



Interim Results Presentation
Half Year ended 30th September 2015
7th December 2015

Innovative plastic products for global markets....

Outline

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



Innovative plastic products for global markets....

HY15-16 Highlights

£m	HY 15-16	HY 14-15	%
Sales	24.5	16.5	48%
EBITDA*	2.5	2.2	12%
PBT*	1.5	1.5	-1%
eps*+ (p)	4.0	4.6	-13%
dps (p)	1.46	1.33	10%

* excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative gains / losses.
+ applying an expected tax charge of 8% and based on the weighted average number of shares in issue in the year.

- Overall strong performance given generally weak market background
- Revenue up 48%, driven by acquisition and strong performance of Flexipol
- At constant FX and polymer prices, EBITDA up 29% and EPS up 7%
- Films Division
 - starting to benefit from cost saving and cross-selling synergies
- Industrial Division
 - Bearings sales up 5% due to momentum from prior business wins and key account growth
 - Excellent new business wins in hose mandrels compensated for weak demand in hydraulic hose end markets

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Sales Bridge – Divisions HY 14-15 vs HY 15-16

	£m	Comments
Sales HY 14-15	16.5	
Flexipol Acquisition	8.0	
Films Division	0.1	<i>2% volume increase</i>
Bearings	0.3	<i>5% increase in sales</i>
Mandrel / Matrix	-0.4	<i>6% decrease in sales</i>
Sales HY 15-16	24.5	

- Overall sales growth led by acquisition of Flexipol
- Organic growth in films is better than implied due to lower raw material prices and down-gauging
- Industrial Division mixed
 - Growth returning to Bearings business
 - Mandrels impacted by oil/gas and mining sector slowdown
 - Matrix impacted by emerging markets slowdown

EBITDA Bridge – HY 14-15 vs HY 15-16

	£m	Comments
EBITDA HY 14-15	2.2	
Flexipol Acquisition	0.8	
Films Division	0.2	<i>Synergies and growth</i>
FX impact	-0.2	<i>Hedge at \$1.64/£ for HY</i>
Polymer Prices	-0.2	<i>Temporary margin squeeze</i>
Industrial Division	-0.1	
Central Costs	-0.2	<i>Required before scaling up</i>
EBITDA HY 15-16	2.5	

- EBITDA growth has been held back by temporary factors
 - Polymer prices
 - FX hedges arrangements

- Central costs have been added for future group development

- Films Division profits growing on a proforma basis
 - Led by specialist products and strong customer relationships

Cash Flow HY15-16

- Cash conversion impacted by seasonal working capital outflow and capital expenditure for growth

	£'000	Comments
EBITDA	2,464	
Exceptional Costs	-222	Redundancy / recruitment costs & LTIP costs
Development Expenditure	-150	Capitalised R&D. Total annual R&D spend is c£1m
Change in Working Capital	-1,096	
Capital Expenditure	-1,223	New capacity in films and new projects in bearings
Corporation Tax	-190	
Operating Cash Flow	-417	
Net Interest Paid	-230	
Dividend	-944	Final dividend for FY 14-15
Sale & Leaseback proceeds	1,367	Flexipol property
Other	-240	
(Increase) / Decrease in Net Debt	-464	

Capital Expenditure

Total Capex	FY 15/16	FY 14/15
	£'000	£'000
Maintenance	219	255
Capacity / Capability Increase	976	233
Cost Improvement	28	82
Total	1,223	570

- Key projects
 - Films
 - 850 tonnes additional extrusion capacity
 - New conversion line; total cost of c£250k
 - Bearings
 - Major new steering column auto assembly machines
 - Tooling for new business

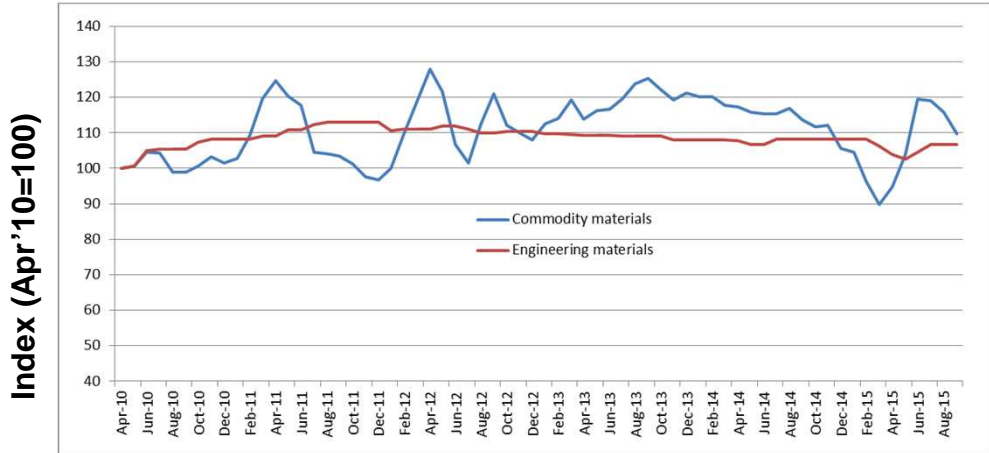
Personnel

- Key changes
 - Addition of 102 staff through the acquisition of Flexipol
 - Additional business development staff in Films and Mandrels
 - Additional central staff at Group level

