For Immediate Release **4 March 2014**

Devro plc

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013
&
INVESTMENT IN CHINA

Devro plc ("Devro" or the "group"), one of the world's leading manufacturers of collagen products for the food industry, is pleased to announce its results for the year ended 31 December 2013.

Financial highlights	**2013 Unaudited**	**2012 Restated***	
• Revenue	£242.7m	£241.1m	**+1%**
• EBITDA before exceptional items	£60.6m	£58.4m	**+4%**
• Operating profit before exceptional items	£42.1m	£42.4m	**-1%**
• Cash generated from operations before exceptional items	£43.8m	£48.1m	**-9%**
• Basic earnings per share before exceptional items	20.8p	19.4p	**+7%**
• Total dividend per share	8.8p	8.5p	**+4%**

Strategic highlights
- Plans for investment in China announced today
- Completion of the Czech plant expansion programme
- Investment plans in the USA progressing

Operational highlights
- Earnings per share continues to grow
- Strong sales growth in many emerging markets, Germany and Japan, offset by slower sales in some developed markets
- Operating profits before exceptional items maintained

Other statutory financial highlights
- Profit before tax of £37.5m (2012: £39.3m)
- Profit after tax of £33.6m (2012: £32.0m)
- Basic earnings per share of 20.1p (2012: 19.4p)

*2012 results restated for new pension accounting rules (IAS19R)

Steve Hannam, Chairman of Devro, commented
"Devro made considerable progress in 2013, despite a more difficult trading background, as we completed the upgrade at our world-class facility in the Czech Republic and established the programme of investment at our plant in the USA. In addition, today we are pleased to announce plans to invest £50m to build a manufacturing plant in China. These key investments will ensure Devro is in a strong position to benefit from the significant opportunities in the growing global casings market, and the increase in the dividend reflects the board's confidence in the group's strategy and its future prospects."

For further information contact:

Peter Page	Chief Executive	020 7466 5000
Simon Webb	Finance Director	020 7466 5000
Charles Ryland/Sophie McNulty	Buchanan	020 7466 5000

There will be a presentation today at 9.30am for investment analysts at the offices of Buchanan, 107 Cheapside, London, EC2V 6DN. A live audio feed will be available to those unable to attend this meeting in person. To connect to the web cast facility, please go to the following link:
http://mediaserve.buchanan.uk.com/2014/devro040314/registration.asp approximately 10 minutes (9.20am) before the start of the briefing. The presentation will also be available on the company's website.

Chairman's statement

Devro made considerable progress in 2013, despite a more difficult trading background, as we completed the upgrade at our world-class facility in the Czech Republic and established the programme of investment at our plant in the USA. In addition, today we are pleased to announce plans to invest £50m to build a manufacturing plant in China. These key investments will ensure Devro is in a strong position to benefit from the significant opportunities in the growing global casings market, and the increase in the dividend reflects the board's confidence in the group's strategy and its future prospects.

Financial highlights

Profits were maintained despite, as previously announced, a number of challenges during the first half of 2013, including slow demand in some of our key markets, manufacturing issues in the USA and a sharp rise in raw material costs. However, in the last six months of the year Devro achieved an uplift in earnings. Although sales were slightly behind prior year levels, we benefitted from price increases introduced earlier in the year and also from some stability returning to the market for hides, our main raw material. Production volumes increased by a further 11% compared to 2012, generating improved profitability whilst enabling us to build inventories ahead of the current year.

Earnings per share for the year has shown growth over the past six years, with an increased proportion of group profits now coming from the Czech Republic, where we benefit from a relatively low tax rate.

Strategic outlook

During the year, we concluded a review of our five-year plan and made major new investment decisions which will further develop our global manufacturing footprint. This will better position the business for continued growth for the future.

Over the past three years Devro has invested £70 million in upgrading technology and creating 20% additional capacity. We are now moving into a new phase of targeted strategic investments to reduce our manufacturing cost per unit and to extend our reach into emerging markets.

In November 2013 we announced a £40 million investment at our plant in South Carolina, USA, in order to reduce manufacturing costs from 2016, with full benefits of c. £8 million per annum from 2017. The project is progressing well with the relevant permits now approved, contracts for the civil work signed and plans to break ground later this month.

Today we are pleased to announce that we have approved plans to establish a manufacturing plant in China, which is now the world's biggest collagen casing market. We will build a new facility in Nantong, near Shanghai, with work planned to start in the first half of 2014. This investment of £50 million over two years will see commissioning during 2015, with space to expand in line with future market demand.

These two projects represent an unprecedented level of investment for Devro and demonstrate both the board's confidence in the opportunities before us, and the company's ability to address them.

Dividend

The board is proposing a final dividend of 6.10p per share (2012: 5.85p) bringing the total for the year to 8.8p per share (2012: 8.5p), an increase of 4%. Subject to shareholder approval at the Annual General Meeting (AGM) in April, the dividend will be paid on 16 May 2014 to those on the register on 28 March 2014.

Employees

Our employees are key to Devro's success and, on behalf of the whole board, I pay tribute to them and thank them for their efforts across our global business. The challenges of 2013, and the changes across the group, required considerable commitment from our people.

I believe that Devro has a highly skilled, motivated workforce ambitious for future success. To ensure we use this talent pool and have the right resources in place as the company grows, we are continuing our programme of employee development.

Board

In July 2013, we strengthened the board further with the appointment of Gerard Hoetmer as a non-executive director. A Dutch national, Gerard brings a wealth of experience of the international food sector.

Our senior independent director, Paul Neep, was appointed in 2005 and therefore has served as a director for nine years. The UK Corporate Code requires that Paul's independence is confirmed by the rest of the board, if he is to continue as an independent director. This they have done and we are delighted that Paul will continue his valuable service to the group.

