INTRODUCTION TO AVON RUBBER
**At a glance**

**Avon Protection**
Avon Protection is the recognised global leader in advanced Chemical, Biological, Radiological and Nuclear (CBRN) respiratory protection systems for the world’s Military, Law Enforcement and Fire markets.

**Agents & Distributors**
305

**milkrite | InterPuls**
milkrite | InterPuls is a global leader providing complete milking point solutions to customers across the world with the aim of improving every farm it touches.

**Agents & Distributors**
2,014

**Key**
- milkrite | InterPuls
- Avon Protection
- Distribution Countries

**Revenue split by destination**
- North America 66.0%
- Europe 17.4%
- Rest of the World 16.6%

**Revenue split by business**
- Avon Protection 69.7%
- milkrite | InterPuls 30.3%
## Strong financial track record

### FINANCIALS – H1 2018

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>% Change</th>
<th>% Constant Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received</td>
<td>£88.3m</td>
<td>(2.7%)</td>
<td>5.0%</td>
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<tr>
<td>Closing order book</td>
<td>£40.6m</td>
<td>17.7%</td>
<td>29.6%</td>
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<tr>
<td>Revenue</td>
<td>£77.7m</td>
<td>(1.5%)</td>
<td>5.9%</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>£15.5m</td>
<td>(3.1%)</td>
<td>6.6%</td>
</tr>
<tr>
<td>Adjusted EBITDA margin</td>
<td>19.9%</td>
<td>(0.4%)</td>
<td>0.2%</td>
</tr>
<tr>
<td>Adjusted operating profit</td>
<td>£11.6m</td>
<td>6.4%</td>
<td>18.9%</td>
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<tr>
<td>Net cash</td>
<td>£39.1m</td>
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<tr>
<td>EBITDA cash conversion</td>
<td>123.9%</td>
<td>18.9%</td>
<td></td>
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<tr>
<td>Adjusted basic earnings per share</td>
<td>32.8p</td>
<td>14.7%</td>
<td>33.7%</td>
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<tr>
<td>Interim dividend per share</td>
<td>5.34p</td>
<td>30.0%</td>
<td></td>
</tr>
<tr>
<td>Product development % of revenue</td>
<td>5.7%</td>
<td>0.9%</td>
<td></td>
</tr>
<tr>
<td>Return on capital employed</td>
<td>24.8%</td>
<td>3.7%</td>
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### OPERATING PROFIT

<table>
<thead>
<tr>
<th></th>
<th>H1</th>
<th>H2</th>
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</thead>
<tbody>
<tr>
<td>2017</td>
<td>£10.9m</td>
<td>£15.2m</td>
</tr>
<tr>
<td>2016</td>
<td>£8.9m</td>
<td>£11.6m</td>
</tr>
<tr>
<td>2015</td>
<td>£6.5m</td>
<td>£9.6m</td>
</tr>
<tr>
<td>2014</td>
<td>£7.0m</td>
<td>£8.1m</td>
</tr>
</tbody>
</table>

### SHARE PRICE HISTORY

![Graph showing share price history from 2008 to 2018]
Why invest in Avon Rubber?

- **Organic sales growth**
  - 3% +
  - **CORE BUSINESS**

- **Value enhancing acquisitions**
  - **ACCELERATE GROWTH**
  - 20% +

- **Attractive EBITDA margins**
  - **SUSTAINABLE PROFITABILITY**
  - 90% +

- **Strong cash generation**
  - **CASH GENERATION**
  - 30%

- **Dividend growth**
  - **PROGRESSIVE DIVIDEND**
  - 30%
Our strategy…

…for creating shareholder value is based upon 3 key elements:

1. Maximise organic sales growth from our core business
2. Selective product development to maintain our innovation leadership position
3. Value enhancing acquisitions to complement our existing business and accelerate growth
Growing the core

