



interim results
2011

focus on the future

AVON
Avon Rubber p.l.c.

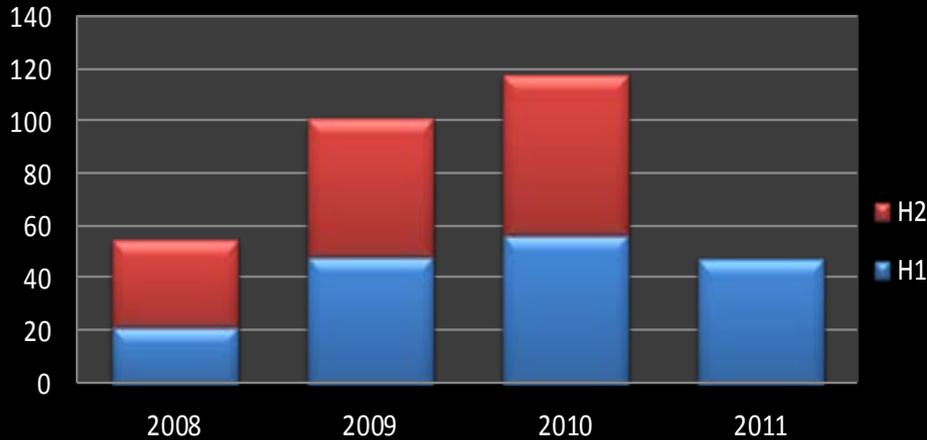


interim results
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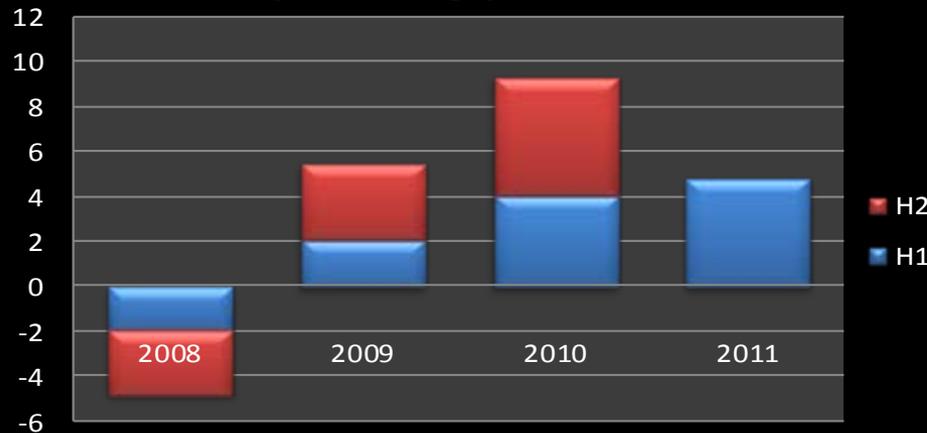
Peter Slabbert
Chief Executive

AVON
Avon Rubber p.l.c.

Revenue £'m



Operating profit £'m



FINANCIAL HIGHLIGHTS

- Operating profit up 18%
- Profit before taxation up 49%
- Earnings per share up 77%
- Lower interest costs and effective tax rate
- Improved margins reflecting sales mix and improved operational efficiencies
- Resumption of interim dividend

OPERATIONAL HIGHLIGHTS

- Good performance despite US budget approval delaying order release
- Continued growth in non DoD respirator order intake
- Second filter line successfully introduced
- Full effect of European Dairy production relocation now realised
- Market share gain for Milk-Rite IP-MV liner



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2		Cadillac, Michigan
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3		Belcamp, Maryland
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4		Atlanta, Georgia
5		Picayune, Mississippi
6		Kuala Lumpur
7		Belgium
8		Johnson Creek, Wisconsin
9		Modesto, California
10		Rudnik, Czech Republic

HAMPTON PARK WEST



Manufacture of S10 and FM12 for MoD and NATO forces



C50 production capability established in the UK



Manufacture of escape hoods for European and North American markets

CADILLAC



Manufacture of M50 for the US DoD



Two filter lines making M61 – 2m filter pair capacity



Manufacture of non DoD 50 series mask supplied to homeland security and foreign militaries

