



Interims Results Presentation
Half year ended 30 September 2013
2nd December 2013

Innovative plastic products for global markets....

Outline

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



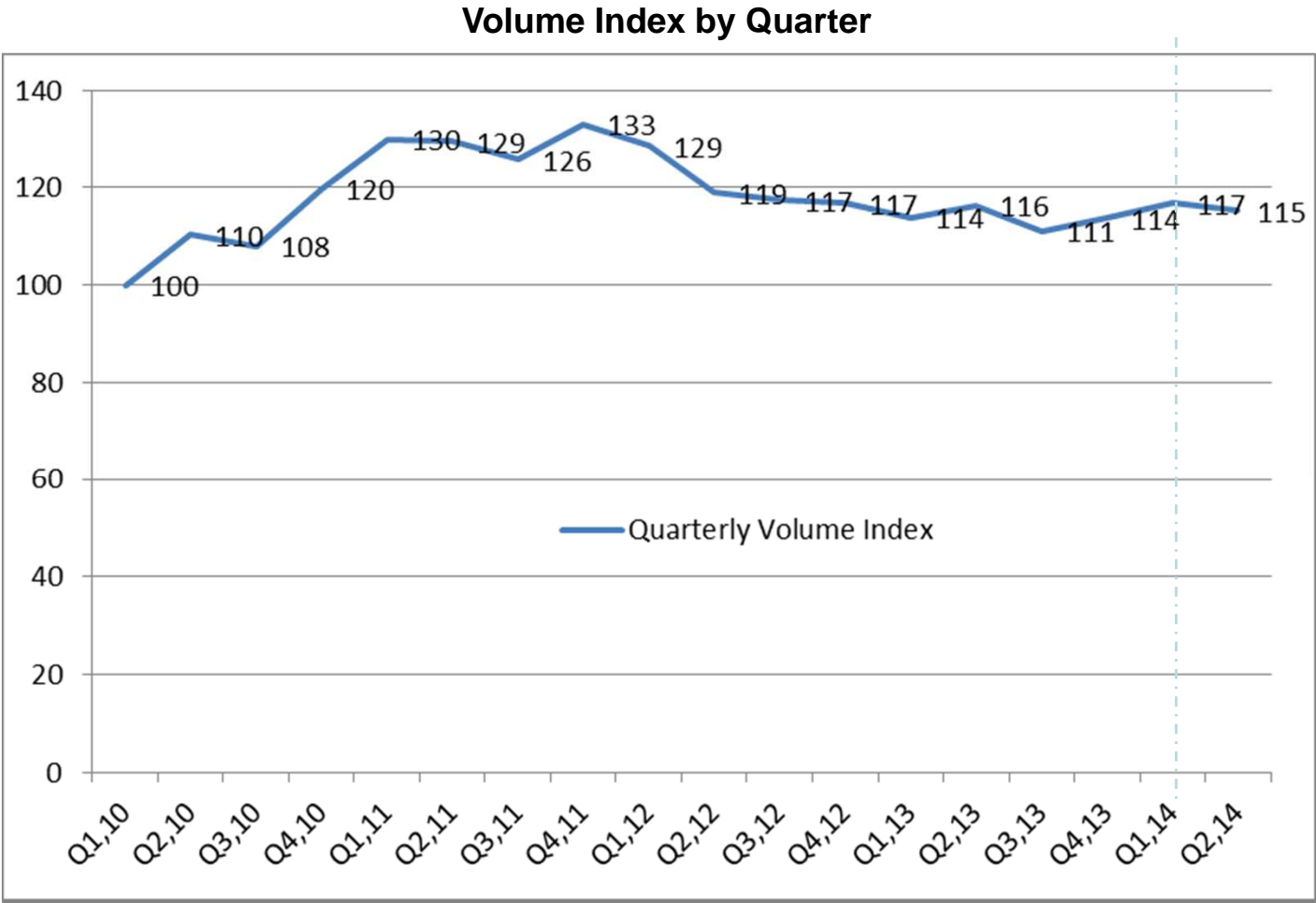
HY 13-14 Highlights - Underlying Results

