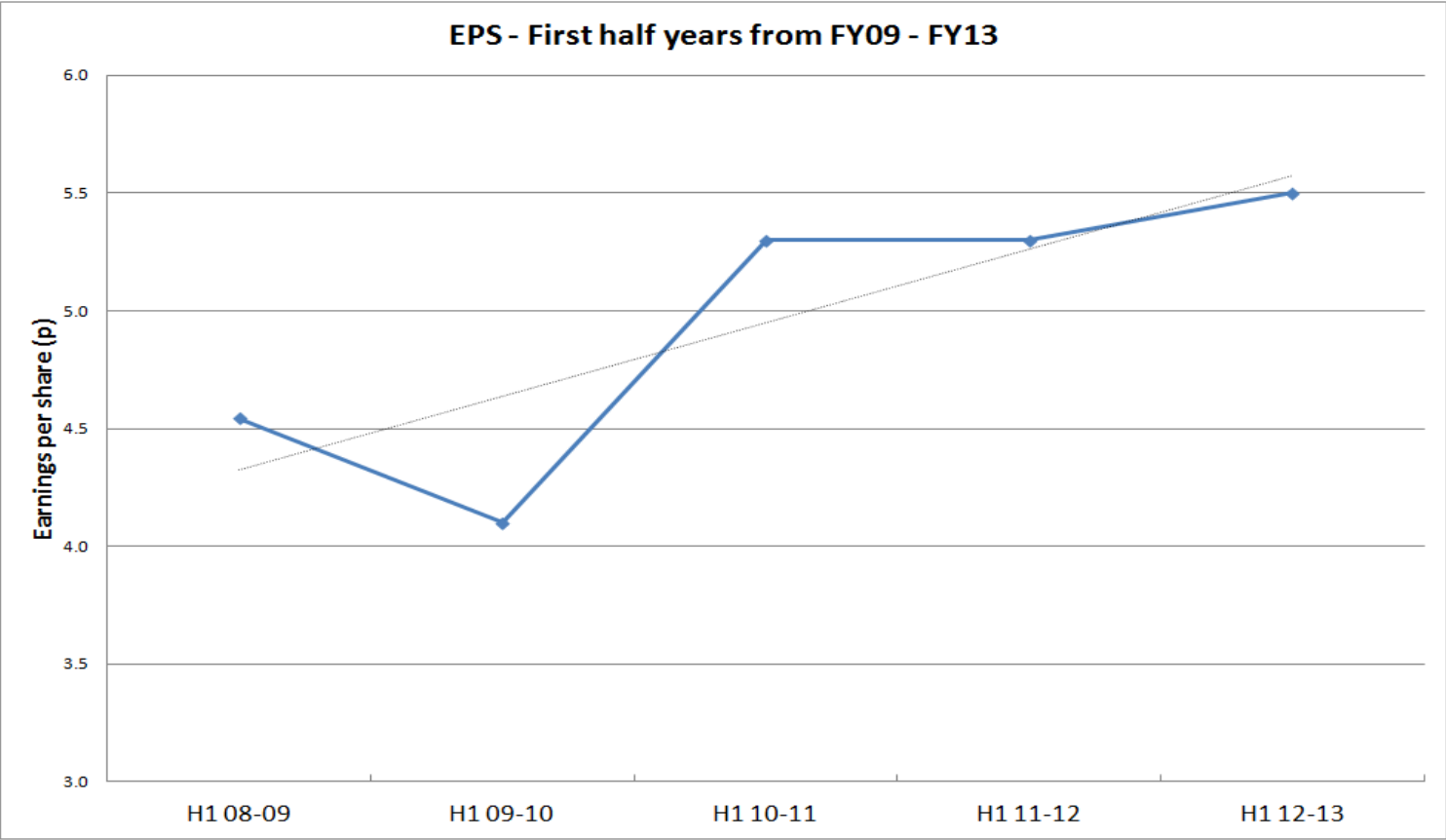
- Outside Europe, sales up 6.6%
 - European sales down by 8.1%; affected by recession

- Profit margin slightly lower than normal
 - unfavourable currency
 - new project wins

