INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2014
DEVRO: THE COLLAGEN CASING COMPANY

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

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

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

Technology
- Differentiation through product development
- Improved manufacturing performance and increased capacity
DEVRO:
2014 H1 PERFORMANCE IN LINE WITH EXPECTATIONS

• Strong growth in key markets
• Sales volumes maintained
• Manufacturing footprint transformation progressing well
  • Major investment programmes in USA & China on schedule
  • Action taken to decommission older, less efficient technology
• Actively managing cost base
GROUP FINANCE DIRECTOR

SIMON WEBB
## FINANCIAL HIGHLIGHTS:
### FOR SIX MONTHS ENDED 30 JUNE 2014

<table>
<thead>
<tr>
<th></th>
<th>2014 H1 £m</th>
<th>2013 H1 £m</th>
<th>Change %</th>
<th>Constant currency Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>109.7</td>
<td>118.9</td>
<td>-8</td>
<td>-</td>
</tr>
<tr>
<td>EBITDA*</td>
<td>23.0</td>
<td>26.6</td>
<td>-13</td>
<td>-2</td>
</tr>
<tr>
<td>Operating profit (EBIT)*</td>
<td>14.1</td>
<td>17.9</td>
<td>-21</td>
<td>-9</td>
</tr>
<tr>
<td>EPS*</td>
<td>6.6p</td>
<td>8.2p</td>
<td>-20</td>
<td>-6</td>
</tr>
<tr>
<td>Operating cash flow**</td>
<td>18.1</td>
<td>18.3</td>
<td>-1</td>
<td>+11</td>
</tr>
<tr>
<td>Dividend per share</td>
<td>2.7p</td>
<td>2.7p</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 2014 (CHANGE VS H1 2013)

<table>
<thead>
<tr>
<th>Region</th>
<th>2014 £m</th>
<th>Volume %</th>
<th>Price/mix %</th>
<th>Exchange %</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>(5.1)</td>
<td>(7.0)</td>
<td>1.2</td>
<td>(3.2)</td>
<td>(9.0)</td>
</tr>
<tr>
<td>Americas</td>
<td>(2.9)</td>
<td>(1.9)</td>
<td>1.0</td>
<td>(8.7)</td>
<td>(9.6)</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>(1.2)</td>
<td>13.3</td>
<td>(1.6)</td>
<td>(15.6)</td>
<td>(3.9)</td>
</tr>
</tbody>
</table>

- Excluding exchange total revenue is unchanged
- Q2 recovery in total volumes
OPERATING PROFIT BRIDGE:
FOR SIX MONTHS ENDED 30 JUNE 2014 (VS 2013)

EBIT 2013 H1*  EBIT 2014 H1*

Before exceptional items

*Exchange movements  Sales volumes  Price/mix  Input costs  Manufacturing  Depreciation  Wage inflation  Other
INCOME STATEMENT:
FOR SIX MONTHS ENDED 30 JUNE 2014

<table>
<thead>
<tr>
<th></th>
<th>2014 £m</th>
<th>2013 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>109.7</td>
<td>118.9</td>
</tr>
<tr>
<td>Operating profit before exceptional items</td>
<td>14.1</td>
<td>17.9</td>
</tr>
<tr>
<td>Exceptional items</td>
<td>(10.8)</td>
<td>-</td>
</tr>
<tr>
<td>Operating profit after exceptional items</td>
<td>3.3</td>
<td>17.9</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>(0.7)</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Net finance cost on pensions</td>
<td>(1.0)</td>
<td>(1.1)</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>1.6</td>
<td>16.2</td>
</tr>
<tr>
<td>Tax</td>
<td>0.7</td>
<td>(2.6)</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>2.3</td>
<td>13.6</td>
</tr>
</tbody>
</table>
EXCEPTIONAL ITEMS: FOR 2014

<table>
<thead>
<tr>
<th></th>
<th>H1 £m</th>
<th>Projected FY £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment projects</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>0.8</td>
<td>2.0</td>
</tr>
<tr>
<td>Non-cash</td>
<td>0.4</td>
<td>1.0</td>
</tr>
<tr>
<td></td>
<td><strong>1.2</strong></td>
<td><strong>3.0</strong></td>
</tr>
<tr>
<td><strong>Restructuring</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>6.3</td>
<td>8.0</td>
</tr>
<tr>
<td>Non-cash</td>
<td>3.3</td>
<td>12.0</td>
</tr>
<tr>
<td></td>
<td><strong>9.6</strong></td>
<td><strong>20.0</strong></td>
</tr>
<tr>
<td></td>
<td><strong>10.8</strong></td>
<td><strong>23.0</strong></td>
</tr>
</tbody>
</table>

- Annualised benefits from restructuring £5 million
### SUMMARY CASH FLOW:
FOR SIX MONTHS ENDED 30 JUNE 2014

