



Interim Results Presentation

11th August 2015

Cautionary Statement

This review is intended to focus on matters which are relevant to the interests of shareholders in the Company. The purpose of the review is to assist shareholders in assessing the strategies adopted and performance delivered by the Company and the potential for those strategies to succeed. It should not be relied upon by any other party or for any other purpose. Forward looking statements are made in good faith, based on a number of assumptions concerning future events and information available to the Directors at the time of their approval of this report. These forward looking statements should be treated with caution due to the inherent uncertainties underlying such forward looking information. The user of this review should not rely unduly on these forward looking statements, which are not a guarantee of performance and which are subject to a number of uncertainties and other facts, many of which are outside the Company's control and could cause actual events to differ materially from those in these statements. No guarantee can be given of future results, levels of activity, performance or achievements.

Agenda

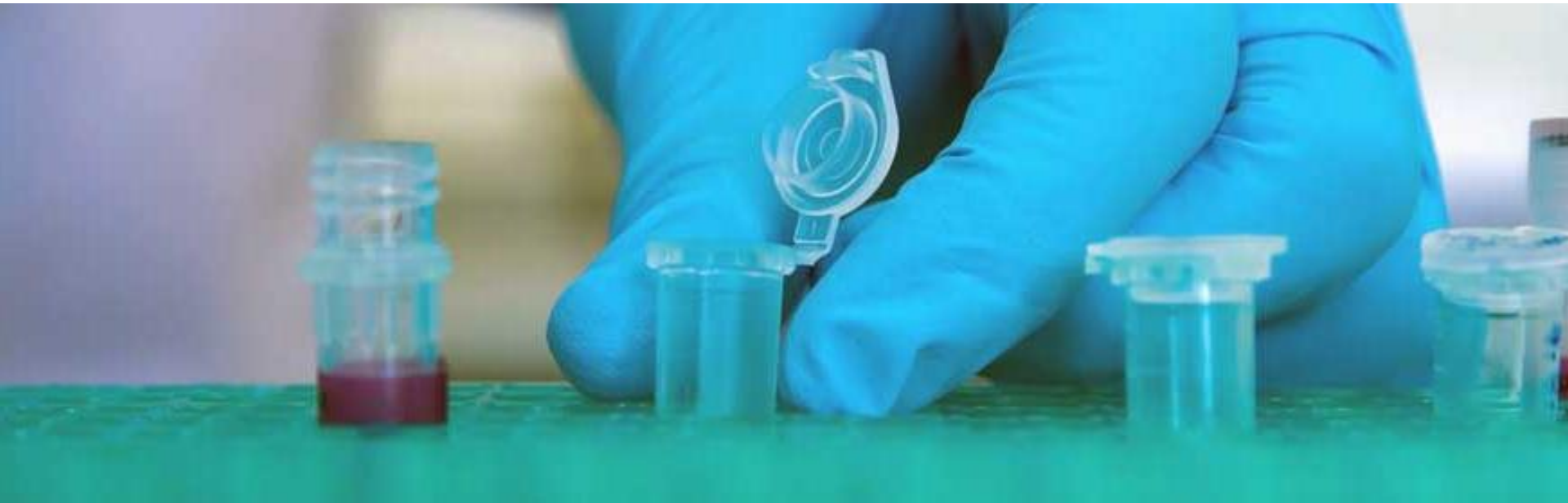
- Introduction and Headlines
- Financial Performance
- Business Review and H1 Progress
- Q&A



Strong Profit Growth; underlying EPS up 14.9%

- **Robust operating performance in Europe and North America (ENA):**
 - H1 operating profit stable in constant currency
 - Good progress in Constructions & Coatings, Functional Polymers & Foam
 - Challenging Paper and Carpets markets
- **Strong performance in Asia and Rest of World (ARW):**
 - Reflecting improved market conditions and successful innovation
 - Volumes and margins stronger across all regions and markets relative to weaker H1 2014
- **Continued focus on innovation:** Sales of products launched in last 5 years 16.0%
- **Good operational progress:** Streamlined executive team; new operational London HQ from September
- **Strong cash flow generation:**
 - Net debt reduced to £77 million (31 Dec. 2014: £112 million) pre dividend payment £42.8 million
- **Earnings per share up 14.9% to 11.6p**
- **Interim dividend increased by 0.2p to 3.2p per share, up 6.7%**

Financial Performance



Strong Earnings Growth: EPS up 14.9% at 11.6p

	2015	2014	% Change	% Constant FX
Volumes (Ktes)	649.6	608.5	6.8	
Total Sales (£m)	468.7	510.1	(8.1)	(1.9)
EBIT (£m)	55.4	51.1	8.4	16.4
PBT (£m)	51.3	45.0	14.0	23.1
EPS	11.6p	10.1p	14.9	
DPS	3.2p	3.0p	6.7	

