



Filtrona plc Year End Results

Year ended 31 December 2010



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Financial Review - Steve Crummett, Group Finance Director

Results Highlights

Strong, profitable growth

- Revenue up 10.3% (up 8.3% at CER*)
- Adjusted¹ operating profit up 33.5% at £75.0m (up 28.9% at CER*)
- Adjusted¹ eps up 41.9% at 21.0p

Margin increase in all divisions

- Adjusted¹ operating margin up 260 bps to 15.3%
- Margin improvement in all four divisions

100% cash conversion²

- 100% cash conversion²
- 0.9x net debt/EBITDA
- Total dividend increased by 15.7% to 9.0p

Group ROIC³ of 21.6%

*At Constant Exchange Rates

¹ Continuing operations, before intangible amortisation (2009: before intangible amortisation, major restructuring costs and exceptional acquisition fees)

² Operating cash flow divided by adjusted operating profit

³ Operating profit divided by average invested capital (including intangibles) for last 12 months

Income statement

Year ended 31 December	2010	2009		CER ²
Continuing operations	£m	£m	Growth %	Growth %
Revenue	489.6	444.0	10.3	8.3
Adjusted¹ operating profit	75.0	56.2	33.5	28.9
Net finance charge	(10.4)	(10.0)		
Adjusted¹ profit before tax	64.6	46.2		
Intangible amortisation	(3.0)	(3.1)		
Restructuring/acquisition costs	-	(10.8)		
Profit before tax	61.6	32.3		
Income tax	(19.1)	(12.1)		
Profit from continuing operations	42.5	20.2		
Discontinued operations	6.8	(6.7)		
Non-controlling interests	(1.6)	(1.7)		
Earnings	47.7	11.8		

**2010 underlying³
tax charge of 31%
(2009: 31%)**

¹ Before intangible amortisation (2009: before intangible amortisation, major restructuring costs and exceptional acquisition fees)

² At Constant Exchange Rates

³ Underlying = % of (adjusted PBT less intangible amortisation). 2009 charge is net of a credit of £1.3m for tax relief on major restructuring costs

Segmental summary

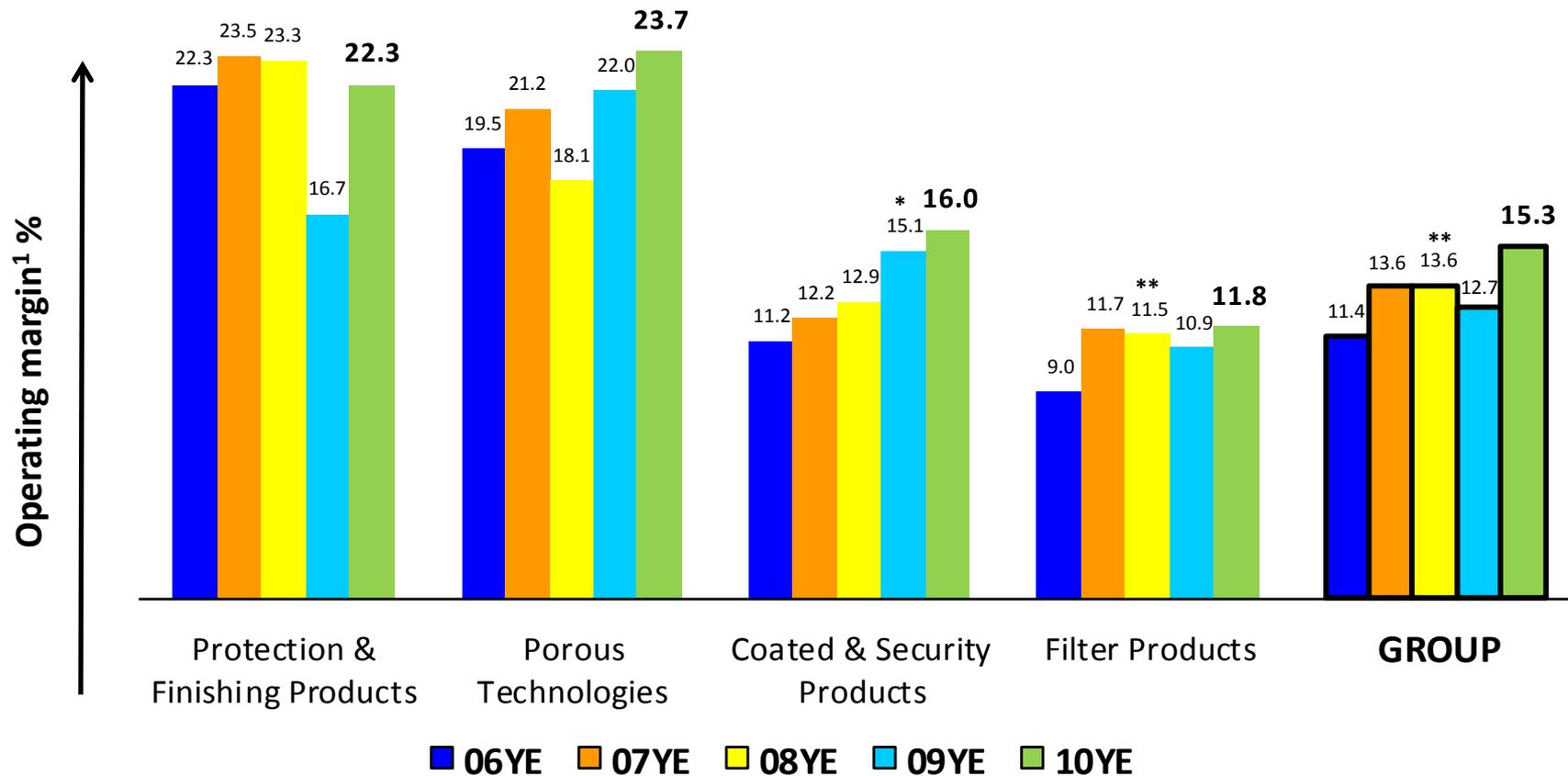
Year ended 31 December	Revenue				Adjusted ¹ operating profit			
	2010 £m	2009 £m	Growth %	CER ² Growth %	2010 £m	2009 £m	Growth %	CER ² Growth %
Continuing operations								
Protection & Finishing	129.1	95.3	35.5	35.0	28.8	15.9	81.1	81.1
Porous Technologies	74.7	66.0	13.2	14.0	17.7	14.5	22.1	22.1
Coated & Security	91.9	87.3	5.3	5.5	14.7	12.2	20.5	20.5
Filter Products	200.7	202.9	(1.1)	(4.8)	23.7	22.1	7.2	(1.7)
Central Services/Elims	(6.8)	(7.5)			(9.9)	(8.5)		
Group	489.6	444.0	10.3	8.3³	75.0	56.2	33.5	28.9

