INTRODUCTION TO AVON RUBBER
Delivering Sustainable Growth
Overview of Avon Rubber
At a glance

We are an innovative technology group, which through our Avon Protection business, designs and produces specialist products to maximise the performance and capabilities of our customers.

Avon Protection

Avon Protection is a provider of life critical personal protection systems with leading positions in the global respiratory and ballistic protection markets for the world's militaries and first responders.
## INTRODUCTION TO AVON RUBBER

Delivering Sustainable Growth

### Strong financial track record

#### OPERATING PROFIT

<table>
<thead>
<tr>
<th>Year</th>
<th>H1</th>
<th>H2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>£8.7m</td>
<td>£22.6m</td>
</tr>
<tr>
<td>2018</td>
<td>£11.6m</td>
<td>£15.7m</td>
</tr>
<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>
</tbody>
</table>

#### SHARE PRICE HISTORY

![Share Price History Graph]

#### FINANCIALS

<table>
<thead>
<tr>
<th>Category</th>
<th>2019</th>
<th>% Change</th>
<th>% Constant Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received</td>
<td>£181.9m</td>
<td>5.0%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Closing order book</td>
<td>£40.4m</td>
<td>6.9%</td>
<td>(0.7%)</td>
</tr>
<tr>
<td>Revenue</td>
<td>£179.3m</td>
<td>8.3%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>£39.5m</td>
<td>11.9%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Adjusted EBITDA margin</td>
<td>22.0%</td>
<td>0.7%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Adjusted operating profit</td>
<td>£31.3m</td>
<td>14.7%</td>
<td>10.4%</td>
</tr>
<tr>
<td>Adjusted basic earnings per share</td>
<td>91.7p</td>
<td>18.9%</td>
<td>14.1%</td>
</tr>
<tr>
<td>Dividend per share</td>
<td>20.83p</td>
<td>30.0%</td>
<td>30.0%</td>
</tr>
<tr>
<td>Product development % of revenue</td>
<td>4.6%</td>
<td>(1.3%)</td>
<td>(1.3%)</td>
</tr>
<tr>
<td>Net cash</td>
<td>£48.3M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA cash conversion</td>
<td>63.5%</td>
<td>(44.7%)</td>
<td></td>
</tr>
<tr>
<td>Return on capital employed</td>
<td>23.9%</td>
<td>0.6%</td>
<td></td>
</tr>
</tbody>
</table>
Why invest in Avon Rubber

Organic sales growth

Value enhancing acquisitions

Attractive EBITDA margins

Strong cash generation

Dividend growth

3.0%+ ORGANIC GROWTH TO ACCELERATE GROWTH 20%+ SUSTAINABLE PROFITABILITY 90%+ CASH GENERATION +30% PROGRESSIVE DIVIDEND
Delivering Sustainable Growth
Successful execution of strategy

Growing the core

Selective product development

Value enhancing acquisitions
... has transformed the business into a leading provider of personal protection

New Management team and Strategy
Following the appointment of the new management during 2017, a revised strategy was launched in November 2017.

Acquisition of Helmets & Armor
A leader in next generation ballistic helmets and body armor with multi-year contract portfolio with U.S. DOD.

Proposed acquisition of Team Wendy
Creating a global leader in Military and First Responder helmets.

New Products Launch
Launch of M69 aircrew mask and M53A1 mask and powered air system.

New DOD Contracts Awarded
Solidified our position as the principal choice with the U.S. DOD for CBRN respiratory protection.

Announced divestment of milkrite | InterPuls
Focuses the Group on Avon Protection, a leading provider of life critical personal protection systems.
Our expanded product portfolio

- Respirators
- Powered Air
- Supplied Air
- Broadened helmet range
- Liner & Retention Systems
- Body Armor

A leading provider of life critical personal protection systems
Military outlook underpinned

- **M50 Mask System***
  - Sole-source / Own IP / Commercial pricing
  - Current contract period: £25-35m
  - In service

- **M53A1 Mask and Powered Air System**
  - Sole-source / Own IP / Commercial pricing
  - Current contract period: £20-25m
  - In service

- **M69 Aircrew Mask**
  - Sole-source / Own IP
  - Current contract period: £10-15m
  - In service

