

AVON

Avon Rubber p.l.c.



CAPITAL MARKETS DAY 2018

This afternoon

2:00pm

Welcome and Overview

2:30pm – 4:30pm

4 x 30 Minute Breakout Sessions

4:30pm

Wrap up

4:45pm

Drinks Reception and Questions

At a glance



Avon Protection

Avon Protection is the recognised global leader in advanced Chemical, Biological, Radiological and Nuclear (CBRN) respiratory protection systems for the world's Military, Law Enforcement and Fire markets.

Agents & Distributors

305



milkrite | InterPuls

milkrite | InterPuls is a global leader providing complete milking point solutions to customers across the world with the aim of improving every farm it touches.

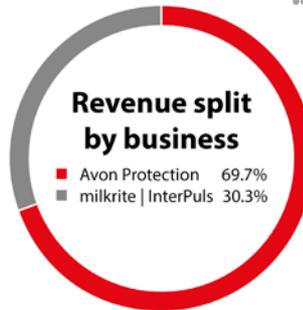
Agents & Distributors

2,014

Key

- milkrite | InterPuls
- Avon Protection
- Distribution Countries

Geographic Overview



800
EMPLOYEES

Strong financial track record

FINANCIALS

	2017	% Change	% Constant Currency
Orders received	£173.9m	22.2%	11.8%
Closing order book	£34.0m	45.3%	46.3%
Revenue	£163.2m	14.2%	4.5%
Adjusted EBITDA	£36.0m	20.4%	12.1%
Adjusted EBITDA margin	22.1%	1.2%	
Adjusted operating profit	£25.8m	23.4%	16.1%
Net cash	£24.7m	Up £22.7m	
Cash conversion	98.1%	-12.6%	
Adjusted earnings per share	82.8p	15.2%	10.0%
Dividend per share	12.32p	30%	
Product development % of revenue	5.1%	-0.7%	
Return on capital employed %	25.0%	1.8%	

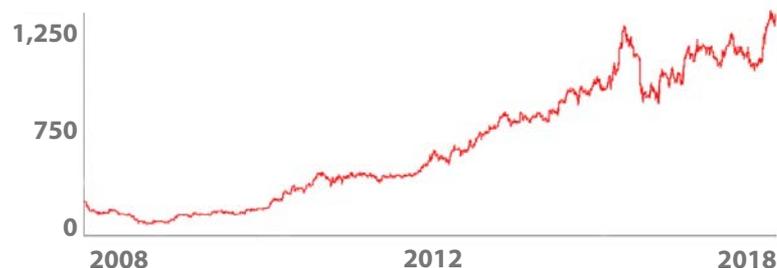
OPERATING PROFIT

H1 H2



* Restated

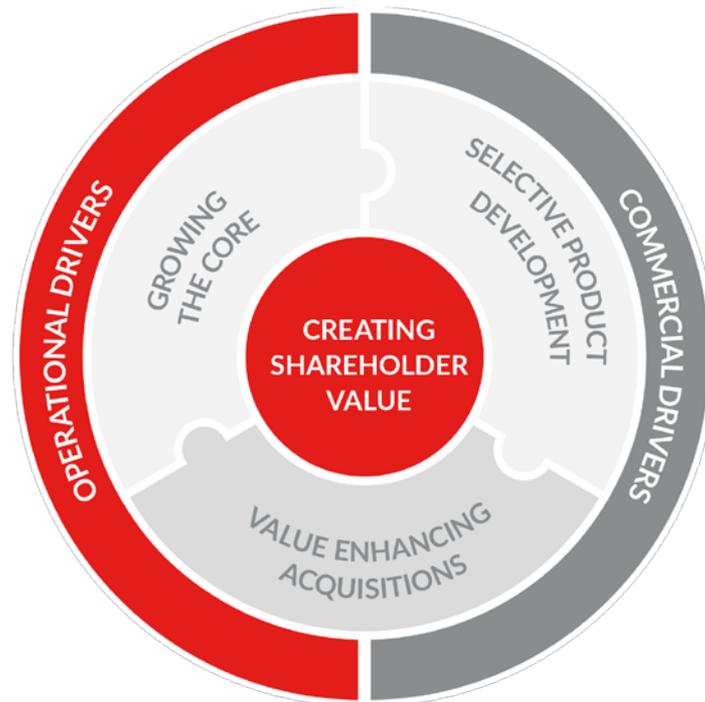
SHARE PRICE HISTORY



Our strategy...

...for creating shareholder value is based upon 3 key elements:

1. Maximise organic sales growth from our core business
2. Selective product development to maintain our innovation leadership position
3. Value enhancing acquisitions to complement our existing business and accelerate growth



Today's key objectives

1

Clearly illustrate the market drivers for Avon Protection and milkrite | InterPuls

2

Demonstrate the importance of innovation to meeting customer needs

3

Showcase the breadth and added value within our product range

4

Establish the importance of technology in delivering our strategic objectives

Avon Protection - Future Threats

- The red line of use on chemical weapons has been crossed
- Growing use of chemical weapons around the world
 - State sponsored use
 - Terrorist attacks
- Proliferation is becoming the challenge on a global basis
 - Military and first responders are unprepared for this threat
 - Greater need to protect metropolitan areas
- Driving the requirement for increased capability to respond
- Focus on respiratory protection - survive to operate

Where Avon Protection operates

CBRN PROTECTION

- Masks
- Hoods
- PPE clothing
- Detection
- Decontamination

RESPIRATORY PROTECTION

- Filters
- Powered air
- Self-Contained Breathing Apparatus
- Rebreathers

LAND

AIR

SEA

TECHNOLOGY INTEGRATION

- Communications
- Information display
 - Helmet/visor integration
- Sensors/detection
- Thermal imaging cameras

MILITARY

LAW ENFORCEMENT

FIRE

INDUSTRIAL & CIVIL

Avon Protection Portfolio

S10 Respirator

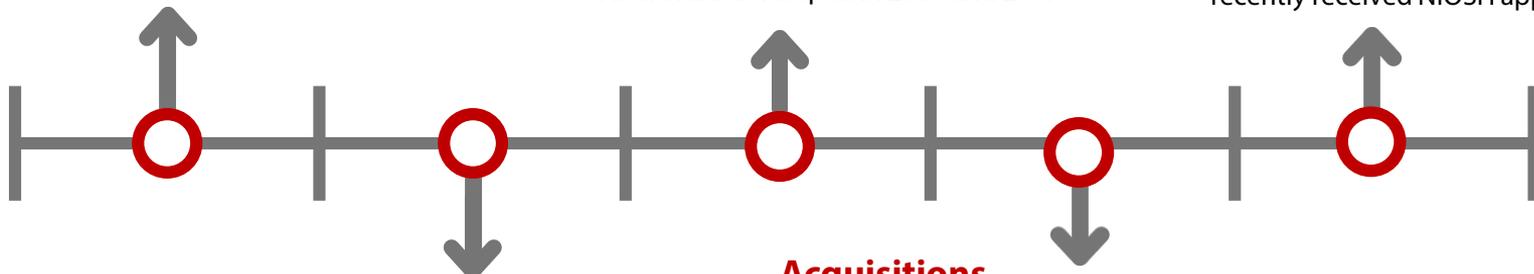
Introduced in 1986, the S10 respirator was in service with the UK MoD until the late 2000's.

M53 Respirator and M61 Filters

Building on the design for the M50 Respirator, the M53 Respirator and M61 Filter were developed in 2005 and 2007.

Project Fusion

Fusion was the project name for the Powered Air Purifying Respirator programme which recently received NIOSH approval.



M50 Development Contract

In 2000, Avon Protection worked closely with the US DoD to develop the M50 Respirator and were consequently awarded a 10 year sole-source contract in 2008.

Acquisitions

2005 saw the acquisition of ISI which gave us the self-contained breathing apparatus know how needed in the fire market. VR Technology and argus acquisitions in 2013 and 2015 complemented our product ranges with the newly launched MCM100 rebreather and the thermal imaging camera respectively.

Avon Protection Portfolio



Portfolio applications 2008

Applications	M50	FM53	ST53
Military Operations	●	●	●
Counter Narcotics Operations		●	●
Special Operations		●	●
Law Enforcement Operations		●	●
First Responders		●	●
Critical National Infrastructure Protection			
Other		●	

Portfolio applications 2018

Applications	M50	FM53	ST53	M53A1	FM54	ST53SD	MCM100	MDC150	EZAIR	MP-PAPR	CS-PAPR	CS-ELITE
Military Operations	●	●	●	●	●	●	●	●	●	●	●	●
Counter Narcotics Operations		●	●	●	●	●				●	●	●
Special Operations		●	●	●	●	●	●	●		●	●	●
Law Enforcement Operations		●	●	●	●	●			●	●	●	
First Responders		●	●	●		●	●	●	●	●	●	
Critical National Infrastructure Protection									●			
Other		●		●					●			

What does this mean for Avon Protection?

- Far greater flexibility and opportunity to generate value
- Significantly increased addressable commercial market
 - Smaller military
 - Special purpose user groups
 - Civil protection
- Product range capable of addressing a wider range of applications and customer requirements
- Multiple product sales into the same customer
- Ability to migrate the customer up the value chain
- Strengthens position as global leader in CBRN and respiratory equipment manufacture
- Improved margin mix

**INCREASED SALES TO EXISTING
CUSTOMERS**

**REVENUE OPPORTUNITIES
FROM NEW CUSTOMERS**

BETTER RETURNS

Dairy Farm of the Future

- Milk and feed prices provide general macro economics indicators for the industry
- Labour wage inflation drives automation to increase efficiency and scale of farm
- Growing population requires ever increasing production levels
- Increasing pressure for technology to improve:
 - Labour efficiency on farm
 - Less antibiotics in human food chain
 - Less hormone treatments for insemination
- Greater integration of technology in farm management

Where milkrite | InterPuls operates

INTERFACE

- Liners
- Tubing
- Claws
- Shells
- Wash systems

Market leader

PRECISION, CONTROL & INTELLIGENCE

- Pulsators
- Milk meters
- Tag systems
- Data management

Challenger

FARM SERVICES

- Cluster
- Pulsator
- Tag

**Unique leased
ownership model**

Low penetration

milkrite | InterPuls Portfolio

Hi-Life Acquisition

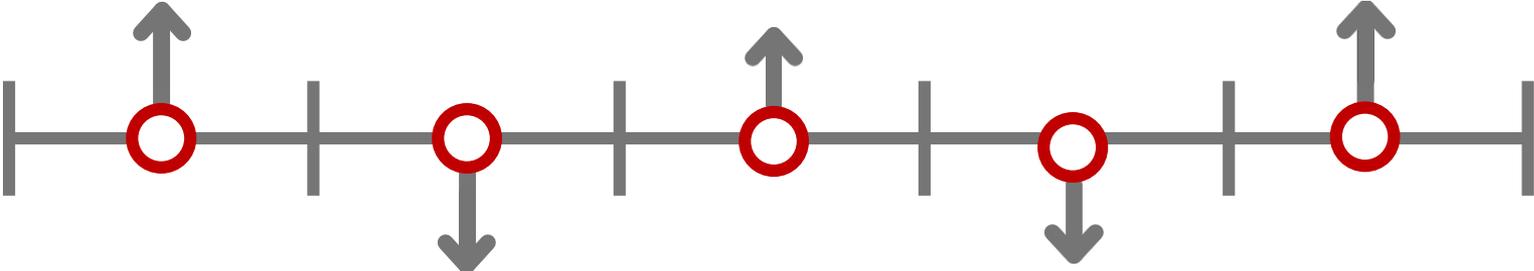
In 1998, Avon acquired the milkrite brand and liner manufacturing facility in North America

Impulse Claw 300

The development of the Impulse Claw 300 in 2014 completed milkrite's full cluster offering.

Farm Services

After seeing success with the Cluster Exchange, the decision was taken in 2017 to add pulsator and tag exchange under a new Farm Services umbrella.