PICAYUNE



Supply of fuel and water storage tanks to the US DoD



Manufacture of hovercraft skirts and spares for the US forces

LAWRENCEVILLE

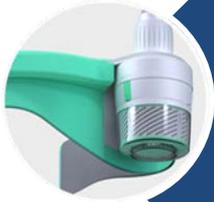


Manufacture of fire SCBA products, including the Viking Z7



Final assembly of the ST53 sold to special forces and SWAT teams in NA and EMEA

MARKETING & DEVELOPMENT, BELCAMP, MARYLAND



New Advanced Facility focusing Development and Marketing New Products into Defence and Commercial Markets



Solely and in collaboration for new and replacement US DoD requirements
Non DoD future niche markets – Medical and Industrial



Innovative powered technology reducing size and improving reliability
Rebreathers for emergency escape applications
State of the art prototypes for future soldier and Special Forces

SALES & MARKETING, HPW UK, MALAYSIA & EUROPE



Target UK, Europe, Middle East and Far Eastern markets



Defence and homeland security markets



Services and consumables

JOHNSON CREEK & MODESTO



US Manufacturing, design and distribution facility



Dairy products within the United States, Canada, South America and Australasia

the New!
impulse
IP-MV
MOUTHPIECE VENTED LINERS
Patent Pending

During 2010, Milk-Rite launched the new IP-MV range of liners into North America. The launch was well received by the market and gained a 2% market share from first quarter sales.

Milk-Rite believe this is the most innovative liner available within the industry, one that can demonstrate clear advantages in milking speed, teat health and milk quality.

MILK-RITE®
animal health and milk quality

UK / CZECH REPUBLIC



Outsourced manufacturing centre for European style dairy liners



European, Middle-East and Asia markets

New!
Advanced
TECHNOLOGY

The Ultrapuls pulsator is the first pulsation product sold under the Milk-Rite brand. The LE30 model provides system benefits when used in combination with the IP-MV product. Milk-Rite expect to launch further new products during 2011 to compliment their range.

MILK-RITE®
animal health and milk quality



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Andrew Lewis
Group Finance Director

AVON
Avon Rubber p.l.c.

		2011 Interim £'m	2010 Interim £'m	2010 Year £'m
Revenue		48.0	56.5	117.6
EBITDA	↑ 16%	7.1	6.2	13.6
Depreciation and amortisation		(2.3)	(2.1)	(4.3)
Operating profit	↑ 18%	4.8	4.1	9.3
Interest expense		(0.2)	(0.6)	(1.0)
Other finance expense		(0.2)	(0.6)	(1.2)
Profit before taxation	↑ 49%	4.4	2.9	7.1
Taxation		(1.3)	(1.2)	(2.8)
Profit for the period		3.1	1.7	4.3
Earnings per share (Basic)	↑ 77%	10.8p	6.1p	15.2p

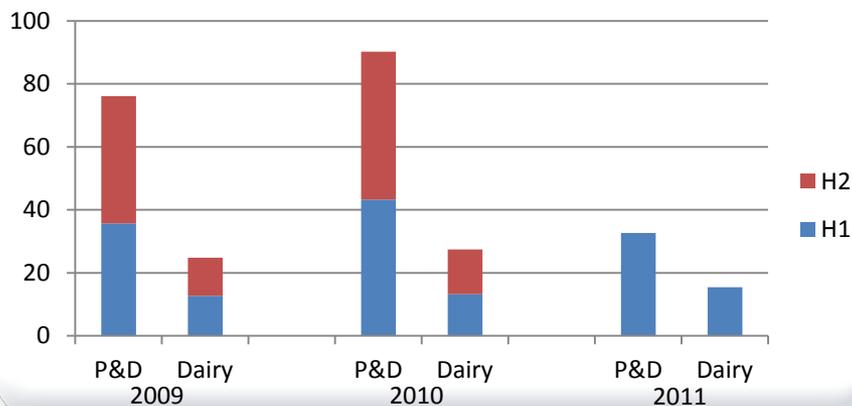
FINANCIALS

	2011 Interim £'m	2010 Interim £'m	2010 Year £'m
P&D	32.7	43.3	90.2
Dairy	15.4	13.2	27.4
	48.1	56.5	117.6

PROTECTION & DEFENCE

- Non DoD military and police respiratory growth
- Spare filters in inventory at period end due to customer administrative and testing issues, order in hand to ship in H2 (£5m)
- AEF revenue down £8m as US budget uncertainty created delay in order placement
- DoD contract for mask systems unaffected by budget delay in US

