



AGM Presentation

25 April 2012

Paul Mines

CEO



Why Bioplastics?

End of the affair with oil based plastics?



Plastics are made from ~4% of the oil that the world uses every year

- With oil scarcity the manufacture of plastics becomes increasingly exposed to fluctuating prices
- Each kilogram of plastic typically requires 20 kilowatt hours of energy to manufacture, more than the amount needed to make the same weight of steel

Plastics from plants



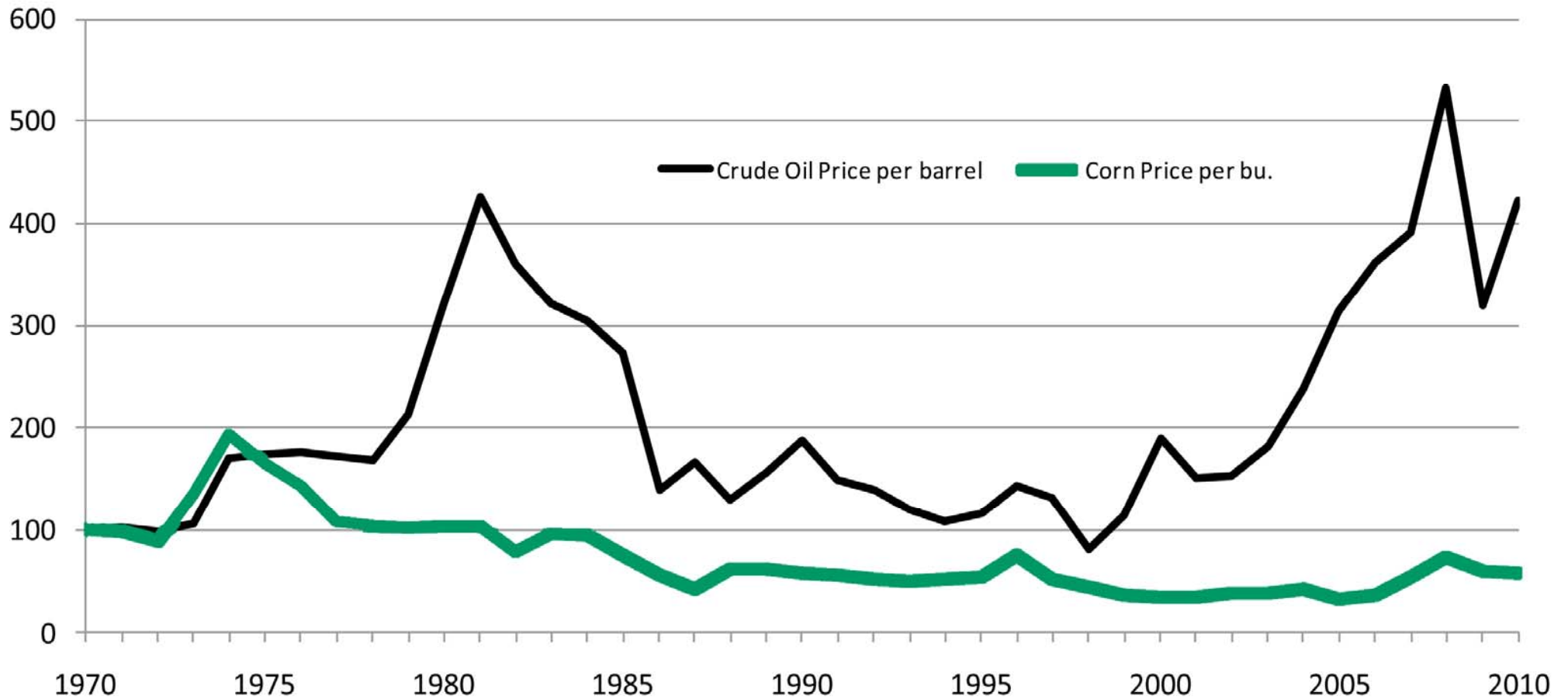
As giving up plastics would mean forfeiting many aspects of modern life, as we know it, attention is turning to a viable, natural alternative - **bioplastics**.