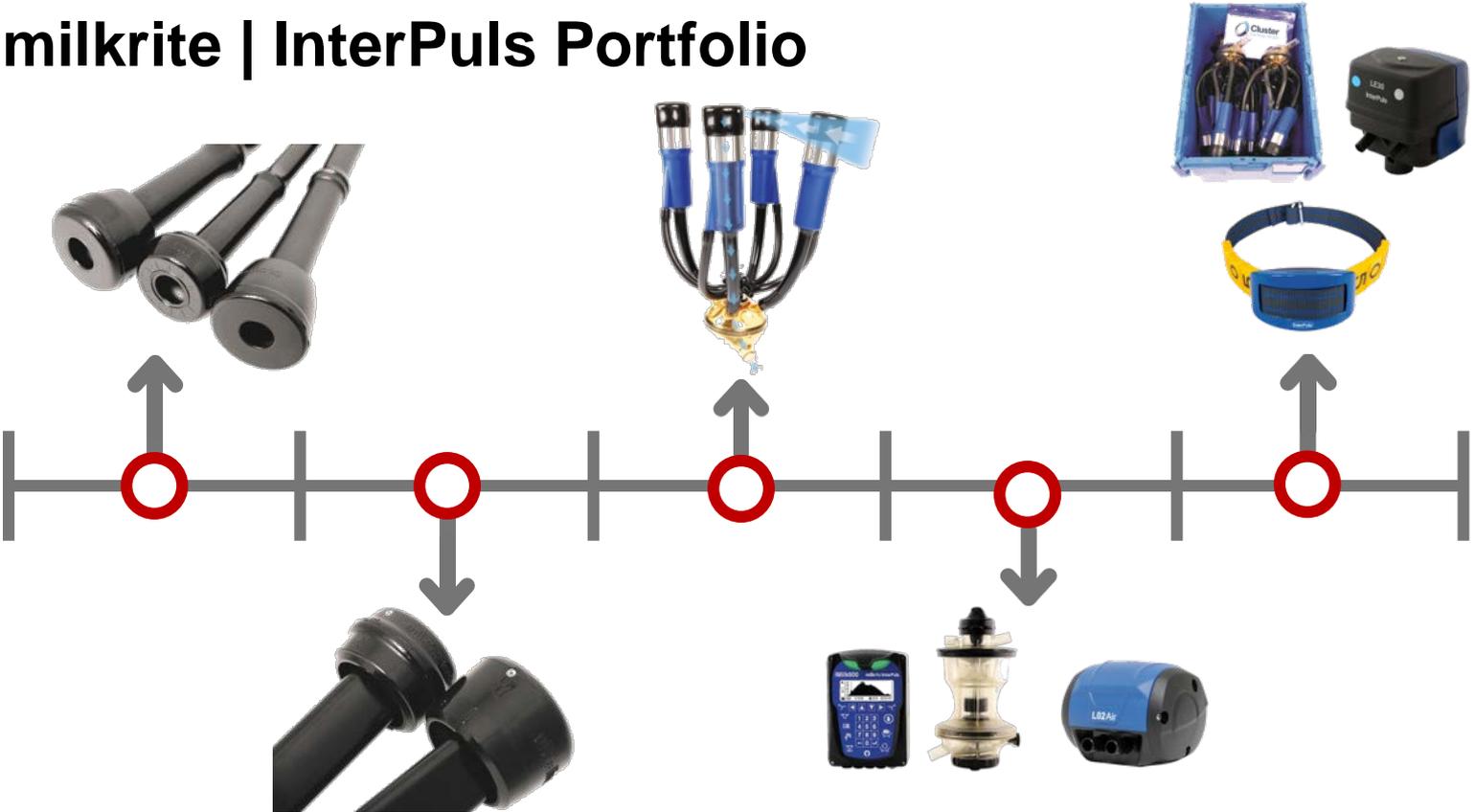
Impulse Air Mouthpiece Vented Liners

In 2009 the newly launched Impulse Air liner quickly caught the attention of farmers for its ability to improve teat condition and deliver better milk quality.

Acquired InterPuls in 2015

milkrite | InterPuls are now the leading provider of milking point technology, providing complete teat to pipeline solutions.

milkrite | InterPuls Portfolio



What does this mean for milkrite | InterPuls?

- We are positioned in the two structural growth markets of the dairy industry
 - PCI
 - Farm Services
- Multiple product sales into the same customer
- Flexible customer value proposition meets needs of large industrial farms and smaller family farms
- Technology hardware and software capability positions us at the forefront of emerging agritech
- Installed Farm Services base covering over 600,000 cows generating recurring revenues
- Improved margin mix

**INCREASED SALES TO EXISTING
CUSTOMERS**

**REVENUE OPPORTUNITIES
FROM NEW CUSTOMERS**

BETTER RETURNS

Breakouts

- We will now break into four groups and rotate around four zones which will last 30 minutes each.
- If you look at your badges, you will see your group name and timetable. Each group has a leader who will guide you around the hall.

MP-PAPR
Future threats
Avon Protection
Farm of the future
milkrite | InterPuls
Leader: Paul McDonald

MCM100
Avon Protection
Farm of the future
milkrite | InterPuls
Future threats
Leader: Miles Ingrey-Counter

myFarm
Farm of the future
milkrite | InterPuls
Future threats
Avon Protection
Leader: Nick Keveth

Farm Services
milkrite | InterPuls
Future threats
Avon Protection
Farm of the future
Leader: Craig Sage

- After the break out sessions we will come back together for a wrap up session.

AVON

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CAPITAL MARKETS DAY 2018

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Avon Protection - 2008



Avon Protection - 2018

MILITARY LAW ENFORCEMENT FIRE EXISTING PRODUCT NEW PRODUCT



milkrite | InterPuls - 2008



milkrite | InterPuls - 2018

DAIRY

EXISTING PRODUCT

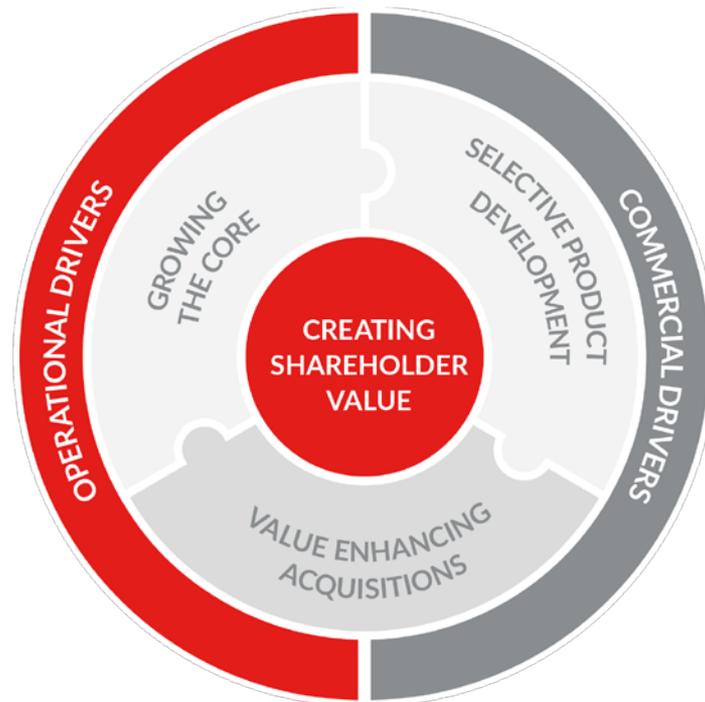
NEW PRODUCT



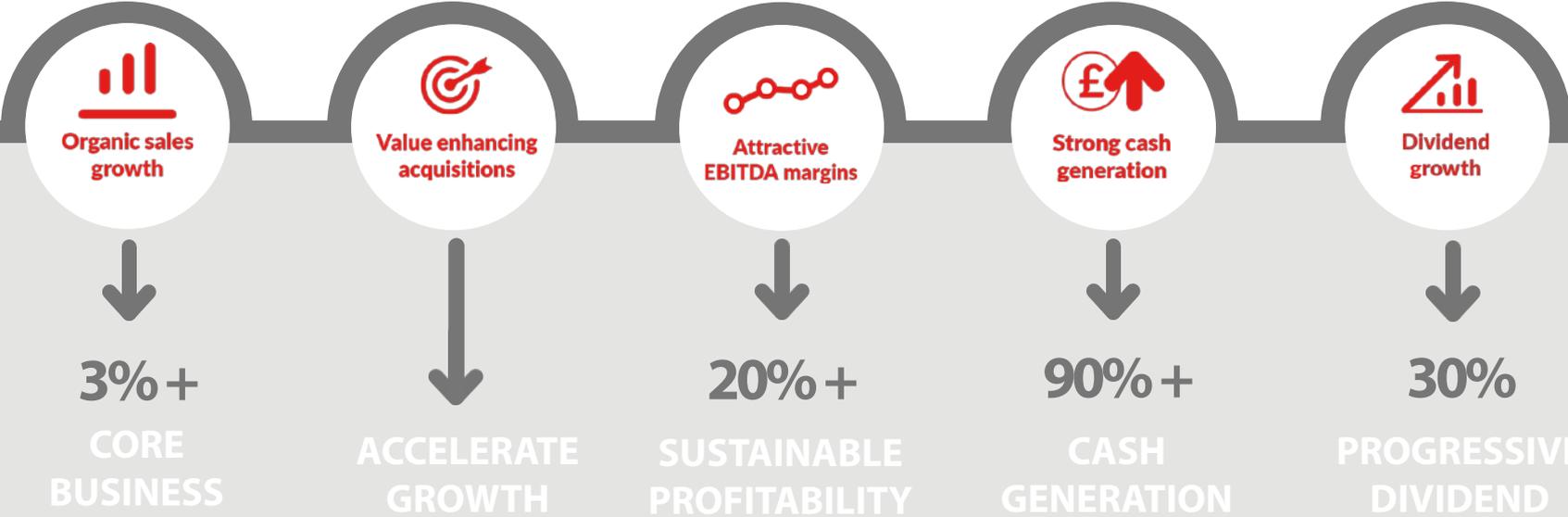
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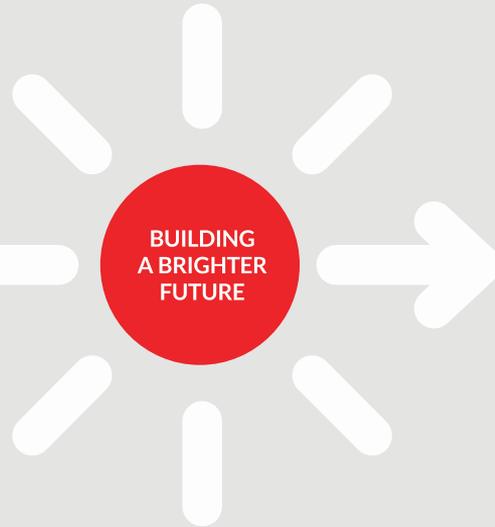
1. Maximise organic sales growth from our core business
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Why invest in Avon Rubber?



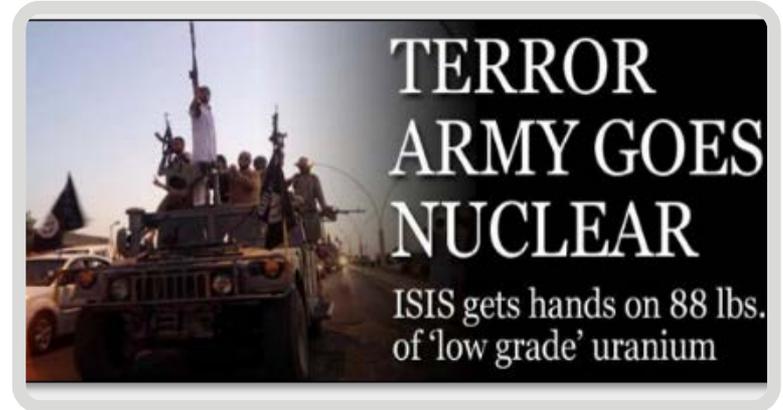
Please join us for
Q&A AND DRINKS



AVON
Avon Rubber p.l.c.