Maximizing growth from a world leading product and service portfolio

- **Leveraging the product and customer base** – growing market share and driving increased cross-selling
- **Responding to increasingly complex needs** – migrating customers through the product portfolio
- **Offering new commercial models and solutions** – creating added-value through service offering
- **Expanding channel access through the distribution** – greater market penetration and broader reach
- **Investing in marketing and sales functions** – to enhance our commercial effectiveness
- **Continuing focus on operational effectiveness** – to drive efficiency gains whilst retaining operational flexibility
Selective product development

We have a reputation for technological excellence and innovation, with a strong tradition of new product development. We see organic growth opportunities through:

• Maintaining our innovative leadership position
• Enabling technologies and integrated systems
• Moving up the value chain in respiratory protection
• Building the dairy portfolio around service proposition
Value enhancing acquisitions

Targeting acquisitions with Avon Protection and milkrite | InterPuls to complement organic growth

**Commercial Criteria**
- Strong brand recognition
- Technology which broadens our product range
- Expands our geographic reach
- Secure revenue streams or another source of profitable growth
- Strong management

**Financial Criteria**
- EPS enhancement
- Organic revenue growth, margins and cash conversion potential in line with our strategic growth objectives
- Returns exceeding our WACC
- Post-acquisition net debt to EBITDA less than 2 times
Avon Protection
Markets

Military

Law Enforcement

Fire
Avon Protection

INTRODUCTION TO AVON
Building a brighter future

FINANCIALS

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
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</thead>
<tbody>
<tr>
<td>Orders received</td>
<td>£64.2m</td>
<td>(2.4%)</td>
<td>6.6%</td>
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<tr>
<td>Closing order book</td>
<td>£37.5m</td>
<td>17.9%</td>
<td>30.8%</td>
</tr>
<tr>
<td>Revenue</td>
<td>£53.1m</td>
<td>(1.1%)</td>
<td>8.4%</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>£11.7m</td>
<td>0.8%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Adjusted EBITDA margin</td>
<td>22.0%</td>
<td>0.4%</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted operating profit</td>
<td>£9.2m</td>
<td>15.0%</td>
<td>25.1%</td>
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REVENUE SPLIT BY MARKET

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
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<tbody>
<tr>
<td>Military</td>
<td>13.8%</td>
<td>15.3%</td>
</tr>
<tr>
<td>Law Enforcement</td>
<td>51.5%</td>
<td>35.0%</td>
</tr>
<tr>
<td>Fire</td>
<td>35.0%</td>
<td>25.2%</td>
</tr>
</tbody>
</table>

COMMENTS

- Strong order and revenue growth driven by Law Enforcement in North America and Europe
- In Military flat US DoD revenues, with higher revenues from spares offsetting planned lower M50 volumes
- Stable EBITDA margins
- Lower amortisation of development costs contributing to operating profit growth
- Closing order book provides good visibility into H2
Avon Protection - Future Threats

• The red line of use on chemical weapons has been crossed
• Growing use of chemical weapons around the world
  • State sponsored use
  • Terrorist attacks
• Proliferation is becoming the challenge on a global basis
  • Military and first responders are unprepared for this threat
  • Greater need to protect metropolitan areas
• Driving the requirement for increased capability to respond
• Focus on respiratory protection - survive to operate
Where Avon Protection operates

CBRN PROTECTION
- Masks
- Hoods
- PPE clothing
- Detection
- Decontamination

RESPIRATORY PROTECTION
- Filters
- Powered air
- Self-Contained Breathing Apparatus
- Rebreathers

TECHNOLOGY INTEGRATION
- Communications
- Information display
- Helmet/visor integration
- Sensors/detection
- Thermal imaging cameras

MILITARY
LAW ENFORCEMENT
FIRE
INDUSTRIAL & CIVIL
**Avon Protection Portfolio**

**S10 Respirator**  
Introduced in 1986, the S10 respirator was in service with the UK MoD until the late 2000’s.

**M50 Development Contract**  
In 2000, Avon Protection worked closely with the US DoD to develop the M50 Respirator and were consequently awarded a 10 year sole-source contract in 2008.

