

Filtrona plc

Strategy Presentation: Protection & Finishing Products Division

Rob Purcell

15th June 2012

Agenda



- 1. About Protection & Finishing Products**
- 2. Market trends**
- 3. Delivering Vision 2015 objectives**

What we do



- Global leading manufacturer, distributor and supplier of high volume essential components:
 - Plastic injection and vinyl dip moulded items
 - Metal items
 - Pressure sensitive tapes
- Over 100,000 products, predominantly proprietary NOT customised
 - Sell > 81 million units per week
- Key competitive advantages:
 - Breadth of range
 - Breadth of customers
 - Inventory & logistics
 - Tool library
 - Catalogues & marketing techniques
 - Integrated IT systems



Providing comprehensive, easy & reliable service

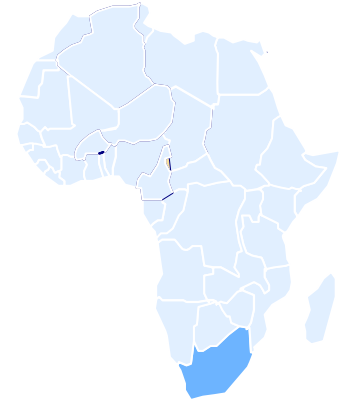
Where we do it & who for



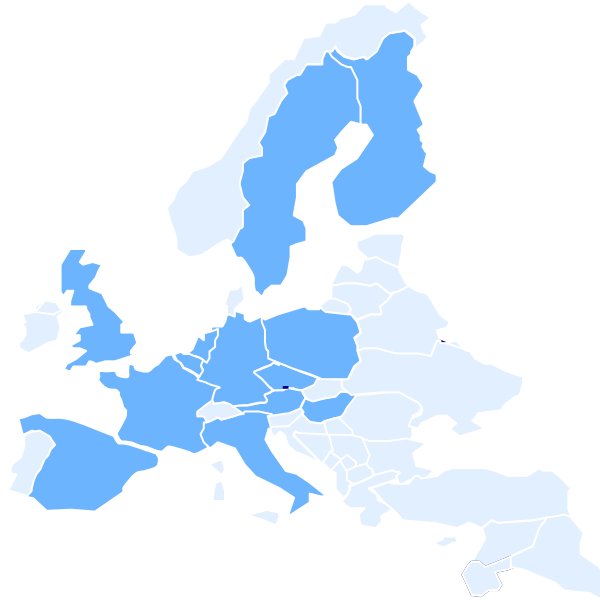
North America



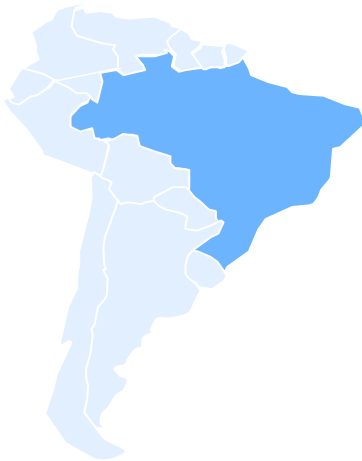
Africa



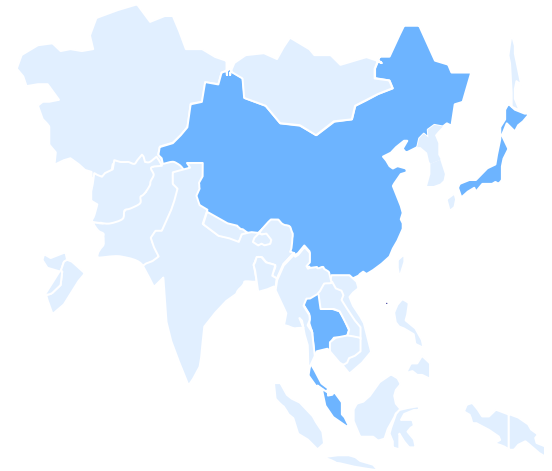
Europe



South America



Asia



Supplier to >120K live accounts with operations in 21 countries

Market trends



**Manufacturing
GDP growth rate**



Just-in-time delivery



**Manufacturing →
standardisation**



Increasing labour costs



Industry specification

Large, fragmented, ill-defined market for customers & suppliers

* Management estimate

Identify key new product opportunities



Range expansion
c. 1,000 products pa
per business



Globalise successful
local products
Eg, Stera Tape in the US

Manufacturing GDP growth rate
Manufacturing → standardisation
Just-in-time delivery
Increasing labour costs
Industry specification



Enter new & adjacent product markets
Eg, Point of Sale



Develop new sectors
for existing customer
base
Eg, hardware



Launch compliant new
products
Eg, MaxX range of MSI thread
protectors

Key = service & range development

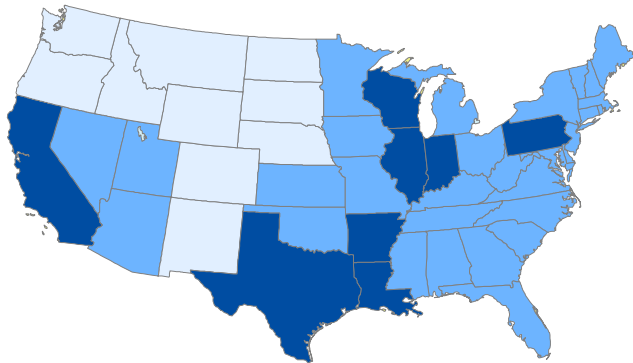
Strengthen organisational structure & talent base



