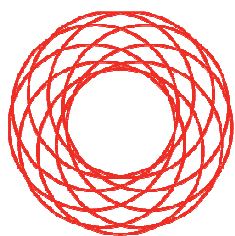

February 2012

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011



DEVRO

Devro: The collagen casing company

Global Leader

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

Global Operations

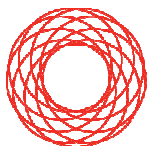
- Over 2,000 staff across the world
- 5 manufacturing sites in Scotland, Australia, the Czech Republic and the USA

Collagen

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

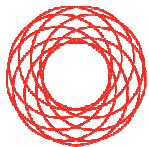
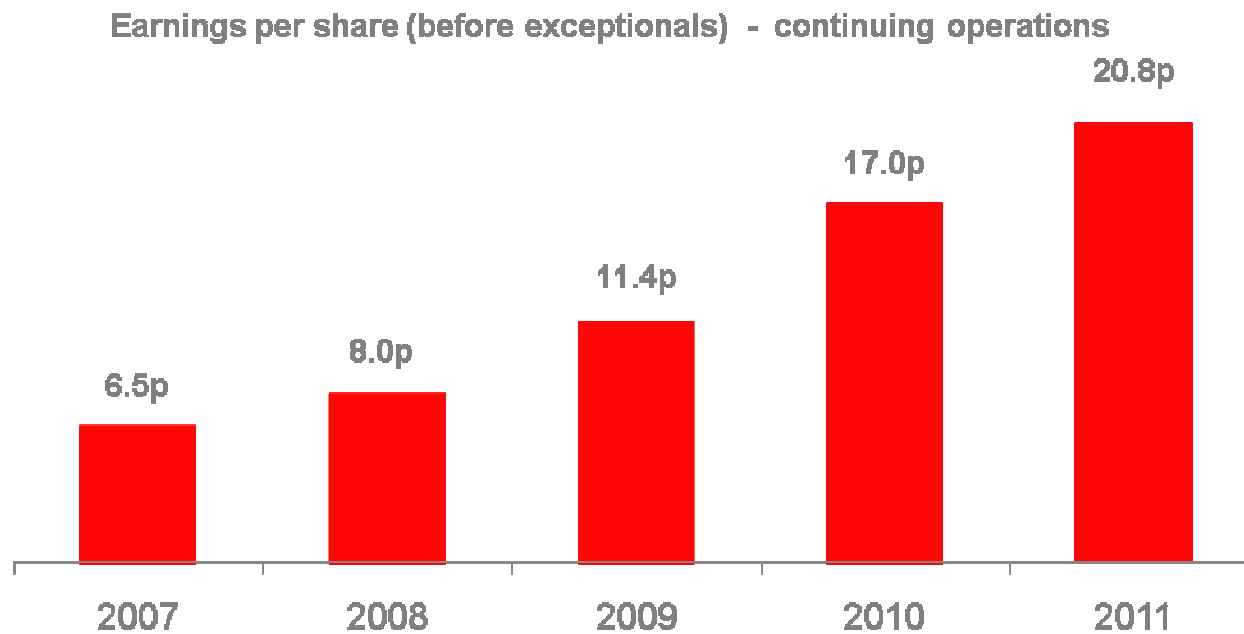
Technology

- Significant investment in the latest processes funded from internal cash generation.
- Improved manufacturing performance and increased capacity



DEVRO

Devro: Four years of growth and investment



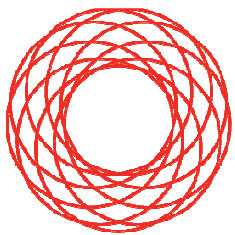
DEVRO

Devro: 2011 Highlights

- Edible collagen volumes up 4.6%
- Sales revenues up 6.6%
- Operating profit before exceptionals up 15.5%
- Recommended dividend up for the full year by 14.3%
- New *Select* product gaining momentum
- Investment projects progressing well
- Completed sale of distribution company in Germany
- Successful enterprise resource planning (ERP) system roll-out



