



INTERIM RESULTS  
**2013**  
investing in innovation

**AVON**  
Avon Rubber p.l.c.

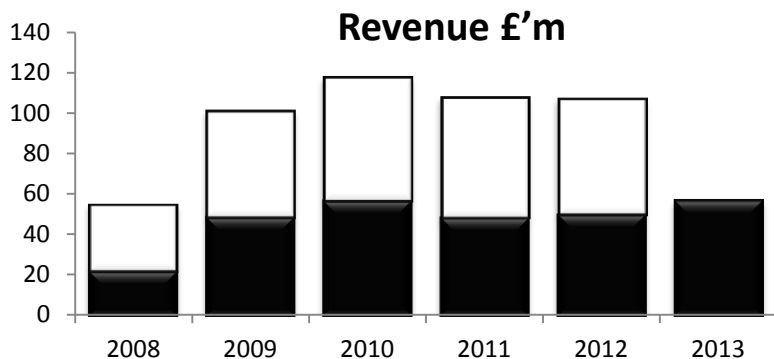


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Peter Slabbert  
Chief Executive

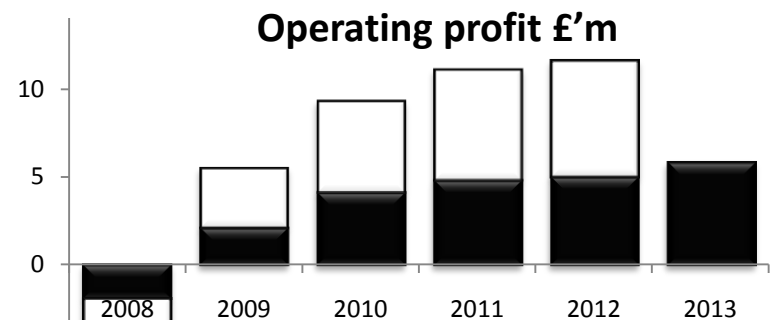
**AVON**  
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## FINANCIAL HIGHLIGHTS



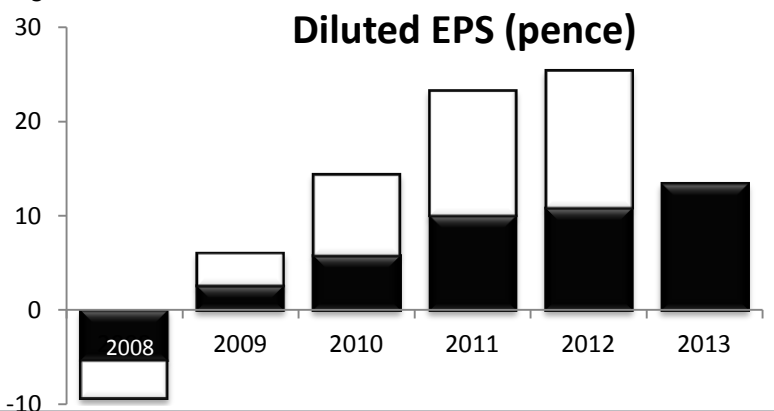
□ H2  
■ H1

- Operating profit growth of 17% and profit after tax up 26%
- Diluted earnings per share up 24%
- 132% conversion of operating profit to operating cash inflow
- Interim dividend of 1.44p per share up 20% reflecting confidence in future earnings




