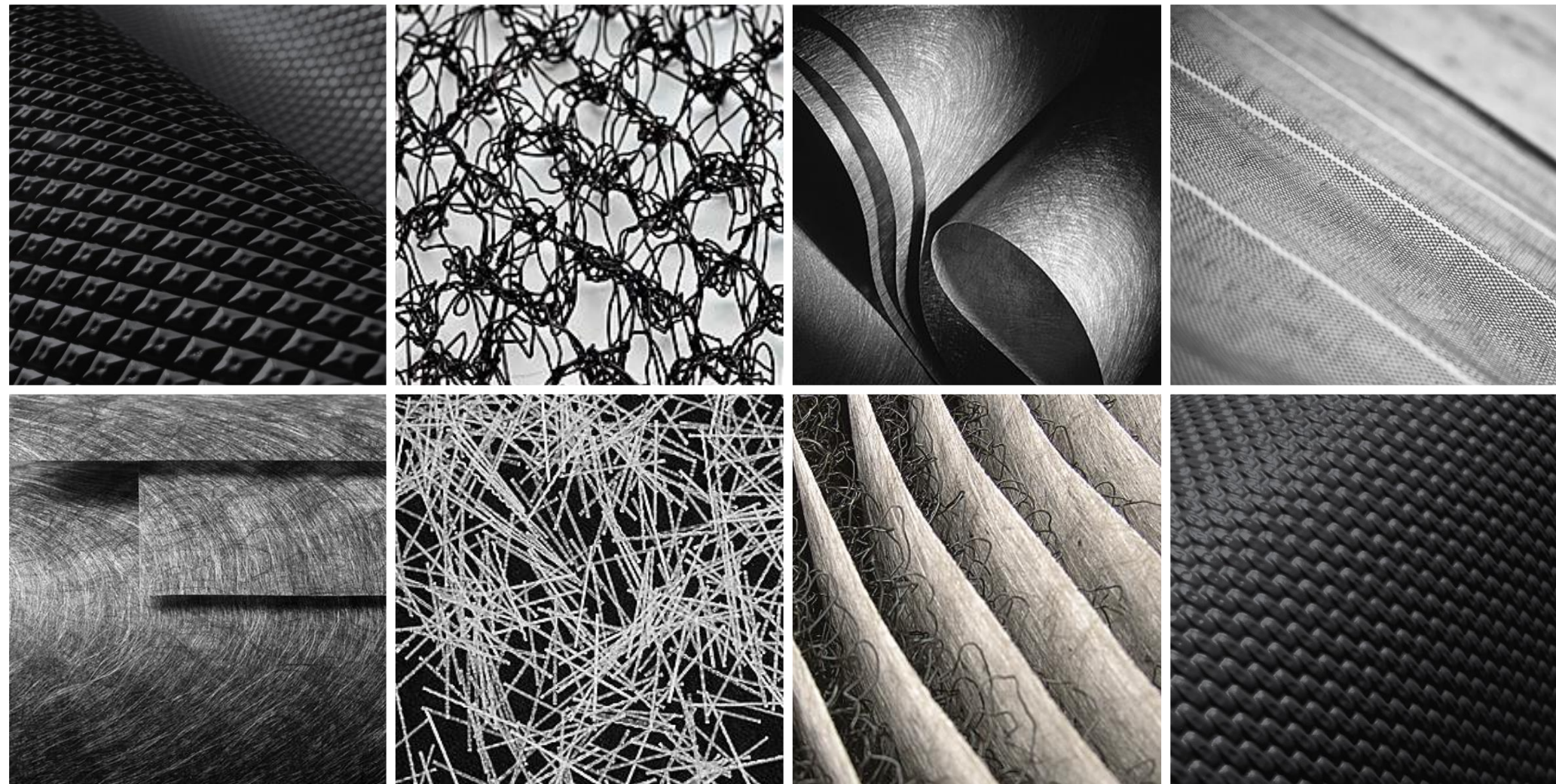


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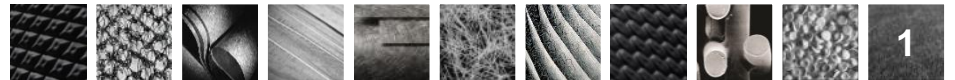
Capital Markets Day

20 May 2015



Agenda

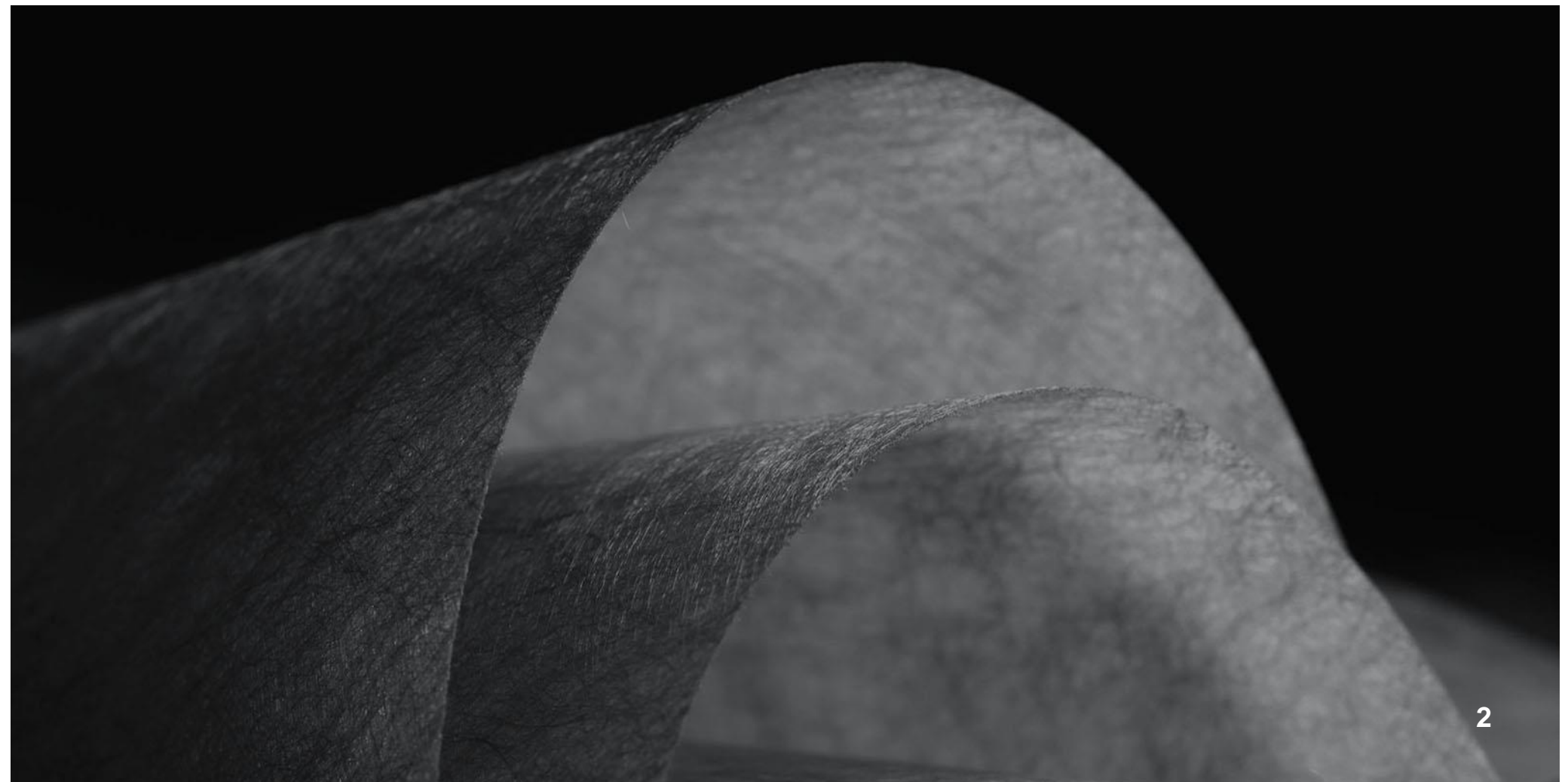
1. Introduction
2. Low & Bonar Today
3. Strategic Review
4. Business Structure
5. Group-wide Initiatives
6. KPIs
7. Summary and Q&A



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Introduction



Group objectives

To grow a global portfolio of performance materials businesses

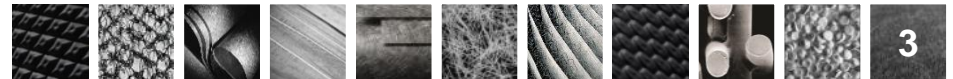
Putting customers at the centre of our focus

Leveraging our existing capabilities

Excelling in product application development

Raising the bar across the Group to “strive for more”

Resulting in a business with the ability to improve returns significantly



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Low & Bonar Today

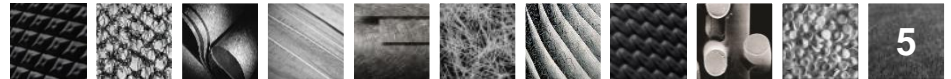


Low & Bonar Today

Solid underlying fundamentals to build on

- International business with global reach in **some** segments
- Leading positions in **some** niche industrial markets
- **Potential** for competitive advantage through technology differentiation and innovation
- Good customer focus in **some** segments
- Improving financial performance