**M53 Respirator and M61 Filters**  
Building on the design for the M50 Respirator, the M53 Respirator and M61 Filter were developed in 2005 and 2007.

**Project Fusion**  
Fusion was the project name for the Powered Air Purifying Respirator programme which recently received NIOSH approval.

**Acquisitions**  
2005 saw the acquisition of ISI which gave us the self-contained breathing apparatus know how needed in the fire market. VR Technology and argus acquisitions in 2013 and 2015 complemented our product ranges with the newly launched MCM100 rebreather and the thermal imaging camera respectively.
Avon Protection Portfolio
What does this mean for Avon Protection?

- Far greater flexibility and opportunity to generate value
- Significantly increased addressable commercial market
  - Smaller military
  - Special purpose user groups
  - Civil protection
- Product range capable of addressing a wider range of applications and customer requirements
- Multiple product sales into the same customer
- Ability to migrate the customer up the value chain
- Strengthens position as global leader in CBRN and respiratory equipment manufacture
- Improved margin mix

INCREASED SALES TO EXISTING CUSTOMERS

REVENUE OPPORTUNITIES FROM NEW CUSTOMERS

BETTER RETURNS
Markets

Interface  Precision, Control, Intelligence  Farm Services
milkrite | InterPuls

FINANCIALS

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<tr>
<td>Orders received</td>
<td>£24.1m</td>
<td>(3.6%)</td>
<td>1.0%</td>
</tr>
<tr>
<td>Closing order book</td>
<td>£3.1m</td>
<td>14.8%</td>
<td>16.1%</td>
</tr>
<tr>
<td>Revenue</td>
<td>£24.6m</td>
<td>(2.4%)</td>
<td>0.8%</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>£5.0m</td>
<td>(9.1%)</td>
<td>0.2%</td>
</tr>
<tr>
<td>Adjusted EBITDA margin</td>
<td>20.3%</td>
<td>(1.5%)</td>
<td>(0.5%)</td>
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<tr>
<td>Adjusted operating profit</td>
<td>£3.6m</td>
<td>(10.0%)</td>
<td>2.3%</td>
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ADJUSTED OPERATING PROFIT

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<td>£3.6m</td>
<td></td>
<td>£3.6m</td>
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</tr>
<tr>
<td>2017</td>
<td>£4.0m</td>
<td>£4.0m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>£3.4m</td>
<td>£3.8m</td>
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<td>2015</td>
<td>£3.3m</td>
<td>£3.1m</td>
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</tr>
<tr>
<td>2014</td>
<td>£2.7m</td>
<td>£3.0m</td>
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COMMENTS

- Strong growth in Farm Services and PCI
- Interface impacted by North American market conditions
- PCI and Pulsator Exchange building momentum in North America
- Cost control drives operating profit improvement

INTRODUCTION TO AVON
Building a brighter future
Dairy Farm of the Future

- Milk and feed prices provide general macro economics indicators for the industry
- Labour wage inflation drives automation to increase efficiency and scale of farm
- Growing population requires ever increasing production levels
- Increasing pressure for technology to improve:
  - Labour efficiency on farm
  - Less antibiotics in human food chain
  - Less hormone treatments for insemination
- Greater integration of technology in farm management
## Where milkrite | InterPuls operates

<table>
<thead>
<tr>
<th>INTERFACE</th>
<th>PRECISION, CONTROL &amp; INTELLIGENCE</th>
<th>FARM SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Liners</td>
<td>• Pulsators</td>
<td>• Cluster</td>
</tr>
<tr>
<td>• Tubing</td>
<td>• Milk meters</td>
<td>• Pulsator</td>
</tr>
<tr>
<td>• Claws</td>
<td>• Tag systems</td>
<td>• Tag</td>
</tr>
<tr>
<td>• Shells</td>
<td>• Data management</td>
<td></td>
</tr>
<tr>
<td>• Wash systems</td>
<td></td>
<td>Unique leased ownership model</td>
</tr>
</tbody>
</table>

**Market leader**  
**Challenger**  
**Low penetration**
Hi-Life Acquisition
In 1998, Avon acquired the milkrite brand and liner manufacturing facility in North America.