Hamish de Bretton-Gordon

Chemical Weapons “Threat to West”

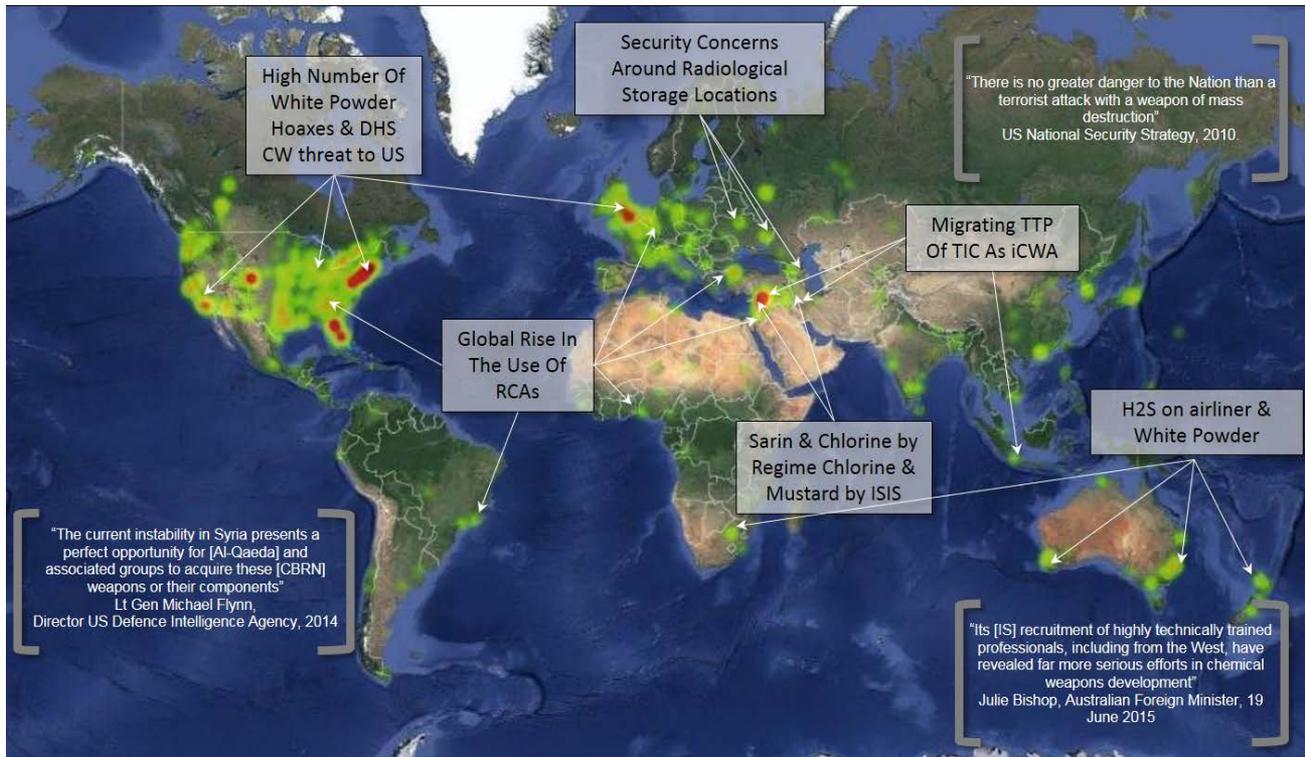


Operations in Iraq, Afghanistan, Syria & Elsewhere

- Operation Desert Storm, 1991
- Operation Iraqi Freedom, 2003.
- Commanding Officer, 2004 – 2007: **UK CBRN Regiment.**
 - **NATO Multi-National CBRN Battalion: Sarin Rockets, chlorine etc**
- Helmand, Afghanistan: **Counter Narcotics And Pre-Cursors.**
- Kurdistan: **Halabja - Residual Ground Contamination.**
 - **Peshmerga CBRN Advisor 2015-2017**
- Islamic State, Iraq and Syria:
 - **CWA Usage, Chlorine Usage, Legacy Weapons And Hazards.**
 - **Charity Work:**
 - **The David Nott Foundation**
 - **Union of Syrian Medical Relief Organizations: www.uossm.org.**
 - **Doctors Under Fire**



Tracking The Threat



CBRN Threat ISIL & Others

Rise Of Extremist Groups:

- Growing Asymmetric Threats:
 - CBRN/Active Shooter/Cyber
- French PM C & B Threat warning
- Home made CWAs
- Aleppo & Ghouta
- Defence of Mosul & Raqqa
- Mishraq Chemical complex
- Sudan
- Australia



Knowledge Proliferation, Indonesia, Australia



Event Type: **Deliberate** - CBRN Cat: **TIC** - Device: **TIC-IED** - Threat Agent: **Choking**

Threat Group: **Islamic Extremism** - Incident Name: **Chlorine IED** - Location: **Jakarta**

Hamish de Bretton-Gordon

North Korea & Nerve Agent VX/Australian ISIS Plane Plot



Hamish de Bretton-Gordon

CW Threat to London, the UK & US?



Hamish de Bretton-Gordon

Near Mosul with the Peshmerga



Mitigating The Threat – Agile & Flexible

Posture

- Cold War – Survive & Operate
- Now – Survive to Operate
 - Threat
 - Most Likely - non persistent toxic chemicals & home made chemical warfare agents
 - Mostly respiratory threat
 - Enough PPE to escape
 - Most Dangerous – CBRN State on State or Rogue State
 - Reasonable to expect warning time
 - Mistake/misinterpretation – N Korea

Dress State

- Flexible, just enough
- Escape device on hand – minimum training, one size, no log burden
- Full PPE readily available

Will the Russians use CBRN?

Agile

- To the threat
- Reduce burden - endurance
- Speed of thought & Movement

Flexible

- Operating procedures
- Survive to fight again
- Dress States

MILITARY

LAW ENFORCEMENT

FIRE

EXISTING PRODUCT

NEW PRODUCT

Hamish de Bretton-Gordon

Products to maximise capability



**Fear is the real killer,
Not the toxicity of the agent.**

Questions?

AVON
PROTECTION

- dairy farming
- efficiency
- precision farming
- fertility
- cow health
- modular solutions
- information
- integrated solution
- new scenarios

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Improving every farm we touch

Dairy Farm of the Future





dairy farming



750 MILLION PEOPLE

globally, around 150 million small-scale dairy households, equivalent to 750 million people, are engaged in milk production



+2.3%

milk production is steadily growing: +2.3% on average every year since 2000.



+25%

consumption of dairy products is expected to increase by 25% between **2015** and **2024**.





dairy farming

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Improving every farm we touch