¹ Before intangible amortisation (2009: before intangible amortisation, major restructuring costs and exceptional acquisition fees)

² At Constant Exchange Rates

³ Growth is 7.6% excluding the impact of acquisitions

Operating margin¹ by segment – 5 year profile



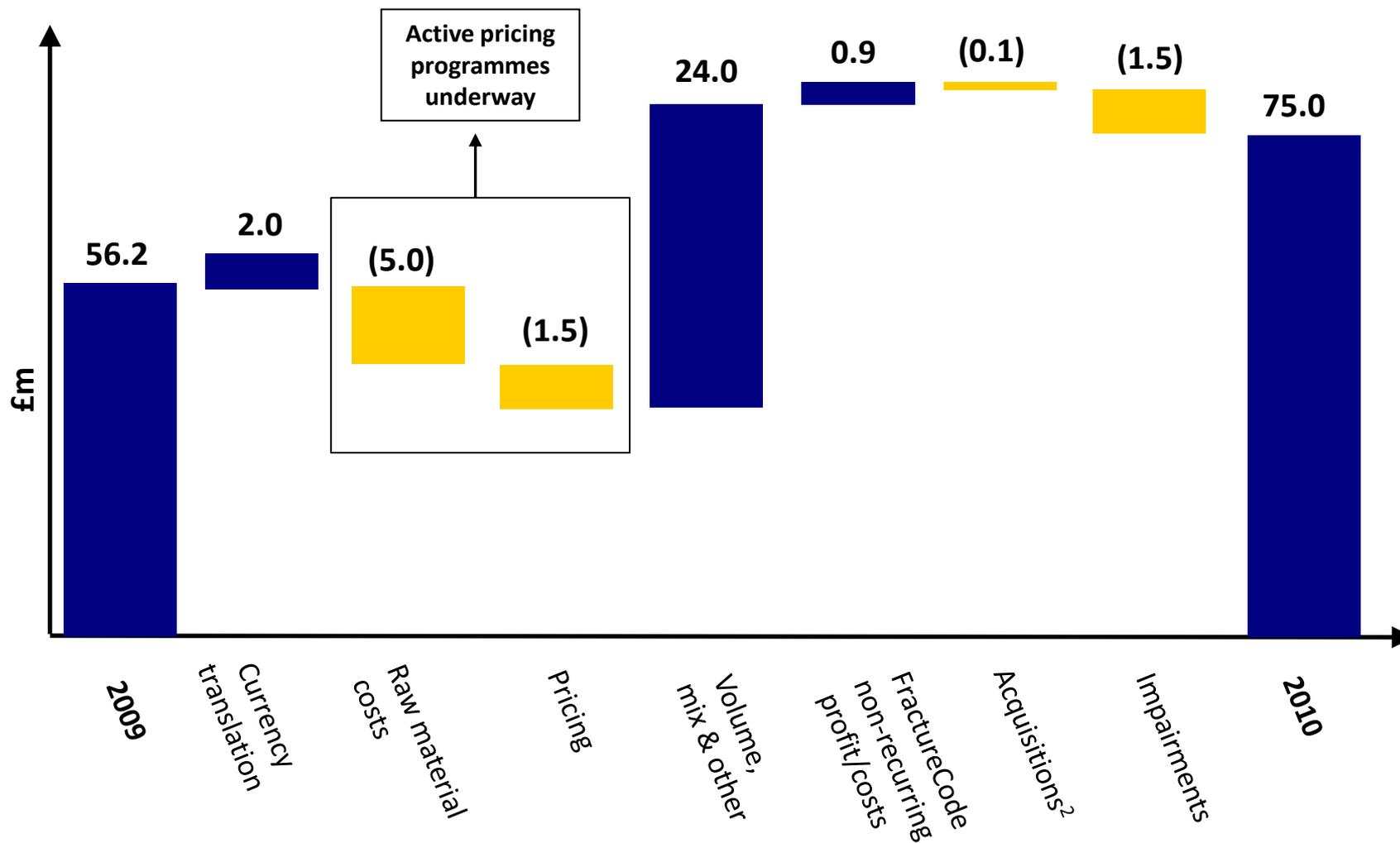
2010 margin growth in all divisions

¹ Adjusted operating profit divided by revenue

*normalised to eliminate impact of non-recurring income and profit of £0.7m in 2009