Impulse Claw 300
The development of the Impulse Claw 300 in 2014 completed milkrite’s full cluster offering.

Impulse Air Mouthpiece Vented Liners
In 2009 the newly launched Impulse Air liner quickly caught the attention of farmers for its ability to improve teat condition and deliver better milk quality.

Acquired InterPuls in 2015
milkrite | InterPuls are now the leading provider of milking point technology, providing complete teat to pipeline solutions.

Farm Services
After seeing success with the Cluster Exchange, the decision was taken in 2017 to add pulsator and tag exchange under a new Farm Services umbrella.
milkrite | InterPuls Portfolio
What does this mean for milkrite | InterPuls?

- We are positioned in the two structural growth markets of the dairy industry
  - PCI
  - Farm Services
- Multiple product sales into the same customer
- Flexible customer value proposition meets needs of large industrial farms and smaller family farms
- Technology hardware and software capability positions us at the forefront of emerging agritech
- Installed Farm Services base covering over 600,000 cows generating recurring revenues
- Improved margin mix

INCREASED SALES TO EXISTING CUSTOMERS

REVENUE OPPORTUNITIES FROM NEW CUSTOMERS

BETTER RETURNS
Summary
Why invest in Avon Rubber?

- **Organic sales growth**: 3%+
- **Value enhancing acquisitions**: ACCELERATE GROWTH
- **Attractive EBITDA margins**: SUSTAINABLE PROFITABILITY
- **Strong cash generation**: 90%+
- **Dividend growth**: 30%
Strong progress against investor proposition in H1 2018

- Organic sales growth: +5.9% AT CONSTANT CURRENCY
- Value enhancing acquisitions: AEF Divestment
- Attractive EBITDA margins: 19.9% +20 BPS AT CONSTANT CURRENCY
- Strong cash generation: 123.9% £39.1M NET CASH
- Dividend growth: +30% INCREASE OVER PRIOR YEAR
Appendices
Markets

**Military**
Global leader within Military CBRN for masks and filters, with leading portfolio of respirators and filters and long term pedigree for military contracting and supply chain excellence. Avon Protection is the proud sole source supplier to the US DoD of the joint service general purpose mask (JSGPM), whilst expanding into wider respiratory technology applications in both air and sea.

**Law Enforcement**
Supplying a range of NIOSH & CE approved mask solutions for global law enforcement customers, whilst organically expanding a wider portfolio of filters, hoods and powered air offerings to complement the mask, to increase capability of the law enforcement community in responding to global threats.

**Fire**
Leading provider of thermal imaging camera technology and one of the top 5 NFPA certified self-contained breathing apparatus suppliers.
Masks

With an unrivalled pedigree in mask design dating back to the 1920's we have developed an extensive range of mask systems for military and civil use. In addition to market leading M50 and FM50 general service respirators we have developed a range of masks for Law Enforcement and first responder use (PC50 and C50) and for Military special forces (FM53 and FM54). The latest additions to our range include the M69 aircrew mask for use in the DoD’s fixed wing aircraft; the M53A1 powered air respirator and the entry level EL50 mask.

Product range:
- FM12
- PC50
- EL50
- C50
- FM50
- FM53
- FM54
- HMK150
- M53A1
- M69
Supplied & Powered Air

Under Project Fusion we have developed a modular range of supplied and powered air products. This range combines our mask systems with self-contained breathing apparatus (‘SCBA’) and powered air purifying respirators (‘PAPR’).

Our PAPR range has received CE approvals in Europe and NIOSH safety approval in North America enabling marketing communications to commence.
Our fire range comprises of the argus thermal imaging camera and the Deltair SCBA. We are in the process of upgrading our SCBA system to comply with the new NFPA fire safety standards and will market the upgraded range under the Magnum brand name.
Filters

The FM61 uses pioneering conformal filter technology for closer integration and is designed with a bayonet quick fit for use only with the M50 mask.