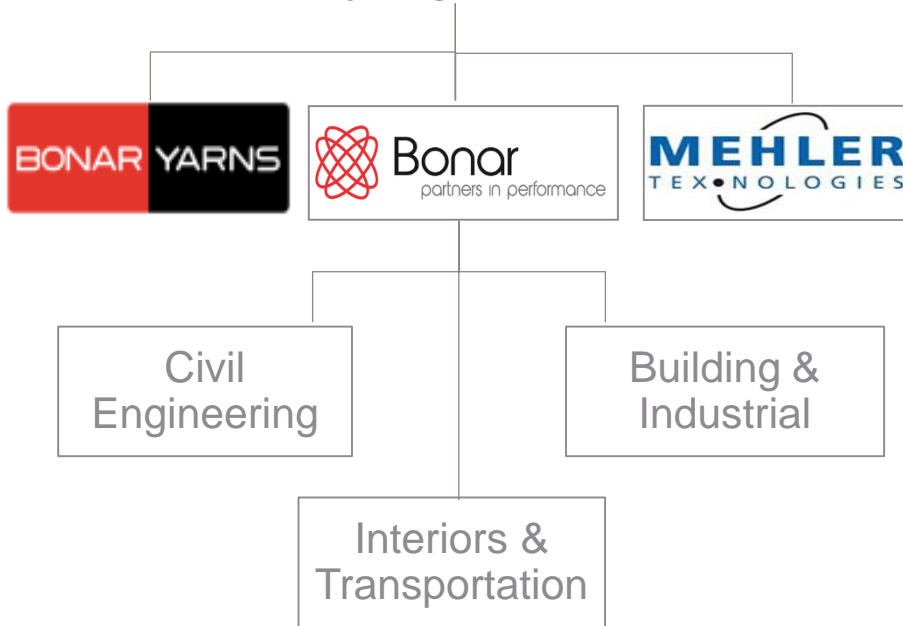
“A good platform and a work in progress”



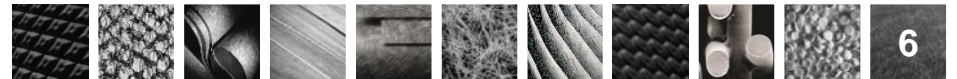
Previous structure

Low & Bonar

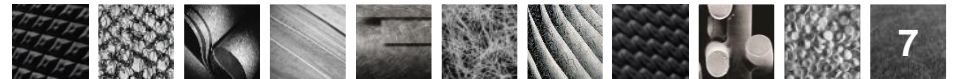
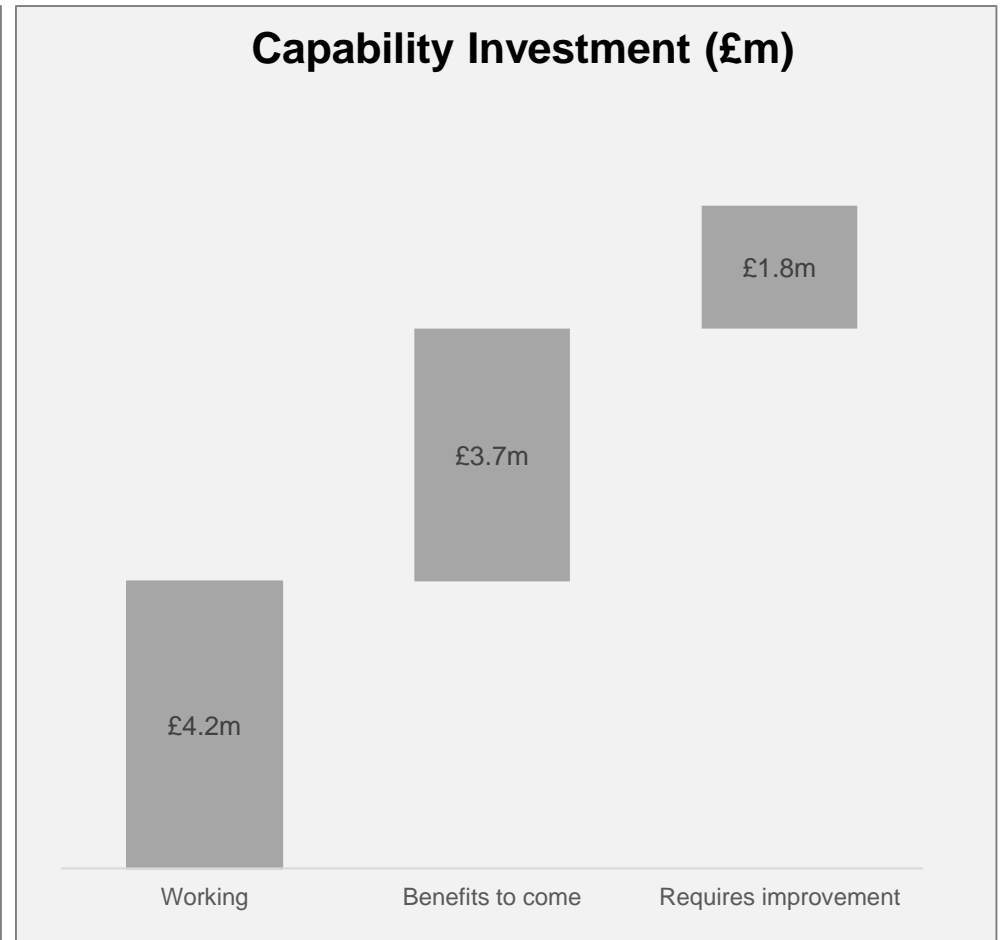
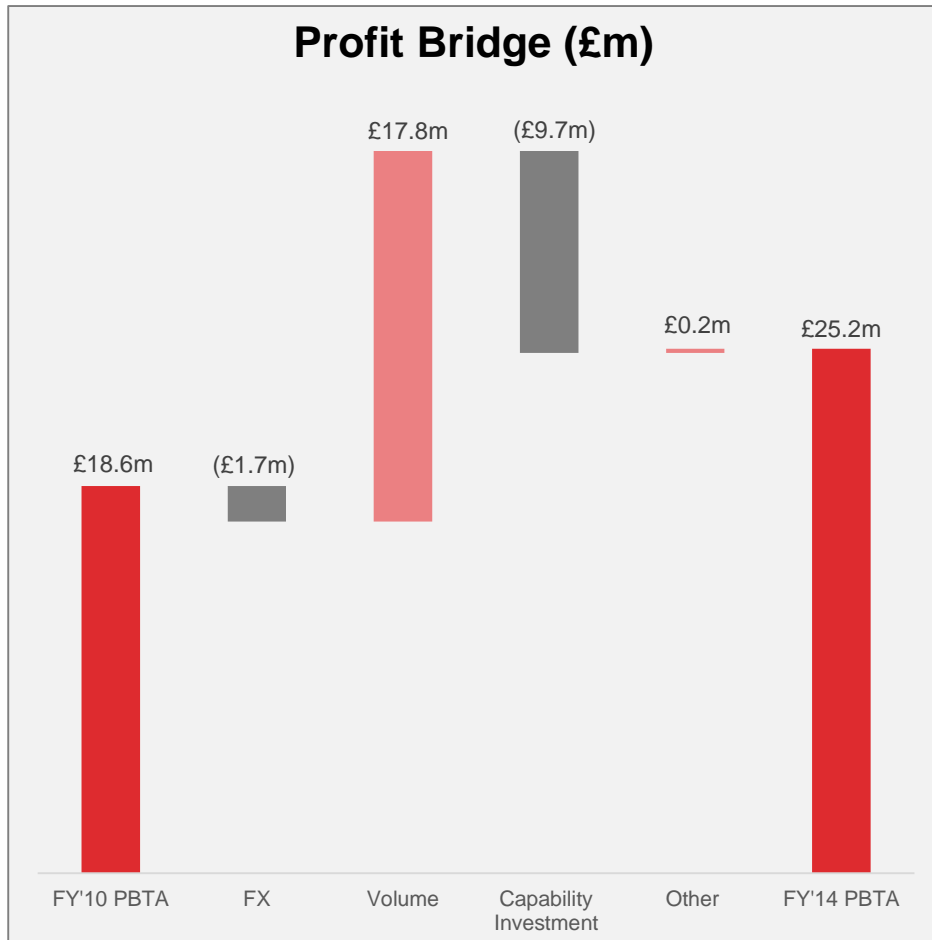
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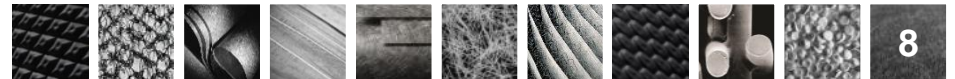
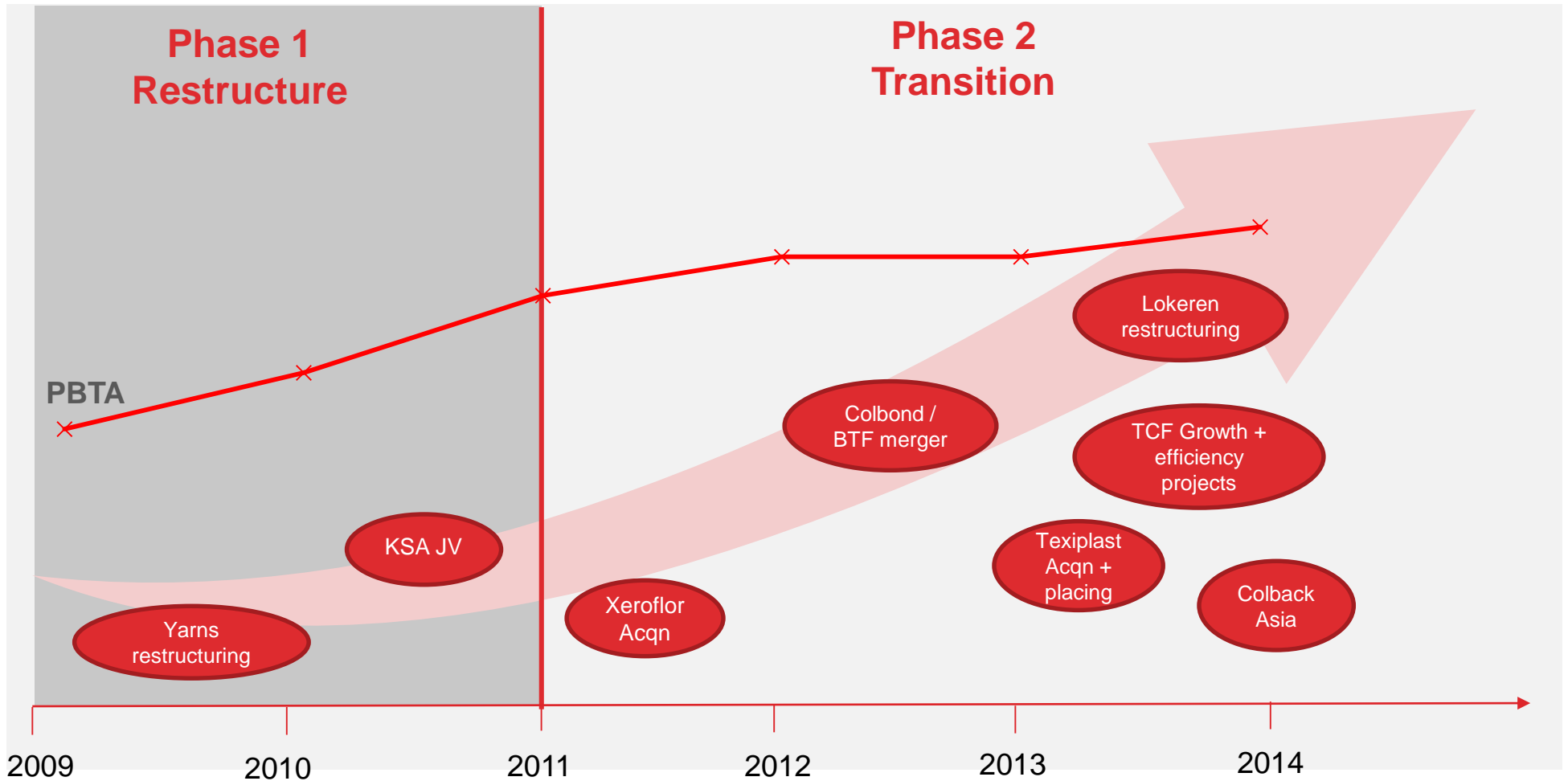
- 3 distinct operating divisions
- Regional management within Bonar
- Localised functional support
- Leading technology and polymer know-how
- Brand reputation – quality, performance, reliable partner
- Broad product range