£m	HY 13-14	HY 12-13	%
Sales	16.4	15.7	4.1%
EBITDA*	2.4	2.3	6.4%
PBT*	1.7	1.8	-4.9%
eps*+ (p)	5.4	5.5	-2.5%
dps (p)	1.0	0.7	51.5%
Net Debt	8.1	8.6	-6.3%

- Sales growth and EBITDA growth resumed
- Mandrel sales up 50% on same period in prior year
- Contracts exchanged to acquire China's No.1 producer of creasing matrix
- Dividend up 52%
- Debt continues to reduce, despite higher investment and dividend

Sales Volume by Quarter since Q1'10

- Sales volumes are picking up gradually



New Business

- Net new business contributes 4.8% to growth for period
- Key focus on development of superior technical solutions – examples:
 - Easily ejected mandrels
 - Sale of lubricants started
 - Highly durable creasing matrix
 - Targeted at high volume box producers/markets
 - Standard CCTV camera platforms
 - Allows faster/lower cost product development and introduction
- 10 new key accounts, including:
 - First sales for mandrels to Caterpillar Europe
 - First project for automotive instrument control panel bearings
 - A major new application area
- Pipeline of new won business not yet into production remains strong
 - Estimated annual sales value of £5.1m
 - Will flow through over next few years

Investment in Capacity and Capability

- New industrial packaging film line
 - Successfully installed and running
 - £750k investment
 - New film types and formulations
 - Cost savings and new products

- Chinese bearings factory established
 - £200k investment
 - Machined bearings
 - Low volume/investment applications
 - Volume being transferred from UK
 - Local sales will begin FY13-14

- Full upgrade of bearings tool room
 - £300k investment
 - Will speed up tool development
 - 26 weeks to 12 weeks
 - Additional capacity for tool manufacture
 - 60 tools to 100 tools



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P&L HY13-14 vs HY12-13 – Statutory Results

£m	HY 13-14	HY 12-13	Δ	%
Sales	16.4	15.7	0.6	4.1%
Gross Profit	6.1	5.8	0.3	
GP%	37.5%	36.9%		0.6%
Overheads	3.7	3.5	-0.2	-5.2%
EBITDA*	2.4	2.3	0.1	6.4%
EBITDA%	14.9%	14.6%		0.3%
Exceptionals	0.3	0.2	-0.1	
Depreciation	0.5	0.5	-	
Amortisation	0.6	0.6	-	
Operating Profit	1.1	1.1	-	
Interest	0.3	0.3	-	
FX Translation	-0.5	-0.2	0.3	
PBT	1.3	1.0	0.3	39.3%

- GP% improvement of 0.6% - due primarily to an improved sales mix
- Overhead costs up £0.2m - continued investment in business development staff particularly at the bearings business
- Exceptionals – mainly fees for Shengli transaction
- FX translation - \$/£ hedges currently in the money