**excludes £1.0m Filter Products' restructuring in 2008

Operating profit¹ – key movements



¹ Continuing operations, before intangible amortisation (2009: before intangible amortisation, major restructuring costs and exceptional acquisition fees)

² Net of acquisition expenses

Net finance charge

Year ended 31 December	2010 £m	2009 £m	Δ £m
Finance charge			
Net interest charge on debt	9.1	7.0	2.1
Amortisation of bank fees	2.5	1.7	0.8
IAS 19 pension (credit)/charge	(0.6)	1.9	(2.5)
Deferred consideration	(0.6)	(0.6)	-
Net finance charge	10.4	10.0	0.4

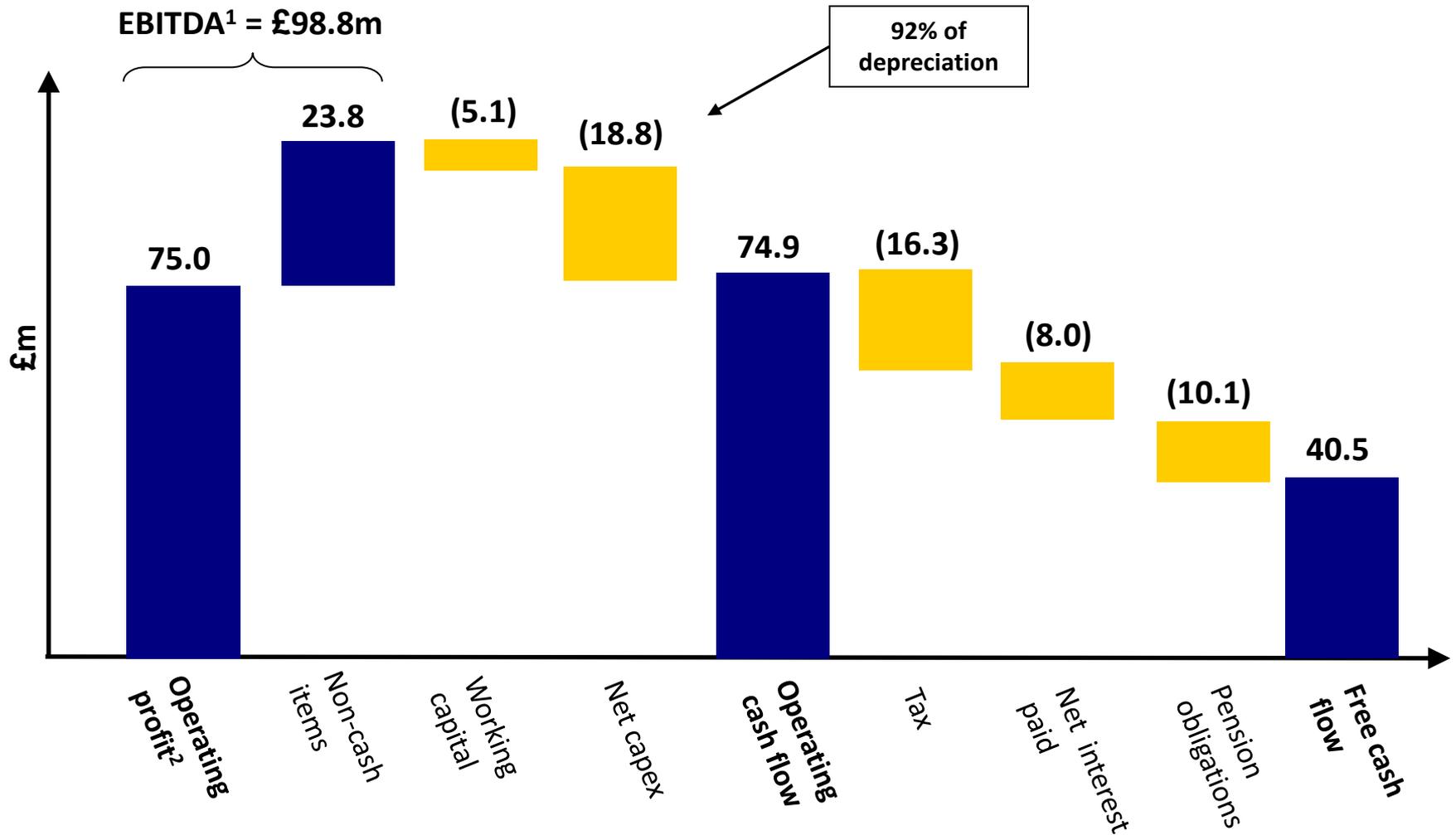
- Net finance charge for 2011 will include the full year impact of the fixed coupon on US Private Placement notes (issued in April 2010), however, offset by lower average debt level and lower fee amortisation.