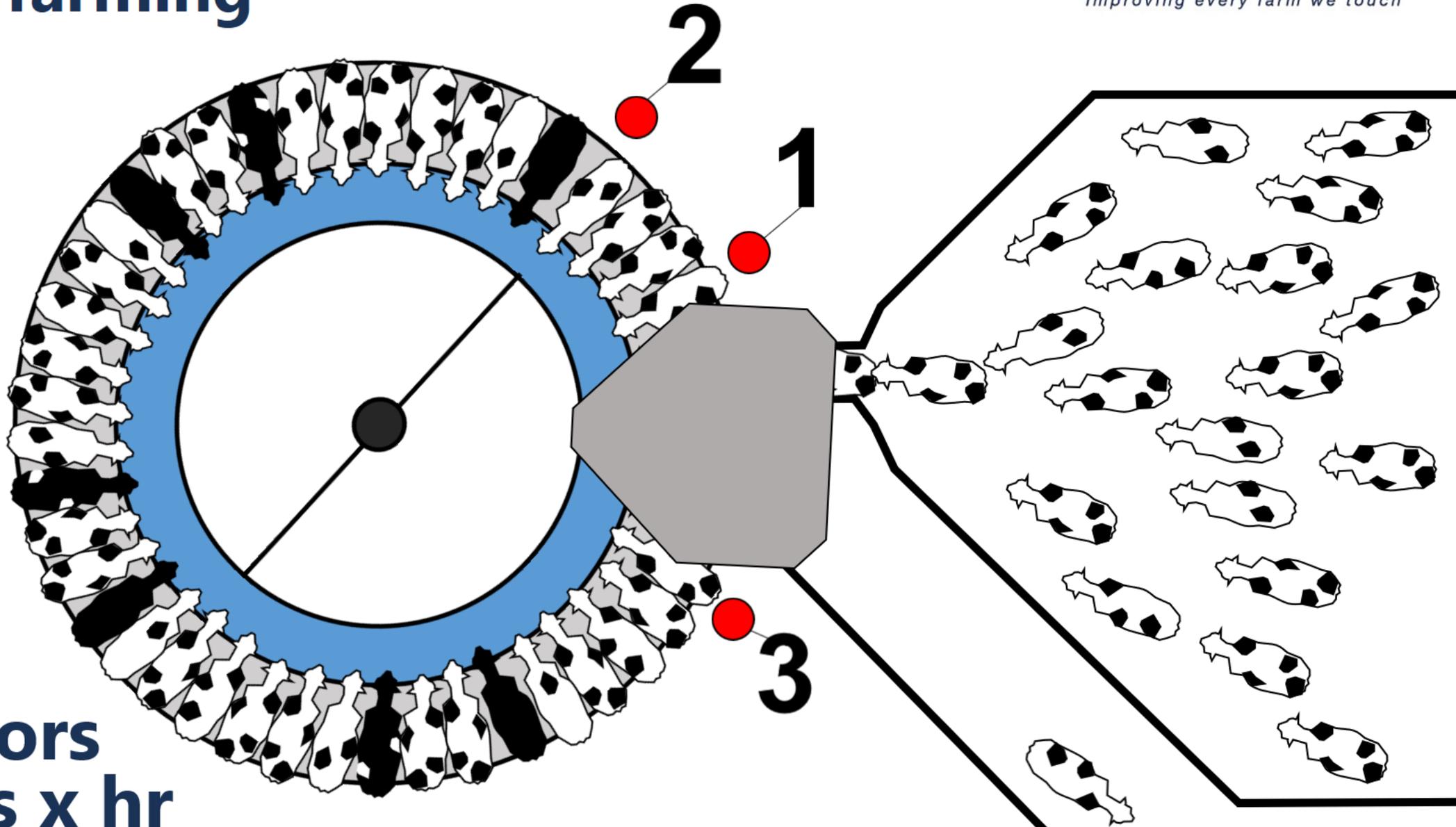


milking machine





dairy farming



3 operators
350 cows x hr





equipment



assets



revenues



team

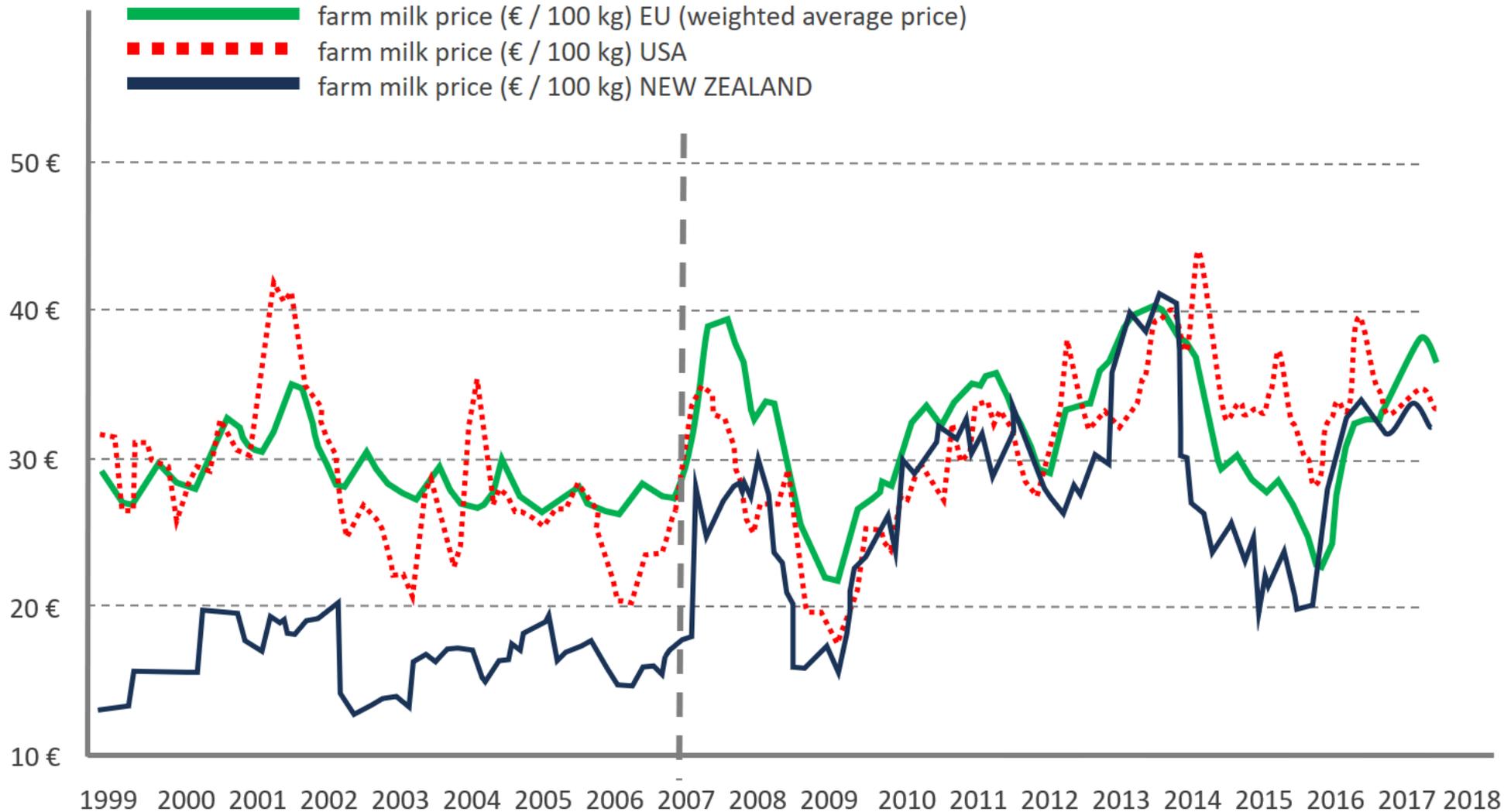


costs

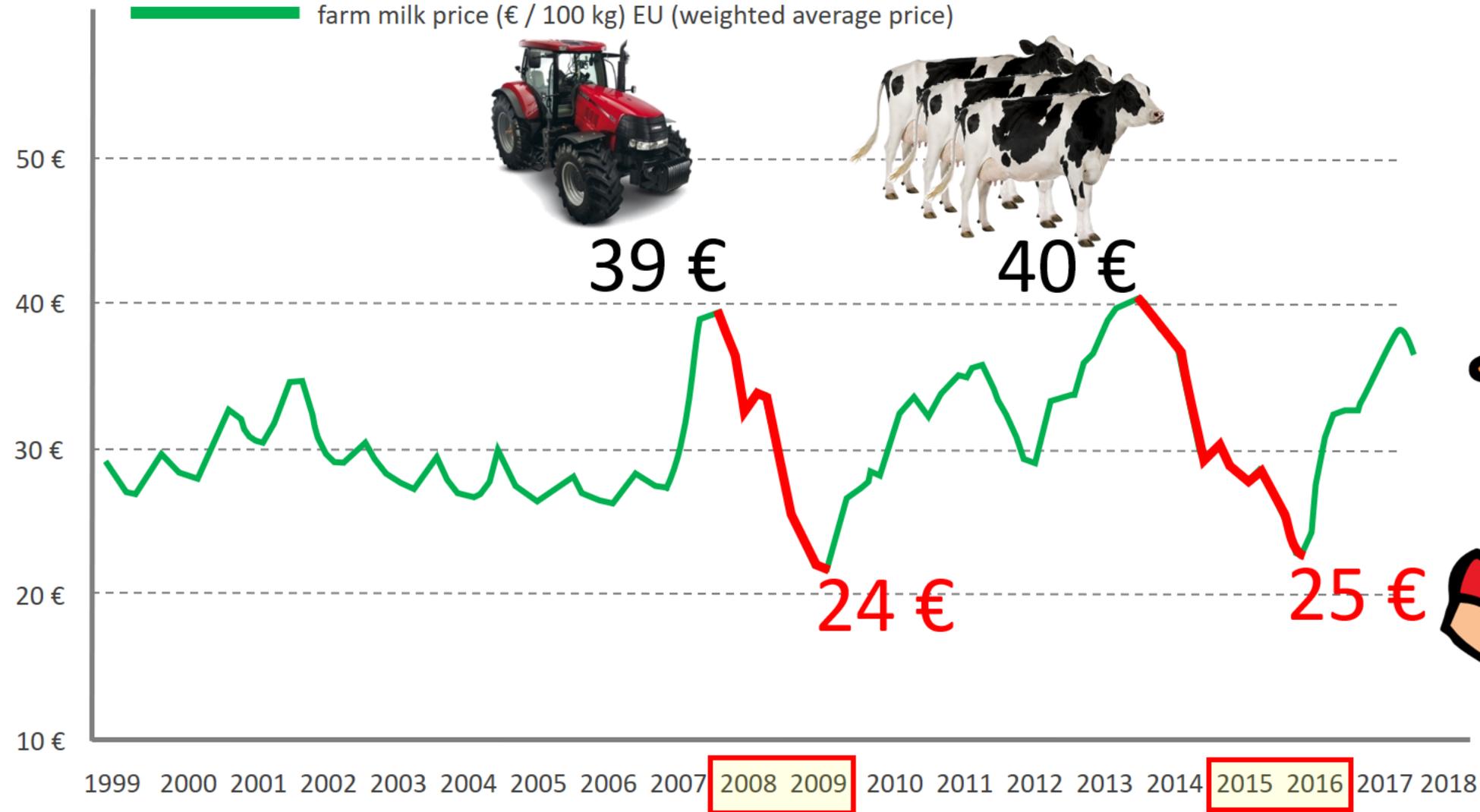




Farm Gate Milk Price in € / 100kg

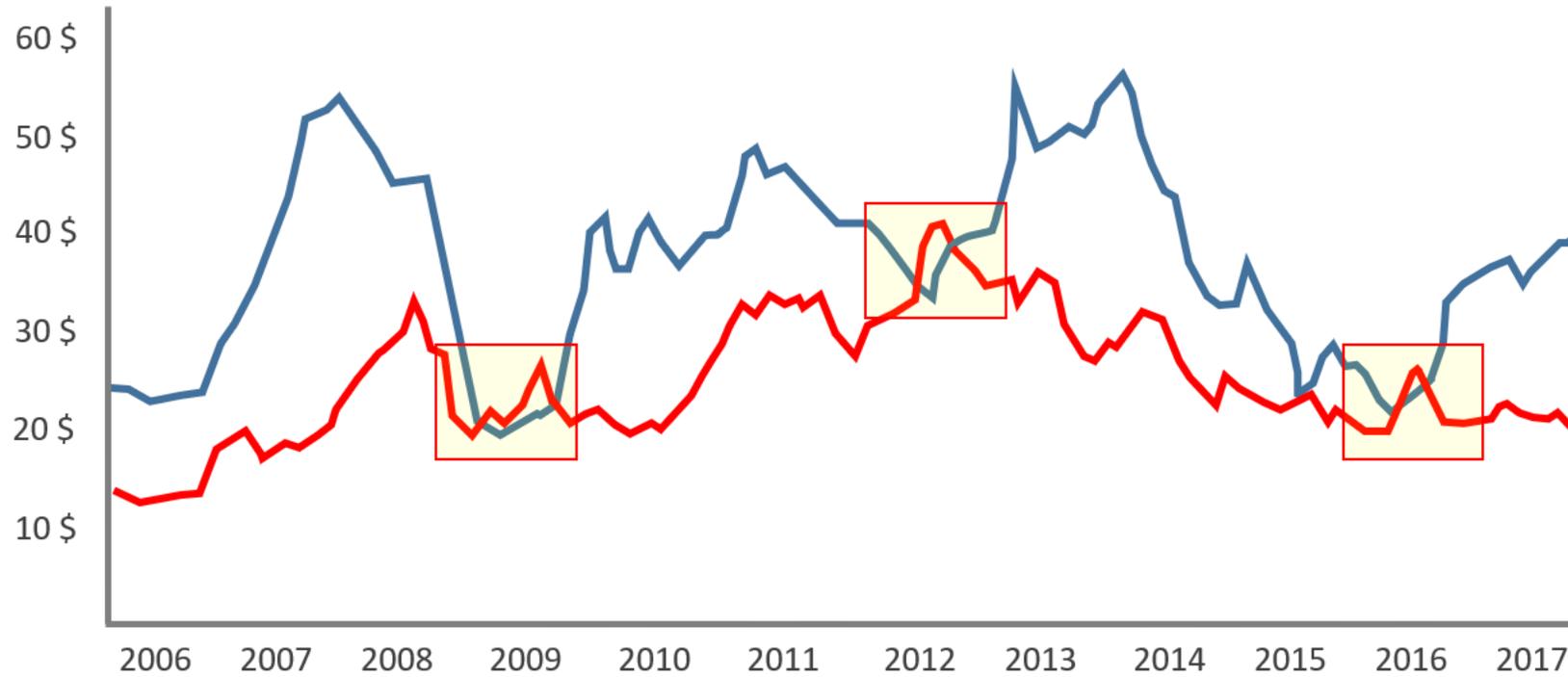


Farm Gate Milk Price in € / 100kg





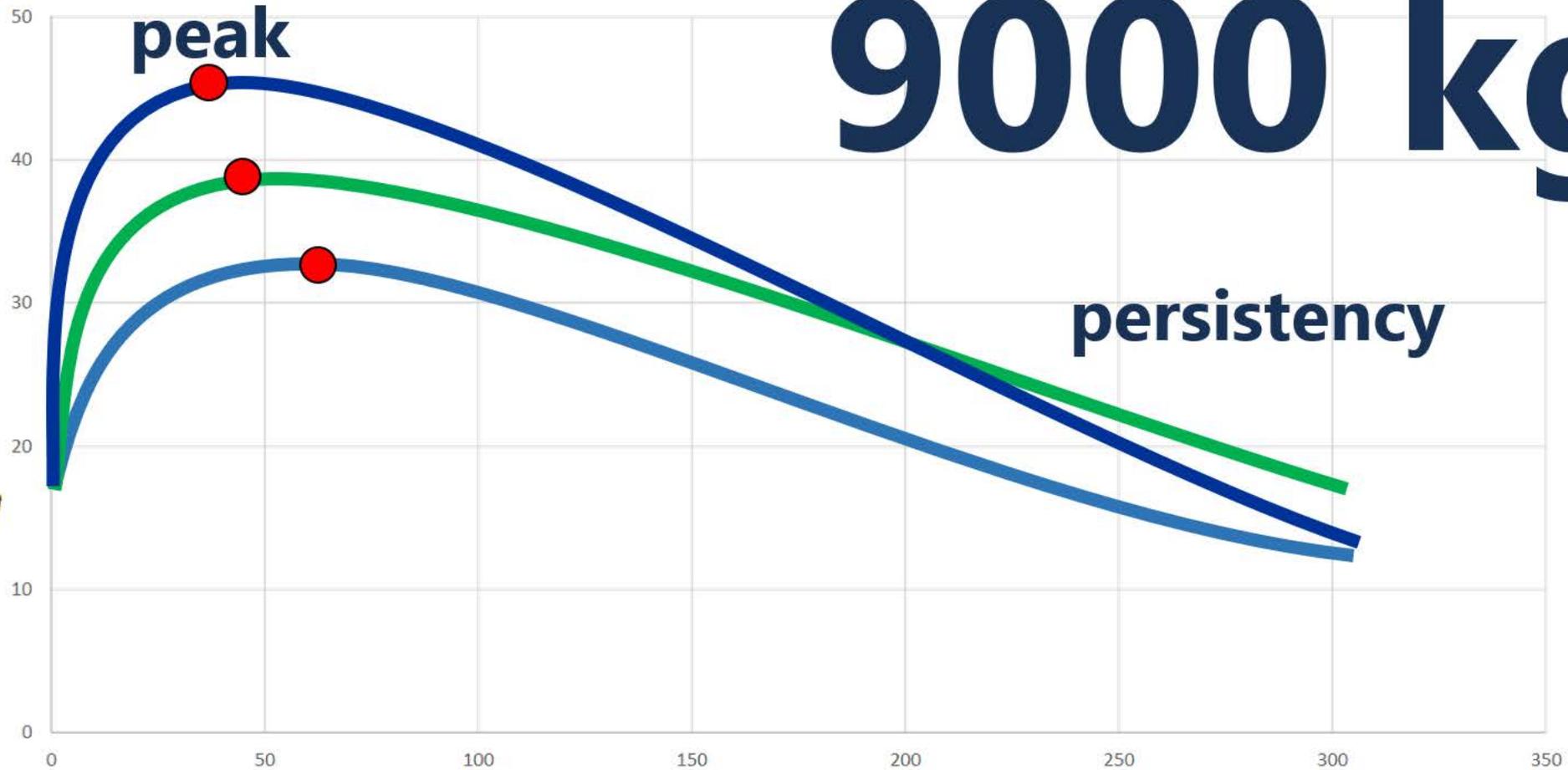
Milk Price vs Feed Price in USD / 100kg





