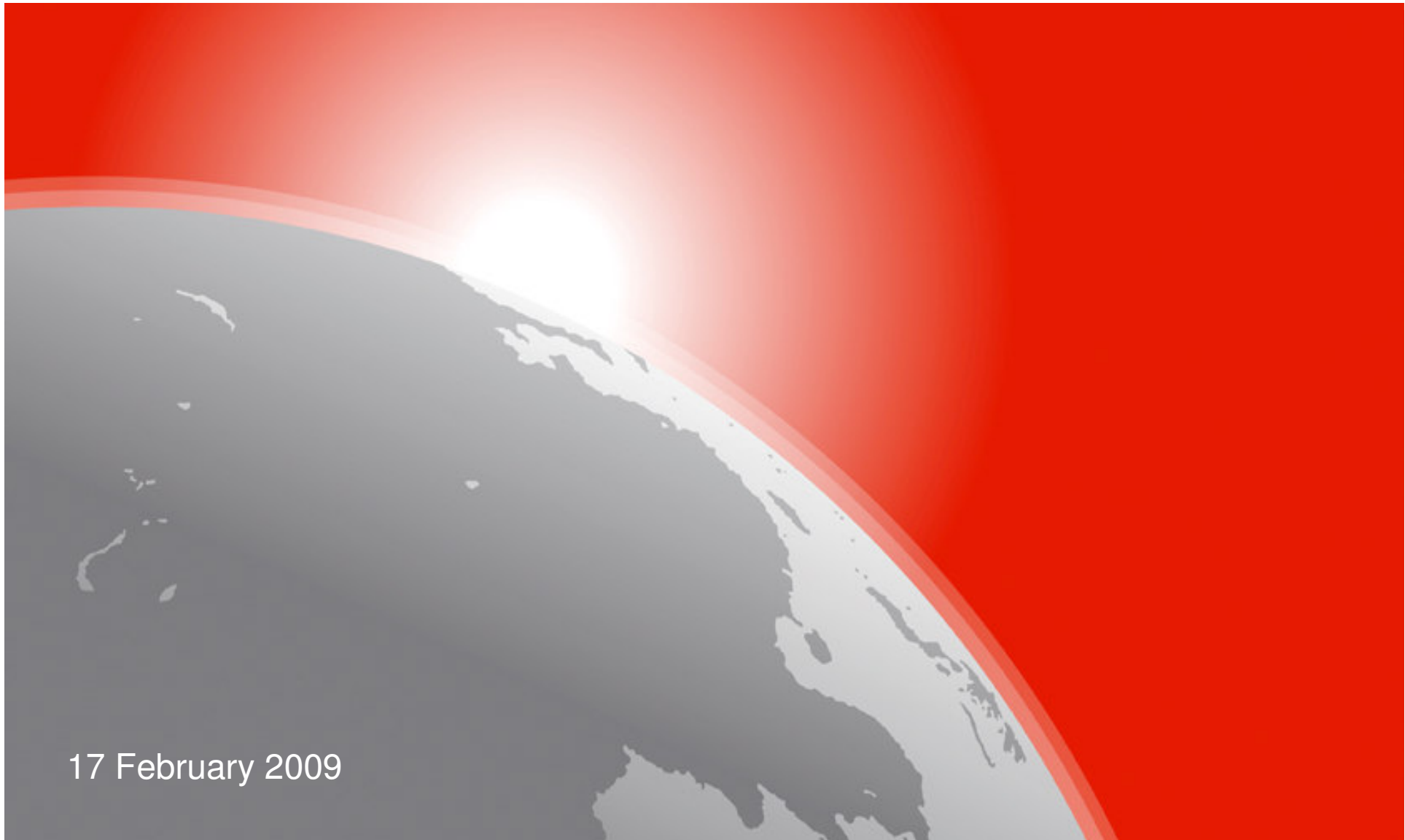
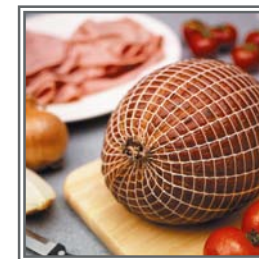