- Interim dividend doubled

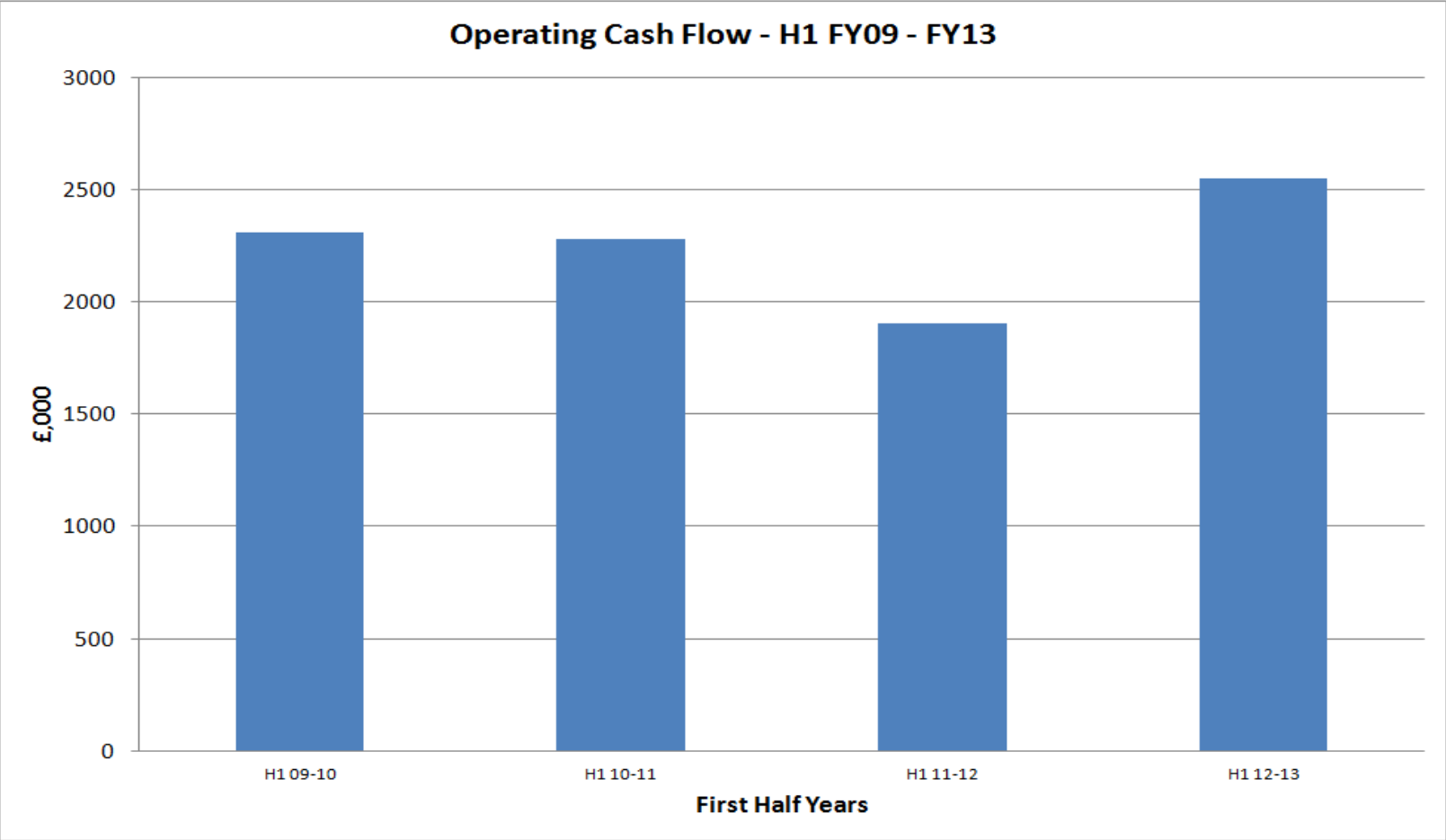
- Debt continues to reduce due to strong cash flow

