



INTERIM RESULTS
2012

FOCUSED ON OPPORTUNITIES

AVON
Avon Rubber p.l.c.



INTERIM RESULTS
2012

PETER SLABBERT CHIEF EXECUTIVE

AVON
Avon Rubber p.l.c.

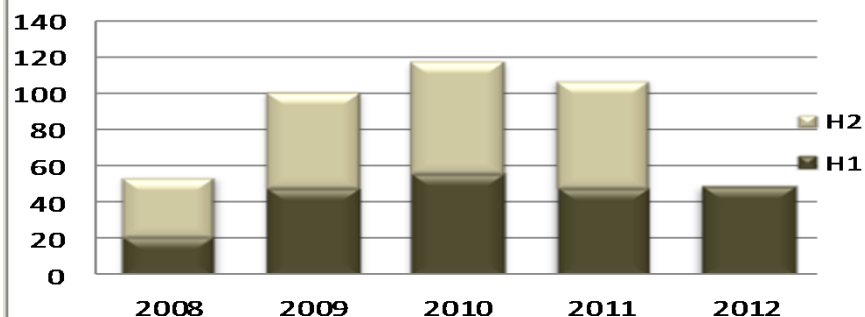
FINANCIAL HIGHLIGHTS

- Profit before tax up 6%
- Earnings per share up 5%
- Interim dividend of 1.2p per share up 20%
- Net debt reduced to £9.8m from £11.8m at 30 September 2011
- Lower interest costs and effective tax rate
- 126% conversion of operating profit to operating cash inflow

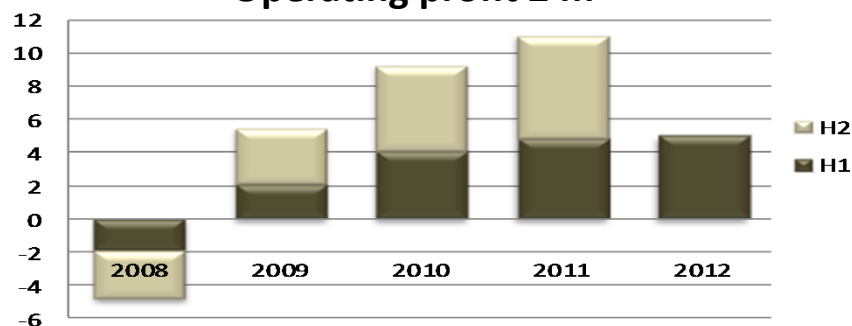
OPERATIONAL HIGHLIGHTS

- Growth in DoD respirator sales and order book secure for the next 12 months
- Continued growth in non-DoD Protection & Defence order intake, including a £14.7m order for 2013 and 2014 delivery announced today
- Project Fusion, our new product development programme, progressing to schedule
- Further market share gain for the Milk-Rite IP-MV liner
- Dairy sales and distribution facility established in China

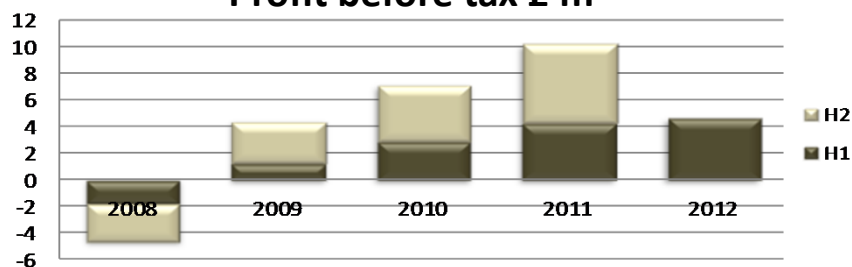
Revenue £'m



Operating profit £'m



Profit before tax £'m



GLOBALLY FOCUSED

- AVON PROTECTION DISTRIBUTORS & REPRESENTATIVES
- AVON PROTECTION - ISI DISTRIBUTORS & REPRESENTATIVES
- AVON DAIRY SOLUTIONS & MILK-RITE DISTRIBUTORS & REPRESENTATIVES

AGENTS AND DISTRIBUTORS		87		57		785
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<p>1 Avon Rubber p.l.c. Corporate Headquarters Melksham, UK</p> <p>1 Avon Protection Melksham, UK</p> <p>1 Avon Dairy Solutions Melksham, UK</p> <p>1 ARTIS Melksham, UK</p> <p>2 Avon Protection Cadillac, MI</p> <p>3 Avon Protection Baltimore, MD</p> <p>4 Avon Protection - ISI Atlanta, GA</p> <p>5 AEF Picayune, MS</p>	<p>6 Avon Protection Kuala Lumpur</p> <p>7 Avon Protection Brussels</p> <p>8 Avon Dairy Solutions Johnson Creek, WI</p> <p>9 Milk-Rite Modesto, CA</p> <p>10 Milk-Rite Rudnik, CZ</p>	<p>11 Milk-Rite Shanghai, CH</p>
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INTERIM RESULTS
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ANDREW LEWIS GROUP FINANCE DIRECTOR

AVON
Avon Rubber p.l.c.

GROUP INCOME STATEMENT

		2012 Interim £'m	2011 Interim £'m	2011 Year £'m
Revenue		49.6	48.0	107.6
EBITDA		7.2	7.1	15.7
Depreciation and amortisation		(2.2)	(2.3)	(4.6)
Operating profit	↑ 3%	5.0	4.8	11.1
Interest expense	↓ 37%	(0.2)	(0.2)	(0.5)
Other finance expense	↓ 14%	(0.2)	(0.2)	(0.4)
Profit before taxation	↑ 6%	4.6	4.4	10.2
Taxation		(1.3)	(1.3)	(3.1)
Profit for the period	↑ 7%	3.3	3.1	7.1
Earnings per share	↑ 5%	11.3p	10.8p	25.2p

