



# Plastics Capital Introduction

January 2017

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1. Focused on two divisions in the plastic product manufacturing industry with high margins, limited competition and diversified end-market applications
2. Well established positions with operating subsidiaries focusing on proprietary products in industrial consumables/components and industrial film packaging
3. Tried and tested approach to acquiring, integrating and developing businesses whilst retaining expertise and enhancing management
4. Robust financial track record from both organic growth and acquisitions with a balanced approach to capital allocation
5. Five year strategic plan underway - focusing on multiple organic growth initiatives and bolt-on acquisitions to target doubling EBITDA by 2020
6. Acceleration of 'top line' growth starting to emerge

# Plastics Capital - in summary



Revenue\*: £50.8m  
EBITDA\*: £5.9m  
EBITDA margin\*: 11.6%

- 9 factories
- in 3 countries
- with 500+ employees
- selling to 80 countries
- via global sales network
- established in 2002
- listed in 2007

## Industrials

% Total Sales #

Hose mandrels 8%

Bearings 24%

Creasing matrix & accessories 13%

## Films

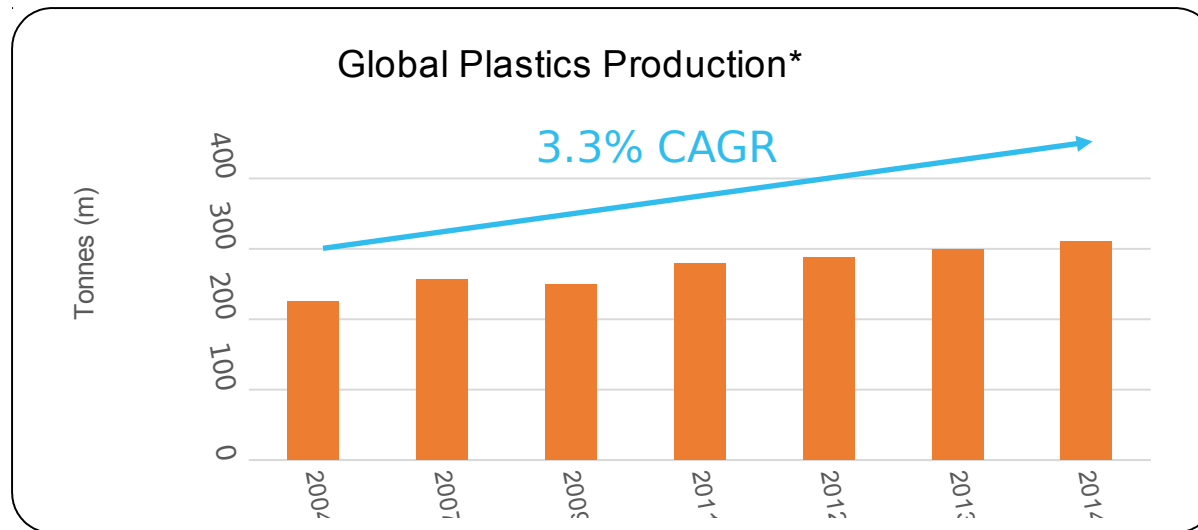
Polythene packaging 21%

Speciality sacks and bags 34%

\*From 2015/16 full year Results (pre-exceptionals)

