

# Investor Briefing FY 2011

## September 2011

**This presentation contains strategic targets which, for the avoidance of doubt, are not intended to be forecasts.**

# Highlights

- Revenue up 9.5%
- Earnings per share up 17% to 9.6p (2010:8.2p)
- Final dividend proposed of 4.1p (2010: 4.1p) making 6.3p for the year (2010: 6.3p)
- Continue to manage overheads tightly
- Strength and potential of the company has enabled us to attract high quality Board members

# The strengthening of the Board has continued ....



Stephen Boyd  
Non-Executive  
From 8 July 2011



Roger McDowell  
Non-Executive  
From 8 July 2011

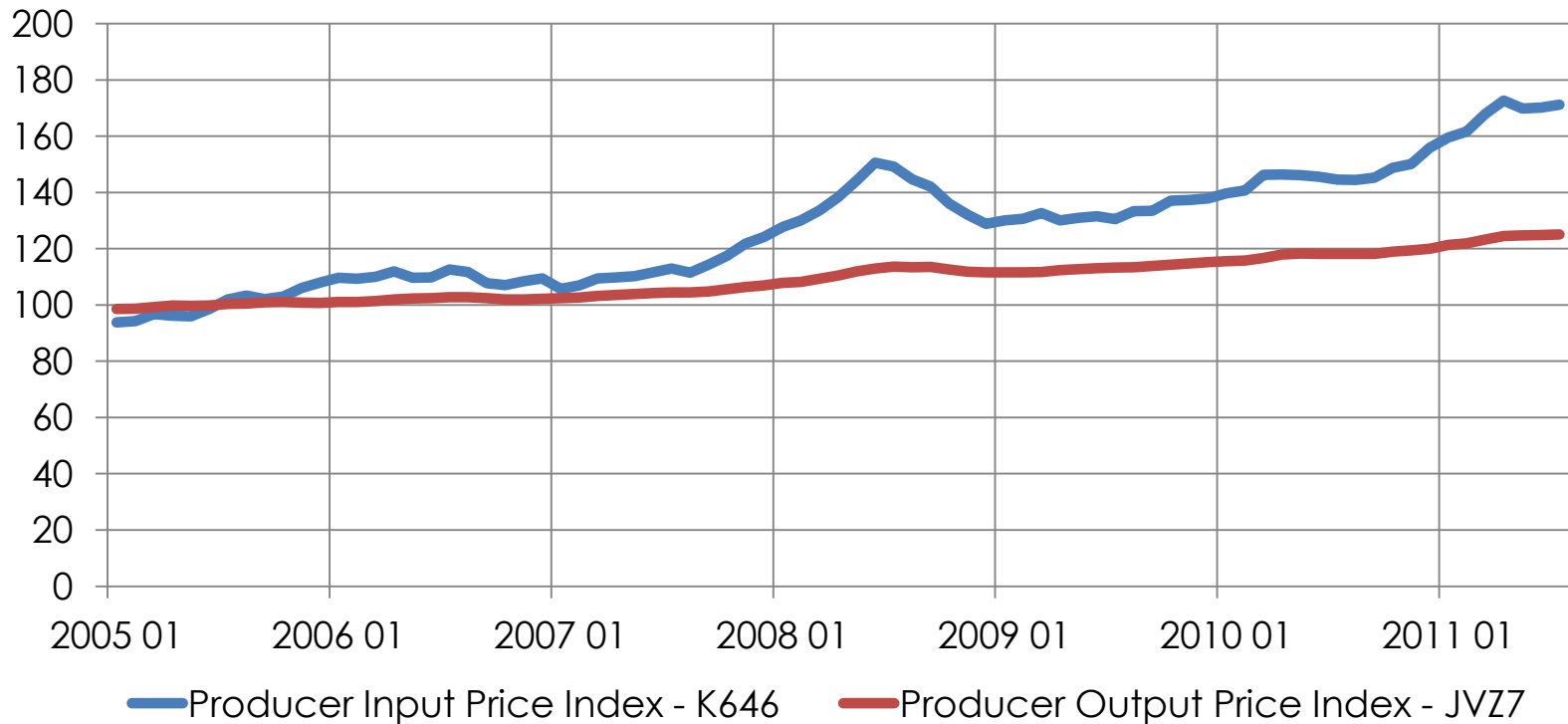
# ... and we have appointed a high quality Chairman ....



Martin Hagen

- Past President of the Institute of Chartered Accountants
- Deputy Chairman of the Financial Services Authority's Regulatory Decisions Committee
  - Non-executive director of South West Water
  - Governor of the University of the West of England

