

Preliminary Results 2014

Date: 25 March 2015
Presenters: Paul Mines, CEO
Declan Brown, FD



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2014 Results

	2014 £m	2013 £m	Comment
Group Revenue	3.6	2.0	
Biome Bioplastics	1.4	1.0	Revenue traction in US market
Stanelco RF Technologies	2.1	1.0	Optical fibre market recovery and broader growth
(Gross Margin)	42%	39%	Margins improve
Operating loss	(1.3)	(1.7)	Loss reduced on revenue growth
EBITDA loss	(0.8)	(1.3)	Cash loss reduced significantly

Opening cash	3.3	
EBITDA loss	(0.8)	
Capitalised R&D	(0.3)	
Working capital	0.2	
Year end cash <small>31/12/14</small>	2.4	

See Preliminary Results for further details

- Results in line with expectations
- Group revenues up 80%
- Prudent cash management

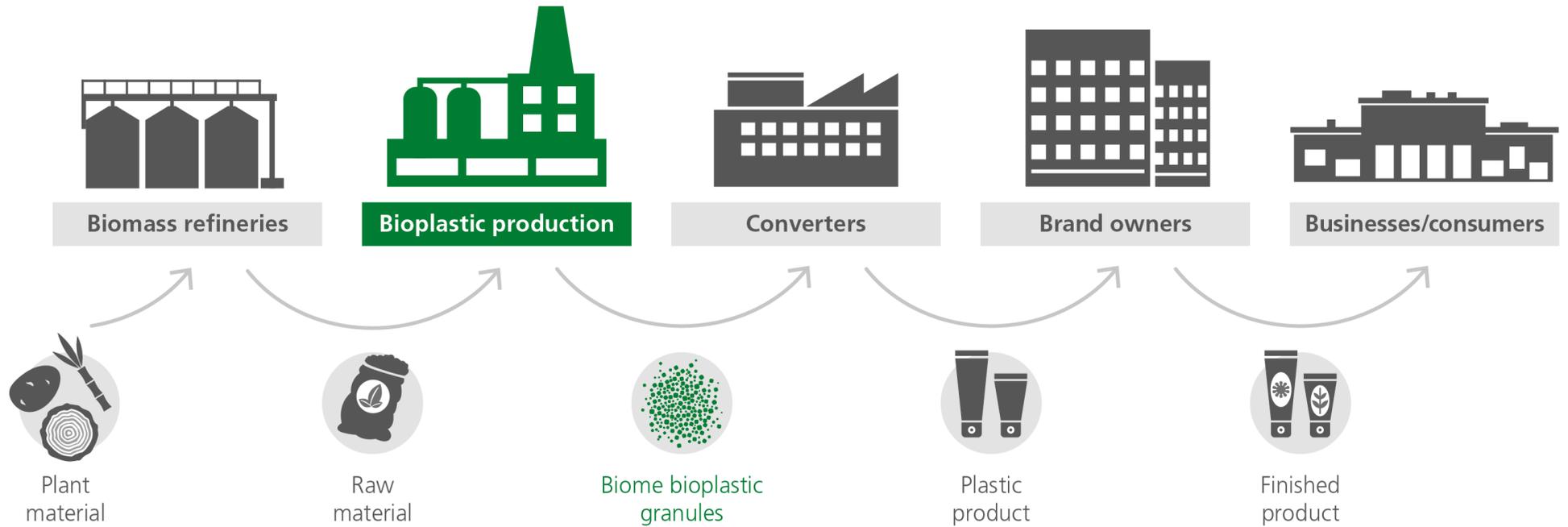
Group and strategy

- Technology business with interests in bioplastics and radio frequency technology
- Strategy is to build a leading position in chosen markets based on proprietary IP protected technology:
 - develop products for functional application areas where value-added pricing can be justified
 - application-led rather than technology-led
 - team capability that is at the forefront of application and product engineering.
- The board has adopted stretching KPIs for the business trajectory through to 2016:
 - vigorous growth of revenues of over 40% per annum in a number of the Group's specialised applications that are founded on our proprietary technology platforms
[over 50% achieved in both divisions in 2014]
 - develop highly differentiated product pipeline that will diversify our commercially deployed product ranges by 50% by 2016 and fuel our sustained revenue growth
[17% of 2014 revenues were from new products]
 - passing the “earnings positive” inflection point in quarterly trading during 2015
[remains Board KPI, rests on timely customer launches]



Biome Bioplastics

Biome's role



- R&D to find new sources of biomaterial
- Academic partnerships

- Selection
- Purchasing
- Quality control
- Sourcing
- Ethical requirements

- Formulation
- Material selection
- Quality control
- Contract manufacturing
- Logistics

- Advice
- Trials
- Environmental credentials
- Training
- Marketing



Bioplastics strategy

- Focus on performance products where Biome has competitive edge, and the increased price of bioplastics are outweighed by demand for sustainability credentials or compostability
 - Bringing to market a selected group of products based on proprietary technology platforms
 - IP behind these technologies is being protected and is considered highly differentiated in the market
- Product application examples discussed on following slides:



