

Biome Technologies Interim Results 2011

1st September 2011



Introduction



- Biome Technologies is building a leading bioplastics business
- Biome's bioplastics are **made from natural materials** such as potato starch and cellulose (they are not oil based and often not from food crops)
- Biome's bioplastics **biodegrade and compost** at the end of their useful lives (creating energy or soil enhancement)
- The bioplastics market started in short life disposable items but is now expanding to include more durable goods
- Growth is being driven by both legislation on waste and brand/consumer requirements for sustainable products



DIN CERTCO

H1 Financial Highlights

	H1 2011 £m	H1 2010 £m	Comment
Revenue	10.4	6.7	Group revenues increases by 55% with growth in both divisions
Gross Profit	1.9	1.2	Gross profit increases in line with sales as margins remain comparable
Gross Profit %	18.5%	18.5%	
Operating Loss	(0.4)	(1.2)	Loss reduces by £0.8m
PBT	0.1	(1.7)	PBT positive assisted by exchange gain and VAT reclaim

See Interim Results 1 September 2011 for further details

Divisional Revenue Growth

	H1 2011 £m	H1 2010 £m	Growth	Comment
Group Revenue	10.4	6.7	55%	Group revenues increased by 55% on both H1 and H2 2010
Bioplastics Division	8.6	5.8	49%	Step change in Bioplastics
Biome Bioplastics	3.6	1.5	131%	Wholly owned unit is up 131% on H1 2010 and 94% on H2 2010
Biotec 3rd Party	4.9	4.2	19%	H1 revenue limited by raw material bottlenecks
Stanelco RF Technologies	1.9	1.0	92%	RF business posts an excellent half as export led furnace sales surge

See Interim Results 1 September 2011 for further details

Divisional Profit

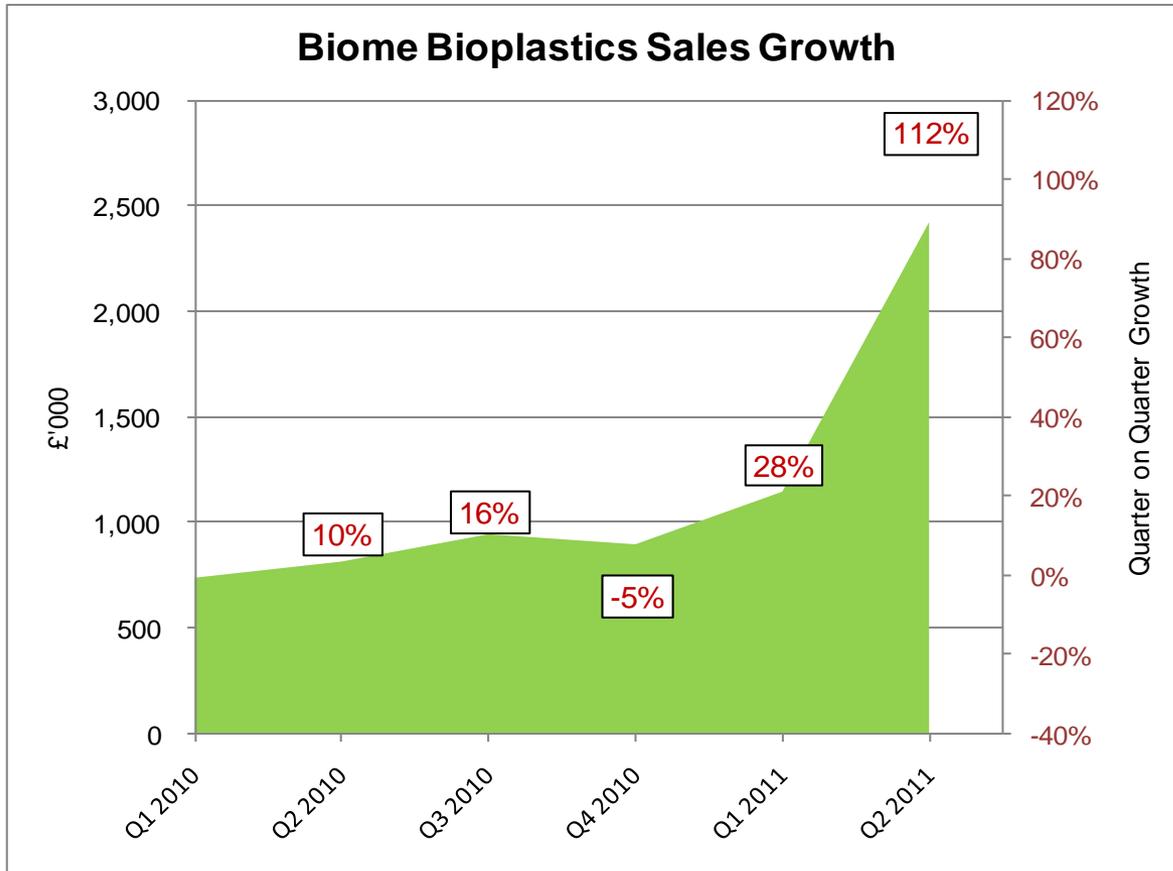
	H1 2011 £m	H1 2010 £m	Comment
Bioplastics Division	0.1	(0.5)	Bioplastics Division moves into profitability for the first time as sales grow
Stanelco RF Technologies	0.5	0.2	Strong export sales & margins
Central Costs	(0.9)	(0.8)	Loss of building tenant gives small impact on central costs
Group Operating Loss	(0.4)	(1.2)	Loss substantially reduced