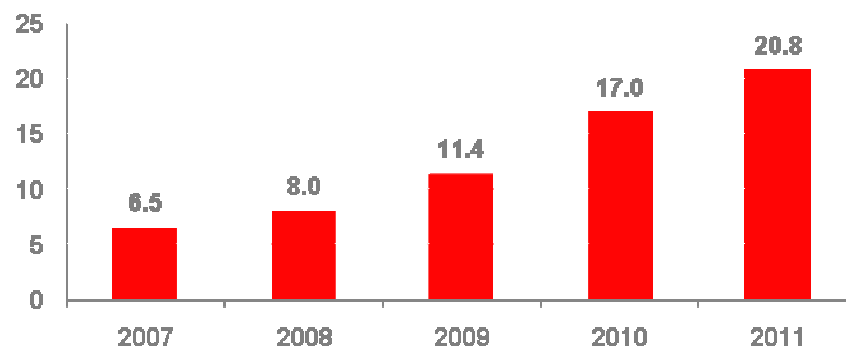
SIMON WEBB
GROUP FINANCE DIRECTOR



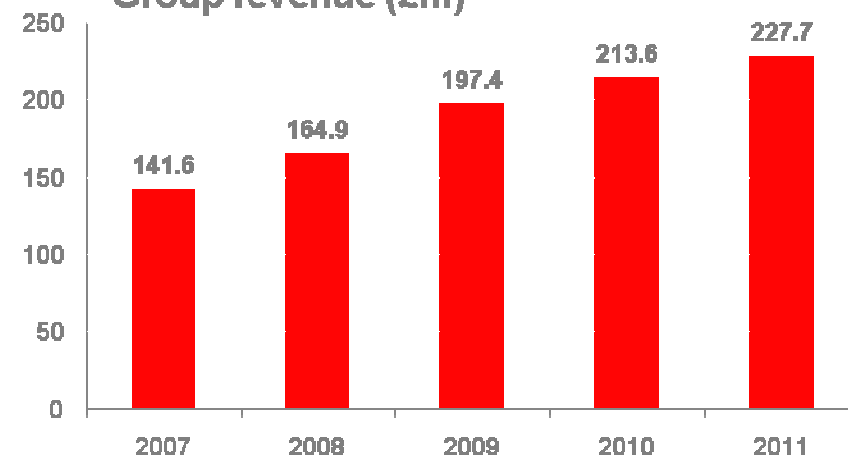
DEVRO

Financial Highlights – continuing operations

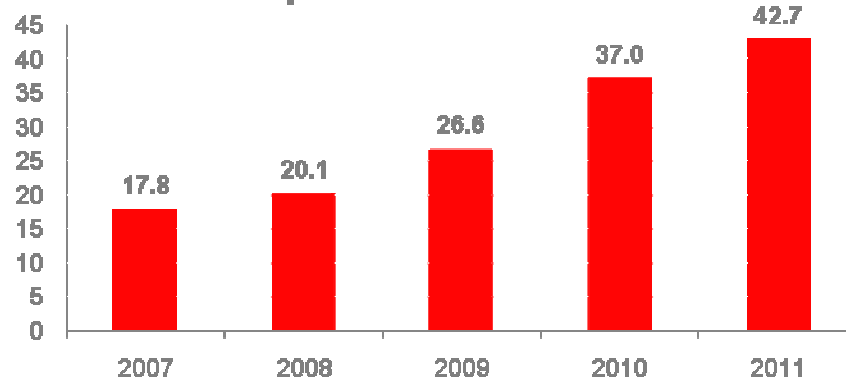
**Earnings per share (pence)
before exceptional items**



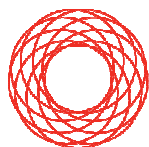
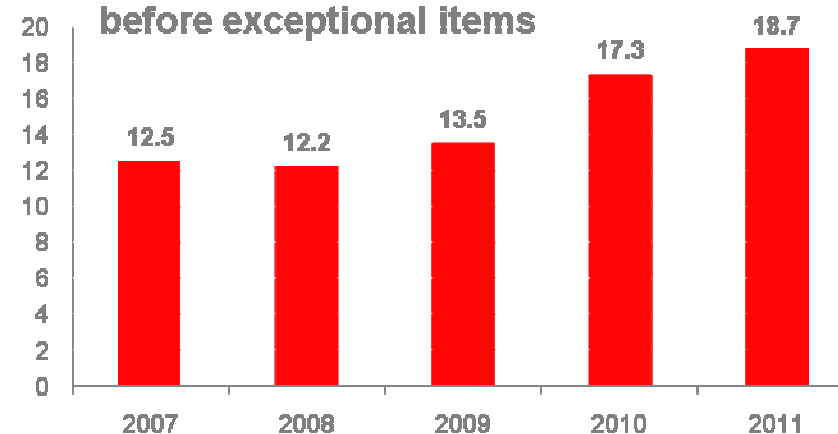
Group revenue (£m)



**Operating Profit (£m)
before exceptional items**



**Operating profit margin (%)
before exceptional items**

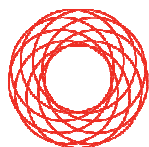


DEVRO

Financial Highlights

For the year ended 31 December 2011

Continuing Operations	2011 £m	2010 £m	Increase %
Sales	227.7	213.6	+ 6.6%
EBIT	42.7	37.0	+ 15.5%
PBT pre-exceptionals	43.0	35.2	+ 22.4%
Earnings per share pre-exceptionals	20.8p	17.0p	+ 22.4%
Dividend	8.0p	7.0p	+ 14.3%
Net debt	22.7	12.2	
Gearing	16.2%	8.0%	
Discontinued operation PBT	0.0	1.2	



DEVRO

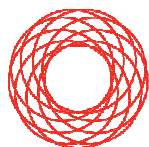
Financial Highlights

Impact of Devro GmbH sale

Continuing + discontinued operations	2011 Actual	2010 Actual
Sales £m	244.1	237.0
EBIT £m	42.7	38.2

Devro GmbH – discontinued operation	2011 Actual	2010 Actual
Sales £m	16.4	23.4
EBIT £m	0.0	1.2

Continuing operations (excluding discontinued operation)	2011 Actual	2010 Actual	% Change
Sales £m	227.7	213.6	6.6%
EBIT £m	42.7	37.0	15.5%