<table>
<thead>
<tr>
<th></th>
<th>2014 £m</th>
<th>2013 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit*</td>
<td>14.1</td>
<td>17.9</td>
</tr>
<tr>
<td>Depreciation, amortisation and loss on disposal*</td>
<td>8.9</td>
<td>8.7</td>
</tr>
<tr>
<td>Movement in working capital</td>
<td>(5.1)</td>
<td>(8.4)</td>
</tr>
<tr>
<td>Other</td>
<td>0.2</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Operating cash flow before pension deficit funding</strong>*</td>
<td><strong>18.1</strong></td>
<td><strong>18.3</strong></td>
</tr>
<tr>
<td>Exceptional items (cash outflow)</td>
<td>(1.6)</td>
<td>-</td>
</tr>
<tr>
<td>Pension deficit funding</td>
<td>(2.4)</td>
<td>(2.6)</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(19.9)</td>
<td>(19.1)</td>
</tr>
<tr>
<td>Interest/tax</td>
<td>(2.3)</td>
<td>(2.6)</td>
</tr>
<tr>
<td>Dividends</td>
<td>(10.2)</td>
<td>(9.7)</td>
</tr>
<tr>
<td>Other</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>Movement in net debt</strong></td>
<td><strong>(17.4)</strong></td>
<td><strong>(14.8)</strong></td>
</tr>
</tbody>
</table>

- Constant currency operating cash flow improved by 11%
- Inventories peaked in March

*Before exceptional items
# DEBT & KEY BANKING COVENANTS

<table>
<thead>
<tr>
<th></th>
<th>June 2014</th>
<th>December 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt</td>
<td>£53.2m</td>
<td>£35.8m</td>
</tr>
<tr>
<td>Gearing</td>
<td>37.5%</td>
<td>22.7%</td>
</tr>
</tbody>
</table>

- Long term funding now in place for investment projects
- US Private Placement now completed for US $100 million

<table>
<thead>
<tr>
<th>Covenant</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt / EBITDA</td>
<td>&lt;3 times</td>
</tr>
<tr>
<td>EBITDA / Net finance costs</td>
<td>&gt;4 times</td>
</tr>
<tr>
<td></td>
<td>0.9 times</td>
</tr>
<tr>
<td></td>
<td>47 times</td>
</tr>
</tbody>
</table>
PENSIONS:
GROUP DEFINED BENEFIT PENSION SCHEMES

<table>
<thead>
<tr>
<th></th>
<th>June 2014</th>
<th>December 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net pension deficit</td>
<td>53.5</td>
<td>46.1</td>
</tr>
</tbody>
</table>

- Restructuring costs of £2.8m included in liability
- Fall in discount rates increased liability by £6m
- Triennial valuation underway
Czech Republic investment allowances to continue until 2016
DEVRO:
PROGRESS IN SECOND QUARTER

• Trading is in line with what we communicated in April
• Good progress on manufacturing footprint transformation
  • Decommissioning older capacity
  • Investing in new technology
  • Actively managing cost base
• Managing inventory levels down
• Long term funding in place
OUR THREE-PART STRATEGY

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

**Earnings growth & improving return on capital**

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

**Collagen research and development**
- Differentiated products
- Modern processes improve efficiency
- Creating new opportunities
SALES:
FOR SIX MONTHS ENDED 30 JUNE 2014

- Sales volumes maintained
- Revenue unchanged in constant currency
- Building up in sales to China in preparation for new plant
- Continued growth in Germany
- Volume growth in Japan with innovative new applications for collagen
- Development of new Select products leading to gut conversions in UK & Ireland
DEVELOPED MARKETS: EDIBLE COLLAGEN

USA & Canada
- Volume +6%
- Revenue (LC) +7%
- Continued growth in beefstick sector
- Co-ex gel sales resilient

UK
- Volume -7%
- Revenue (LC) -5%
- Reduction in retail sales volumes
- Fresh Select well received by traditional butchers

Western Europe
- Volume +29%
- Revenue (LC) +44%
- Strong sales development in Germany

Japan
- Volume +16%
- Revenue (LC) +16%
- Growth in snack products
- Innovative new customer products

Australia & New Zealand
- Volume -3%
- Revenue (LC) +2%
- Challenging trading for customers
EMERGING MARKETS: EDIBLE COLLAGEN

Latin America
- Volume -13%
- Revenue (LC) -15%
- Economic / currency challenges
- Competitive environment

Russia, Eastern Europe & Africa
- Volume -18%
- Revenue (LC) -17%
- Political uncertainty
- Trade restrictions

China
- Strong volume and revenue growth
- Projected 2014 sales will represent 50% of new plant capacity

South East Asia
- Volume -29%
- Revenue (LC) -24%
- Constrained supply in 2013
GLOBAL MANUFACTURING FOOTPRINT
USA PROGRESS

- Investing £40 million over two years – completing 2016
- Replacing old inefficient plant with new high technology plant on existing site

- Building structure complete
- Plant and equipment installation commencing
- Product validation started
- Global project team drawing on expertise from other plants
CHINA PROGRESS

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

- Land secured in long-established industrial development park
- Site cleared / prepared and building construction scheduled to start in Q3
- Plant and equipment specified
- Experienced local management team supported by global project team
RESTRUCTURING IN SCOTLAND

- Announced in April
- 130 redundancies agreed following consultation
- Decommissioning of oldest, least efficient capacity will be completed by Q1 2015
- Annualised cost savings of £4 million
IMPROVING MANUFACTURING EFFICIENCY

Devro capacity by technology

- 2013
- 2014
- 2015
- 2016

100%

High Technology
Existing Technology
Old USA technology
OUTLOOK

- Trading is in line with expectations
- Market demand remains positive
- Full year sales similar to prior year
- Manufacturing transformation benefits in 2015 and 2016
THANK YOU

DEVRO

THANK YOU