



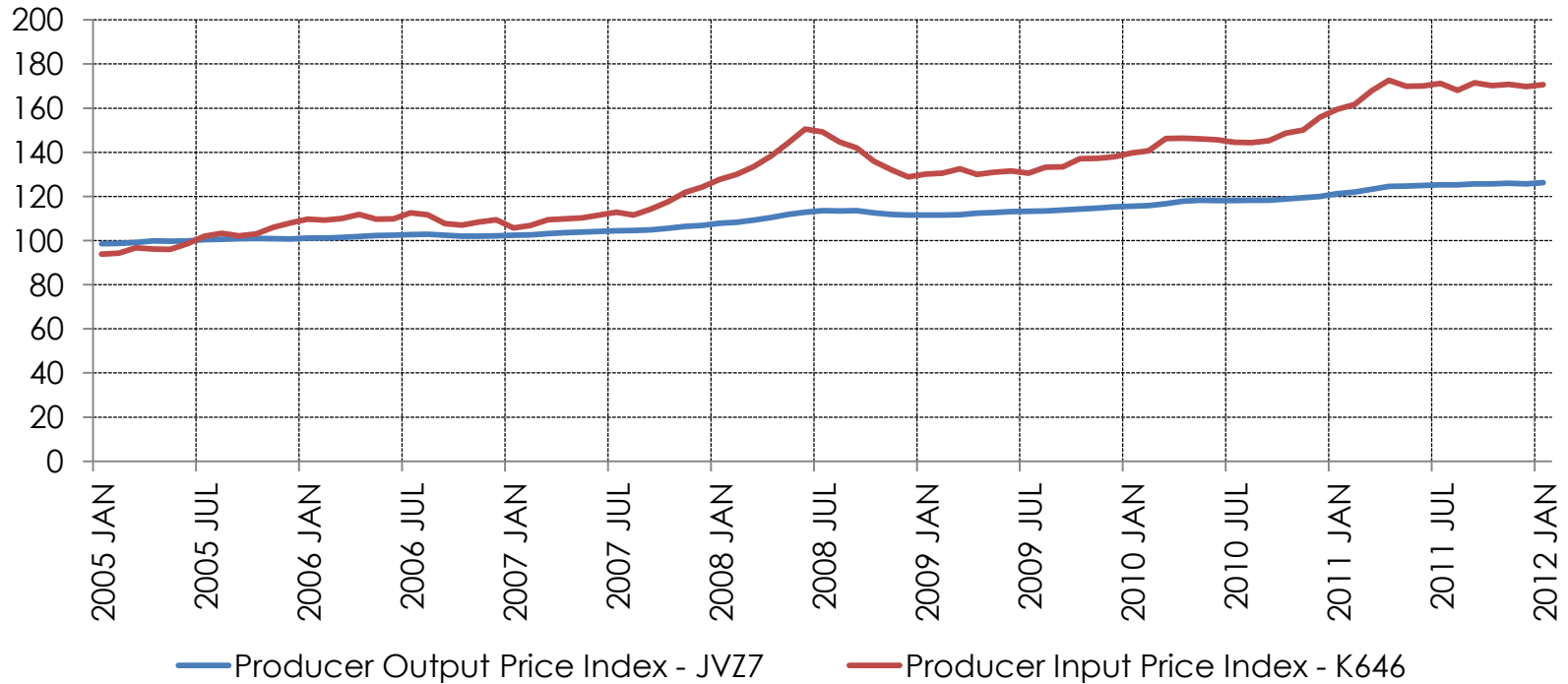
# Investor Briefing First Half FY 2012

February 2012

# Highlights

- Profit after tax up 3.1%
- EPS 4.7p v's 4.6p last year
- Net debt £3.9m (first half 2011: £2.5m)  
down from £4.7m at last year-end
- Interim dividend 2.2p per share (2010:2.2p)
- Overseas revenue increased by 7.8%