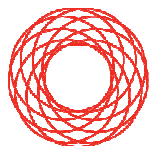


DEVRO

Income statement

For the year ended 31 December 2011

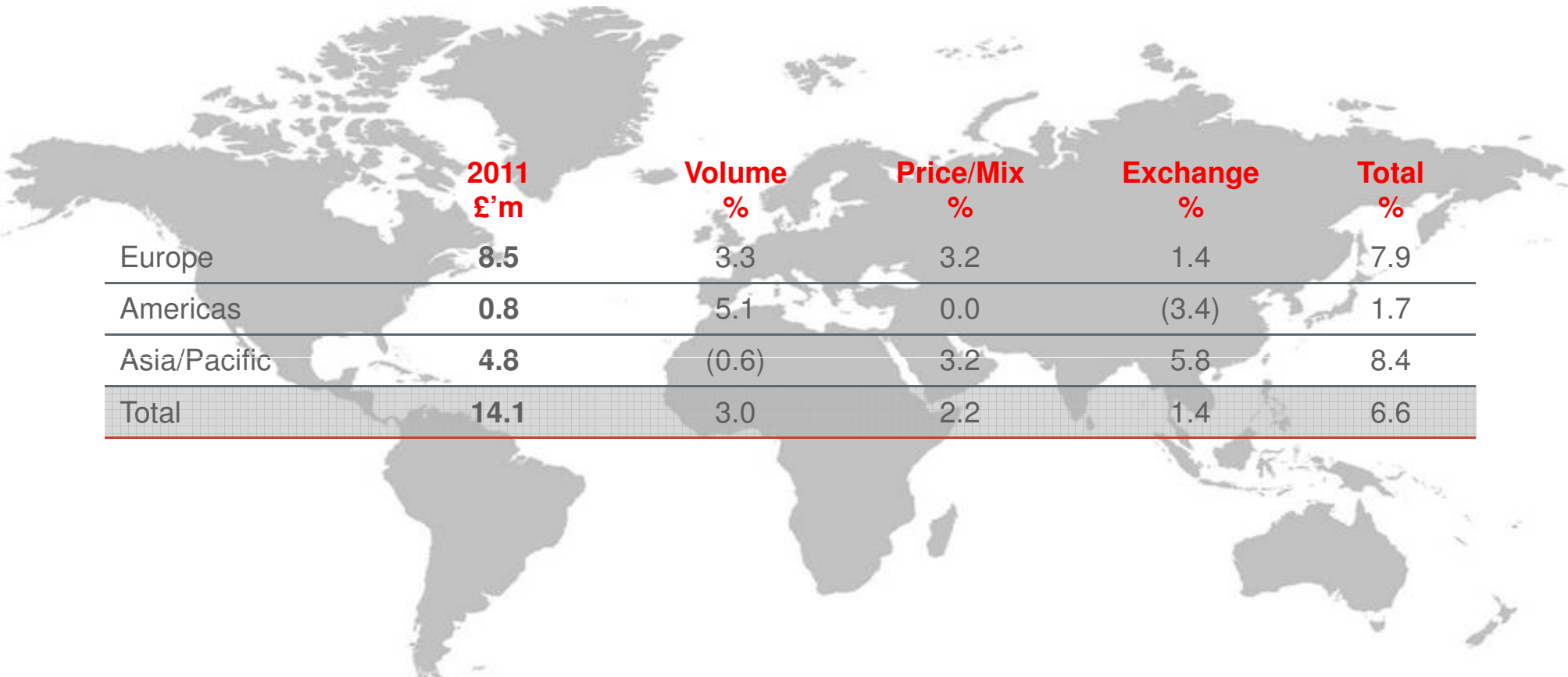
Continuing Operations	2011 £m	2010 £m	Increase %
Sales	227.7	213.6	6.6%
Operating profit	42.7	37.0	15.5%
<i>Operating margin</i>	<i>18.7%</i>	<i>17.3%</i>	
Exceptional item	-	18.8	
Net finance income/ (costs)	(0.9)	(0.7)	
Net pension finance income/ (costs)	1.2	(1.1)	
Profit before tax	43.0	54.0	
Tax	(8.8)	(12.5)	
Profit for the period – continuing operations	34.2	41.5	
Discontinued operation	(0.0)	0.7	
Profit after tax including discontinued operation	34.2	42.2	



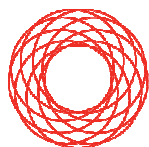
DEVRO

Regional sales by destination 2011

(Change vs. 2010)



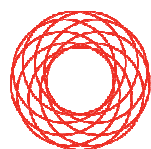
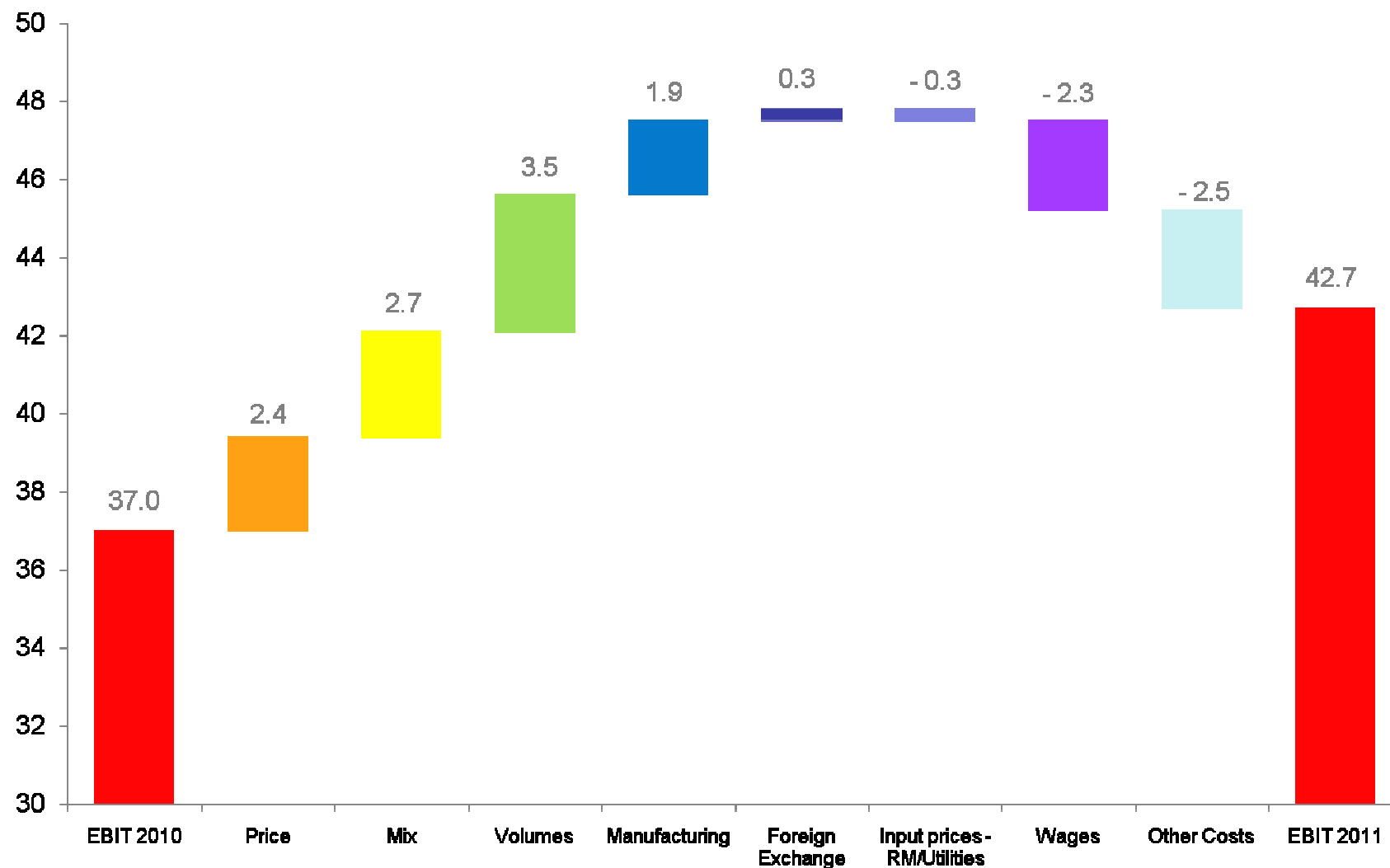
	2011 £'m	Volume %	Price/Mix %	Exchange %	Total %
Europe	8.5	3.3	3.2	1.4	7.9
Americas	0.8	5.1	0.0	(3.4)	1.7
Asia/Pacific	4.8	(0.6)	3.2	5.8	8.4
Total	14.1	3.0	2.2	1.4	6.6