- Group volumes up 6.8%: Europe up 4.7%, (exclude Synthomer Finland: down 1.6%), Asia up 11.1%
- Adverse currency translation of £4m
- EPS up 14.9% to 11.6p
- Interim dividend up 6.7% to 3.2p per share

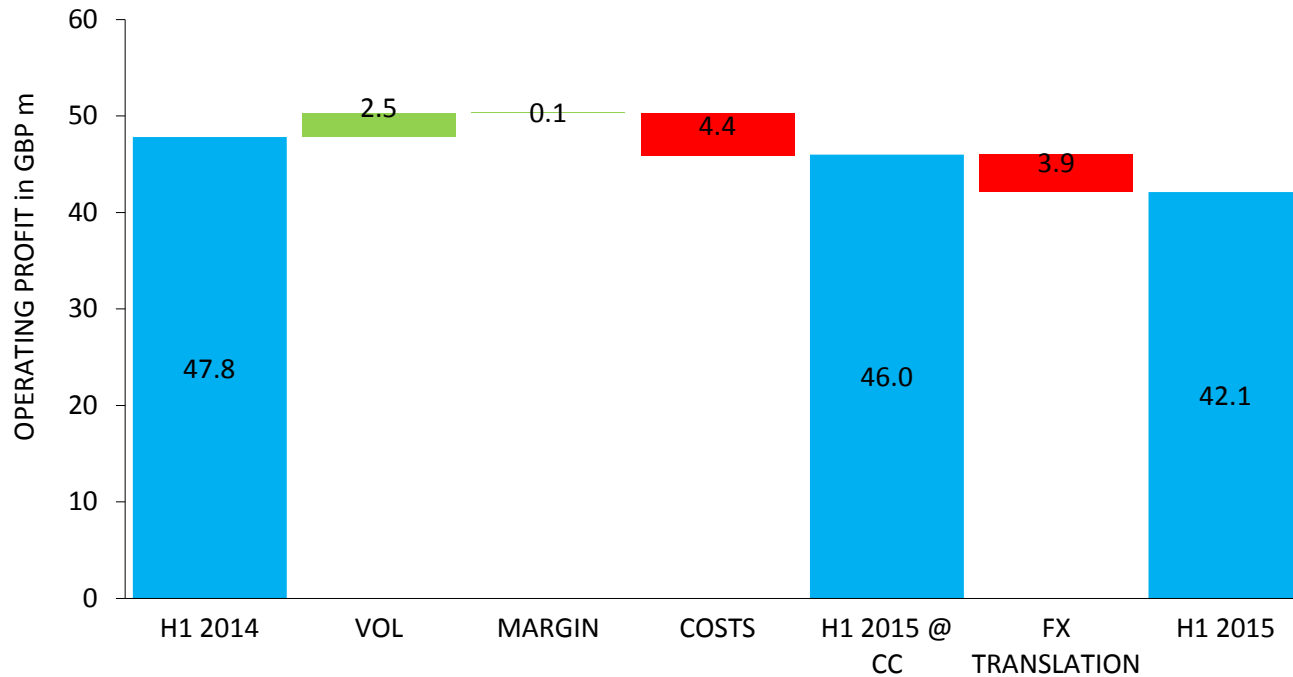
Segment Operating Profit: Different Market Dynamics

	2015	2014	% Change	% Constant currency
ENA				
Volumes (Ktes)	432.9	413.4	4.7	
Sales (£m)	307.0	362.7	(15.4)	(6.9)
EBIT (£m)	42.1	47.8	(11.9)	(3.8)
ARW				
Volumes (Ktes)	216.7	195.1	11.1	
Sales (£m)	161.7	147.4	9.7	10.4
EBIT (£m)	18.9	7.3	158.9	161.6

- ENA 65.5% sales, 69.0% EBIT (by origination)
 - Operating profit flat, strength in C&C, FP and Foam, compared with Paper and Carpets
 - Currency impact £4m