- Bioplastics are made from **sustainable biological sources** such as sugarcane, potato starch or the cellulose from trees
- Bioplastics can **biodegrade and compost** at the end of their useful lives
- Bioplastics can now **meet more difficult functional requirements** such as high temperatures
- Modern bioplastics are now suitable for an impressive range of applications
- Bioplastics can be substituted without the need for new equipment or infrastructure
- Price gap converging with oil based equivalents

Stable crop prices

US Domestic Crude Oil and Corn Price Index: Real

1970 =100, CPI: 1982-1984=1.00



Agricultural prices are surprisingly stable in real terms

Group Mid-Term Strategy



- Build a leading position in its chosen markets based on patented technology
- Develop a range of new functional application areas where premiums can be obtained from its existing bioplastics IP base
- Create and build new bioplastic applications by working intimately with consumer facing international businesses; development will be application led rather than technology led
- Drive the businesses' differentiation by developing and retaining a team that is recognised as being at the forefront in developments in application and product engineering

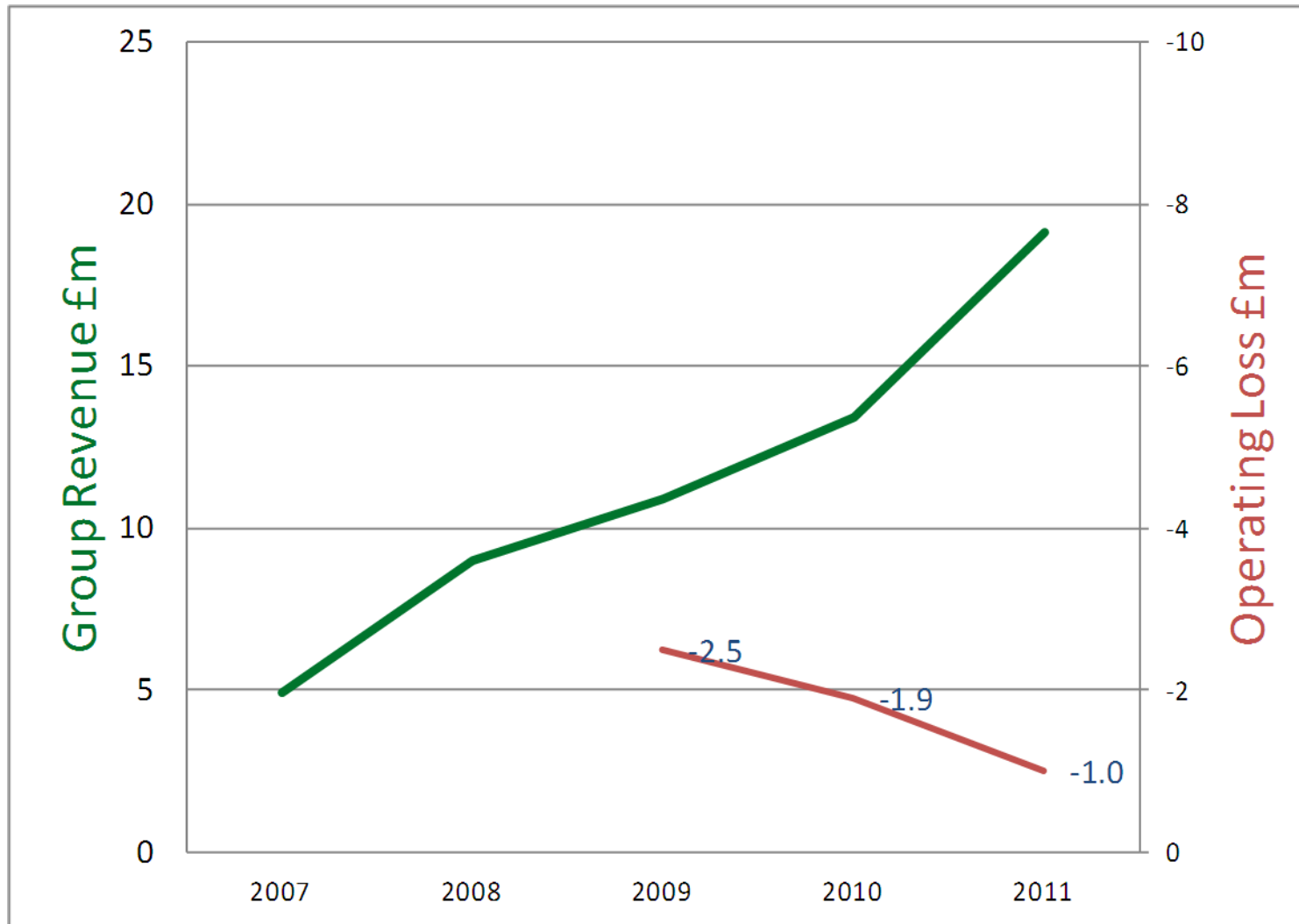


Group Performance

Group Financial Headlines

	2011 £m	2010 £m	Comment
Group Revenue	19.1	13.4	42% increase in Group revenues
Bioplastics Division	16.2	11.0	47% growth in Biome Bioplastics
Stanelco RF Technologies	2.9	2.4	21% growth in Stanelco RF Technologies
Operating Loss	(1.0)	(1.9)	Expenses stable despite activity growth Operating Loss reduces ahead of expectations
Cash Utilised by Operations	1.1	1.1	2011 includes a £0.7m investment in working capital
Year end cash	2.4	4.0	A secured debt facility of up to £2m put in place during the period. First cash payment from Biotec JV