# Input costs continue their rapid rise and have been difficult to pass on...

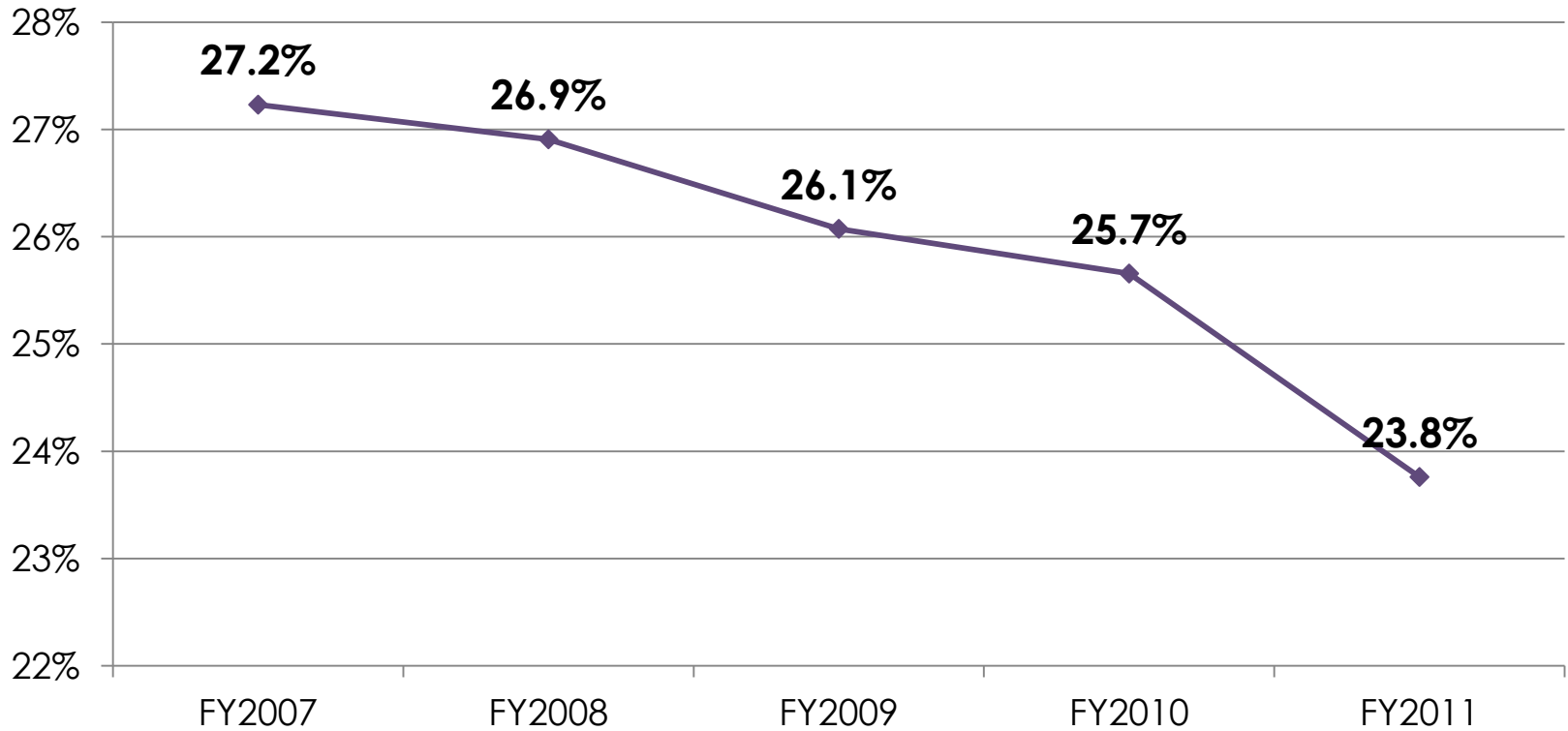


- Impact: margins excluding overheads down 1.9%

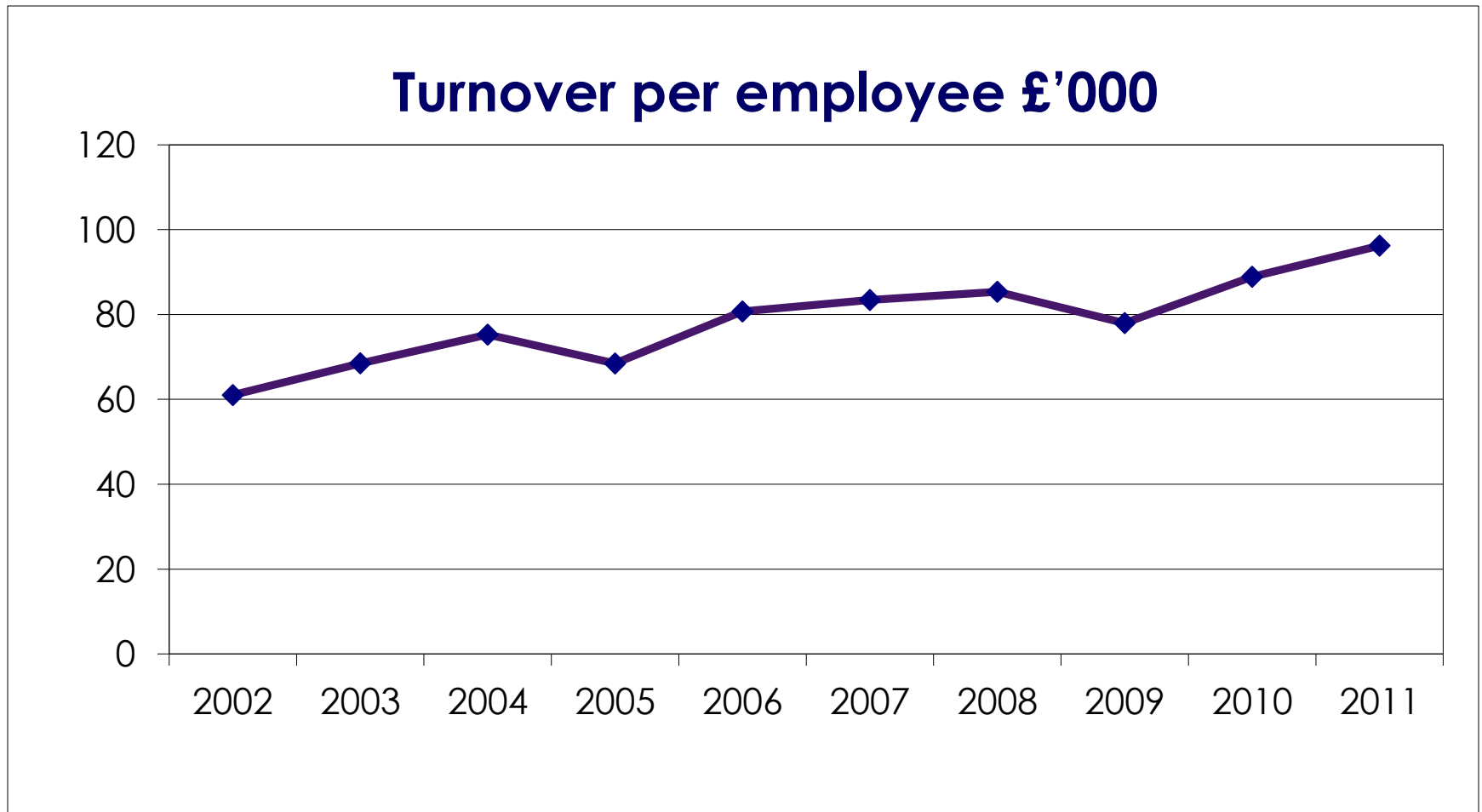
Source: ONS – UK data