REVENUE £'m



DAIRY

- Volume up as dairy market returned to normal levels
- Innovative liner added to Milk-Rite market share, IP-MV up to 4% in the US
- Progress in new markets

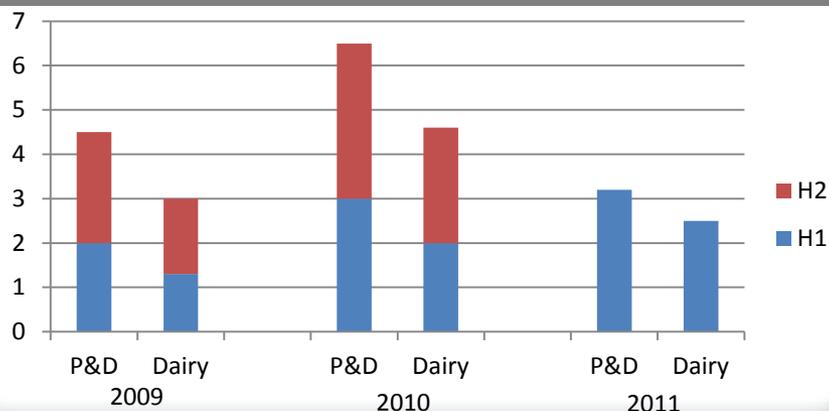
FINANCIALS

	2011 Interim £'m	2010 Interim £'m	2010 Year £'m
P&D	3.2	3.0	6.5
Dairy	2.5	2.0	4.6
Corporate costs	(0.9)	(0.9)	(1.8)
	4.8	4.1	9.3

PROTECTION & DEFENCE

- Return on sales improved as non DoD revenue grew and lower margin AEF revenue reduced
- DoD contract for mask systems unaffected by budget delay in US
- Administration and testing delays have moved some spare filter shipments from H1 to H2
- As in 2010 federal fire grants will be H2 bias meaning ISI had a difficult H1

OPERATING PROFIT £'m



DAIRY

- European cost base correct and stable, full year benefit now realised
- Innovative IP-MV market share gains are margin enhancing
- Input cost rises, even though recovered, is % margin dilutive

FINANCIALS



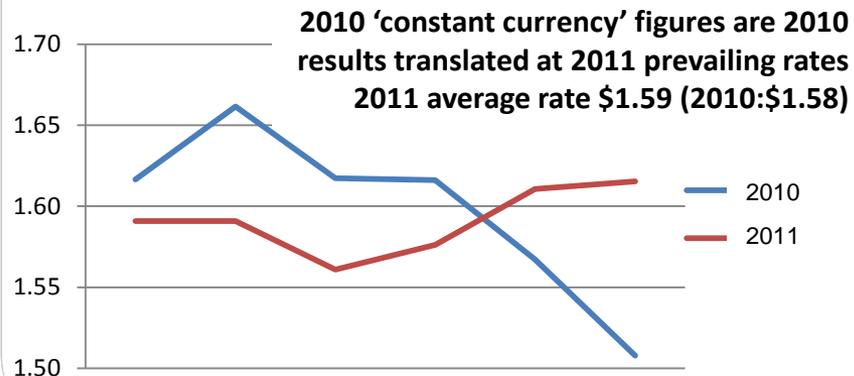
	2011 Interim £'m	2010 restated at 2011 rates £'m	2010 Interim £'m
Revenue	48.0	56.2	56.5
EBITDA	7.1	6.1	6.2
Operating profit	4.8	4.0	4.1

PROTECTION & DEFENCE



	2011 Interim £'m	2010 restated at 2011 rates £'m	2010 Interim £'m
Revenue	32.7	43.1	43.3
EBITDA	5.3	4.8	4.9
Operating profit	3.2	3.0	3.0