efficiency

9000 kg



3

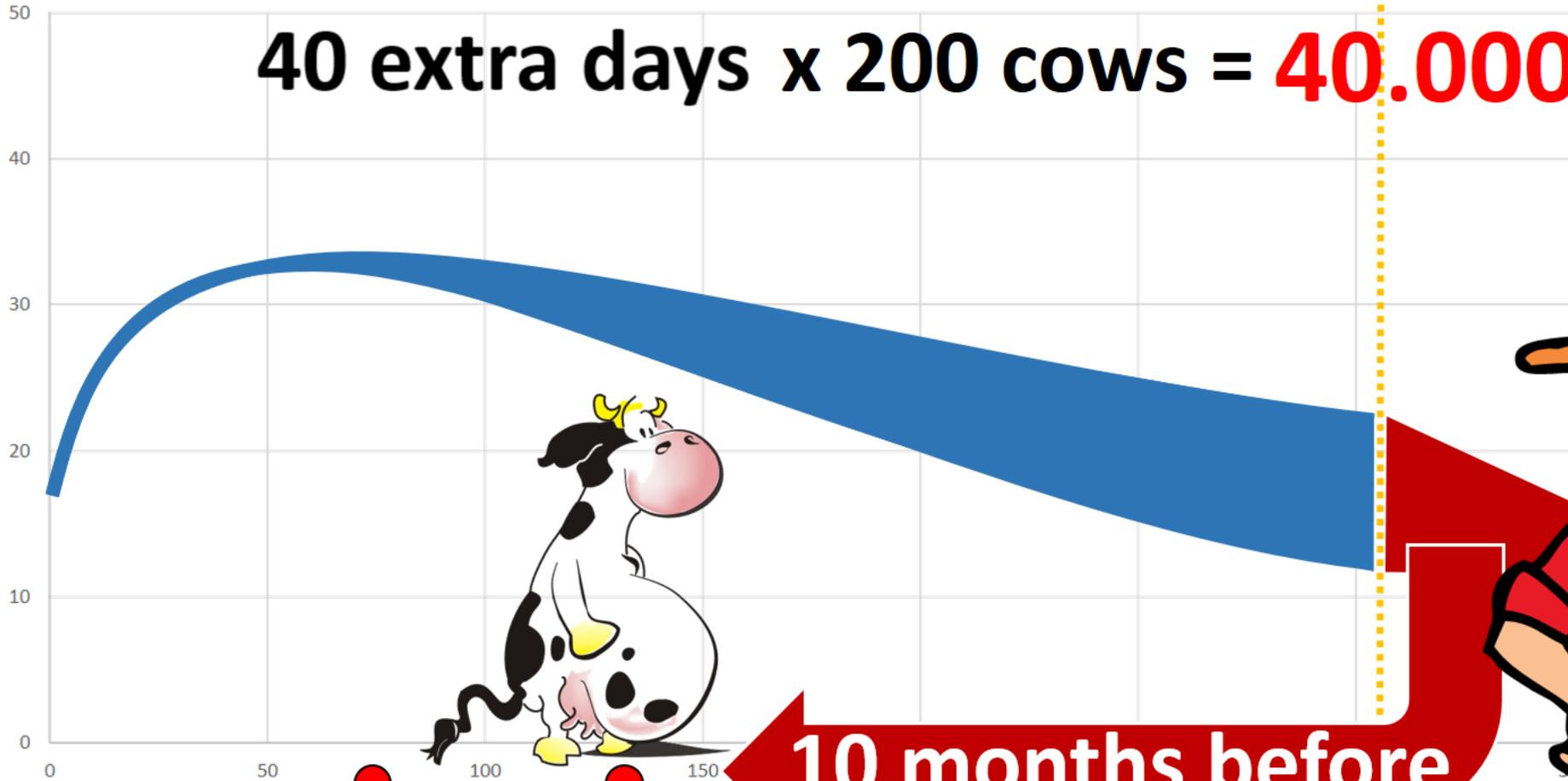




efficiency

5£ x cow x day

40 extra days x 200 cows = **40.000 £**



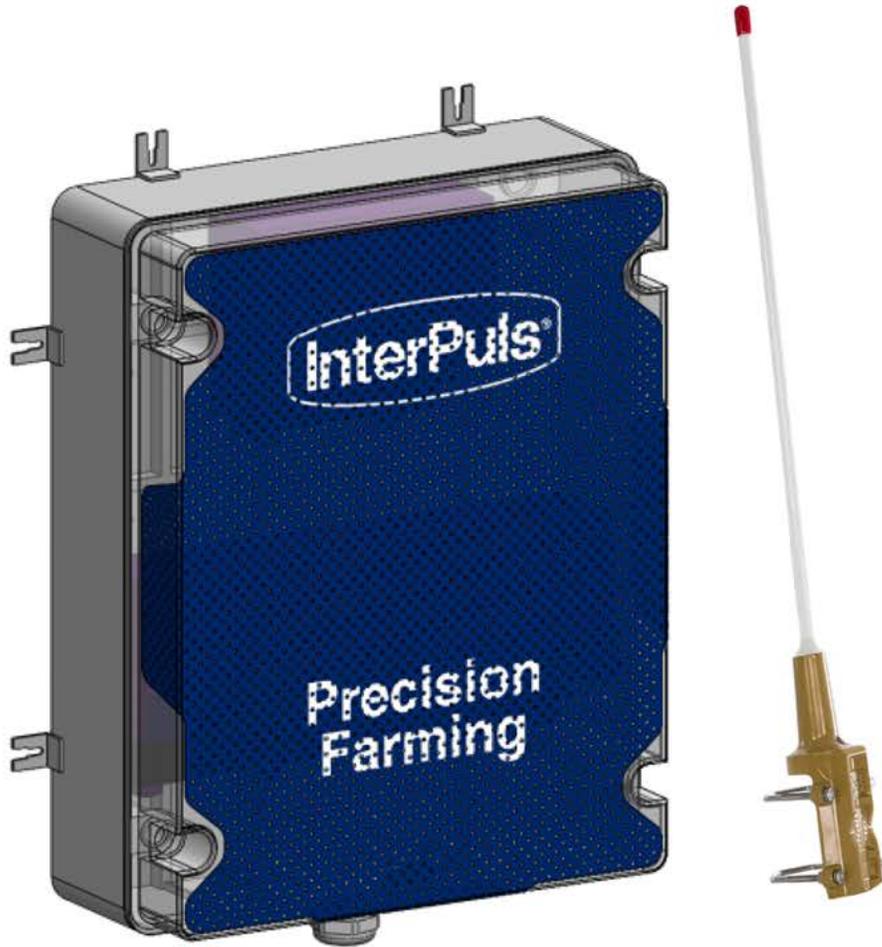
10 months before





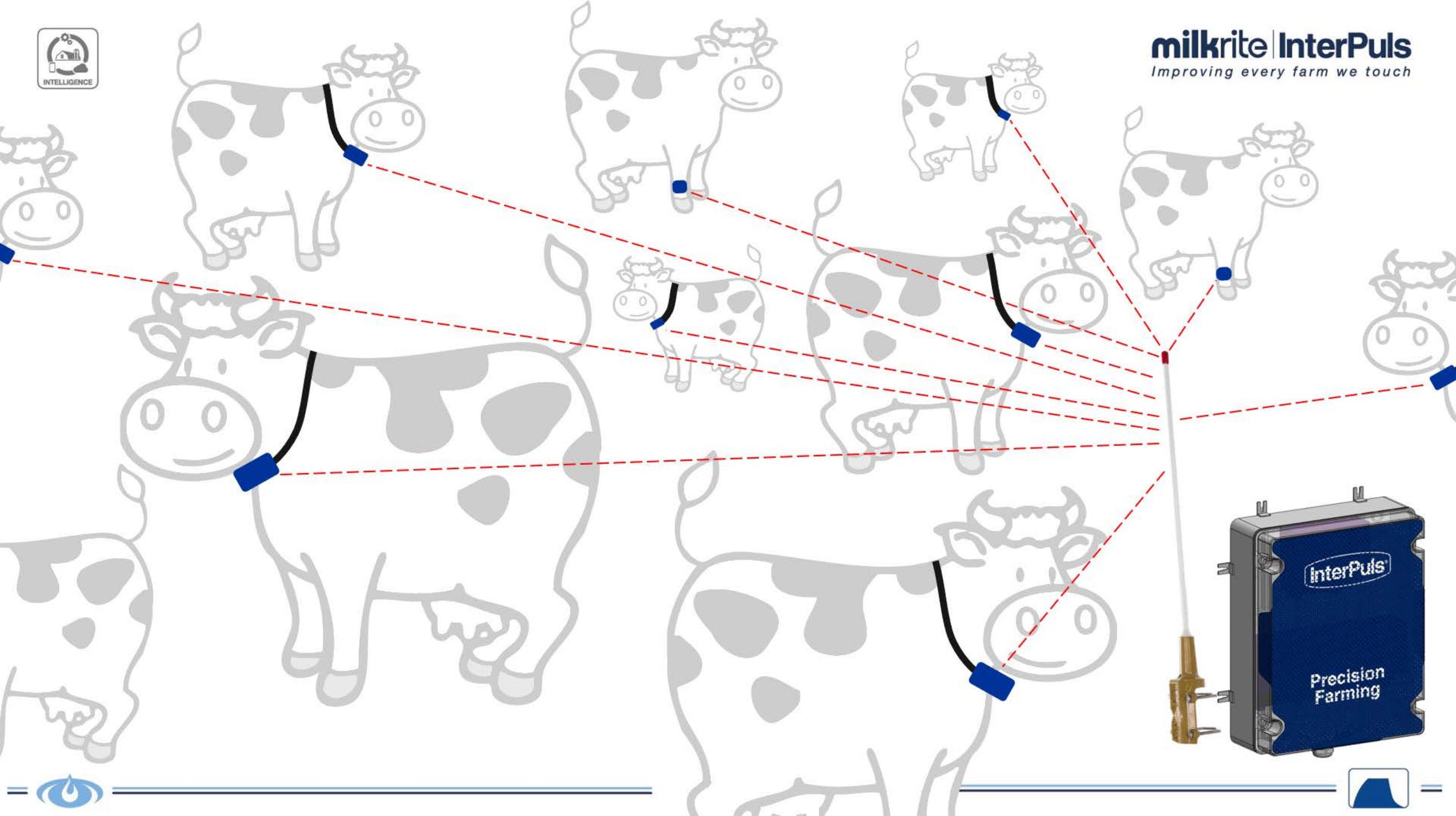
Precision Farming

milkrite | InterPuls
Improving every farm we touch

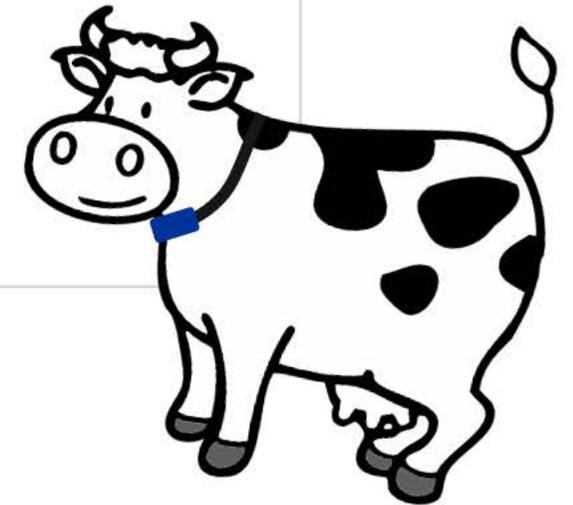




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Internet *of*
~~THINGS~~
COWS