Biome Technologies- Consistent Revenue Growth

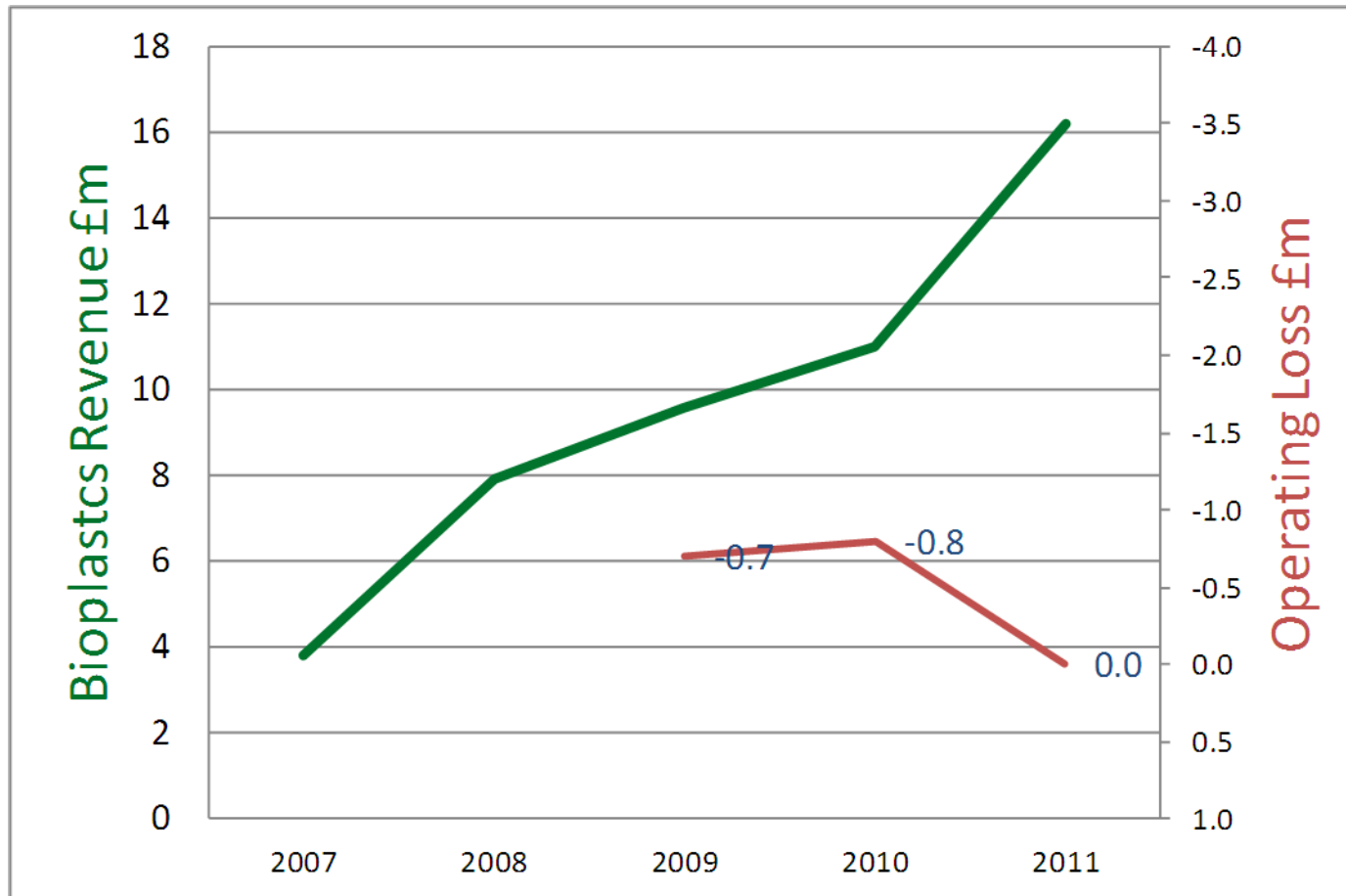




Biome Bioplastics

Leading the field

Biome Bioplastics Performance



- Bioplastics Division has shown sustained growth in revenues
- 2011 has seen the Division at break-even for the first time

Biome Bioplastics in 2011

Driving sustainable growth



Commercial focus: we have increased our geographical footprint (including the Americas & Asia) and launched new applications. We are building a market reputation for product excellence and support/service



Technical excellence: we have launched a number of new products that perform both technically and in our customers' markets whilst substituting raw materials to mitigate shortages and enhance margins



Scientific approach: we ensure that our range is designed from the molecule upwards, resulting in high performance polymers tailored to the needs of the end user



Cost management: we have contained costs at 2010 levels despite 42% increase in activity