Profit growth over the last four years



Base business in transition



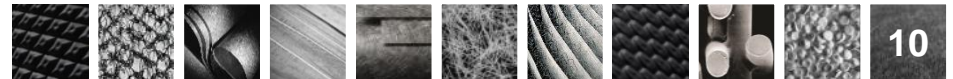
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Strategic Review

Progress since September

Rationale and Process	Stage
➤ Profit downgrade catalyst for immediate deep dive into business – “Civils”	✓
➤ Clear lessons learnt	✓
➤ Immediate realignment of organisation	✓
➤ Structured assessment of current business portfolio → real potential revealed	✓
➤ Five-year GBU profit plans to determine full potential	Ongoing
➤ Improve commercial and operational effectiveness	Ongoing



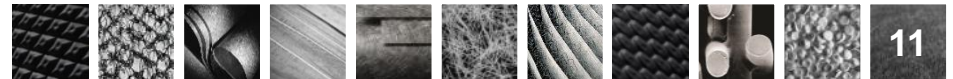
Opportunities to deliver higher returns

Strengths

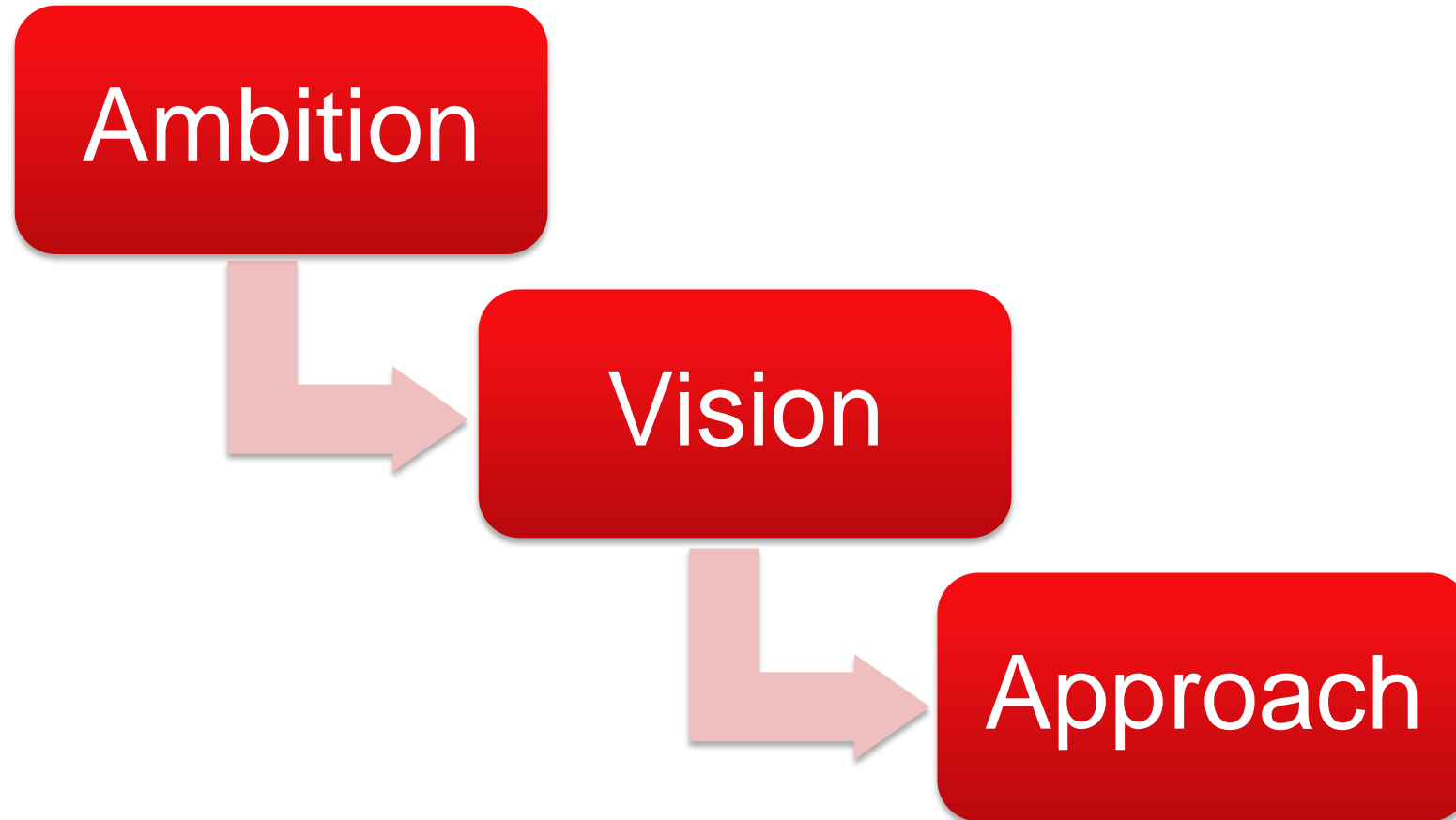
- ✓ Process and manufacturing know-how
- ✓ Leading positions in some markets
- ✓ Unique knowledge and expertise
- ✓ Application development strength underplayed
- ✓ Some strategic investments made
- ✓ Bolt-on M&A opportunities
- ✓ Good business fundamentals to strengthen and build