US DOLLAR RATES



DAIRY



	2011 Interim £'m	2010 restated at 2011 rates £'m	2010 Interim £'m
Revenue	15.3	13.1	13.2
EBITDA	2.7	2.2	2.2
Operating profit	2.5	2.0	2.0

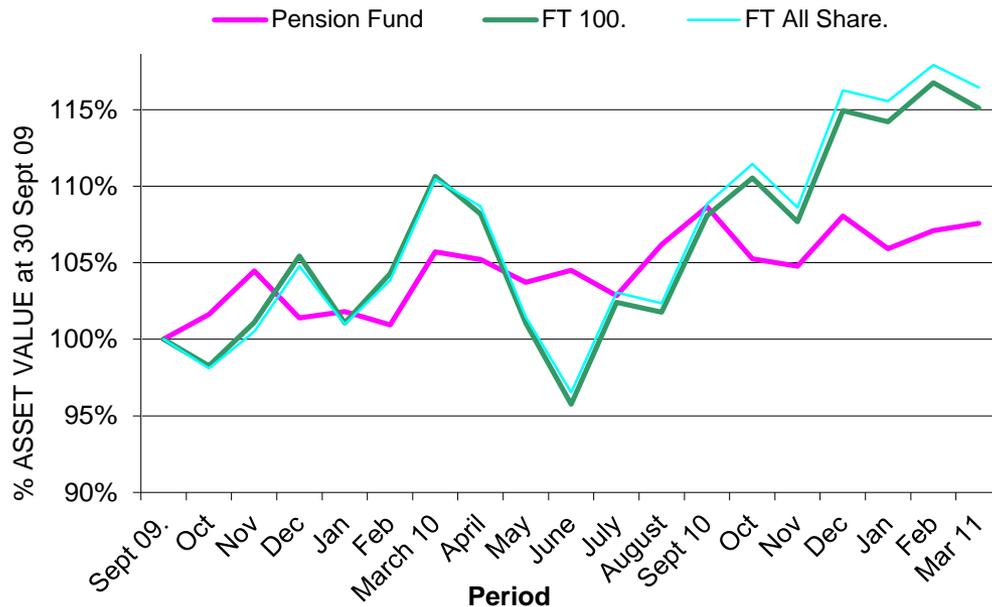
	2011 Interim £'m	2010 Interim £'m	2010 Year £'m
Net cashflow from operations			
➤ Continuing excluding exceptional items	1.4	4.9	13.1
➤ Exceptional items	-	(0.8)	(1.2)
➤ Continuing total	1.4	4.1	11.9
➤ Discontinued	(0.3)	(0.9)	(2.0)
Cash generated from operations	1.1	3.2	9.9
Tax	(0.2)	-	(1.8)
Interest	(0.3)	(0.4)	(0.8)
Net capital expenditure	(2.1)	(2.9)	(4.4)
Acquisitions – deferred consideration	-	(0.1)	(1.3)
Exchange and other	0.2	(0.5)	(0.3)
Dividend to non-controlling interest	-	(0.1)	(0.3)
Movement in net debt	(1.3)	(0.8)	1.0
Opening net debt	(12.6)	(13.6)	(13.6)
Closing net debt	(13.9)	(14.4)	(12.6)

	2011 Interim £'m	2010 Interim £'m	2010 Year £'m
Intangible assets	9.1	9.5	8.8
Property, plant and equipment	16.4	17.8	17.0
Current assets	31.9	33.0	26.2
Current liabilities	(20.9)	(24.4)	(18.2)
Non-current liabilities	(5.3)	(7.3)	(5.3)
	31.2	28.6	28.5
Net borrowings	(13.9)	(14.4)	(12.6)
	17.3	14.2	15.9
Retirement benefit surplus/(obligations)	0.9	(6.5)	(7.1)
Net assets	18.2	7.7	8.8

IAS 19 31 MARCH 2011

- Deficit at 30 September 2010 of £6.3m has become a surplus of £0.9m at 31 March 2011
- Benefit of move from RPI to CPI for deferred valuation of £9m
- Slightly more prudent long term inflation assumptions