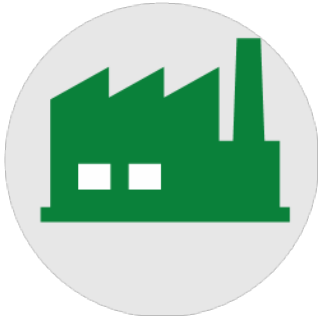
Biome Bioplastics – looking ahead

Market drivers of Biome's revenue growth



- Legislative change
 - Adoption of laws in Europe focusing organic waste management
 - Single use shopping bags in various countries
- Horticultural adoption where labour saving benefits outweigh cost of materials
- Regional scale brand adoption

Our advanced manufacturing facilities



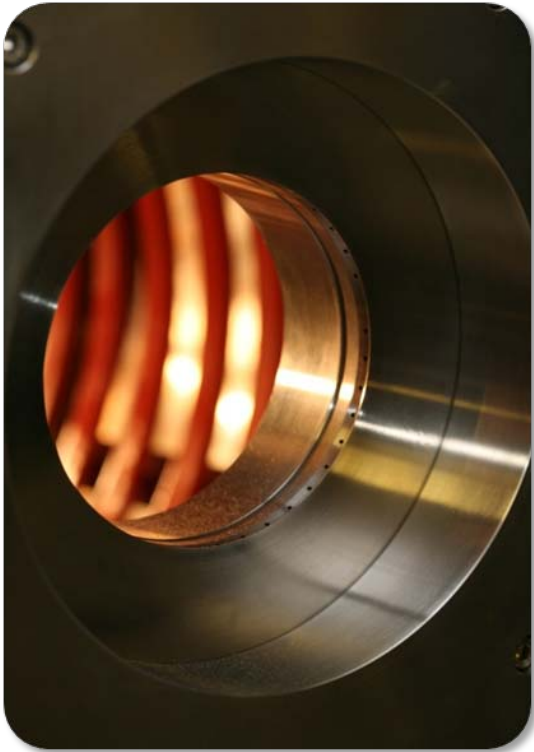
Our German manufacturing facility is one of the few dedicated bioplastics facilities in the world



- It is a highly automated manufacturing facility (50% Joint Venture)
- One of the few dedicated bioplastics facilities in the world
- Scalable to meet our ambitious growth trajectory (currently operating at <50% utilisation)
- Work in 2011 suggests 24kt annual capacity possible without significant investment
- We believe we have one of the lowest cost bases in the industry to supply the European market
- First cash of £0.35m remitted to Group in 2011



