

# Swallowfield plc

## 26<sup>th</sup> AGM

### 15th November 2012

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

**Stephen Boyd**  
Chairman

**“Welcoming Address  
and Opening Remarks”**

- Fire exits are situated behind you and to your left. If the alarm sounds please leave by the nearest exit - the assembly point is at the front car park.
- Please ensure mobile phones are switched off.
- Questions will be taken after the presentations.
- Buffet lunch will be served the end of the meeting.
- Product development presentation during lunch
- There will an opportunity for a factory tour after lunch. More details at the end of the meeting.
- “Goodie” bags will be handed out at Reception, by the car park, as you leave.

# Order for the Day

- Voting on the proposed resolutions
- Shareholder presentation
- Questions from the floor

# Resolution 1

To receive and adopt the annual statement of accounts and the reports of the directors and auditors for the year ended 30 June 2012

# Resolution 1

➤ For	5,492,082
➤ Against	0
➤ Abstain	1,854,149

# Resolution 2

To approve the directors' remuneration report for the year ended 30 June 2012

# Resolution 2

➤ For	7,323,866
➤ Against	21,565
➤ Abstain	800



# Resolution 3

To declare a final dividend of  
4.1p per ordinary share

# Resolution 3

➤ For	7,346,231
➤ Against	0
➤ Abstain	0

# Resolution 4

To re-elect R S McDowell as  
a director

# Resolution 4

➤ For	7,342,231
➤ Against	3,000
➤ Abstain	1,000

# Resolution 5

To authorise the directors to determine the auditors' remuneration

# Resolution 5

➤ For	5,489,082
➤ Against	3,000
➤ Abstain	1,854,149

# Resolution 6

To re-appoint Grant Thornton UK LLP  
as auditors to hold office until the  
conclusion of the next Annual  
General Meeting of the Company

# Resolution 6

➤ For	5,486,282
➤ Against	5,800
➤ Abstain	1,854,149



# Resolution 7

To renew the Directors' powers  
to allot relevant securities

**Withdrawn**

# Resolution 7

➤ For	<input type="text"/>
➤ Against	<input type="text"/>
➤ Abstain	<input type="text"/>

**Withdrawn**

# Resolution 8

As a Special Resolution, to authorise the directors to allot equity securities

**Withdrawn**

# Resolution 8

➤ For	<input type="text"/>
➤ Against	<input type="text"/>
➤ Abstain	<input type="text"/>

**Withdrawn**

# Resolution 9

As a Special Resolution, to authorise the Company to purchase its own shares

# Resolution 9

➤ For	6,057,432
➤ Against	1,889,114
➤ Abstain	1,000

# Resolution 10

As a Special Resolution, to adopt new Articles of Association of the Company

**Withdrawn**

# Resolution 10

➤ For	<input type="text"/>
➤ Against	<input type="text"/>
➤ Abstain	<input type="text"/>