Earnings per share/dividend per share

Year ended 31 December	2010	2009	Growth %
Weighted average number of shares	204.9m	204.2m	
Adjusted eps (continuing activities)	21.0p	14.8p	41.9%
Final dividend per share	6.0p	5.08p	18.1%
Full year dividend per share	9.0p	7.78p	15.7%

Dividend increase reflects growth in profits and cash generation

Cash flow analysis

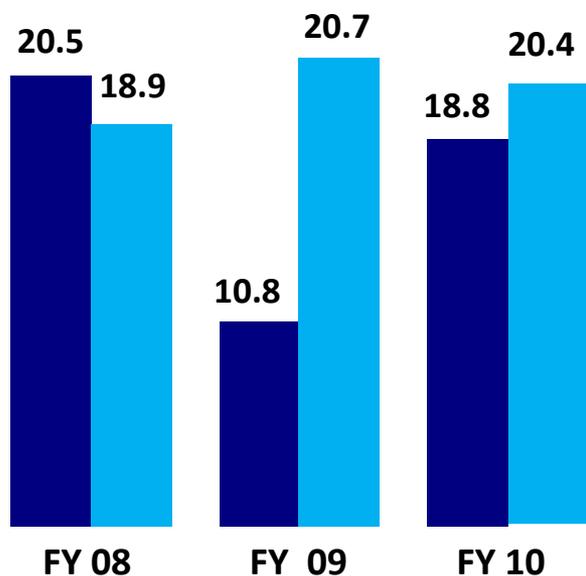


¹ Adjusted operating profit before depreciation, share option expense and other non-cash items

² Before intangible amortisation

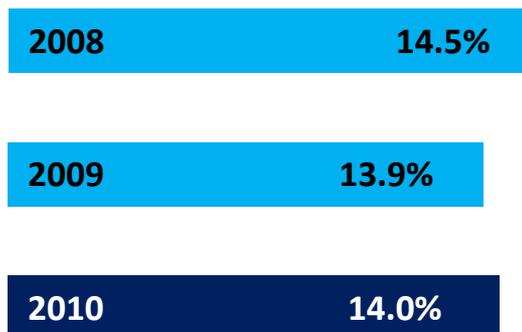
Capital expenditure and working capital

Net capex/depreciation¹ (£m)



■ Net capex
■ Depreciation

Working capital/revenue^{1,2}



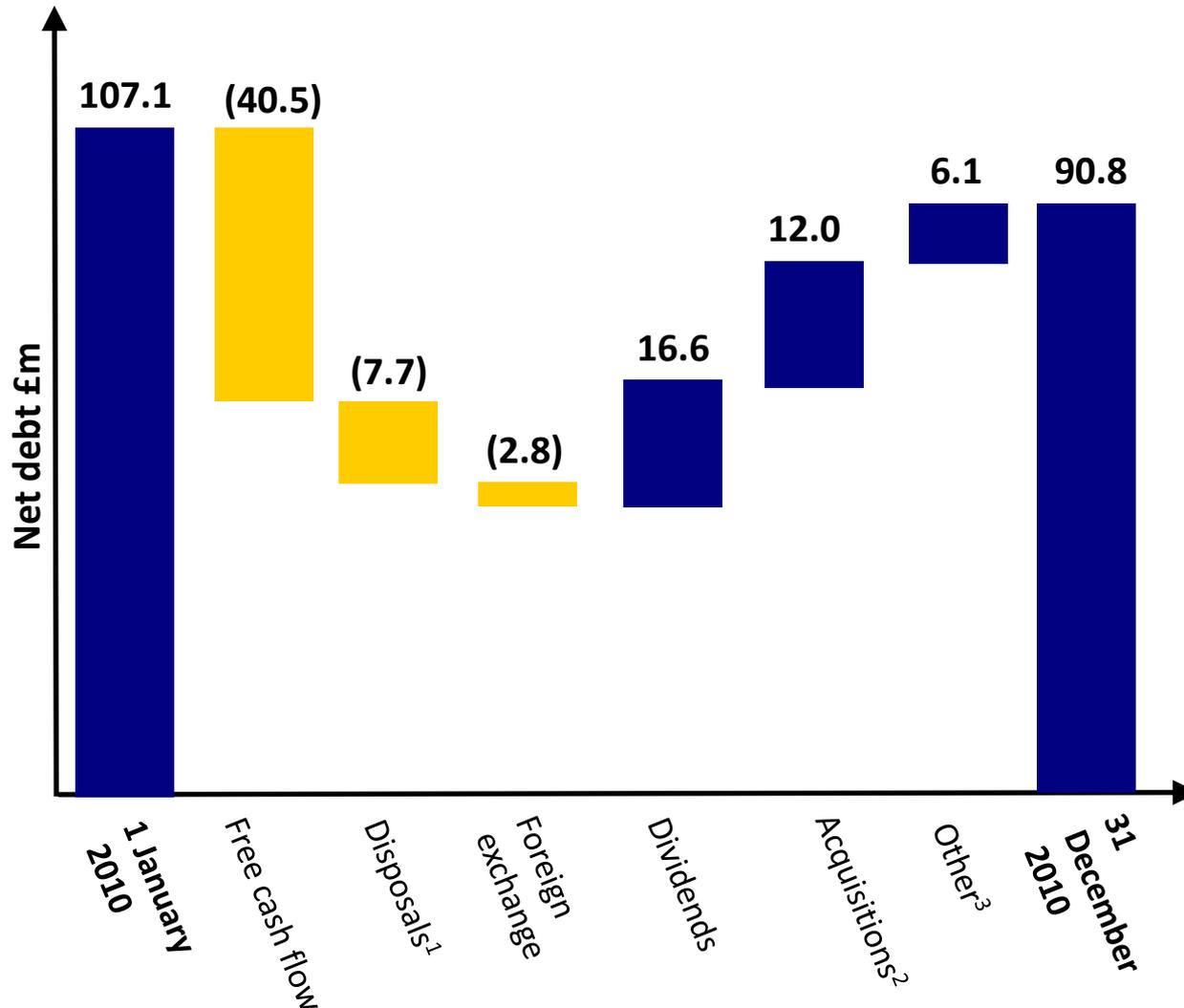
Capital expenditure anticipated to increase in 2011

