August 2015

INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2015
DEVRO: THE COLLAGEN CASING COMPANY

- One of the world’s leading providers of collagen casings for the processed meats sector
- Provides technical support to food manufacturers

- Over 2,000 staff across the world
- 5 manufacturing sites in Scotland, Australia, the Czech Republic and the USA

- Main raw material taken from the hide of carefully selected animals certified for food use
- A complex naturally-occurring polymer with unique characteristics

- Differentiation through product development
- Improved manufacturing performance and increased capacity
DEVRO:
2015 H1 PERFORMANCE IN LINE WITH EXPECTATIONS

- Sales volumes have grown by 5%
- Strong demand
- Operating profits up by 11%
- Transformation of manufacturing footprint progressing well
  - Major investment projects in USA and China on track
  - Restructuring actions in Scotland and Australia now complete
- Small bolt-on acquisition agreed in July to support global gel strategy
## FINANCIAL SUMMARY:
FOR SIX MONTHS ENDED 30 JUNE 2015

<table>
<thead>
<tr>
<th></th>
<th>2015 H1 £m</th>
<th>2014 H1 £m</th>
<th>Change %</th>
<th>Constant currency Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>112.7</td>
<td>109.7</td>
<td>+3</td>
<td>+5</td>
</tr>
<tr>
<td>EBITDA*</td>
<td>23.8</td>
<td>23.0</td>
<td>+4</td>
<td>+10</td>
</tr>
<tr>
<td>Operating profit (EBIT)*</td>
<td>15.6</td>
<td>14.1</td>
<td>+11</td>
<td>+18</td>
</tr>
<tr>
<td>EPS*</td>
<td>6.9p</td>
<td>6.6p</td>
<td>+5</td>
<td>+12</td>
</tr>
<tr>
<td>Operating cash flow**</td>
<td>19.2</td>
<td>18.1</td>
<td>+6</td>
<td></td>
</tr>
<tr>
<td>Net debt</td>
<td>105.6</td>
<td>53.2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Before exceptional items **Before exceptional items and pension deficit funding
REGIONAL SALES BY DESTINATION: FOR SIX MONTHS ENDED 30 JUNE 2015 (CHANGE VS H1 2014)

<table>
<thead>
<tr>
<th>Region</th>
<th>2015 £m</th>
<th>Volume %</th>
<th>Price/mix %</th>
<th>Exchange %</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>-3.5</td>
<td>+0.7</td>
<td>+0.5</td>
<td>-8.2</td>
<td>-7.0</td>
</tr>
<tr>
<td>Americas</td>
<td>+3.8</td>
<td>+4.1</td>
<td>-0.3</td>
<td>+9.9</td>
<td>+13.7</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>+2.7</td>
<td>+12.3</td>
<td>-1.2</td>
<td>-2.4</td>
<td>+8.7</td>
</tr>
</tbody>
</table>

- Volume growth in all regions
- Exchange movements the result of weak euro / strong US dollar
OPERATING PROFIT BRIDGE:
FOR SIX MONTHS ENDED 30 JUNE 2015 (VS 2014)

*Before exceptional items

<table>
<thead>
<tr>
<th></th>
<th>2014 EBIT</th>
<th>Volumes</th>
<th>Restructuring savings</th>
<th>Input costs</th>
<th>Manufacturing</th>
<th>Foreign exchange</th>
<th>Other</th>
<th>2015 EBIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>£ million</td>
<td>14.1</td>
<td>+1.9</td>
<td>+2.5</td>
<td>+1.0</td>
<td>-0.8</td>
<td>-1.1</td>
<td>-2.0</td>
<td>15.6</td>
</tr>
</tbody>
</table>

*Before exceptional items
## INCOME STATEMENT:
FOR SIX MONTHS ENDED 30 JUNE 2015

<table>
<thead>
<tr>
<th></th>
<th>2015 £m</th>
<th>2014 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>112.7</td>
<td>109.7</td>
</tr>
<tr>
<td>Operating profit before exceptional items</td>
<td>15.6</td>
<td>14.1</td>
</tr>
<tr>
<td>Exceptional items</td>
<td>(4.0)</td>
<td>(10.8)</td>
</tr>
<tr>
<td>Operating profit after exceptional items</td>
<td>11.6</td>
<td>3.3</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>(0.9)</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Net finance cost on pensions</td>
<td>(1.1)</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>9.6</td>
<td>1.6</td>
</tr>
<tr>
<td>Tax</td>
<td>(2.3)</td>
<td>0.7</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>7.3</td>
<td>2.3</td>
</tr>
</tbody>
</table>
## EXCEPTIONAL ITEMS: FOR 2015

<table>
<thead>
<tr>
<th></th>
<th>H1 £m</th>
<th>Projected FY £m</th>
<th>FY £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment projects</strong></td>
<td>4.0</td>
<td>16 - 18</td>
<td>7.0</td>
</tr>
<tr>
<td><strong>Restructuring</strong></td>
<td>-</td>
<td>-</td>
<td>16.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4.0</td>
<td>16 - 18</td>
<td>23.9</td>
</tr>
</tbody>
</table>

- Exceptional items increasing in H2 2015 as enter commissioning phase of investment projects
- Further, but lower, exceptional items expected in 2016; final year of three year transformation programme
### SUMMARY CASH FLOW:
**FOR SIX MONTHS ENDED 30 JUNE 2015**