□ H2  
■ H1

## OPERATIONAL HIGHLIGHTS

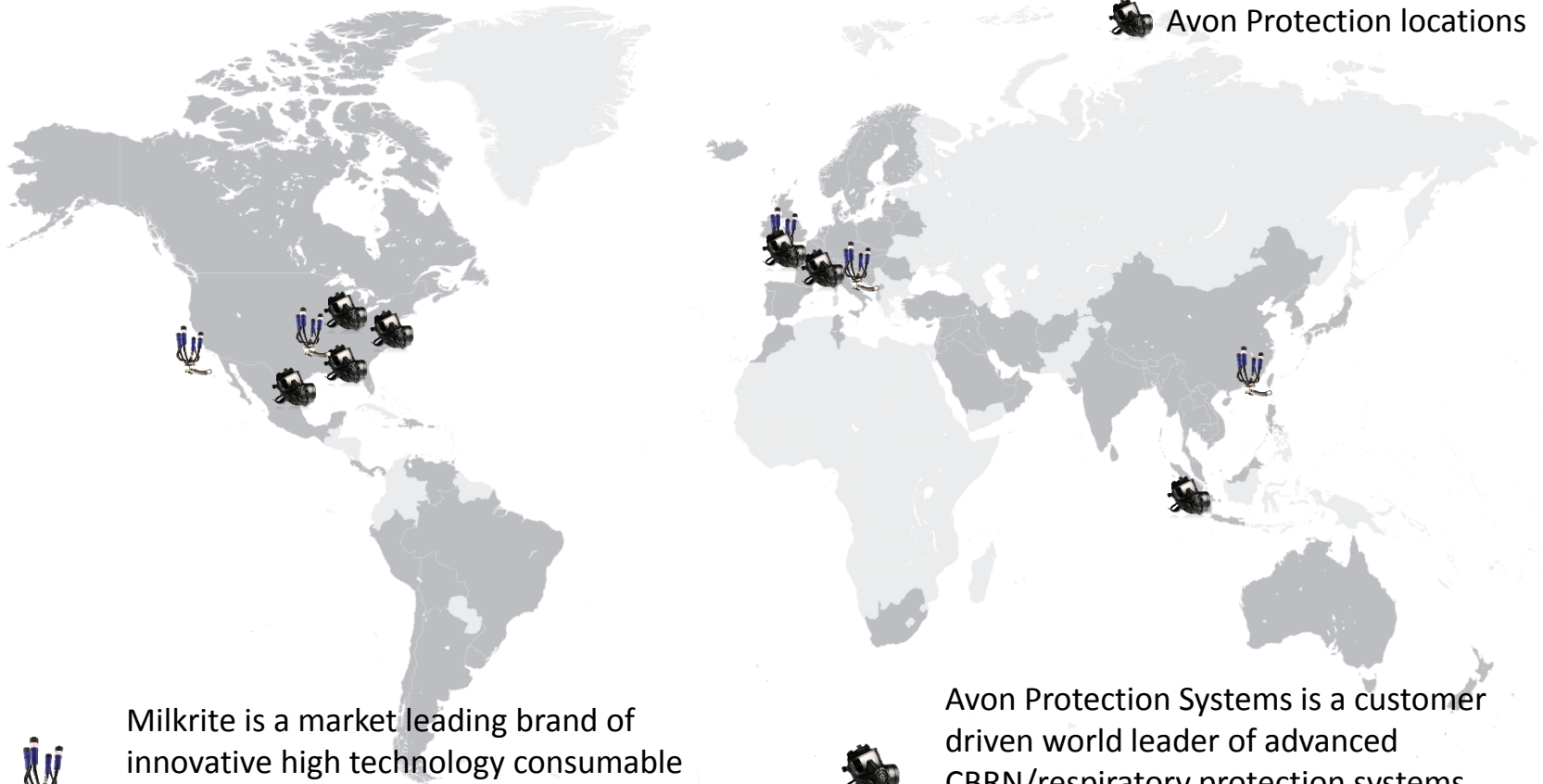


□ H2  
■ H1

- Order intake in Protection & Defence up 10% to £40m. Closing order book of £40m with £34m for delivery in 2013
- Continued growth in non-DoD sales both from strong brought forward order book and order intake ahead of the comparative period
- Growth in DoD respirator and filter sales
- Market share of Impulse Air mouthpiece vented liner reached 18% in the United States
- 6% of revenue invested in new products and new markets

 Avon Dairy Solutions/Milkrite locations

 Avon Protection locations



Milkrite is a market leading brand of innovative high technology consumable products supplying the growing dairy industry around the globe



Avon Protection Systems is a customer driven world leader of advanced CBRN/respiratory protection systems delivering quality, reliability, performance and value to military and first responders



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Andrew Lewis  
Group Finance Director

**AVON**  
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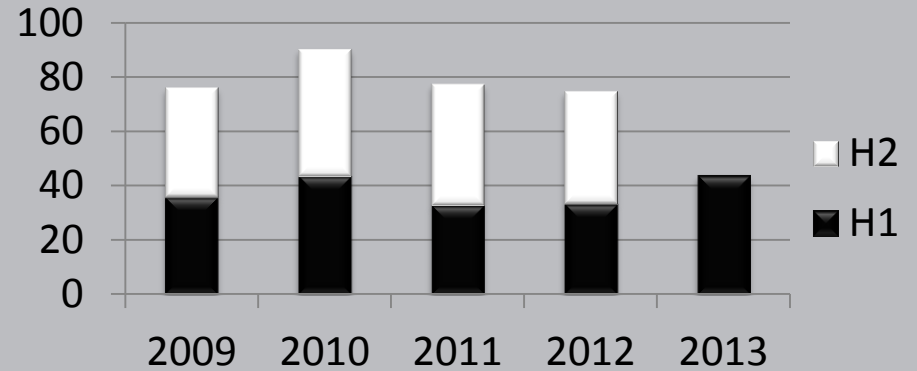
# GROUP INCOME STATEMENT

		2013 Interim (Unaudited) £'m	2012 Interim (Unaudited) £'m	2012 Full Year (Audited) £'m
Revenue	↑ 20%	59.6	49.6	106.6
EBITDA	↑ 16%	8.4	7.2	16.4
Depreciation and amortisation		(2.6)	(2.2)	(4.8)
<b>Operating profit</b>	↑ 17%	5.8	5.0	11.6
Interest expense		(0.2)	(0.2)	(0.2)
Other finance income / (expense)		0.1	(0.2)	(0.4)
<b>Profit before taxation</b>	↑ 24%	5.7	4.6	11.0
Taxation		(1.6)	(1.3)	(3.2)
<b>Profit for the period</b>	↑ 26%	4.1	3.3	7.8
<b>Earnings per share</b>	↑ 24%	14.0p	11.3p	26.9p
<b>Diluted earnings per share</b>	↑ 24%	13.4p	10.8p	25.4p

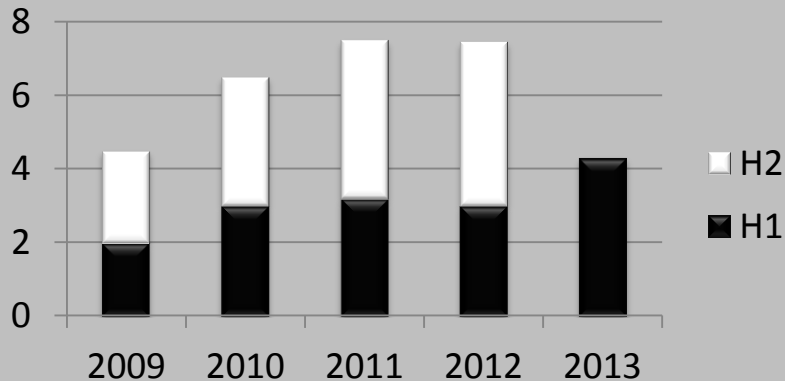
## FINANCIALS

	2013 Interim £'m	2012 Interim £'m	2012 Full Year £'m
Revenue	43.5	33.2	74.6
EBITDA	6.6	5.0	11.6
Operating profit	4.3	3.0	7.5