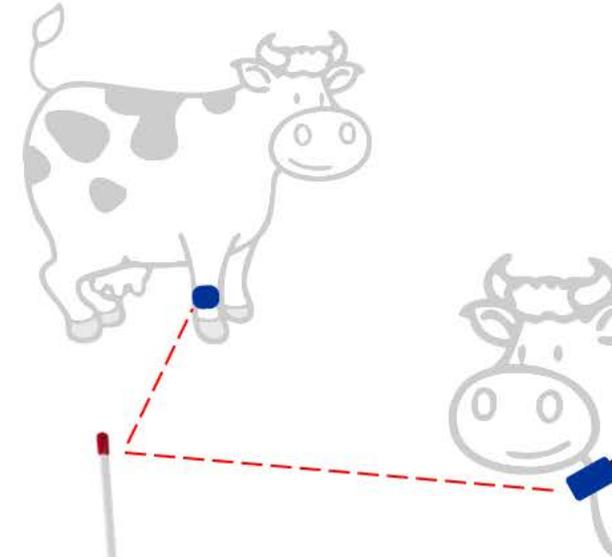






Precision Farming

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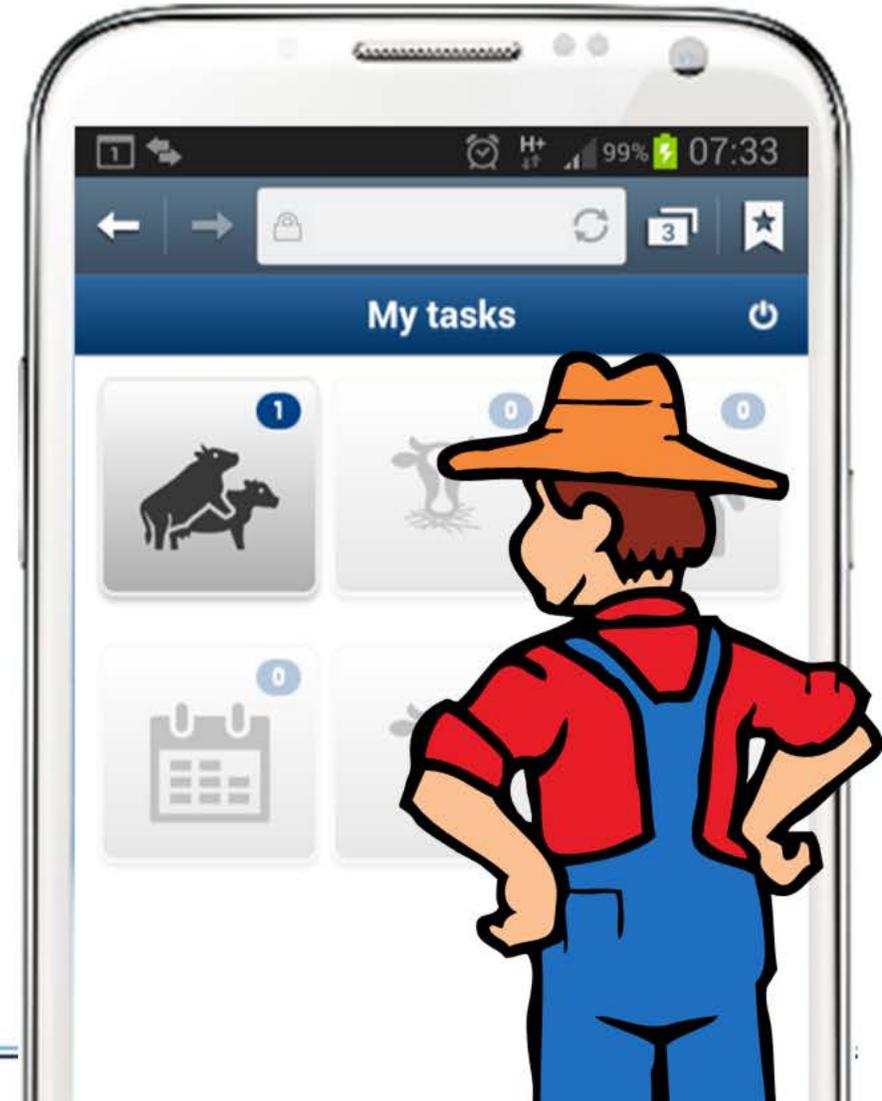
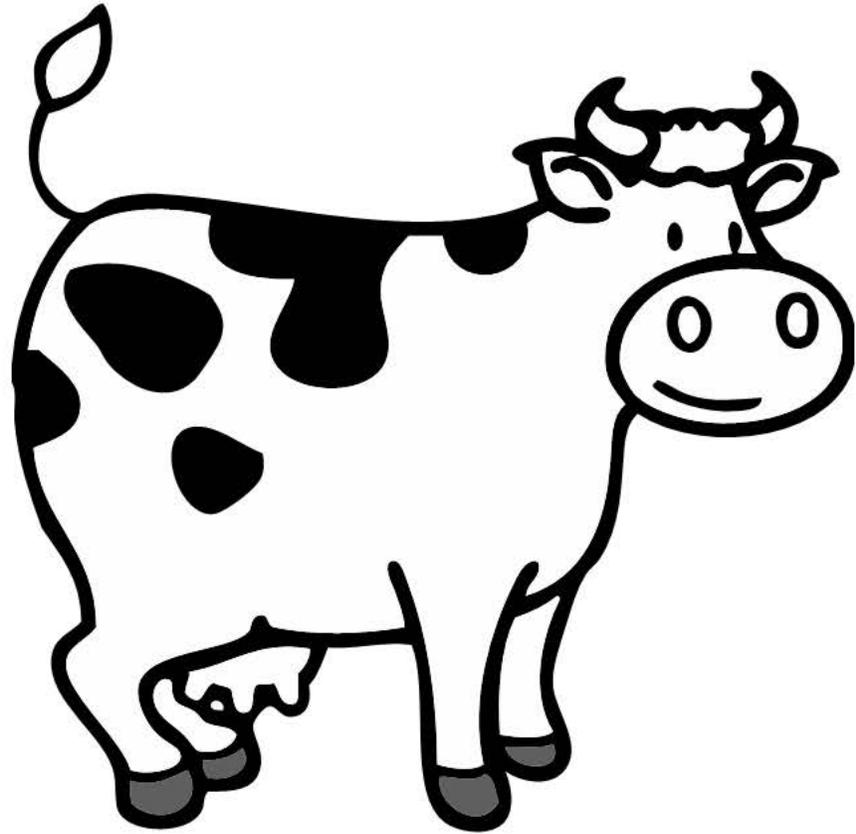


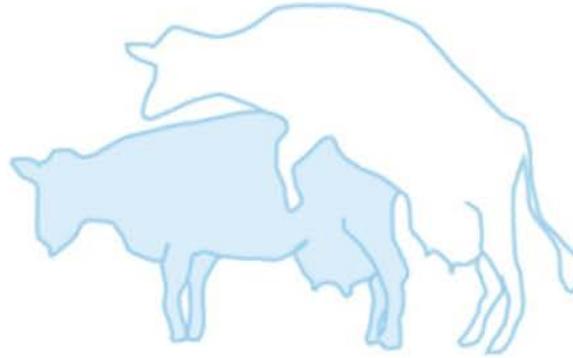
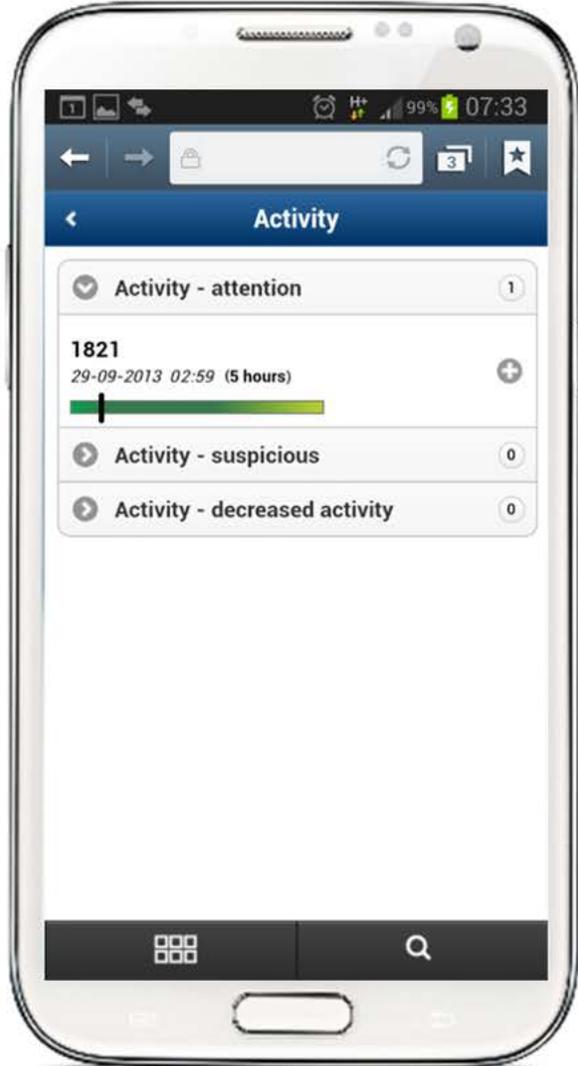


fertility

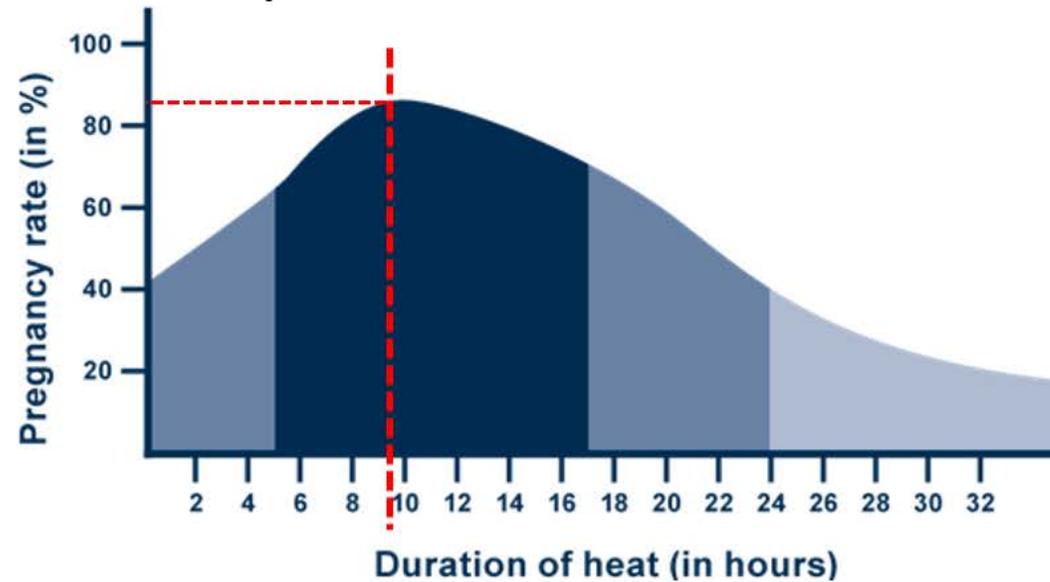
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Optimum Insemination Time