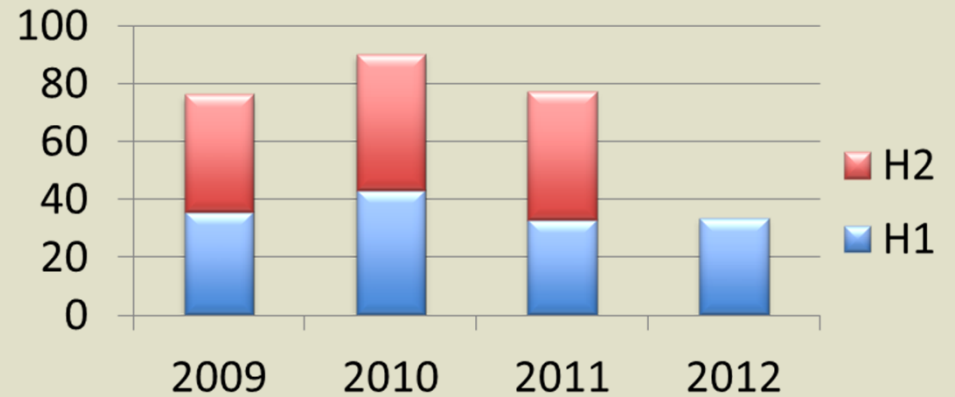


PROTECTION & DEFENCE

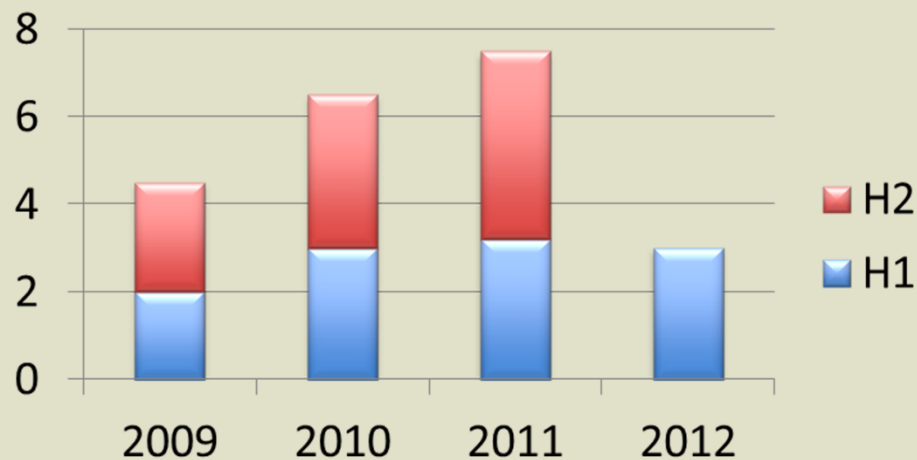
FINANCIALS

	2012 Interim £'m	2011 Interim £'m	2011 Year £'m
Revenue	33.2	32.7	77.4
EBITDA	5.0	5.3	11.6
Operating profit	3.0	3.2	7.5

REVENUE £m



OPERATING PROFIT £m



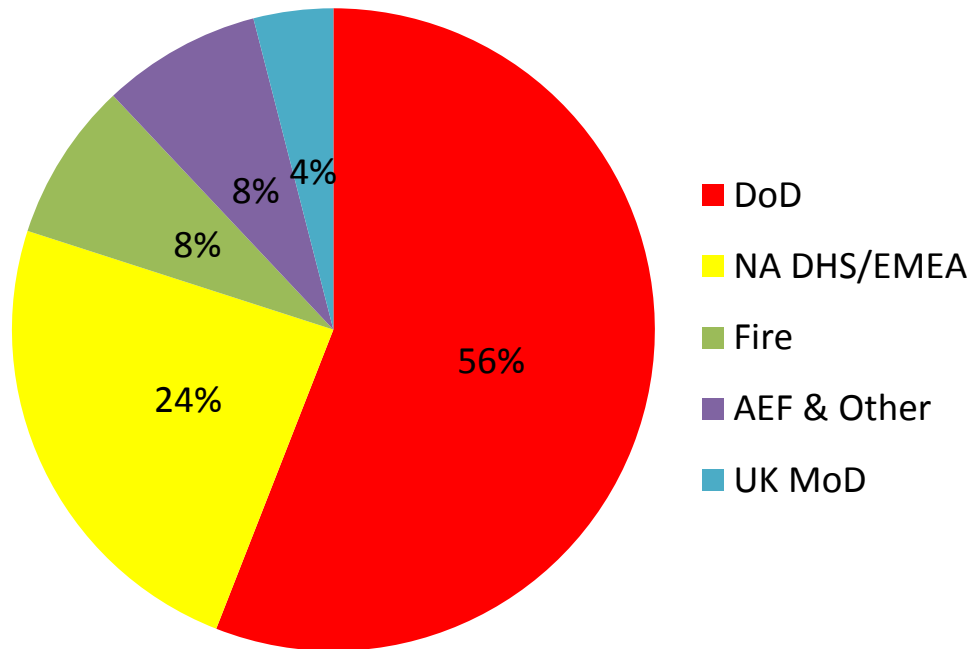
PERFORMANCE DRIVERS

- DoD respirator sales up 30% on 2011
- Shipment of filter spares affected by delays in US Government contract
- Growth in orders for non DoD respiratory protection products
- Lower level 'impact' sales compared with H1 2011
- Fire market challenging

