

# Fiberweb plc Preliminary Results - 2007

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# Fiberweb plc – Preliminary Results 2007

Business Review

Daniel Dayan

Financial Review

Dan Abrams

Outlook

Daniel Dayan

# Financial Summary

Continuing Financials	2007 (£m)	2006 (£m) @ 2007 FX	Variance (£m)
Revenue	473.6	478.4*	(4.8)
Underlying EBITDA	45.6	58.4*	(12.8)
Underlying Operating Profit	13.8	26.1*	(12.3)
EPS (Adjusted) (p)	2.6	5.1	(2.5)
Net Debt	137.6	170.7*	33.1

\*Items restated at 2007 exchange rates for direct comparison; prior year EPS of 5.1p is not restated.

# Turnaround Programme Continuing

- Some improvement in H2
- Simplified portfolio
- Industrial sales growth of 4.6% at constant currency
- Debt reduction of £33.1m at constant currency
- Final dividend recommended at 2.50p
- £95m reduction in asset and goodwill valuation

# Operational Progress

## Industrial

- Americas Industrial margin recovery to 5.9% H2 from 2.2% H1
- Non-US Industrial grew sales by 16% and profit by 55% at constant currency
- North America housewrap sales stable at \$42m
- Polyester recycling facility fully operational
- Berlin and Bidim lines fully operational

## Hygiene

- Sweden L5 – fully commissioned
- Korma Airlaid now operational
- China Airlaid 2 on track for Q1 08 start up
- Productivity improvement
  - Sales per head to £195K 2007 from £162K 2006 at constant currency (+20%)

# Takeover Approach

- Due diligence underway
- Board continues to believe a cash offer of 100p plus 2.5p dividend would represent fair value at this point in Fiberweb's development
- Management continues to drive Fiberweb's turnaround programme
- No customer/supplier or investment disruption



# Financial Review

Daniel Abrams

CFO

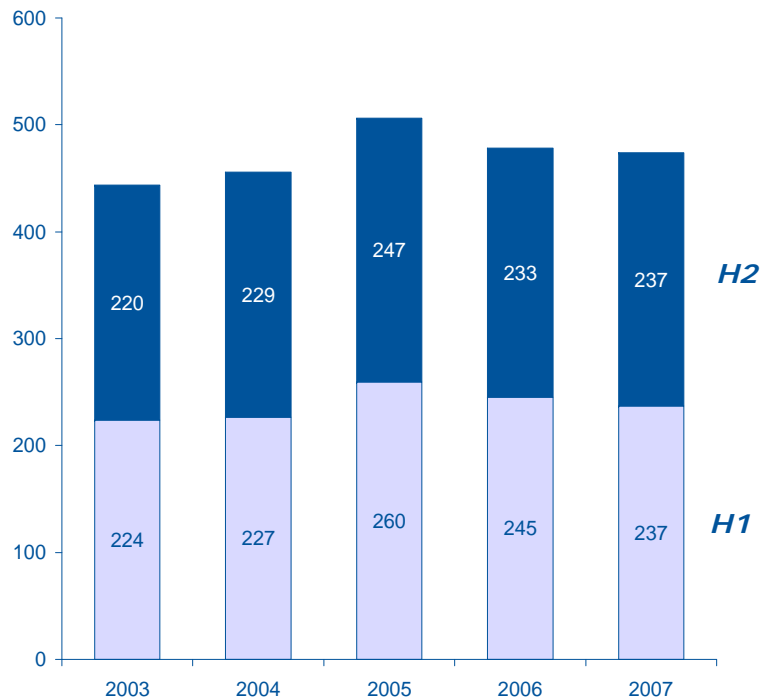
# Financial Overview

Continuing Financials (£m)	2007	2006@07 FX	2006	% Change @07 FX
Revenue	473.6	478.4	499.9	(1.0%)
Underlying EBITDA	45.6	58.4	60.6	(21.9%)
Underlying Operating Profit	13.8	26.1	27.1	(47.1%)
Operating Profit Margin	2.9%	5.5%	5.4%	
Profit before tax	3.0	11.6	12.6	(74.1%)
EPS (Adjusted) (p)	2.6		5.1	
EPS (p)	(76.3)		(35.3)	
Dividends (p)	4.20*	3.95*	3.95	
Net Debt	137.6	170.7	165.3	£173m@ demerger
<b>Average FX</b>				
Rates USD : £	2.00	2.00	1.83	
Euro : £	1.46	1.46	1.46	