**Stanelco RF
Technologies**



- Division is rapidly growing and profitable £0.6m (2010: £0.4m), specialist engineering business focused on the design and manufacture of electrical/electronic systems based on advanced radio frequency (RF) technology
- Business has seen a resurgence of its position as a leading manufacturer of optical fibre furnaces and a broadening of its general industrial business
- Business revenue grew 21% to £2.9m (2010: £2.4m)
- Durapipe UK contract takes business into new industrial sector and should underpin revenues for several years
- Strong manufacturing leadership sees revenue growth drop through to the bottom line
- Good visibility on a strong order pipeline

Durapipe Contract



- Contract signed with Durapipe UK (part of Aliaxis Group) in Jan 2012 to develop a new and innovative portable induction welding system
- The development contract is expected to lead to a multi-year manufacture and supply contract with first deliveries of the equipment expected in early 2013. Anticipated revenues in excess of £2m over a three to four year period
- This device will work with a new plastic pipe system which contains a steel layer allowing RF induction heating technology to be used. This will allow installers in the field to join pipes and fittings quickly, cleanly and without the use of adhesives
- This new project represents further progress in our stated aim of developing new, premium, innovative lines of profitable international business



Group Outlook

Group Growth Potential



- Market growth is being driven by both legislation on waste and brand/consumer requirements. This growth is both accelerating and broadening
- Recent market surveys estimate that global revenue growth will be ~20% pa with Europe at the forefront of adoption
- Biome has a rich development pipeline of innovative functional and bio-based polymers
- Biome working with a number of mid-size and global customers to drive growth over coming years
- Biome is expanding its presence in Asia and the Americas
- Biome is well placed technically (best in class products & patents), commercially and with a well invested factory to exploit and profit from this growth