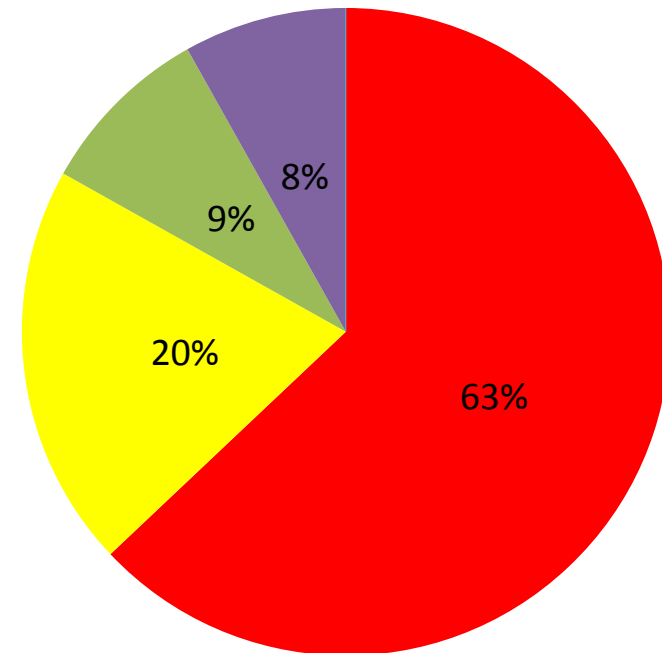


PROTECTION & DEFENCE REVENUE

2011 £77.4m

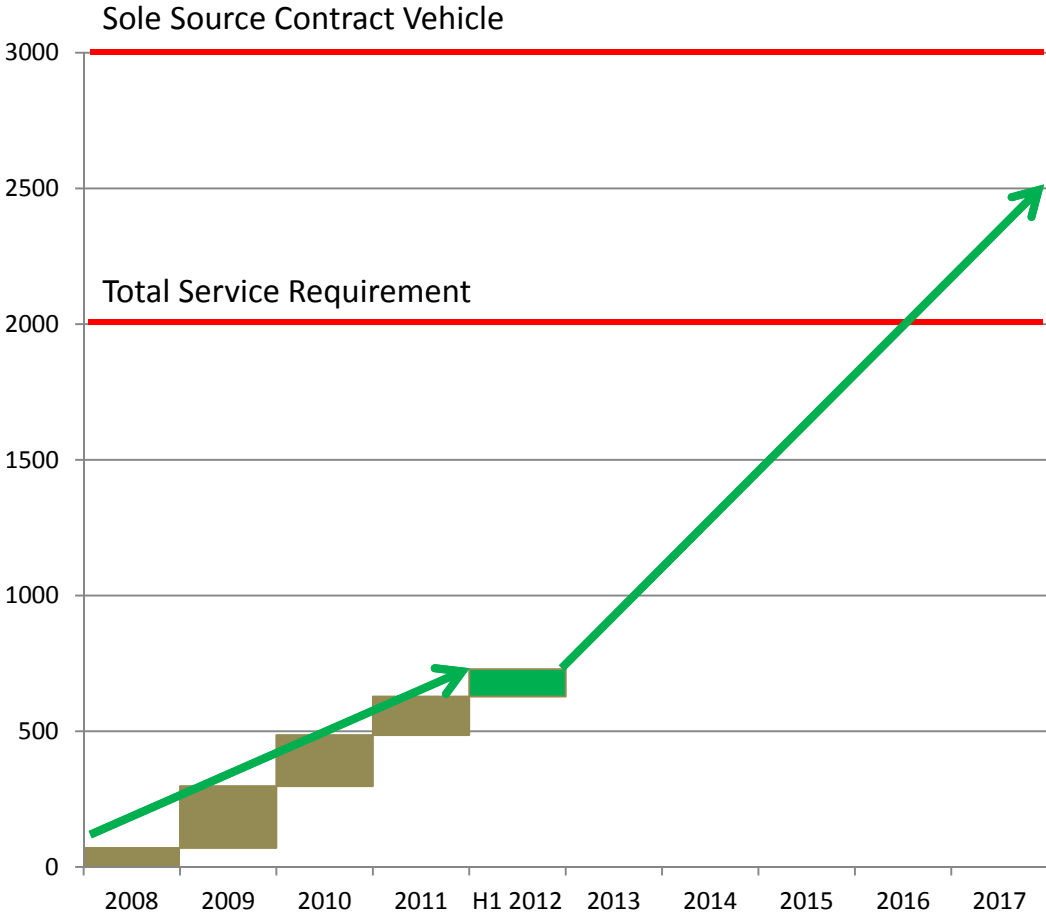


2012 H1 £33.2m

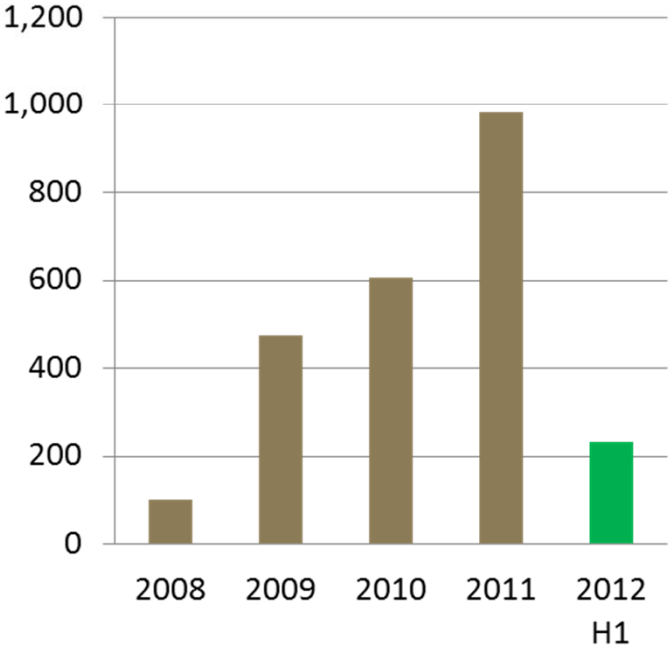


- ❑ Growth in DoD M50 mask sales, slight reduction in filter spares
- ❑ US DoD M50 masks and M61 filters still dominate Protection & Defence revenue
- ❑ Lower level of 'impact' sales due to timing of receipt of orders, but order intake up

Mask systems (thousands)