**Withdrawn**

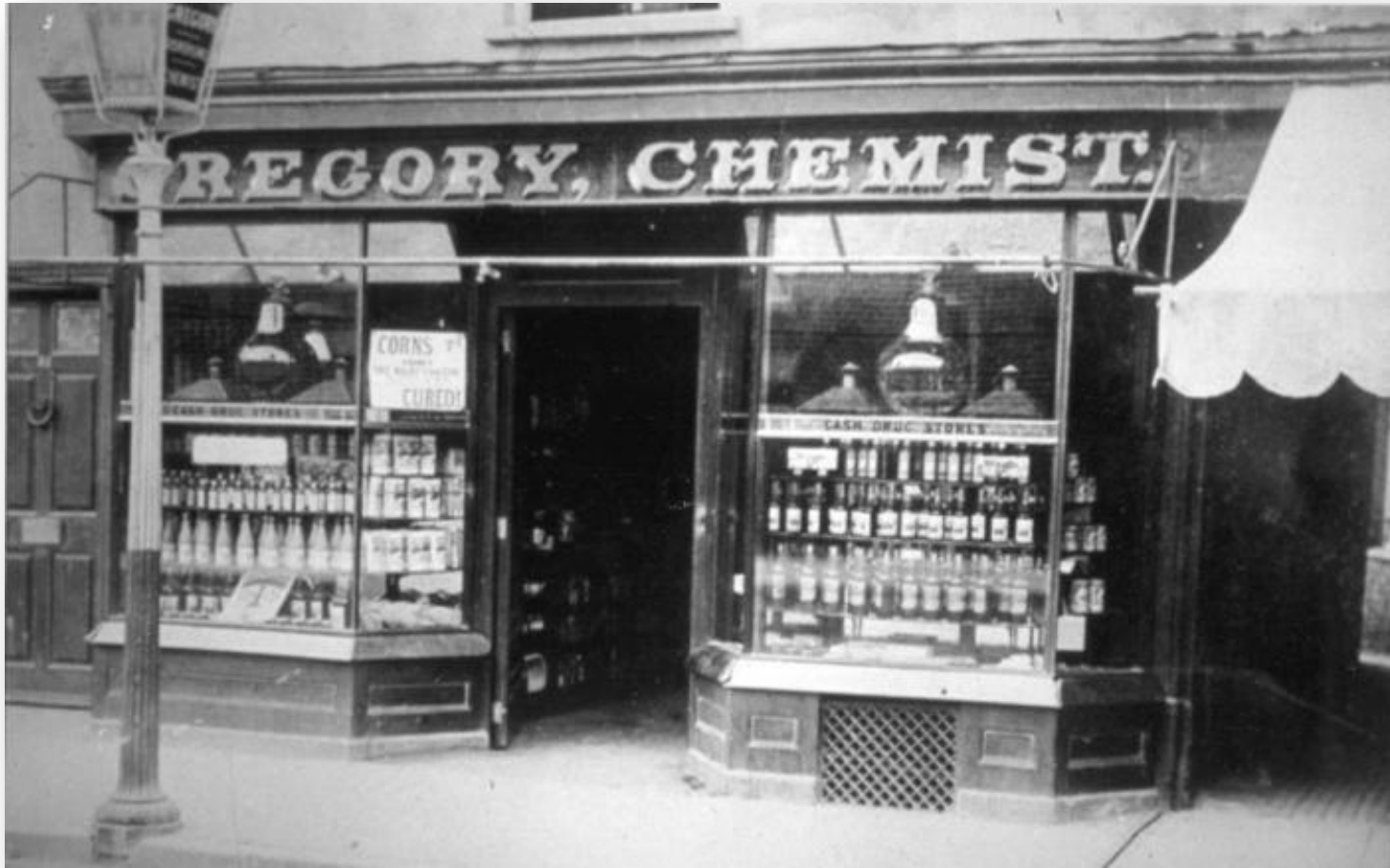




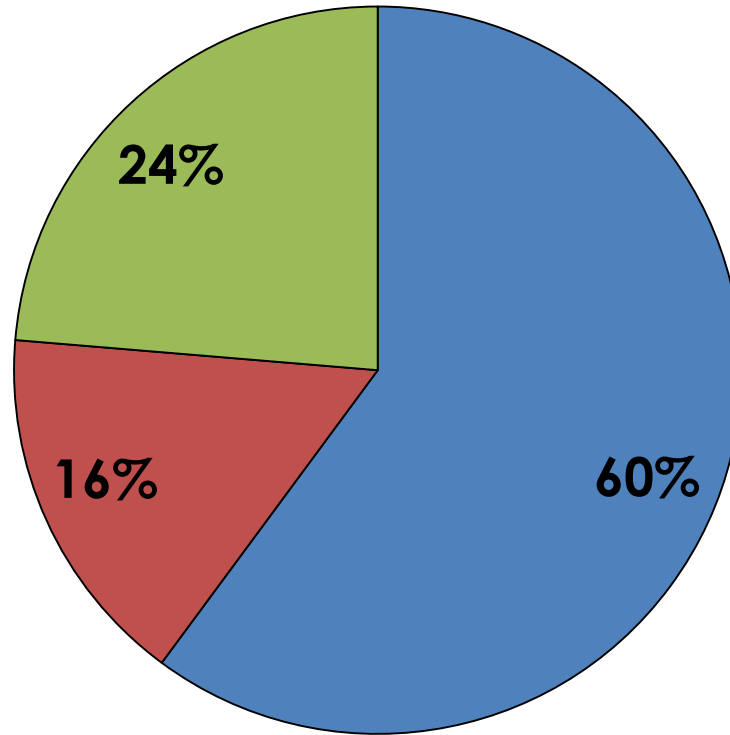
# AGM Briefing Full Year 2012

November 2012

# Swallowfield is a contract manufacturer ..



# .. with high levels of innovation & creativity ..

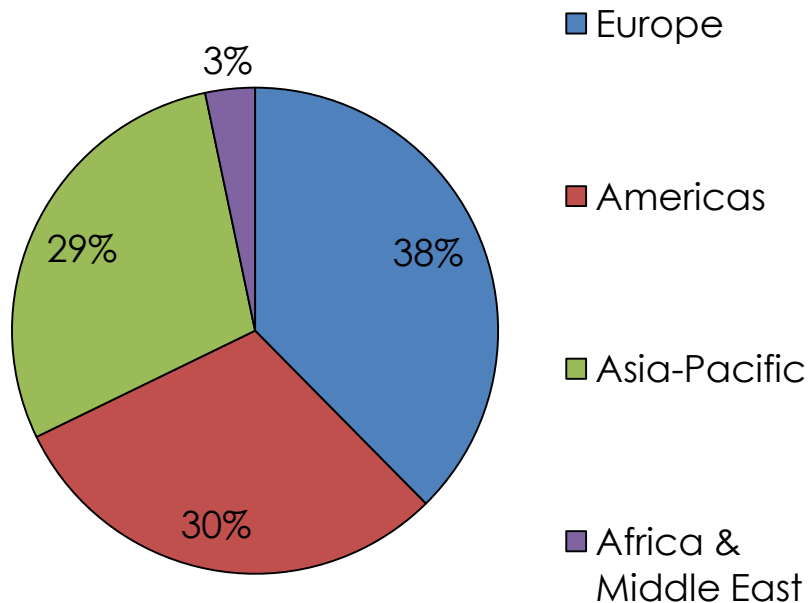