PENSION FUND ASSET VALUE @ base Vs FT INDEX's



31 MARCH 2009 TRIENNIAL VALUATION

- Agreement between Company and Trustees
- Scheme 91.4% funded
- 10 year Deficit Recovery Plan ('DRP')
- Company has committed cash 'top ups' in the pension scheme years 2011 and 2012, of £400k and £500k (2009 and 2010: £300k)
- Plus further top ups related to dividend payments of up to £400k per pension scheme year
- Increasing contributions in years 4-10, also partly linked to dividends
- A new valuation to be undertaken at 31 March 2012 and DRP revised accordingly



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2011

Peter Slabbert
Chief Executive

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- DoD
- Sales & Marketing
- Research & Development
- Dairy
- Acquisitions

“As a Protection and Defence company, we will establish our position as the world leader in IPE; grow by maximising the potential of the JSGPM contract in the near term, leverage our relationship with the DoD and by capitalising on the resulting products and technologies in military and niche markets globally”

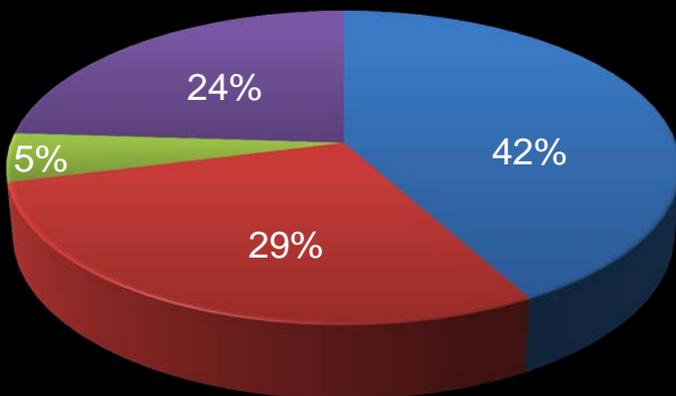


*“Continued development of the **MILK-RITE**® brand to expand the current product range and markets to achieve long term growth, serviced by a globally competitive and sustainable cost base”*