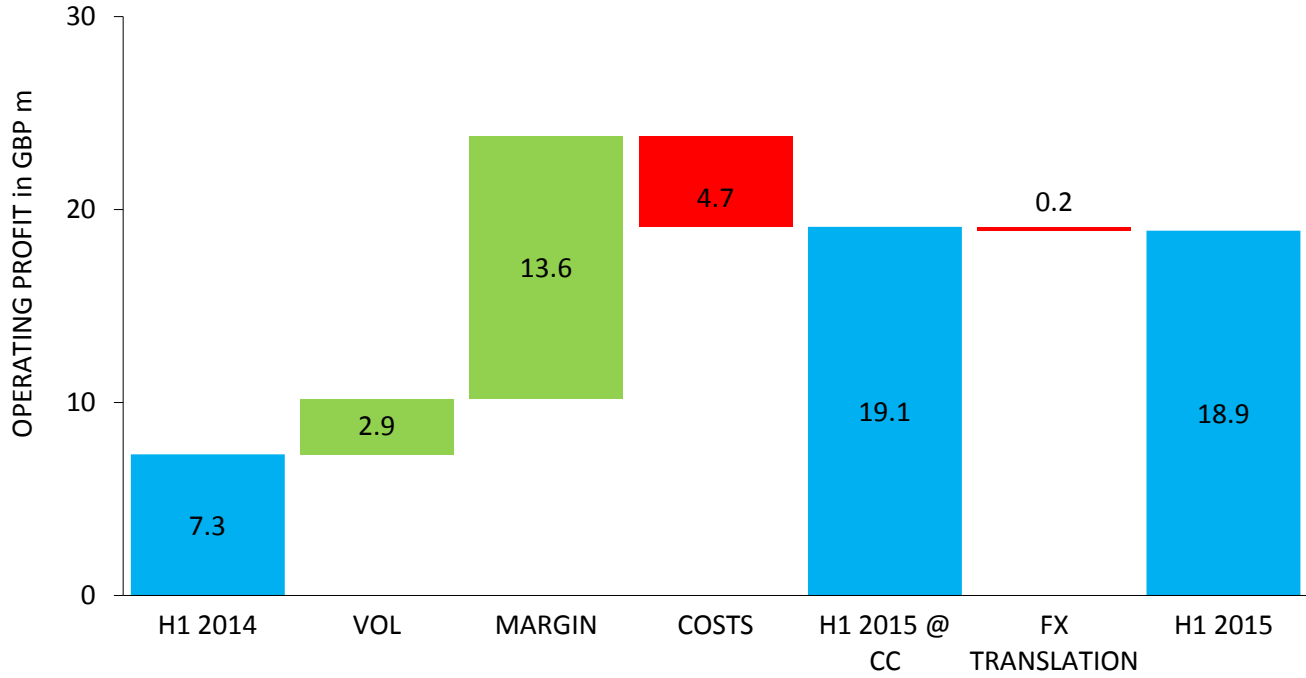
- ARW 34.5% sales, 31.0% EBIT (by origination)
 - Exceptional operating profit across all regions and businesses
 - Volumes and margins up

ENA: Stable Operating Profit (post currency and performance bonuses)



- Volumes higher by 4.7%, (Synthomer Finland), underlying volumes down 1.6%
- Average unit margins flat, higher unit margins in C&C, FP and Foam offset by lower unit margins in Paper
- Costs – Synthomer Finland, prudent accrual of employee performance bonuses

ARW: Strong Operating Profit, up 161.6% (constant currency)



- Volumes higher across all regions and businesses by 11.1%, mainly Dispersions (Construction & Coatings) and Nitrile Latex
- Average unit margins also up, across all regions, underpinned by Malaysia
- Costs – Production costs, investment in R&D initiatives and sales & marketing, prudent accrual of employee performance bonuses

Strong Cash Flow

£m	2015	2014
Underlying EBIT inc JVs (£m)	55.4	51.1
JVs	(2.4)	(3.1)
Underlying EBIT exc JVs (£m)	53.0	48.0
Depreciation (£m)	11.2	9.7
Movement in working capital (£m)	(18.9)	(19.1)
Capital expenditure (£m)	(7.8)	(11.6)
Tax, interest, pensions, JV dividends (£m)	(10.9)	(10.7)
Business cash flow (£m)	26.6	16.3

- Improved cash flow principally reflecting higher EBIT and lower capex
- Seasonal working capital outflow seasonal
- Capital expenditure principally SHE related
- H2 capex slightly higher reflecting expansion in Asian Nitrile capacity

Conservative Balance Sheet and Good Liquidity

	2015	2014
Net cash (£m)	44.1	78.1
Borrowings (£m)	(121.3)	(192.7)
Net debt (£m)	(77.2)	(114.6)
Undrawn revolver (£m)	100.0	60.0
Net debt: EBITDA (LTM)	<1.0	<1.0

- Conservative balance sheet – net debt: EBITDA <1.0 pre dividend payments
- Substantial available liquidity
- Existing bank debt facilities committed 5 year £210m revolving loan facility (2019)
- Final 2014 ordinary dividend 4.8 pence and special dividend 7.8 pence paid 3 July 2015 £42.8m taking pro-forma net debt/ EBITDA ratio to within stated target range
- Group share of signed Malaysian land sale contracts approximately £27m. The final net proceeds are expected 2016 and have now been 90% hedged

Closing Remarks

- Tax rate:
 - Currently stable, but awaiting outcome of Base Erosion and Profit Stripping (“BEPS”)
- Pensions:
 - Triennial valuation; awaiting outcome and discussion on funding plan
- Synthomer 2015 on track to deliver approximately €10 million annualised savings by end 2015
 - H1 end run rates €3 million savings delivered
 - €12 million new targeted (+€2 million)
- FX translation impact:
 - ENA full year circa £6-7 million, ARW full year circa £1-2 million
- Reporting:
 - Maintain quarterly updates – narrative and volume and margin only