## REVENUE £'m



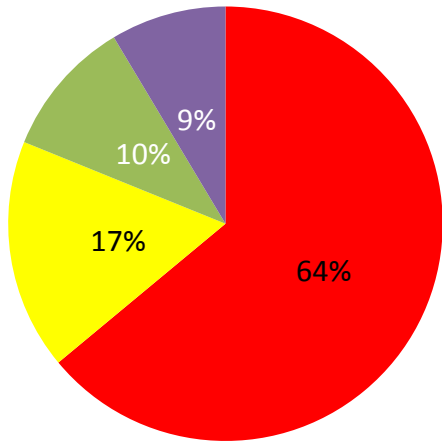
## OPERATING PROFIT £'m



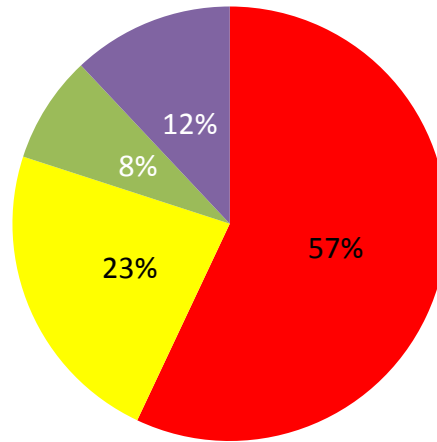
## PERFORMANCE DRIVERS

- ❑ Growth in sales of DoD mask systems (111,000) and filters (266,000)
- ❑ Growth in non-DoD sales both from strong brought forward order book and strong order intake up 64%
- ❑ Growth in revenue at AEF and other DoD spares
- ❑ Closing order book of £40m with £34m for delivery in 2013

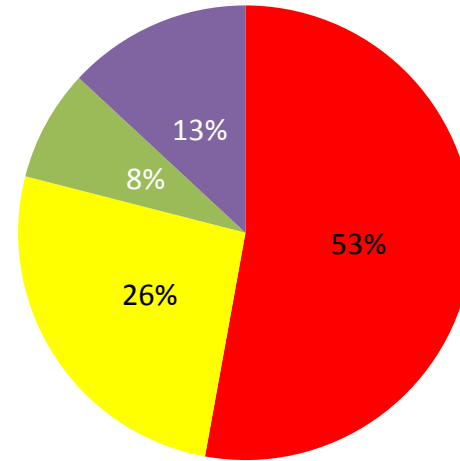
2012 H1 £33.2m



2012 FY £74.8m

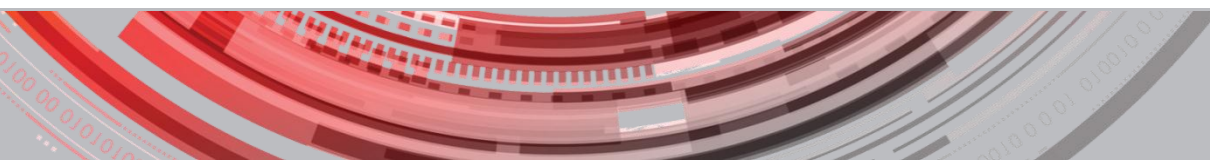
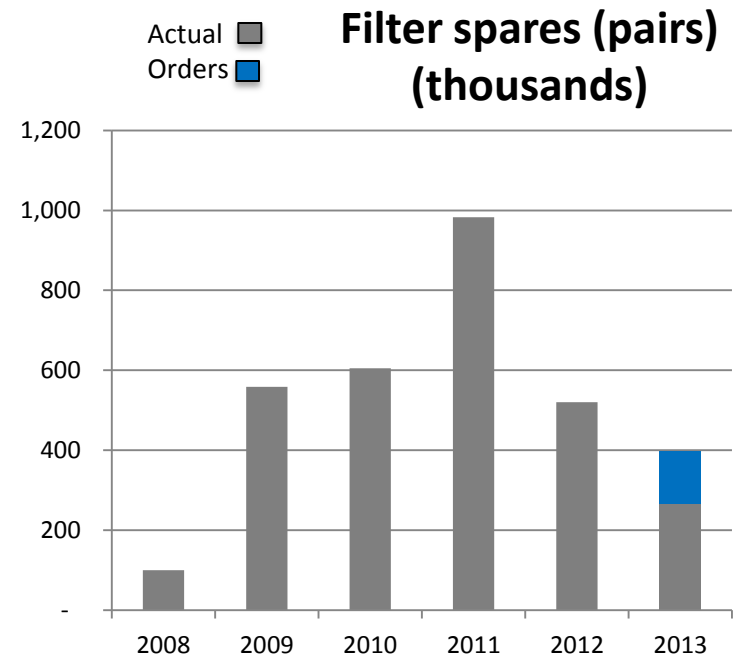
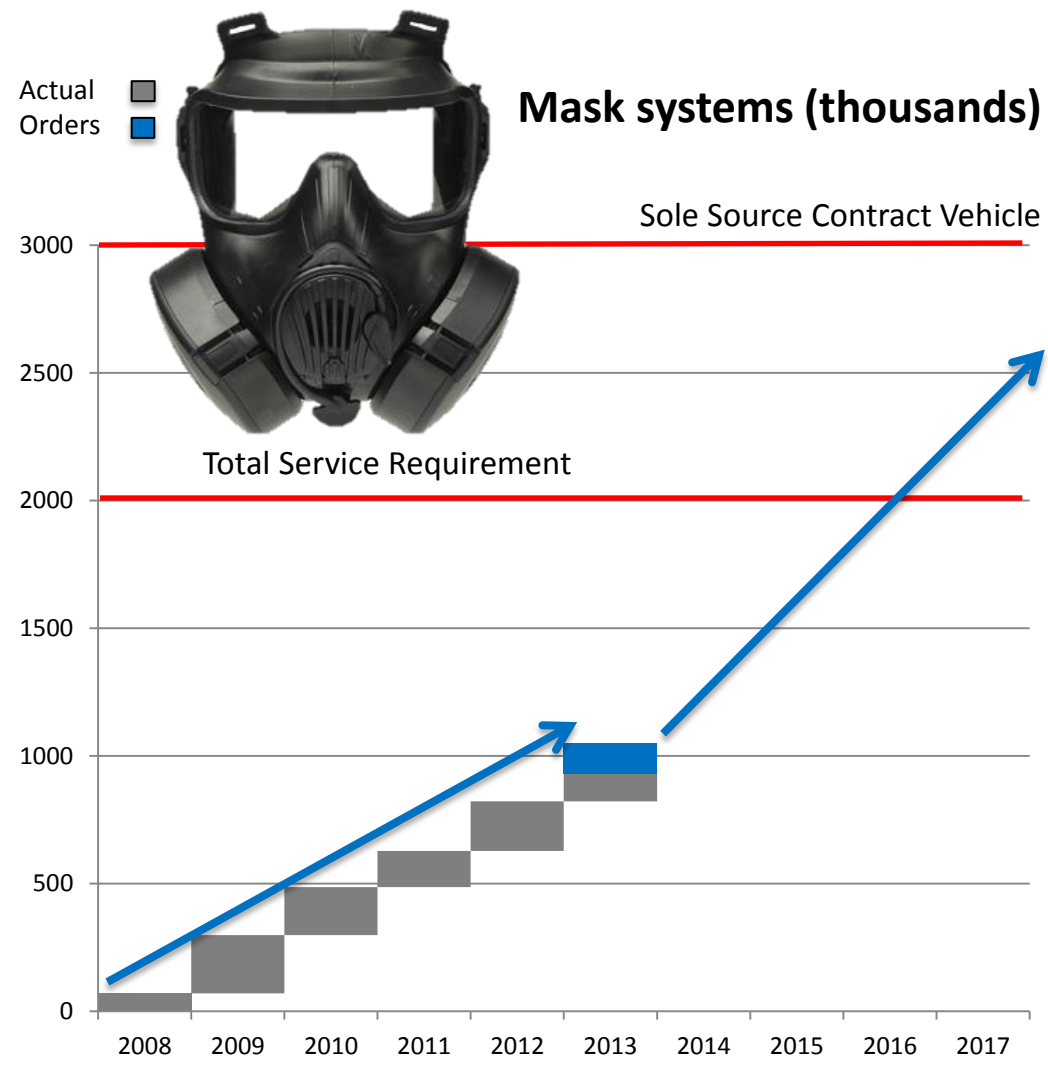