At the AGM in April I shall have completed five years as chairman of Devro plc. During this period we have seen a recovery in the business, an upgrading and expansion of manufacturing, the launch of new products, the strengthening of the board and a further increase in the professionalism of the company. Our recently completed five-year plan has established the foundations on which we will build an exciting future for Devro. Personal circumstances dictate that this is an appropriate time for me to stand down as chairman and I shall relinquish the post as soon as a suitable replacement can be appointed. Paul Neep, as senior independent director, is leading the search process and an announcement will be made once the new chairman has been appointed.

Outlook

We expect growth in total sales in 2014, particularly in Germany, China, Japan and parts of Latin America. The outlook for other important markets, such as the UK, Russia, USA and Australasia, is less clear. In order to limit any further increase in the inventory levels that had been increased during 2013 in anticipation of stronger demand in 2014, Devro will lower production volumes during the year to balance short-term supply and demand.

Currency is also likely to have a negative impact on results in 2014 with the strengthening of the sterling and other currency changes. If the 2013 operating profits had been translated at current exchange rates they would have been approximately £5 million lower.

Looking further forward the board remains confident in the opportunity for supplying a dynamic and growing global market for edible casings. Our major capital investment programme involves installing high-technology equipment in the USA to reduce manufacturing costs and building new capacity in China to supply a significant part of the global market. These projects will progress our plan to transform Devro's global manufacturing footprint and, together with our investment in research & development and people, will position us well to compete in the market and create long-term growth.

Steve Hannam
Chairman

Chief Executive's statement

2013 was a year of considerable achievements, with completion of the major investment project in the Czech Republic, the initiation of a significant redevelopment in the USA and comprehensive preparation for establishing a local manufacturing plant to service the rapidly growing Chinese market. Profits were maintained, despite raw material cost increases and challenging conditions in some markets. As a result of these activities, Devro is building a sound base for growth in the future.

Market overview & Devro's strategy

During 2013, the global market for edible collagen casings grew by 7%, and the total value of the market worldwide is now estimated to be approximately £650 million.

In emerging markets, the total volume of casings sold increased by 10%, most markedly in China, South East Asia and Latin America. This occurred as the result of a growing urban population, with higher disposable incomes, consuming greater quantities of protein per person.

In many developed markets, the demand for edible collagen casings was flat or declining for a variety of reasons. In the USA, total volumes of sausage sold increased by 2%. In the UK, although total sales value increased, actual volumes of sausage sold declined 5% over the two year period 2012-2013, attributable to the rise of pork prices to all-time high levels. Demand in Western Europe was subdued, as a result of the general economic climate adversely affecting consumer spending patterns, particularly during the first half of the year. The market in Japan improved in 2013, but Australia saw a decline in volumes of processed sausage consumed and therefore a lower demand for collagen casings.

Devro's strategy is to ensure that the business is well-positioned to supply growing demand in emerging markets, to continue to displace gut with more efficient casings in developed markets, and to lead the category worldwide with product innovations such as *Select* casings and co-extrusion gel. This strategy will ensure that Devro continues to grow long-term sales.

Devro sales in 2013

Overall sales volumes were marginally down, with emerging markets growing 6%, offset by developed markets, which reduced by 5%.

Emerging markets now account for 41% of total sales, up from 38% in 2012. Volumes increased most significantly in Latin America (volume +21%; local currency value +22%), South East Asia (volume +16%; local currency value +25%) and China, which grew rapidly from a low base. In all these markets, strong support for local distributors and greater availability of product in the second half of the year enabled further growth.

Sales volumes in Eastern Europe, Russia and Ukraine fell by 9% reflecting subdued demand compared to previous years, higher levels of competitor activity and, in some markets, a reaction to Devro's price increases at the start of the year.

Developed markets now account for 59% of total sales. Whilst overall sales were 5% down on 2012, there was an impressive increase in sales in Germany, with both volume and revenue in local currency up 30%. This growth came from activities to promote *Select* casing for wiener sausage applications, a new Bratwurst casing, and growing use of the standard *FINE* product range. Germany is a key market for developing Devro's sales.

Sales volumes in Japan increased 6% as the demand for *Select* and Devro's regular casings remained strong. Availability of product increased with the completion of capacity upgrade projects at Devro's plant in Australia at the end of 2012.

UK and Australia/New Zealand sales volumes both reduced, by 6% and 9% respectively, in part reflecting lower market demand, but also due to significant cost pressures on customers. Sales volumes in USA and Canada were down 6%, where manufacturing challenges restricted capacity available for sale.

One example of developing innovative products is our co-extrusion gel business which expanded during the year, principally attributable to a key customer bringing on additional capacity in the Americas as they transfer from cellulose applications to collagen co-extrusion.

Overall, in constant currency, the price per unit of edible collagen sold increased by 2%. In some markets prices were raised to recover input costs, in others they were held constant in order to retain volumes, particularly in instances such as Japan where exchange rates changed significantly. The overall average price was also affected by changes in market, product and customer mix.

Manufacturing in 2013

The highlight of 2013 was the completion, on budget and on time, of a three-year, £25 million investment project at our plant in Jilemnice in the Czech Republic. This added 9% to the group's total manufacturing capacity and will lead to further unit cost reductions at this site, which has now benefitted from over £100 million of capital expenditure in the past decade.

The factory in Bathurst, Australia manufactured higher volumes than the prior year following a partial upgrade during late 2012, enabling increased supplies to key markets in Asia.

Both factories in Glasgow, Scotland ran well, benefitting from recent capital investment projects and an ongoing programme of continuous improvement which is being implemented at all plants.