Issues & Opportunity

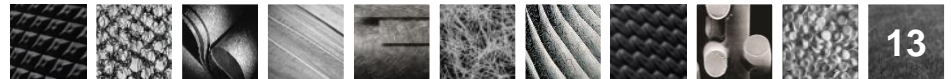
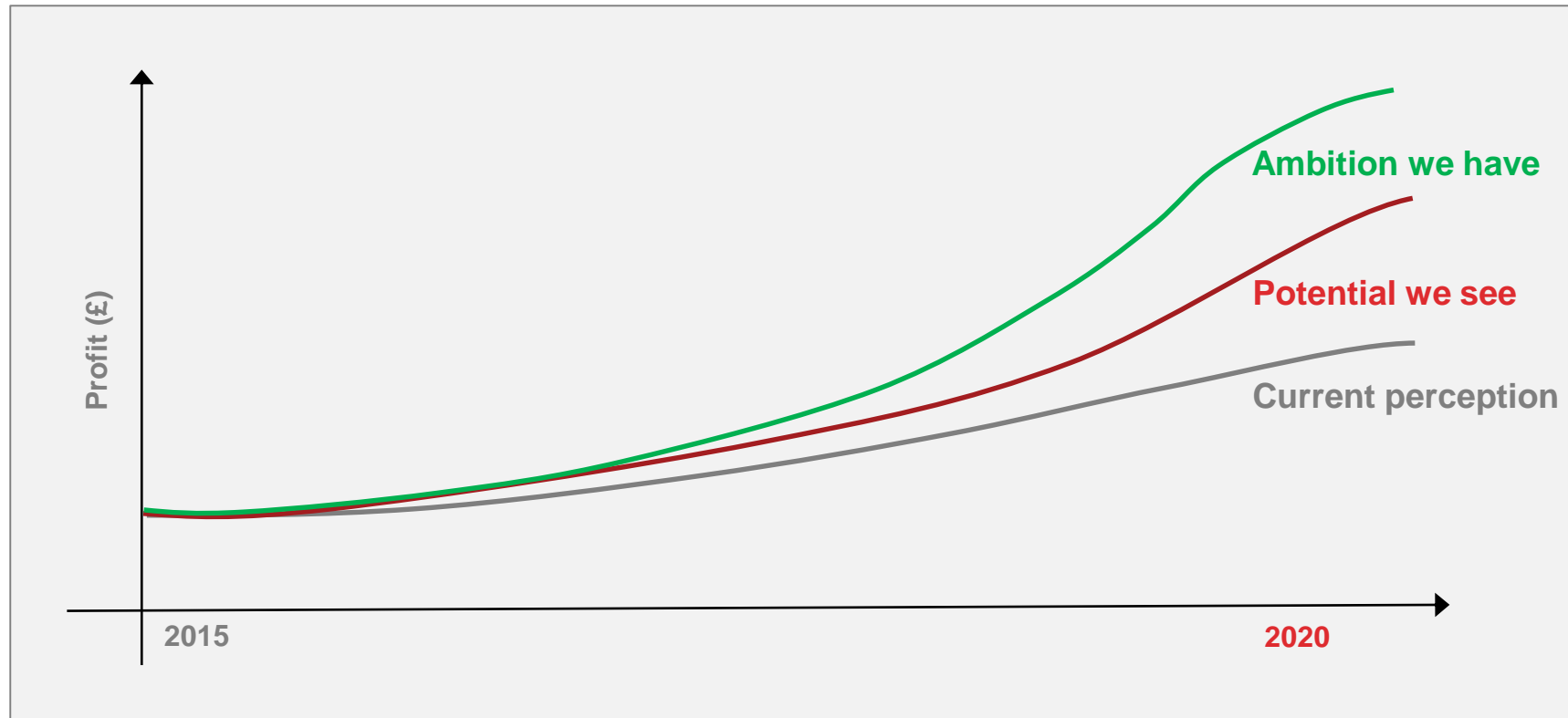
- ✗ Too reliant on European market
- ✗ Civils business underperforming
- ✗ Benefit from Saudi Joint Venture yet to be seen
- ✗ Lack of commercial focus and customer intimacy
- ✗ Create global functions and derive cost savings through synergies
- ✗ Channel management and supply chain processes need an overhaul



Clear articulation of strategic direction



Significant opportunity to increase returns



Approach

Defend and nurture our existing business and pursue sustainable, profitable growth

Embed a 'One L&B' organisational change and culture

5 business units managed by a single over-arching umbrella Group strategy

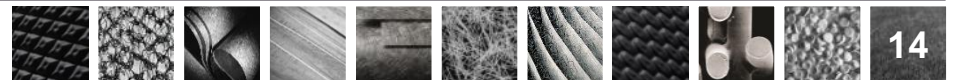
Improve routes to market, customer intimacy and commercial execution

Leverage new global functional structure to drive efficiencies

Diversify and extend global reach supported by active M&A

Differentiated technology, focusing on higher margin products

Active portfolio management



'One Low & Bonar'

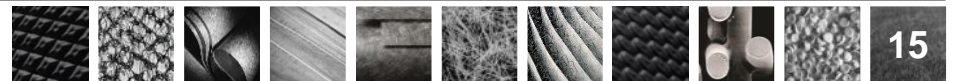
A paradigm shift

Five core values

1. Trust
2. Teamwork
3. Candour
4. Challenge
5. Accountability



- New management team and structure
- More effective organisational design
- Nurture and grow base business
- Bold ambition
- Align and empower employees to revitalise energy levels
- Leverage existing investments to drive returns
- Shift product mix to higher margin products with a differentiated value proposition
- Create synergies at a functional level
- Increase market and competitor knowledge

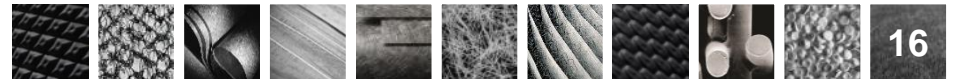
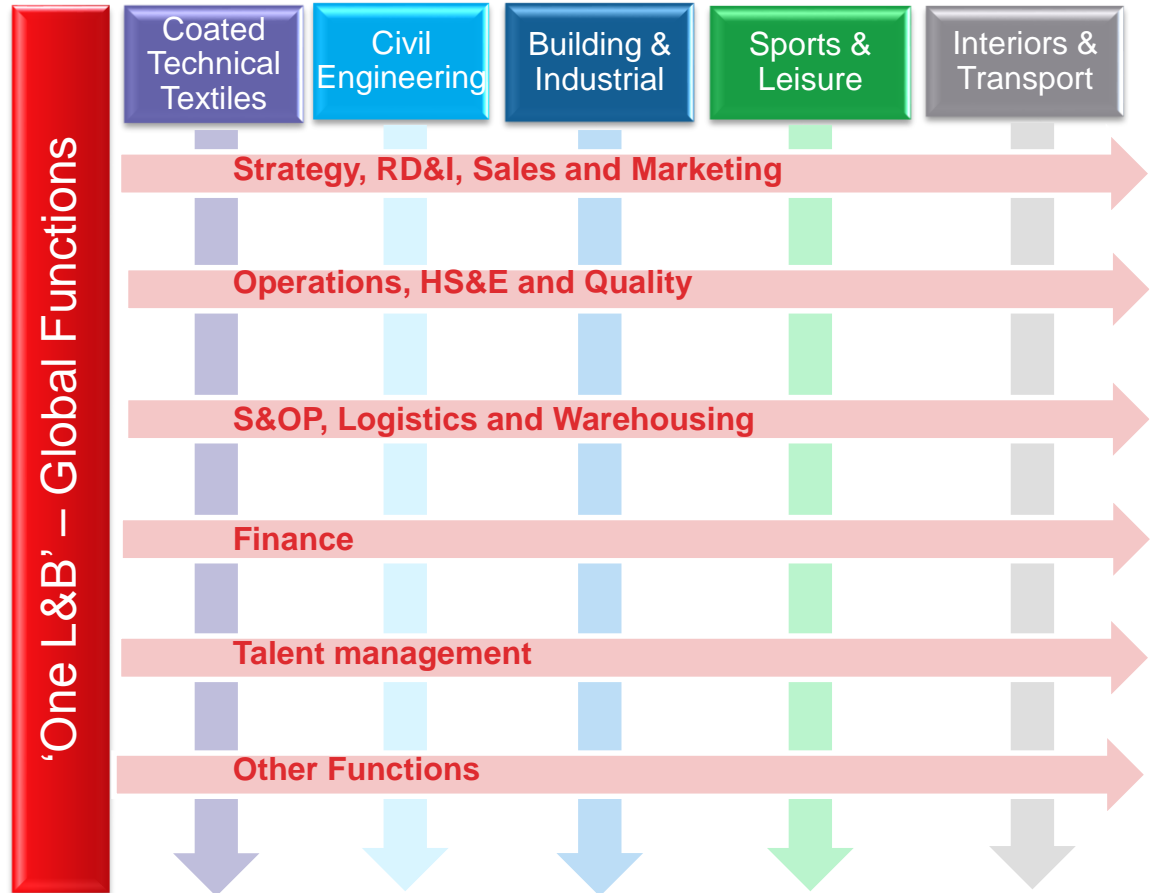