Business Review and H1 Progress



H1 Priorities

SHE

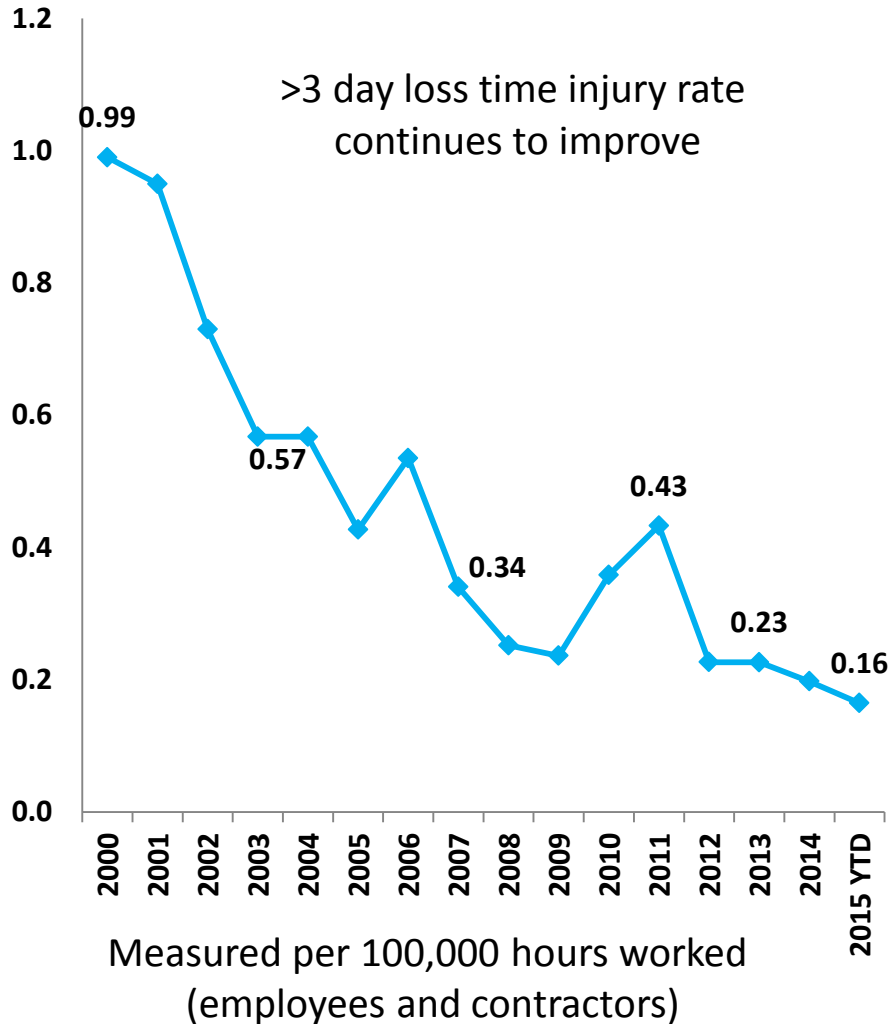
Develop key understanding of the business