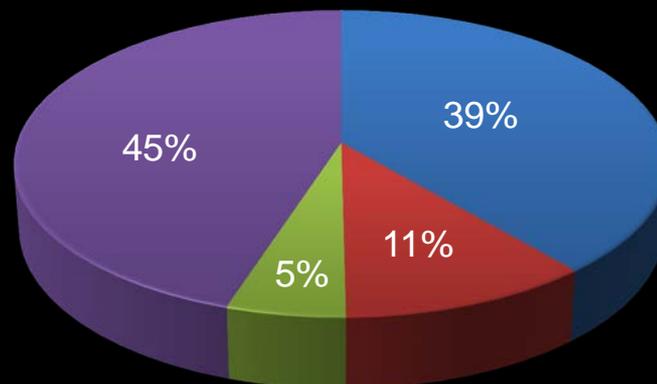
FY 2010 £90.2m

■ DoD masks & filters ■ DoD other (AEF & spares) ■ MoD ■ Non DoD masks

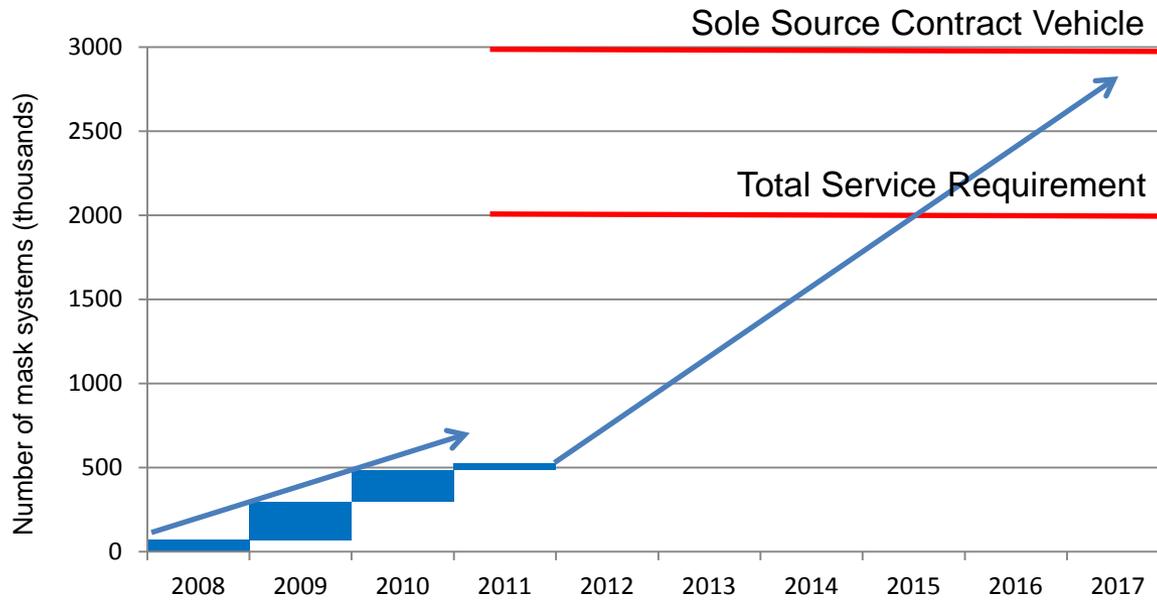