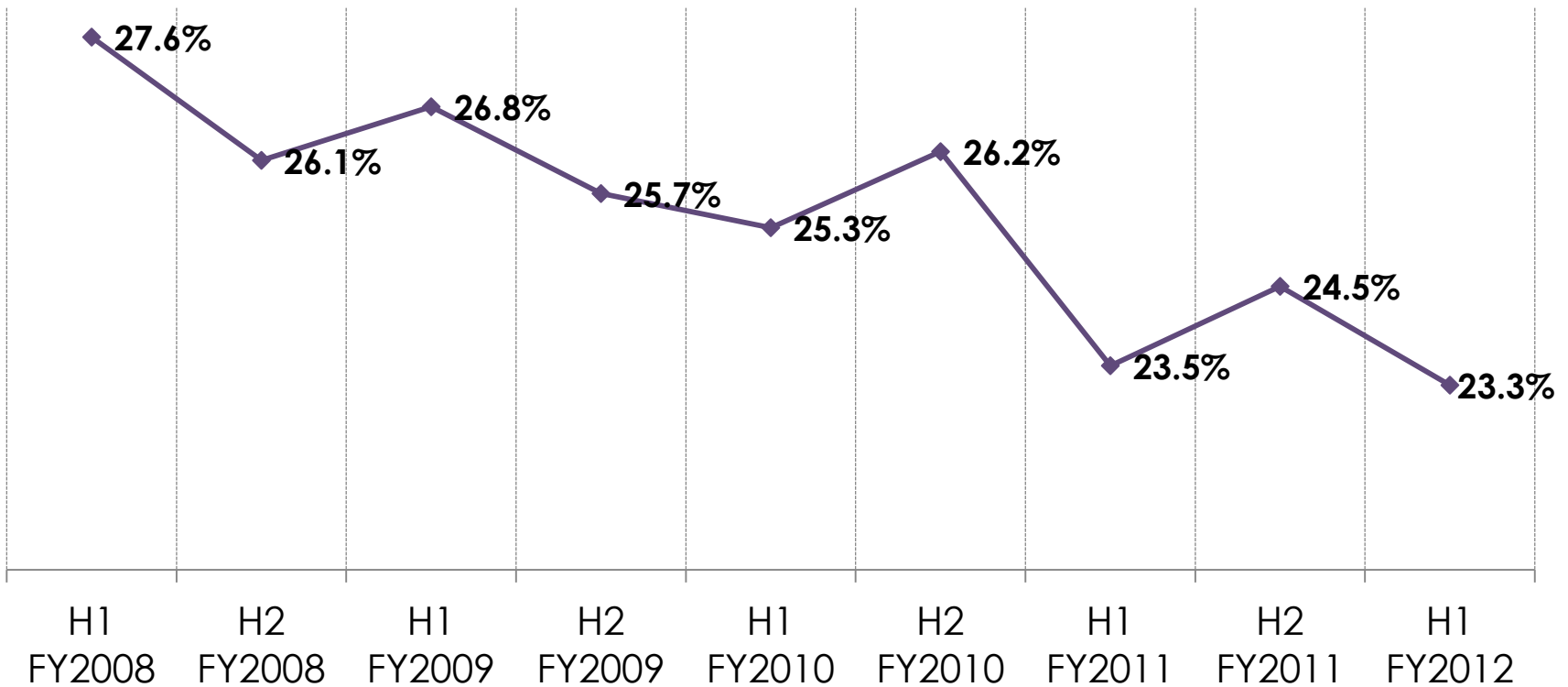
# Rapidly rising input costs now levelling off...