Identify key priorities for future growth

Optimise organisational structure

Long term growth story

Safety, Health and Environmental (SHE) Performance Review

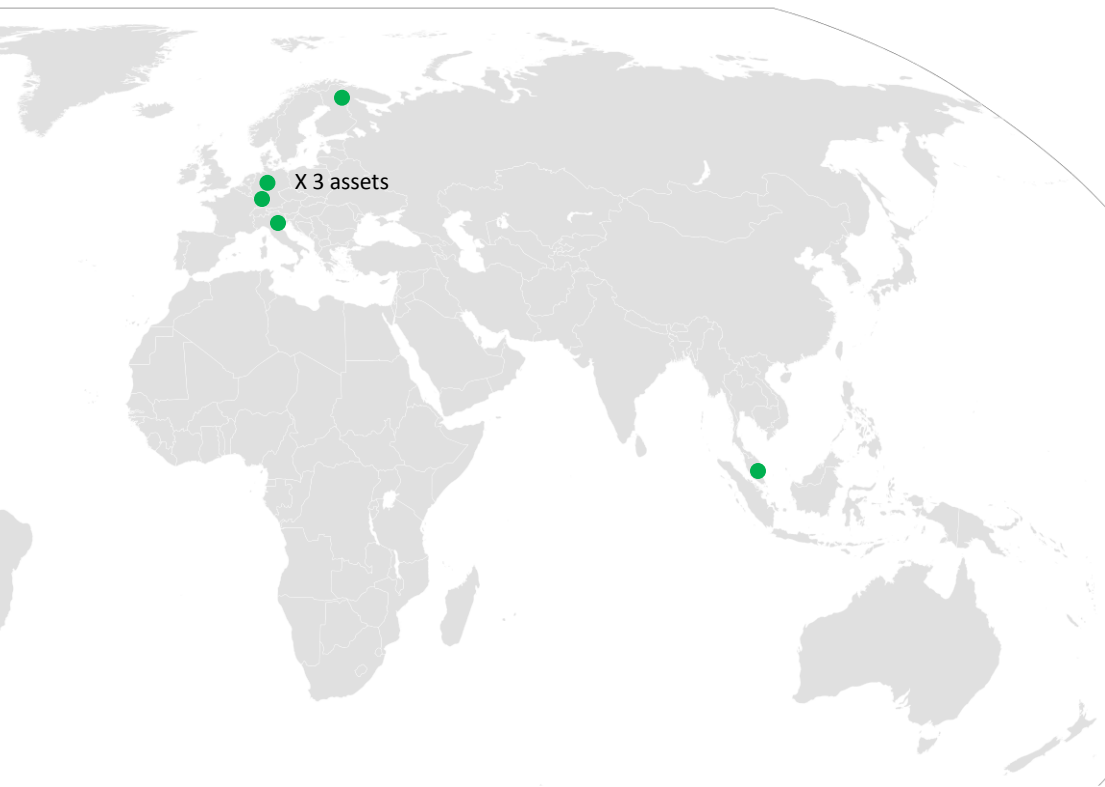
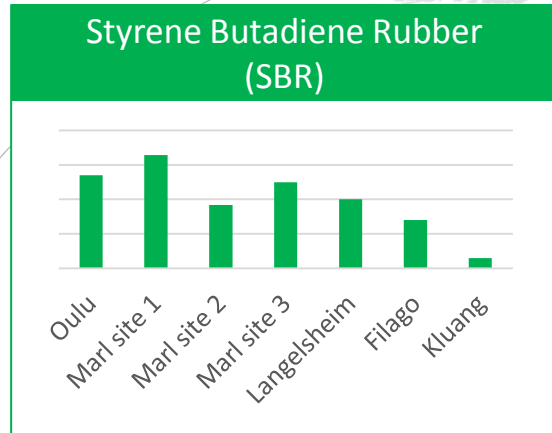


- Line of Fire Training programme on all sites



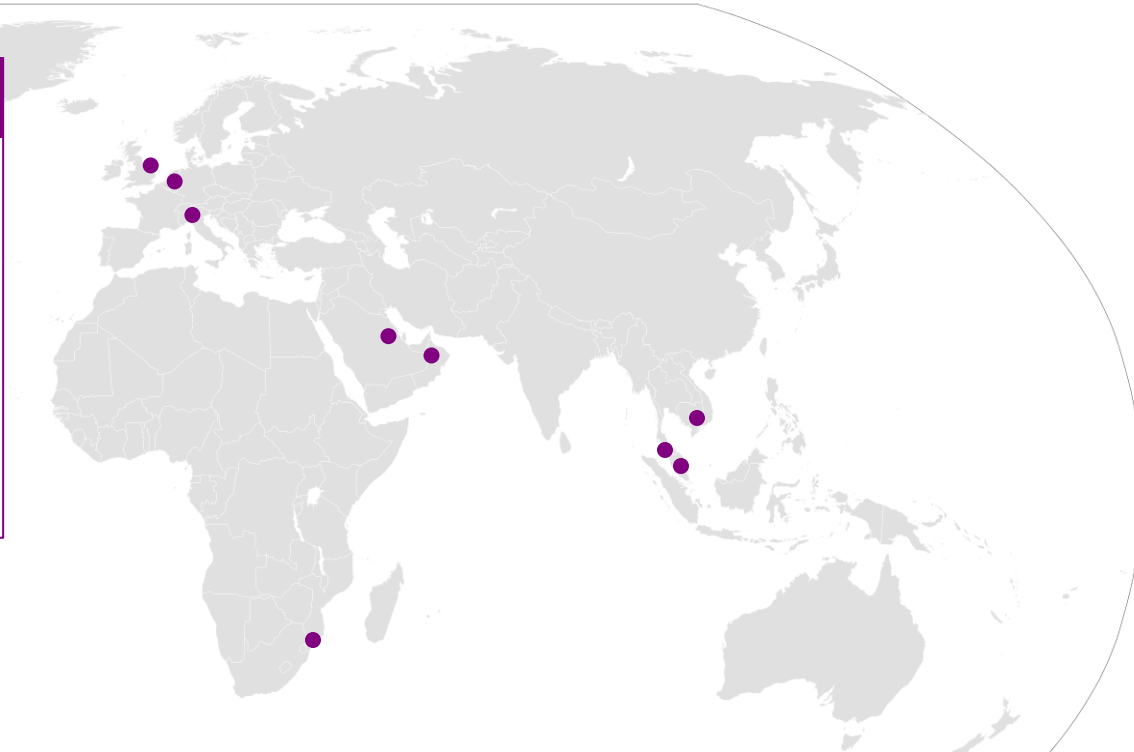
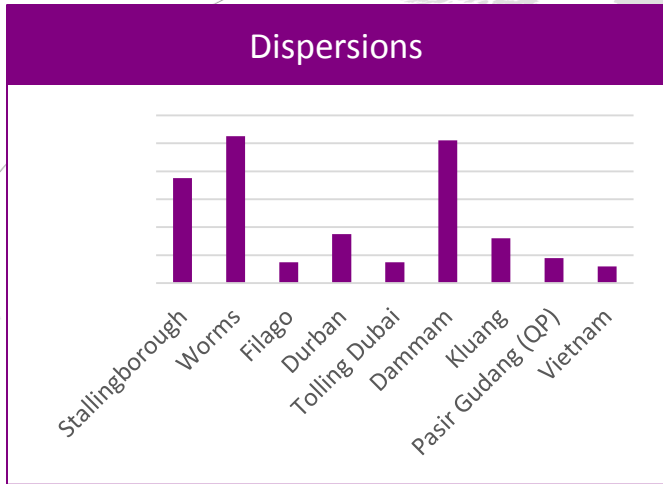
- Leading Indicators showing improvement
 - Critical Equipment Inspections
 - Positive safety indicators
 - Process Safety improvement plans
 - Management of Change
- Other significant practices improvements
 - Competency assessment for manager and engineers
 - Group safety audits
- Energy
 - Plans in place for top 5 consuming sites to beat company 2% annual reduction targets