2008 Preliminary Results Presentation



17 February 2009

The world's leading manufacturer of collagen products for the food industry










Peter Williams
Finance Director



Financial Highlights



	2008	2007	Change
	£m	£m	%
 Sales	183.1	156.3	17.2
 EBIT*	20.6	17.7	16.4
 PBT*	18.8	15.6	20.9
 Earnings per Share*	8.2p	6.4p**	28.1
 Dividend	4.45p	4.45p	--
 Net Debt	24.0	27.3	12.0
 Gearing	21.5%	28.7%	

* Before exceptional items on a continuing operations basis, 2007 restated for pensions finance credit

** 2007 tax credit amounting to £1.3m restated as exceptional

Income Statement 12 months to 31 December 2008

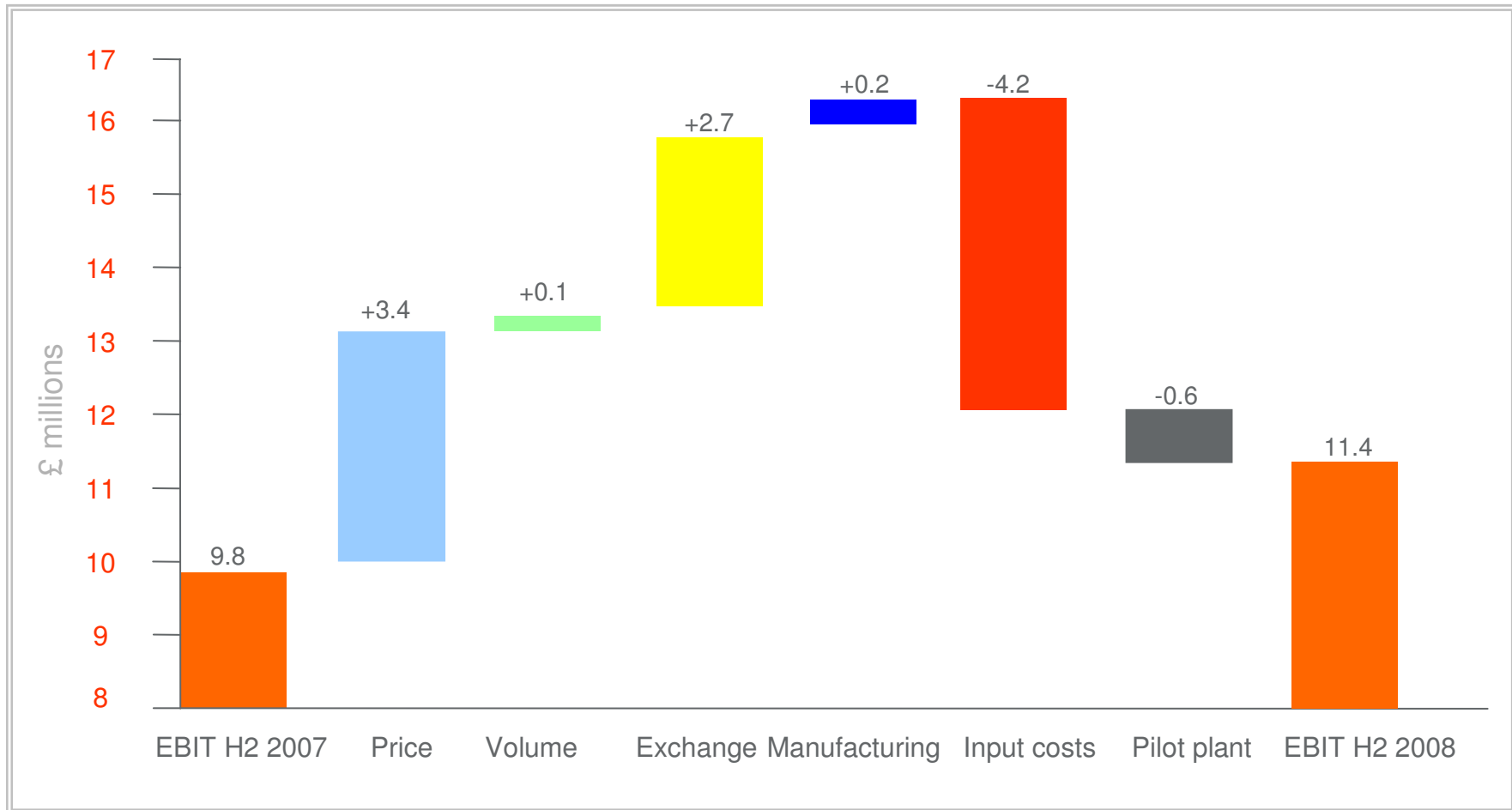


	2008	2007*	Change
	£m	£m	%
Group sales	183.1	156.3	17.2
Operating profit before exceptional items	20.6	17.7	16.4
Operating margin	11.2 %	11.3%	--
Exceptional items	(3.5)	0.6	
Net finance cost	(1.8)	(2.1)	
Profit before tax	15.3	16.2	(5.4)
Tax	(2.9)	(4.2)	
Profit for the year	12.4	12.0	3.3

