



Interim Results Presentation
Half Year ended 30th September 2014
2nd December 2014

Innovative plastic products for global markets....

Outline

- **Highlights**
- **Financial Review**
- **Growth Drivers**
- **Outlook**



Innovative plastic products for global markets....

HY14-15 Highlights

| £m | HY 14-15 | HY 13-14 | % |
|-----------|----------|----------|------|
| Sales | 16.5 | 16.4 | 1% |
| EBITDA* | 2.2 | 2.4 | -10% |
| PBT* | 1.5 | 1.7 | -11% |
| eps*+ (p) | 4.6 | 5.4 | -14% |
| dps (p) | 1.33 | 1.00 | 33% |
| Net Debt | 8.0 | 8.1 | -1% |

- Sales growth affected by continental European slowdown and FX
- Industrial division sales pipeline strengthens
 - £3.4m of annual revenue in won business not yet in production
- Organic revenue growth in Packaging division of 4.4% in HY14-15 vs HY13-14
- Profits down due to continued investment in business development
- Activities in China transformed following the acquisition of Shengli
- Acquisition of specialist film packaging producer, Flexipol, successfully completed post period end
 - Oversubscribed equity placing to raise £5.0m

*excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative gains / losses.
+ applying an expected tax charge of 10% and based on the weighted average number of shares in issue in the year.*

Outline

- **Highlights**
- **Financial Review**
- **Growth Drivers**
- **Outlook**



Innovative plastic products for global markets....

Sales Bridge – Variances HY 13-14 vs HY 14-15

| | £m | Comments |
|-----------------------|------|--------------------------------------|
| Sales HY 13-14 | 16.4 | |
| Continental Europe | -0.7 | down 18% compared to HY13-14 |
| FX | -0.2 | \$1.68 (HY14-15) vs \$1.54 (HY13-14) |
| Shengli Acquisition | 0.7 | 6 months contribution |
| Rest of World | 0.4 | up 2.9% compared to HY13-14 |
| Sales HY 14-15 | 16.5 | |

- Continental Europe
 - General slowdown
 - Very strong prior year in mandrels
- Shengli is expected to be seasonal
 - Stronger second half due to Chinese New Year
- FX impact is reversing in second half

Sales Bridge – Divisions HY 13-14 vs HY 14-15

| | £m | Comments |
|-----------------------|------|--------------------------------------|
| Sales HY 13-14 | 16.4 | |
| Industrial Division | -0.7 | |
| FX | -0.2 | \$1.68 (HY14-15) vs \$1.54 (HY13-14) |
| Shengli Acquisition | 0.7 | 6 months contribution |
| Packaging Division | 0.4 | up 4.4% compared to HY13-14 |
| Sales HY 14-15 | 16.5 | |

- Industrial Division affected by
 - Start of production delays in won bearings projects
 - Very strong prior year growth in mandrels

- Packaging Division growth being driven by
 - Emerging markets and new products in matrix
 - Recent investments in film packaging

EBITDA Bridge – Divisions HY 13-14 vs HY 14-15

| | £m | Comments |
|------------------------|------|-------------------------------|
| EBITDA HY 13-14 | 2.4 | |
| Gp - sales impact | -0.1 | Lower gp due to lower sales |
| Fixed costs impact | -0.3 | Increase headcount from 13-14 |
| FX impact | -0.1 | Hedges have limited FX impact |
| Shengli Acquisition | 0.3 | |
| EBITDA HY 14-15 | 2.2 | |

- Main reason for lower EBITDA is continued investment in business development
 - No headcount reductions applied so far
- Lower sales and adverse £/\$ FX have both also had negative effects

Cash Flow HY14-15

- Cash conversion impacted by investments and acquisitions

| | £'000 | Comments |
|-----------------------------|-------------|-------------------------------------------------|
| EBITDA | 2,200 | |
| Exceptional Costs | -55 | |
| Development Expenditure | -125 | Capitalised R&D. Total annual R&D spend is c£1m |
| Change in Working Capital | -831 | Includes some seasonality at Shengli |
| Capital Expenditure | -570 | |
| Operating Cash Flow | 619 | |
| Net Interest Paid | -160 | |
| Dividend | -604 | Final divi for FY 13-14 |
| Corporation Tax | 0 | |
| Acquisition | -693 | Acquisition cost of Shengli paid in 14-15 |
| Other | -8 | |
| Decrease in Net Debt | -846 | |