DEVRO

EBIT bridge

December 2010 EBIT to December 2011 EBIT

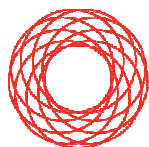


DEVRO

A tale of two halves

	H1			H2			Total		
	2011	2010	%	2011	2010	%	2011	2010	%
Sales £m	107.1	104.6	2.4%	120.6	109.0	10.6%	227.7	213.6	6.6%
Operating profit before exceptional items £m	19.5	17.5	11.6%	23.2	19.5	19.0%	42.7	37.0	15.5%
% Margin	18.2%	16.7%		19.2%	17.9%		18.7%	17.3%	

- Second half sales gathered momentum

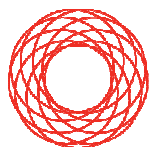


DEVRO

Debt

	2011	2010
Net debt	£22.7m	£12.2m
Gearing	16.2%	8.0%

- Significant investments in capital
- Underlying operating cash flow is strong



Pensions

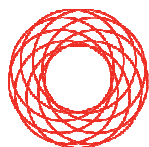
Group Defined Benefit Pension Schemes

	2011 £m	2010 £m
Fair value of scheme assets	196.6	198.5
Present value of scheme liabilities	(242.8)	(211.9)
Net pension liabilities	(46.2)	(13.4)

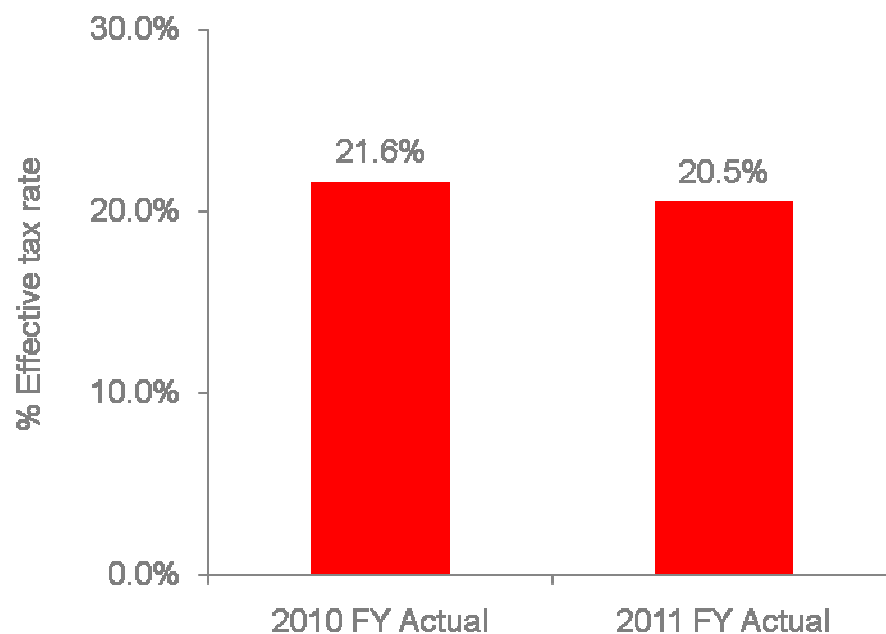
- Rise in pension deficit due to decrease in discount rates (UK schemes 2011 - 4.7%; 2010 - 5.4%)

	2011 £m	2010 £m
Interest income/(costs)	1.2	(1.1)

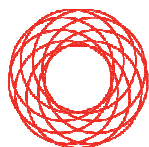
- Interest income reflects the expected return on assets offset by interest on liabilities. It will be an expense of £1.2m in 2012.



Tax



- Investment incentive in Czech Republic
- Lower group tax rate expected to continue until at least 2015