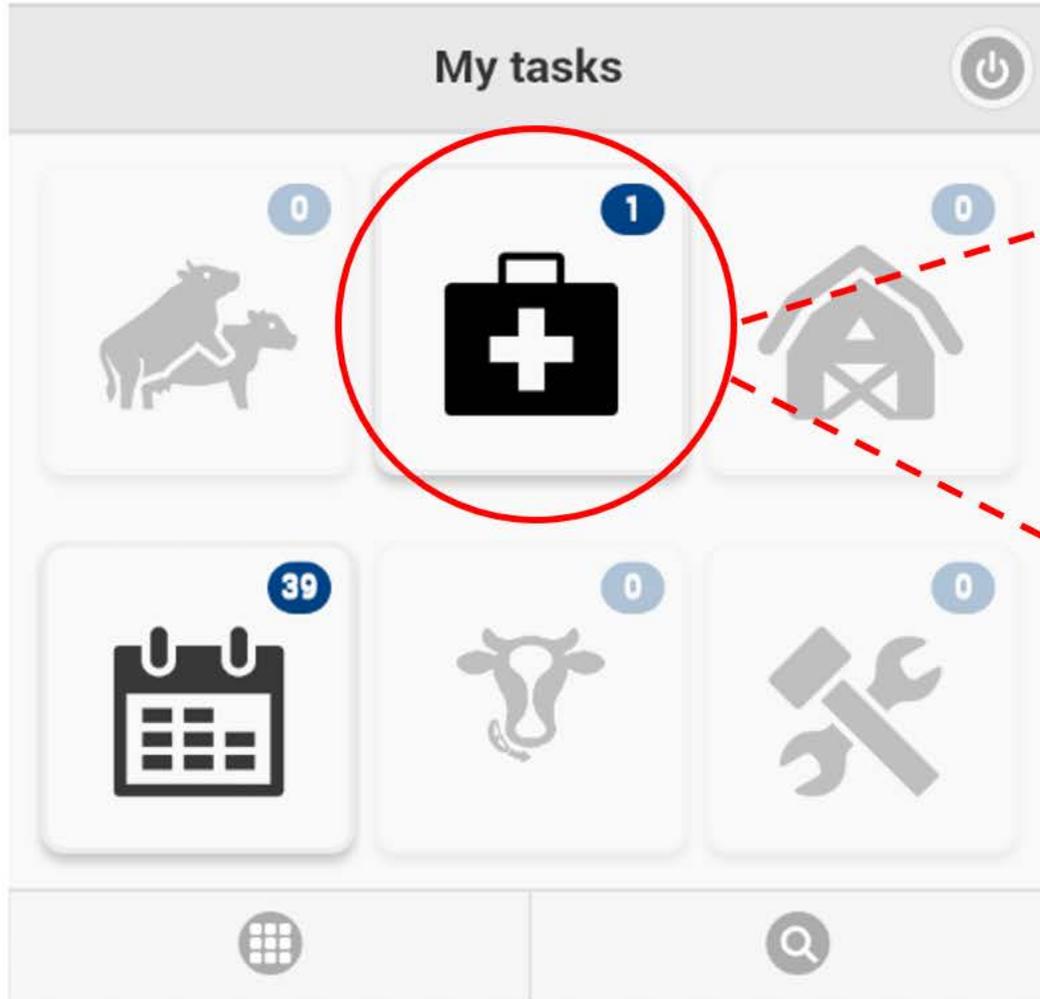
cow health

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cow health





cow health





predictive maintenance



cow health

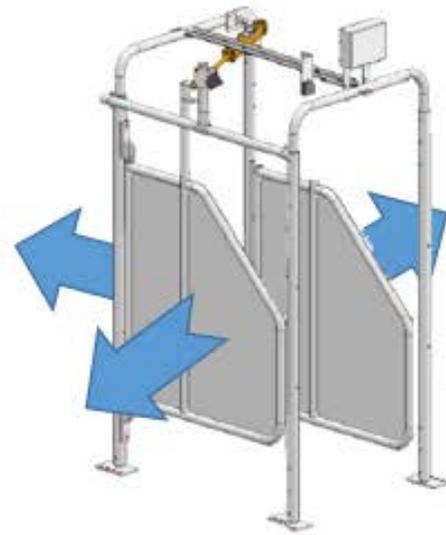




modular solution



health fertility



traffic gate



precision feeding

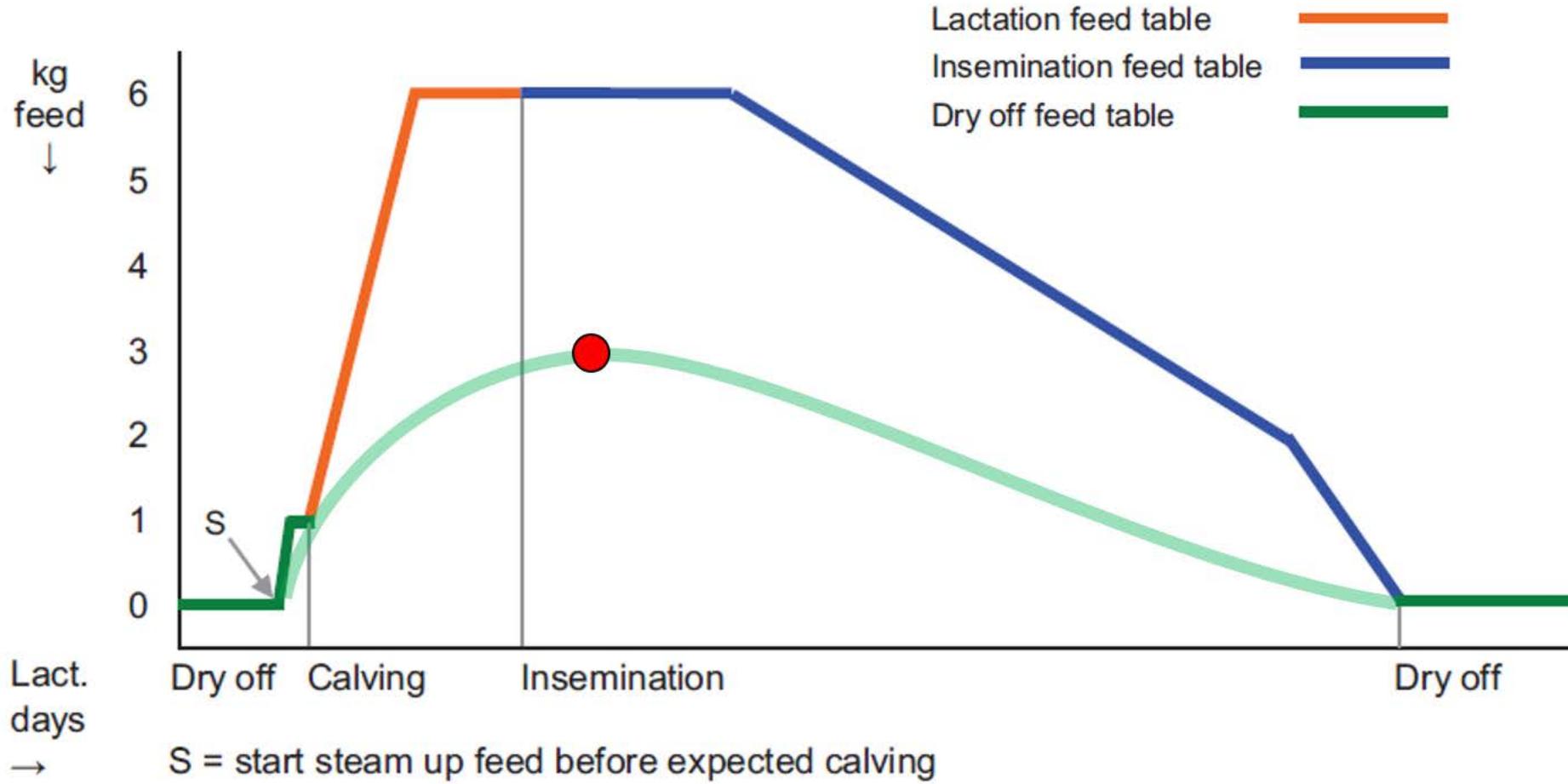


milking system





precision feeding





milking system

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milking system

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Improving every farm we touch