# ... but tight management of overheads help offset ...

## Total Overheads as % of Revenue

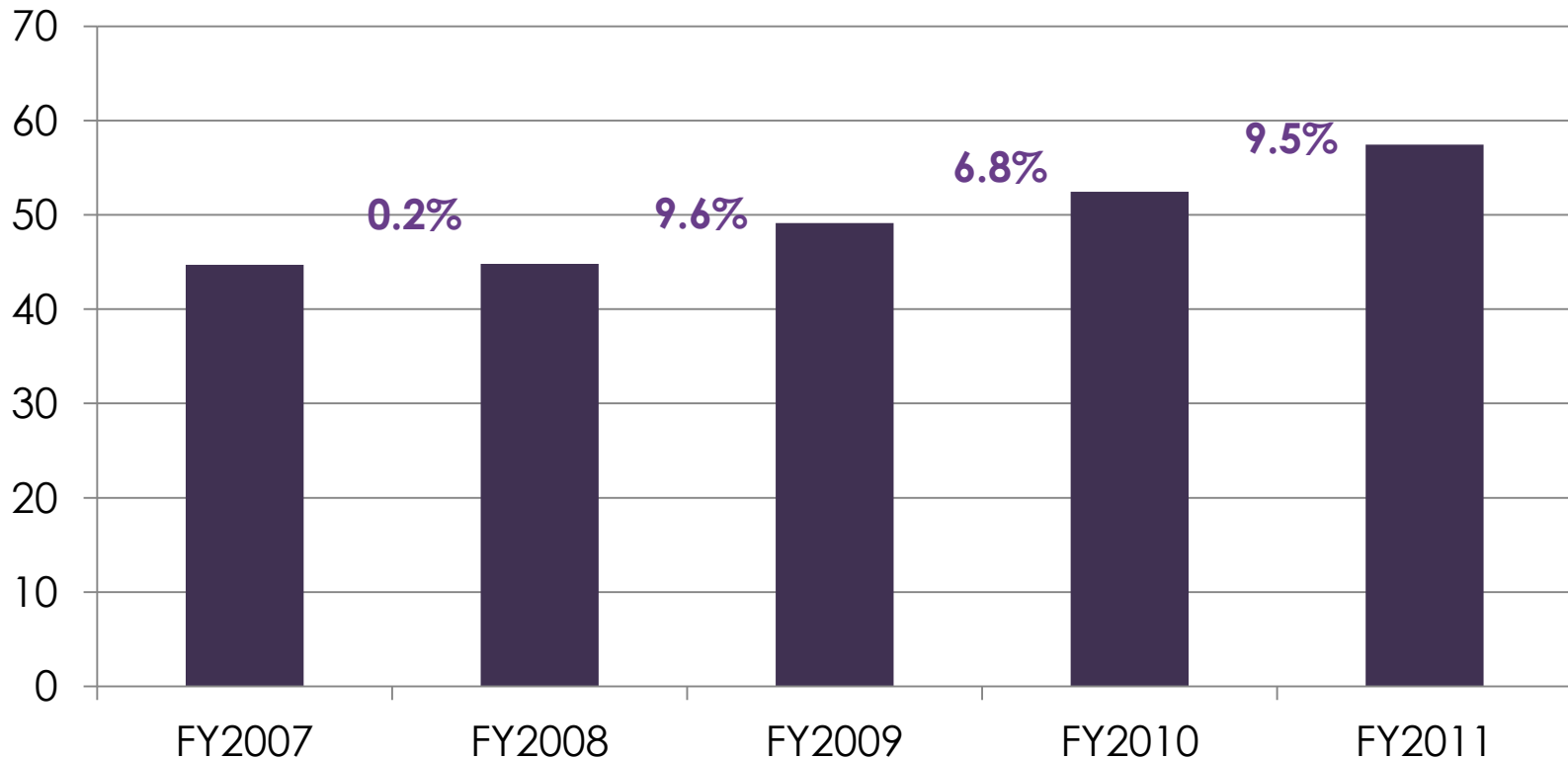


# ... as does increasing productivity.



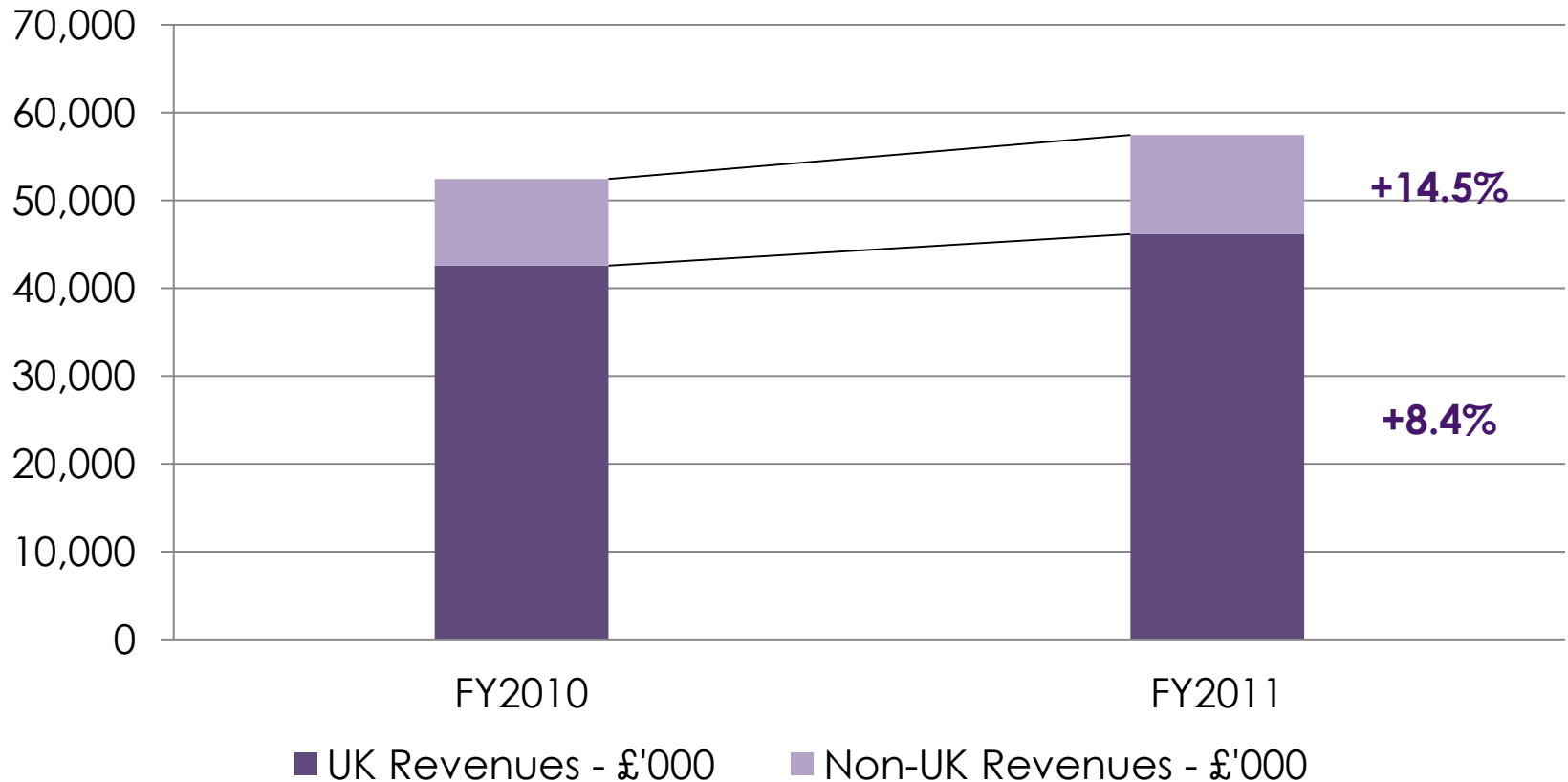
# Revenue growth also counteracts this challenging background ...