Source: ONS – UK data

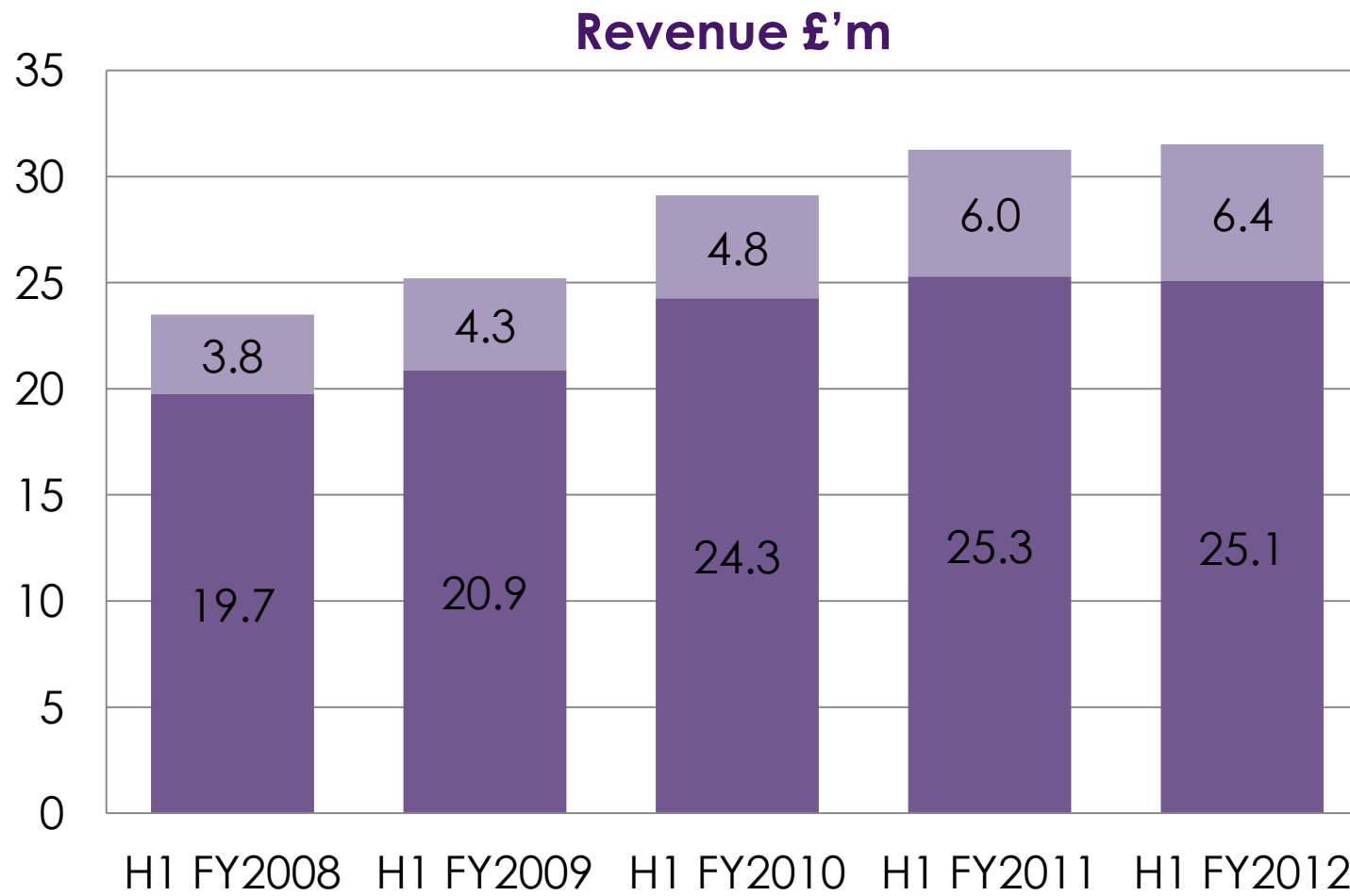
- Swallowfield margin excluding total overheads down 0.3%