EPS Growth over last 5 years: H1 FY09 to FY13



- Good underlying eps growth through the cycle

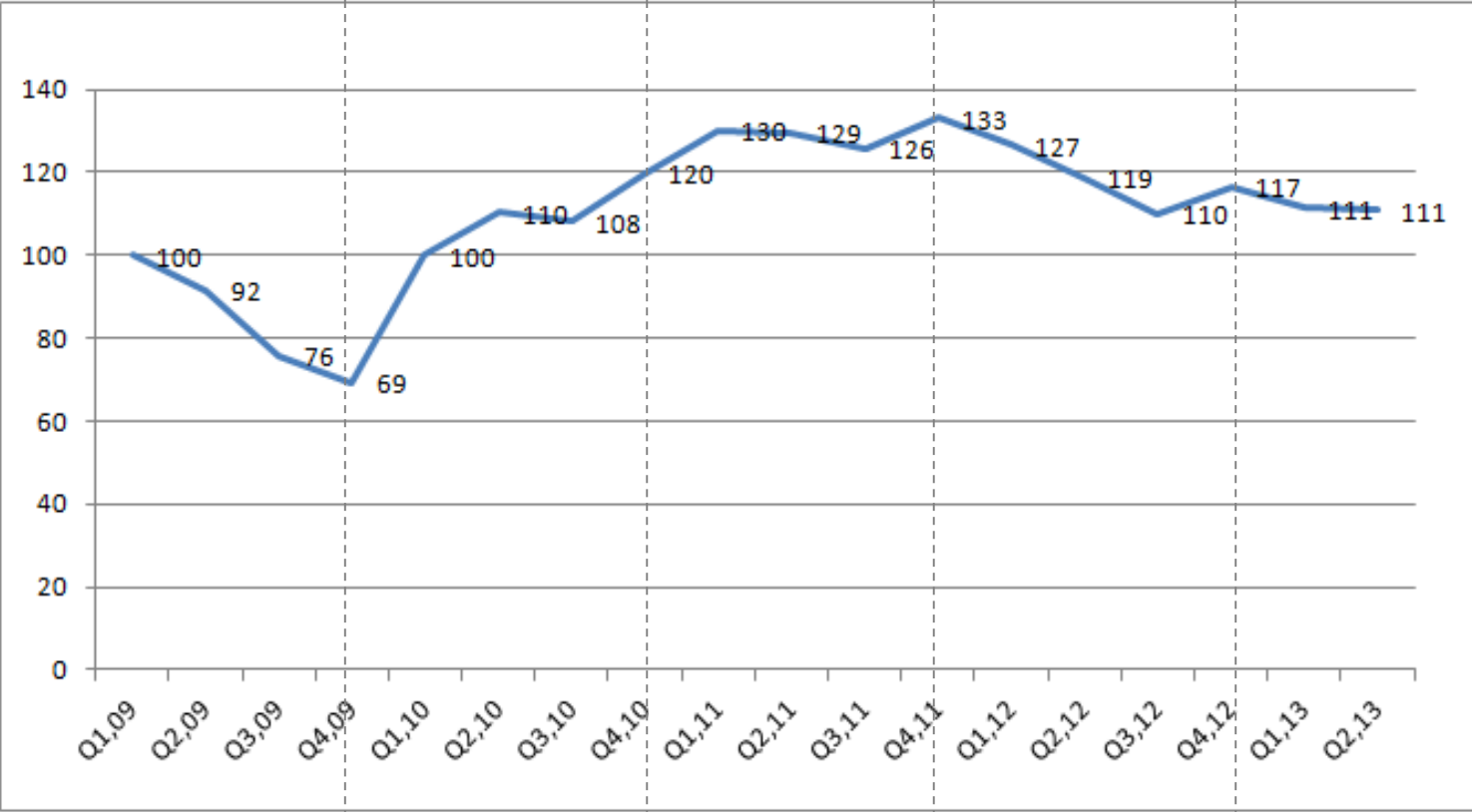
Operating Cash Flow: H1 FY10 to FY13



- Consistently strong operating cash flow; c.+£2m each half year period

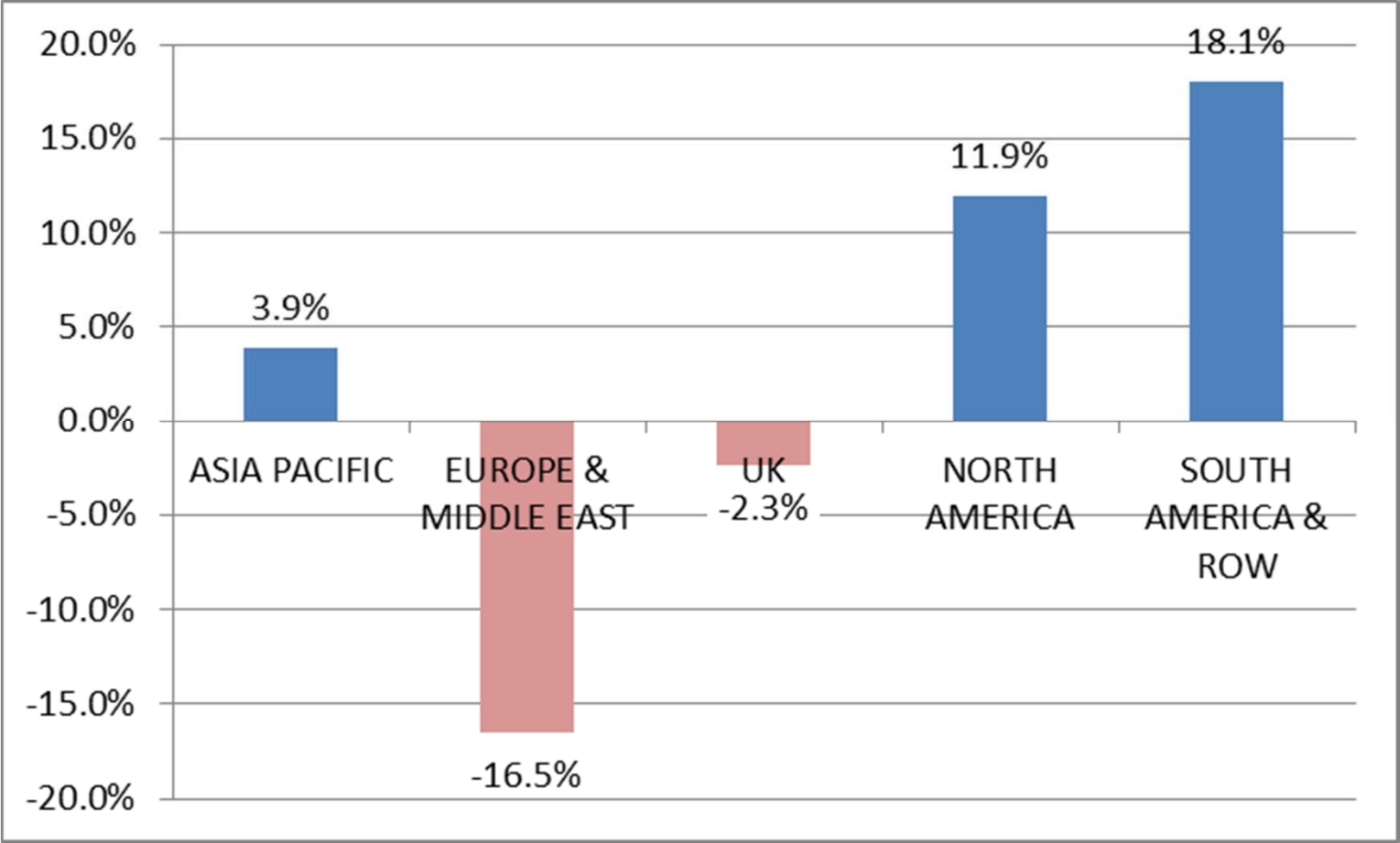
Sales Volume by Quarter since Q1 08-09

Volume Index by Quarter



- Volumes have been reasonably consistent for the last 4 quarters
- Overall volumes remain higher than before the financial crisis

Sales Growth H1 11-12 vs H1 12-13 by Region



- Sales are growing strongly outside Europe

New Business

- New business has contributed 4% to sales
- 7 new potential key accounts added in FY11-12
 - No key accounts lost
- £6m annual value of new business still “in the pipeline”
 - Will take 2 years to flow through fully
- Excellent progress on some major projects
 - Instrument panel control knob bearings – prototype tool ordered
 - Breakthrough achieved on toner cartridge bearings
 - 20 hose manufacturer sites doing tests on our mandrels
- Investment approved and first payments made on new film line
 - Major capex enabling product/process innovation
 - Will also improve capacity and lower costs
 - Expected to be in production Q1 FY13-14