■ Swallowfield Formulation  
■ Joint Formulation

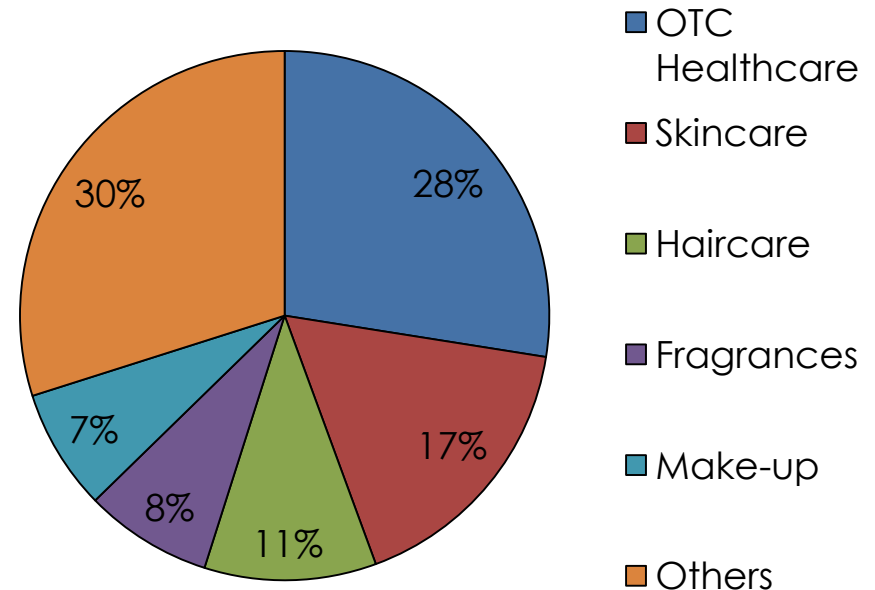
■ Customer Formulation

# .. operating in the global C&T market ..

## Geographic Segmentation

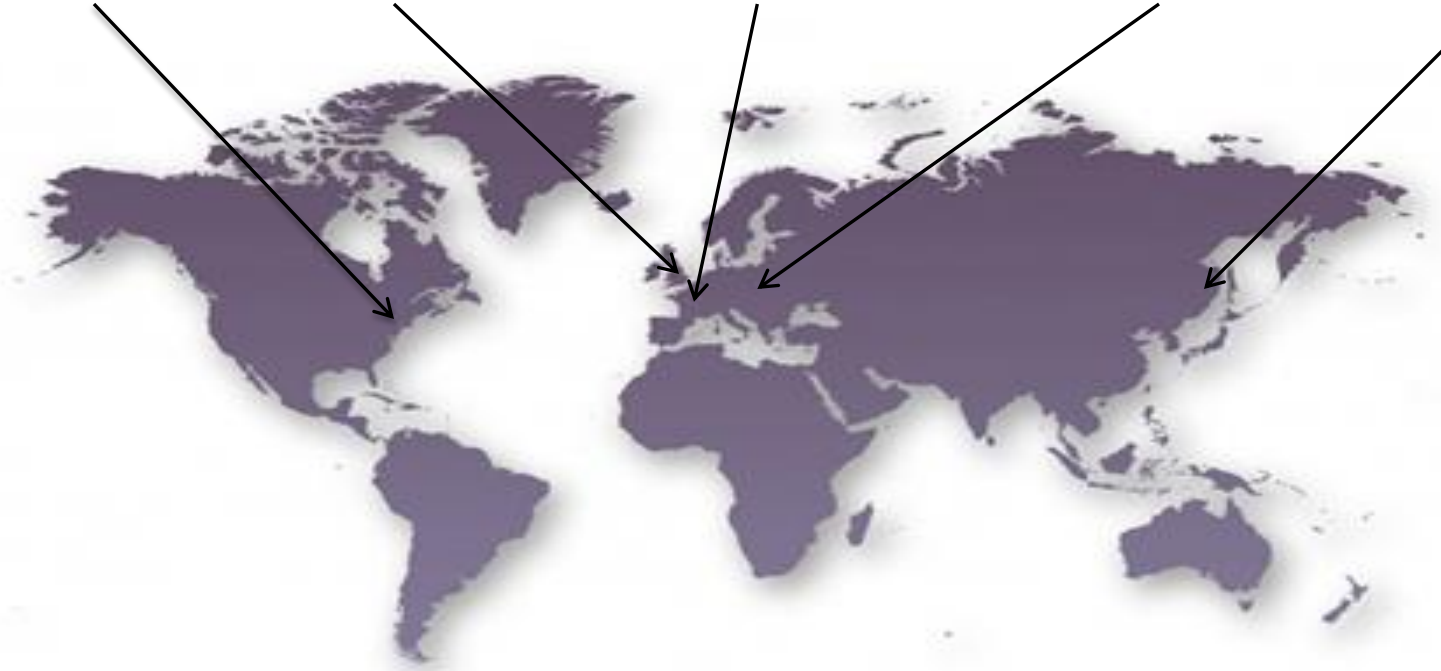
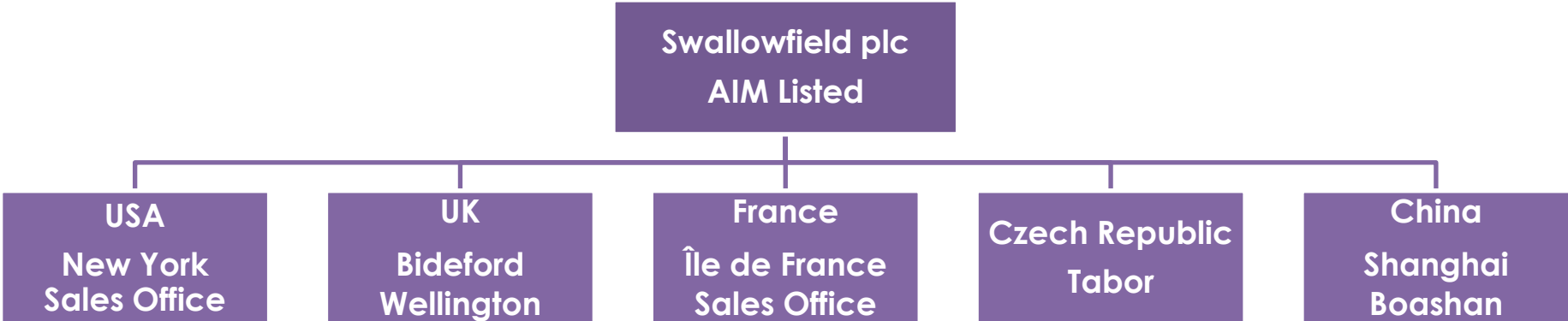