2013 H1 £43.5m



- DoD sales have grown in absolute terms but are a smaller percentage of the larger absolute revenue in H1 2013
- Strong non DoD sales and order intake
- Growth in lower margin AEF and DoD spares sales

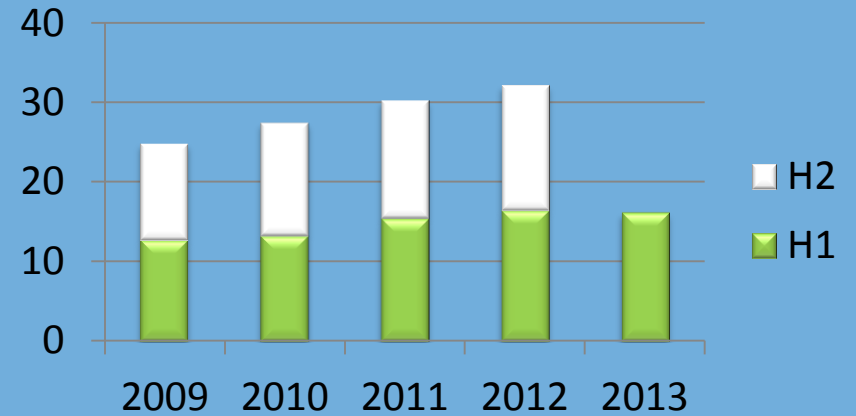




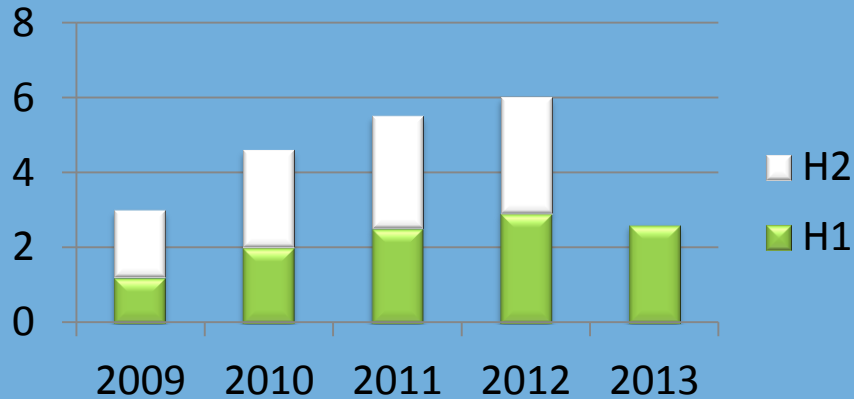
FINANCIALS

	2013 Interim £'m	2012 Interim £'m	2012 Full Year £'m
Revenue	16.1	16.4	32.1
EBITDA	2.9	3.2	6.5
Operating profit	2.6	2.9	6.0