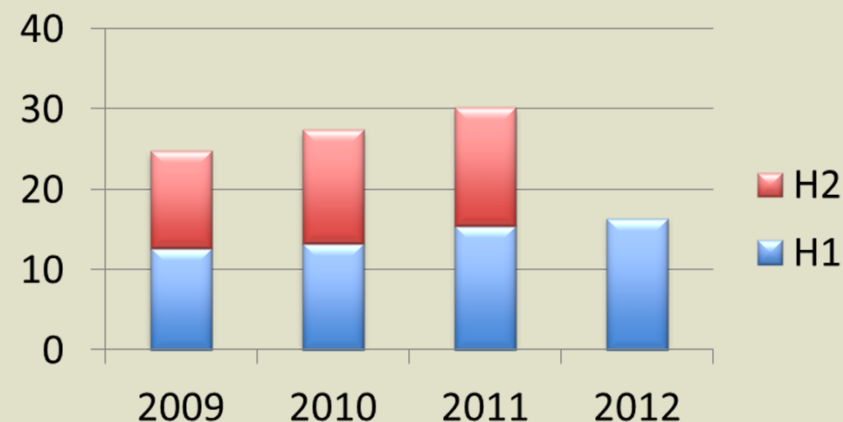
Filter spares (pairs) (thousands)



FINANCIALS

	2012 Interim £'m	2011 Interim £'m	2011 Year £'m
Revenue	16.4	15.4	30.2
EBITDA	3.2	2.7	5.9
Operating profit	2.9	2.5	5.5

REVENUE £m



OPERATING PROFIT £m



PERFORMANCE DRIVERS

- ❑ Sales and distribution facility established in China
- ❑ Dairy management team strengthened
- ❑ These investments added £0.3m to costs in H1 2012
- ❑ IP-MV liner reached 10% market share in North America
- ❑ Input cost increases passed on to customers accounting for £0.5m of revenue increase

US\$ TRANSLATION HAS NOT HAD A MATERIAL IMPACT THIS PERIOD

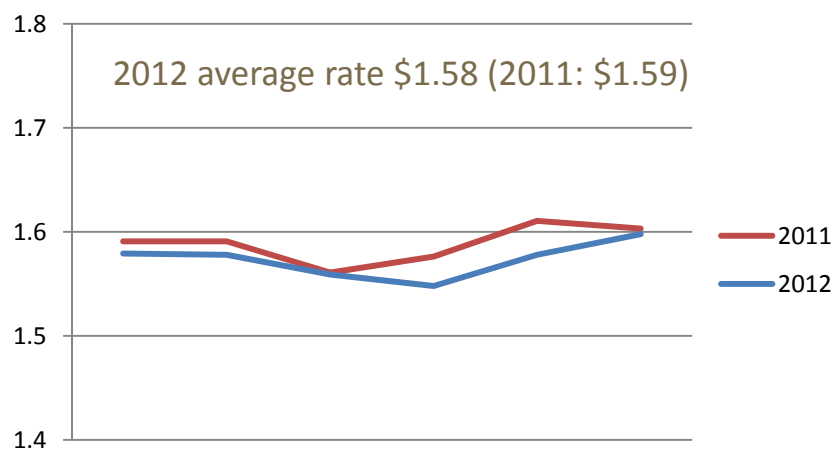
GROUP

	2012 H1 £'m	2011 restated at 2012 rates £'m	2011 H1 £'m
Revenue	49.6	48.4	48.0
EBITDA	7.2	7.2	7.1
Operating Profit	5.0	4.9	4.8

PROTECTION & DEFENCE

	2012 H1 £'m	2011 restated at 2012 rates £'m	2011 H1 £'m
Revenue	33.2	32.9	32.7
EBITDA	5.0	5.4	5.3
Operating profit	3.0	3.2	3.2

US DOLLAR RATES (OCTOBER - MARCH)



DAIRY

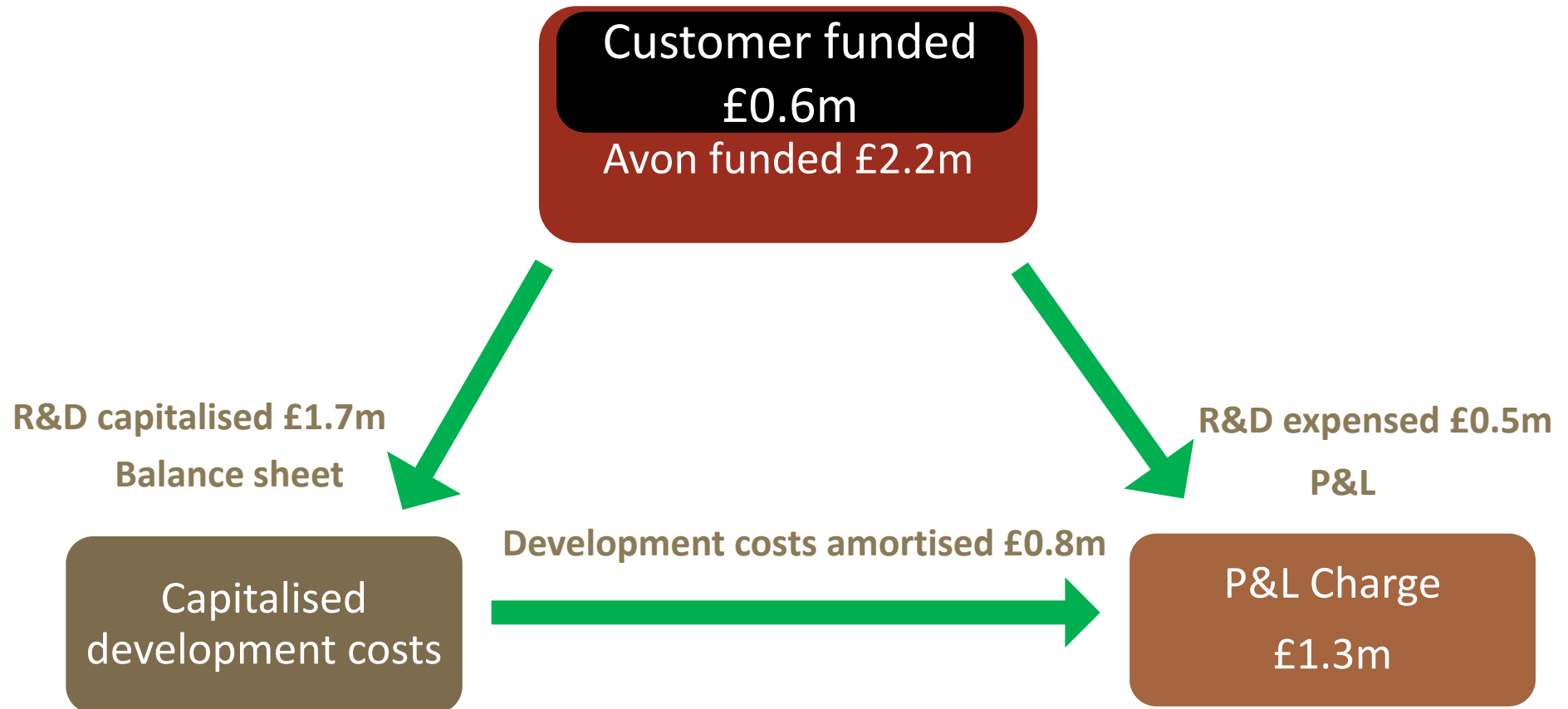
	2012 H1 £'m	2011 restated at 2012 rates £'m	2011 H1 £'m
Revenue	16.4	15.5	15.4
EBITDA	3.2	2.7	2.7
Operating Profit	2.9	2.5	2.5