## Product Segmentation by Value

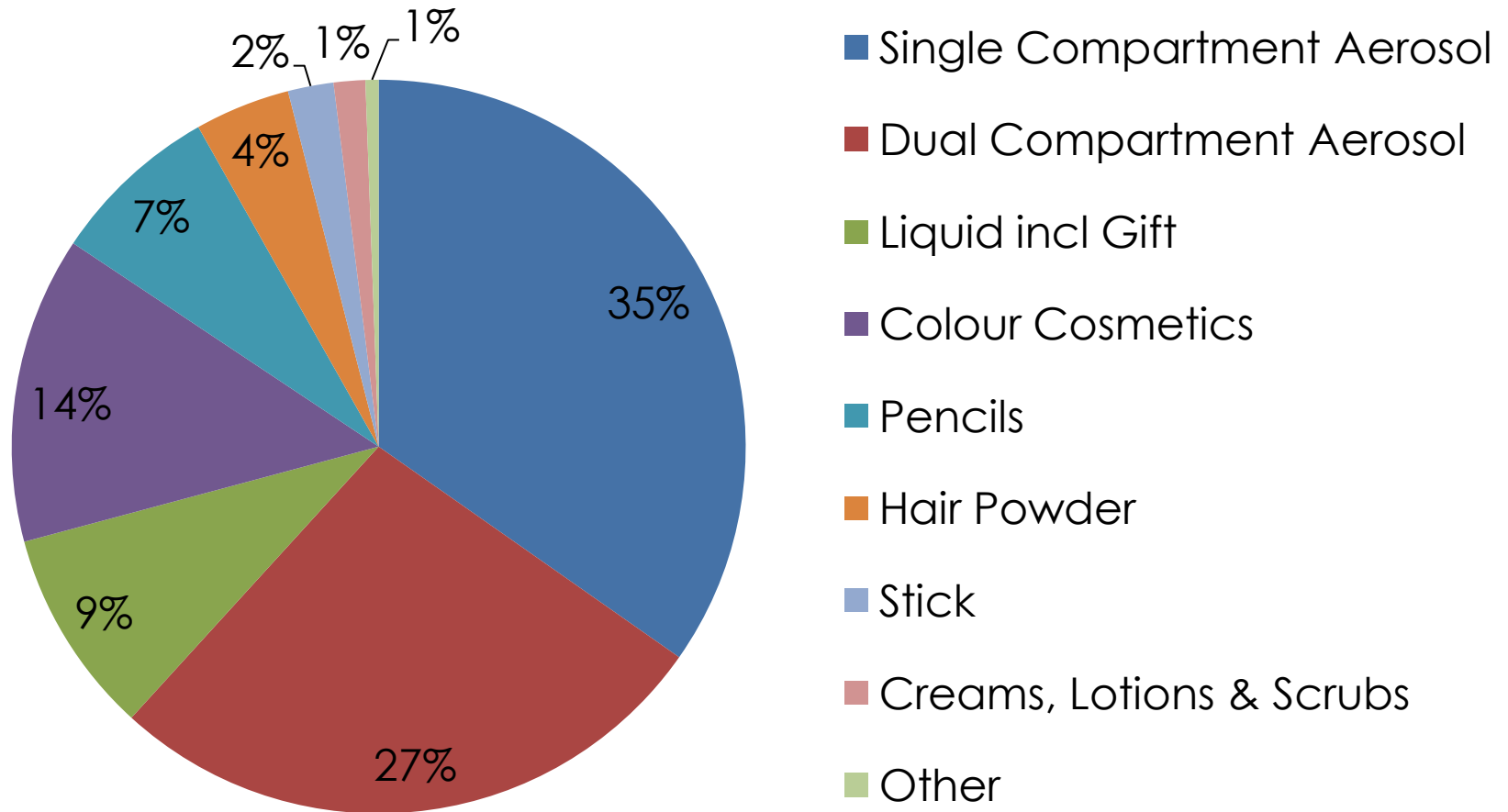


Source: Datamonitor

# ..from locations around the world..



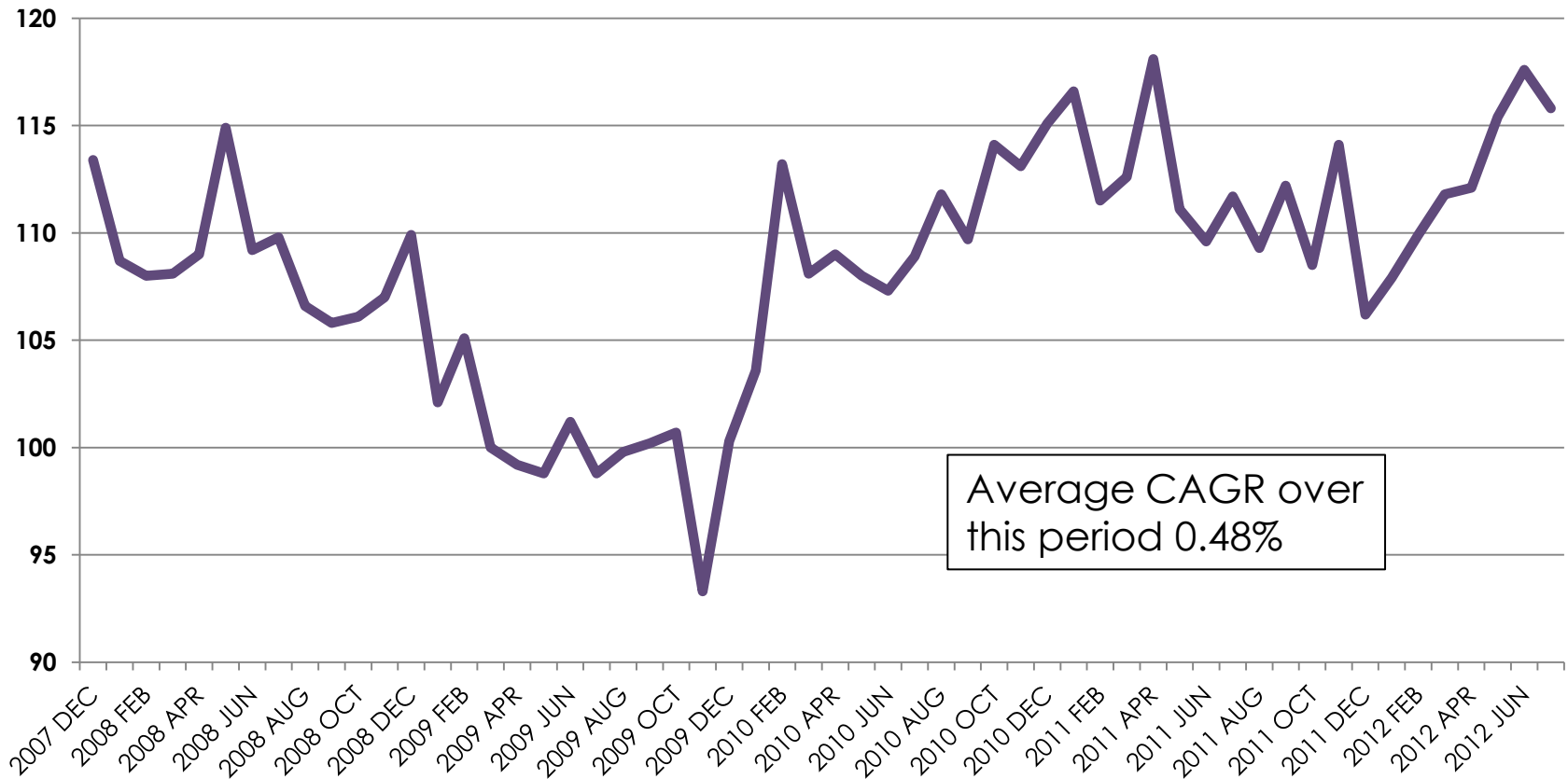
# .. selling a wide range of products.