SBR Latex: Locations and Assets – mainly Europe



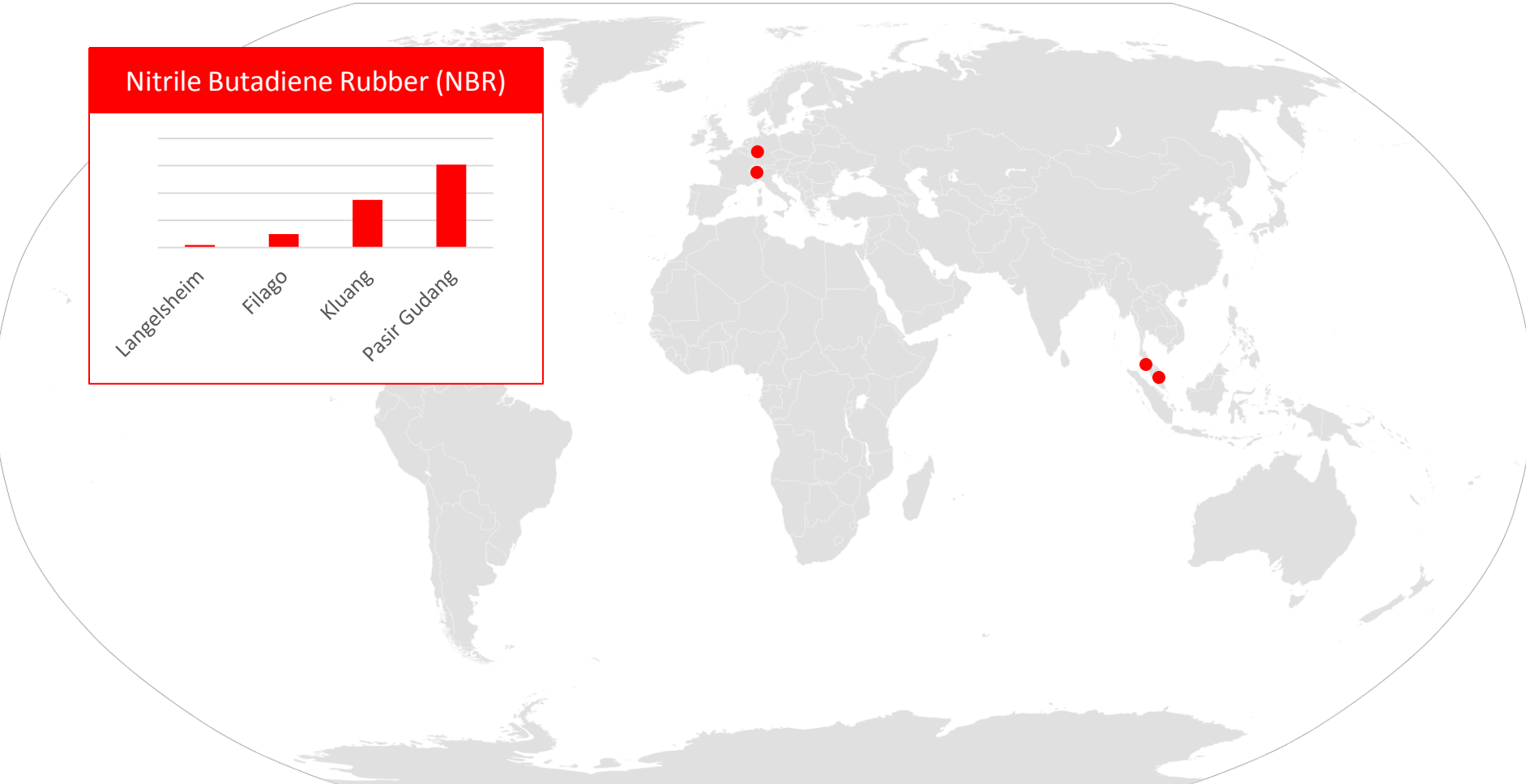
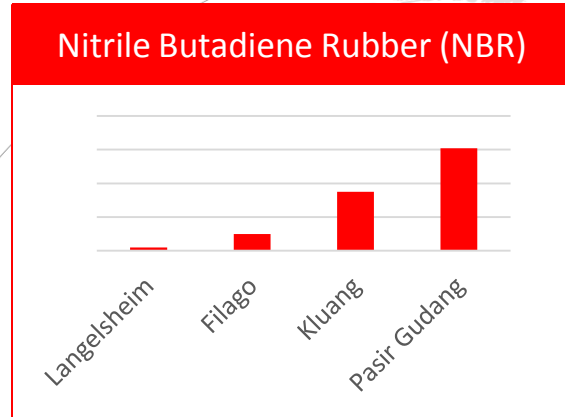
Carpets & Foam	SBR Latex and compounds for carpets, pillows and mattresses	<ul style="list-style-type: none"> ▪ No 1 in Europe in SBR ▪ No 1 in Europe in Compounds ▪ No 1 Worldwide in HS-SBR
Construction & Textiles	SBR Latex for cement additives, textiles and glass fibre insulation	<ul style="list-style-type: none"> ▪ No 1 Worldwide
Paper	SBR Latex for coated paper & board	<ul style="list-style-type: none"> ▪ No 2 in Europe