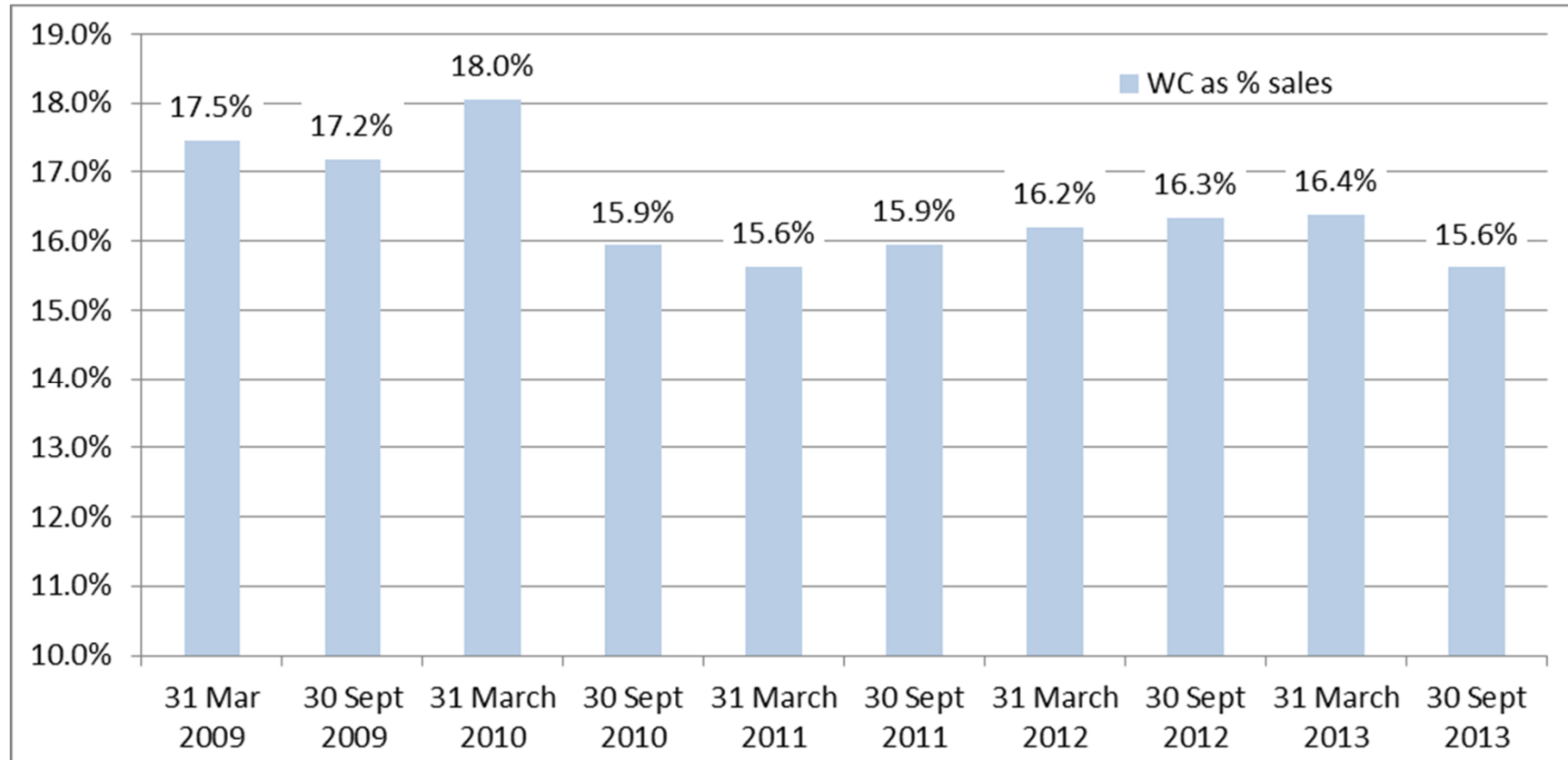
Cash Flow HY13-14

- Nearly £1.3m “free” cash flow
- c.£1m in total to capital providers (debt and equity)
- c.£0.3m remains in the business/reduces our net debt

	£'000	Comments
EBITDA	2,436	
Exceptional Costs	-278	
Development Expenditure	-125	Capitalised R&D. Total annual R&D spend is c£1m
Change in Working Capital	255	
Capital Expenditure	-1,030	New extrusion line at Palagan
Operating Cash Flow	1,258	
Net Interest Paid	-218	
Dividend	-366	Final dividend for FY 12-13
Corporation Tax	0	
Bank Term Loan Repaid	-375	Repayment to Barclays
Other		
Increase in Headroom	299	