# Background to the Results

# The market remains subdued ..

## Retail volumes - cosmetic & toilet articles series JO5M



Average CAGR over this period 0.48%

Source ONS



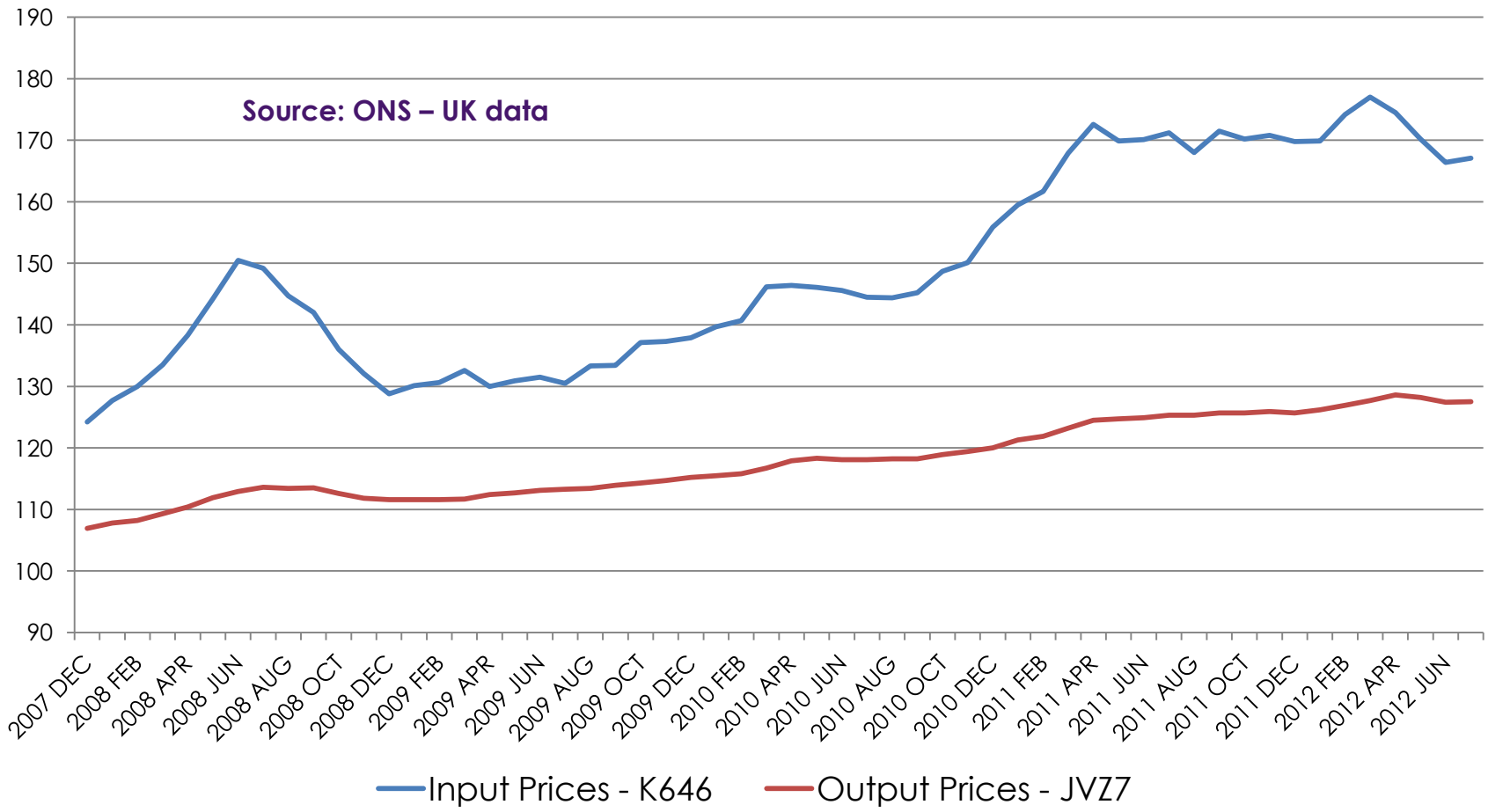


# .. and consumer incomes have declined ..

	Mid 2007 to 2012 Q2
<b>GDP</b>	-4.1%
<b>National Income</b>	-10.4%
<b>GDP Per Head</b>	-7.0%
<b>National Income Per Head</b>	<b>-13.2%</b>

Source: ONS

# .. but input price pressure has abated...



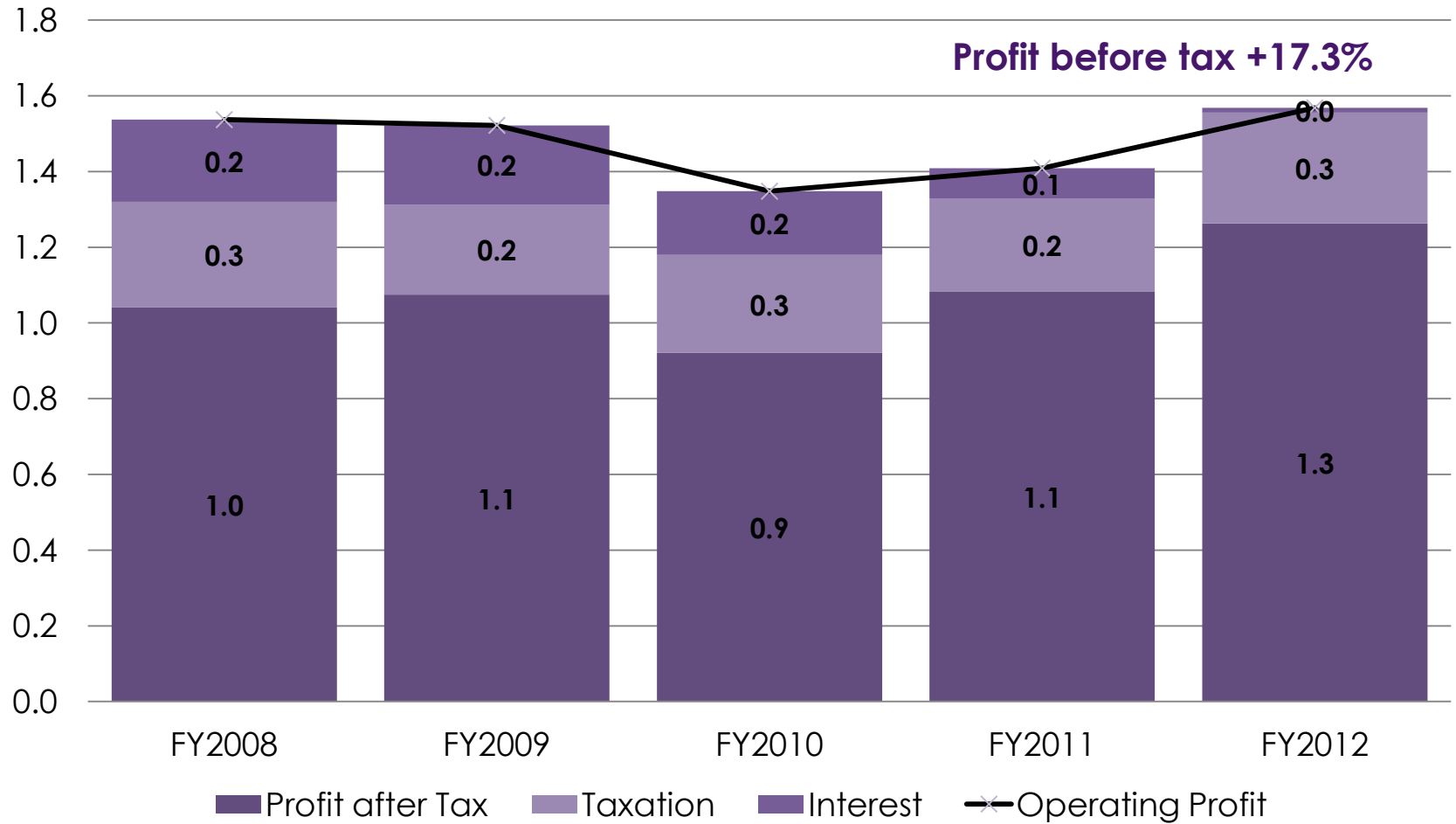
# Results for FY2012

# Highlights

- Profit before tax up 17.3%
- Revenue up 0.7% (overseas revenue up 11.5%)
- Net debt reduced to £4.1m from £4.7m
- EPS 11.2p v's 9.6p (+16.7%)
- Final dividend 4.1p per share (2011:4.1p)
  - Total of 6.3p per share for the year (2011:6.3p)