Working capital ratios maintained through the cycle

¹ Continuing operations

² At constant exchange rates

Net debt reconciliation



Long-term financing

- Completed issue of US \$160m Private Placement notes in April
 - maturing in 2017 (\$80m) and 2020 (\$80m)
 - coupons of 5.37% and 5.91%

Net debt/EBITDA: 0.9x

Interest cover: 7.1x

¹ Receipt of deferred consideration on Globalpack (£2.7m) and early settlement of earn-out on disposal of North American Plastic Profile and Sheet business (£8.2m) less taxes paid (£3.2m)

² Acquisitions of BP Labels in February 2010 and Stera Tape in November 2010 (net)

³ Other includes major restructuring costs paid, employee trust shares, dividends to minority interests and other items

Balance sheet

As at 31 December	2010 £m	2009 £m
Property, plant and equipment	156.1	153.9
Intangible assets	107.3	98.1
Net working capital	65.5	60.5
Income tax/deferred tax	(22.9)	(21.1)
	306.0	291.4
Deferred consideration	6.0	8.3
Provisions	(4.1)	(6.4)
Net derivative liabilities	(2.1)	(2.5)
Pension deficit	(17.6)	(22.6)
Net debt	(90.8)	(107.1)
	197.4	161.1
Shareholders' funds	187.8	153.7
Non-controlling interests	9.6	7.4
Net equity	197.4	161.1

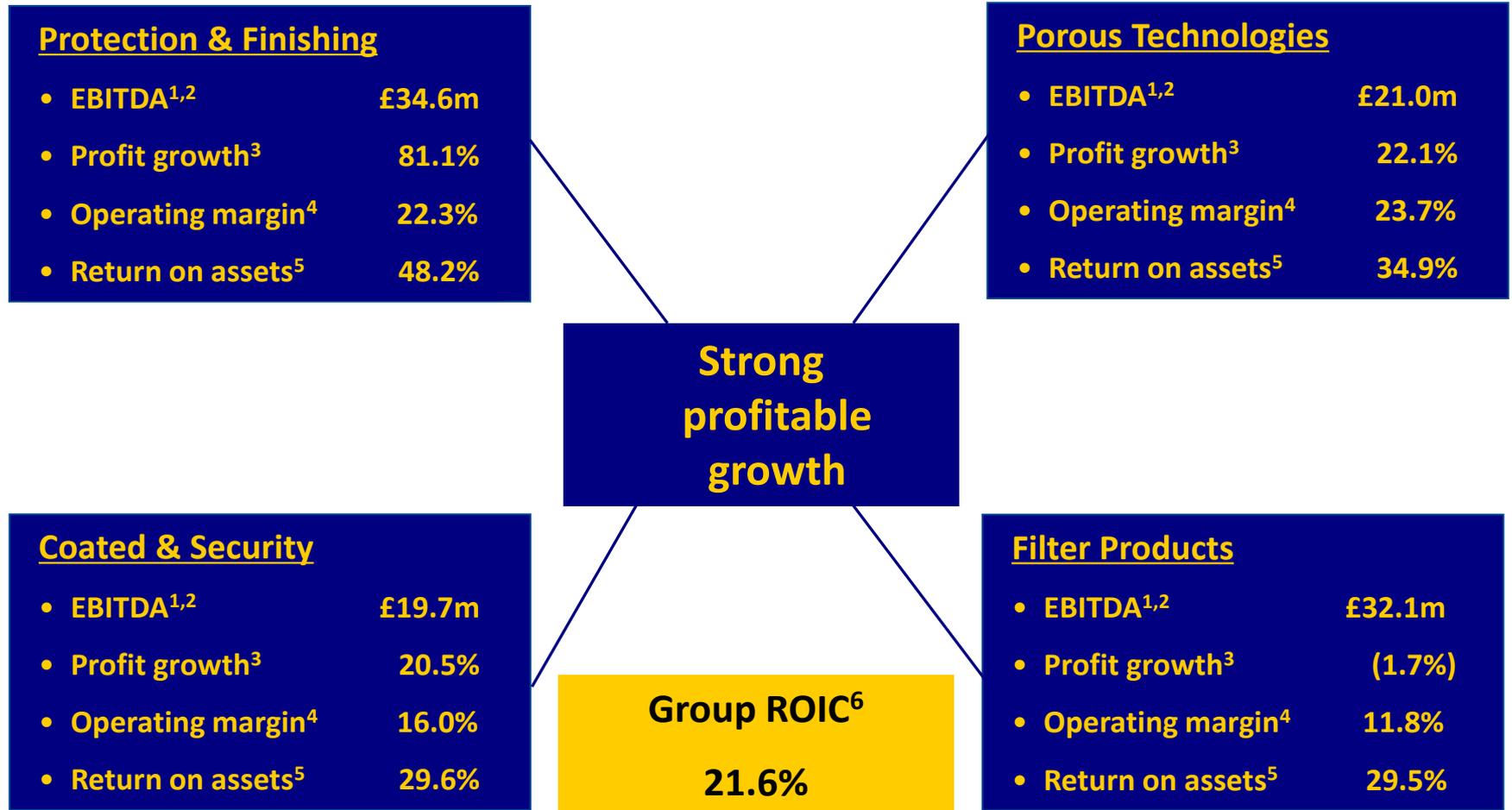
Intangible assets

- Includes BP Labels/Stera Tape

Pension deficit

- Updated to reflect asset values and contributions
- Changes made to actuarial assumptions
- Next triennial valuation on 5 April 2012