The plant at Sandy Run, South Carolina, USA, which is 35 years old and uses a markedly different technology to our other factories, tends to experience more operational difficulties. This was particularly evident in the first half of the year and total group operating profit for the year was adversely impacted by an estimated £2 million. The £40 million investment project is based on the well-proven and dependable manufacturing technology used at our plants in Europe, and is expected to give cost savings of c.£8 million per annum, which will start to come through from mid 2016.

Since the announcement in November 2013, this project has progressed well. Permits have been approved, contracts for the civil work have been signed and we expect to break ground this month. A global project team, including colleagues from the USA, UK and Czech Republic, has been established to harness the expertise and knowledge that have been built over many years of successful investment projects.

As in 2012, the biggest challenge to manufacturing operations was the rise in hide costs, with a total increase of £4 million during the year. This is due to an increase in the overall global demand for food grade collagen from trusted sources of cattle hides.

China investment

We now have plans to construct a manufacturing plant in China in 2014 and expect lines to be commissioned during 2015 for production in 2016. The priorities will be to ensure that local raw materials can be successfully converted into quality casings, and to establish a local management team capable of expanding the business in the future.

Devro has been active in China since the early 1990s, selling imported product through a Hong Kong sales office. In 2011 a Devro sales company was established in Beijing, with a local team that has developed strong customer relationships and increased sales in China. In December 2013, Devro registered a new manufacturing company in China and land has now been secured in an industrial development park in Nantong, near Shanghai, for the construction of a new collagen casings plant.

The collagen casings market in China is estimated to have a value in excess of £200 million and has grown by more than 40% per annum on average since 2002. Following substantial market research and ongoing discussions with current and potential customers, it is clear that there are attractive opportunities for Devro to gain a greater share of this growth. We expect to achieve this through sales of differentiated casings to food manufacturers, as the various market categories, including premium products, are developed.

China's economy has grown strongly over the past decade, with increasing demand for many types of protein: beef, dairy, poultry, fish and pork. As urbanisation has progressed and disposable incomes have increased, the per capita consumption of sausage has grown significantly and it is estimated that half of the global demand for edible collagen casings will be in China by 2015. This growth in protein consumption has led to the development of many major food manufacturing businesses in China.

This initial investment provides the necessary infrastructure for the future and is expected to provide an internal rate of return of 13%. As the business attains sufficient scale to operate efficiently, and the ability to supply larger volumes enables us to develop valuable customer partnerships, we would expect substantial growth in earnings from this market in the long term.

Additional debt funding will be sought in the first half of 2014 to fund this investment in China.

Group activities

Safety is a priority and the overall group performance reflected further progress in 2013, with the number of days lost due to injury at work being the lowest recorded since 2000. Devro Scotland had a particularly commendable year where, with over 500 employees, there were no lost working day injuries nor working days lost due to an incident in previous years, and the rate of recordable incidents per million hours worked was the lowest ever seen at Devro.

The successful management of a five-year product development pipeline is the key to supporting future growth of the group. A global Research & Development team has been brought together from existing resources during 2013 to ensure that the whole group benefits from product innovations and that all development resources are used to best effect.

One new product to emerge from this is *Fresh Select*, which will be introduced to customers in the UK in 2014. *Fresh Select* is based on our successful *Select* technology, achieving high levels of clarity and translucency in its appearance, attributes that customers normally associate with gut. These are combined with high elasticity and wall strength, whilst having a thin wall which gives a light bite.

Following a programme launched in 2012 to establish a single global Devro marque, the benefits of the strong brand were evident at the triennial IFFA show, the meat industry's biggest international gathering, which was held in 2013 at Frankfurt Messe.

People

The commitment and dedication of over 2,000 colleagues at Devro is critical to the group's success. Eleven people completed the Open University Business School Certificate in Management on a course specifically tailored to Devro's needs. The Devro Academy consolidated the group's proprietary knowledge in a programme facilitated by Strathclyde University. Five people completed their apprenticeships in 2013. Worldwide 20 people are on accredited apprenticeship and technical skills development programmes.

At the end of 2013, Graeme Walford joined the executive board, principally to take responsibility for the group's major capital investment projects. He brings over 30 years' experience of engineering and project management in global businesses.

During 2012 and 2013 a strong team covering sales, finance and human resources has been recruited in China, to lead the development of Devro's presence there.

Peter Page
Chief Executive

Financial review

Revenue

	2013 £m	2012 £m	Growth
Revenue	242.7	241.1	+0.7%

Overall volumes for edible collagen casing were marginally behind 2012. Many of the emerging markets were strong, particularly in Latin America, South East Asia and China. Developed markets were weaker, partly due to the challenging market conditions, with the notable exceptions of Japan and Germany which continued to progress.

Year on year growth in revenue can be analysed as follows:

	2013 vs 2012	2012 vs 2011	2011 vs 2010
Volume	-0.8%	+5.3%	+3.0%
Price/mix	+2.1%	+2.8%	+2.2%
Exchange	-0.6%	-2.2%	+1.4%
Total	**+0.7%**	**+5.9%**	**+6.6%**

Price rises were implemented in 2013 and successfully recovered the significant increases in input costs, although this may have held back volume growth. These price increases were particularly focused on low margin business.

Exchange rate movements were adverse to last year following the weakening of the yen and Australian dollar against sterling. This was largely hedged in 2013, the benefit of which is reflected in other operating income.

Operating profit

	2013 £m	2012 £m	Growth
Operating profit before exceptional items	42.1	42.4	-0.7%

The movement in operating profit before exceptional items between 2012 and 2013 can be analysed as follows:

Operating profit 2012	£42.4m
Volumes	-£0.5m
Price/mix	+£5.5m
Manufacturing efficiencies	+£4.7m
US manufacturing issues	-£2.0m
Foreign exchange	+£0.7m
Input costs	-£4.0m
Depreciation	-£2.0m
Other costs	-£2.7m
Operating profit before exceptional items 2013	**£42.1m**

Price/mix

The price rises implemented in 2013 have more than recovered the input cost increases this year, which has helped to recover part of the shortfall in 2012. This was partially offset by the adverse mix effect as a result of a higher proportion of the group's sales volumes now being sold into emerging markets such as Latin America and China.