Capex and Headcount

➤ Capital expenditure

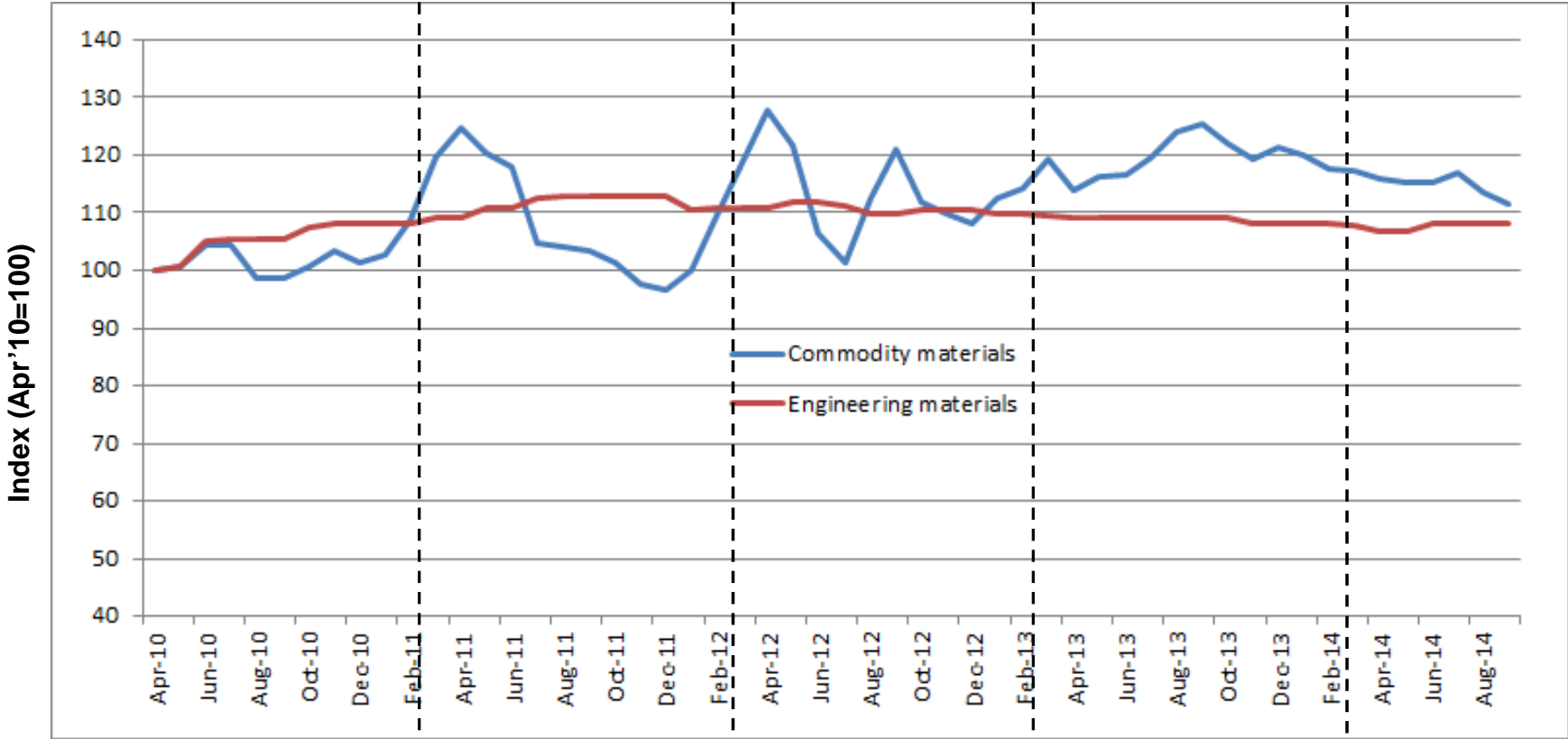
| Total Capex | HY 14/15 | HY 13/14 |
|--------------------------------|------------|--------------|
| | £'000 | £'000 |
| Maintenance | 255 | 115 |
| Capacity / Capability Increase | 233 | 874 |
| Cost Improvement | 82 | 41 |
| Total | 570 | 1,030 |