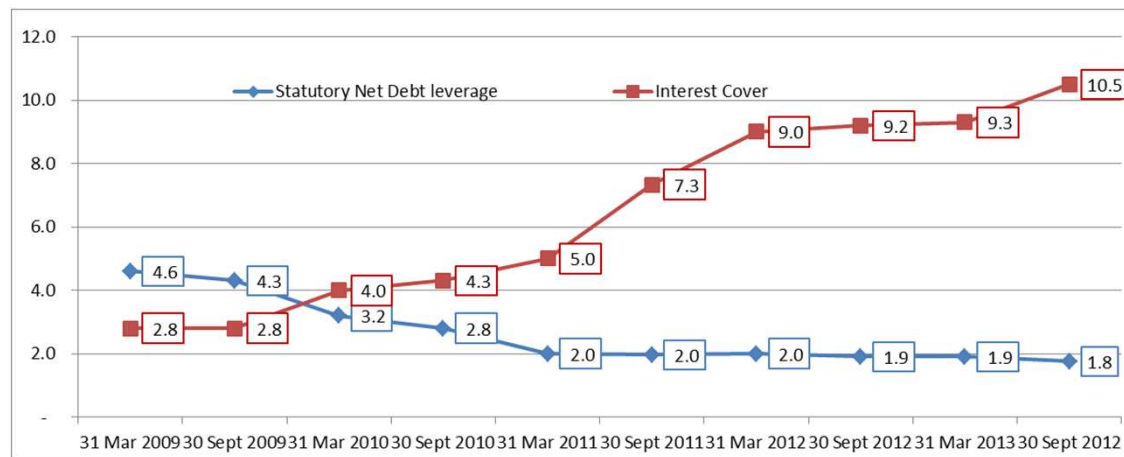
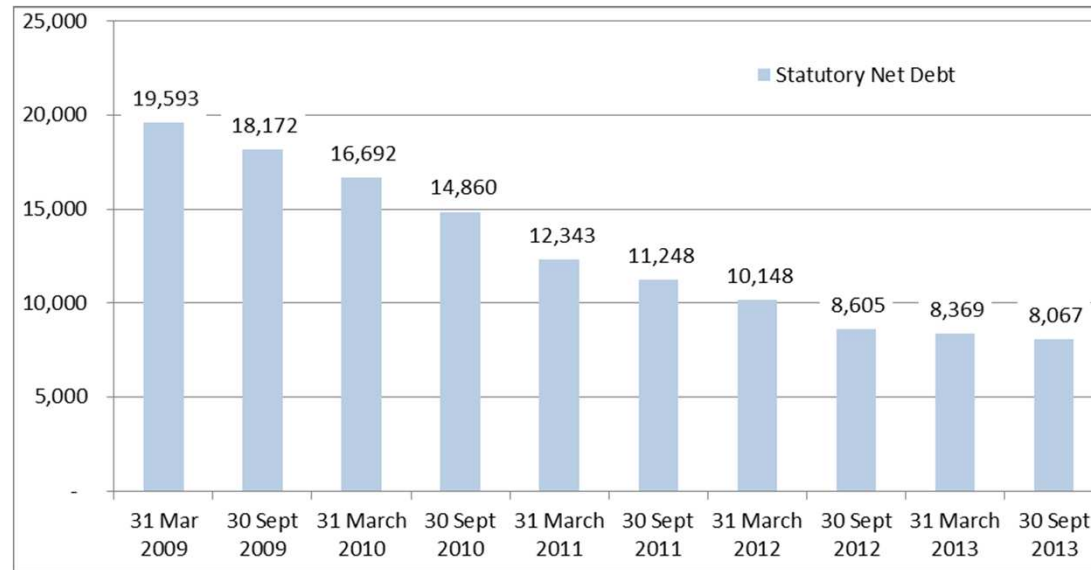
Working Capital

➤ Working capital – still more which can be done to improve this



Debt, Leverage and Interest Cover

➤ Debt continues to reduce



Capex and Headcount

➤ Capital expenditure

- Capex has increased and moved toward capability/capacity improvement

Total Capex	HY 13/14	HY 12/13
	£'000	£'000
Maintenance	115	63
Capacity / Capability Increase	874	72
Cost Improvement	41	49
Total	1,030	184