CASHFLOW

	2012 Interim £'m	2011 Interim £'m	2011 Year £'m
Net cashflow from operations			
➤ Continuing	6.2	1.6	12.0
➤ Discontinued	-	(0.3)	(1.6)
Cash generated from operations	6.2	1.3	10.4
Tax	0.2	(0.2)	(1.5)
Interest	(0.2)	(0.3)	(0.5)
Payments to pension scheme	(0.2)	(0.2)	(0.9)
Net capital expenditure	(3.6)	(2.1)	(5.7)
Exchange and other	0.2	0.2	(0.3)
Dividends to shareholders	(0.6)	-	(0.7)
Movement in net debt	2.0	(1.3)	0.8
Opening net debt	(11.8)	(12.6)	(12.6)
Closing net debt	(9.8)	(13.9)	(11.8)

INCREASING INVESTMENT TO UNDERPIN GROWTH

R&D cash £2.8m (2011: £2.6m)



SUMMARY BALANCE SHEET

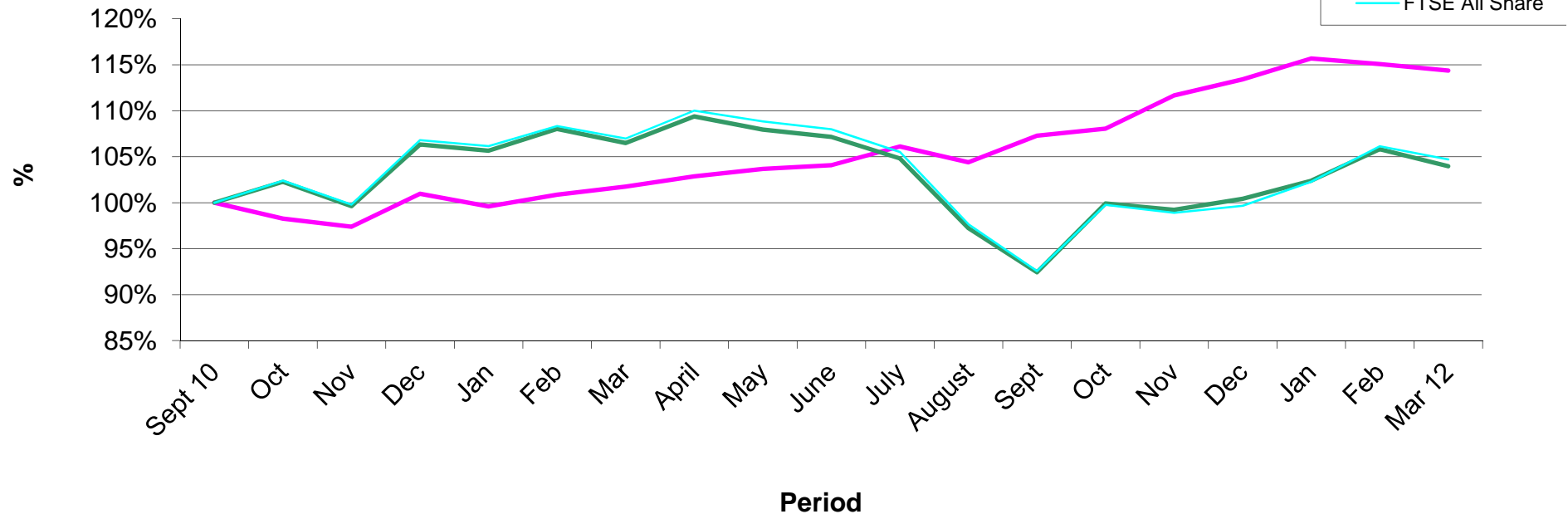
	2012 Interim £'m	2011 Interim £'m	2011 Year £'m
Intangible assets	11.1	9.1	10.5
Property, plant and equipment	16.8	16.4	16.7
Current assets	29.0	32.0	29.1
Current liabilities	(18.9)	(20.9)	(18.0)
Non-current liabilities	(5.4)	(5.4)	(5.6)
	32.6	31.2	32.7
Net debt	(9.8)	(13.9)	(11.8)
	22.8	17.3	20.9
Retirement benefit scheme surplus	2.0	0.9	0.3
Net assets	24.8	18.2	21.2

UK RETIREMENT BENEFIT SCHEME

IAS19 31 March 2012

- ❑ Surplus increased from £0.3m at 30 September 2011 to £2.0m at 31 March 2012
- ❑ Strong asset performance as investment strategy performed well in difficult markets
- ❑ Offset by higher liabilities caused by a lower discount rate due to fall in corporate bond yields

Pension fund value @ base v FTSE Indices
Start date 1/10/2010





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MILK-RITE® is a market leading brand of innovative high technology consumable products supplying the growing Dairy industry around the globe

Further development of the **MILK-RITE®** brand. Investment in product development and research into milking process. Establish China distribution capability.