<table>
<thead>
<tr>
<th></th>
<th>2015 £m</th>
<th>2014 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit*</td>
<td>15.6</td>
<td>14.1</td>
</tr>
<tr>
<td>Depreciation and amortisation*</td>
<td>8.2</td>
<td>8.9</td>
</tr>
<tr>
<td>Movement in working capital</td>
<td>(5.4)</td>
<td>(5.1)</td>
</tr>
<tr>
<td>Other</td>
<td>0.8</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Operating cash flow</strong></td>
<td><strong>19.2</strong></td>
<td><strong>18.1</strong></td>
</tr>
<tr>
<td>Exceptional items (cash outflow)</td>
<td>(6.3)</td>
<td>(1.6)</td>
</tr>
<tr>
<td>Pension deficit funding*</td>
<td>(2.2)</td>
<td>(2.4)</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(33.7)</td>
<td>(19.9)</td>
</tr>
<tr>
<td>Interest/tax</td>
<td>(4.6)</td>
<td>(2.3)</td>
</tr>
<tr>
<td>Dividends</td>
<td>(10.2)</td>
<td>(10.2)</td>
</tr>
<tr>
<td>Other</td>
<td>1.4</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>Increase in net debt</strong></td>
<td><strong>(36.4)</strong></td>
<td><strong>(17.4)</strong></td>
</tr>
</tbody>
</table>

*Before exceptional items   ** Before exceptional items and pension deficit funding
### DEBT & KEY BANKING COVENANTS

**June 2015**

<table>
<thead>
<tr>
<th>Covenant</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt / EBITDA</td>
<td>&lt;3.25 times *</td>
</tr>
<tr>
<td>EBITDA / Net interest payable</td>
<td>&gt;4 times</td>
</tr>
</tbody>
</table>

**December 2014**

<table>
<thead>
<tr>
<th>Covenant</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt / EBITDA</td>
<td>2.2 times</td>
</tr>
<tr>
<td>EBITDA / Net interest payable</td>
<td>13 times</td>
</tr>
</tbody>
</table>

- Increase driven by capex on investment projects
- Rising in line with expectations
- Net debt/EBITDA will increase further as investment projects complete
- Total group bank facility is £170m

* Contingent on completion of PV Industries acquisition
<table>
<thead>
<tr>
<th></th>
<th>June 2015</th>
<th>December 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net pension deficit</td>
<td>47.4</td>
<td>59.0</td>
</tr>
</tbody>
</table>

- Discount rates have increased across all group schemes
- UK triennial valuation completed
- Total contributions to fund group pension deficit likely to be £5 million to £6 million per year from 2016
Effective tax rate is likely to trend towards 20% to 25% in 2016 as Czech Republic investment allowances become fully utilised.

*Before exceptional items
OUR THREE-PART STRATEGY

**Revenue growth**
- Gut replacement in developed markets
- Increased demand in emerging markets
- Pricing and value for customers

**Manufacturing efficiency**
- Maximise productivity of existing assets
- New capacity in lowest unit cost technology
- Reducing costs

**Earnings growth & improving return on capital**

**Collagen research and development**
- Differentiated products
- Modern processes improve efficiency
- Creating new opportunities
SALES:
FOR SIX MONTHS ENDED 30 JUNE 2015

• Demand is strong
• Sales volumes of collagen casings 5% higher than 2014
• Revenue increased by 5% in constant currency
DEVELOPED MARKETS: EDIBLE COLLAGEN

USA & Canada
- Volume +6%
- Revenue (LC) +4%
- Continued growth in beefstick category
- Co-ex gel sales increasing

UK
- Volume +2%
- Revenue (LC) +7%
- Select F continues to be well received across product portfolio

Western Europe
- Volume +4%
- Revenue (LC) +4%
- Fragmented and diversified market

Japan
- Volume +9%
- Revenue (LC) +10%
- Growth in snack products
- Innovative new applications

Australia & New Zealand
- Volume +4%
- Revenue (LC) +5%
- Increase in retail sales volumes
EMERGING MARKETS: EDIBLE COLLAGEN

Latin America
- Volume -3%
- Revenue (LC) -2%

Russia, Eastern Europe & Africa
- Volume -6%
- Revenue (LC) -9%
- Outlook improving

China
- Volume +10%
- Revenue (LC) +5%
- Strong demand for quality
- Total sales now 50% of new plant capacity

South East Asia
- Volume +50%
- Revenue (LC) +49%
- Strong demand for quality
CO-EXTRUSION GEL

- Market leader in co-ex gel in USA
- Sales volumes in USA increased by 15% in the period
- Acquisition of PV Industries will consolidate our co-ex gel business in Europe
INDUSTRY LEADERS THROUGH RESEARCH & DEVELOPMENT

- Global R&D team coordinating work across all regions
- Working with customers to develop innovative new products
- Acquisition of PV Industries will add to our technical skills base and boost innovation on high quality collagen gel products
GLOBAL MANUFACTURING FOOTPRINT
USA: COST REDUCTION

- Investing £50 million over two years – completing 2016
- Replacing old inefficient plant with new high technology plant on existing site

- Equipment installation complete
- Commissioning now underway
- Product development complete
- Global project team using expertise from other plants
CHINA: CAPACITY EXPANSION

- Investing £50 million in full manufacturing operation – completing 2016
- Establishing local production capacity to serve the growing market

- Equipment installation underway
- Product development complete
- Recruitment and training progressing well
- Experienced local management team supported by global project team
## Restructuring: Cost Reduction Realised

### Scotland
- Announced in April 2014
- Decommissioning of oldest, least efficient capacity
- 130 redundancies agreed following consultation
  - Final phase completed in Q1 2015
- Annualised cost savings of £4 million

### Australia
- Announced in January 2015 and now completed
- Decommissioning of separate hide preparation plant
- Outsourcing of hide preparation operations
- 19 redundancies agreed following consultation
- Annualised cost savings of £1 million
• Capacity increase from 2010 to 2016 +25%
OUTLOOK

- Trading in line with expectations
- Market demand remains strong
- Input costs stable
- Three year transformation programme on track
THANK YOU