Manufacturing efficiencies

Devro has expanded output by 11% during the year following the completion of the upgrade programme in the Czech Republic, as well as the full year effect of investments in Scotland and Australia in 2012.

The manufacturing efficiencies reflect the lower unit cost of production as the group's fixed overheads are absorbed over higher production volumes. Given the broadly flat sales volume growth, the increased production volumes resulted in higher inventory levels at the end of the year.

Within the USA, there continue to be some challenges in manufacturing, which negatively impacted the results but will be addressed by the new US investment programme already initiated.

Foreign exchange

Devro has operations around the world in multiple currencies. The net foreign exchange gain in 2013 can be analysed as follows:

	£m
Exchange rate movements	(3.3)
Hedging gains	4.0
Net foreign exchange gain	**0.7**

Sterling has generally strengthened over the course of the year which has resulted in exchange losses of £3.3 million. This has been mitigated in 2013 through gains on forward contracts used to hedge this exposure, but will adversely impact 2014.

Input & other costs

Input costs rose by £4.0 million reflecting the second year of significant increases in hide and energy costs. However these have been more than recovered through higher selling prices.

Further depreciation of £2.0 million was incurred following the capital investment programme undertaken in the last three years, including the capacity expansion in the Czech Republic which was completed in the second half of 2013. Other costs increased by £2.7 million mainly due to wage and salary inflation.

Operating margin

	2013	**2012**
Operating margin before exceptional items	17.3%	17.6%

Operating margins before exceptional items showed a small decline on last year which reflects the fact that overall sales volumes remained relatively flat at a time when Devro continues to invest in the business.

Exceptional items

Exceptional items amounted to £1.3 million and reflect the incremental costs of establishing new manufacturing plants in USA and China. Given the significance of these projects, these costs have been shown separately to avoid distorting the underlying results and include accelerated depreciation, project management, product development, reorganisation costs, legal and professional fees. The projects are part of a two year development plan of the group's global manufacturing footprint and further exceptional costs will be incurred in 2014 and 2015.

Capital investment

	2013 £m	**2012 £m**
Capital investment	35.1	33.1

The largest single project during the year was the completion of the upgrade of one of the manufacturing halls in the Czech Republic which helped deliver the additional capacity. This was completed on time and on budget.

Capital expenditure in 2014 and 2015 will be significant, including £40 million related to the USA investment and £50 million in respect of China. This is in addition to approximately £15 million of ongoing replacement and improvement capital expenditure per year.

Working capital and cash flow

	2013		2012	
	£m	**Number of days**	**£m**	**Number of days**
Inventories	38	65	28	41
Trade and other receivables	34	49	36	53
Trade and other payables	(29)	23	(32)	26
Working capital	**43**		**32**	

Inventory levels have grown significantly during the year and reflect the 11% increase in production levels compared to the relatively flat sales volumes. At the start of 2013, inventory levels were particularly low for certain regions and this has now been addressed. The higher stock will allow the business to better service its customers and was increased in anticipation of further sales growth in 2014, particularly in emerging markets such as China.

Cash outflow from exceptional items amounted to £1.1 million for 2013 (2012: £nil).

Financing and net debt

Other financial measures (all shown before exceptional items) are as follows:

	2013	**2012**
Net debt	£35.8m	£26.1m
Net debt/EBITDA	0.6	0.4
Gearing	22.7%	17.8%
Return on capital employed (ROCE)	17.6%	19.1%

Net debt increased during the year principally reflecting the capital investments made, but also funding the short term increase in inventory levels.

The bank revolving facility was increased by £10 million in June 2013 to £61 million and levels of debt were well within these limits throughout the year.

In order to fund the planned investment in China, additional debt funding will be sought in the first half of 2014. The intention is for the business to maintain a prudent level of gearing and any additional debt assumed is not expected to impact future dividends.

Return on capital employed (ROCE) reduced from 19.1% to 17.6% which reflects the significant capital investments made in the business, the full benefits of which have yet to be realised.

Interest

	2013 £m	**2012 £m**	**Growth**
Net interest cost	1.1	1.0	+10.0%
Net finance cost on pensions	2.2	2.1	+4.7%
Total net interest cost	**3.3**	**3.1**	**+6.5%**

The net finance cost on pensions has been calculated for both 2013 and 2012 under the new pensions accounting rules of IAS 19R. The small increase over 2012 reflects the increase in the opening net pension liability.

Change in pensions accounting

The restatement under the new pensions accounting rules (IAS 19R) involved the reclassification of administration costs of the defined benefit pension schemes from finance expense to operating profit and a change in the calculation of the interest income on plan assets, which is now calculated using the same rate used to calculate the interest expense on the pension liability, being the discount rate. Previously interest income on plan assets was calculated using a rate based on the expected returns on the various asset types held within the investment portfolio. Details of the restatement are disclosed in note 1.

We operate a number of defined benefit schemes around the group, although all of these are now closed to new entrants. The net pension liabilities of these schemes can be analysed as follows:

	2013 £m	2012 £m
Fair value of scheme assets	203.0	203.1
Present value of scheme liabilities	(249.1)	(262.4)
Net pension liabilities	**(46.1)**	**(59.3)**

The decrease in the net pension liability reflects the increase in discount rates. The group has also made additional contributions of £4.6m during the year to fund the deficit.

Earnings per share

	2013	2012	Growth
Basic earnings per share	20.1p	19.4p	+3.6%
Basic earnings per share excluding exceptional items	20.8p	19.4p	+7.2%

We have presented an adjusted earnings per share (EPS) to exclude exceptional items to provide a better indication of our underlying performance. The growth in EPS reflects the lower effective tax rate during the year.