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Cash Position

- Cash utilised by operations just £0.3m in the first half.
- Group cash balance £3.6m at 30 June, up from £3.5m at 31 March 2011.
- The business put in place a secured debt facility of up to £2.0m with Fortis Commercial Finance during the period
- Facility provides access to additional working capital funding for Biome Bioplastics. This may be useful if the business continues to grow at this accelerated rate.

Biome Bioplastics



- Biome Bioplastics is the wholly owned, UK based sales, marketing and R&D unit
- Revenue growth has accelerated into 2011 as it develops into a substantive business
- Biome has launched a number of innovative products and entered several new markets in the last 12 months

The Market Opportunity

- Market growth appears to be both accelerating and broadening
- Recent market surveys estimate that global revenue growth will be 14% - 20% per annum, exceeding \$1bn by 2012;
- Europe at the forefront of adoption of bioplastics with c.73% of market
- Market adoption starting with large consumer product companies e.g. Coca Cola, Danone & Heinz - promoting bioplastic products

Addressing the growing market

- Biome Bioplastics continuing to increase its innovative product offering
- Wider range of applications to address new market opportunities
- Product development often undertaken in collaboration with end customers

New Product Family 2010-11	Features	Key Customers	Example
BiomeHT	<ul style="list-style-type: none"> • High Temp capability with a range with softening points from 70-90 degree and includes a clear product HTC • 20-30c above competitor products 	<ul style="list-style-type: none"> • Designed for food service & electronics 	<ul style="list-style-type: none"> • Coffee cup lids • Electronic cases
BiomeEP	<ul style="list-style-type: none"> • Flexible film market • Improved printing performance 	<ul style="list-style-type: none"> • 2 or 3 lead customers 	<ul style="list-style-type: none"> • Food packaging
BiomeCord	<ul style="list-style-type: none"> • Fine fibres, yarns & cords 	<ul style="list-style-type: none"> • Several lead customers 	<ul style="list-style-type: none"> • Strimmer cord
BiomeClear	<ul style="list-style-type: none"> • high clarity, low noise film 	<ul style="list-style-type: none"> • Variety of customers 	<ul style="list-style-type: none"> • Horticulture, product packaging, mailing, window
BiomeEasyFlow	<ul style="list-style-type: none"> • Extrusion coating & lamination 	<ul style="list-style-type: none"> • Several lead customers 	<ul style="list-style-type: none"> • Packaging, food service • High quality coated papers

