



OVERVIEW

Devro is one of the world's leading manufacturers of collagen casings for the food industry, supporting customers in the production of a wide variety of sausages and other meat products. Devro supply collagen casing, gel and film to over 1000 customers in more than 100 countries. Collagen is a naturally occurring polymer which is transformed into gel, tubular casing and films at Devro's manufacturing sites. Devro employs nearly 2,000 people, with skills and knowledge ranging from chemical and electrical engineering to food technology, meat science and environmental health. Over 100 Devro employees work in customer-facing operations as sales and technical advisers.

INVESTMENT CASE

- Global presence – No.1 in many countries, gaining share elsewhere
- Provider of premium edible collagen casings
- Helping customers to increase yield and gels with superior technical support
- Underlying market growth estimated at 2-4% p.a with mature markets growing between 0-2% p.a and emerging markets growing between 6-10% p.a
- Continued opportunity for gut conversion
- New product platforms, opening up new markets
- Strong margins and highly cash generative business
- Dynamic and motivated team; majority of Executive Management Team have 'Blue Chip' experience

GLOBAL LEADER



Mature Markets*

75%

Emerging Markets**

25%

* Devro mature markets include: North America, Continental EU, UK & Ireland, Japan and Australia & NZ

**Devro emerging markets include: Latin America, Russia & East, Middle East & Africa, South East Asia and China

BENEFITS OF COLLAGEN

- Consistency
- Traceability
- Appearance
- Supply reliability
- Price stability
- Value
- Customer productivity

KEY DIRECTORS

Steve Good, Non- Executive Chairman

Steve joined Devro in June 2019 as Non-Executive Chairman. Steve has international experience in specialty chemicals businesses, manufacturing and diverse industrial markets. He is the Non-Executive Chairman of Zotefoams plc and Non-Executive Director of Elementis plc, where he chairs the Remuneration Committee.

Rutger Helbing, Chief Executive Officer

Rutger joined Devro as Group Finance Director in April 2016 and became Chief Executive Officer in February 2018. Prior to joining the company he was Group Chief Financial Officer of Element Six. Previously, Rutger held senior positions in finance and general management with ICI/Akzo Nobel and Unilever.

Jackie Callaway, Chief Financial Officer

Jackie joined Devro in May 2018. Prior to joining Devro, Jackie was Group Financial Controller of Brambles Limited, the ASX top 20 supply chain logistics company, where she led their global finance transformation programme.




LISTING INFORMATION

Market: **Full**
Symbol: **DVO**
Sector: **Food Producers**
Shares in issue: **166.9m**
Company Reg.: **129785**

**UNDERLYING MARKET GROWTH FACTORS**

- Overall global population growth expected at 1.1% p.a.
- Urbanisation as % of population expected to grow at 1.6% p.a.
- Meat consumption growing with GDP/capita
- Continued growth in sausage demand supported by food trends
- Growth in gut conversion and snacking

3Cs STRATEGY

	Win with the winning Customers	FOR REVENUE GROWTH	Deliver superior customer experience	Win in priority markets, customers and products
	Focus on Core profitability drivers	FOR MARGIN IMPROVEMENT	Further optimize current plan capabilities	Reduce cost of goods sold and operating expenses
	Strengthen Competencies	FOR LONG TERM COMPETITIVENESS	Define Devro's long term value proposition	Industry partner relationships Strengthen capabilities

INVESTING FOR THE FUTURE

- Devro invests in applied research and development and in a phased and disciplined capital programme, supporting the growth ambition.
- Designed and piloted the Integrated Business Planning process in 2019. This is Devro's vehicle to manage the global business more efficiently and effectively and to further underpin delivery of our strategy.
- In 2019, Devro launched Avem™, the first poultry collagen gel and fully commercialised Fine Ultra range in Europe.
- Devro plans to relocate some of its manufacturing assets within the wider Group in 2020 to better align capacity to growth ambitions as a result of review of global manufacturing footprint in 2019.
- Devro piloted a reconfiguration of its modern lines in the US manufacturing facility to provide further capacity for growth and successfully completed this in 2019. Devro now intends to roll this out in other sites, utilising their current footprints to provide further capacity for growth. These projects can provide up to 25% additional capacity over the next few years.

KEY FINANCIALS

31 December	2015	2016	2017	2018	2019
Sales (£m)	230.2	241.1	256.9	253.4	250.0
EBIT* (£m)	33.3	38.1	38.1	40.0**	39.1
Basic EPS*** (p)	16.6p	14.7p	14.2p	14.6p	15.2p
Dividend per share (p)	8.8p	8.8p	8.8p	9.0p	9.0p
Net debt (£m)	125.5	153.6	134.9	141.6	124.6

* Underlying basis before exceptional items

** Before non-recurring items

*** Underlying basis before exceptional items and net finance cost on pensions. 2017 and earlier underlying basic EPS was restated to exclude net finance cost on pensions and include this cost in non-underlying items.

ANALYST COVERAGE

Company	Analyst
Exane BNP Paribas	Francisco Ruiz
Investec	Nicola Mallard
Kepler Cheuvreux	Anton Brink
Numis	Damian McNeela
Peel Hunt	Charles Hall
Shore Capital	Darren Shirley

MANUFACTURING PLANTS

Sandy Run
USA



Gendt
NETHERLANDS



Nantong
CHINA



Moodiesburn
UK



Jilemnice
CZECH
REPUBLIC



Bathurst
AUSTRALIA

FTI CONSULTING

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NUMIS, CORPORATE BROKER

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INVESTOR RELATIONS

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