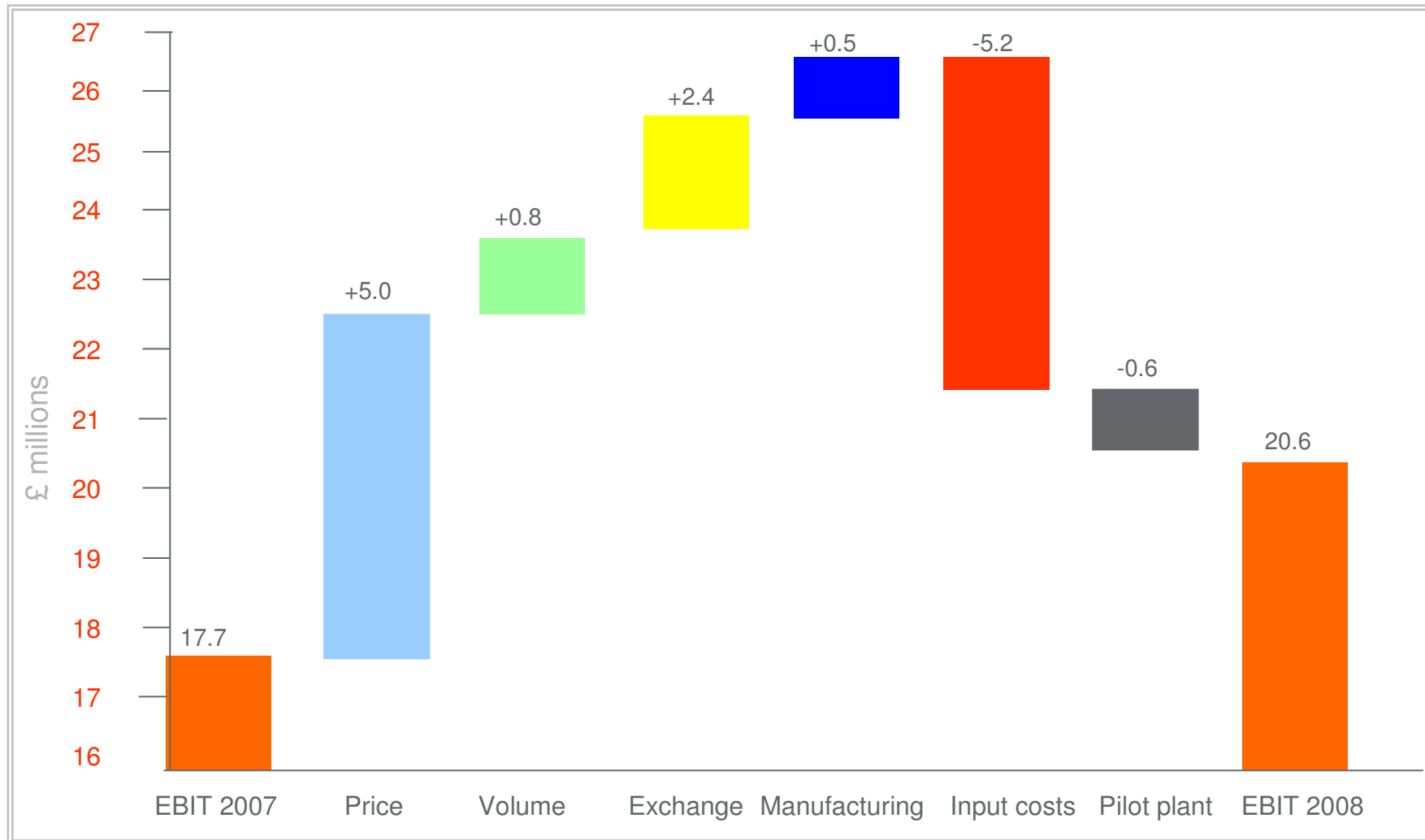
* On a continuing operations basis

* Restated to reflect change in pension finance credit

Summarised EBIT bridge 6 months to 31 December 2008



Summarised EBIT bridge 12 months to 31 December 2008



Sales Analysis 2008

Sales change vs 2007 (with prior years' changes)



	2008 vs 2007*	2007 vs 2006*	2006 vs 2005*
Full year	%	%	%
Volume	3.0	5.6	2.3
Price/Mix	3.2	(2.4)	(1.5)
Exchange	11.0	(0.9)	(0.2)
Total	17.2	2.3	0.6

* On a continuing operations basis

Regional Sales by Destination 2008 Change vs 2007*



	2008 £m	Volume %	Price/Mix %	Exchange %	Total %
Europe	107.3	1.0	4.2	10.8	16.0
Americas	33.6	1.8	4.1	10.8	16.7
Asia/Pacific	42.2	8.1	0.7	11.9	20.7
Total	183.1	3.0	3.2	11.0	17.2





* On a continuing operations basis

Czech Manufacturing Improvement



	2008	2009	2010
	£m	£m	£m
Savings			
On-going operating costs			2.0
Savings on investment in old plant		1.5	
Costs			
Non-cash write off	(3.1)		
Redundancy and relocation	(0.6)		
Investment in new lines		(5.0)	
Net (cost)/savings	(3.7)	(3.5)	2.0



- 
Restructuring of Czech manufacturing facilities
- 
Production concentrated in one factory
 - 100 year old plant closed
- 
Savings
 - Improved quality
 - Reduced energy and water
 - Improved efficiency
- 
Approximately 2 years cash pay back