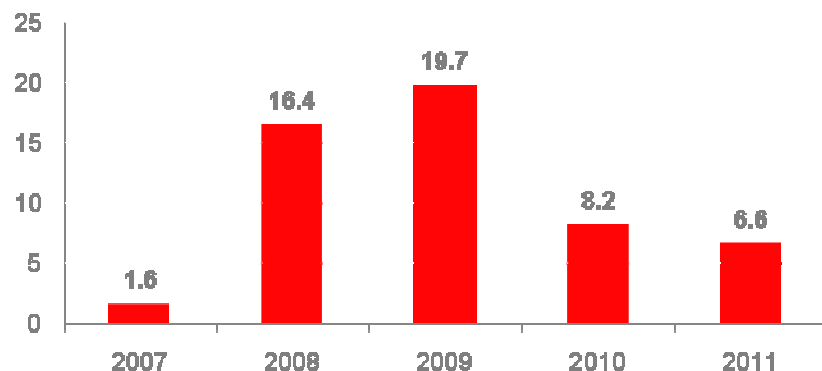
DEVRO

- 2010 effective tax rate is before exceptionals

Key Performance Indicators

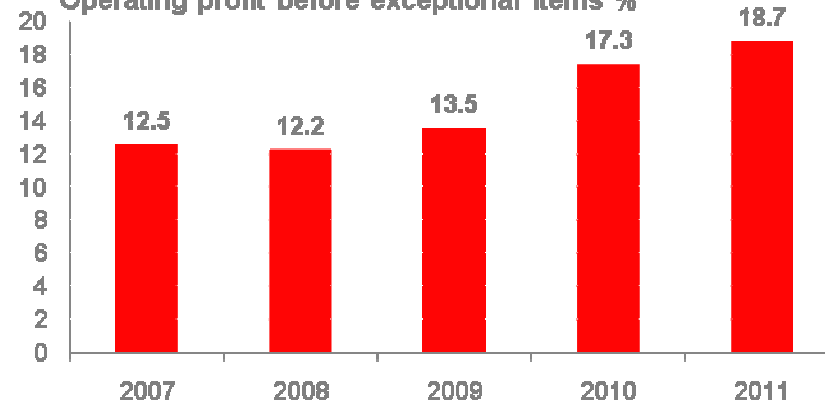
Revenue growth

Value growth %



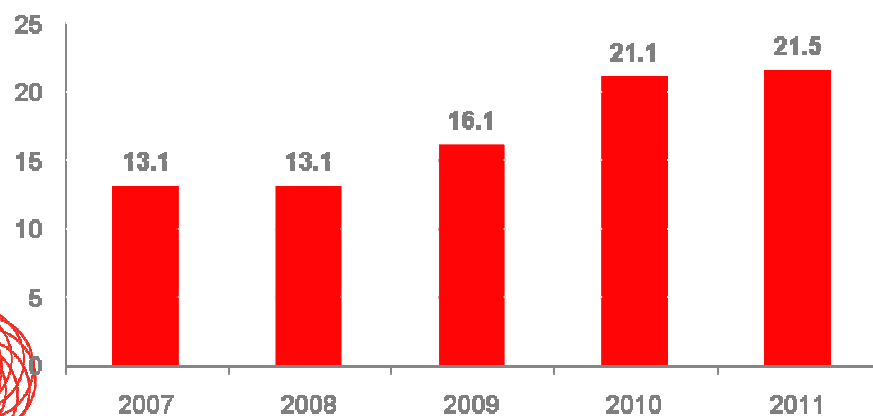
Operating Margin

Operating profit before exceptional items %



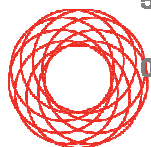
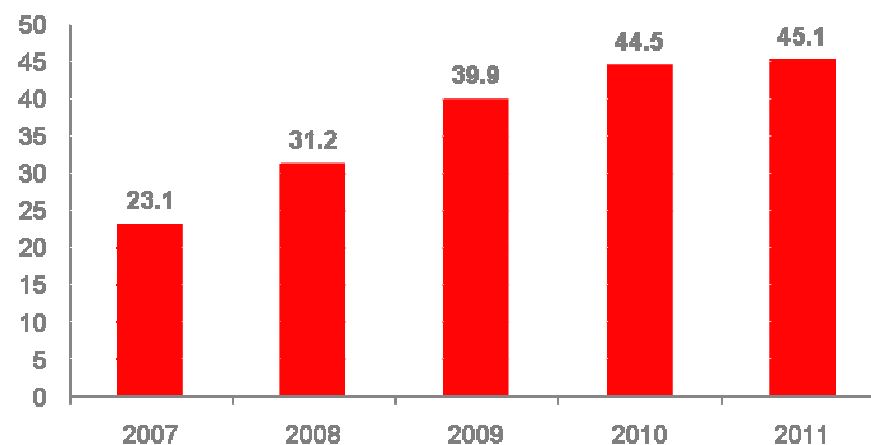
Return on capital employed (ROCE)