Dispersions: Locations and Assets



Paint	Decorative, speciality and industrial	<ul style="list-style-type: none"> ▪ No 1 in UK, Middle East, S Africa and ASEAN ▪ No 4 in Europe
Adhesives	Pressure sensitive labels and tapes, packaging and wood glues	<ul style="list-style-type: none"> ▪ No 1 in UK, Middle East ▪ No 1 ASEAN in Paper & wood ▪ No 3 in Europe
Construction	Building adhesives and sealants, cement additives	<ul style="list-style-type: none"> ▪ No 1 in UK, Middle East, ASEAN ▪ No 3 in Europe

NBR Latex: Locations and Assets – mainly Asia

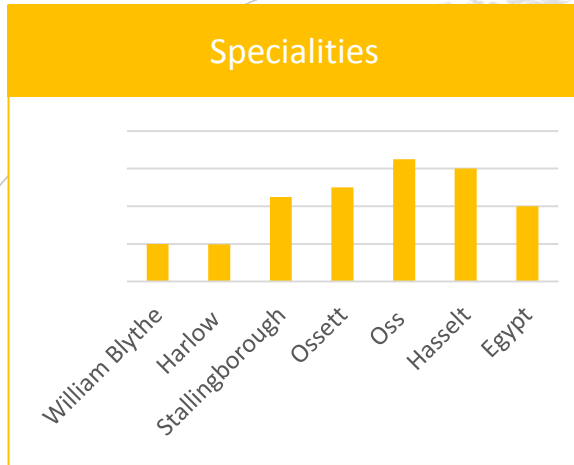


Dipped Goods

Nitrile Latex for thin wall protective gloves and industrial gloves

▪ No 1 Worldwide

Specialities: Locations and Assets – Europe



X 4 sites
X 2 sites

Alcotex	Speciality Polyvinyl Alcohol for use as a suspension agent in PVC polymerisation	<ul style="list-style-type: none"> ▪ No 1 Worldwide
Lithene	Liquid Polybutadiene for automotive sealants, electronic encapsulants, printing plates and specialist coatings	<ul style="list-style-type: none"> ▪ No 2 in Europe and USA
Lipren/ Pyratex	Speciality water-based polymers for protective gloves, contact adhesives, tyre cord adhesive	<ul style="list-style-type: none"> ▪ Focused niche player

A Robust Business in Europe & North America

SBR Latex: 48.2% of volumes (Paper: 33.1% , Carpet: 10.4% & Foam: 4.7%)

End Market	Market Outlook	Objectives
Paper	Volumes ↓ Margin —	Maintain market share Margin stability
Carpet	Volumes — Margin —	Maintain volumes Margin stability
Foam	Volumes ↑ Margin ↑	Volume and margin growth

Dispersions: 31.8% of volumes

End Market	Market Outlook	Objectives
Construction & Coatings Functional Polymers	Volumes ↑ Margin ↑	Volume and margin growth

Specialities: 12.4% of volumes

End Market	Market Outlook	Objectives
PVOH, Compounds, Lithene	Volumes ↑ Margin ↑	Volume and margin growth