Financial summary



¹Excludes Central Services

²Adjusted operating profit before depreciation and share option expense

³Adjusted operating profit 2010 versus 2009 (at constant exchange rates)

⁴Adjusted operating profit divided by revenue

⁵Adjusted operating profit for last 12 months divided by the average invested capital (excluding intangibles) for last 12 months

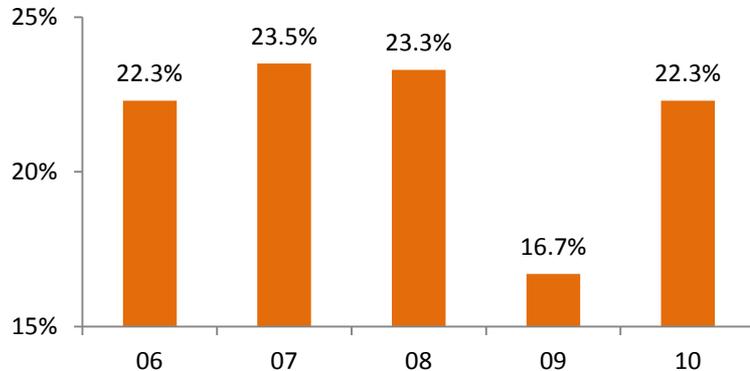
⁶Operating profit divided by average invested capital (including intangibles) for last 12 months

Operating Review - Mark Harper, Chief Executive

**A resilient, high quality, financially strong business
with growth momentum**

Protection & Finishing Products

Operating margin



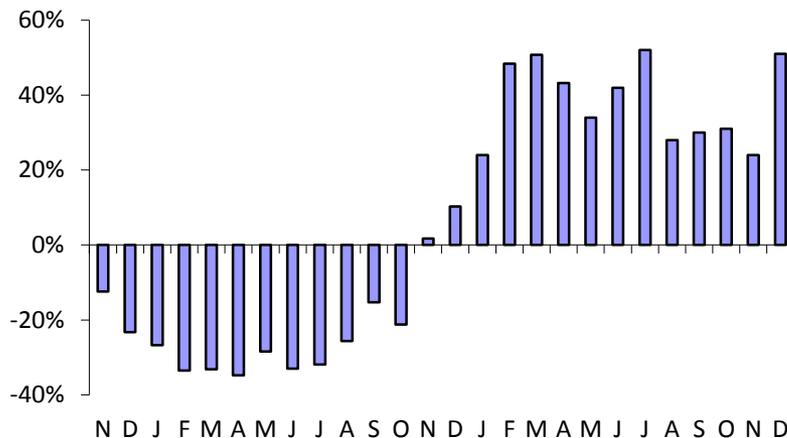
- Strong margin improvement

- enhancement in all businesses
- benefits of cost reductions
- operational leverage

- Good sales momentum

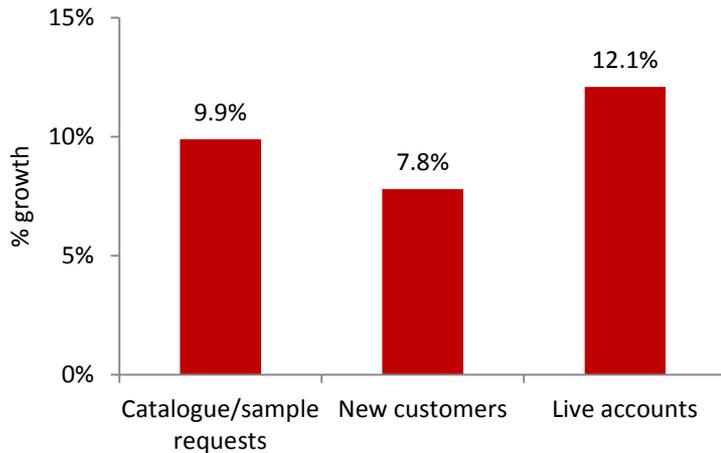
- all businesses trading well
- market share gains
- small emerging market operations growing rapidly
- benefits of wider product range
- pricing programme to recover raw material costs

Monthly order growth - % Δ prior year



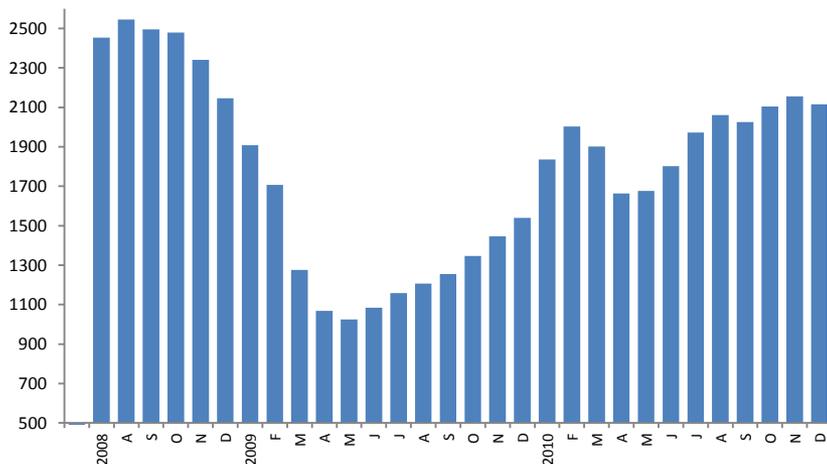
Protection & Finishing Products

Benefits of marketing investment*



*excludes MSI

North American rig count



- Continued gains from sustained marketing investment*
 - 27% of 2010 growth from accounts opened in last 12 months
 - 483,000 catalogue/sample requests
 - 27,700 new accounts
 - Live accounts c.87,000