Business re-organisation

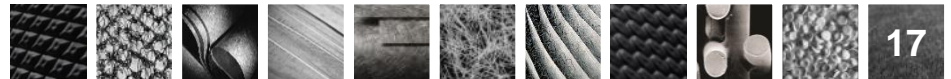
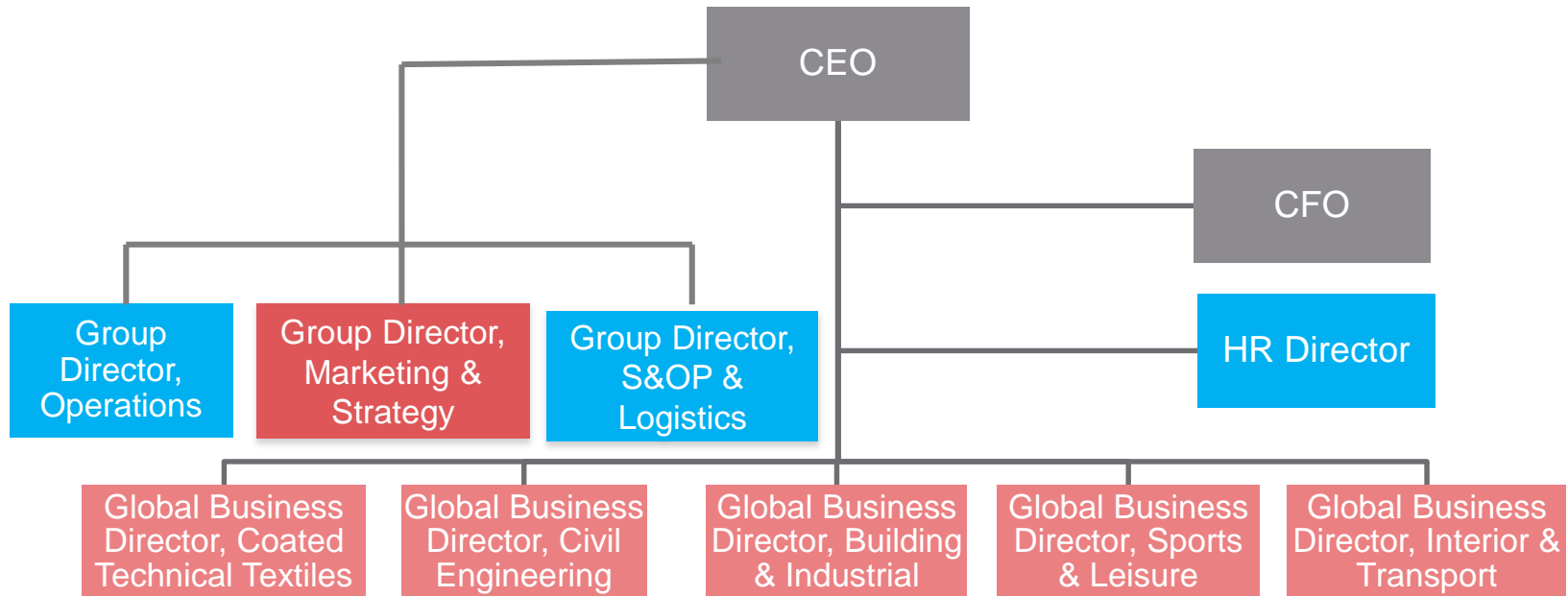
One over-arching umbrella strategy

Structured, balanced and progressive approach

- Standardised work processes
- Collaborative tools across Group
- Working Capital savings targets
- Active portfolio management
- Flawless execution
- Capital allocation for highest returns
- Growth and higher quality earnings



Change in management structure



Financial Bridge (old to new structure)

Year ended 30 November 2014

Bonar	Civil
	I&T
	B&I
TCF	CTT
Yarns	S&L
Central	Central
Total	Total

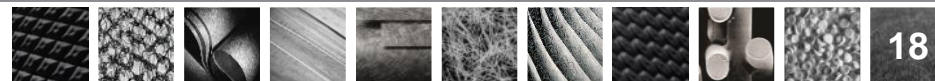
Revenue	
Old £m	New £m
	94.6
246.2	88.9
	62.7
128.2	128.2
36.2	36.2
410.6	410.6

Profit	
Old £m	New £m
	4.1
21.0	10.1
	8.0
14.2	13.7
0.8	0.9
(4.3)	(5.1)
31.7	31.7

Operating Margin	
Old	New
	4.3%
8.5%	11.4%
	12.8%
11.1%	10.7%
2.2%	2.5%
7.7%	7.7%

Interest
JV
PBTA

(5.4)	(5.4)
(1.1)	(1.1)
25.2	25.2



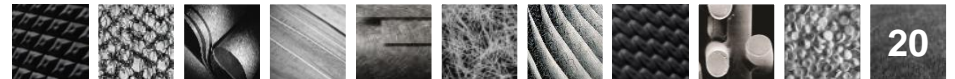
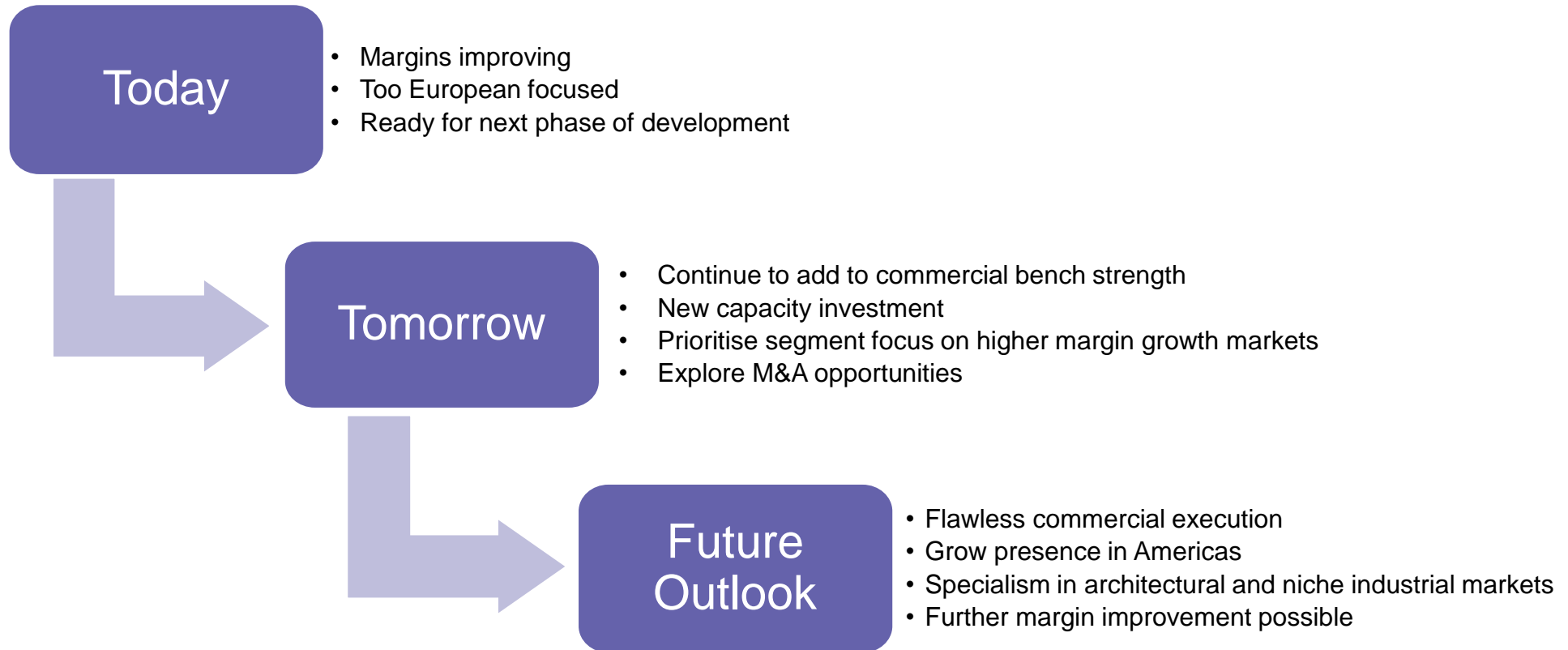
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Business Structure

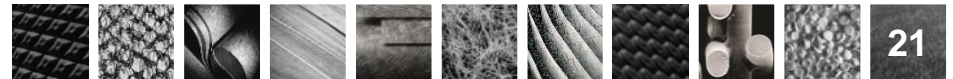
Coated Technical Textiles (CTT)

Leveraging operational improvements



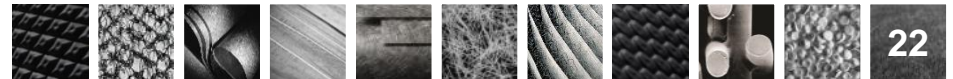
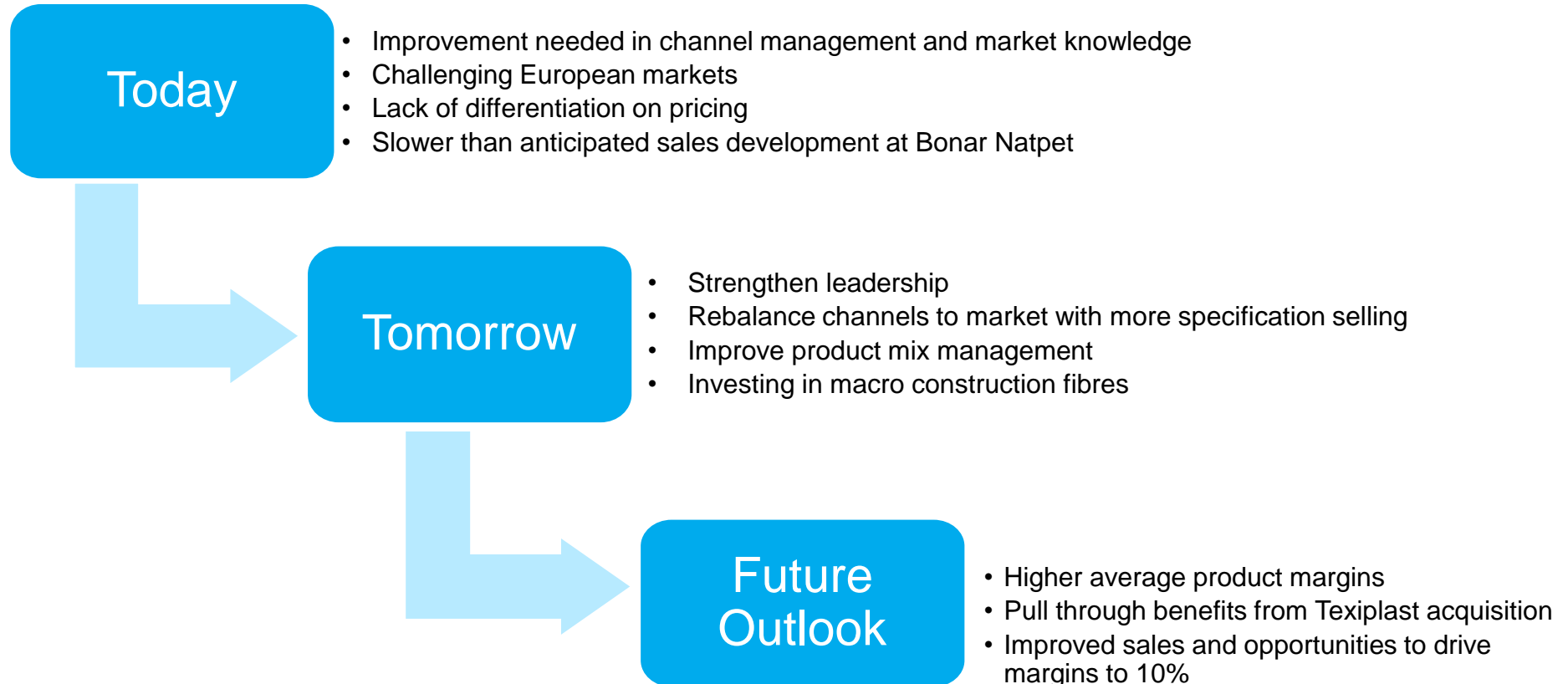
Coated Technical Textiles