Group Outlook

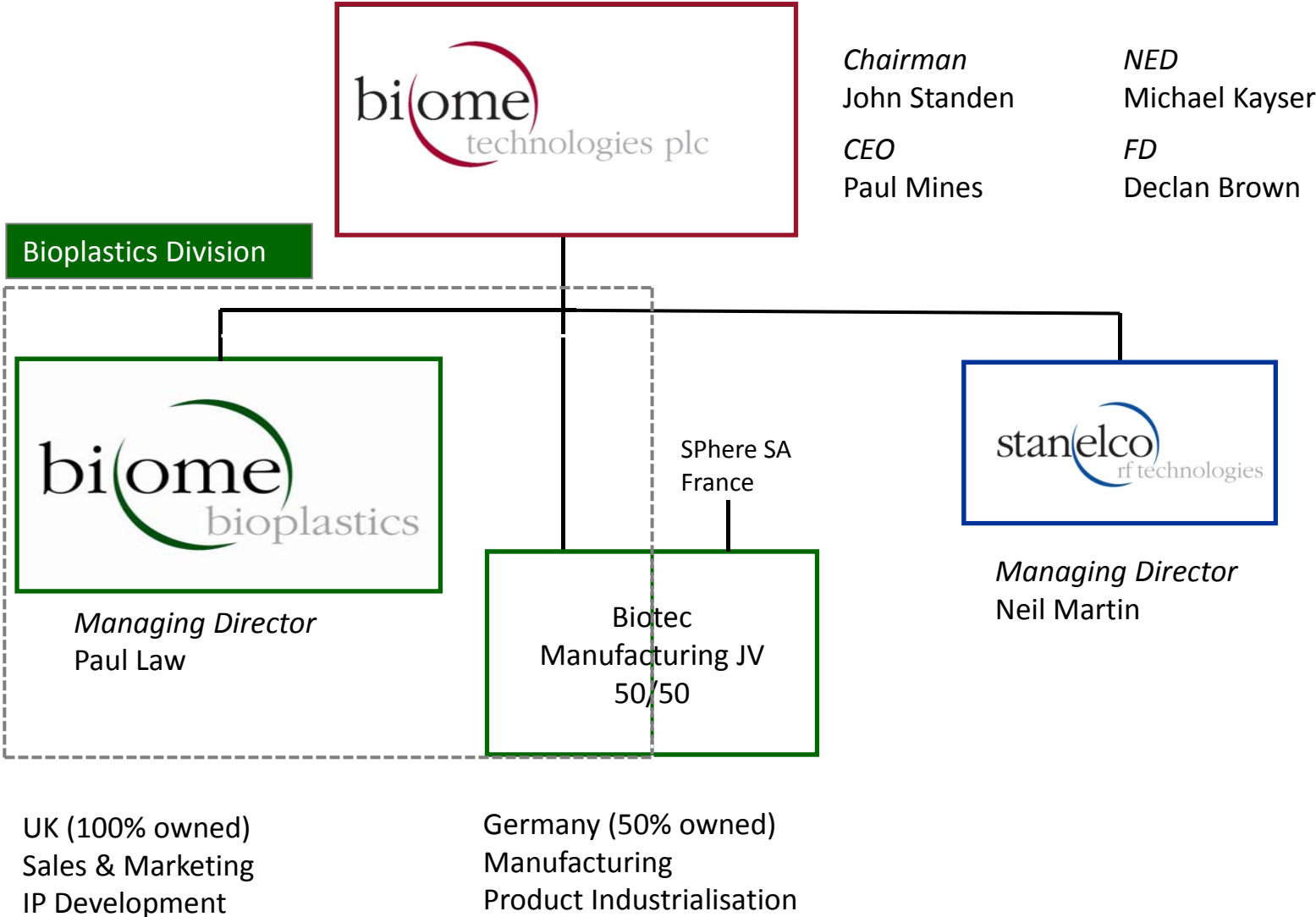


- The Group has been growing at a very fast pace and with changes in legislation and consumer behaviour
- Sales were slower to achieve than expected in the first quarter, although the progress made since Q4 2011 is significant.
- We remain confident of achieving our trading objectives and performance for the full year as we expect Group sales to be orientated towards the second half of the year.
- We have said that to maintain our pace in 2012 requires us to continue to enter new markets, gain market share and achieve further sales for our Biome developed products. We remain excited by the opportunities that lie ahead for the business.



Background Data

Group Structure



Group Working Capital Change

	2011 £m	2010 £m	Δ	Comment
Inventories	2.8	0.7	2.0	Planned increase in stocks Biome/Biotec
Trade Receivables	2.5	2.3	0.2	
Other	1.1	1.1	0.0	

	2011 £m	2010 £m	Δ	Comment
Trade Payables	(3.2)	(1.3)	(1.9)	Payables increase with inventories
Accruals etc	(0.6)	(1.1)	0.4	
Other	(1.1)	(1.1)	0.0	
Finance Leases	(0.1)	(0.2)	0.1	

Directors

John F Standen, Age 63, Non Executive Chairman

John spent the majority of his career in corporate finance and was Chief Executive of Corporate Finance for BZW from 1993 to 1995. He retired from Barclays plc in 1998 and has since been a non-executive Chairman or Director of a number of quoted companies. He is currently Chairman of Lavendon Group plc and, in a voluntary capacity, Chairman of the Council of the University of Hull.

Michael A Kayser, Age 55, Senior Independent Non Executive Director

Michael has extensive experience in both the chemicals sector and in senior management positions. This experience includes being Group Finance Director at Laporte plc for five years and Finance Director of Guinness Brewing Worldwide. He is currently Non-Executive Director of Stobart Group plc and Chairman of their Audit Committee.

Paul R Mines, Age 48, Chief Executive Officer

For the eight years to 2006, Paul was CEO of Betts Group Holdings Ltd having led a management buy-out of the company from Courtaulds plc. An engineer with an MBA from London Business School, Paul spent his earlier career at Courtaulds plc and ICI plc. He was recently Non-Executive Chairman of CEL-F Solar Systems Limited and is a Director of Windmine Limited.

Declan L Brown, aged 38, Group Finance Director

Declan was appointed Group Finance Director on 1 November 2011. Prior to joining Biome Technologies plc, he was Chief Financial Officer for V.Ships Capital, part of V.Group, the world's largest shipping services provider, privately owned by Omers Private Equity. Prior to this he worked for Philip Morris Limited, Sappi Fine Paper plc, Standard Bank PLC and KPMG, with whom he qualified as a chartered accountant.



biome
technologies plc