Revenue - £'m



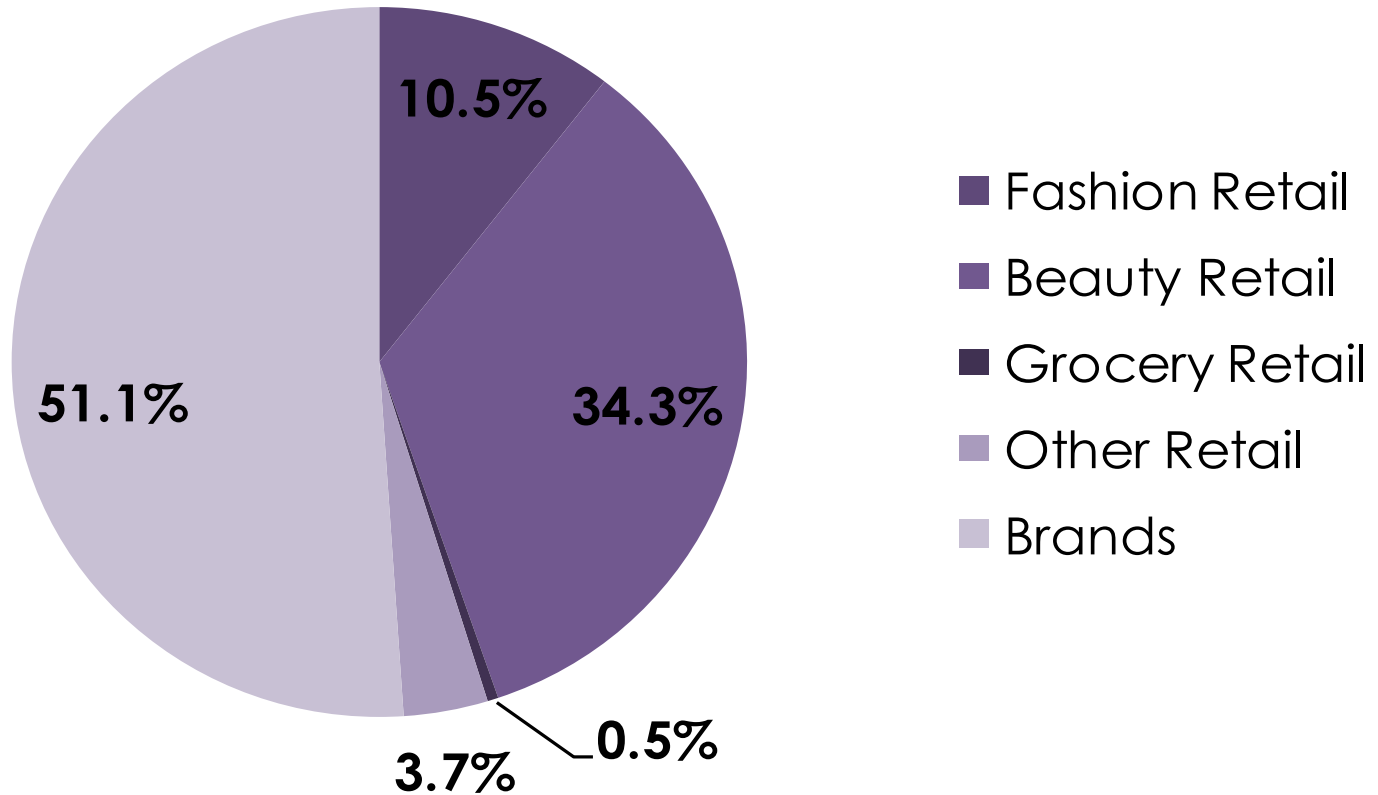


# ...and strategy to develop overseas revenues is beginning to pay off.



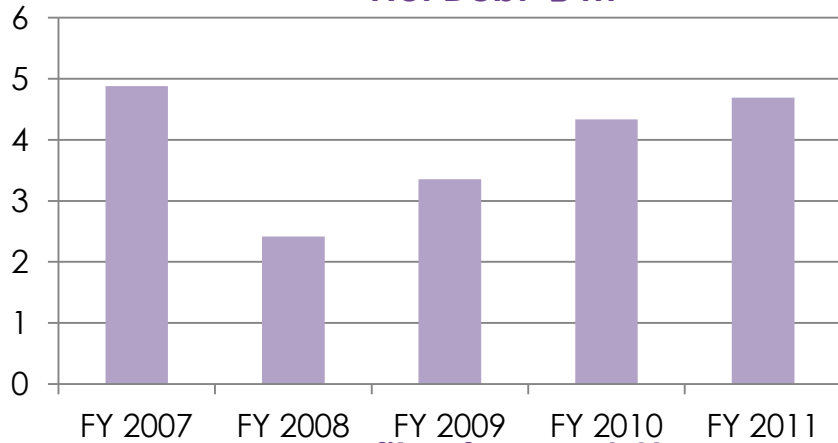
**Note: UK Revenues include indirect exports i.e. sales to UK customers who then export**