Operating profit before exceptional items/average capital employed %



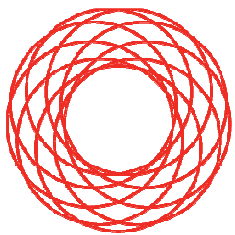
Operating cash flow

Cash generated from operations £m



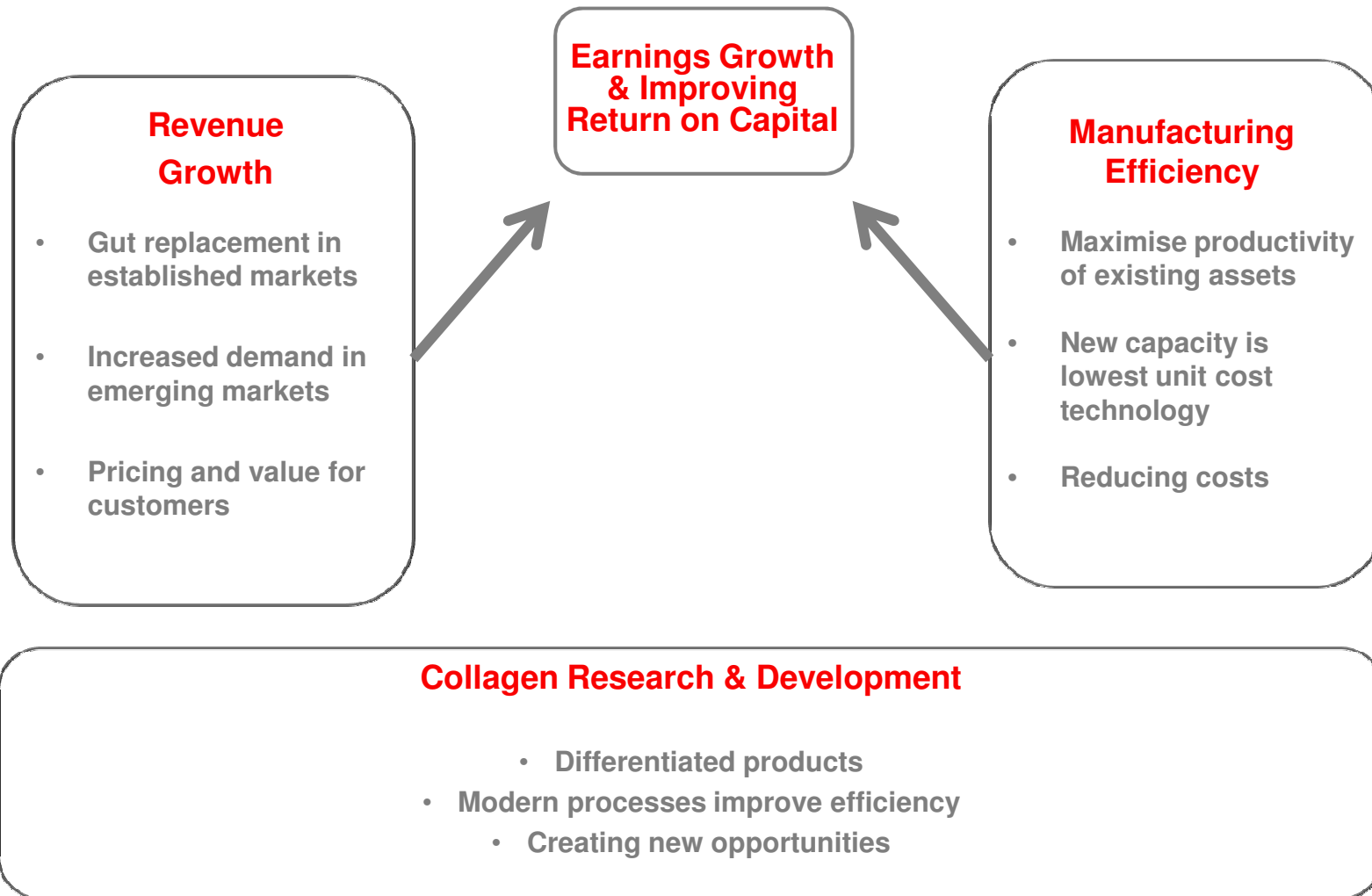
DEVRO

PETER PAGE
CHIEF EXECUTIVE OFFICER



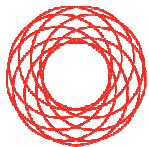
DEVRO

Our Three Part Strategy



Revenue growth achieved

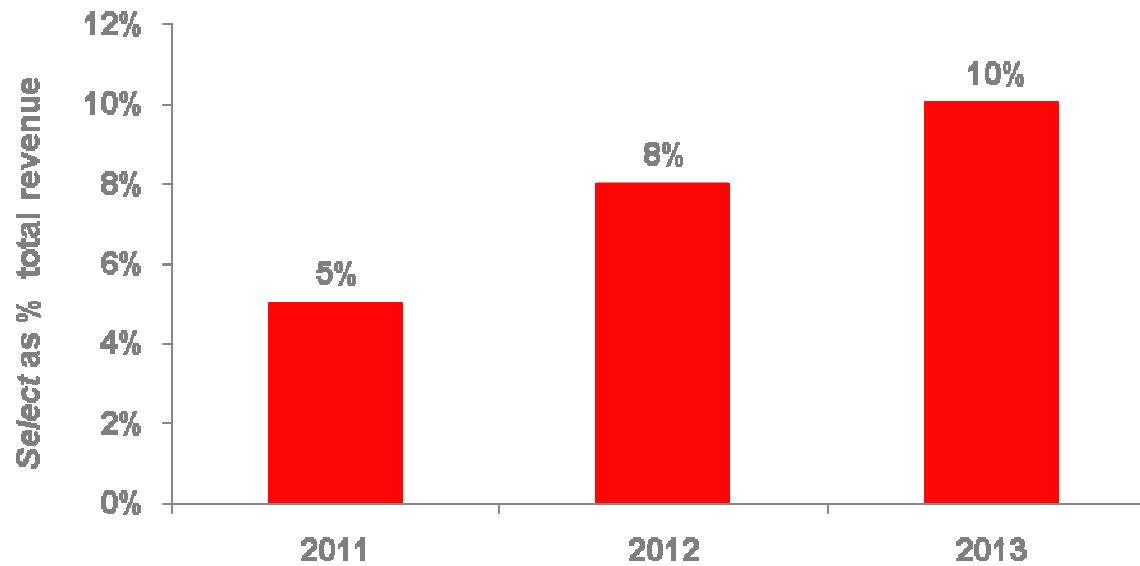
- Edible collagen volumes 4.6% higher
- Edible collagen revenues 9% higher
- *Select* 5% of edible collagen revenues
- Sales revenues in Japan 32% higher than in 2010
- *Select* 29.1% of sales in Germany
- Average price per unit sold 4.2% higher
- Following disposal of Devro GmbH, edible collagen casings and gel account for 88% of sales revenue