➤ **Employees** – staff complement maintained. Note, an additional 100 staff were added in November with the acquisition of Flexipol

| Total Full Time Employees at period end | | | |
|-----------------------------------------|------------|------------|------------|
| | 31-Mar-13 | 31-Mar-14 | 30-Sep-14 |
| Senior Management | 12 | 14 | 14 |
| Administration | 20 | 29 | 29 |
| Business Development | 47 | 59 | 59 |
| Production & Distribution | 226 | 248 | 249 |
| Total | 305 | 350 | 351 |

Raw Materials – price evolution FY11- FY15

- Commodity materials prices have declined at the end of the half year



Outline

- **Highlights**
- **Financial Review**
- **Growth Drivers**
- **Outlook**



Innovative plastic products for global markets....

New Business

- Still slow but signs of improvement
 - 1.4% net contribution to sales
 - 8 new key accounts converted
 - 1 key account lost
- Some big new projects
 - Steering column bearings for tier 1 automotive supplier
 - Scanner pulley bearings for document management company
 - Miniature bearing for Japanese ATM manufacturer
- Pipeline has strengthened
 - £3.4m of annual sales value not yet in production
 - Should enter production over next 2-3 years
 - Up from £2.6m a year ago
 - Compares to £1m which has gone into production in last 3 years



China

- Shengli performing satisfactorily
 - 15% below revenue expectations
 - Deferred consideration now negotiated
 - Reduction in consideration of 35%
 - Synergies with UK being exploited
 - Integration of management process going well
 - H&S
 - Quality
 - Reporting
- Chinese activities have been transformed
 - Bearings**
 - 2 new salesmen for bearings
 - Machined bearings output increasing
 - 3 new CCTV camera customers
 - Mandrels**
 - New mandrel salesman appointed
 - Good prospect list
- Recently appointed Chinese MD and FD making a difference



Recent Acquisition - Flexipol



- Transaction completed 21st November
 - £15m sales; £1.8m EBITDA
 - Up to £10.64m payable
 - Oversubscribed placing raising £5.0m
 - 5.1m new shares issued @ 98p
 - £5.4m extension of existing debt facility
 - £0.5m of existing cash
- Current trading is good
 - Seasonality
 - Commodity plastics prices are soft
- Initial integration steps going well
 - Staff communication
 - Management roles
 - PLC financial disciplines and routines
- Synergies with Palagan
 - Work commencing



Outline

- **Highlights**
- **Financial Review**
- **Growth Drivers**
- **Outlook**



Innovative plastic products for global markets....

Summary & Outlook

- First half year has been mixed
 - Disappointing performance in Industrial Division
 - Largely driven by continental Europe
 - Good performance in Packaging Division

- Second half year is expected to be stronger
 - New business increasing into production in bearings business
 - First contribution from Flexipol
 - Ongoing steady growth in Packaging Division

- Increased interim dividend of 1.33p reflects this confidence

- New business activity continues to be the key focus across the group

- We expect to trade in line with expectations for the full year

APPENDIX

HY 14-15 Statutory vs Underlying

| £'000 | Statutory HY 14-15 | Underlying HY 14-15 | Notes |
|-----------------------------|-----------------------|------------------------|------------------------------------------------------------------|
| EBITDA | 2,200 | 2,200 | |
| Exceptionals | -55 | - | Acquisition costs for Flexipol. Remainder will be expensed in H2 |
| Depreciation | -492 | -492 | |
| Amortisation | -559 | - | |
| EBIT | 1,094 | 1,708 | |
| Interest | -202 | -161 | Difference = Amortisation of deal fees |
| FX Translation (unrealised) | -366 | - | Unrealised fx loan and derivative gain |
| PBT | 526 | 1,547 | |
| Tax charge | -159 | -159 | 10% charge to underlying |
| PAT | 367 | 1,388 | |
| EPS (p) | 1.2 | 4.6 | |