- Common GTM strategies, systems and business philosophy allows free movement of talent
 - Will be facilitated by new divisional HR function
- Regionalisation of Component Distribution post-Reid / Richco acquisitions allows greater focus
- Long-term recruiter and developer of graduate talent
 - Highest ever intake in 2012

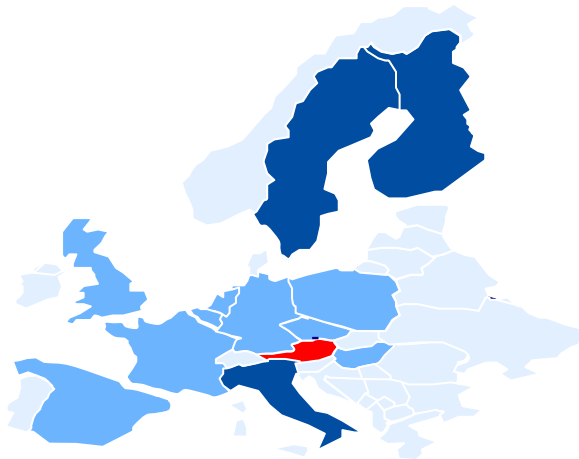
Structure reflects focus on key end-market dynamics

Focus on faster growing markets / economies



NOTE: Illustrative only, not to scale. Dark blue shading denotes 1 day's transit time, mid-blue represents 2 days and light blue 3 days

- Expand in poorly served areas of large territories
 - Duraco: Los Angeles, New Jersey
 - Alliance: Albany
 - Moss: Xiamen



NOTE: Mid-blue shading denotes existing P&FP countries, dark blue shading represents new markets entered via Richco acquisition and red shading shows recent adjacent territories

- Build in adjacent territories
 - Austria
- Develop completely new territories
 - Eg, Component distribution in India, Australia, Turkey
 - Eg, MSI in Central Europe

A balance of speed, cost & Return on Capital

Identify value-creating, complementary M&A



Filtrona's M&A scorecard ...

... in the context of Protection & Finishing Products

PLACE:

- Expand geographic coverage
- Increase penetration in existing markets

PRODUCT & MARKETS:

- Standard product orientation, or the ability to develop one
- Complementary products to leverage cross-selling opportunities through existing infrastructure
 - Eg, hardware
 - Eg, fasteners
 - Eg, seals
- New markets
 - Eg, Duraco in point of purchase

PEOPLE:

- Local knowledge in new markets
- Product knowledge
- Technical commercial expertise
 - Eg, e-commerce

A strong complement to our organic growth strategy

Invest in improving operational excellence & execution



New 136,000 square-foot MSI facility in Houston

- Concentration of manufacturing on limited well-invested locations
 - Recent opening of new state-of-the-art MSI facility in Houston
- Improved service levels through one integrated e-commerce platform
- Supply chain development
 - Common infrastructure for multiple Go To Market strategies
- Systems standardisation and development
- Re-tooling programmes

Focus on reducing cost AND enhancing customer service

Conclusion



Vision 2015 objectives ...

Identify key new product opportunities

Strengthen organisational structure & talent base

Focus on faster growing markets / economies

Identify value-creating M&A opportunities

Invest in improving operational excellence & execution

... and some examples of what we're doing

- Continued product range development
- Leverage cross-selling opportunities
- Facilitating greater focus on key end-markets
- Divisional HR function being established
- Continued recruitment and development of graduate talent
- Investment in new site openings re-instated
- Richco and Reid acquisitions consistent with Filtrona's "3Ps" criteria
- Increased capacity at MSI
- Further development of e-commerce platform

Already delivering vs Vision 2015 objectives



Questions



Appendix



Rob Purcell - Managing Director, Protection & Finishing Products

Rob Purcell joined Filtrona in 1996 as Managing Director of the Moss plastic parts business from Low and Bonar, where he had been Managing Director of its technical textiles business. Rob was appointed to his current role in 2003, and was a Trustee of the Filtrona Senior Pension Scheme for a number of years.

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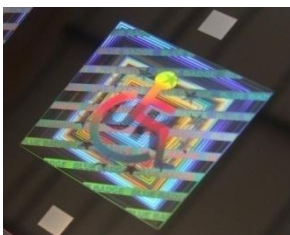
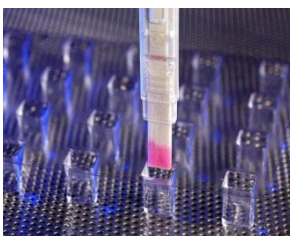
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