\*Final dividend 2.5p; interim 1.7p. 2006 final dividend 3.95p; interim nil

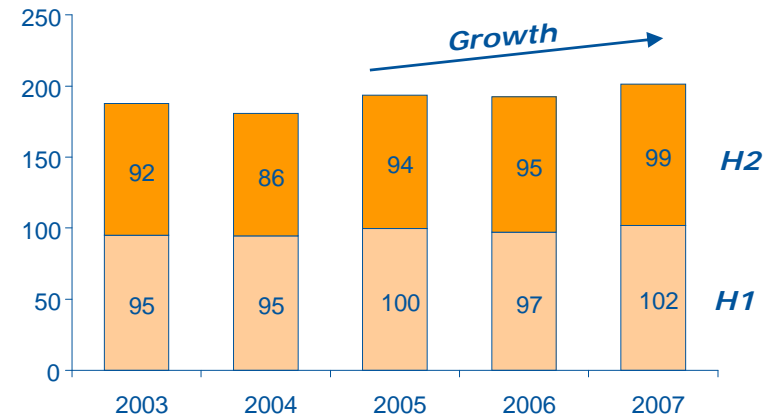
# Revenue Development

## Overall (£m)

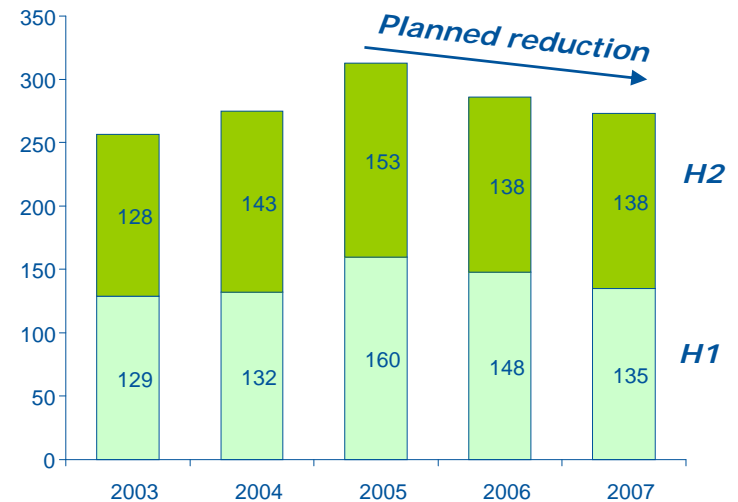


2006 sales shown at 2007 equivalent exchange for comparability  
 2003 UK GAAP; 2004-05 IFRS as reported  
 Excludes discontinued operations and consolidation adjustments

## Industrial (£m)



## Hygiene (£m)



# Segmental Analysis

Continuing	2007 (£m)			2006 (£m)		
	Hyg.	Ind.	Total	Hyg.	Ind.	Total
Revenue	272.4	201.2	473.6	286.0	192.4	478.4
Sales growth	(4.8%)	4.6%	-	-	-	-
Operating Profit	10.1	10.8	13.8	13.9	13.9	26.1
Profit Margin	3.7%	5.4%	2.9%	4.9%	7.2%	5.5%
EBITDA	33.9	18.7	45.6	37.9	22.2	58.4
EBITDA Margin	12.4%	9.3%	9.6%	13.3%	11.5%	12.2%

• Central costs £7.1m (2007) and £1.7m (part year only 2006)