# ... overhead reduction programme continues ...



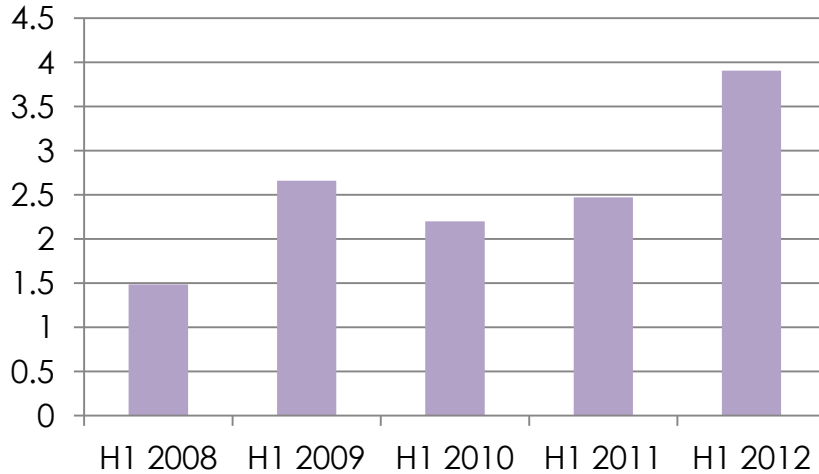
## Total Overheads as % of Revenue

# ... strong overseas revenue growth counteracts UK slowdown

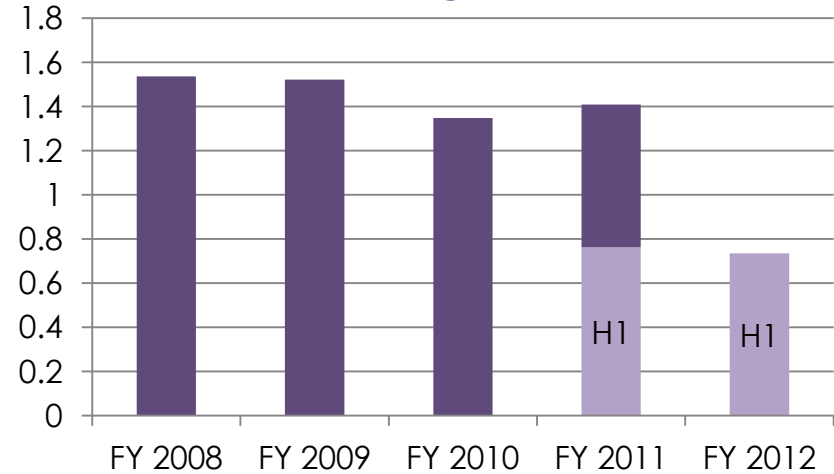


# Financial summary

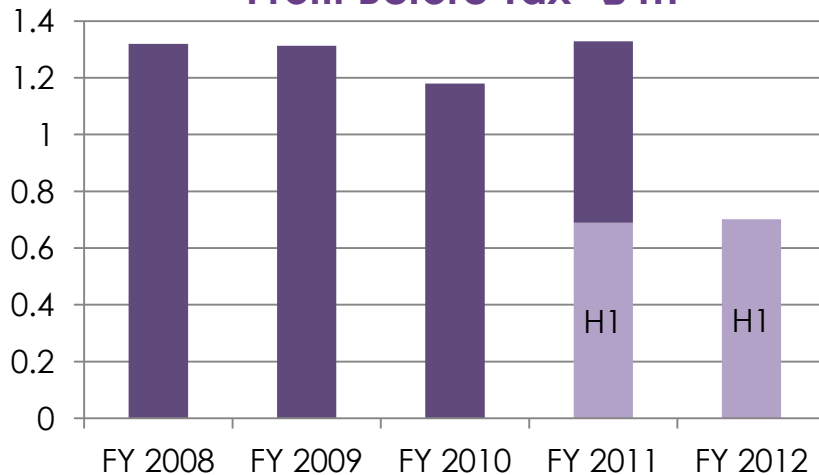
Net Debt £'m



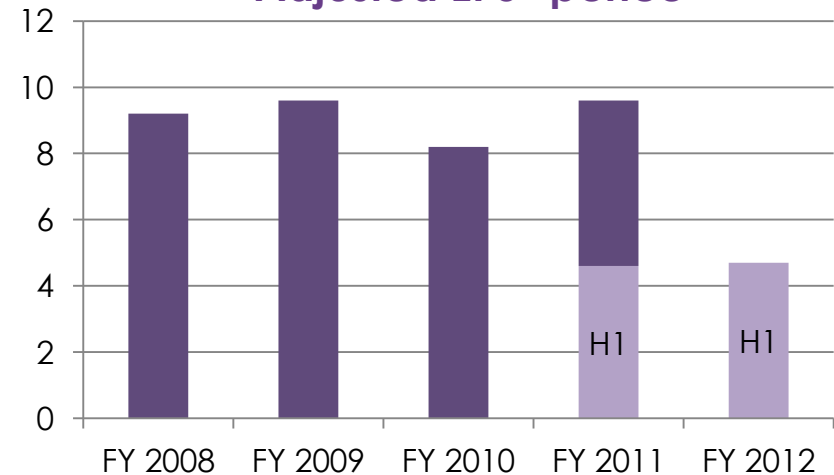
Operating Profit\* £'m



Profit Before Tax\* £'m



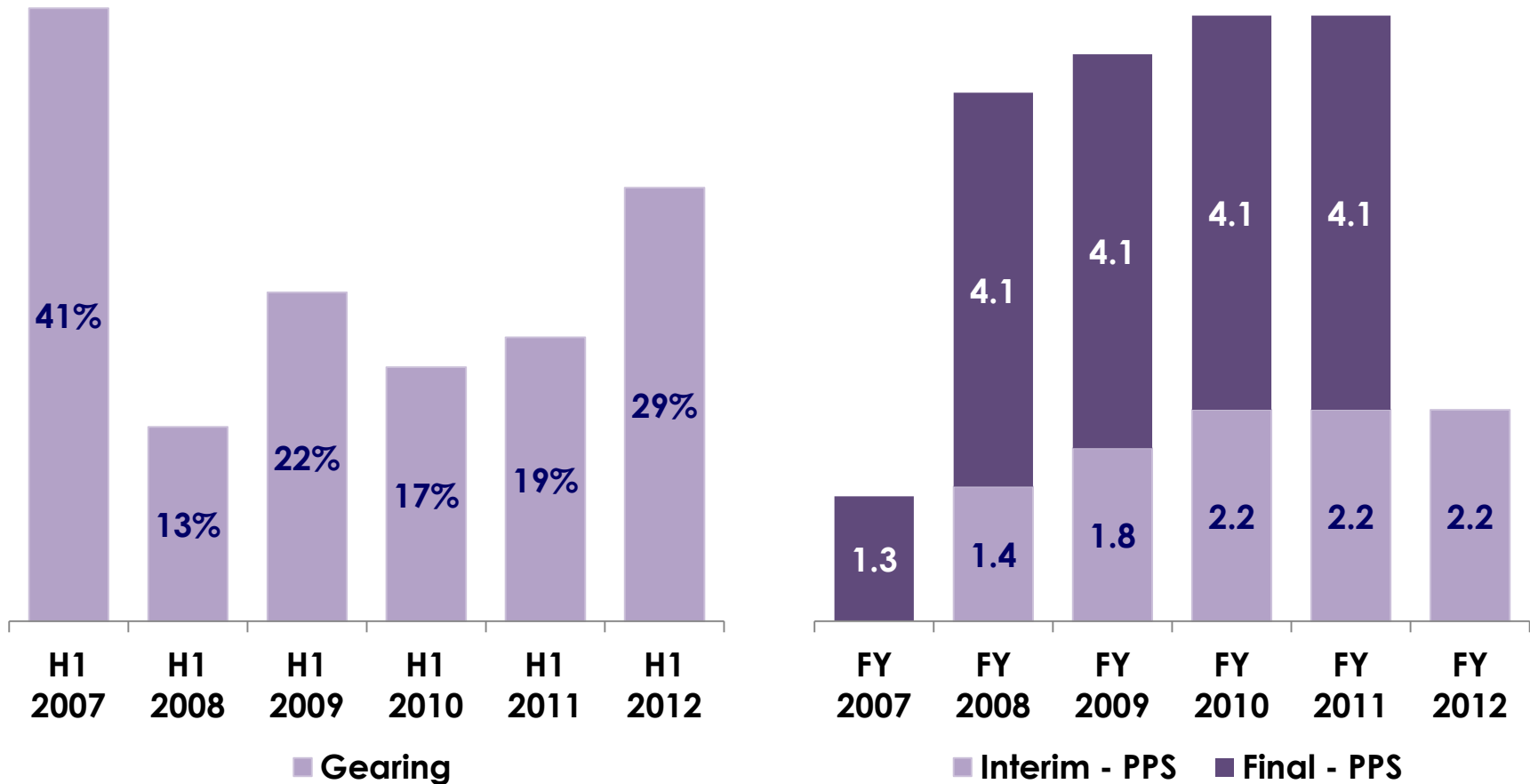
Adjusted EPS\* pence



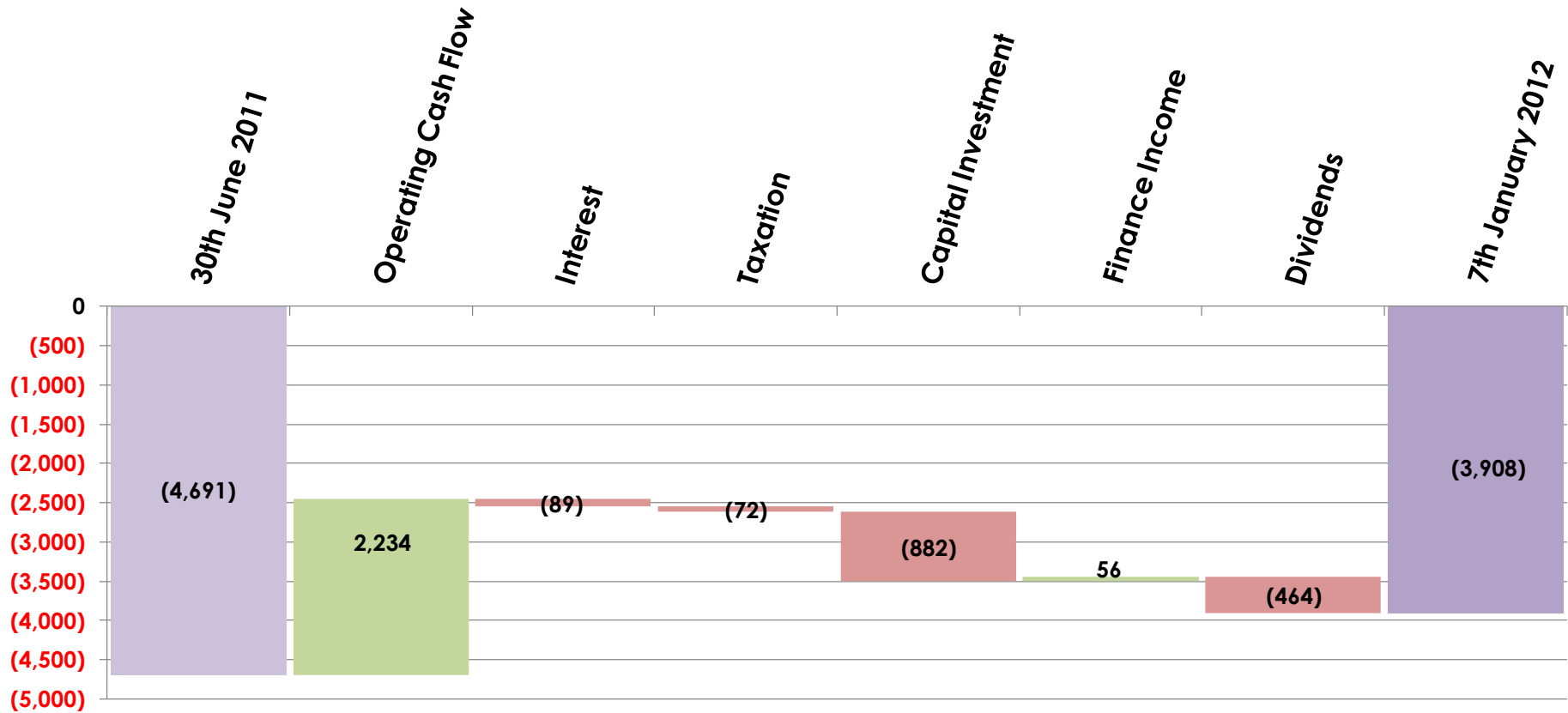
\* Pre Exceptional items

# Financial strength and dividend policy

Target Dividend cover >1.5