REVENUE £'m



OPERATING PROFIT £'m



PERFORMANCE DRIVERS

- Impulse Air liner reached 18% market share in North America
- Lower milk prices and higher feed costs led to fluctuating demand for our consumable products
- Impact of increased investment in infrastructure
- Cluster Exchange programme and new claw launches scheduled for the second half

# US\$ TRANSLATION HAS HAD NO IMPACT THIS PERIOD

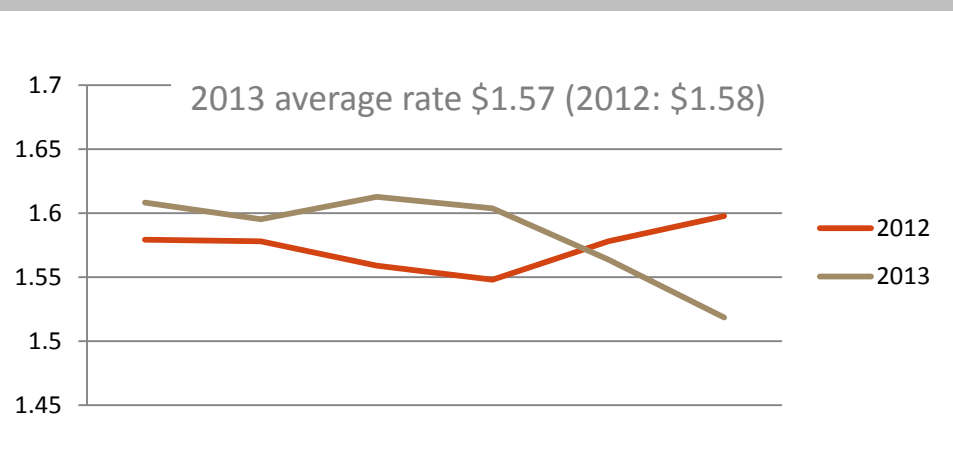
## GROUP

	2013 Interim £'m	2012 Full Year restated at 2013 rates £'m	2012 Interim £'m
Revenue	59.6	49.8	49.6
EBITDA	8.4	7.2	7.2
Operating profit	5.8	5.0	5.0

## PROTECTION & DEFENCE

	2013 Interim £'m	2012 Full Year restated at 2013 rates £'m	2012 Interim £'m
Revenue	43.5	33.3	33.2
EBITDA	6.6	5.0	5.0
Operating profit	4.3	3.0	3.0

## US DOLLAR RATES (OCTOBER-MARCH)



## DAIRY

	2013 Interim £'m	2012 Full Year restated at 2013 rates £'m	2012 Interim £'m
Revenue	16.1	16.5	16.4
EBITDA	2.9	3.2	3.2
Operating profit	2.6	2.9	2.9

	2013 Interim £'m	2012 Interim £'m	2012 Year £'m
Cash generated from operations	7.7	6.2	14.7
Tax	(0.9)	0.2	(0.3)
Interest	(0.1)	(0.2)	(0.3)
Payments to pension scheme	(0.3)	(0.2)	(0.6)
Capital expenditure	(4.5)	(3.6)	(9.5)
Purchase of own shares	(1.8)	-	(0.3)
Dividends to shareholders	(0.7)	(0.6)	(0.9)
Exchange and other	(0.6)	0.2	0.3
Movement in net debt	(1.2)	2.0	3.1
Opening net debt	(8.7)	(11.8)	(11.8)
<b>Closing net debt</b>	<b>(9.9)</b>	<b>(9.8)</b>	<b>(8.7)</b>