# We maintain a broad spread of channels to market.

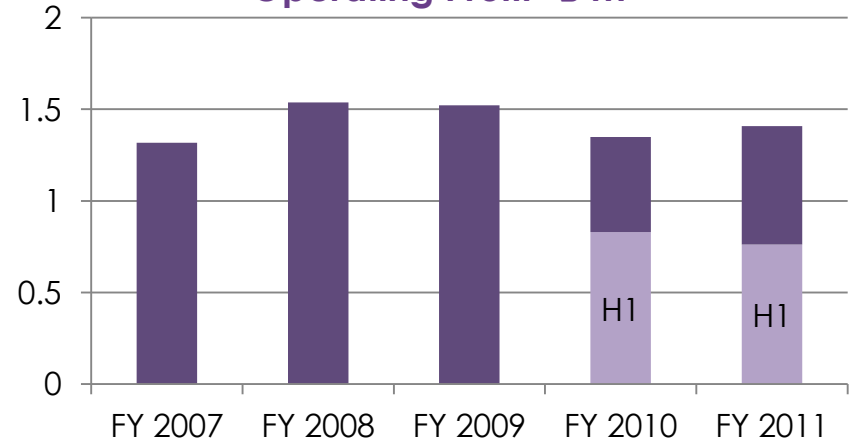


# Financial summary

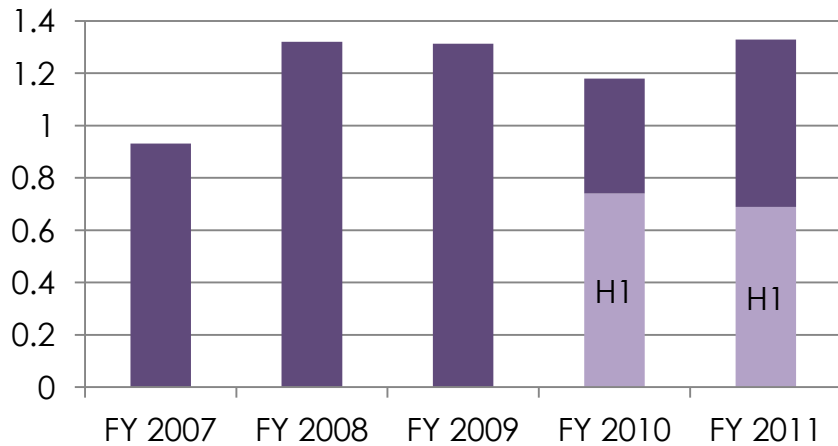
Net Debt £'m



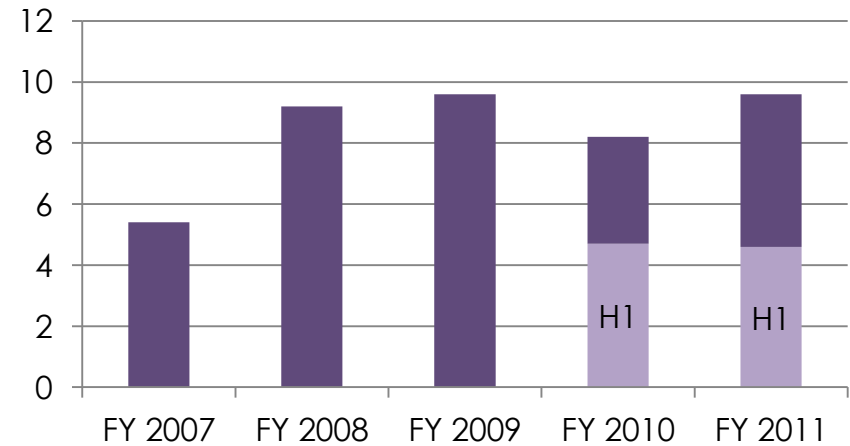
Operating Profit\* £'m



Profit Before Tax\* £'m

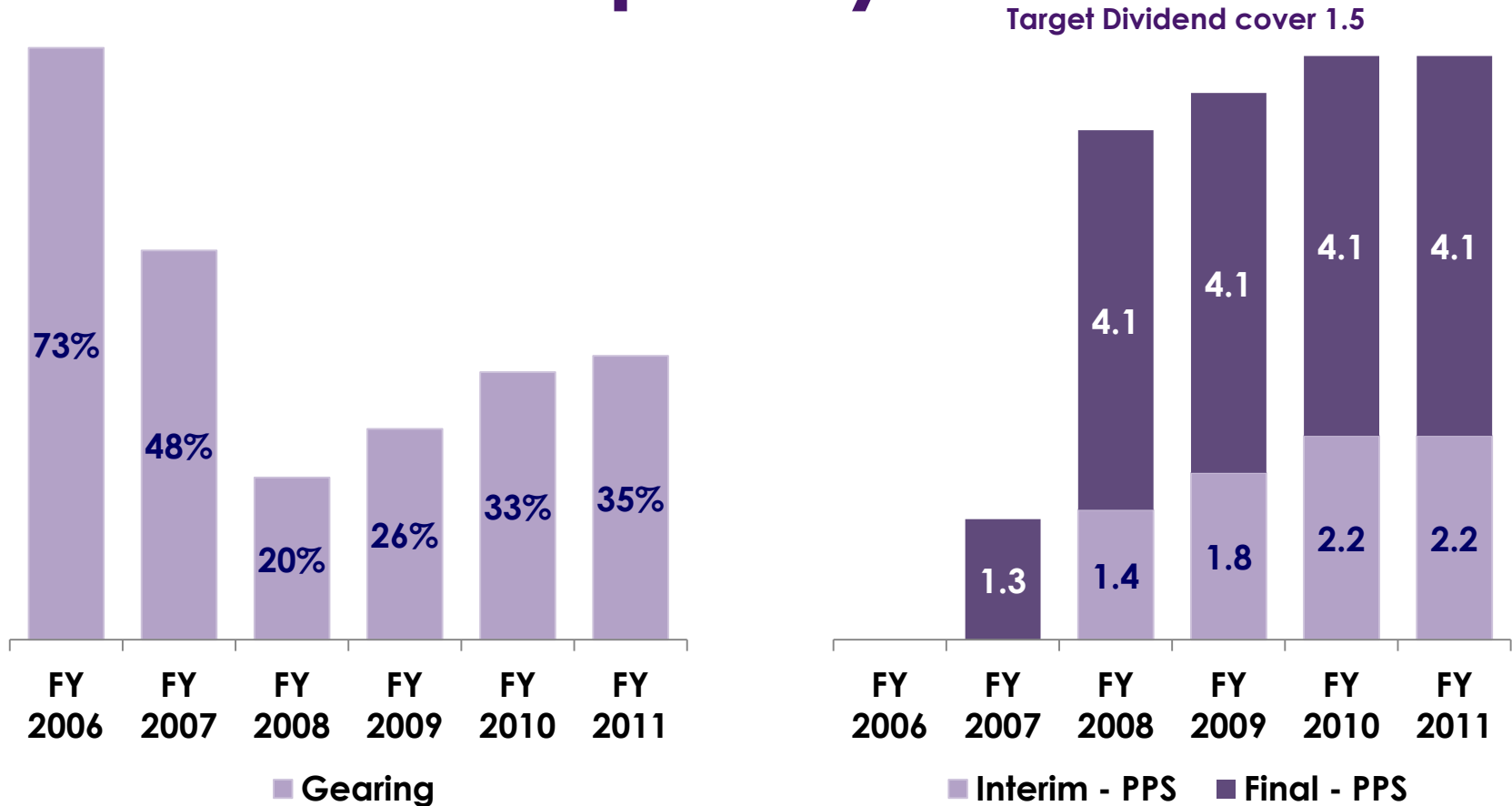


Adjusted EPS\* pence

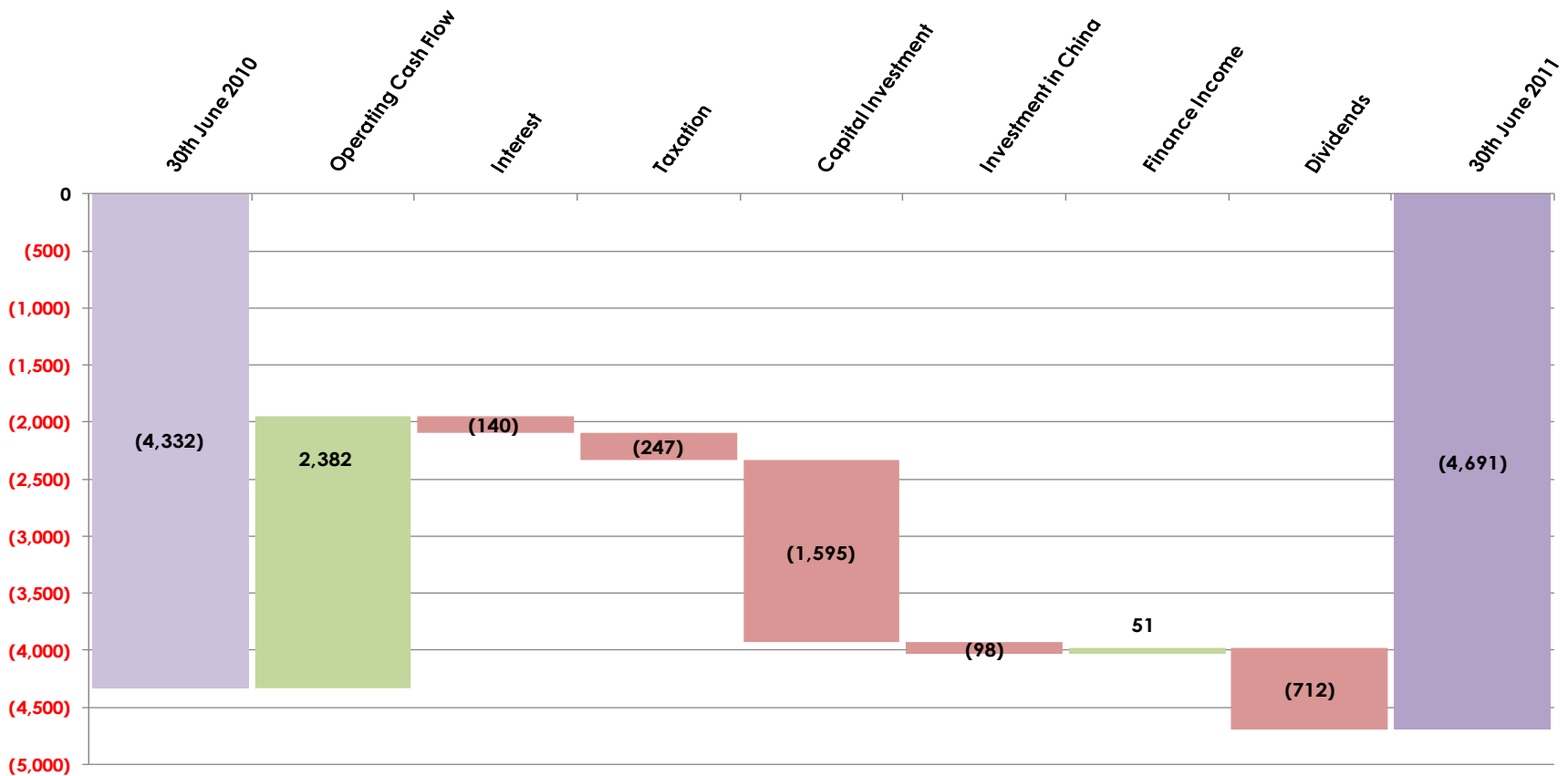


\* Pre Exceptional items

# Financial strength and dividend policy



# Increased investment marginally increases net debt



# Progress v's strategic plan

# Growth

## Progress

Revenue +9.5%

Developed new client relationships

Improved marketing of Company

Sales in first 10 weeks of new financial year in line with expectations

## Future

Work with Global brands to drive growth overseas