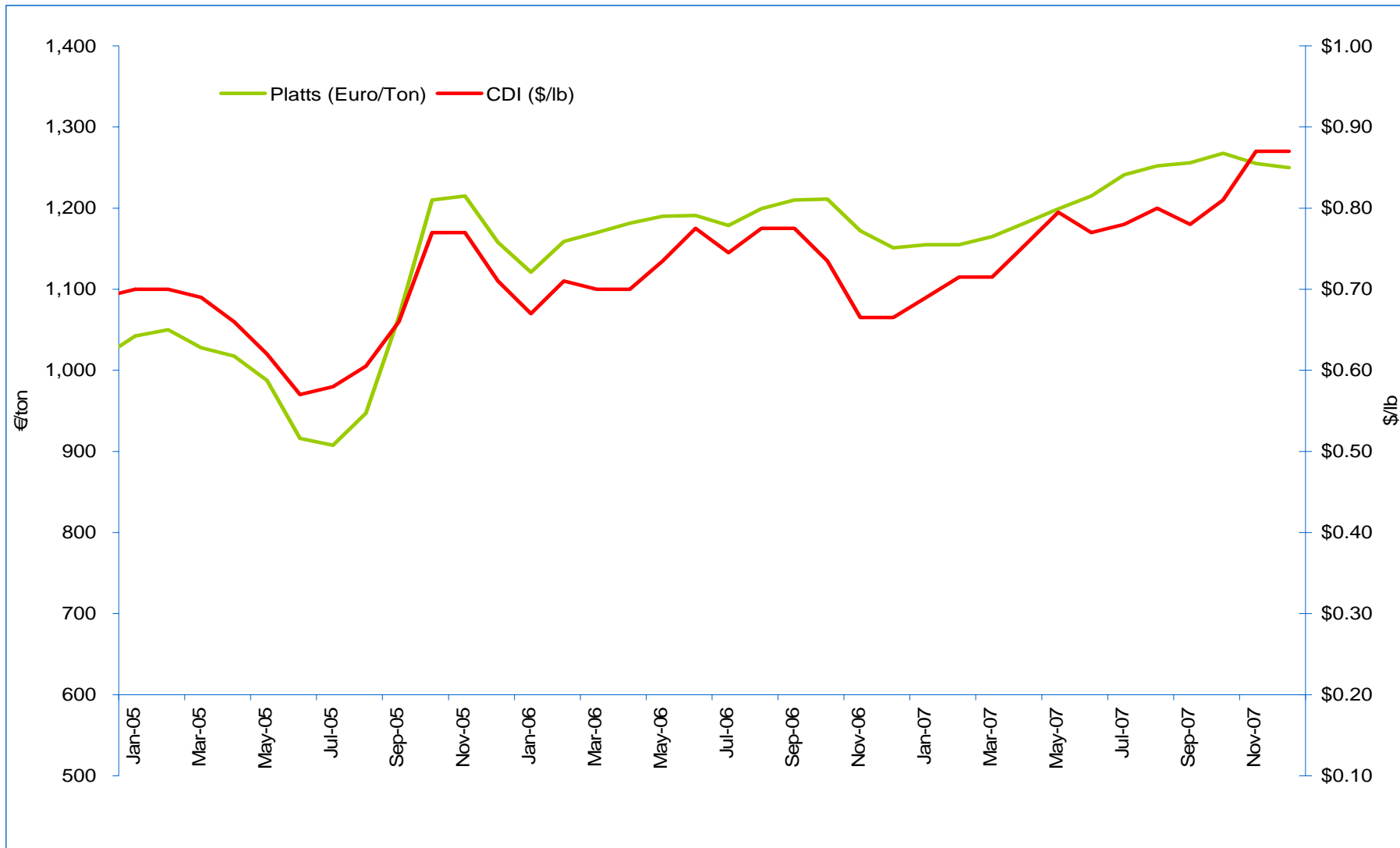
• All figs at 2007 rates

# Segmental H1/H2 Continuing Performance

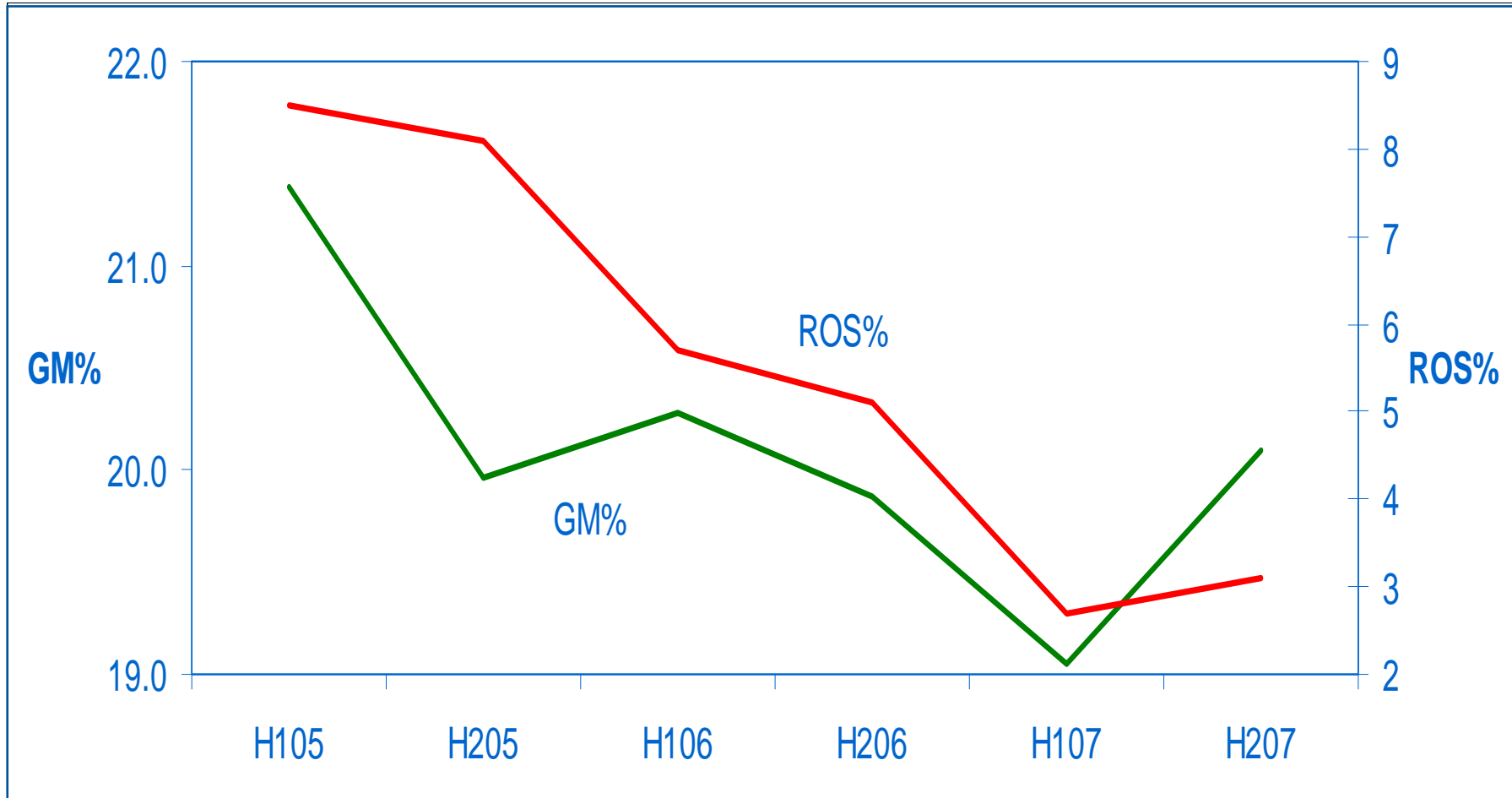
2007	H1 (£m)			H2 (£m)			Total (£m)		
	Hyg.	Ind	Total	Hyg.	Ind.	Total	Hyg.	Ind.	Total
Revenue	134.4	102.3	236.7	138.0	98.9	236.9	272.4	201.2	473.6
Operating profit	5.8	4.2	6.4	4.3	6.6	7.4	10.1	10.8	13.8
Profit margin	4.3%	4.1%	2.7%	3.1%	6.7%	3.1%	3.7%	5.4%	2.9%
EBITDA	17.6	8.5	22.5	16.3	10.2	23.1	33.9	18.7	45.6
EBITDA Margin	13.1%	8.3%	9.5%	11.8%	10.3%	9.8%	12.4%	9.3%	9.6%

Central costs: £3.6m (H1) and £3.5m (H2)