R&D cash £3.7m (2012: £2.8m) **↑ 32%**

Customer funded  
£0.8m

+

Avon funded £2.9m

Protection and Defence  
7% of sales  
£2.6m

Dairy  
2% of sales  
£0.3m

Development costs capitalised £2.2m  
Balance Sheet

R&D expensed £0.7m  
Income Statement

Capitalised  
development costs

Development costs  
amortised £0.6m

P&L Charge  
£1.3m

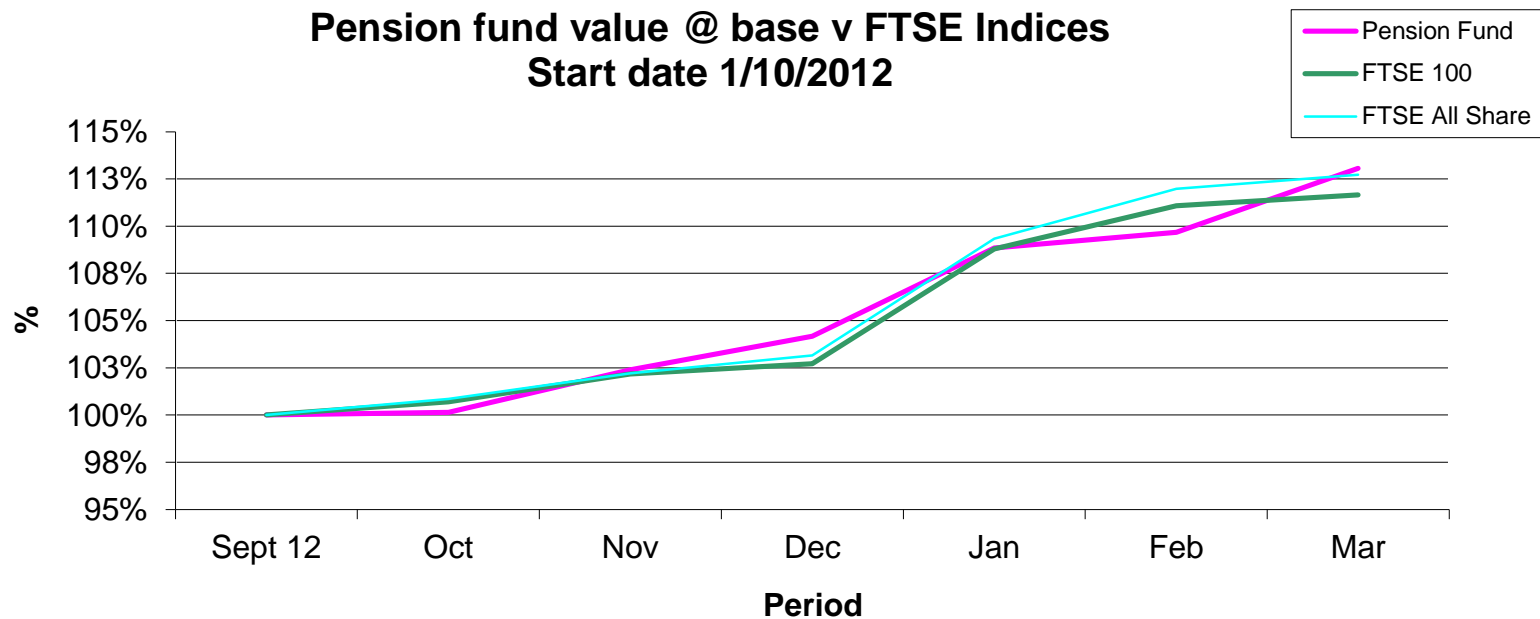
# SUMMARY BALANCE SHEET

	<b>2013 Interim £'m</b>	2012 Interim £'m	2012 Year £'m
Intangible assets	<b>15.6</b>	11.1	13.3
Property, plant and equipment	<b>19.6</b>	16.8	17.8
Current assets	<b>36.0</b>	29.0	30.2
Current liabilities	<b>(27.1)</b>	(18.9)	(21.5)
Non-current liabilities	<b>(5.0)</b>	(5.4)	(5.0)
	<b>39.1</b>	32.6	34.8
Net debt	<b>(9.9)</b>	(9.8)	(8.7)
	<b>29.2</b>	22.8	26.1
Retirement benefit scheme surplus / (deficit)	<b>1.8</b>	2.0	(2.2)
Net assets	<b>31.0</b>	24.8	23.9

IAS19 31 March 2013

- ❑ Moved from a deficit of £2.2m at 30 September 2012 to a surplus of £1.8m at 31 March 2013
- ❑ Strong asset performance as investment strategy performed well. This offset the higher liabilities caused by a lower discount rate and higher inflation assumptions
- ❑ Income statement shows a £0.1m credit (2012: £0.2m charge) reflecting the lower AA corporate bond rate at 30 September 2012

**Pension fund value @ base v FTSE Indices**  
**Start date 1/10/2012**





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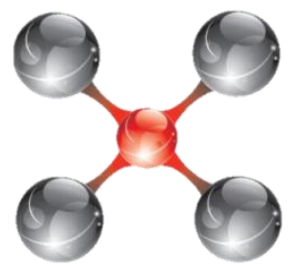
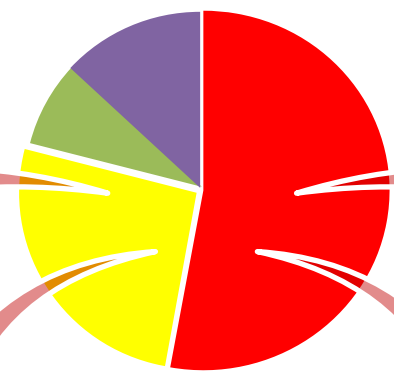
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10 Year DoD sole source contract

Investment in Sales and Distribution Capability

Research and Development Investment



**FUSION**

**Global Customer Base**

**JSAM**

**EEBD / VR Technology**

**Product Strategy Delivers:**  
**Unique modular approach to respiratory protection**  
**Multi-community interaction through common Avon products**  
**Total market coverage for all Fire, Military and First responder community**



✓ **Filter Products**  
 MilCF50 available  
 NIOSH approval due H2 2013  
 Riot Filter approval H2 2013



**FM54 & Law Enforcement SCBA**  
 Development in progress  
 Expected launch in 2014



✓ **Deltair**  
 Undergoing NFPA certification testing  
 Launched at 2013 FDIC Show  
 Available for sale Q4 2013



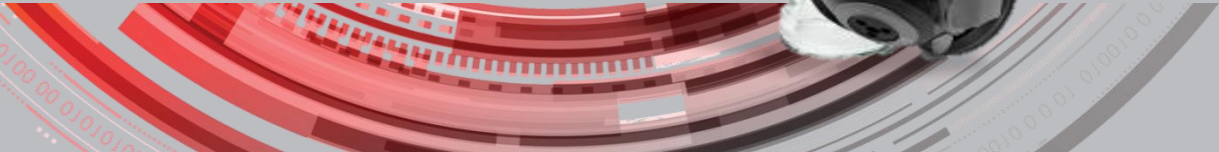
**Avon Air System**  
 PAPR Belt Module & combination hose  
 EZAir Plus (CBRN hardened)  
 CE & NIOSH approvals expected in 2014



✓ **PC50**  
 NIOSH approved



**PC50 with EZAir**  
 Development complete  
 Expected launch in 2014



## MARKET ENVIRONMENT



- US Budgets under pressure post sequestration
- New programmes at risk
- Reducing Homeland Security funding in North America
- Middle East, South American and Asian growing demand
- Complacency due to lack of events
- Middle East tension
- Regulation – standard driven