Tax

	2013 £m	2012 £m
Taxation charge in income statement	3.9	7.3

Our effective tax rate reduced from 18.5% in 2012 to 10.5% during 2013. The group operates around the world and earns profits which are subject to tax at varying rates. The overall rate has reduced partly as a result of an increasing proportion of our profits being generated in the Czech Republic where there is a benefit from an investment incentive scheme that is due to continue until 2016/2017, whilst the proportion of profits earned in locations with higher tax rates has declined. Additionally the group benefitted from certain one-off tax credits during 2013 that contributed 5% to the overall reduction in the effective tax rate.

Dividend

	2013	2012	Growth
Interim per share	2.70p	2.65p	+1.9%
Final per share	6.10p	5.85p	+4.3%
Total per share	**8.80p**	**8.50p**	**+3.5%**

The board is proposing a final dividend of 6.10 pence per share, reflecting its confidence in the group's strategy and future prospects.

Risks & uncertainties

There are risks and uncertainties inherent in the group's operations which could have a significant impact on our business, results and financial position. The group's risk management processes identify, assess, monitor, manage and mitigate the risks involved in our operations. The more significant risks to which the group is exposed are:

- Loss of market share/profit margins due to increased competitive pressures
- Delays or cost overruns on major projects
- Disruption to supply or increase in price of key raw materials
- Product contamination
- Foreign exchange rate movements
- Shortage of people with relevant technical expertise
- Customer credit risks
- Impact of changes in regulations affecting food production
- Increases in energy costs
- Increased funding requirements of pension schemes
- Development of non-casing technologies
- Constitutional change

Most of these risks were detailed in the 2012 Annual Report.

Going concern

As at 31 December 2013 the group was operating comfortably within the £61m revolving bank facilities negotiated in June 2013 and due to expire in September 2016.

In order to fund the planned investment in China, additional debt funding will be sought in the first half of 2014.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Simon Webb
Group Finance Director

Consolidated income statement (unaudited)
for year ended 31 December 2013

	2013 Before exceptional items £m	2013 Exceptional items £m	**2013 Total £m**	Restated 2012 Total £m
Revenue	242.7	-	**242.7**	241.1
Operating profit	42.1	(1.3)	**40.8**	42.4
Finance income	-	-	**-**	0.1
Finance cost	(1.1)	-	**(1.1)**	(1.1)
Net finance cost on pension assets and liabilities	(2.2)	-	**(2.2)**	(2.1)
Profit before tax	38.8	(1.3)	**37.5**	39.3
Taxation	(4.1)	0.2	**(3.9)**	(7.3)
Profit for the year attributable owners of the parent	**34.7**	**(1.1)**	**33.6**	32.0
Earnings per share				
Basic earnings per share			**20.1p**	19.4p
Diluted earnings per share			**20.0p**	19.2p

All results relate to continuing operations.

Consolidated statement of comprehensive income (unaudited)
for year ended 31 December 2013

	2013 **£m**	Restated 2012 £m
Profit for the year	**33.6**	32.0
Other comprehensive income/(expense) for the year		
Items that will not be reclassified to profit or loss		
Pension obligations:		
- re-measurements	**11.3**	(16.3)
- movement in deferred tax	**(4.9)**	2.9
Total items that will not be reclassified to profit or loss	**6.4**	(13.4)
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges:		
- net fair value (losses)/gains	**(1.2)**	4.4
- reclassified and reported in operating profit	**(1.5)**	(1.4)
- movement in deferred tax	**0.6**	(0.7)
Net investment hedges:		
- fair value gains	**0.9**	-
- movement in deferred tax	**(0.2)**	-
Net exchange adjustments	**(13.5)**	(1.6)
Total items that may be reclassified subsequently to profit or loss	**(14.9)**	0.7
Other comprehensive expense for the year, net of tax	**(8.5)**	(12.7)
Total comprehensive income for the year attributable to owners of the parent	**25.1**	19.3

Consolidated balance sheet (unaudited)
at 31 December 2013

	2013 **£m**	2012 £m
ASSETS		
Non-current assets		
Intangible assets	**3.2**	3.3
Property, plant and equipment	**199.1**	195.9
Deferred tax assets	**14.8**	19.7
	217.1	218.9
Current assets		
Inventories	**38.1**	28.1
Current tax assets	**0.5**	0.4
Trade and other receivables	**33.6**	36.3
Derivative financial instruments	**2.1**	3.2
Cash and cash equivalents	**6.0**	5.6
	80.3	73.6
Total assets	**297.4**	292.5
LIABILITIES		
Current liabilities		
Borrowings	**2.4**	1.9
Derivative financial instruments	**1.4**	0.4
Trade and other payables	**26.7**	30.2
Current tax liabilities	**4.2**	3.5
	34.7	36.0
Non-current liabilities		
Borrowings	**39.4**	29.8
Deferred tax liabilities	**17.3**	18.7
Pension obligations	**46.1**	59.3
Other payables	**1.9**	1.8
	104.7	109.6
Total liabilities	**139.4**	145.6
Net assets	**158.0**	146.9
EQUITY		
Capital and reserves attributable to owners of the parent		
Ordinary shares	**16.7**	16.6
Share premium	**9.0**	8.0
Other reserves	**64.9**	80.7
Retained earnings	**67.4**	41.6
Total equity	**158.0**	146.9

Consolidated statement of changes in equity (unaudited)
for year ended 31 December 2013