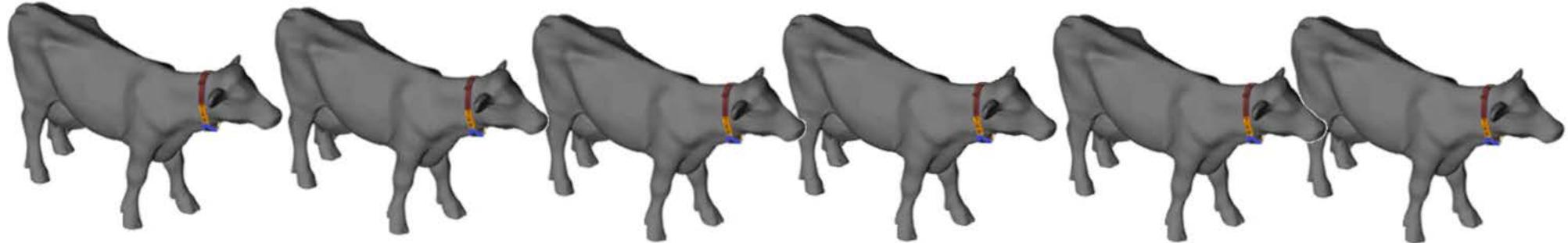


milking system

**EYE-D
camera**



**RFID
antenna**





milking system

milkrite | InterPuls
Improving every farm we touch





milking system

**a happy cow
produces more milk**





Cows

Analysis

Milking

Settings

Service

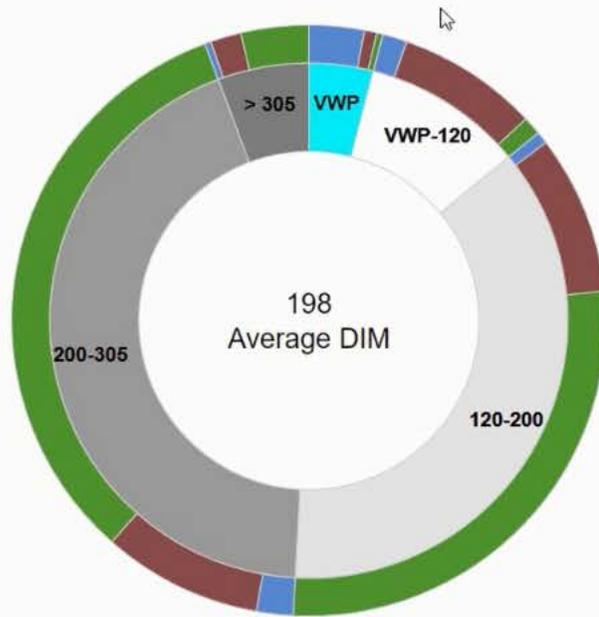
service

DIM: All Animals

lactation 1

lactation 2

lactation 3+



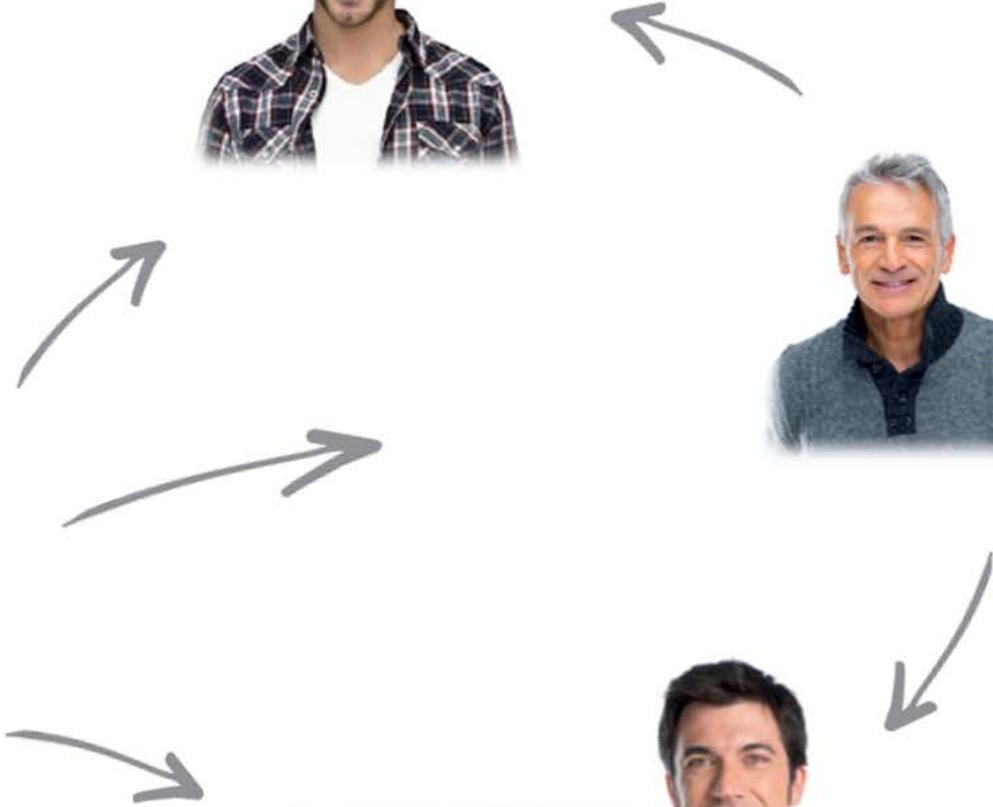
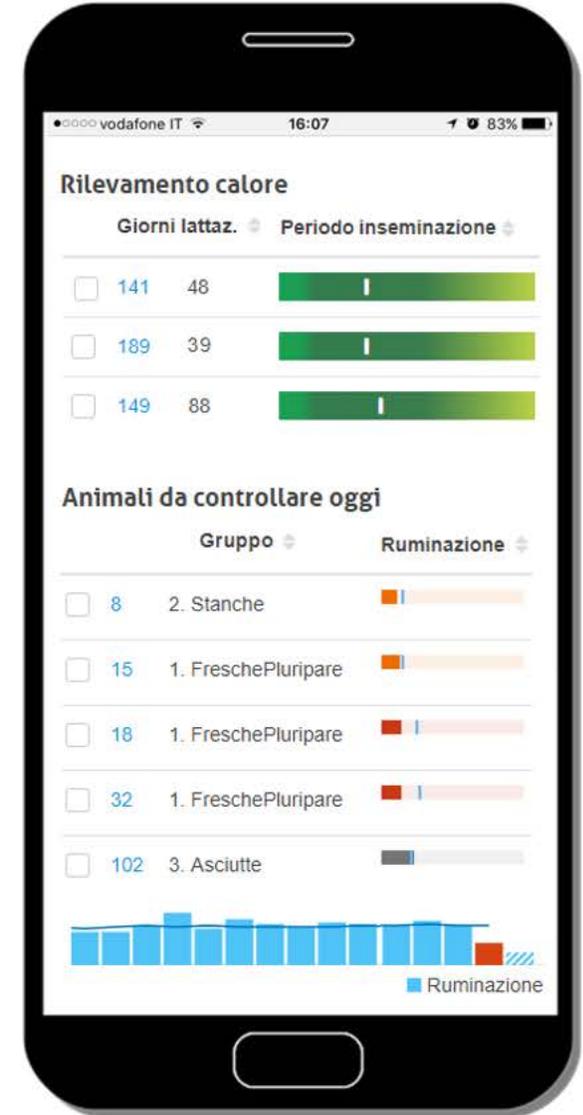
VWP	12	4.0%
DIM VWP-120	30	10.0%
DIM 120-200	110	36.8%
DIM 200-305	130	43.5%
DIM > 305	17	5.7%
Total	299	

OPEN	22	131 DIM
INSEMINATED	82	175 DIM
PREGNANT	195	215 DIM
Total	299	198 DIM





information

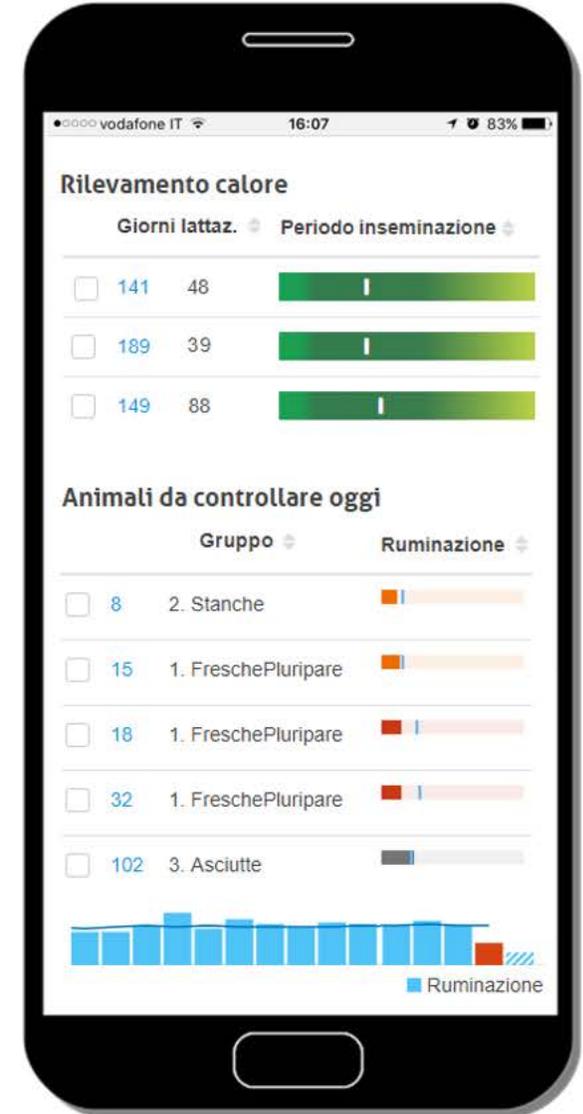


interaction





TOOLS TO IMPROVE TOOLS TO MONITOR





integrated solution

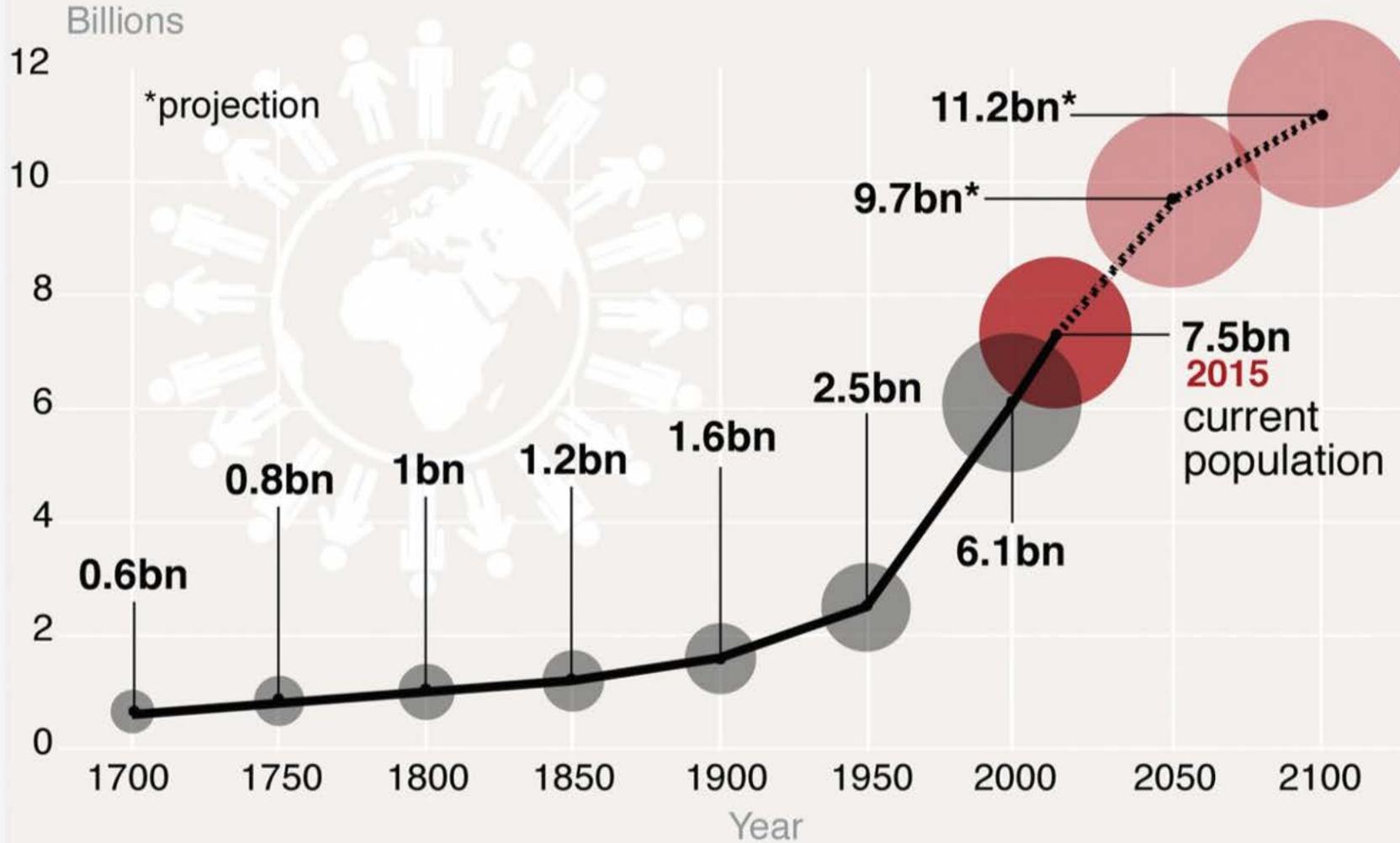
these technologies
allowed to increase
farm performance
by **25%**



Дюртюлинский район



World population 'to hit 9.7bn by 2050'



Source: United Nations



new scenarios



750 MILLION PEOPLE

globally, around 150 million small-scale dairy households, equivalent to 750 million people, are engaged in milk production



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+25%

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Sustainability



Sustainable Dairy Farming



More nutrition for less emissions

22

nutrients
– contribute to a healthy diet



Arla's 2020 environmental strategy

Reducing carbon footprint



PRODUCTION



TRANSPORT



PACKAGING



FARMING

*Source: Masset, G., Soler, L. G., Vieux, F., & Darmon, N. (2014). Identifying Sustainable Foods: The Relationship between Environmental Impact, Nutritional Quality, and Prices of Foods Representative of the French Diet. Journal of the Academy of Nutrition and Dietetics.





new scenarios





new scenarios





Thanks for your attention !