# % of Group revenue - 2015/16 pro forma

## Overall market



2014-20  
forecast CAGR  
5.3%#

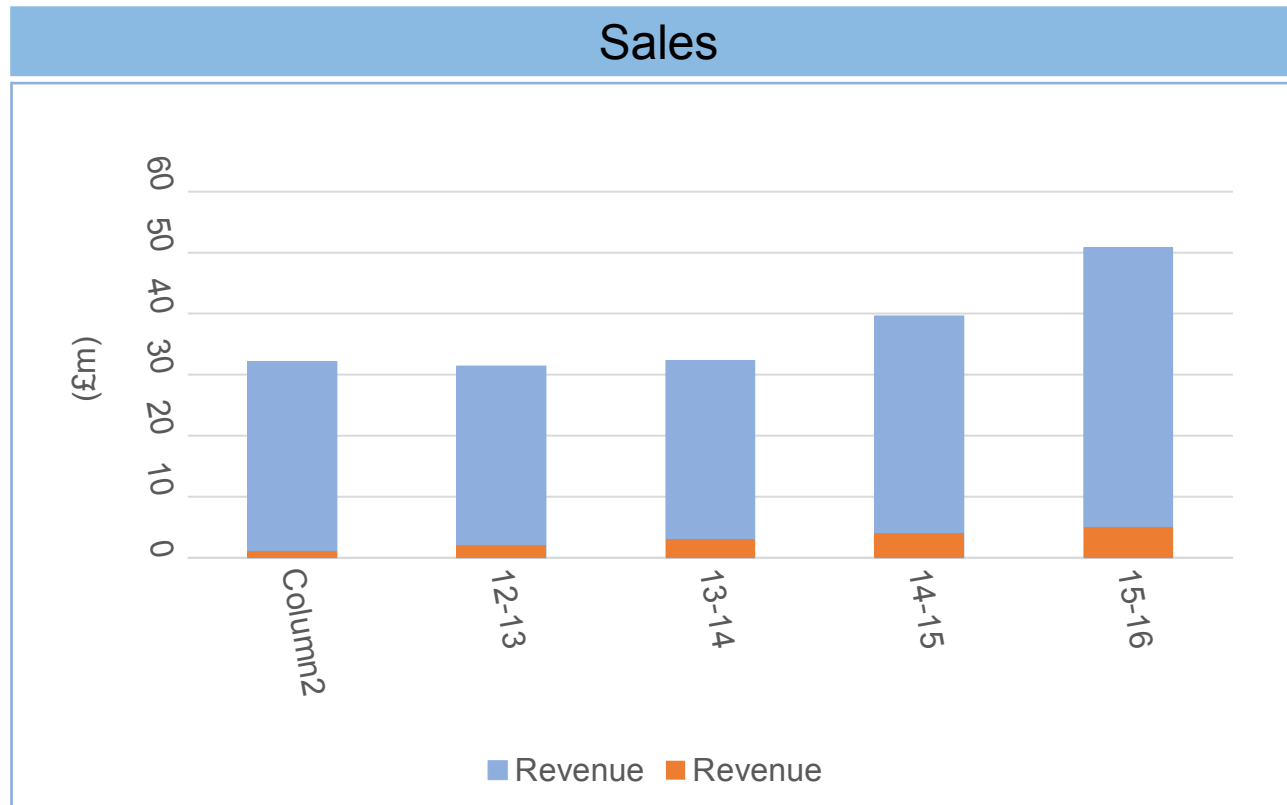
- Niche plastic products growing faster than overall market
- Special material properties
  - Self lubricating, anti static, flexible
- Ongoing material / processing development
  - Lighter, stronger, temperature resistance
  - Improved tolerances
- Substitution of metal, paper/board, rubber