Continued growth in existing markets with IP-MV and 'cluster' launch and further expansion into BRIC and ANZ territories.

Expansion of product range and global distribution. Capture growth in emerging markets.



2012

2013

2014

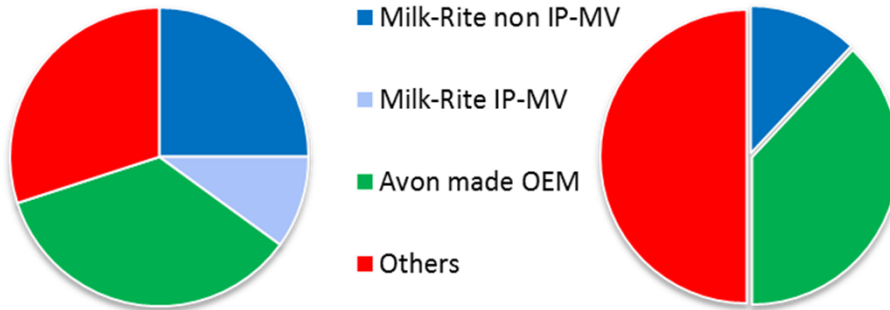
2015

MARKET SHARE

ROUTES TO MARKET

NA

Western Europe



- 800 Milk-Rite dealers
- Most global OEM's
- Avon distribution from Wisconsin (East Coast, USA), California (West Coast, USA) and Rudnik, (Cz Republic)

FUTURE POTENTIAL

USP's

- Farm consolidation drives technology requirement
- Top line volume growth from product innovation and expanded product range
- Positive operational gearing effect on margins
- Sales mix –Milk-Rite growth widens margins
- Differentiated technologies command price premium (IP-MV)

- Expertise in the milking process – fluid flow and material science
- Manufacturing knowhow and low cost base
- Brand recognition and trust
- Technology delivers efficiency and milk quality improvements to farmer
- Animal health benefits from product innovation

PROGRESS TO DATE

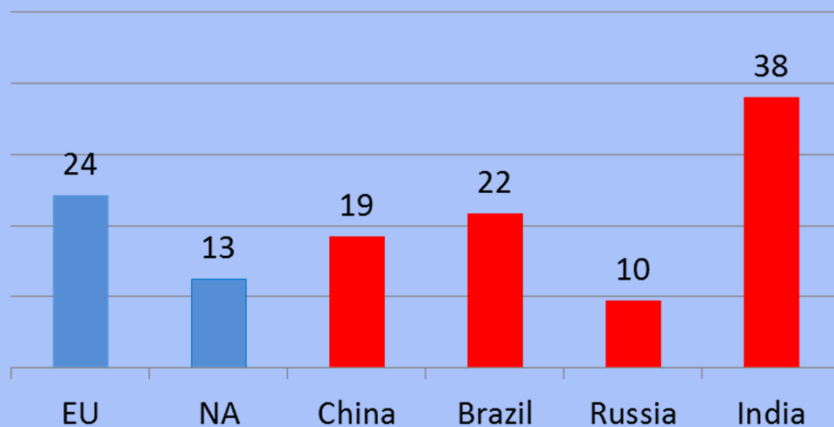
- UK based salesman covering EMEA market
- Eastern European resource added in 2010
- Middle East representative added in 2011
- Brazilian dealer added in 2011

2012 DEVELOPMENTS

- Opened Avon sales & distribution centre in China
- In-country Avon resource added in South America



SIZE OF OPPORTUNITY (COWS MILLIONS)



RISKS / CHALLENGES / MILESTONES

- Consumer demand for dairy products growing in China (5% pa) and Brazil (10% pa)
- Speed at which capital investment happens in emerging markets will dictate timing of demand
- Secondary growth from hygiene standard improvements (liner change times) and improved quality requirements from retail sector



*We are a customer driven **World Leader** of Advanced CBRN/Respiratory Protection systems delivering **Quality, Reliability, Performance and Value** to Military and First Responders.*

- JSGPM mask growth
- EMEA customer base growth
- Project Fusion investment
- Consolidate NA first responder sales activity

- JSGPM growth
- New products launched
- DoD new program opportunities
- Establish service offering

- Integrated, modular suite of products to meet all military and first responder respiratory protection and CBRN needs
- Through life PPE support provider
- Technically superior respiratory products to targeted industrial users