The MILCF50 filter has a unique conformal shape providing a low profile close fit with the mask. The filter design minimises snag and pull hazards as well as reducing neck loading.
Escape hoods

The NH15 Escape Hood range is the smallest NIOSH-certified CBRN/CO air purifying escape respirator on the market and is ideal for police, emergency medical services and fire officers seeking immediate or emergency respiratory protection in a CBRN/CO escape scenario.

Product range:
- NH15
- NH15 Combo
MCM100 is a state of the art underwater rebreather range for military diving use. During 2017 we obtained the CE European safety approval for the product and post year end we have secured the first orders for this product from military customers. Our underwater product range also includes the MDC150 dive computer designed for military use.
Markets

**Interface**
milkrite | InterPuls is the market leader for cluster technology to remove milk from the cow in the most efficient way and maximise the performance of the farm with improved cost benefits for the farmer and improved animal health for the cow.

**Precision, Control, Intelligence**
Precision refers to the set up of the air system within the milking process to maximise the performance and efficiency of the system to provide the most efficient milking process.

Control is the physical control of the milking system to provide automation opportunities to minimise labour inputs.

Intelligence is the critical part of the dairy system which extracts data from the cow and integrates this within the farm herd management system or dairy management system when supplied as an integrated solution.

**Farm Services**
Whilst offering the entire product range on a resale basis, milkrite | InterPuls have developed the unique Farm Services offering, where clusters, pulsators & tags are offered to the farm on a lease hire basis, with a fully incorporated service and warranty scheme managed directly to the farm.
**Interface**

**Liners**
The Impulse and Impulse Air ranges are designed to minimise slip and improve animal health with their unique interlocking anti-twist shell design. Impulse Air takes innovation one step further using a unique air flow to draw the milk away quickly.

**Tubing**
Our premium silicone tubing is made from a strong material, with superior tear strength, with proven performance from benchmark testing against similar products.

**Impulse Claw 300**
The Impulse Claw 300 with its durable, lightweight and ergonomic design makes the claw easier for the operator to handle and reduces the overall weight of the cluster, improving cow comfort.

**Shells**
Our lightweight shells are designed to optimise the performance of our Impulse and Impulse Air liners by increasing the responsiveness to the pulsation signal.

**Wash Trays**
Our liner washing systems are designed to meet the cleaning and sanitisation needs of the dairy farmer.
**Precision, Control & Intelligence**

**LO2Air**
We are the world-leading manufacturer of state of the art electronic pulsators designed to facilitate gentle, complete and uniform milking.

**iMilk600**
We provide a range of control products used to manage the milking process. iMilk600 is a state of the art milk meter with advanced electronics and sensors. The user-friendly panel displays real time milk yield, temperature, milking time, cow number and conductivity.

**iFarm**
Our iFarm software consolidates and analyses data captured from neck and leg tags as well as the milking process to drive improved efficiency and farm performance.

**Other products:**
- Pneumatic Pulsator
- Electronic Pulsator
- Control Valves
- Controller
- Bucket Milker

**Other products:**
- MMV
- Auto Remover
- Sorting Gate

**Other products:**
- Leg Tag
- Neck Tag
- Precision Farming
- iFarm
Farm services

Cluster Exchange Service
Through our first exchange offering, Cluster Exchange Service, farmers lease complete milking clusters and outsource their liner change process to us. This is managed through service centres established in our existing facilities, with the support of our dealers and third-party logistics specialists.

Pulsator Exchange Service
During 2017 we expanded Farm Services with the launch of the Pulsator Exchange Service. Farmers lease our market leading pulsators and we provide ongoing servicing and maintenance.

Tag Exchange Service
We are currently piloting the Tag Exchange Service whereby farmers lease leg and neck tags again with servicing and maintenance provided by us. This enables farmers to remove the burden of capital investment and to flex the number of tags according to changes in the size of their herds.