DEVRO

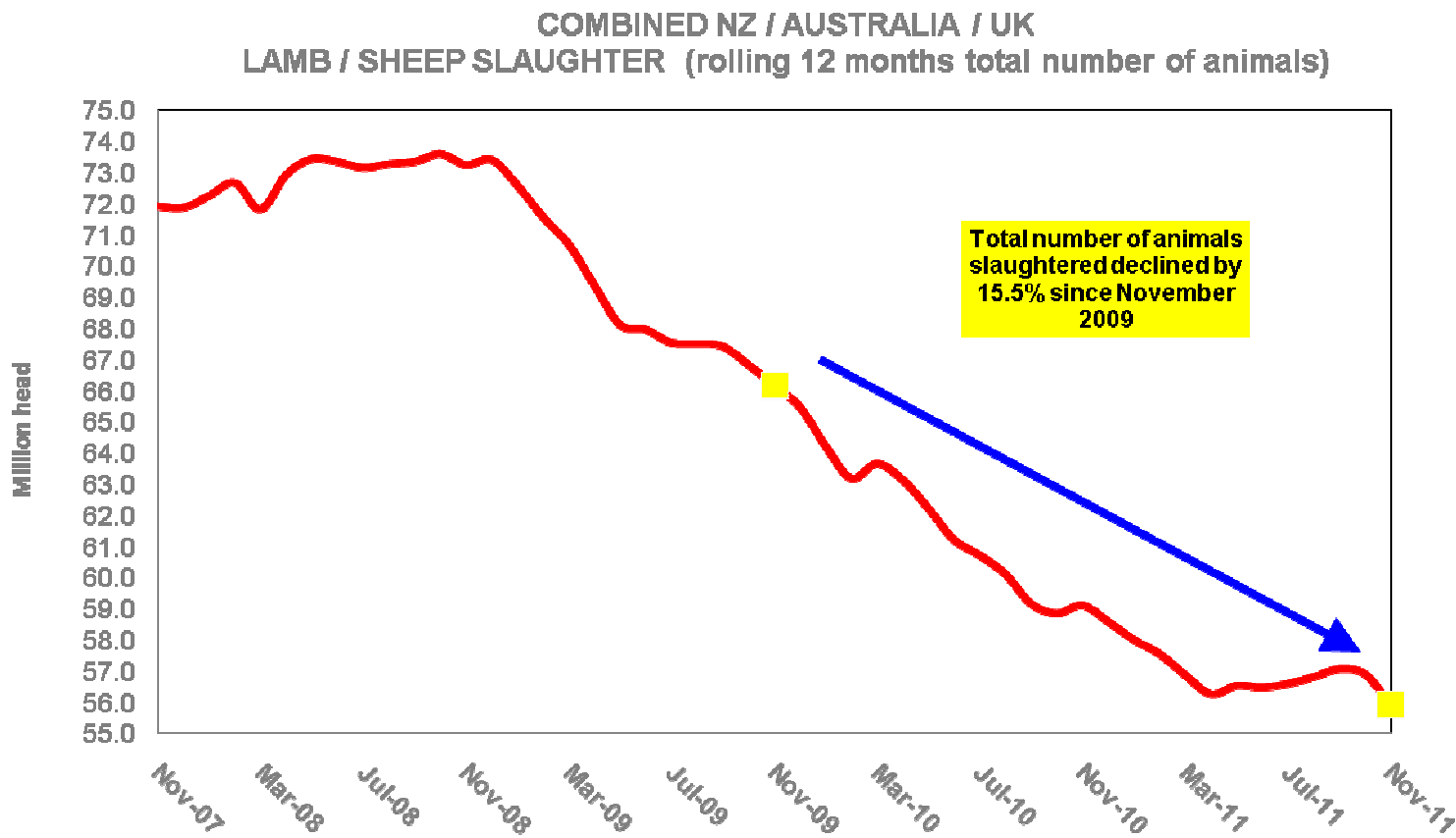
Select casings becoming established

- Demonstrates that product differentiation is possible and profitable

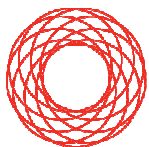


DEVRO

..... as Grade A sheep gut availability declines

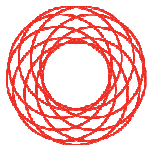


Source: Government statistics



DEVRO

Opportunity for *Select* continues to grow



DEVRO

Emerging markets – volume growth

Latin America & Mexico

- Volume +6.4%
- Revenue (LC) +14%
- Improved price mix
- Sales through distributors

Eastern Europe & Russia

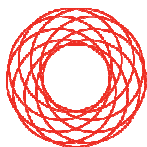
- Volume +21%
- Revenue (LC) +23%
- Combination of Devro sales & distributors

South East Asia

- Volume +16.8%
- Revenue (LC) +20%
- Sales through distributors
- Stronger Hong Kong team

China

- Volume/Revenue temporary decline
- Working to broaden customer base
- Beijing office established



DEVRO

Setting the standard worldwide

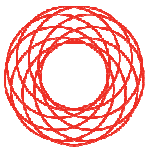
- FS 22000: the new single global food safety standard
- Combines ISO 22000: 2005 and ISO/TS 22002: 2009
- Managed by Foundation for Food Safety Certification
- Recognised by all leading trade and manufacturing organisations
- Only one collagen casings manufacturer has accreditation at all manufacturing sites - Devro



DEVRO

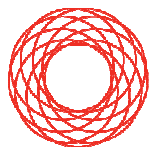
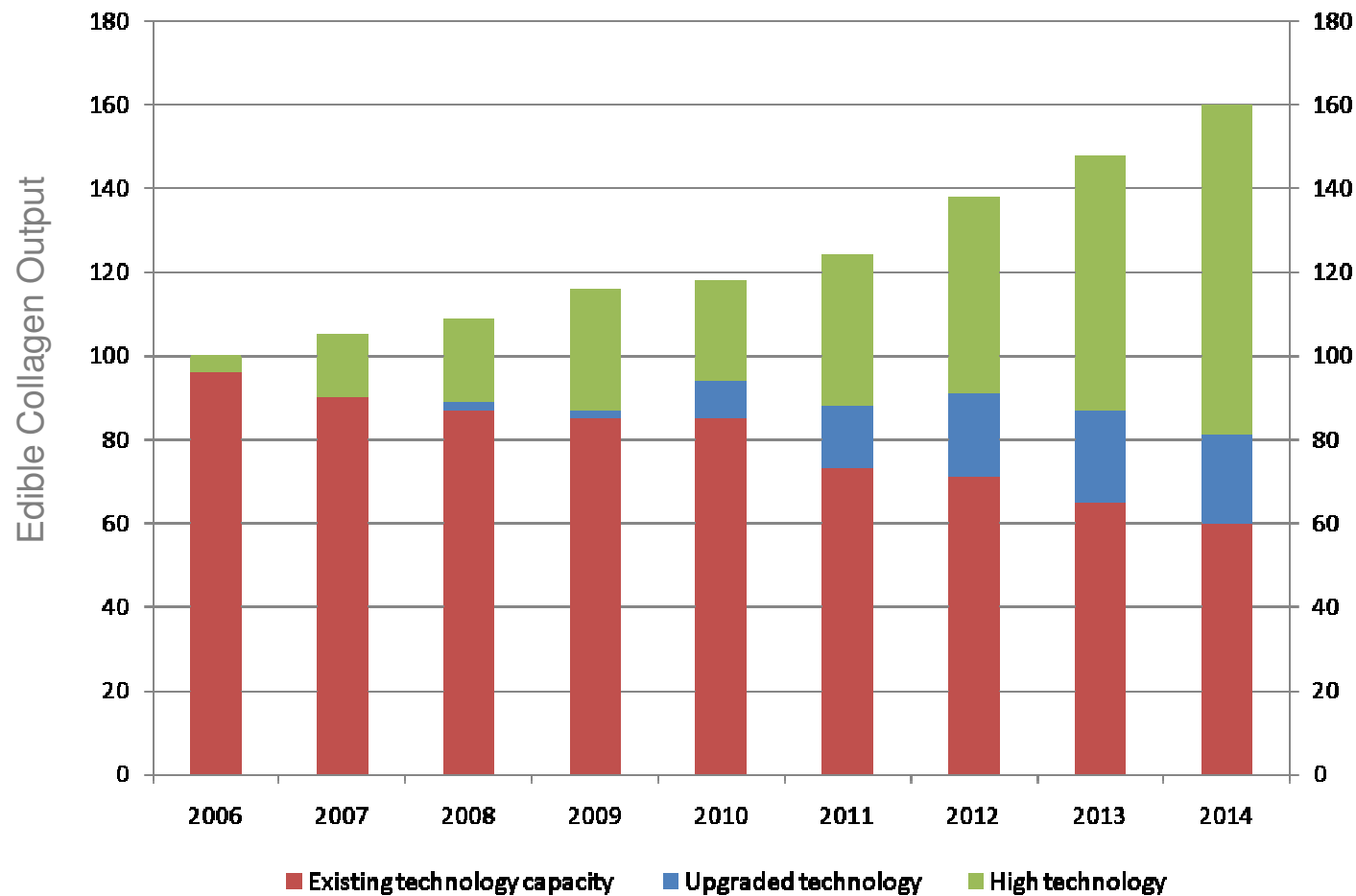
Manufacturing and capacity investments