H1 2011 £32.7m

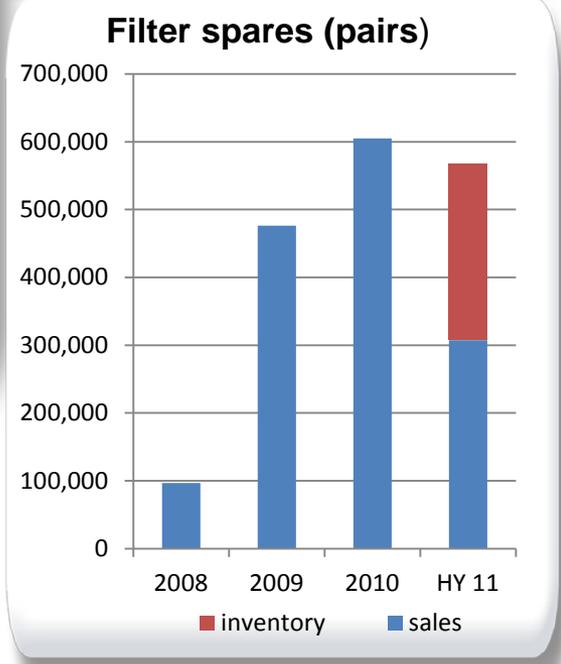
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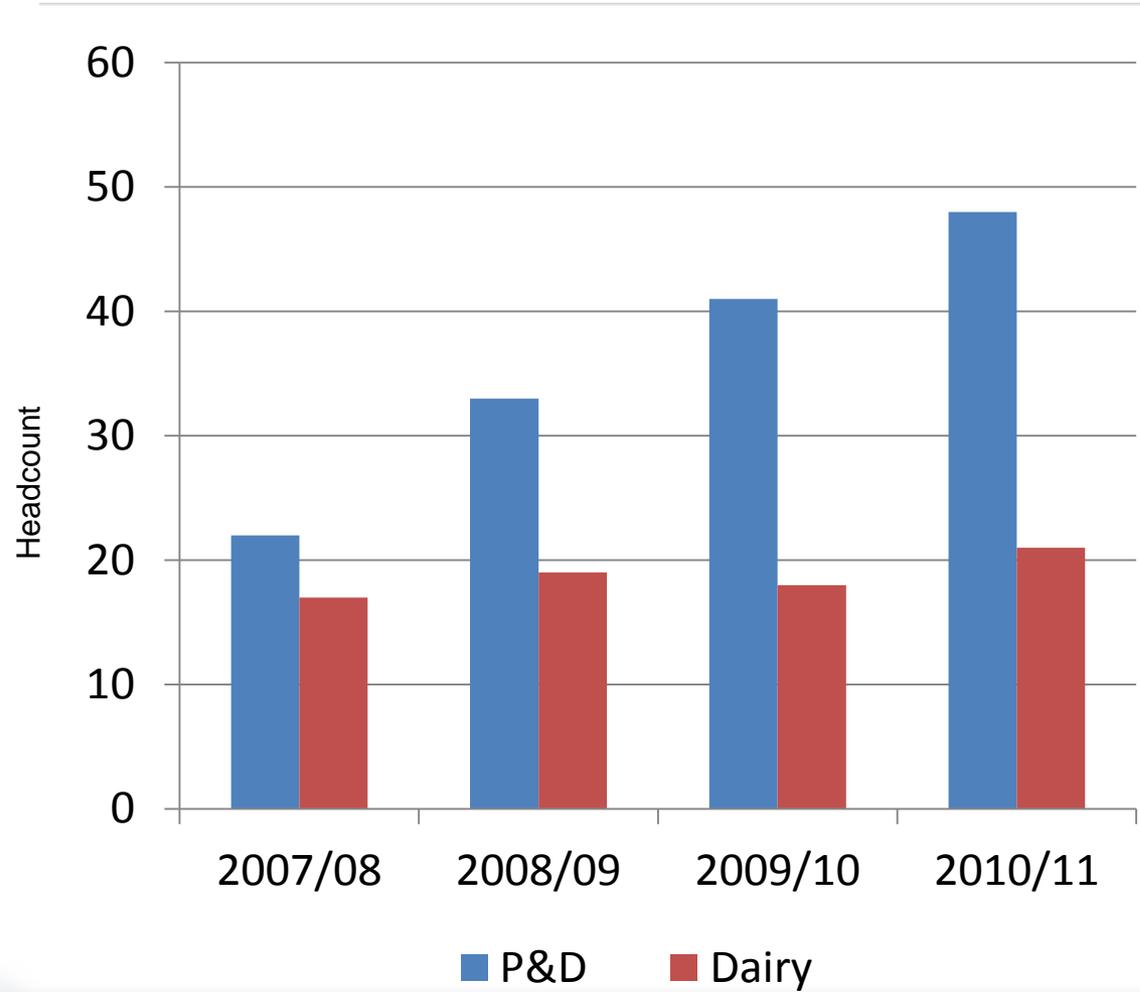