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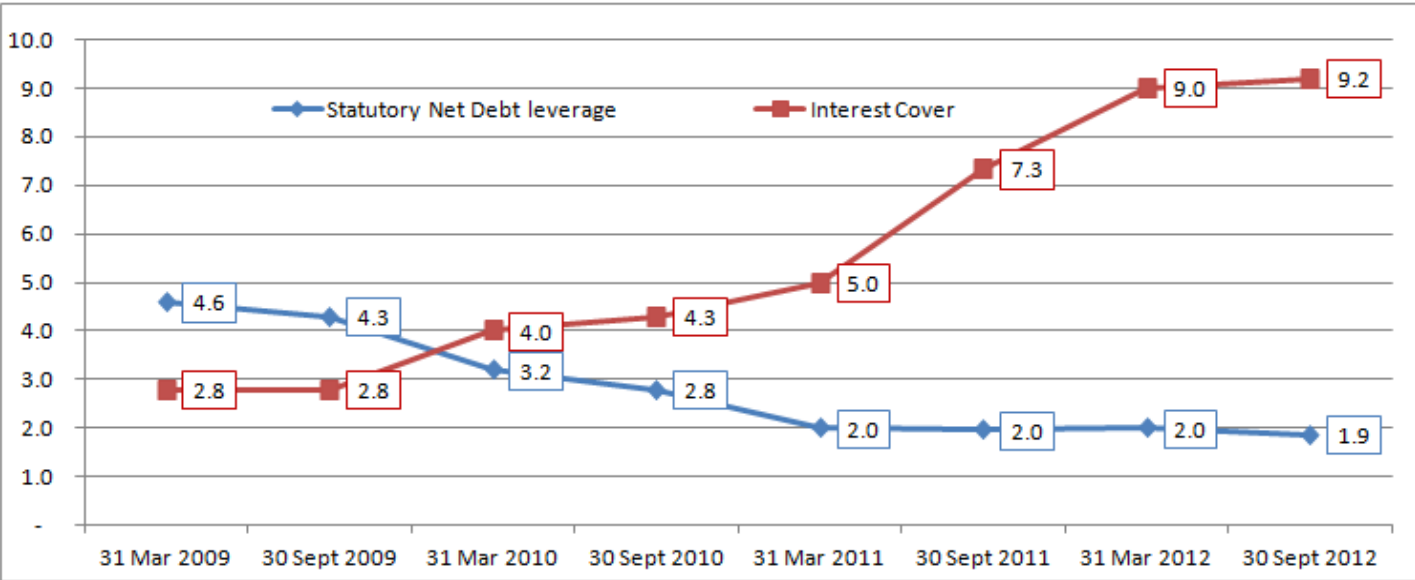
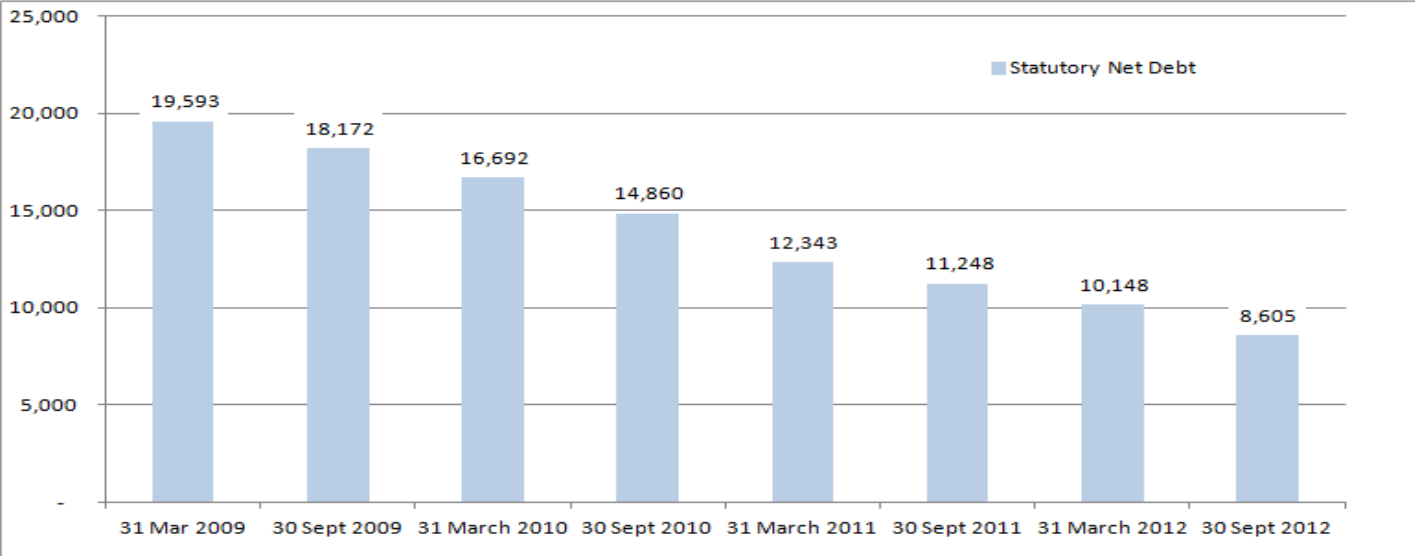
H1 12-13 Statutory vs Underlying

£'000	Statutory H1 12-13	Underlying H1 12-13	Notes
EBITDA	2,290	2,290	
Exceptionals	-189	-	Redundancy costs
Depreciation	-476	-476	
Amortisation	-559	-	
EBIT	1,066	1,814	
Interest	-329	-249	Difference = Amortisation of deal fees
FX Translation (unrealised)	-46	-	Unrealised fx loan and derivative losses/gains
FX Translation (realised)	263	263	
PBT	954	1,828	
Tax	-250	-311	17% charge to underlying
PAT	704	1,517	
EPS (p)	2.6	5.5	

H1 12-13 Cash Flow

	£'000	Comments
EBITDA	2,290	
Exceptional Costs	-189	
Development Expenditure	-125	Capitalised R&D. Total annual R&D spend is c£1m
Change in Working Capital	211	
Capital Expenditure	-184	
Operating Cash Flow	2,003	
Net Interest Paid	-245	
Dividend	-184	Final dividend for FY 11-12
Corporation Tax	0	
Bank Term Loan Repaid	-750	2 repayments to Barclays
Other	-77	
Increase in headroom	747	