- Total volumes produced same as 2010
- Capacity installed and ready to operate from January 2012 equivalent to 4% of 2010 output.
- Installations in 2012 equivalent to 8% of 2010
- Installations in 2013 equivalent to 8% of 2010
- Three fold benefit:
 - Lower unit costs
 - Stepped additions of capacity
 - Broader product range



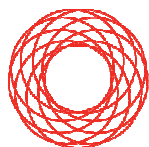
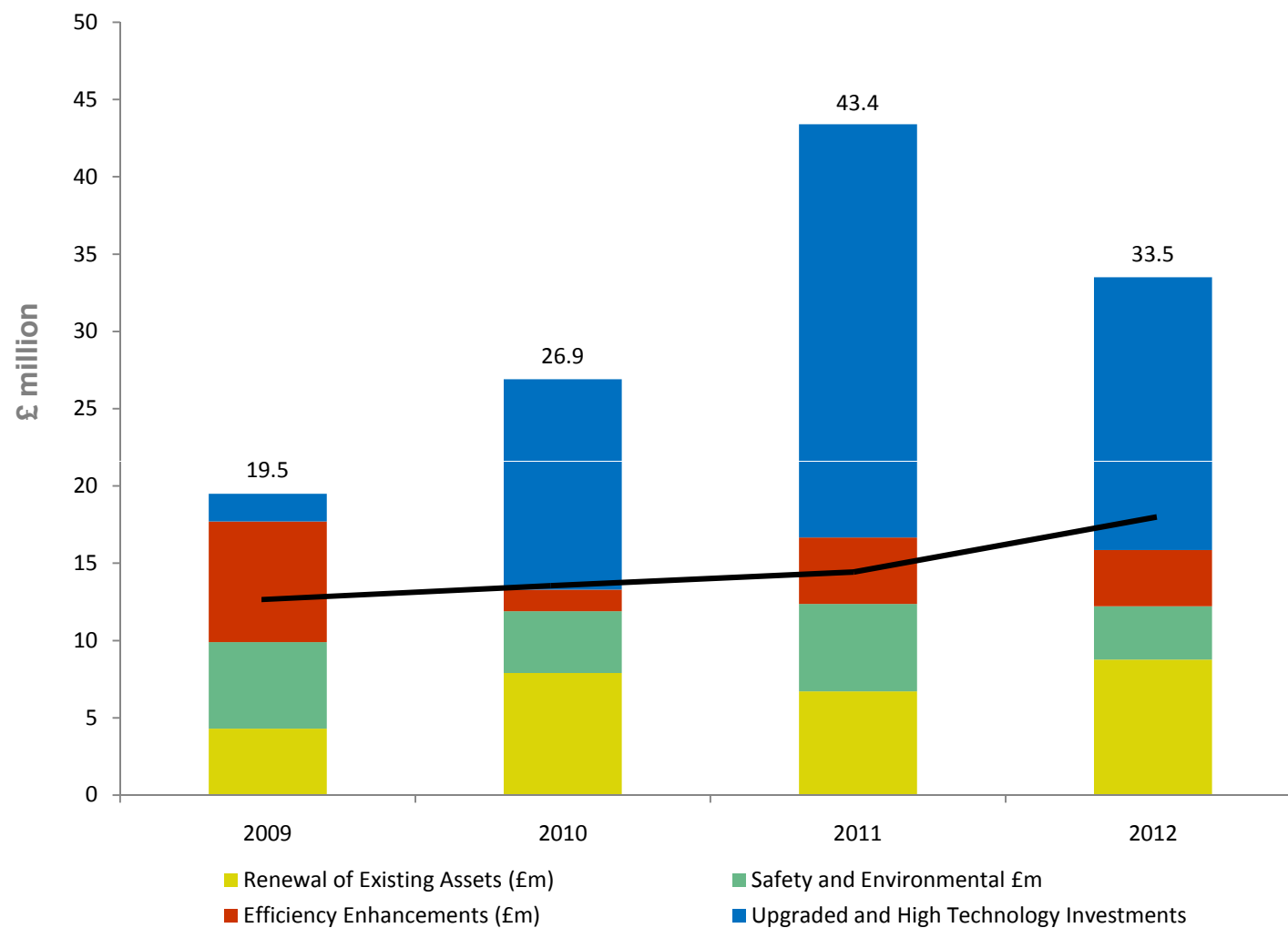
DEVRO

Investing in manufacturing capacity and efficiency



DEVRO

Investing capital for growth

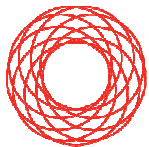


DEVRO

- Aim to maintain return on capital employed > 20%

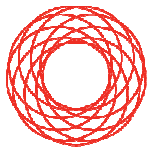
Market situation

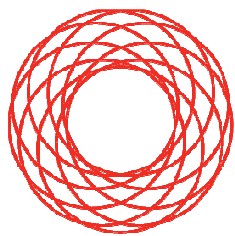
- Demand for collagen casings continues to grow
- Customers' ingredient costs may benefit from reducing wheat prices, corn prices constant, soya prices constant
- Sheep gut availability constrained
- Hog gut availability sufficient and prices lower than 2010
- Hide availability constant from key suppliers but global market is changing



2012 Outlook favourable

- Demand for edible collagen continues to grow
- Further work to establish sales of *Select*
- Margins maintained
- Additional manufacturing capacity from UK and USA
- Return on capital employed target of 20%





DEVRO