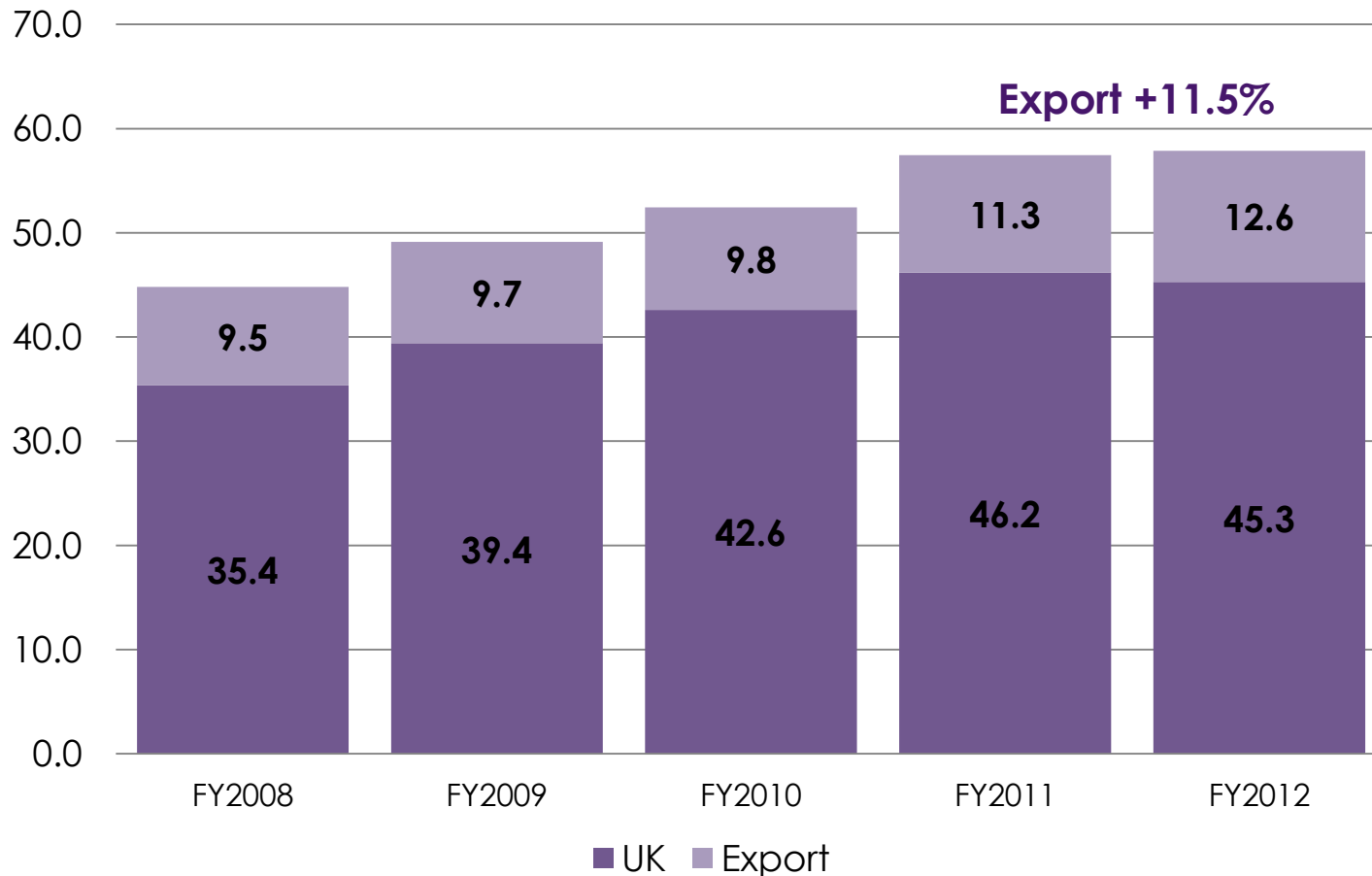
# Profitability increasing...