## GROWTH DRIVERS



- Personal protection a priority
- Established success of sole source JSGPM programme
- Superior and growing technology platform
- Aircrew (JSAM) programme – awaiting bid outcome
- Navy rebreather programme – expected bid September 2013
- Operational efficiencies
- Replacement of post 9/11 purchases due to product lifecycle
- Events

OEM supplier



Innovation and Further Product Investment



Investment in Sales & Product Management Resource



OEM Liner

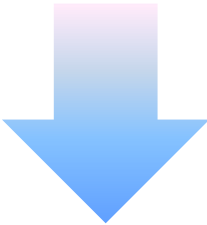
Milkrite Liner

Triangular Technology

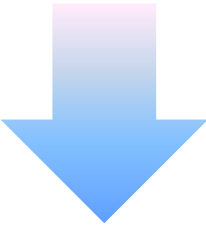
Impulse Air Liner

Cluster Exchange

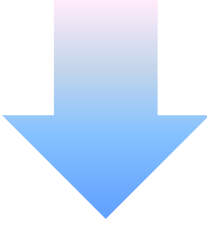
Claw



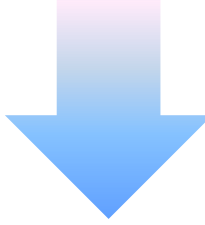
Technology and margin enhancements in mature US markets



Own brand Milkrite growth in Europe

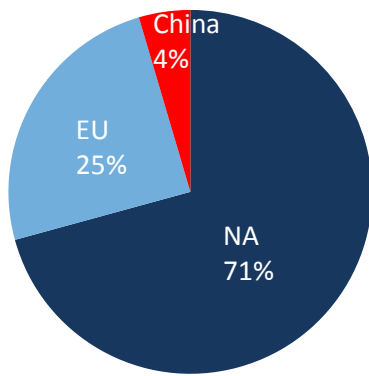


Expansion into developing markets

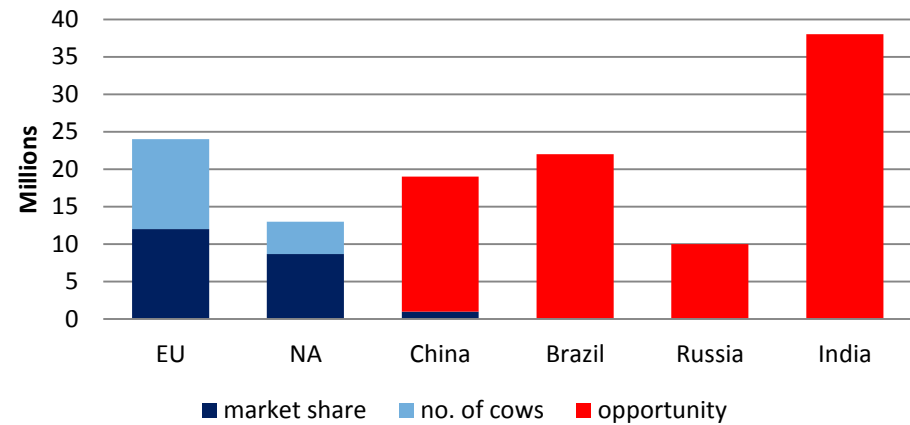


Full Cluster and service offering

OUR GEOGRAPHICAL REVENUE SPLIT

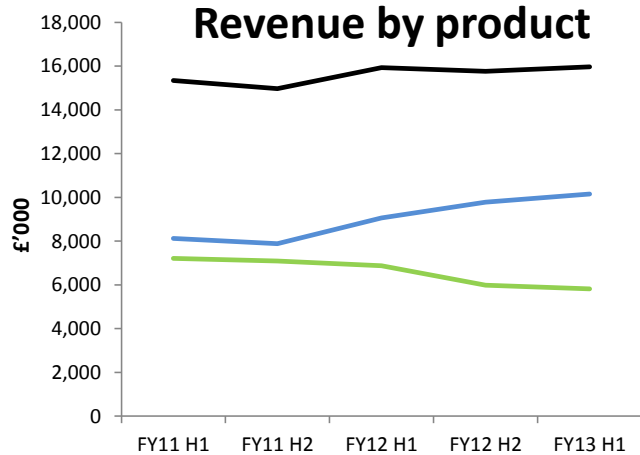


MARKET SHARE v POPULATION OF COWS

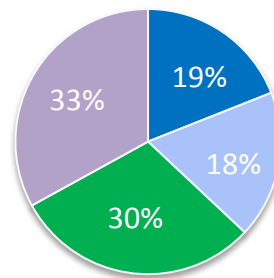


MARKET SHARE

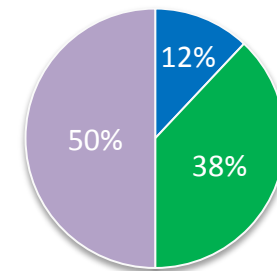
Revenue by product



NA



EU



## MARKET ENVIRONMENT

- Lower milk prices
- Higher feed costs are putting farm profits under pressure
- Farm consolidations
- Technology growth
- Population growth
- Expansion of emerging markets (BRIC)
- Growing middle class dairy products consumers

## GROWTH DRIVERS

- Impulse Air
- Cluster exchange programme
- BRIC and Australasian markets
- Global dairy demand
- China direct distribution
- EU distribution capability and expansion
- Technical product range expansion



Respiratory and PPE markets

Full Body Protection

Training and through-life maintenance

Communication

Helmet integration

Filtration

Respiratory



**C50 CBRN MISSION KIT**

part	description
7001-C50	C50 CBRN Mission Kit
7001-C50	C50 CBRN Mission Kit
7001-C50	C50 CBRN Mission Kit

The Avon C50 CBRN Mission Kit has been developed for the National Guard and Civilian First Responder teams to provide respiratory and total body protection in the event of a WMD. The added benefits of the C420 PAPR and Lion ERS ensemble provides the wearer with the necessary protection for complex tasks required such as search, rescue, recovery and decontamination in non-IDLH environments.