Total Full Time Employees at period end			
	31-Mar-14	31-Mar-15	30-Sep-15
Directors & Senior Management	13	17	17
Administration & Finance	31	38	38
Business Development	62	68	71
Production & Distribution	261	347	345
Total	367	470	471

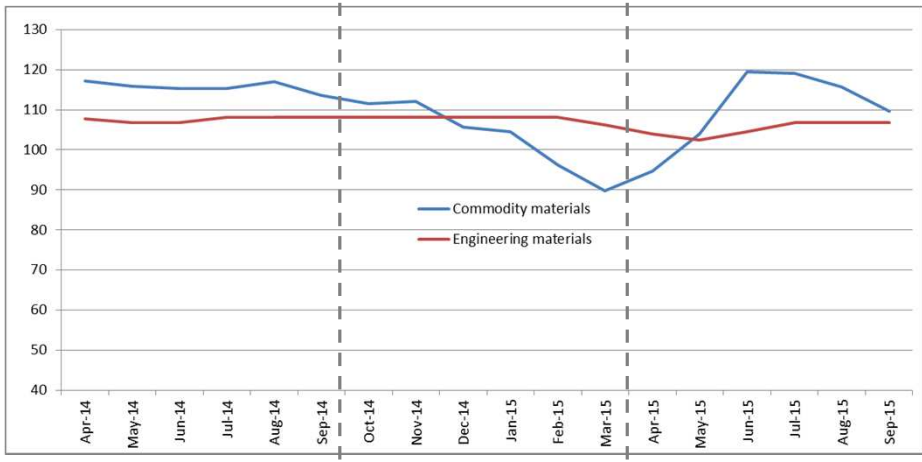
Raw Materials – price evolution FY11- FY16

- Commodity polymer prices have been volatile
 - Increased significantly in Q1 15-16 whereas flat in Q1 14-15
 - Resulting in temporary margin squeeze
 - Situation improving



Long Term Trend

Last 18 months



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Films Division – Strategic Initiatives

- Expand specialist/Patented products
 - Significant potential for growth
 - 850 tonnes of capacity added
 - Additional salesman recruited
- Launch new ultra-high strength product
 - Fills a gap in our range
 - Suitable for existing customers
 - New conversion line being added in H2
- Exploit cross-selling opportunities
 - £1m annualised value identified
 - Less than 10% so far into production
 - Expect 50% by end of year, 100% next FY
 - In addition £0.3m annual value of costs savings identified; 30% achieved so far



Industrial Division – Strategic Initiatives

- Manage the bearings pipeline into sales
 - £4.3m value of sales still to flow through
 - Current pipeline expected to peak in 2019-20
 - Conversion of further “lift-off” projects
- Build on the investment already made in China
 - Numerous bespoke bearings opportunities
 - Standard radial bearings being introduced
 - Catalogue sales from stock
 - FY 16-17 first sales
 - Mandrel trials ongoing at 10 prospects
 - First one converted post period end
- Add further development resources in mandrels
 - Highly successful business model
 - Short term cyclicity masks long term growth
 - Business Development manager appointed
 - R&D manager appointed
 - New projects in progress



Investments & Potential Acquisitions

Investments

- Forward integration in creasing matrix
 - We sell through 100+ distributors
 - Generally mutually exclusive arrangements
 - Carry a wide range of die- and box-making consumables
 - Mainly small owner managed businesses
 - Good profitability
 - In some cases these owner managers are looking for investment and/or succession
 - We want to be closer to the customer

- First steps already taken
 - UK distribution being established
 - Other opportunities being discussed
 - Small investments for minority stakes initially

- Over 5 years, doubling the size of creasing matrix business is a target

Potential Acquisitions

- Potential acquisition activity is strong with a number of opportunities under review



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Summary & Outlook

- First half year has been better than the financials suggest
 - FX and polymer price issues
 - Integration of Flexipol has been very successful
 - Bearings business sales are recovering
 - Underlying eps is 7% up
- Second half year is expected to be stronger
 - Seasonal upswing applies to Films Division and bearings business
 - FX and polymer price issues should not be a factor
- Strategic initiatives underpin longer term growth across the Group
 - Target is for EBITDA to double over 5 years
- Complementary investment/acquisition opportunities add further potential
- We are confident about the growth prospects of the Group

APPENDIX

HY 15-16 Statutory vs Underlying

£'000	Statutory HY 15-16	Underlying HY 15-16	Notes
EBITDA	2,464	2,464	
Exceptionals	-222	-	
Depreciation	-708	-708	
Amortisation	-703	-	
EBIT	831	1,756	
Interest	-305	-230	Difference = Amortisation of deal fees
FX Translation (unrealised)	235	-	Unrealised derivative gain
PBT	761	1,526	
Tax charge	-127	-127	
PAT	634	1,399	
EPS (p)	1.8	4.0	