£'m

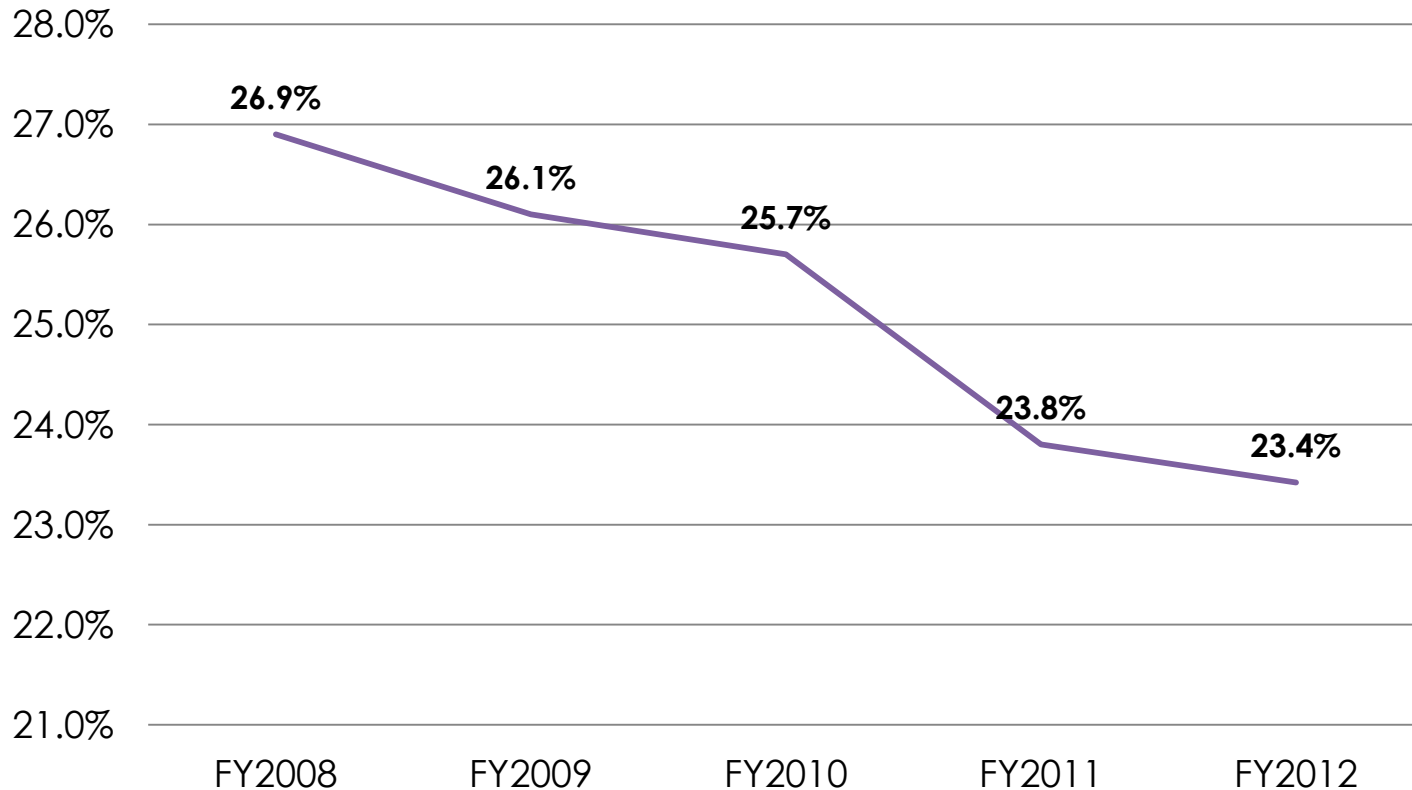


# ... strong overseas revenue growth counteracts UK slowdown

Revenue £'m

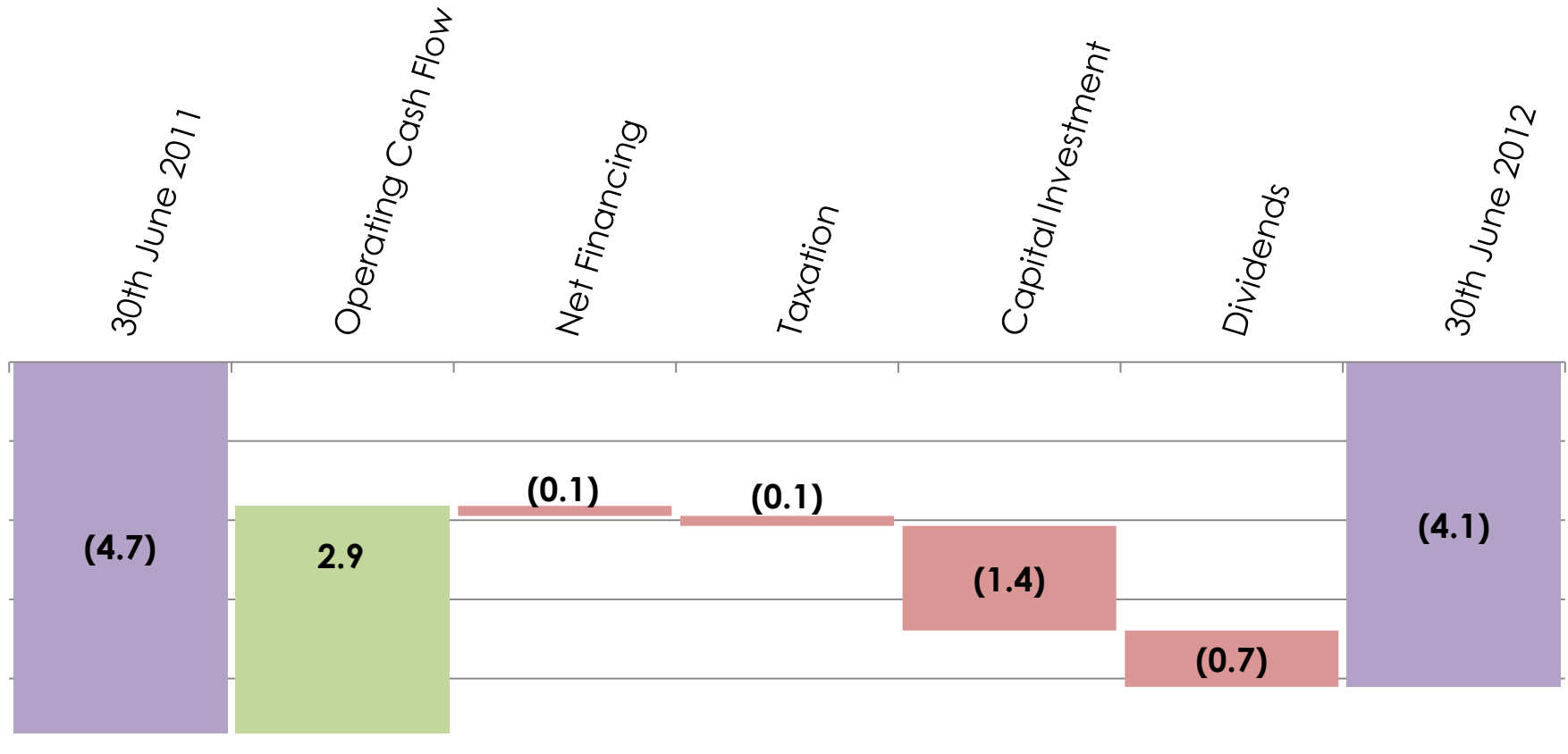


# ... overhead reduction programme continues ...



## Total Overheads as % of Revenue

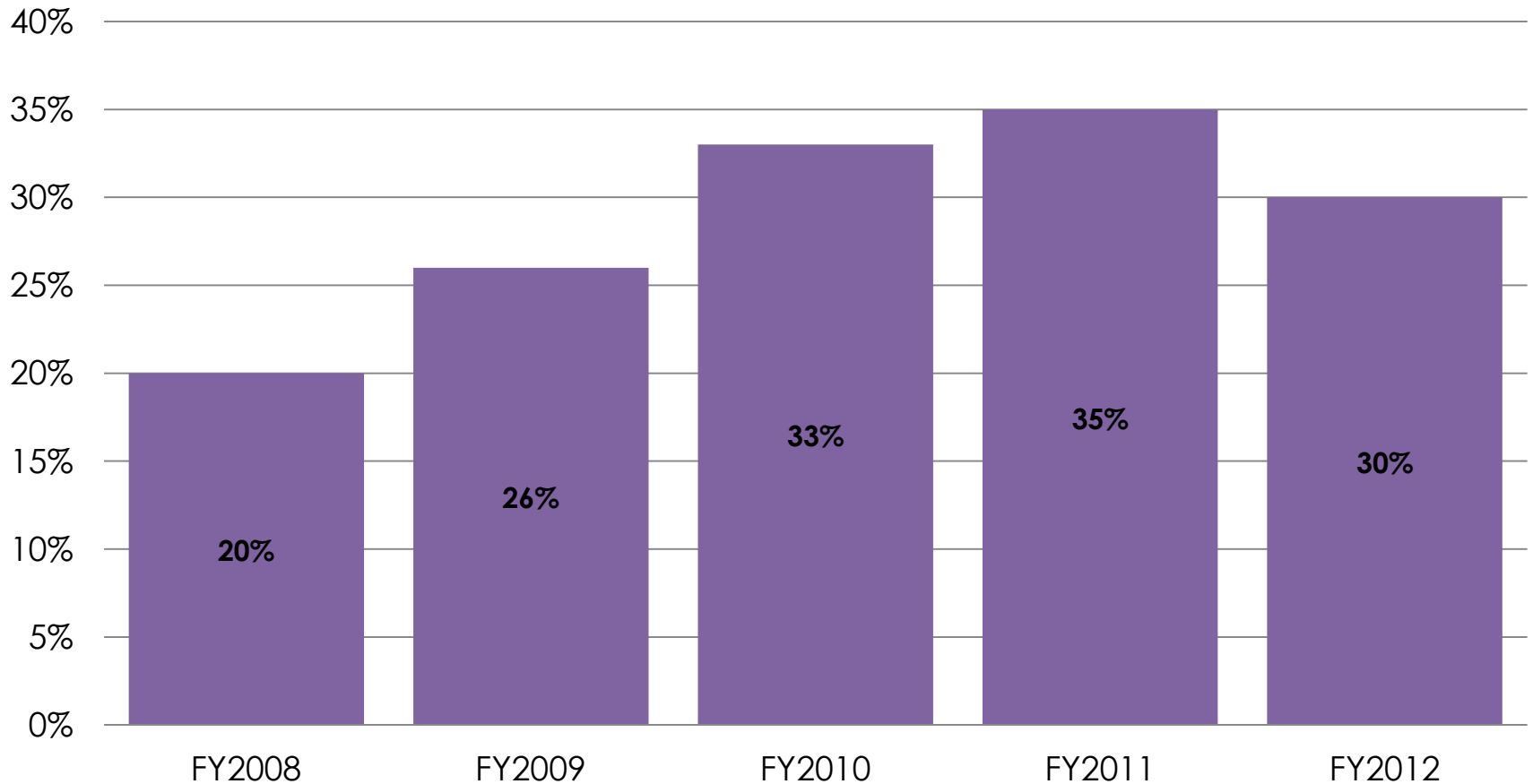
# ... and we have reduced Net Debt from last year-end ...