£2m of cost savings to drop to the bottom line from 2010

Balance Sheet



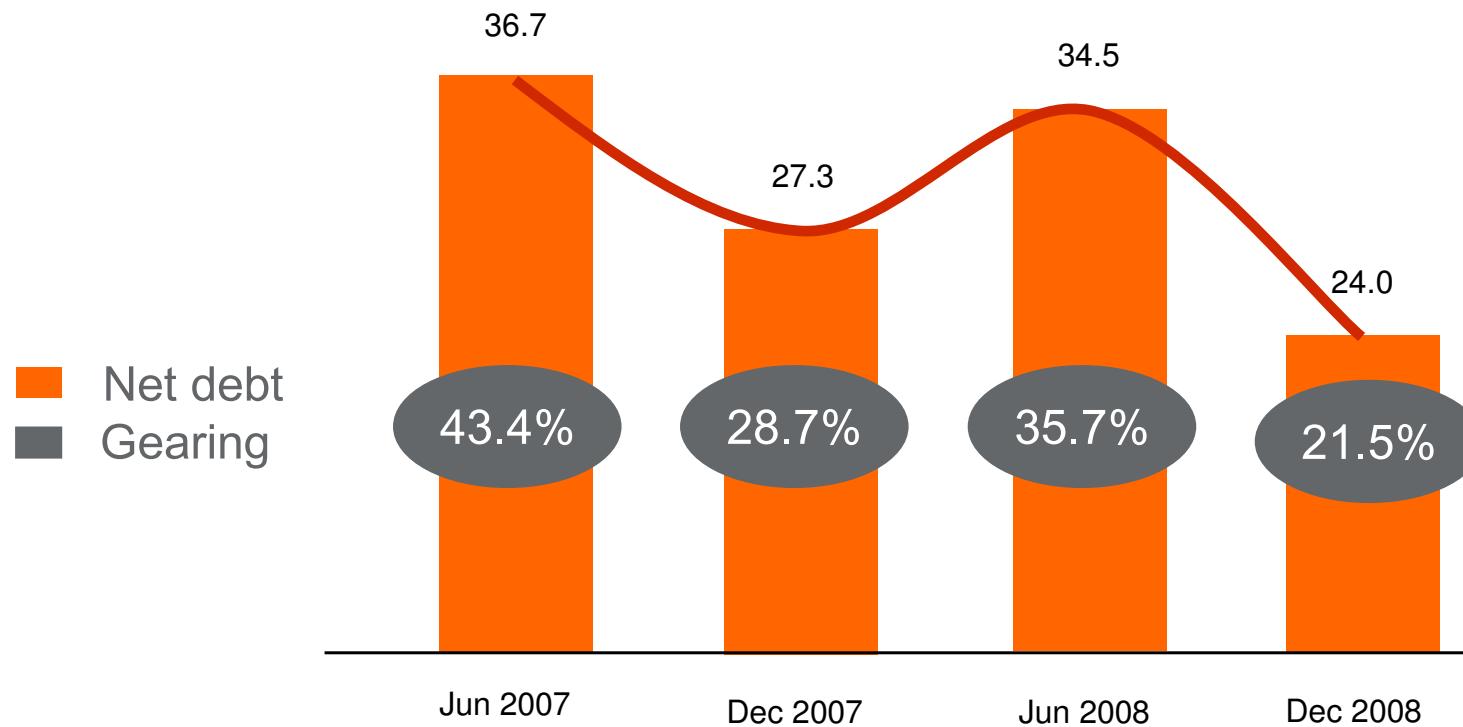
	2008	2007*
	£m	£m
Net assets	111.3	95.1
Share capital and reserves	66.2	67.3
Translation reserve	37.4	13.0
Retained earnings	7.7	14.8
Shareholders funds	111.3	95.1
Net debt	(24.0)	(27.3)
Gearing	21.5%	28.7%
ROCE*	20.0%	21.0%

* ROCE = Operating profit before exceptional items / average net assets

Net Debt



Net debt (£ millions)



Net debt to EBITDA*

1.13

0.97

1.14

0.74

*on continuing operations before exceptional items

Cash Flow 12 months to December 2008







	2008	2007
	£m	£m
Net cash inflow from operating activities	31.3	23.0
Net interest paid	(2.5)	(2.7)
Tax paid	(5.2)	(3.7)
Capital expenditure	(13.3)	(10.7)
Equity dividend paid	(7.2)	(7.2)
Exchange	0.2	1.0
Decrease/ (increase) in net debt	3.3	(0.3)
Interest cover*	8.6	6.5

* Calculated on operating profit on a continuing operations basis before exceptional items