C50 is a new generation of NIOSH certified protective mask (TC-14G-420B) and is based on the U.S. M50 (SCRM) (Joint Service General Purpose Mask). Common accessories and maintenance parts greatly reduce logistical burden and through life cycle cost.

The NIOSH certified C420 CBRN PAPR (TC-14G-0394) provides a cooling effect with a higher degree of comfort while reducing pulmonary stress to help preserve user strength and mental acuity. The CBRN F28 filter is certified with both mask and filter components for interchangeability.

Avon has teamed with Lion Apparel to carry the C50 with their ERS rapid response ensemble. Certified to NFPA Class 2, the CBRN ensemble uses Selectively Formable Fabric (SFF) that is liquid proof, oil permeable and breathable. The one-piece coverall with attached cover gloves liners and boots are easy to try on requiring no special quick deployment.

The C50 CBRN Mission Kit includes a C50 Twin port mask, C420 CBRN PAPR system and two CBRN F28 filters that are NIOSH certified to protect against particulate hazards including dust, mist, bacteria and virus plus all NIOSH specified CBRN gases and vapors including nerve, blood, choking and blister agents.

Also included in the kit: ERS Class 3 ensemble, CBRN Overboots, clear outsert for enhanced optical protection, a primary LiEO, 110 year shelf life battery and storage bag.

For Product Information and Customer Service: [customerservice@avon-protection.com](mailto:customerservice@avon-protection.com) | **AVON PROTECTION** | **888 AVON 440** | [www.avon-protection.com](http://www.avon-protection.com)



Detection

Collective Protection

Individual Protection

Decontamination

## Underwater Technology

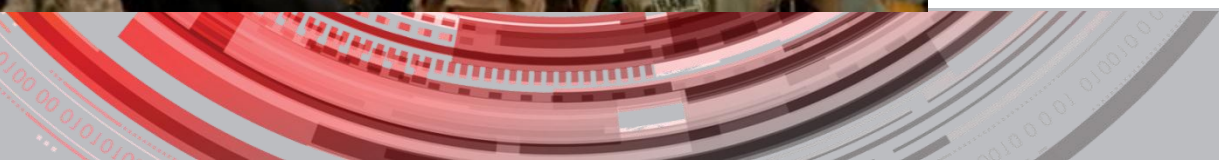
- ❑ Currently responding to IDIQ tender with an estimated initial value of over \$30m for an emergency escape device for the US Navy using rebreather technology
- ❑ Acquired VR Technology which has market leading underwater 'rebreather' systems
- ❑ Extensive underwater Navy applications as well as terrestrial uses



## Aerospace Technology



- ❑ Responded to sole source invitation to tender for aircrew CBRN respiratory protection mask (Joint Service Aircrew Mask programme)
- ❑ Contract award expected within second half of 2013
- ❑ Product evaluation and testing expected to take 2 years





# DAIRY- OTHER TECHNOLOGY/OPPORTUNITIES

“ Our customers have easy access to our services and products worldwide ”



Sensor Technology and Telemetry  
Vacuum Pumps  
Pulsators  
Cluster Exchange Service  
Claws  
Shell  
Tubing



Brazil

China

EU + NA

Russia

India

The logo for Avon Rubber p.l.c. is displayed in a grey, sans-serif font. The word 'AVON' is in a larger font size than 'Rubber p.l.c.'. To the right of the logo is a large, colorful graphic consisting of several concentric, overlapping circular bands. The bands are composed of various colors including blue, green, yellow, orange, and red, and feature a digital or binary aesthetic with patterns of dots and lines. The graphic curves around the left side of the page.

**AVON**  
Avon Rubber p.l.c.

We are delivering our strategy. We have achieved strong growth in the first half of the year and the Board is confident of making further progress as the year evolves, despite the challenges of the uncertain global economic and political environment and the temporary slowdown seen in the first half year in the US dairy sector.

The Protection & Defence business is expected to continue to benefit from the security of the long term DoD contract and an increase in market share in the US homeland security and foreign military markets.

The Dairy business remains well positioned in markets with long term growth potential. There will be opportunities to enhance profitability by using the strong Milkrite brand, our distribution capability and by adding innovative new products currently in development.

As a result, the Board remains confident that the Group can continue to make strong progress in the second half year.



- ❑ Strong growth in revenue and earnings in the first half
- ❑ Identifying and generating more opportunities
- ❑ H2 focus
  - ❑ Protection & Defence
    - JSAM
    - Fire – Deltair
    - Integrating VR Technology
    - Commercial activities
    - Fusion delivery
  - ❑ Dairy
    - Cluster Exchange
    - BRIC expansion



Avon Rubber p.l.c. (the 'Group') is providing the following cautionary statement. This document contains certain statements that are or may be forward-looking with respect to the financial condition, results or operations and business of the Group. These statements are sometimes, but not always, identified by the words 'may', 'anticipates', 'believes', 'expects' or 'estimates'. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. A number of factors exist that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to (i) change to the current outlook for the world market for defence, security and dairy, (ii) changes in tax laws and regulations, (iii) the risks associated with the introduction of new products and services, (iv) significant global disturbances such as terrorism or prolonged healthcare concerns, (v) the termination or delay of key contracts, (vi) long term fluctuations in exchange rates, (vii) regulatory and shareholder approvals, (viii) unanticipated liabilities and (ix) actions of competitors. Subject to the Listing Rules of the UK Listing Authority, Avon Rubber p.l.c. assumes no responsibility to update any of the forward-looking statements herein.





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