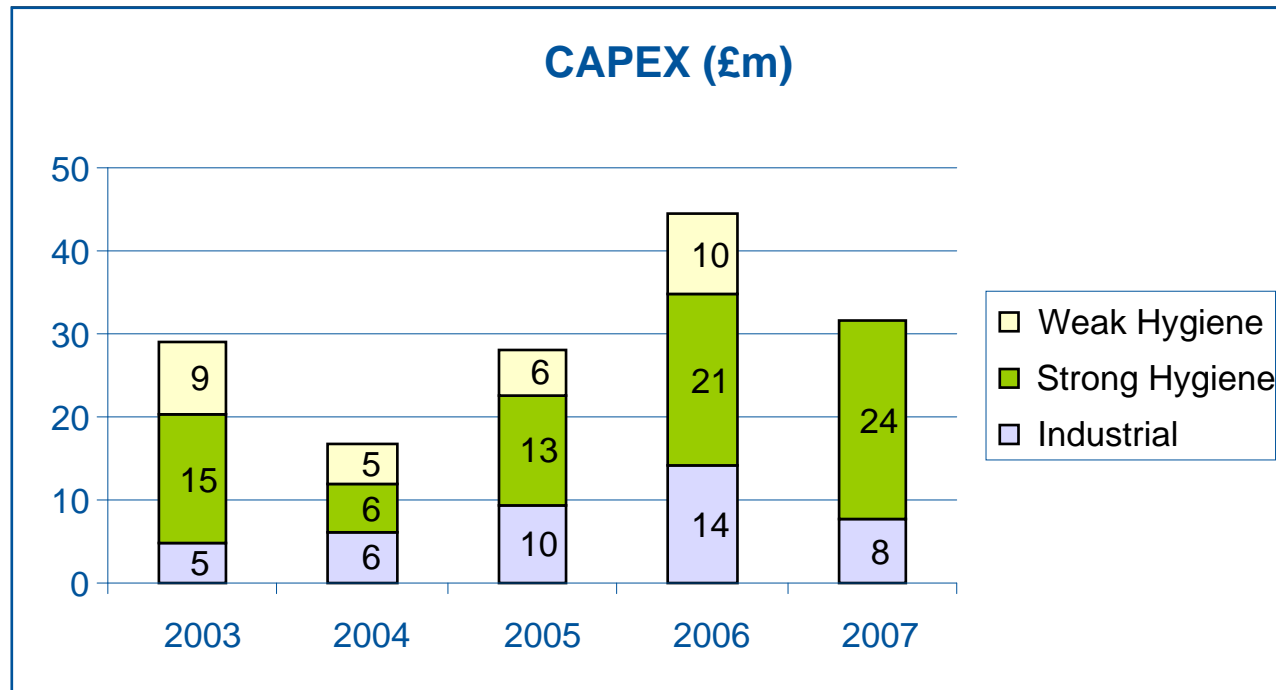
# Polypropylene Pricing Increased by 6% During the Year



# Margin Progression



# Investment in Support of Strategy



Annual capex requirement:

- £10M essential replacement HSE
- £20M to maintain earnings power
- £5M new products/technology/geography

# Underlying Cash Flow / Debt

£'M	2007	2006
<b>Cash from operations</b>	<b>36.9</b>	<b>44.0</b>
Capex	(32.6)	(48.4)
Net interest paid	(10.4)	(7.6)
Dividends	(7.0)	(5.5)
Net proceeds on disposals	42.0	3.1
Other	0.7	1.4
<b>Total cashflow</b>	<b>29.6</b>	<b>(13.0)</b>
Net debt b/fwd	(165.3)	(242.3)
Facility fee amort/n	(0.2)	(0.1)
Net debt disposed of/(acq'd)	2.9	(0.4)
Exchange differences	(4.6)	14.6
Net waiver on demerger	-	75.9
<b>Net debt c/fwd</b>	<b>(137.6)</b>	<b>(165.3)</b>
<b>FY06 net debt at FY07 FX</b>		<b>(170.7)</b>