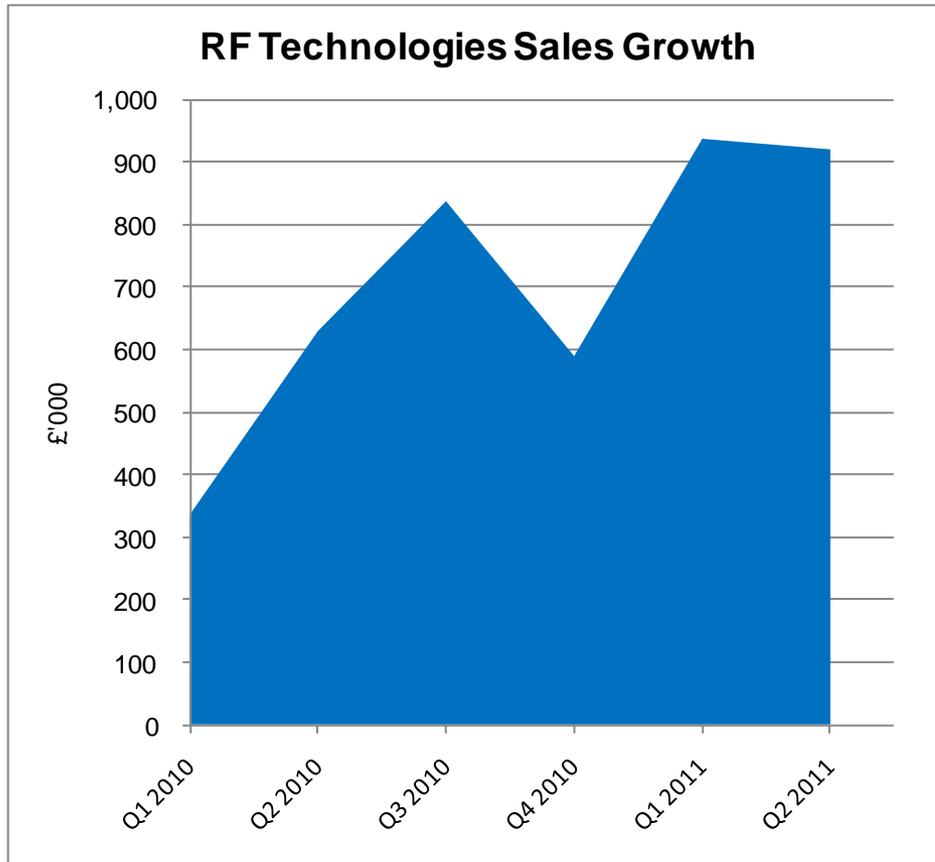


Biotec – Advanced Manufacturing Facility



- Based in Germany – is a **highly capable** manufacturing and product industrialisation facility (50% Joint Venture).
- With 20kt capacity, this is one of the few dedicated bioplastics facilities in the world; **scalable to meet our ambitious growth trajectory** (currently operating at <60% utilisation).
- This scale gives us what we believe to be one of the **lowest cost bases** in the industry to supply European market.





- This Division has grown rapidly and is profitable (£0.5m contribution in H1 2011)
- Sales order flow can be uneven as large capital items are manufactured and shipped
- The business has seen a resurgence of its position as a leading manufacturer of optical fibre furnaces as well as a broadening of its general industrial business.
- Some interesting opportunities are now developing in new industrial markets

Summary

- In H1 2011 the Group's performance was strong:
 - ✓ Group revenues well ahead of the same period in 2010 (up 55%)
 - ✓ Biome Bioplastics revenues increased by 131%
- Bioplastics is a fast expanding marketplace with a range of positive drivers providing continuing growth prospects.
- The Board is confident of meeting its expectations for the full year
- The Board feels confident that we can continue delivering on our strategy and build the business successfully.