- DoD masks and filters remain consistent
- Lower margin AEF substituted by higher margin non DoD masks
- UK MoD remains a small part of the Group



- 10 year mask systems
- Filter spares
- Air crew program
- Navy EEBD opportunity
- Development funding

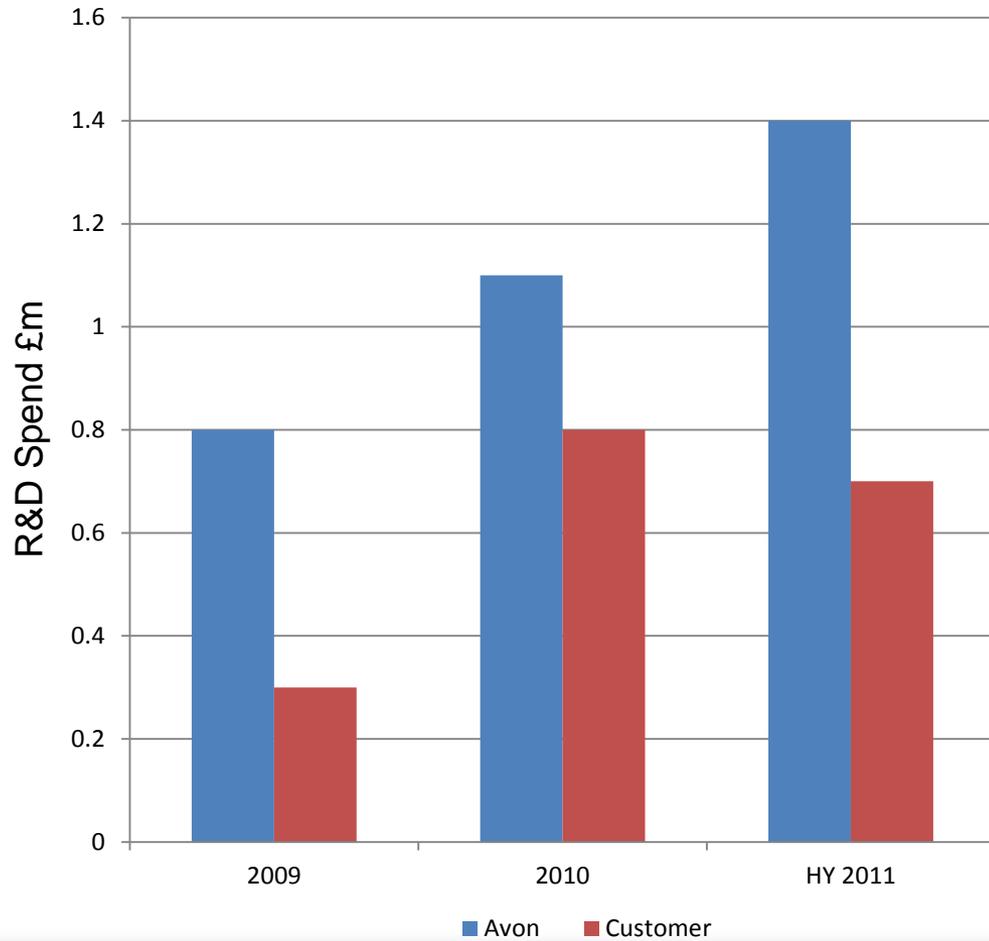




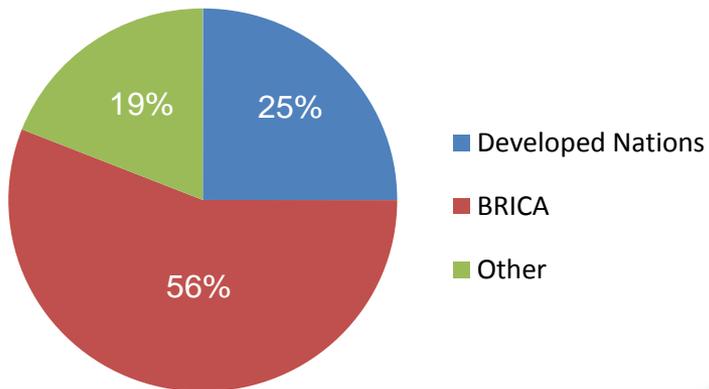
2011	EMEA	NA	TOTAL
	60	196	256
	286	499	785

2008	EMEA	NA	TOTAL
	40	108	148
	206	480	686





NUMBER OF COWS



MARKET

- Brazil
- Russia
- India
- China
- Australasia

BRAND



PRODUCTS

- Liners
- Dairy tubing
- Filter socks
- Claws
- Pulsators
- Accessories

PROTECTION & DEFENCE

- DoD opportunity
- Technology fill in
- Respiratory and or CBRN protection
- Leverage DoD relationship



DAIRY

- Technical products
- Milk-Rite brand leverage
- Milk-Rite distribution leverage

New!
Advanced
TECHNOLOGY

The Ultrapuls pulsator is the first pulsation product sold under the Milk-Rite brand. The LE30 model provides system benefits when used in combination with the IP-MV product. Milk-Rite expect to launch further new products during 2011 to compliment its range.

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animal health and milk quality



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focus on the future - outlook

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PROTECTION & DEFENCE



- US defence budget approved
- Catch up in delayed deliveries
- Operational improvements
- Commercial order wins

DAIRY



- Stabilise input costs
- Milk price increase in NA
- Benefit from higher selling price recovering higher inputs



The Board remains confident that the Group can maintain the underlying profit momentum seen in the first half of the year and expects stronger revenues in the second half, particularly now the US defence budget has been approved.

The Protection & Defence business will benefit from the security of the long term DoD contract, the release of deferred US government spending from the first half year and growing non DoD opportunities. We continue to invest in new products and technologies and target further operational efficiencies.

In Dairy we remain well positioned in a market with long term growth potential. The market is buoyant, our cost base is appropriate and stable and we have opportunities to further enhance profitability by developing our strong Milk-Rite brand and enhancing our product portfolio.

- Margins substantially improved
- EPS growth with finance cost & tax management
- Order coverage positive for H2
- Investment in product development and sales & marketing continues
- Targeted acquisitions





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