## Target product markets

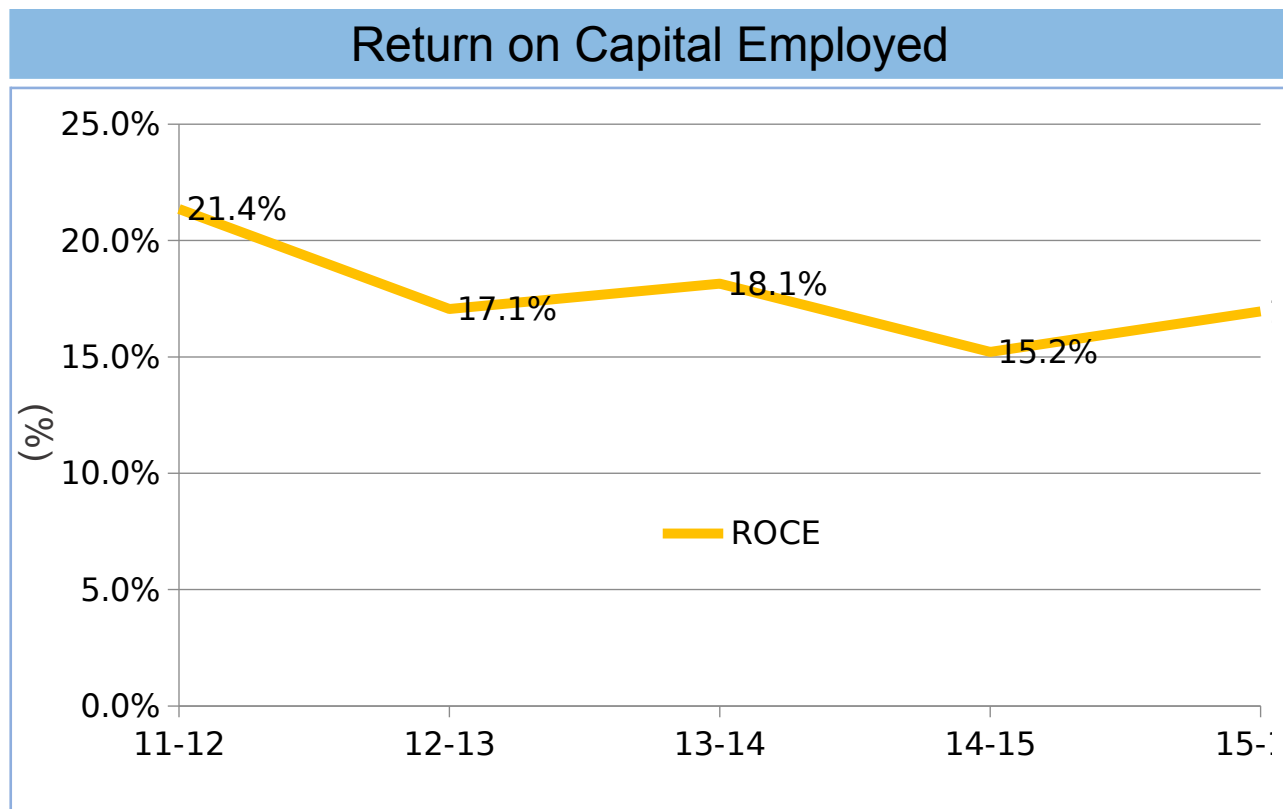
- Proprietary technology
- Barriers to switching
- Automated processes
- Technical solutions selling
- Offering stable pricing with good margins and limited competition
- Diverse customer base with established relationships
- Acquisition opportunities (stand alone & bolt-on)

### Niche characteristics:

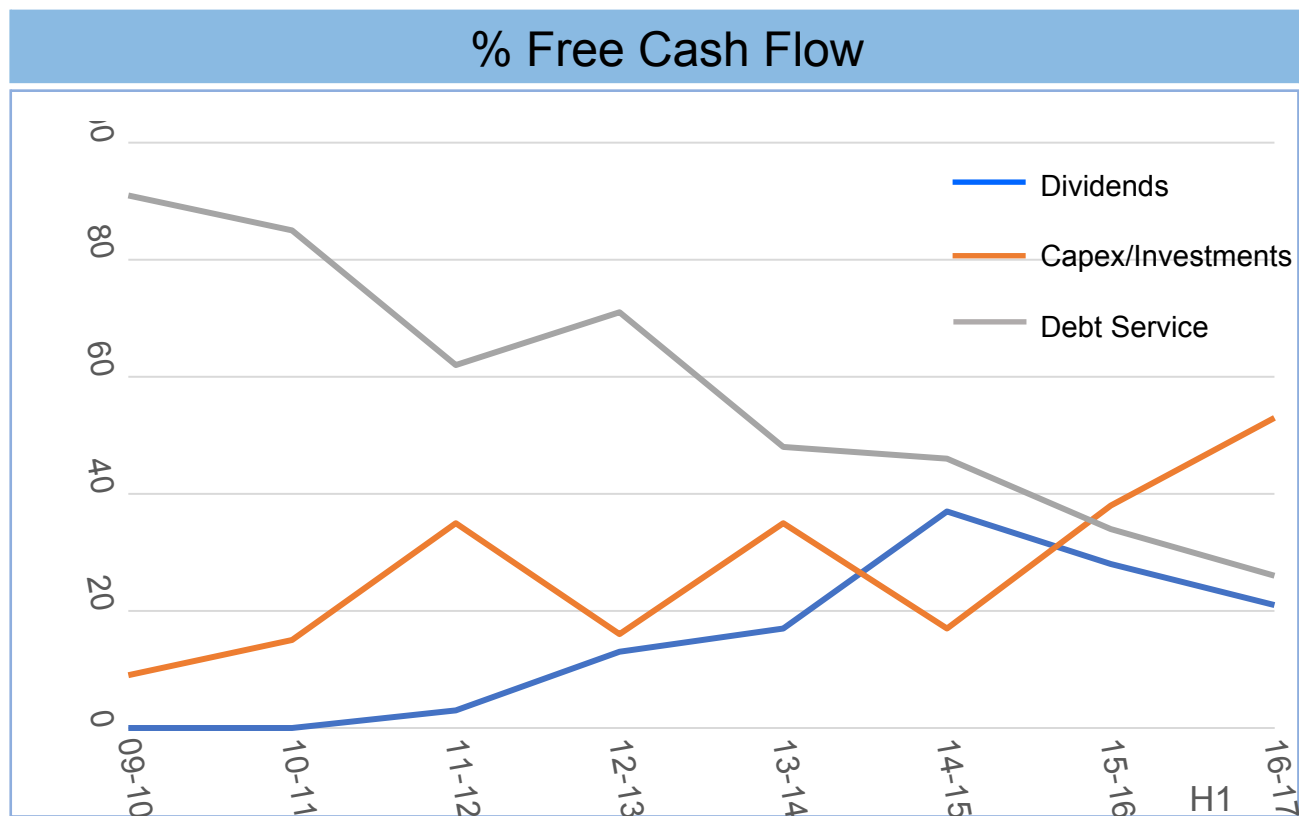
- Addressable markets £10 - £100m
- Market leadership positions
- Growth rates of 5-10% per annum
- Opportunity for good margins