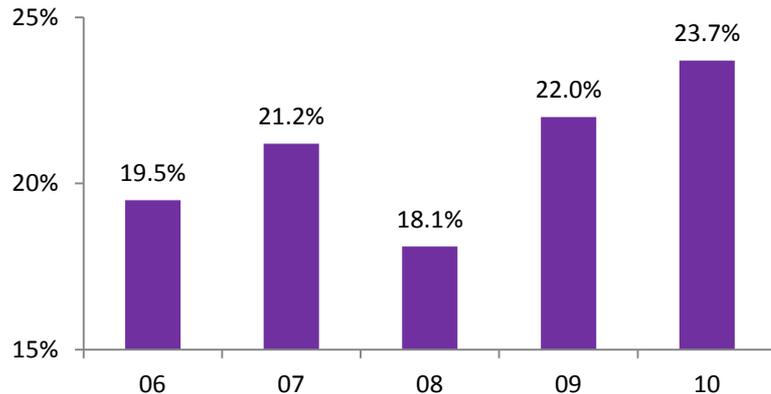
- Proprietary products now 71% of revenue

- MSI strength from cyclical upswing
 - rig count improvement
 - duties on imported Chinese pipe
 - shale gas drilling
 - Houston facility

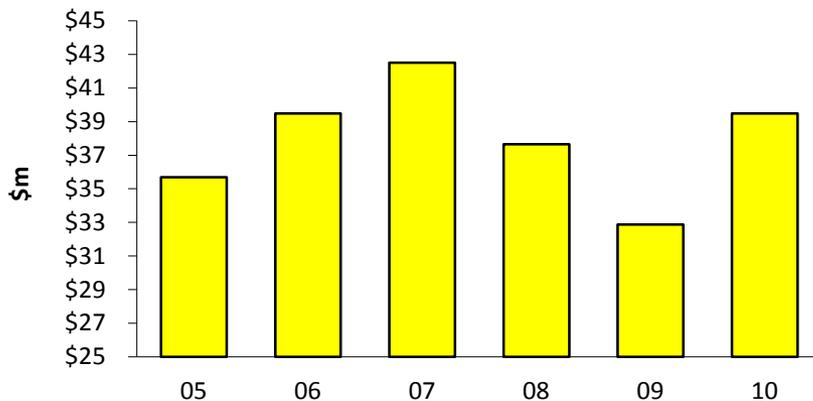
- Outlook

Porous Technologies

Operating margin



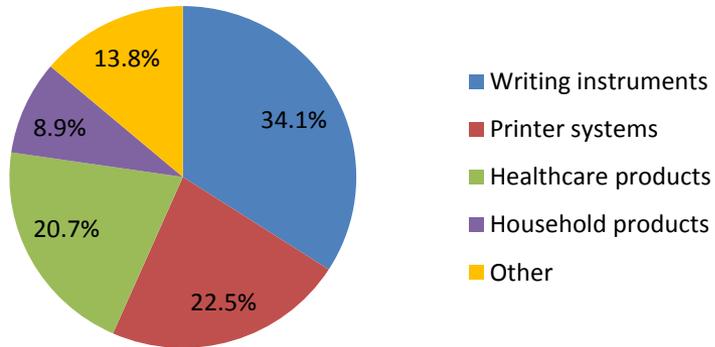
Writing instruments sales



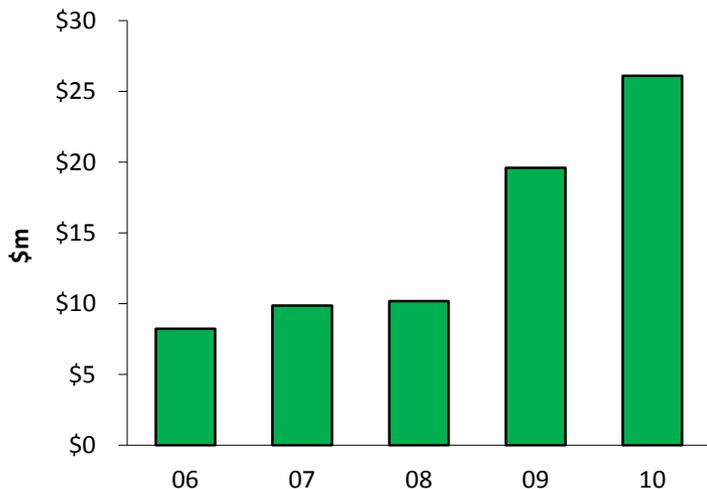
- Strong margins assisted by new products and benefits from intellectual property
- Revenue up 14.0% at constant exchange rates
- Good profit growth of 22.1% at constant exchange rates driven by revenue growth and mix
- Encouraging recovery in writing instrument reservoirs up 20.1%