# Balance Sheet

£'M	2007 Reported	2006 Reported	Effect of Wipes Sale	2006 Restated
Intangibles	30.5	96.4	(19.1)	77.3
Tangibles	266.4	330.6	(31.3)	299.3
Investments	2.3	1.4		1.4
Non-current assets	299.2	428.4	(50.4)	378.0
Inventory	62.7	82.2	(11.1)	71.1
AR	70.8	75.8	(13.1)	62.7
AP	(48.5)	(48.7)	9.1	(39.6)
Trade wkg cap	85.0	109.3	(15.1)	94.2
Other AR/AP	(7.1)	(9.3)	2.1	(7.2)
Wkg cap	77.9	100.1	(13.0)	87.1
Trade Wkg/Cap/sales %	17.9%	18.9%		18.9%
Provisions	(6.7)	(6.2)		(6.2)
Tax	(25.7)	(36.7)	0.4	(36.3)
Pensions	(21.8)	(23.2)	0.6	(22.6)
Net debt	(137.6)	(165.3)	2.1	(163.2)
Net assets	185.3	297.0	(60.3)	236.7

# Restructuring & Non Recurring Items

	FY07 £m	H2 07 £m	H1 07 £m	FY06 £m
<b>Restructuring</b>				
Americas - Hygiene	0.8	0.1	0.7	37.6
Americas - Industrial	20.1	1.0	19.1	-
Head Office	1.0	1.0	-	7.9*
Others	3.0	1.0	2.0	-
	<u>24.9</u>	<u>3.1</u>	<u>21.8</u>	<u>45.5</u>
<b>Impairments</b>				
Construction	-	-	-	6.1
Cotton bleaching	-	-	-	3.3
Hygiene	54.1	48.0	6.1	6.0
Industrial	24.4	15.7	8.7	-
Sale of associate	(0.3)	(0.3)	-	1.6
	<u>78.2</u>	<u>63.4</u>	<u>14.8</u>	<u>16.9</u>
<b>Total non-recurring (continuing)</b>	<b>103.1</b>	<b>51.7</b>	<b>51.4</b>	<b>79.3</b>
Discontinuing/Wipes (exc. Tax)	20.9	(0.3)	21.2	34.7
<b>Total non-recurring</b>	<b>124.0</b>	<b>51.4</b>	<b>72.6</b>	<b>114.0</b>
Net proceeds on sale of businesses	42.0	0.0	42.0	5.4
Cash cost of restructuring	(6.3)	(4.2)	(2.1)	(7.5)
Cash	35.7	(4.2)	39.9	(2.1)
Non-cash	(159.7)	(62.0)	(97.7)	(111.9)

\*£7.9m in 2006 relates to Terram restructuring

# Interest: P&L Versus Covenant

## Interest expense:

	£m
Net Finance costs per Income Statement	(10.8)
Add back:	
Facility fee amortisation	0.2
Commitment fees on undrawn RCF	0.4
Net interest on pension obligations	0.6
Interest for covenant calculations	<u>(9.6)</u>

	<b>Actual</b>	<b>Covenant</b>
Net debt/ Adjusted continuing underlying EBITDA	3.02	<3.25
Total underlying EBITDA/Interest	5.04	>4.50

## Note - Covenants in 2008:

30/6/08: Gearing <3.25, Interest cover >4.75

31/12/08: Gearing <3.00, Interest cover >5.00



**Outlook**  
Daniel Dayan  
CEO

# Announcing Two Asian JVs Today

- **Hengguan, Tianjin China**
  - Small, profitable polyester spunbond producer
  - Fiberweb to have 65% and control
  - Cash investment of \$2.5m
  - Exploit Fiberweb's strong polyester franchise
- **Terram India, Gujarat, India**
  - New start up as first premium geotextile manufacturer in India
  - Idled Terram line to be upgraded and relocated by Q1 09
  - Fiberweb to receive £1.3m and 26%
  - Exploit Terram's leading products and strong brand

**Together, expected to contribute 0.3p to EPS from 2010**

# 2008 Focus

## Industrial

- Continued margin recovery in Americas Industrial
  - Simplification
  - Manufacturing productivity
- Higher-margin products
  - Polyethylene-based roofing membrane; improved UV resistance
  - Geosand permanent way underlay; improved track maintenance productivity
  - Defencell; excellent blast resistance and UV resistance for mobile fortifications

## Hygiene

- Delivering the benefits of new investments
- Continuing to prune lower-margin activities
- Growth of differentiated higher-margin products

# Outlook

- Takeover discussions ongoing
- Drive performance through simplification, cost reduction and margin enhancement
- Invest to improve competitiveness and deliver value from technology
- Sound foundation for progress in 2008

# Questions