- Sales growth accelerating
- Changing product mix
- Healthy EBITDA margins maintained

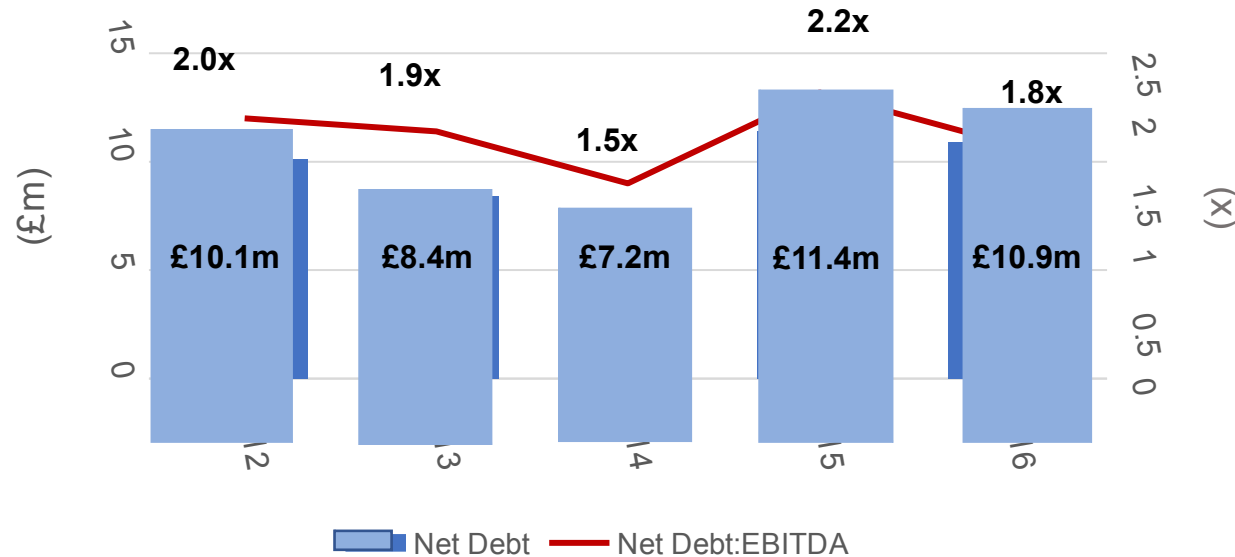


- ROCE starting to reflect returns on investment
- Strong cash conversion – ranging from 72% to 96% over 5 years



