

Cenkos Growth and Innovation Forum 2019

Products



Plastic Bearings

Niches

Steering columns
Control knobs
Dishwashers
Conveyors



Sacks & Pouches

Niches

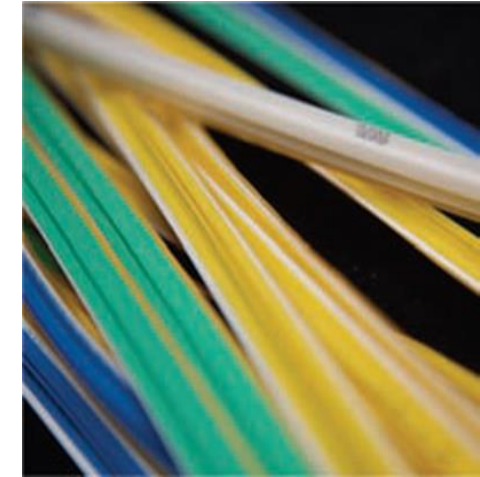
Packing lines:
Food ingredients
Meat processing
Fish processing



Mandrels

Niches

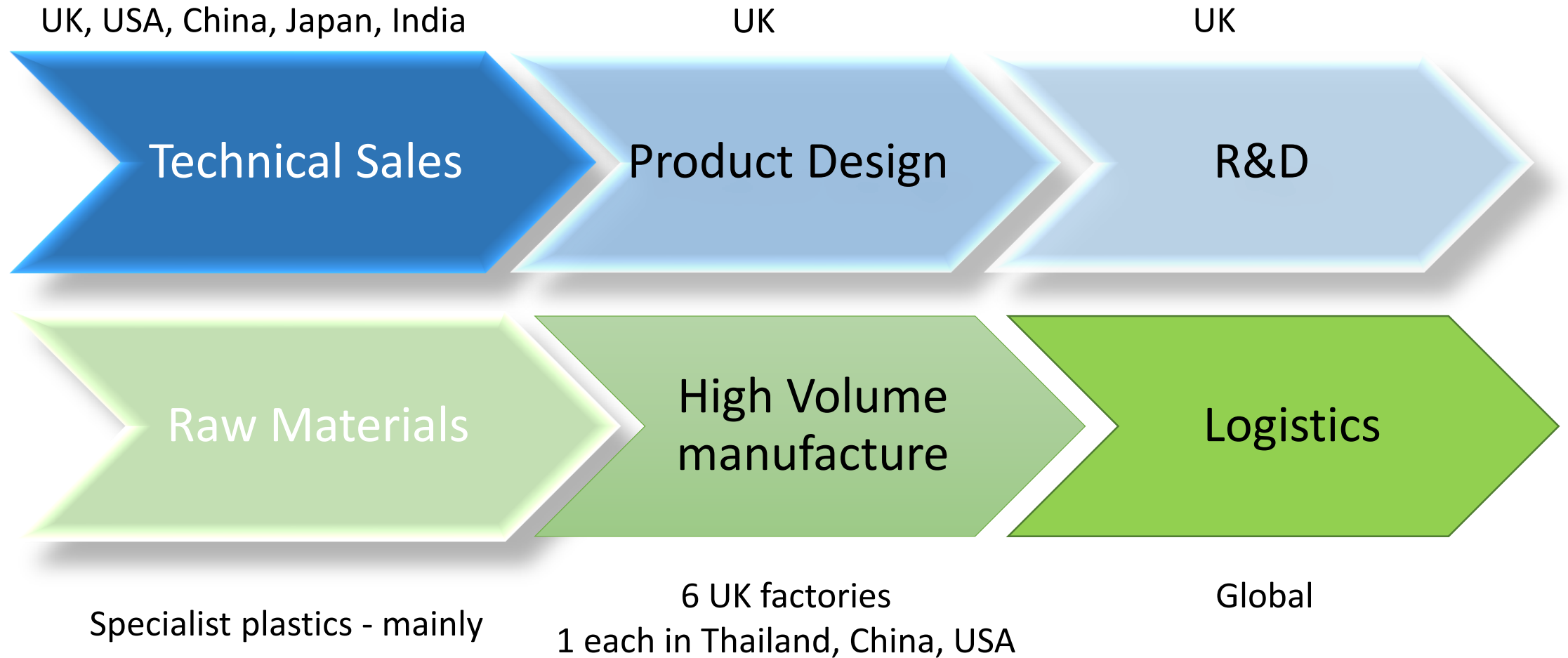
Manufacturing lines:
Hydraulic hose
Industrial hose
Automotive hose



Creasing Matrix

Niches

Manufacturing lines:
Cardboard boxes
Corrugated boxes
Die-makers



SUSTAINABILITY

- Specialist plastic products are superior and more sustainable than the alternatives
 - Plastic bearings are lighter than metal
 - Global warming impact of paper to landfill is significantly greater than plastic

HOWEVER:

- Plastic waste not being dealt with effectively is a big problem
- But it is also a great opportunity for improvement

Our Key Initiatives:

1. Increasing our own internal recycling – “waste not want not”
2. Enabling our customers to use less plastic - introduction of thinner / stronger films
3. Assisting our customers to recycle more of the products that they buy from us
4. In the longer run, finding materials that will recycle more easily or degrade safely

HY 18-19 Highlights

Underlying Results

£m	HY 18-19	HY 17-18	%
Sales	40.6	36.5	11%
EBITDA*	3.7	2.6	43%
PBT*^	2.1	1.2	80%
eps*^+ (p)	4.7	2.8	68%
dps (p)	nil	nil	na
Net Debt	15.7	15.0	5%

• Excluding amortisation, exceptionals and unrealised fx gains/losses and share-based incentive scheme charges

^ Also excludes non-controlling interests

+ Applying an underlying tax charge of 13% (17-18 – 10%) and based on the weighted average number of shares in issue in the year

Why Invest?



➤ **“Real” Business**

- £80m of annual turnover
- £4-5m of free cash flow
- £45m Gross Asset Value (excluding goodwill)

➤ **Sustainable Competitive Advantages**

- Intellectual property – Product design, Materials, Production know-how and machinery
- Niche markets – too small for big companies, too difficult for small
- Unique/differentiated solutions
- Critical components/consumables
- Good margins

➤ **Long-term Growth Mindset**

- Reinvesting free cash flow in new capabilities, capacity and bolt-ons
- Considerable costs associated with winning new business and adding capabilities/capacity
- Growth rate – 10-11% (last 3 years ave)
- EBITDA margin – 9-10% (last 3 years ave)
- Rate of return on reinvested capital – 20% (last 3 years ave)

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