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





# Reminder of strategic plan

4 Key activities support the strategic plan:

- Widening our geographic footprint
- Broadening our product technologies
- Driving competitive improvements in our cost structure
- Driving Growth

# Progress v's strategic plan

# Progress v's strategic objectives: Geographies

## Progress

New York sales support office winning new business

French sales support office continues to build business

Presentations to Colombian customer made – await feedback

## Future

Develop footprint in North America & Europe

Develop direct sales into China

Utilise Czech location as a base for expansion into Central Europe

JV in Colombia if customer success

# Progress v's strategic objectives: Product technology

## Progress

New powder technology launched

Additional aerosol sun care products won

New formulations for lip care and pencils developed

## Future

Continued development of skin care formulations

Targeted increased market penetration from product developments

Continue to develop other specialist formulations

# Progress v's strategic objectives: Overheads

## Progress

Reduction in total overheads as % of revenue

## Future

Continued balanced investment to support growth

Changes to operational management will further reduce costs in H2

Generate revenue growth in excess of overhead growth

# Progress v's strategic objectives: Growth

## Progress

2 new product launches with major brand

New sample components launched

Enquiry levels remain good

Business development scorecard in place

## Future

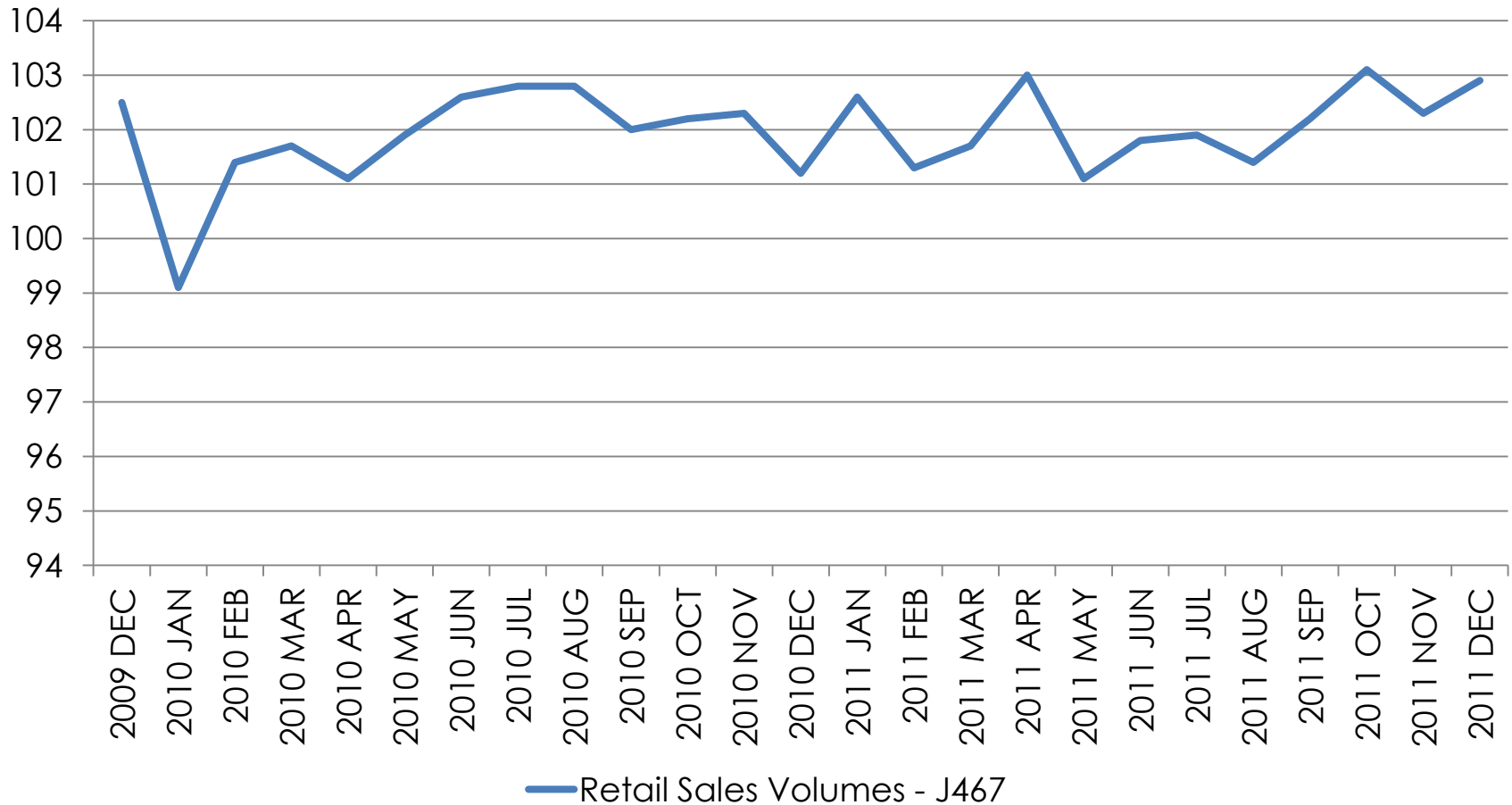
Work with Global brands to drive growth overseas