Drive business wins from US sales support office

Selected retail accounts in UK, Europe and North America

Continued improvement in marketing

# Overheads

## Progress

Integration of single supply chain group

Reduction in total overheads as % of revenue

Capacity utilisation increased

## Future

Continued careful investment to support growth

Utilise Bideford to manufacture creams & lotion products

Generate revenue growth in excess of overhead growth



# Product technology

## Progress

New lotion manufacturing rooms complete

Sun care aerosol launches

Food aerosol launched for major quality brand

Initial launch of new powder technology

## Future

Develop new skin care formulations

Process to gain further market penetration from product developments

Further sun care launches

# Geographies

## Progress

New York sales support office  
– first small win

French sales support office  
wins major new business

Shipments to South Africa

Working on South American  
opportunity

## Future

Develop footprint in North  
America & Europe

Develop direct sales into  
China

Utilise Czech Republic for  
selling

Finalise business  
development opportunity in  
South America

# Outlook

# We continue to develop the business for the long-term ...

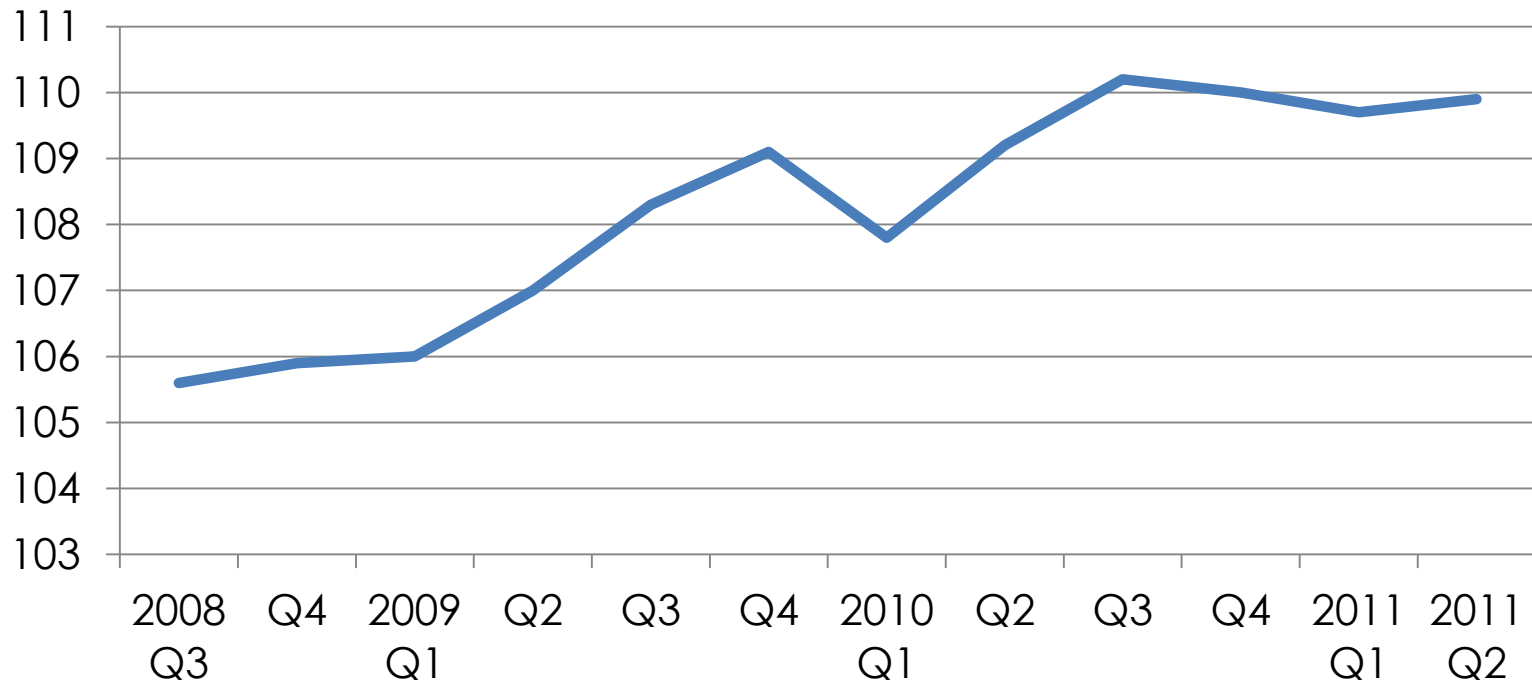
- Revenue in first 10 weeks in line with expectations
- Enquiry levels remain good
- Major launches planned over the next 9 months:
  - New powder technology
  - Aerosols
  - Lip Products