2012

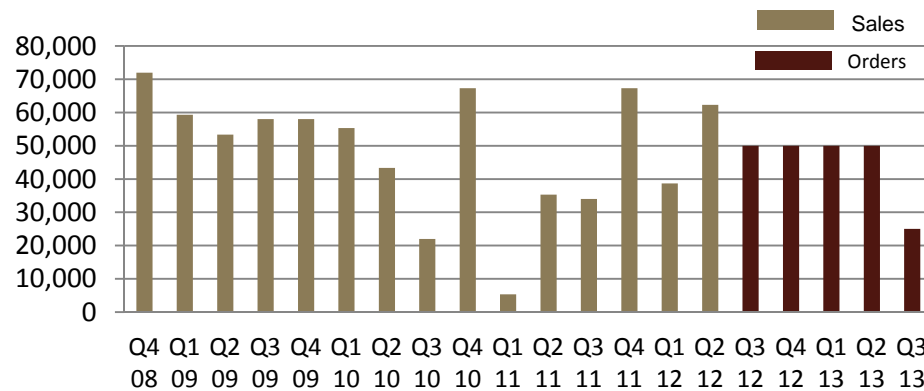
2013

2014

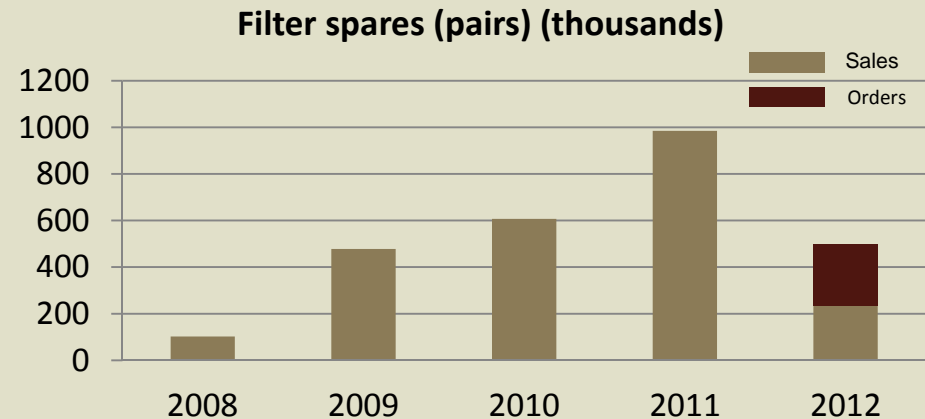
2015



JSGPM M50 MASKS



JSGPM M61 FILTERS



PROGRAM STATUS MASKS

- 10 year sole source contract
- Likely 20 year plus product life cycle
- Acceleration of procurement required to meet DOD total service requirement
- Army (biggest users) still to come on board
- Order book secured at H1 2012 levels through mid 2013

PROGRAM STATUS FILTERS

- 2011- 3 year sole source \$38m IDIQ contract
- 2012 - 5 year (+2 year option) dual source IDIQ contract (evaluated at \$176m)
- Likely second source in ~2 years but as fielded mask number grow, total demand is likely to increase
- Timing of orders under IDIQ contracts difficult to predict



EMEA FOREIGN MILITARY/FIRST RESPONDERS

MARKET SIZE

Europe, Mid East, Asia*	2009	2010	2011	2012	2013	2014	2015
Sales \$m	3,250	3,472	3,596	3,821	4,189	4,422	4,796
AGR %	-	5.5	5.5	6.5	7	8.5	8.5
CAGR %	~7						

* Frost and Sullivan 2010 – Total CBRN market trend

- Estimated CBRN respiratory value \$50m pa
- Number of Masks estimated at 1.5m – 2.2m (> 4m with Turkey / S Korea)
- Annual growth in line with inflation – Average 7%

SUCCESSSES

Existing Avon customers



- UK MoD
- UK Police
- Finland
- Singapore
- Australia
- Norway
- Denmark
- Australia

New Avon customers



- Saudi
- Kuwait
- Germany
- Italy
- France
- Singapore
- UAE

- Avon sales and marketing team established to provide global coverage and manage a network of in country agents

RISKS /CHALLENGES

- In-country procurement process less transparent
- Capital item so wait for replacement cycle
- Predicting the timing of ‘impact’ orders is difficult
- Margin pick up on these sales is good, but individual sales are lumpy and can therefore impact reporting cycle trends

MILESTONES

- Strategic, low value sales to Special Forces provides entry level to larger long term opportunities
- Impact orders particularly in the Middle East
- £14.7m order won in 2012 for 2013/14 delivery



NORTH AMERICAN DHS/FIRST RESPONDER

MARKET SIZE

NA	2009	2010	2011	2012	2013	2014	2015
Sales \$m	3,700	3,774	3,849	3,965	4,124	4,289	4,503
AGR %	-	2	2	3	4	4	5
CAGR %	-	3.6					

* Frost and Sullivan 2010 –Total CBRN market trend

- Estimated Non DoD CBRN respiratory value \$70m pa
- Fire Respiratory market value estimated at \$300m pa (2011)
- Number of CBRN Masks est. 1.13m, number of Fire SCBA's est. 300-500k
- Annual growth in line with inflation –Average 4%

SUCCESSSES

- Product of choice with C50/FM53/ST53 due to military pedigree
- Coast to Coast Sales and Marketing team
- Top Law Enforcement adopters –Chicago, LAPD, Baltimore, FBI
- Greatly expanded distribution network with new National players on board
- Double digit year on year growth since 2009

RISKS /CHALLENGES

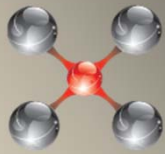
- Decreasing Department of Homeland security funding
- Reduced grants for Firefighters
- Regional complacency developing over future CBRN terrorist attacks
- Predicting the timing of orders can be difficult

MILESTONES

- Maximizing sale opportunity through total solution offering
 - Delivered through Fusion Program
 - Avon Finance Program
 - Service/training offering
- New standards e.g. (New Fire standard in 2013)
- World Events

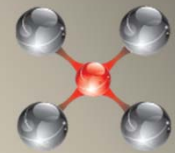


PRODUCT DEVELOPMENT



FUSION

- Board approved program to enhance product range
- Unique modular approach to respiratory protection
- Multi-community interaction through common Avon products
- Total market coverage for all Fire, Military and First Responder community
- Program delivers first products in 2013



FUSION

“TOTAL SOLUTION PROVIDER FOR SPECIALIST RESPIRATORY PROTECTION”





FUSION – INCREASING SALES VALUE THROUGH MODULARITY

TODAY



Mask \$500

Filter \$50

TOTAL \$550

- Fusion modules deliver add on options and unique performance
- Opportunity to increase sales value by a factor of 8

‘Only Avon can provide this approach’

THE FUTURE



Mask \$500

Filter \$50

PAPR \$650

CDV Hose \$750

SCBA \$2500

TOTAL \$4450



PROGRESS TO DATE

- Identified opportunity with US Navy
- Acquired technology from government funded business
- Further in house development
- Designed to meet existing and new NIOSH standards



2012 DEVELOPMENTS

- Production tooled product submitted to NIOSH for certification against existing standard. Expect certification July 2012
- New standard released in March 2012, final testing of units to allow for submission H2 2012

US NAVY REQUIREMENTS

- Existing product nearing end of its life
- Replacement product must overcome some issues with previous design (addressed in new NIOSH standard and by Avon design)
- 2013 budget lists procurement solicitation