Debt, Leverage and Interest Cover



Capex and Headcount

- **Capital expenditure** – capex has been lower than normal, due to timing

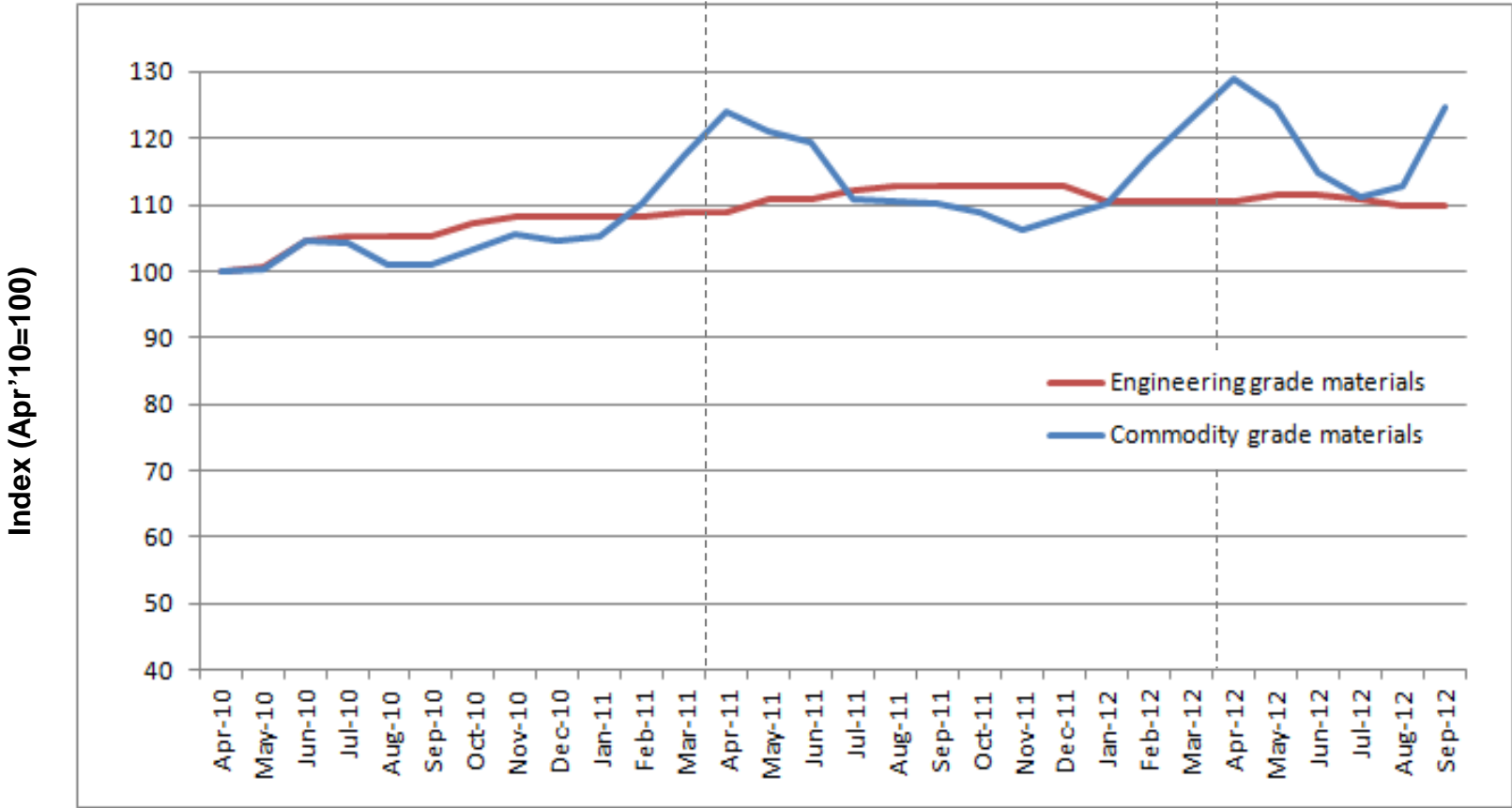
Total Capex	H1 12/13	H1 11/12
	£'000	£'000
Maintenance	63	177
Capacity / Cability Increase	72	200
Cost Improvement	49	22
Total	184	399