➤ Employees

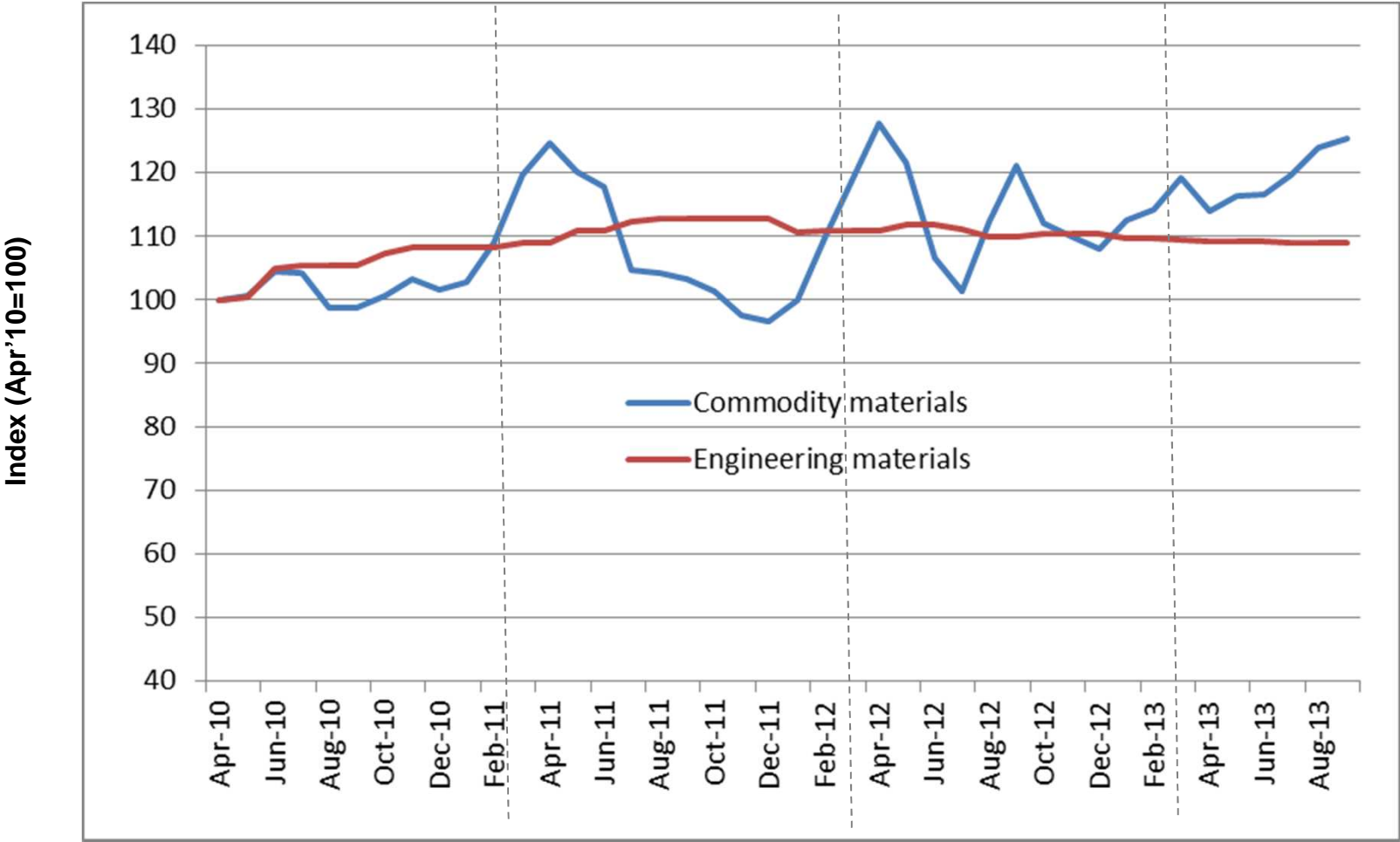
- Continued investment in business development staff

Total Full Time Employees at period end					
	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13	30-Sep-13
Senior Management	12	12	12	12	12
Administration	17	17	20	20	20
Business Development	34	40	44	47	48
Production & Distribution	227	233	230	226	228
Total	290	302	306	305	308

Raw Materials

- Engineering plastics have been flat; commodity materials rising

Raw material prices FY11 - HY13-14



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Innovative plastic products for global markets...