	Ordinary shares	Share premium	Other reserves	Retained earnings	Total equity attributable to owners of the parent
	£m	£m	£m	£m	£m
Balance at 1 January 2013	16.6	8.0	80.7	41.6	146.9
Comprehensive income					
Profit for the year	-	-	-	33.6	33.6
Other comprehensive income					
Cash flow hedges, net of tax	-	-	(2.1)	-	(2.1)
Net investment hedges, net of tax	-	-	0.7	-	0.7
Pension obligations, net of tax	-	-	-	6.4	6.4
Exchange adjustments	-	-	(13.5)	-	(13.5)
Total other comprehensive (expense)/income	-	-	(14.9)	6.4	(8.5)
Total comprehensive (expense)/income	-	-	(14.9)	40.0	25.1
Transactions with owners					
Performance share plan charge	-	-	0.2	-	0.2
Performance share plan credit in respect of shares vested	-	-	(1.1)	-	(1.1)
Issue of share capital	0.1	1.0	-	-	1.1
Dividends paid	-	-	-	(14.2)	(14.2)
Total transactions with owners	0.1	1.0	(0.9)	(14.2)	(14.0)
Balance at 31 December 2013	**16.7**	**9.0**	**64.9**	**67.4**	**158.0**
Balance at 1 January 2012	16.5	7.6	80.0	36.4	140.5
Comprehensive income					
Profit for the year (restated)	-	-	-	32.0	32.0
Other comprehensive income					
Cash flow hedges, net of tax	-	-	2.3	-	2.3
Pension obligations, net of tax (restated)	-	-	-	(13.4)	(13.4)
Exchange adjustments	-	-	(1.6)	-	(1.6)
Total other comprehensive income/(expense)	-	-	0.7	(13.4)	(12.7)
Total comprehensive income	-	-	0.7	18.6	19.3
Transactions with owners					
Performance share plan charge	-	-	0.5	-	0.5
Performance share plan credit in respect of shares vested	-	-	(0.5)	-	(0.5)
Issue of share capital	0.1	0.4	-	-	0.5
Dividends paid	-	-	-	(13.4)	(13.4)
Total transactions with owners	0.1	0.4	-	(13.4)	(12.9)
Balance at 31 December 2012	16.6	8.0	80.7	41.6	146.9

Consolidated cash flow statement (unaudited)
for year ended 31 December 2013

	2013 **£m**	2012 £m
Cash flows from operating activities		
- Cash generated from operations	**42.7**	48.1
- Interest received	**-**	0.1
- Interest paid	**(1.2)**	(1.0)
- Tax paid	**(3.8)**	(4.4)
Net cash generated from operating activities	**37.7**	42.8
Cash flows from investing activities		
- Purchase of property, plant and equipment	**(35.8)**	(33.7)
- Proceeds from sale of property, plant and equipment	**-**	0.1
- Purchase of intangible assets	**(1.0)**	(0.8)
- Capital grants received	**0.4**	0.5
Net cash used in investing activities	**(36.4)**	(33.9)
Cash flows from financing activities		
- Proceeds from the issue of ordinary shares	**1.1**	0.5
- Net borrowing under the loan facilities	**12.0**	1.9
- Dividends paid	**(14.2)**	(13.4)
Net cash used in from financing activities	**(1.1)**	(11.0)
Net increase/(decrease) in cash and cash equivalents	**0.2**	(2.1)
Net cash and cash equivalents at 1 January	**3.7**	5.4
Exchange (loss)/gain on cash and cash equivalents	**(0.3)**	0.4
Cash and cash equivalents	**6.0**	5.6
Bank overdrafts	**(2.4)**	(1.9)
Net cash and cash equivalents at 31 December	**3.6**	3.7

1. Restatement

The group has implemented IAS19 (revised) “Employee benefits” during the year ended 31 December 2013. This has impacted the consolidated income statement and consolidated statement of comprehensive income as outlined below:

- Administration costs of the defined benefit pension schemes of £0.8m for the year ended 31 December 2012 have been reclassified from interest cost to operating profit;
- Net interest income on plan assets is now calculated using the same rate used to calculate the interest cost on the pension liability, being the discount rate. Previously income on plan assets was calculated using a rate based on the expected return on the various asset types held within the investment portfolio. This has resulted in an increase in net finance cost on pensions of £1.5m for the year ended 31 December 2012.

There is no change to the net pension liability or net assets as a result of the adoption of IAS 19 (revised), and therefore no restatement of the balance sheet is required.

The effect of adopting IAS 19 (revised) on the group’s results for the year ended 31 December 2012 is to reduce profit after tax by £1.1m, and to increase other comprehensive income by the same amount.

The impact on the consolidated income statement is set out below:

	Reported 2012 £m	Restatement adjustments £m	Restated 2012 £m
Operating profit	43.2	(0.8)	42.4
Finance income	0.1	-	0.1
Finance cost	(1.1)	-	(1.1)
Net finance cost on pension assets and liabilities	(1.4)	(0.7)	(2.1)
Profit before taxation	40.8	(1.5)	39.3
Taxation	(7.7)	0.4	(7.3)
Profit for the year attributable to owners of the parent	**33.1**	**(1.1)**	**32.0**

1. Restatement (continued)

The impact on the consolidated statement of comprehensive income is set out below:

	Reported 2012 £m	Restatement adjustments £m	Restated 2012 £m
Profit for the year	33.1	(1.1)	32.0
Other comprehensive expense for the year			
Items that will not be reclassified to profit or loss			
Pension obligations:			
- re-measurements	(17.8)	1.5	(16.3)
- movement in deferred tax	3.3	(0.4)	2.9
Total items that will not be reclassified to profit or loss	(14.5)	1.1	(13.4)
Total items that may be reclassified subsequently to profit or loss	0.7	-	0.7
Other comprehensive expense for the year, net of tax	(13.8)	1.1	(12.7)
Total comprehensive income for the year attributable to owners of the parent	**19.3**	**-**	**19.3**

2. Segment information

The chief operating decision maker has been identified as the board.