Demonstrating margin improvement



Civil Engineering

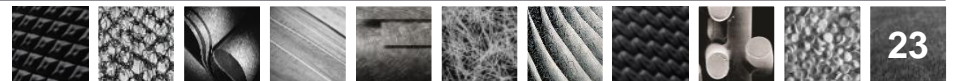
Transforming a 'problem child'



Civil Engineering

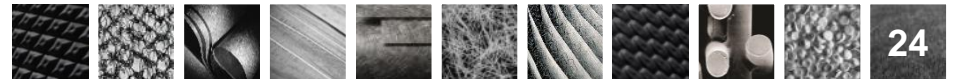
Bonar Natpet – Saudi Joint Venture

- **Investment rationale:**
 - Add capacity and geographic expansion
 - Better potential returns
 - Attractive local market with Saudi government committed to infrastructure spend
- **Progress:**
 - Commercial operations began October 2013
 - Product quality better than Europe
 - Product and vendor approvals now coming through
 - Returns expected to be achieved, albeit slower than initially anticipated
- **Priorities:**
 - Strengthen commercial capability
 - Leverage more support from local partner
 - Customer education and product marketing investment



Building & Industrial

The innovation 'incubator'



Building & Industrial

Strategic product range extension and application development

Filtration – new applications from existing technologies



A high-efficiency particle filter for domestic air purifiers, in which a pleated filter medium is ultrasonically bonded to a Colback® carrier.

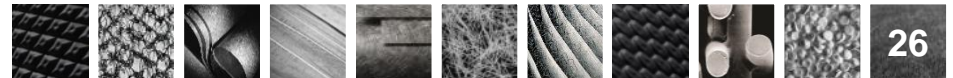
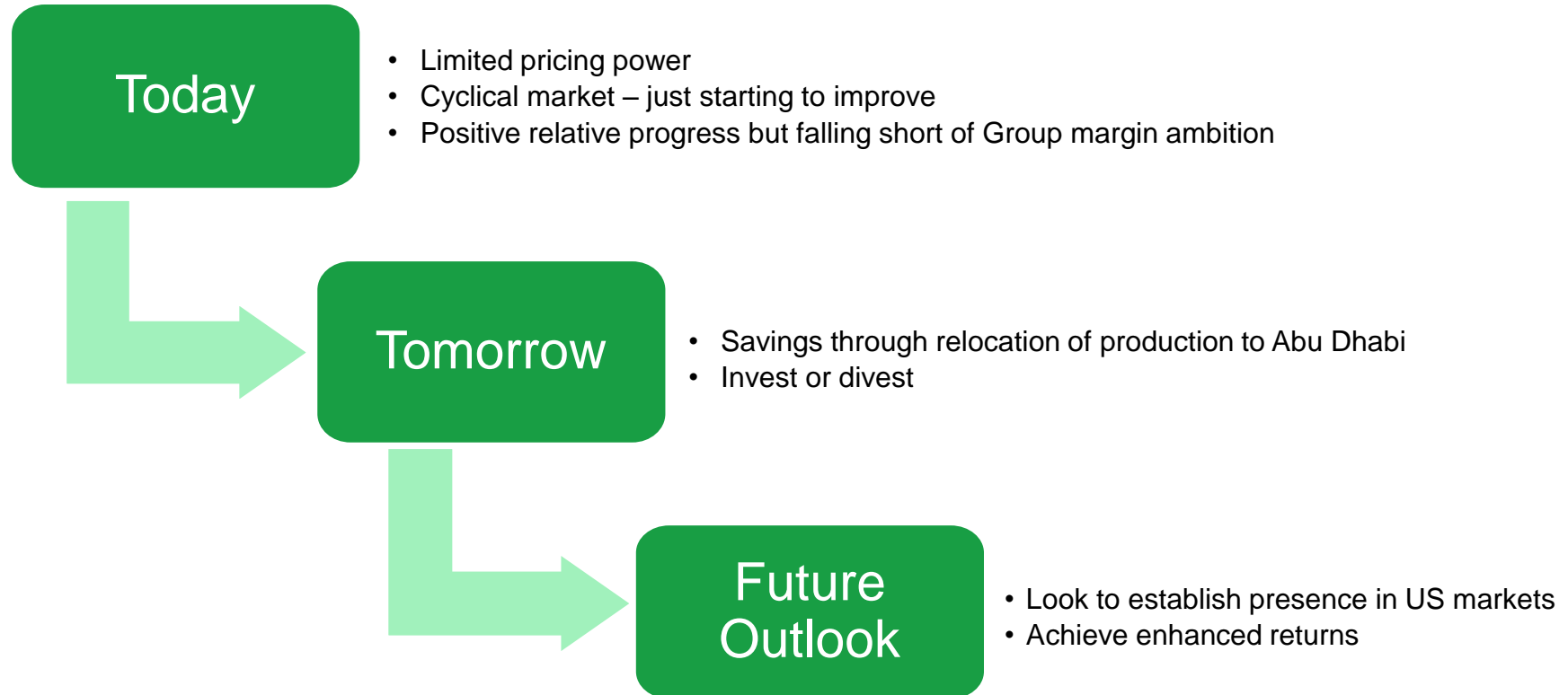
Building – 3-dimensional technologies with wide product applications



Enkadrain 3611R is a flexible 3-dimensional composite used in vertical and horizontal building and drainage applications

Sports & Leisure

Improving market environment



Sports & Leisure

Move to Abu Dhabi

Dundee

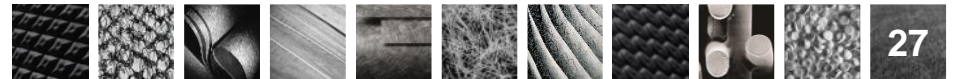


Abu Dhabi



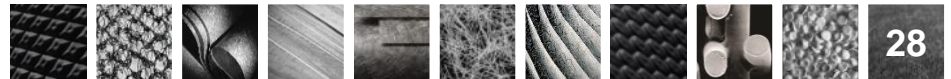
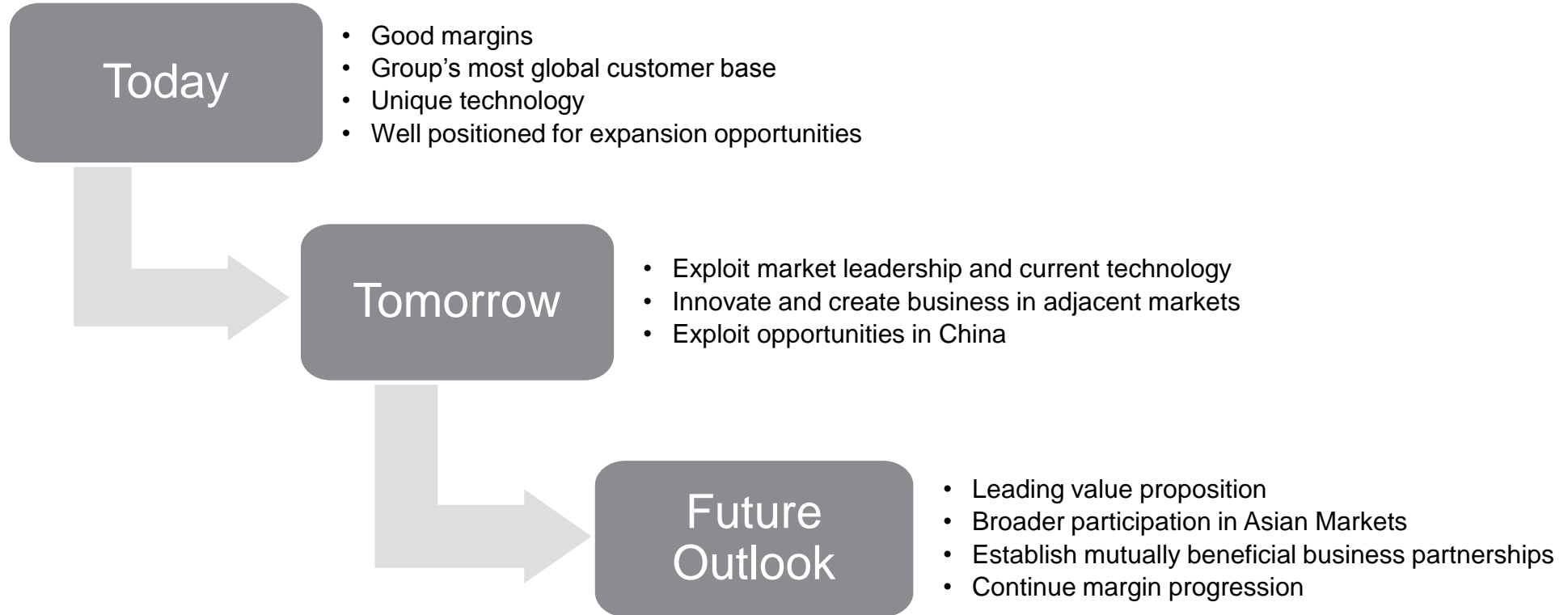
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Interior & Transport