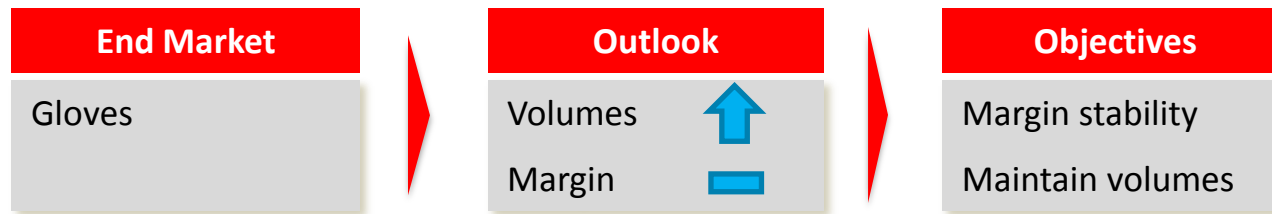
Priorities

- Drive operational efficiencies
- Consider asset consolidation
- New plant development
- Continued R&D investment to drive innovation

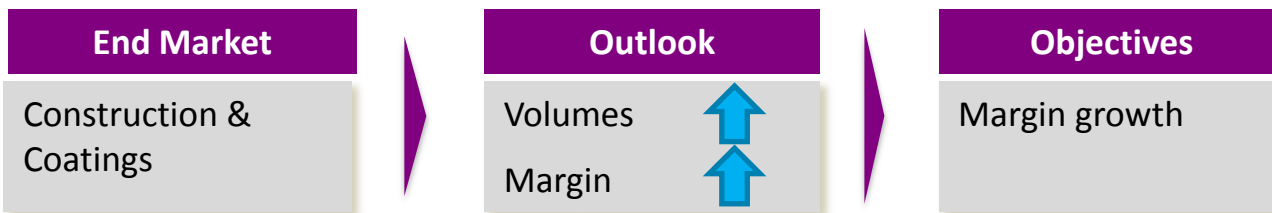
Strong Growth Momentum in Asia and Rest of World

Asia

NBR Latex: 66.2% of volumes

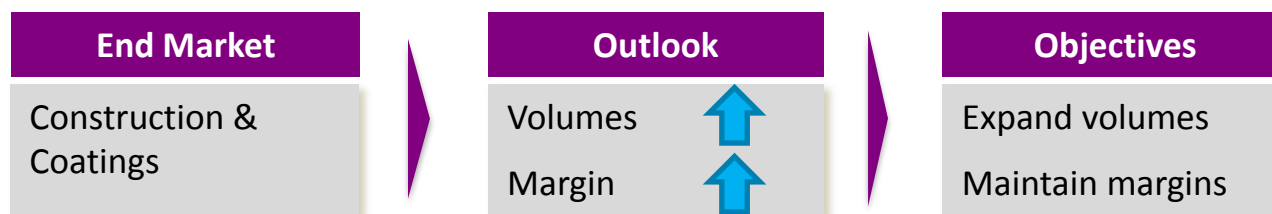


Dispersions: 21.4% of volumes



MEA

Dispersions: 94.6% of volumes



Priorities

- Expansion opportunities in PG (NBR) and Kluang (Dispersions)
- Introduction of new products from Europe
- Continued R&D investment to drive innovation

Continued Focus on Innovation

Coatings & Construction



- New range of SBR latex for polymer-modified mortar
- Growing sales from the new acrylic flooring adhesive
- First sales of new parquet floor coating

Health & Protection



- Continued sales growth of 6328 (launched 2013) as further gloves lines are converted
- Very successful market introduction of 6330
- Final line approvals for our new flagship grade 6338 are ongoing

Performance Polymers



- Lithene® Ultra technology delivering sales in new segments previously not accessible
- Market introduction of new patent pending PVC stabilisation platforms has started under NDA

Group Organisational Structure

- Executive team restructured to 7 people
 - More focus and increased accountability
 - European team to be based in London; office opens in September 2015

- Senior appointments:
 - Chief Financial Officer
 - Operations Director
 - HR Director
 - EMEA Latex Business Director

Long Term Growth Story

- Will continue to drive organic growth from the existing business
 - Confident of being able to deliver circa 3– 4% EBITDA growth p.a. through the cycle, focusing on high margin, high value businesses
 - Further supported by strong cash generation
 - Investment in Asia assets and R&D to drive innovation
- Continue to evaluate inorganic sector opportunities:
 - Bolt-on acquisitions up to £100 million within the same business area
 - More significant consolidation in new areas
 - Adjacent chemistries:
 - Speciality chemicals offering strong growth
 - Technical support function/ R&D content
 - Similar or greater EBITDA margins and non-cyclical
- Will maintain focus on capital discipline and ROIC

Summary and Outlook

Key Messages

- Accelerate growth for the long term – organically and through acquisition
- Allocate capital to deliver enhanced shareholder value
- Cost savings to deliver annual benefits of circa €10 million by end of 2015
- Innovation continuing at record levels
- Continued investment in fast growth markets

Outlook

- ENA expected to continue at similar volumes and margins, recognising seasonality
- ARW expected to be well ahead of prior year, inline with strong H1
- Headwinds from currency and prudent accrual of employee performance bonuses
- Board's expectations for Full Year unchanged