- **Escape Hoods**
  - Sole-source / Commercial pricing
  - Current contract period: £5-10m
  - In service

- **RoW Military**
  - Sole-source / Commercial pricing
  - Current contract period: £25-35m
  - In service

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*Includes filters, spares and accessories of £10-15m per annum

FY19 military revenue: £87.2m
- DOD: £54.8m
- RoW: £32.4m

Total: £85-120m
Helmets & Armor outlook underpinned

- **IHPS Helmet**
  - Single-source / Own IP
  - Current contract period: £35-45m

- **VTP Body Armor**
  - Multi-source / Own IP
  - Current contract period: £20-35m

- **Legacy ESAPI Body Armor**
  - Multi-source / Own IP
  - Current contract period: £30-45m

- **Flat Armor**
  - Multi-source
  - Potential medium-term order intake per annum: ~£5m

- **RoW Military and First Responder**
  - Single-source
  - Potential medium-term order intake per annum: £5-10m

**Total:** £95-140m
Strategic focus on First Responder market

→ We are seeing the benefits of focusing our resources on our strong customer relationships within the core First Responder market

→ We are focused on taking our leading personal protection product portfolio to our commercial customers at enhanced margins

→ Our modular product portfolio meets the diverse needs of a broad selection of customers enabling them to respond to constant changing threat levels

→ As the Helmet & Armor acquisition beds in, we will explore the potential to extend our leading ballistic protection offering to the wider Avon Protection customer base
Selected product development update

We have continued our investment in research and development projects, particularly in Avon Protection as we focus on both next generation products and enhancing the capability of our existing range.

The most significant expenditure has been on the next generation of escape hoods programme, continuing the development of the next generation IHPS helmet and VTP body armor.

There has also been a focus on enhancements to the U.K. GSR programme and ongoing improvements in the capabilities of the MCM100 underwater rebreather following a full dive test programme with the U.S. Navy.
Helmets & Armor acquisition update

→ We have enhanced the growth prospects for Avon Protection with the completion of the Helmets & Armor acquisition on 2 January

→ The acquired business is high quality, with a strong incumbent management team, backed by leading proprietary technology, established contract platforms and well invested manufacturing operations

→ Strong and capable management team who have integrated well into the wider business

→ Integration has progressed well with First Responder customers migrated to Avon Protection, HR and Finance complete, and IT progressing as planned

→ We are firmly on track to deliver the targeted synergies of $5m and see potential for further efficiencies in the long term
Acquisition of Team Wendy

- Acquisition of Team Wendy creates a global leader in Military and First Responder helmets
- Team Wendy is a high-quality complementary business
- Cash consideration of $130m on a cash and debt free basis, representing 9.7 times FY19 EBITDA
- Revenue of $44.2m in FY19 generating $13.4m of EBITDA
- Attractive financial returns in line with stated financial criteria
- Class 1 Acquisition expected to close in Q1 FY21 following shareholder and regulatory approvals
- New $200m bank facility provides financing for future growth
Complementary product portfolio

Helmets
Full range of tactical bump helmets, ballistic combat helmets and search & rescue helmets as well as related accessories

Liner and retention systems
Leading liner and retention system technologies, used in U.S. DOD helmets and Team Wendy product range

Provides product portfolio for wider Rest of World and First Responder markets
Highlights

- Strong brand heritage
- Proprietary technology
- Experienced management team with a track record of delivering growth
- Diversified international customer base, with products sold in over 50 countries

Customer

- Military
- First Responder

Geography

- North America: 39%
- Rest of World: 19%

Product

- Helmets: 31%
- Liner and Retention Systems: 64%
- Other: 5%

INTRODUCTION TO AVON RUBBER
Delivering Sustainable Growth
Confident in the medium-term outlook

→ We continue to focus on delivering against our three strategic priorities of growing the core, selective product development and value enhancing acquisitions

→ Existing contracts underpin our medium-term outlook with significant growth opportunities in all our markets

→ Pipeline of new products and enhancements being developed in partnership with customers

→ Both businesses performing well and equipped to manage uncertainty ahead

→ Balance sheet strength ensures resilience and supports further acquisition opportunities over the medium-term

→ Board remains confident that the business is well placed to continue to deliver sustainable growth in the medium-term
Questions