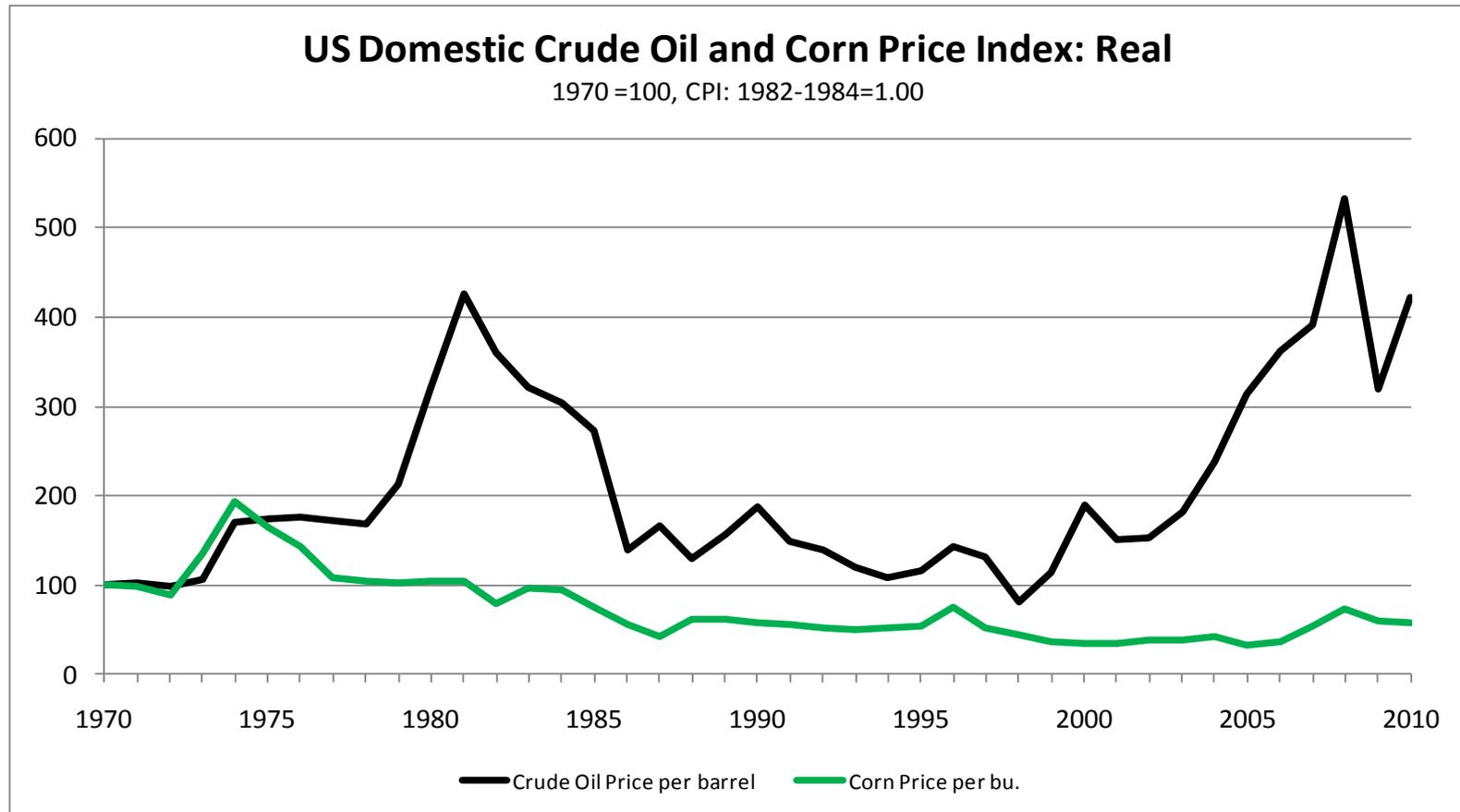
Appendix

Bioplastic Market - Growth Drivers

- Market growth appears to be both accelerating and broadening (a number of reports cite 20%+)
- Key Market Drivers
 - ✓ Legislation
 - ❖ Europe first, Americas & Asia initiating
 - ❖ Bio waste segregation
 - ❖ Plastic bag bans (latest in Italy/Houston USA/Brazil)
 - ✓ Oil Pricing & Volatility
 - ✓ Sustainability agenda for corporates & consumers
- Supplementary Market Drivers
 - ✓ Disposal path availability improving
 - ❖ Growing infrastructure of industrial composting and anaerobic digestion in Europe & USA
 - ✓ Bioplastics functionality increasing
 - ❖ Products becoming more capable for broader end-uses



Growth Driver: Long Run Oil Price Rise



- Bioplastic growth favoured by relative stability of biomass sources versus oil prices

Group Strategic Intent

- 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; and
- drive the businesses' differentiation by developing and retaining a team that is recognised as head and shoulders above the competition in application and product engineering.

Group Divisional Structure