Direct sales to India, Middle East, South Africa & develop China route

Selected retail accounts in UK, Europe and North America

# Outlook

# Retail sales volumes in the UK are static...



Source ONS





# ... and market volatility is greater than normal ...

- In response to the tough economic background, customers are
  - consolidating
  - rationalising their production & taking some back in-house
  - and looking for cost reductions
- But, competitors failure provide an opportunity for extra volumes

# ... but opportunities exist ...

- Enquiry levels remain high – across all products and geographies
- New business wins to come through in H2
  - from new launches and customers
- Customers increasingly wanting innovation and new product development – a key strength of Swallowfield.

# ...and work to improve margins continues.

- We retain a strong focus on cost control
- Value engineering of products is ongoing
- Signs that input prices have now peaked

**Overall we remain positive,  
and expectations for the full  
year remain broadly  
unchanged.**

# Appendices

# Investor contacts

- Swallowfield plc
  - Ian Mackinnon Tel: 01823 652219
  - Mark Warren Tel: 01823 652225
- Singer Capital Markets Limited
  - Shaun Dobson/Jenny Wyllie Tel: 020 3205 7500
  - Rupert Dearden Tel: 020 3205 7500
- Performance Communications
  - Alan Bulmer Tel: 01404 881798
- JBP Public Relations
  - Chris Lawrance Tel: 0117 9073414

# Financial calendar

Announcement of 2012 interim results	23 February 2012
Interim Dividend	25 May 2012
FY 2012 year-end	30 June 2012
Preliminary 2012 Results	September 2012
AGM	November 2012

# Financial results

28 Weeks	H1 FY2011 £000's	H1 FY2012 £000's	%
Revenue	31,269	31,520	0.8%
EBITDA	1,382	1,423	3.0%
Operating Profit	762	734	(3.6)%
Exceptional Items	-	-	-
Net Interest	(73)	(33)	54.8%
Profit before taxation	689	701	1.7%
EPS	4.6p	4.7p	3.1%
Net Debt	2,469	3,908	(58.3)%