The board reviews the group's financial results on a geographical segment basis with three identifiable operating segments:

- Americas: which includes North America and Latin America
- Asia - Pacific: which includes Australia, New Zealand, Japan, China and South East Asia
- Europe: which includes Continental Europe, UK, Ireland and Africa

The board assesses the performance of the operating segments based on operating profit. This measurement basis excludes the effects of exceptional income and expenditure from the operating segments.

Sales between segments are carried out at arm's length.

Finance income and cost, including that arising on pension assets and liabilities, are not included in the segment results that are reviewed by the board.

Information provided to the board is consistent with that in the financial statements.

	Americas		**Asia - Pacific**		**Europe**		**Total operations**	
	2013 £m	Restated 2012 £m	**2013 £m**	Restated 2012 £m	**2013 £m**	Restated 2012 £m	**2013 £m**	Restated 2012 £m
Revenue	**62.4**	57.3	**68.9**	71.0	**111.4**	112.8	**242.7**	241.1
Operating profit before corporate overheads	**2.4**	5.1	**4.7**	7.1	**36.6**	35.3	**43.7**	47.5
Corporate overheads							**(1.6)**	(5.1)
Operating profit before exceptional items							**42.1**	42.4
Exceptional items	**(0.3)**	-	**(1.0)**	-	**-**	-	**(1.3)**	-
Operating profit after exceptional items							**40.8**	42.4
Finance income							**-**	0.1
Finance cost							**(1.1)**	(1.1)
Net finance cost on pension assets and liabilities							**(2.2)**	(2.1)
Profit before tax							**37.5**	39.3

The reduction in operating profit in the Americas primarily relates to US manufacturing issues, and in Asia-Pacific results from changes in sales mix towards emerging markets such as China and adverse foreign exchange movements.

The lower corporate overheads are the result of increased levels of support for the operations by central teams, resulting in a larger element of costs being directly attributable to the businesses, and lower performance share plan costs in 2013.

3. Analysis of operating profit

	2013 Before exceptional items £m	2013 Exceptional items £m	**2013 Total £m**	Restated 2012 Total £m
Revenue	242.7	-	**242.7**	241.1
Cost of sales	(157.3)	(0.2)	**(157.5)**	(154.9)
Gross profit	85.4	(0.2)	**85.2**	86.2
Selling and distribution costs	(18.4)	-	**(18.4)**	(17.3)
Administrative expenses	(18.7)	(1.0)	**(19.7)**	(16.6)
Research and development expenditure	(6.6)	(0.1)	**(6.7)**	(7.2)
Other expenses	(2.2)	-	**(2.2)**	(3.6)
	(45.9)	(1.1)	**(47.0)**	(44.7)
Other operating income	2.6	-	**2.6**	0.9
Net operating expenses	(43.3)	(1.1)	**(44.4)**	(43.8)
Operating profit/(expense)	42.1	(1.3)	**40.8**	42.4

In addition, development expenditure totalling £0.7m (2012: £nil) has been capitalised within intangible assets.

4. Exceptional items

The following exceptional items are included in the operating profit of £40.8m (2012: £42.4m restated):

	2013 £m	2012 £m
Accelerated depreciation included within cost of sales (i)	**0.2**	-
Costs related to the new manufacturing plants in USA/China included within operating expenses (ii)	**1.1**	-
	1.3	-

(i) An accelerated depreciation charge has been incurred on assets that will be replaced earlier than their previously estimated useful economic lives due to the group's planned investment in the new USA plant.

(ii) Incremental costs related to a two year development programme to establish new manufacturing plants in USA and China, including project management, product development, reorganisation costs, legal and professional fees. These costs do not meet the recognition criteria of intangible assets (under IAS 38) or tangible assets but are of such significance, in terms of nature and size, that they have been shown separately from the underlying operating profits of the business.

5. Earnings per share

	2013 £m	Restated 2012 £m
Profit attributable to equity holders	**33.6**	32.0
Profit attributable to equity holders excluding exceptional items	**34.7**	32.0
	--------	--------
Earnings per share		
- Basic	**20.1p**	19.4p
- Basic excluding exceptional items	**20.8p**	19.4p
- Diluted	**20.0p**	19.2p
- Diluted excluding exceptional items	**20.7p**	19.2p

	Number of shares	Number of shares
Shares in issue		
Weighted average number of shares	**166,405,899**	165,479,397
Adjustments for:		
- Performance share plan	**843,314**	1,536,468
	---------------	---------------
Weighted average number of shares – diluted earnings per share	**167,249,213**	167,015,865
	=========	=========

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the parent of £33.6m (2012: £32.0m) by 166,405,899 (2012: 165,479,397) shares, being the weighted average number of shares in issue throughout the year.

Shares arising from the performance share plan are only treated as dilutive where the effect is to reduce earnings per share. Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders of £33.6m (2012: £32.0m) by the average number of shares, including the effect of all dilutive potential shares, of 167,249,213 (2012: 167,015,865).

Earnings per share excluding exceptional items is calculated in order to eliminate the effect of exceptional items after tax in 2013 of £1.1m (2012: £nil) on the results. Basic earnings per share excluding exceptional items is calculated by dividing the profit attributable to ordinary shareholders before exceptional items, after attributable tax, of £34.7m (2012: £32.0m) by 166,405,899 (2012: 165,479,397) shares, being the weighted average number of shares in issue throughout the year.