Porous Technologies

% Revenue by end market



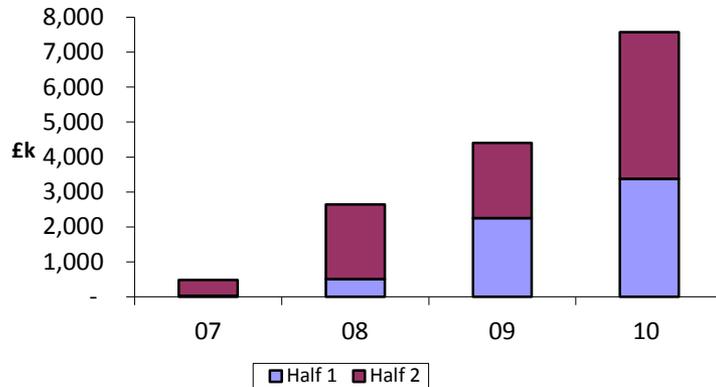
Printer system sales



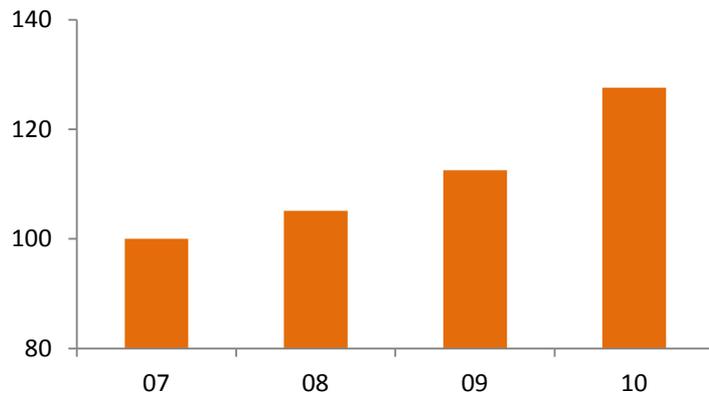
- 33.2% growth in printer systems
- Household products improved significantly in H2
- Capacity expansion completed in printer systems and foam
- Robust new product pipeline
- Outlook

Coated & Security Products

Authentication system revenue



Non-tobacco tape revenue

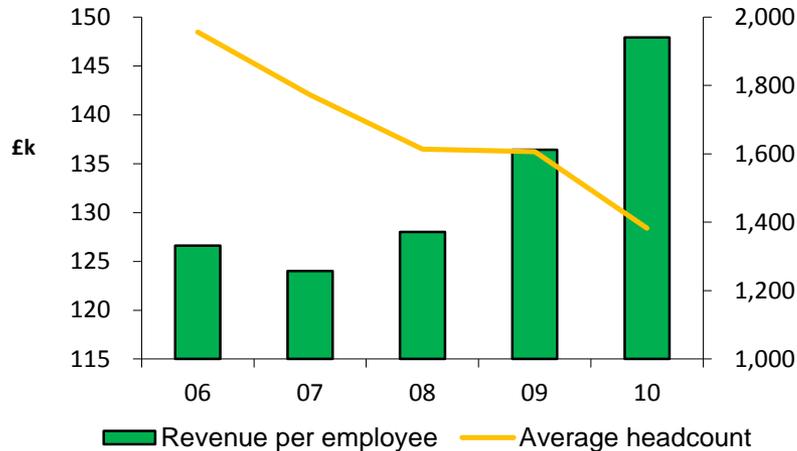


07HY – index value 100

- Good margin improvement
- Tear tape volumes up 2.0%
- encouraging growth outside tobacco
- Authentication system revenue up 72%
- BP Labels healthy new business pipeline
- Entor financial and operational improvement
- Outlook

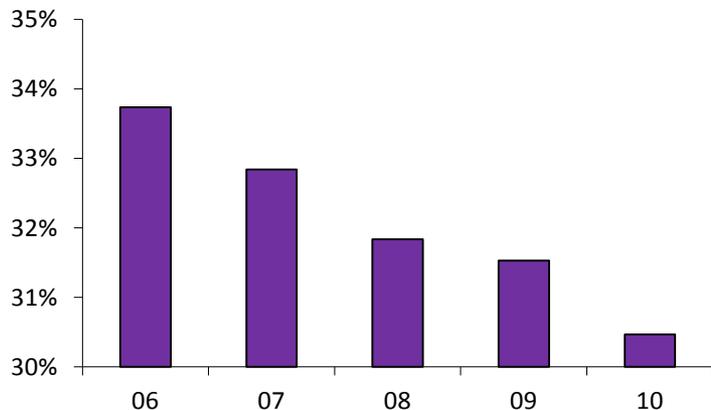
Filter Products

Revenue per employee and headcount



- Total volumes down by 2.9% versus 5.6% in H1
- Continued operational improvement and cost reduction
 - Jarrow restructuring completed
 - Headcount down 12.9%
 - Revenue per employee up 9%
 - Further 1% improvement in conversion cost % sales

Conversion cost % sales



- Exit from Venezuela completed
- New Thailand facility
- Success in developing new products and services continues
- Outlook

Summary and Outlook

Excellent 2010 performance

- Strong growth in revenue, profit and cash flow
- Positive progress in operational metrics
- Significant improvement in margins and earnings per share

Strategic progress

- Sustained marketing and R&D spend
- Further market share gains and success with new product commercialisation
- Acquisition of BP Labels and Stera Tape

Outlook

- Business well positioned
- Early 2011 trading encouraging

A strong business well positioned for further growth



Filtrona plc Year End Results

Year ended 31 December 2010