- **Employees** – we continue to invest in building sales

Total Employees at period end				
	31-Mar-10	31-Mar-11	31-Mar-12	30-Sep-12
Directors & Management	21	22	22	22
Admin	15	15	17	17
Sales & Design	23	28	34	37
Production	241	241	238	234
Total	300	306	311	310

Raw Materials

Raw material prices FY11 - FY13



➤ Commodity plastics continue to be volatile, engineering plastics have been stable

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Key Strategic Themes

- Bearings
 - Continue to penetrate high potential applications
 - Focus on high volume bespoke bearings
 - Add related product capabilities and technologies: gears, bushes } By acquisition?
 - Continue geographic expansion

- Mandrels
 - Continue to develop bespoke solutions for large hose producers
 - Deepen our technical knowledge of mandrel materials, lubricants and performance
 - Extend our capabilities in protective films for hoses

- Creasing Matrix
 - Get closer to the end user
 - Add related products sold through same distribution channels } By acquisition?
 - Consolidate smaller matrix players
 - Continue emerging market expansion

- Industrial Film Packaging
 - Continue with current “agile” business model
 - Add new product capabilities to penetrate new markets
 - Invest in new lines/equipment to support this
 - Consolidate other mid-size industrial film specialists as opportunities arise

Outlook

- No change in demand conditions so far in H2 12-13
 - Overall demand flat
 - Packaging division stronger than Industrial Products division

- New business going well
 - £1.8m ASV* project/customer conversions year to date
 - Should see benefit of prior year wins in FY13-14

- Respectable sales growth in H2 12-13 vs FY11-12 is achievable
 - Assumes external environment remains stable

- Acquisitions being targeted and under consideration
 - Stand-alone and bolt-on opportunities under consideration
 - Key sectors – industrial, packaging and medical
 - Timing difficult to predict

* Annualised Sales Value

Summary

- Demand has been flat through H1 12-13
 - Europe down; rest of world up healthily
 - New business contributing well

- Underlying profitability similar to prior year
 - Currency and new business depressing operating margins
 - Lower interest costs and taxes counteracting this

- Cash flow has been very strong
 - Capex will be heavier in H2 12-13 – catch-up
 - Debt continues to fall
 - Headroom on facilities is now significant

- 100% increase in interim dividend

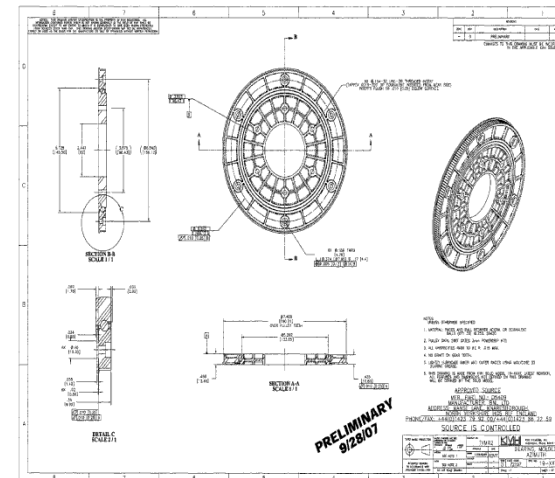
- Outlook is healthy
 - Environment does not seem to be getting worse
 - Sales and new product pipeline is good
 - Acquisitions are a possibility

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Group Overview

- **Highly engineered plastic products**
 - Significant design and development content
 - Bespoke material formulations
 - Proprietary production processes
- **Long term customer relationships**
 - Major OEMs
 - Collaborative design relationships
 - Integrated into business system
- **Global reach**
 - c.60% of sales outside UK, 80 countries
 - c.25% of sales to emerging markets
 - Key focus on China and India
- **Excellent organic growth potential**
 - Plastic substituting metal and other materials
 - Customer-driven product innovation
 - Strong new business pipeline
- **Strong financial characteristics**
 - Highly profitable
 - High cash conversion
 - Appropriate gearing



Highly Engineered Plastic Products

- **Diverse product groups**
 - Rotating devices – bearings, shafts, gears
 - Protective industrial films
 - Technical profiles and mandrels
 - **Global leaders in most of these areas**

- **Technically challenging to produce**
 - High precision – tight dimensional tolerances
 - Demanding performance standards – e.g. wear, finish
 - Highly automated mass production processes
 - Internally developed process machinery/techniques