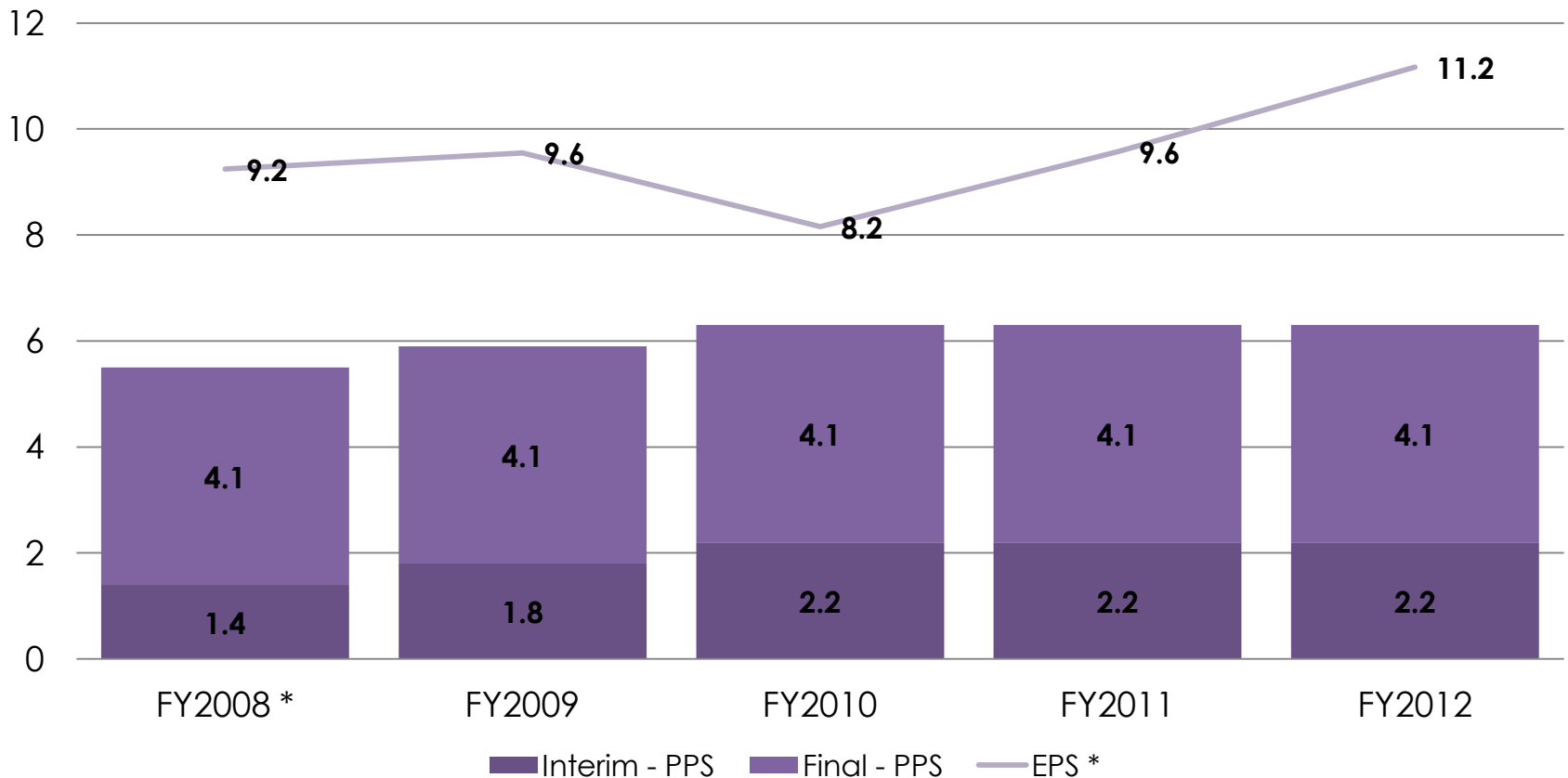
# ... bringing gearing down to 30%

## Net Debt % of Equity



# Earnings and Dividend

## Pence per Share



\* Pre Exceptional items

FY2012 Dividend cover 1.8

# Strategy

# Outcome of strategy review:

- Reaffirms 4 key elements to improve profitability:
  - Widen geographic footprint
  - Broaden product technologies
  - Cost structure improvements
  - Growth
- But greater effort & emphasis on:
  - Large scale product development
  - JV's; partnerships & acquisition activity

# Progress in the last 12 months

## Geographic Footprint

Won new US business

Direct overseas revenues +11.5%

Sales in South Africa continue to grow

## Product Technologies

Hair powders

Skin care formulations

Sun care formulations

Silicone mould lipsticks

## Cost Structure

Overheads 23.4% of revenue

Further reductions enacted for current year

## Growth

Total revenue +0.7% in tough market

Customer rebalancing underway

# Outlook

# The market presents more challenges than normal ...

- In response to the tough economic background, customers are:
  - Consolidating
  - Taking some production back in-house
  - Looking for cost reductions
- Customer & consumer caution is impacting trading conditions

# .. significant impact on H1 – offset partially by momentum into H2 ..

- New product launches/wins coming through
- Replacing by a broader range of customers
- Cost savings enacted to begin to come through



# ... and long-term opportunities exist.



Customer Rebalancing  
Market Weakness  
Pension Impacts



Overseas Growth  
New Customer Relationships  
Further Overhead Reductions  
Increased Efficiencies  
New Products  
Acquisitions



# QUESTIONS?

# Factory Tour Information

- All mobile phones, watches, cigarette lighters, jewellery must be removed before entry into the factory.
- Secure envelopes will be available for storage of valuables.
- Personal protective equipment must be worn at the times indicated by your guide.
- No open-toed shoes permitted in factory

# Swallowfield plc

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