Good growth expected



Interior & Transport

Colback China – The 1st local supplier for our customers

■ Investment rationale:

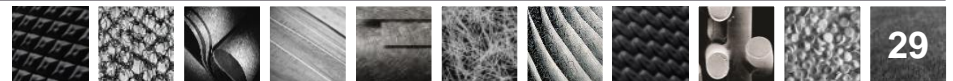
- Market leader in Europe and USA but limited presence in the fast growing China market
- International customers have relocated manufacturing to China and want to source locally
- Without investment Colback capacity due to reach full utilisation in 2017

■ Actions:

- Direct sales team established mid 2013
- £26m investment in Changzhou, on track to start production in Q1/FY16

■ Benefits:

- Value proposition has been well accepted
- Sales developing
- Base to penetrate some higher margin APAC countries
- First local manufacturer



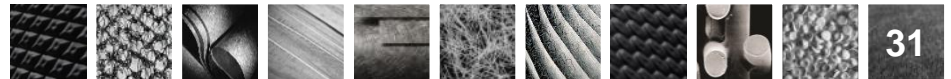
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Group-wide Initiatives

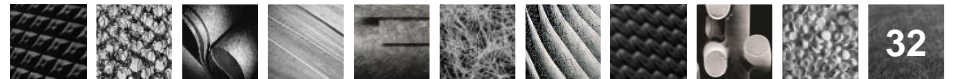
Business optimisation and scalability

- One L&B to drive cost and operational synergies
- S&OP to drive working capital savings
- Establish programme of operational excellence
- Invest in one ERP platform to enhance performance
- Review distribution channels and increase customer intimacy



Portfolio management

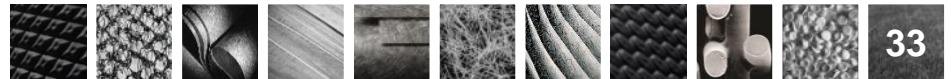
- Improve performance in Texiplast and Bonar Natpet
- Allocated necessary resource to optimise execution at Bonar Changzou
- Allocate capital to exploit growth opportunities
 - Product innovation
 - Geographic expansion
 - Margin enhancement
 - Sales growth
- Exit products or businesses unable to reach or sustain 10%+ margins
- Invest in product adjacents/technology to enhance Group offering



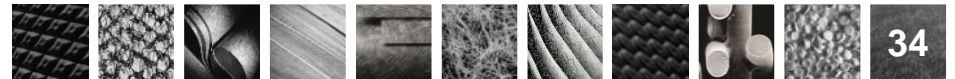
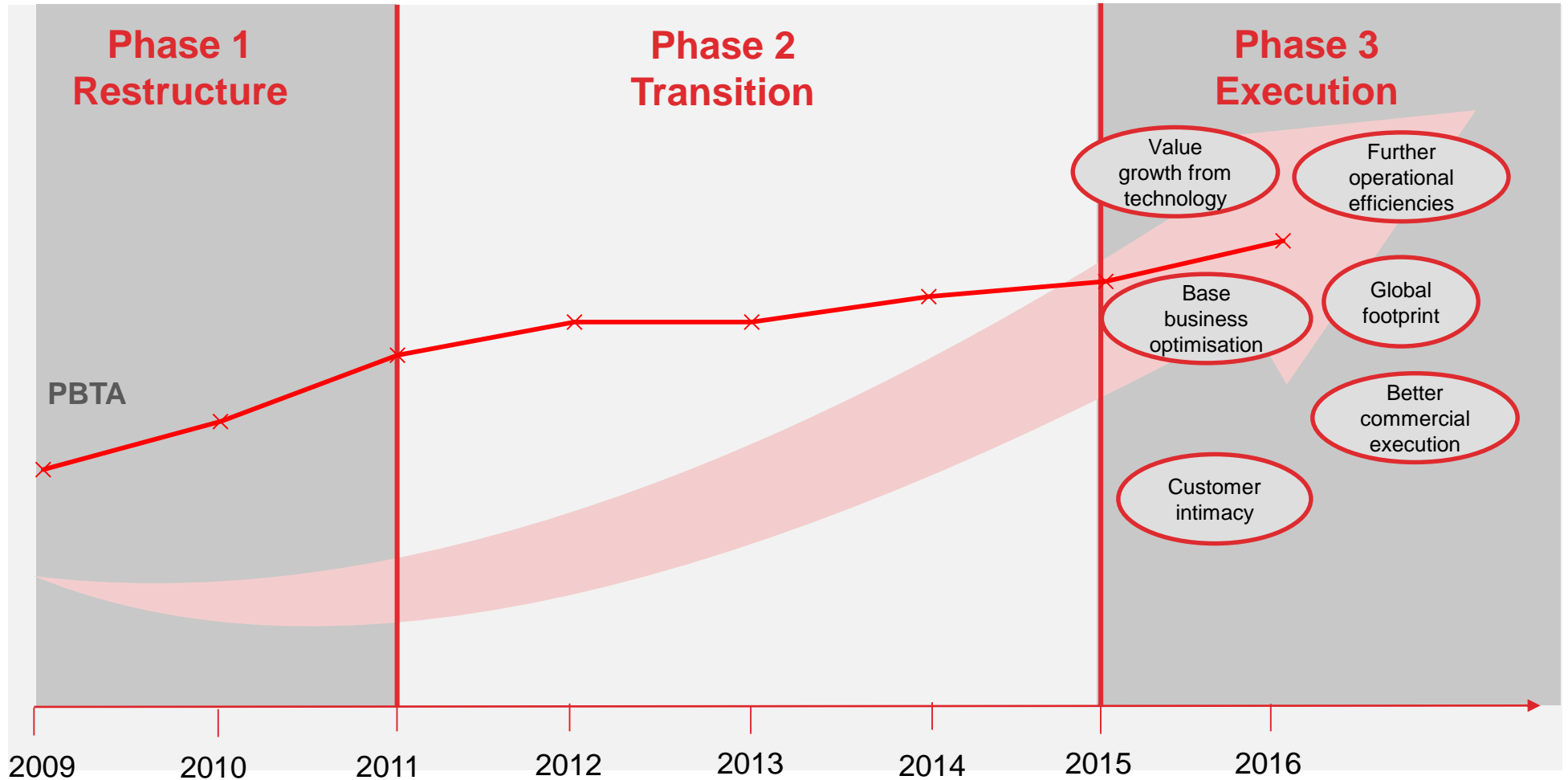
M&A: Strategy

Active pipeline

- Invest in complementary bolt-ons that will:
 - Improve global reach
 - Provide entry into attractive adjacent markets
 - Enhance value proposition



Opportunity now in execution and acceleration phase



Low & Bonar KPIs

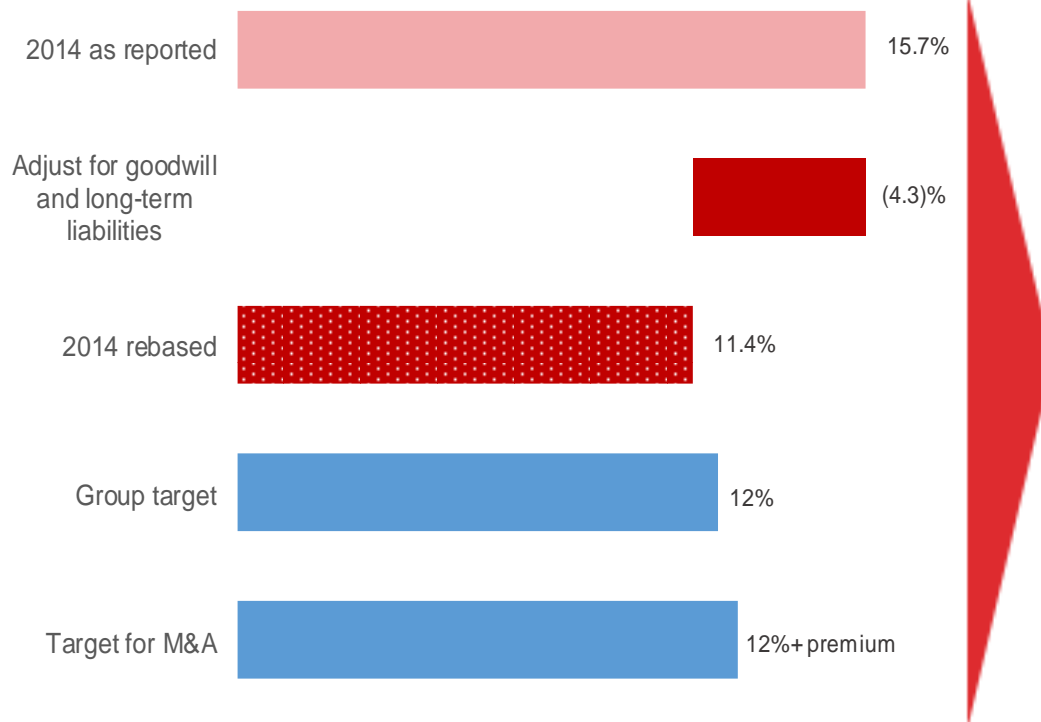
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Revised Group KPIs