6. Analysis of debt

	2013 £m	2012 £m
Cash and cash equivalents	**6.0**	5.6
Bank overdrafts	**(2.4)**	(1.9)
	--------	--------
	3.6	3.7
Borrowings less bank overdrafts	**(39.4)**	(29.8)
	----------	----------
	(35.8)	(26.1)
	======	======

7. Retirement benefit obligations

The group operates a number of pension schemes throughout the world. The major schemes are of the defined benefit type and, with the exception of Germany where book reserves are supported by insurance policies, the assets of the schemes are held in separate trustee – administered funds. The defined benefit schemes are closed to new entrants.

The last formal actuarial valuations of the group's material defined benefit schemes have been updated to 31 December 2013 by qualified independent actuaries. The major assumptions used by the actuaries in the following principal countries were as follows:

	Australia		**United Kingdom**		**United States**	
	2013	2012	**2013**	2012	**2013**	2012
	%	%	**%**	%	**%**	%
Discount rate	**4.30**	3.40	**4.50**	4.30	**4.60**	3.65
Rate of increase in salaries*	**3.50**	3.50	**1.00**	1.00	**-**	-
General inflation	**2.50**	2.50	**3.30**	2.90	**-**	-

* As part of the changes to the United Kingdom (UK) plan agreed in 2010, future pensionable salary increases are capped at 1% per annum. No rate of increase in salaries has been assumed in respect of the United States plan as the plan is now frozen.

The (deficit)/surplus at 31 December 2013 was as follows:

	Australia		**United Kingdom**		**United States**		**Other**		**Total**	
	2013 £m	2012 £m	**2013 £m**	2012 £m	**2013 £m**	2012 £m	**2013 £m**	2012 £m	**2013 £m**	2012 £m
Total fair value of scheme assets	**9.8**	12.4	**148.3**	147.2	**42.1**	41.1	**2.8**	2.4	**203.0**	203.1
Present value of scheme liabilities	**(9.7)**	(14.5)	**(180.4)**	(180.5)	**(55.3)**	(64.0)	**(3.7)**	(3.4)	**(249.1)**	(262.4)
Surplus/(deficit)	**0.1**	(2.1)	**(32.1)**	(33.3)	**(13.2)**	(22.9)	**(0.9)**	(1.0)	**(46.1)**	(59.3)

The net deficit position decreased significantly during the year. The value of the scheme assets decreased by £0.1m, however the present value of the pension liabilities reduced by £13.3m. The decreased net deficit was primarily as a result of the increase in discount rates. The UK scheme is the largest of the schemes, and the discount rates increased from 4.3% to 4.5% which reduced liabilities by £6.5m.

Movements in the (deficit)/surplus during the year were as follows:

	Australia		**United Kingdom**		**United States**		**Other**		**Total**	
	2013 £m	Restated 2012 £m	**2013 £m**	Restated 2012 £m	**2013 £m**	Restated 2012 £m	**2013 £m**	Restated 2012 £m	**2013 £m**	Restated 2012 £m
Deficit in scheme at beginning of year	**(2.1)**	(4.1)	**(33.3)**	(20.0)	**(22.9)**	(21.5)	**(1.0)**	(0.6)	**(59.3)**	(46.2)
Movement in year:										
Pension charge	**(0.8)**	(0.9)	**(3.0)**	(2.2)	**(1.0)**	(1.1)	**(0.4)**	(0.2)	**(5.2)**	(4.4)
Employer contributions	**0.9**	1.0	**2.9**	2.5	**2.6**	3.0	**0.4**	-	**6.8**	6.5
Re-measurements	**2.0**	1.8	**(1.3)**	(13.6)	**(8.0)**	(4.2)	**-**	(0.3)	**(11.3)**	(16.3)
Exchange gains	**0.1**	0.1	**-**	-	**0.1**	0.9	**0.1**	0.1	**0.3**	1.1
Surplus/(deficit) in scheme at end of year	**0.1**	(2.1)	**(32.1)**	(33.3)	**(13.2)**	(22.9)	**(0.9)**	(1.0)	**(46.1)**	(59.3)

8. Reconciliation of profit before tax to cash generated from operations

	2013 £m	Restated 2012 £m
Profit before tax	**37.5**	39.3
Adjustments for:		
Finance income	**-**	(0.1)
Finance costs	**1.1**	1.1
Net finance costs on pension assets and liabilities	**2.2**	2.1
Pension cost adjustment for normal contributions	**0.8**	0.8
Loss on disposal of property, plant and equipment	**0.7**	-
Depreciation of property, plant and equipment	**16.9**	15.0
Amortisation of intangible assets	**1.1**	1.0
Release from capital grants balance	**(0.1)**	(0.1)
Additional contributions to pension schemes	**(4.6)**	(5.0)
Performance share plan	**0.2**	-
Changes in working capital:		
Increase in inventories	**(13.0)**	(1.3)
Increase in trade and other receivables	**(0.2)**	(2.9)
Increase/(decrease) in trade and other payables	**0.1**	(1.8)
	--------	--------
Cash generated from operations	**42.7**	48.1
	=====	=====
Of which:		
Cash generated from operations before exceptional items	**43.8**	48.1
Exceptional items cash outflow	**(1.1)**	-
	--------	--------
	42.7	48.1
	=====	=====

9. Statutory accounts

While the financial information included in this preliminary announcement has been computed in accordance with International Financial Reporting Standards (“IFRSs”), this announcement does not itself contain sufficient information to comply with IFRSs. The company expects to publish full financial statements that comply with IFRSs in March 2014.

The financial information set out in this announcement is unaudited and does not constitute the company’s statutory financial statements for the years ended 31 December 2013 or 2012 for the purposes of section 435 of the Companies Act 2006. The financial information for year ended 31 December 2012 is derived from the statutory financial statements for that year which have been delivered to the Registrar of Companies. The auditors reported on those financial statements; their report was unqualified and did not contain a statement under sections 498(2) or (3) of the Companies Act 2006. The statutory financial statements for the year ended 31 December 2013 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the company’s Annual General Meeting.