OPPORTUNITY

- Installed base of 400,000 units worth \$120m
- The technology has applications in other market sectors
 - Mining
 - Railroads
 - Longer duration CBRN re-breathers



AIR CREW MASK TECHNOLOGY

PROGRESS TO DATE

- Program initiated by USAF in 2007 to use a modified Avon M53 mask system in lieu of the Gentex mask system
- DoD goal to reduce overall cost and schedule
- Program is currently supported by USN, USMC and Army Fixed wing

2012 DEVELOPMENTS

- Avon funded £125k for demonstrating capability
- Requirements met with early prototypes
- Continued administrative delays of RFP Documents
- DoD agreed acquisition (Jan 2012)
- Proposal and Project teams defined
- Awaiting RFP-sole source to Avon

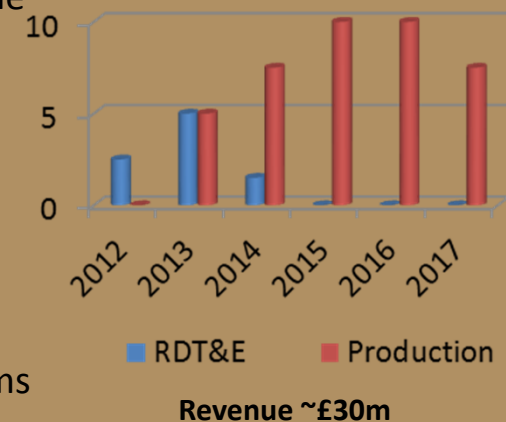
US AIR FORCE REQUIREMENTS

- Decompression capable
- AC operating altitude up to 42,000 ft
- Non-eject positions, Non-high-G
- Compatible with aircraft communications and O2 systems
- Valsalva capable
- Compatible with crew combat gear (Helmets)
- Tear-away feature for USN crews



OPPORTUNITY

- JSAM potential volume in excess of 30k units
- Overseas Air Force applications
- Future Fixed wing contract bid
- Leverage technology into other development programs





OTHER TECHNOLOGY/OPPORTUNITIES

Respiratory and PPE markets

Full Body

Communication

Helmet integration

Filtration

Respiratory

C50 CBRN MISSION KIT

C50 CBRN MISSION KIT	
Part	Description
70501-500	C50 Ensemble
70501-501	C50 Ensemble (with boots)
70501-502	C50 Ensemble (with boots and clear out)
70501-503	C50 Ensemble (with boots, clear out, and filter)

The Avon C50 CBRN Mission Kit has been developed for the National Guard and Civilian First Responder teams to provide respiratory and local body protection in the event of a WMD. The added benefits of the C50 PAFR and Lion ERS ensemble provide the wearer with the necessary protection for complex tasks required such as search, rescue, recovery and decontamination in non-CDLH environments.

C50 is a new generation of NIOSH certified protective mask (TC-14G-0285) and is based on the U.S. M8U / G6PM (Joint Services General Purpose Mask). Common accessories and maintenance parts greatly reduce logistical burden and through life cycle cost.

The NIOSH certified C50 CBRN PAFR (TC-14G-0294) provides a cooling effect with a higher degree of comfort while reducing pulmonary stress to help preserve user strength and mental acuity. The CBRN128 filters are certified with both mask and PAFR combinations for integral safety.

Avon has teamed with Lion Apparel to certify the C50 with their ERS rapid response ensemble. Certified to NFPA Class 3, the CBRN ensemble uses Subcutively Permeable Fabric (SPF) that is liquid proof, air permeable and breathable. The one-piece coverall with attached Goretex® glove liners and booties ensure no taping is required to deliver quick deployment.

The C50 CBRN Mission Kit includes a C50 Ensemble, C50 PAFR system and two CBRN128 filters that are NIOSH certified to protect against particulate hazards including dust, mist, bacteria and virus plus all NIOSH specified CBRN gases and vapors including nerve, blood, choking and blister agents.

Also included in the kit: ERS Class 3 ensemble, CBRN Overboots, clear out for enhanced optical protection, a primary L50, 10-year shelf life battery and storage bag.

For Product Information and Customer Service: customerservice@avon-protection.com | 888 AVON 440 | www.avon-protection.com



Detection

Collective Protection

Individual Protection

Decontamination

CBRN markets



The Protection & Defence business will continue to benefit from the security of the long term DoD contract and increased market share in the US homeland security and foreign military markets. In the short term, however, visibility and timing of filter orders from the DoD and foreign military orders remains limited. We are accelerating investment in Project Fusion's new products and technologies which will support an expanded product range . We also expect to continue to deliver further operational efficiencies.

In Dairy we remain well positioned in a market with long term growth potential. The market is stable, our cost base is appropriate and we have opportunities to further enhance profitability through our strong Milk-Rite brand, our distribution capability and by developing further innovative new products.

We are delivering our strategy. The Board remains confident that the Group can continue to progress and, as last year, expects stronger revenues in the second half.



- ❑ DoD contract security
- ❑ Non-DoD 2013 & 2014 order book being established
- ❑ Project Fusion on target
- ❑ BRIC expansion in Dairy
- ❑ IP-MV market share continues to grow
- ❑ Progress expected to continue





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Avon Rubber p.l.c. (the 'Group') is providing the following cautionary statement. This document contains certain statements that are or may be forward-looking with respect to the financial condition, results or operations and business of the Group. These statements are sometimes, but not always, identified by the words 'may', 'anticipates', 'believes', 'expects' or 'estimates'. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. A number of factors exist that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to (i) change to the current outlook for the world market for defence, security and dairy, (ii) changes in tax laws and regulations, (iii) the risks associated with the introduction of new products and services, (iv) significant global disturbances such as terrorism or prolonged healthcare concerns, (v) the termination or delay of key contracts, (vi) long term fluctuations in exchange rates, (vii) regulatory and shareholder approvals, (viii) unanticipated liabilities and (ix) actions of competitors. Subject to the Listing Rules of the UK Listing Authority, Avon Rubber p.l.c. assumes no responsibility to update any of the forward-looking statements herein.