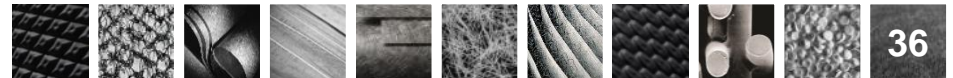
Medium-term objectives

Rebasing ROCE



Revised Group KPIs

ROCE	12% +
Operating Margin	10% +
Net Debt / EBITDA	c. 2.0x
Dividend	Progressive

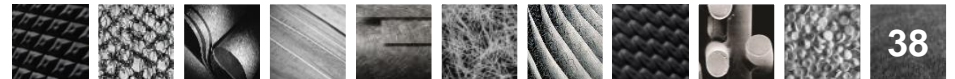
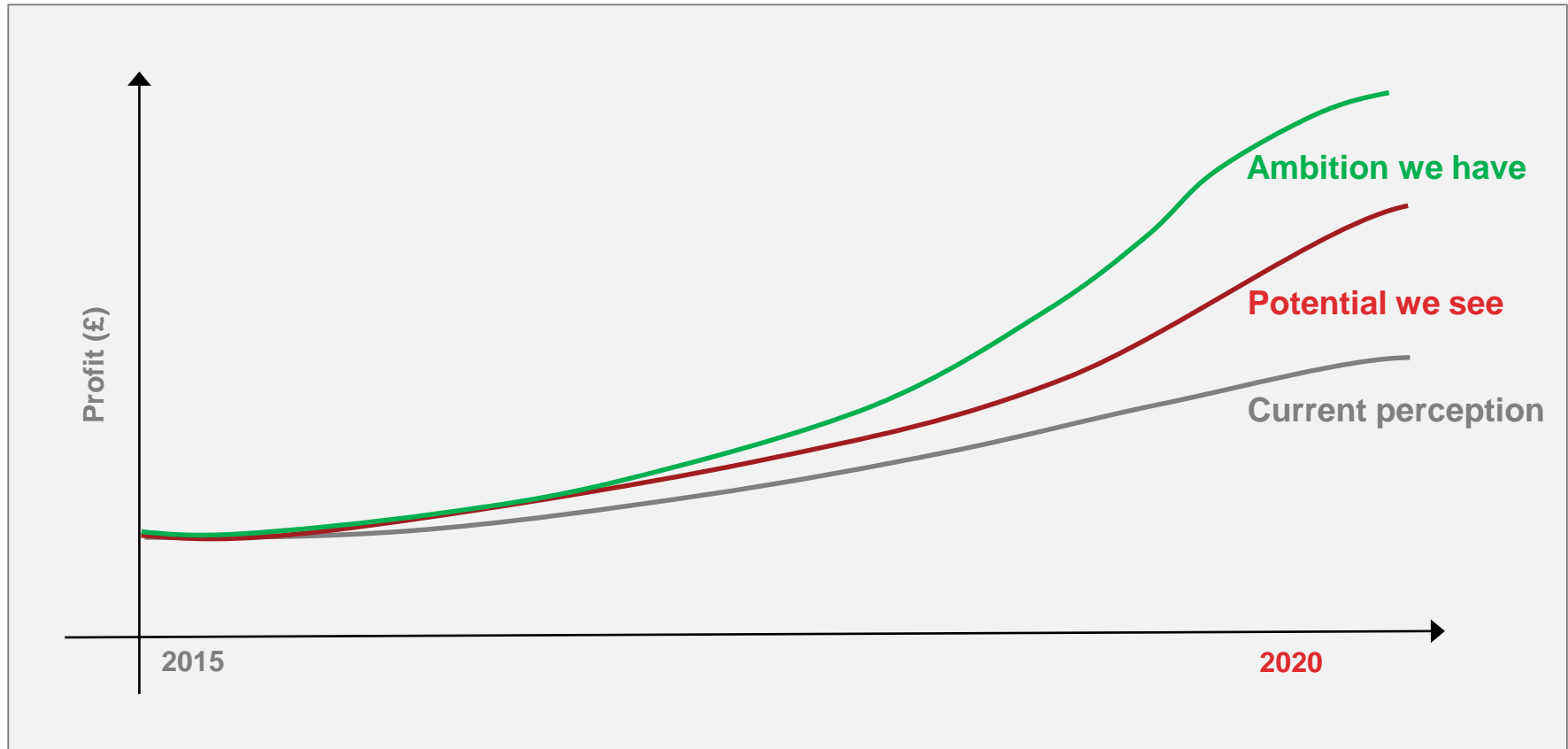


Low & Bonar Summary

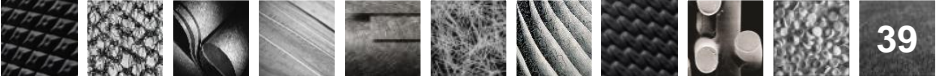
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Accelerated value delivery

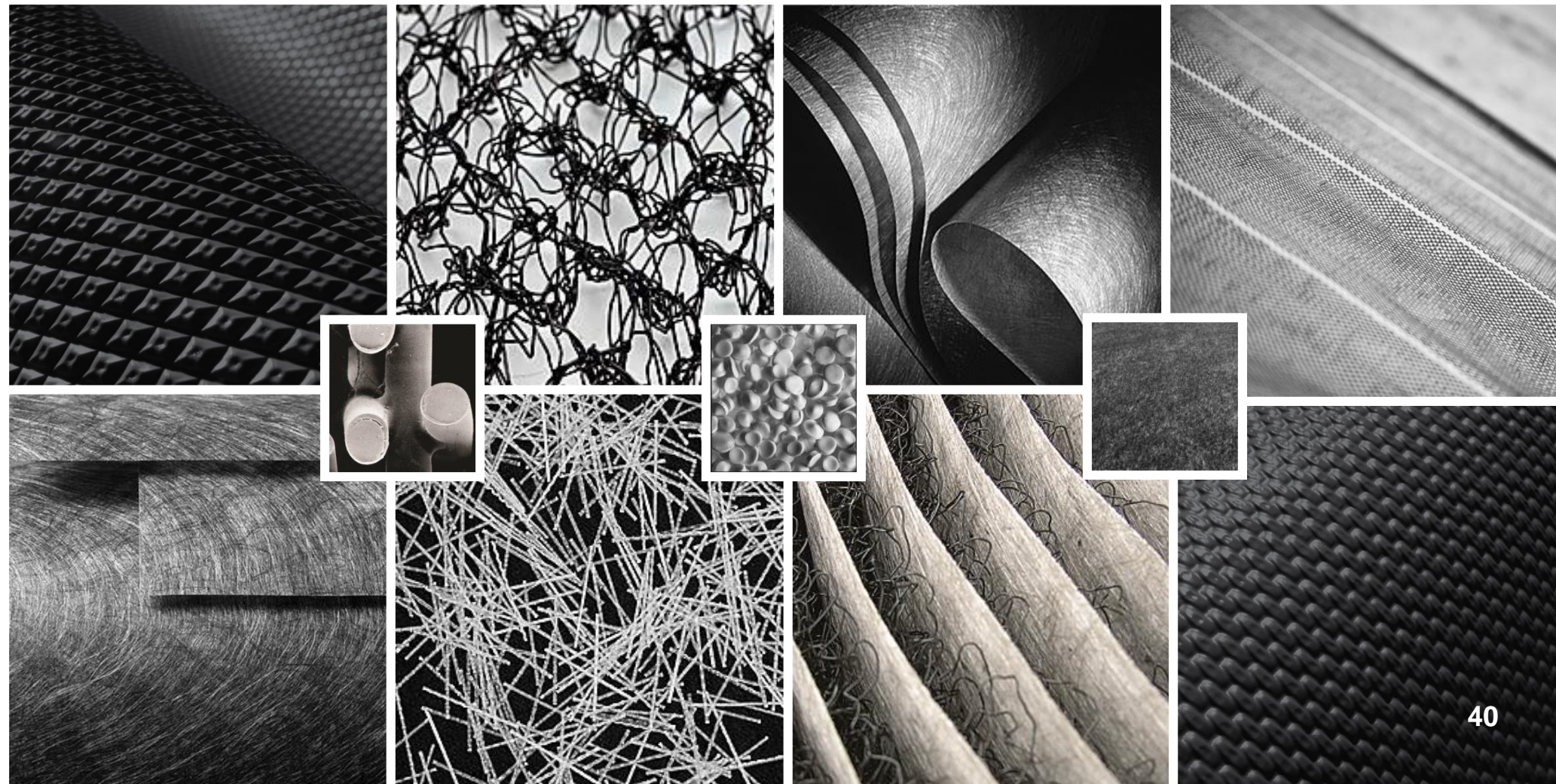


Q&As



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What we do