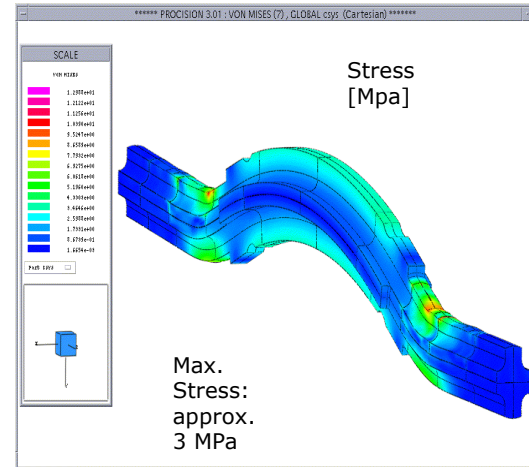
- **Plastic substituting inferior materials**
 - Lighter, lower cost, feature integration
 - Corrosion resistant, self lubricating
 - Special blends being developed for higher performance
 - Long term growth trend

- **Diverse applications and end markets**
 - Paper pathways – ATMs, office machinery
 - Security cameras – PTZ mechanisms
 - Automotive – weight reduction a key priority
 - Production consumables – on going demand
 - **Many more as yet unexploited**



Long Term Customer Relationships

- **Major OEMs**
 - Ricoh, Nexteer, NCR and many others
 - Stringent qualification procedures
 - Sole source supplier frequently
- **Collaborative relationships**
 - Lengthy design and development requirements
 - Bespoke solutions and tooling
 - Extensive prototyping and testing
 - Good visibility of new business pipeline
- **Excellent retention**
 - Unique capabilities - highly valued
 - Excellent quality and service reputation
 - >95% y-o-y customer retention
- **Key account strategy**
 - Top 70 customers each have >£100k sales per annum
 - Represent c60% of total sales
 - Gaining potential key accounts at a rate of 1-2 per month
- **Strong pipeline**
 - Sales build gradually from new accounts
 - 1-5 years for full penetration
 - Good visibility of new business revenues



Global Reach

- **Well established international network**
 - 4 factories in UK, 1 in Thailand
 - Sales offices and distribution centres in Boston, Tokyo, Shanghai and Mumbai
 - Distributors in 80+ countries
- **Global operating platform**
 - We can and do sell in US, design in UK, manufacture in Thailand, distribute in India
 - Enables us to service multinational blue chip OEMs, wherever they are located
 - Key capability and advantage
- **Globally competitive niche products**
 - No.1 in plastic bearings
 - No.1 in plastic creasing matrix
 - No.1 in hydraulic hose mandrel
- **Thai factory set up in 2008/09**
 - Cuts delivery times to Asian customers
 - Improves cost position – labour & distribution costs
 - Demonstrates commitment to global capability
- **Significant exposure to fast growing regions**
 - 30% of sales outside Europe and North America
 - Sales offices set up in 2010 in Shanghai and Mumbai
 - Local offices key to winning business



Organic Growth Potential

- **Customer driven product innovation**
 - 3-4% of sales annually spend on design and development
 - Key areas
 - Automotive – weight reduction priority
 - Office equipment – toner bearings
 - Creasing matrices – improved durability
 - Hose mandrels – longer life, greater tensile strength
 - Films – thinner, stronger

- **Acquisition of new accounts**
 - 18 accounts won over last year
 - Many more in pipeline
 - Lead-time to full revenues – 12 to 48 months

- **China and India**
 - Orders worth ~£0.5m annual value already won
 - Big pipeline of opportunities

- **Development of existing accounts**
 - Most accounts have further potential
 - Product improvements and extensions are key
 - Examples:
 - Complex bearing assemblies vs simple bearings
 - Thinner/stronger films
 - Different types of mandrel, protective films



Benefits of Plastic

Plastic is becoming an increasingly popular alternative to metal in many industries. Plastic products harness the material properties of plastic and combine them with expert design and manufacturing techniques to offer the following benefits:

- **Increased performance** – lightweight plastic bearings can be used in applications where decreased weight can increase performance and speed
- **Reduced energy usage** – exhibiting low friction, plastic bearings will need less energy at start- up and in operation, lowering energy use and motor specifications
- **Improved hygiene** – plastic bearings do not need lubrication, eliminating contamination of other components or processed products by leaching lubricants
- **Low torque** – plastic bearings have a rotational inertia less than 10% that of metal bearings so need only a little applied torque to operate.
- **Chemical/Corrosive resistance** – the performance of plastic bearings is not diminished by frequent wash- downs or exposure to chemicals giving them excellent wear rates, even in harsh environments
- **Less maintenance** – no need to replace lubricants and or change corroded bearings, as plastic bearings will continue to perform without frequent maintenance
- **Non-magnetic** – completely metal-free options make plastic bearings ideal for applications where metal can distort magnetic resonance
- **Design flexibility** – Injection-moulding techniques make it possible for the bearing function to be combined with other features such as clips, shafts and tyres, significantly broadening design possibilities.