# ... and work to recover margins is ongoing.

- New purchasing manager beginning to add value.
- Unavoidable cost increases being passed on.
- Re-engineering of a number of products to reduce costs.

# UK consumption is weakening as predicted...

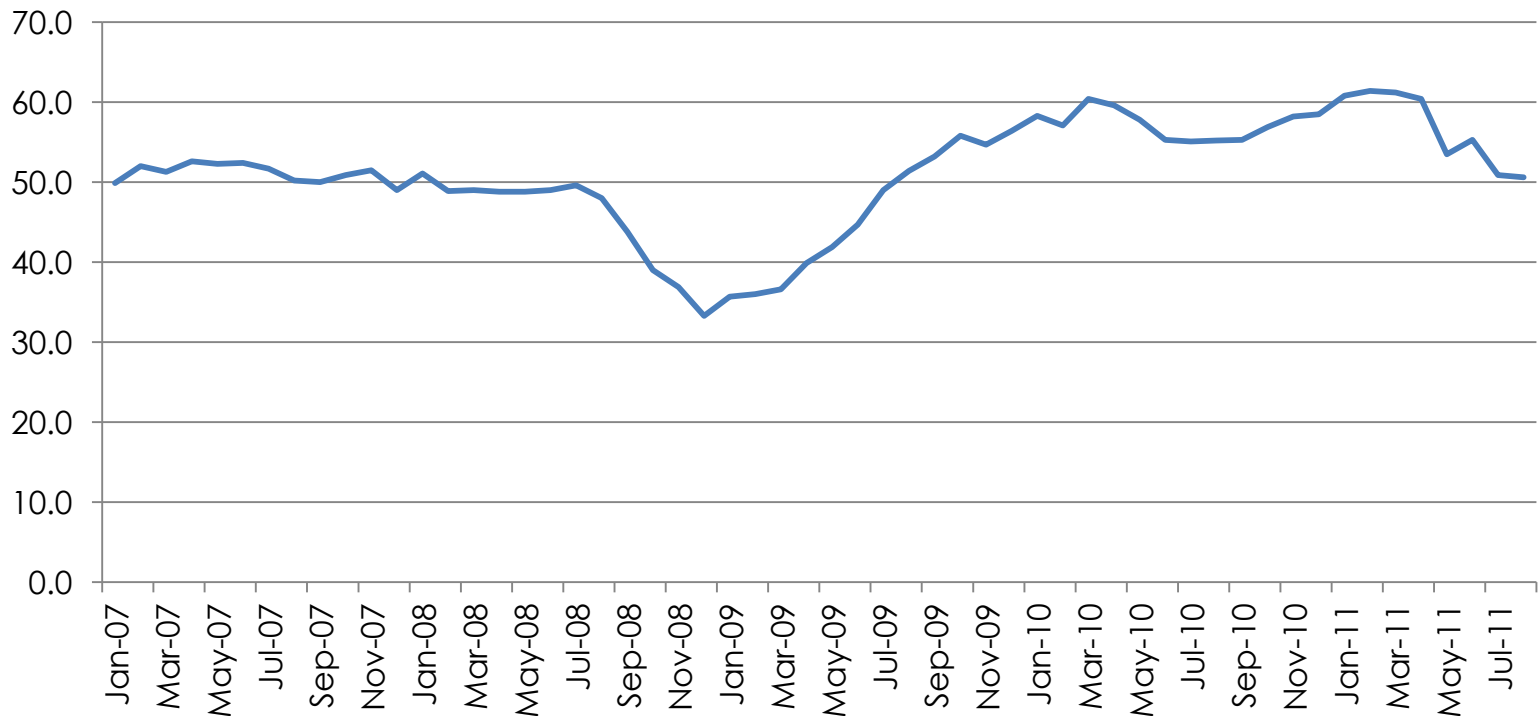
## Retail Sales Volumes



— Excluding Car Fuel - ONS Series J467

# Despite recent drop in Global PMI, we remain more positive about global prospects.

Global PMI issued by The Institute for Supply Management



# ...and continue our strategy to target the global consumer:

- Through indirect exports from current customers
- And more specific targeting of:
  - Global brands
  - European, US retailers
  - Specific countries such as South America, South Africa, India, Middle East and China



**Overall we remain positive.**

# Appendices

# Investor contacts

- Swallowfield plc
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- Smith & Williamson
  - Nick Reeve Tel: 0117 376 2100
- Performance Communications
  - Alan Bulmer Tel: 01404 881798
- JBP Public Relations
  - Chris Lawrance Tel: 0117 9073414

# Financial calendar

AGM	3 November 2011
Final Dividend Payment	25 November 2011
FY2012 Interims	February 2012
Interim Dividend	May 2011
FY2012 year-end	30 June 2012

# Financial results

28 Weeks	FY2010 £000's	FY2011 £000's	%
Revenue	52,449	57,452	9.5%
Operating Profit*	1,348	1,409	4.5%
Exceptional Items	-	-	-
Net Interest	(186)	(140)	24.7%
Profit before taxation	1,180	1,329	12.6%
EPS*	8.2p	9.6p	17.1%
Net Debt	4,332	4,691	(8.3)%

\* Pre Exceptional items