- Debt service as % free cash flow reducing significantly
- Maintenance of dividend cover (2.4x)
- Acceleration of capex spend

## Net Debt & Net Debt : EBITDA



- Net debt : EBITDA within target range of 1-2x
- Net debt reduction in 2015/16 despite further acquisitions increased capex
- Interest cover still rising – currently at 15.1x

## 2020 objectives

- £100m Group sales
- EBITDA margins in 15-20% range
- Net Debt: EBITDA in 1-2x range

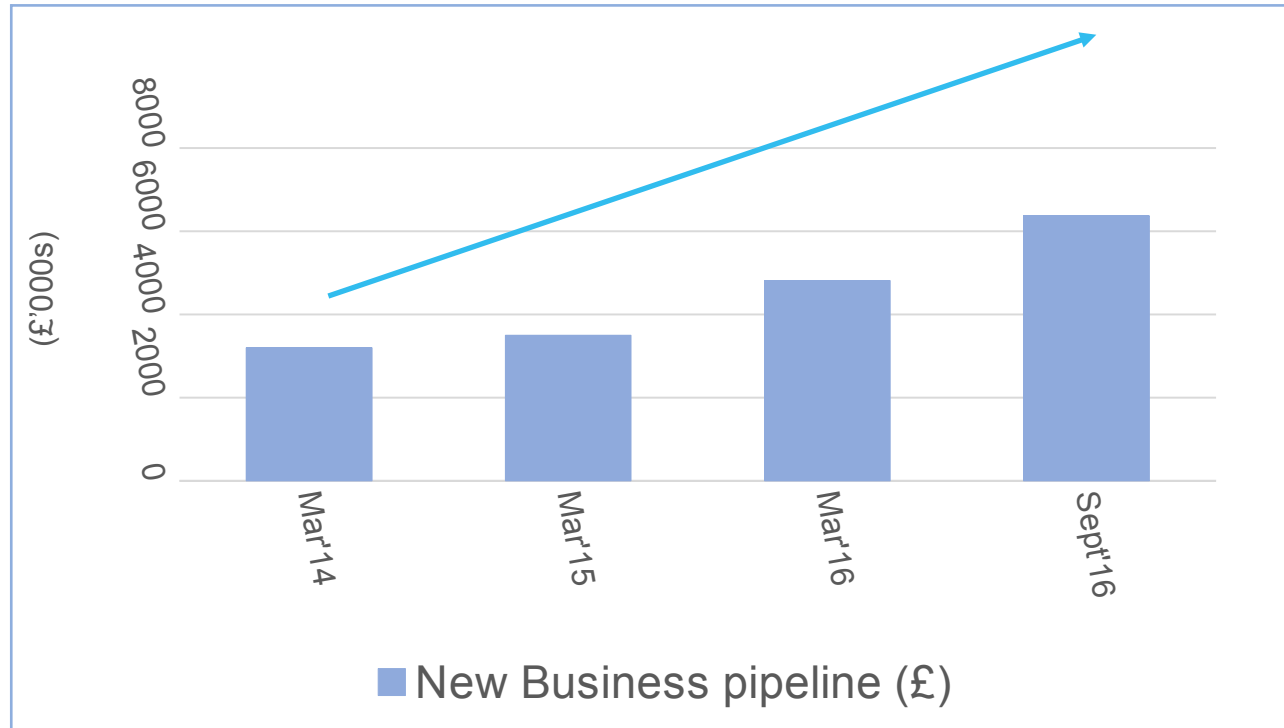
## 5 year strategic plan

- Launched early 2015
- Multiple organic growth initiatives
- Bolt-on acquisitions



## Current investment commitments

- £1.25m for customer-specific projects
- £1.2m for capacity expansion
- £0.6m for new product introductions
- £0.9m for progressive investment bolt-ons



\*Net new business in Sept'16 has benefitted by £0.7m from favourable fx rates compared to Mar'16

- Indicates 6-7% pa growth for next 3 years in Industrial Division
- Flexipol has been growing at 7% p.a. for last 10 years – no signs of any change
- Consistent with 2020 objectives

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