Bearings

- A disappointing half year for sales
 - Slow sales in Japan
 - USA, Europe steady/improving
- 7 new projects converted
 - £0.75m of annualised sales value
 - First instrument control panel project
 - Opportunity pipeline excellent
- Major focus on improvement of tooling capability
 - IP protection is critical
 - Speed of manufacture is often a key issue
 - Average 26 weeks to 12 weeks target
 - Process, people and plant all being improved
- Very strong operational performance
 - 0 dppm at No.1 automotive customer
 - 98% on time in full delivery performance
- Machined bearings production commenced in Shanghai



Mandrels

- Very strong sales over the half year
 - Recovery in Europe
 - New business continues to flow through
- Sales pipeline remains healthy
 - Mandrel range continues to evolve
 - Flexibility, strength, no. cycles, ejection
 - New customers being added
 - Penetration of customers broadening
 - Hose sizes and types
- Mandrel ejection remains a key issue for customers
 - Range of lubricants developed/tested
 - Being piloted with a few accounts
 - Potential to sell alongside mandrels
 - Market opportunity is significant
- Capacity being increased
 - Improvements to increase line efficiencies/speed
 - New line likely to be added in next 6 months
 - Factory extension being planned



Creasing Matrix

- A steady half year for sales
 - Some developing countries overstocked in H1 13-14
 - Signs of improvement for H2 13-14
 - Europe recovering, USA strong
- End user targeting is building momentum
 - Major account targets
 - Joint visits with distributors
 - Solving technical problems – e.g. witness marks
 - Range of solutions possible
 - Super-durable matrix
 - Chamferable matrix
 - Durable plastic matrix
 - 50+ new accounts converted
- Integration of Shengli will be key
 - Operational and quality standards
 - Financial procedures
 - Material synergies
 - Cross- selling synergies



High Strength Industrial Films

- A reasonable period for sales
 - Strong new business contribution
 - Signs of improvement in H2 13-14
- Raw material prices have been increasing
 - Customer prices lagging slightly
 - Temporary squeeze on margins in H1 13-14
 - Raw material prices now falling
 - Margins likely to improve in H2 13-14
- New line installed successfully
 - Some minor commissioning delays
 - Product benefits confirmed
 - Higher strength films / lower cost blends
 - Initial focus on line optimisation / efficiencies
 - High strength sack market being targeted
 - Should commence Q1 2014
 - Lots of opportunities to grow profits



Outline

- **Financial Highlights**
- **Growth Drivers**
- **Operational Highlights**
- **Summary & Outlook** 

Innovative plastic products for global markets...

Summary & Outlook

- Group performance is improving
 - Sales growing
 - Some recovery in Europe evident
 - Group profitability up when adjusting for one-off currency factors

- Business development activity is producing good results
 - Very evident in mandrels
 - Less so in the other areas, but still evident

- Investments are being made to drive and enable future growth
 - Business development resources
 - New capabilities and capacity
 - Synergistic acquisitions

- Order book is better now than it was at beginning of financial year
 - Pipeline of converted business remains strong

- We expect performance for the year to be in line with expectations

APPENDIX

HY 13-14 Statutory vs Underlying

£'000	Statutory HY 13-14	Underlying HY 13-14	Notes
EBITDA	2,436	2,436	
Exceptionals	-278	-	Redundancy costs & set up costs
Depreciation	-480	-480	
Amortisation	-559	-	
EBIT	1,119	1,956	
Interest	-302	-218	Difference = Amortisation of deal fees
FX Translation (unrealised)	512	-	Unrealised fx loan and derivative gains
PBT	1,329	1,738	
Tax charge	-251	-253	15% charge to underlying
PAT	1,078	1,485	
EPS (p)	3.9	5.4	