Group defined benefit schemes

	2008	2007
	£m	£m
Deficit	25.8	7.4
Deferred tax	(9.1)	(2.9)
Net Deficit	16.5	4.5



-  Significant fall in value of plan assets
-  Potential for additional cash contributions in 2009
-  Change in finance related to pensions, from credit in 2008 to charge in 2009
-  Termination of USA Post Retirement Employee Benefit Scheme

Pension Finance Cost



Net (non - cash) credit of £0.6 million in 2007 & 2008



2007, included in operating profit



This year, moved to finance, and 2007 re-stated to give a better understanding of operating profit



2009 will have significant change, a net charge of approximately £1.4 million

- Lower value of plan assets
- Currency impact of translation into GBP

Peter Page
Chief Executive



Operational Highlights



Continued growth in sales volumes of edible collagen



Progress towards sustainable pricing



Higher productivity and efficiencies in all manufacturing operations



Gut conversion

Sales Volume - Established Markets



UK & Eire: increase in sales volumes, with strong growth of patent-protected porcine casings



Japan: increase in volumes due to focussed technical and sales support, and success in converting customers from gut to collagen



USA: sales volumes for all key casing and gel customers maintained or increased



Australia & New Zealand: slight volume increases in mature markets driven by technical support to customers

Sales Volume - Emerging Markets



China: growth due to urbanisation and the displacement of low-value, plastic-cased, pasteurised products continued



Asia: volume increase to all markets



Latin America: significant conversions from gut to collagen following sales and technical initiatives, leading to higher volumes



Eastern Europe, Russia and Ukraine: continuing investment in food manufacturing and expanding Devro's distribution network led to a volume increase



South Africa and Kenya both contributed to overall volume increase

Sustainable Pricing



Like for like, 2008 prices were 3.2% up on 2007, higher than expectations of 2.0 – 2.5%



Raised prices account for £5.0 million of revenue increase on a constant currency basis



Further pricing work required in 2009 and 2010

Manufacturing & Operations



Volumes of saleable product manufactured are 2.5% higher than in 2007, from the same number of lines



Energy costs have increased by £1.5 million over prior years and are now stabilising



Hide costs, on average, have been stable during 2008; glycerine prices have fallen from peak of late 2007 and early 2008



Physical stocks in warehouses reduced by 6.2% over the year



Number of Stock Keeping Units reduced by 4.1% in 2008

Capital Expenditure 2008



£12.7 million additions in line with management expectations

- £5.3 million on replacements and maintenance
- £7.4 million on developments including:
 - Waste water treatment in the Czech Republic
 - Hygiene improvements in the Czech Republic
 - Line upgrades in Australia and Scotland
 - Raw materials processing in USA

Market Trends 2008



Growth in demand for edible collagen casing of 4-5% per year

Underlying USA volumes constrained by gel conversion

Recovery of collagen cased sausage volumes in UK

Faster growth in China, South East Asia, Latin America and Eastern Europe



Industry Issues

Financial crisis makes trading difficult in Eastern Europe, Ukraine & Russia

Decline in leather demand constrains collagen supply

Continuing consolidation among the larger food manufacturers, particularly in Europe



Devro's Position





Czech manufacturing gives Devro a unique position in these markets

Devro is actively developing new global supply sources to secure this vital raw material input
We have our own hide splitting operation in Australia

Devro is the world's largest and only global collagen casing manufacturer, and is well placed to meet the demands of larger and more sophisticated customers
Devro continues to invest in R&D to ensure product superiority in its core market segments

Outlook for 2009



-  Confident of prospects for Devro for the year
-  Demand in established and developed markets stable and constant
-  Demand in China, Asia and Latin America growing
-  Uncertainty over Eastern Europe, Russia and Ukraine
-  Higher costs for raw collagen

Capital Investment for 2009



Capital expenditure of £19.0 million



£6.3 million on replacements and maintenance at all locations



£5.0 million on new lines in the Czech Republic



£3.0 million to complete hygiene and waste water treatment in the Czech Republic



£4.7 million on process and manufacturing improvements

Devro is well-placed to deliver improved operational performance