High temperature
BiomeHT



Coating
BiomeEasyFlow



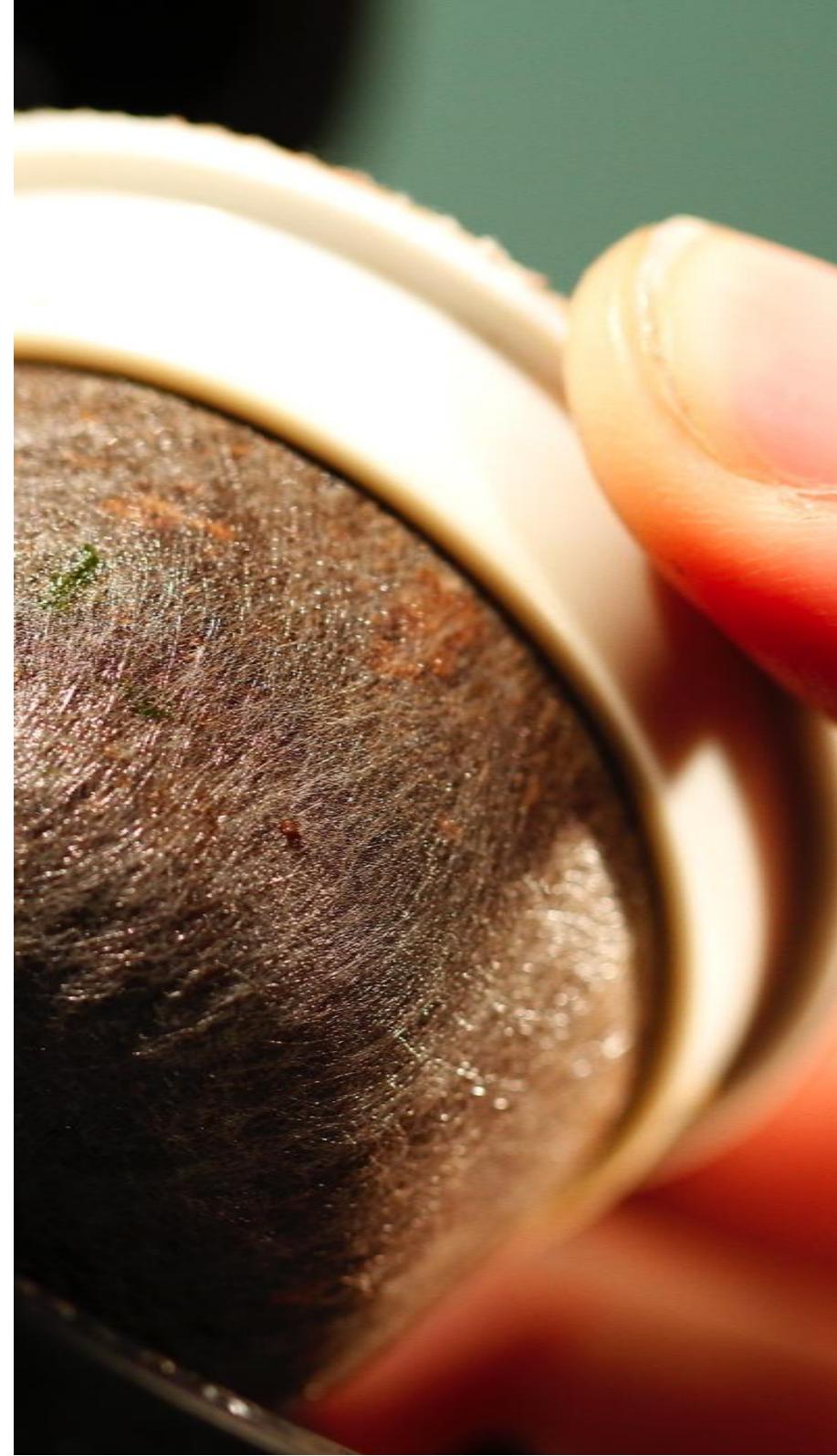
Lamination
BiomeBioLam



Flexible films
BiomeEP

Coffee capsules

- Fast growing worldwide market, estimated at \$10bn (source Euromonitor)
- 50 different coffee pod or capsule systems
- Project initiated in 2010, end-customers are leading brands in the USA market
- Project includes materials for lids, rings, mesh and outer packaging
- Introduced to market in Q4 2012 and volumes grew through 2013 and 2014
- Further potential for product growth with further material replacement, new customers and new geographic markets



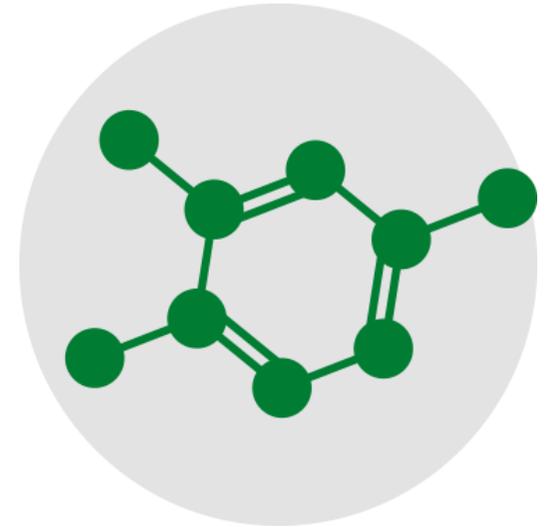
Hot drinks lids

- Significant and fast growing market. US market > \$180m. UK consumers spend ~£6.3bn on take-away hot drinks each year – CAGR of 6%
- Market leaders looking for a compostable lid solution in order to make whole drink container fully compostable.
- Lid cost is less than 1p – the bioplastic solution on-cost is limited
- Biome are working with a number of key players – we believe we have the only truly capable and patent protected product in market
- Main opportunity with European market leaders, significant other interest. Chosen materials are technically validated and received composting accreditation mid-2013
- Scale trials with customers to test high volume manufacture underway



Industrial Biotechnology (IB)

- Existing bioplastic technologies intrinsically more expensive than oil-based alternatives due to source of materials and the production technology
- Application of IB to industrial/chemical processes described as 'next industrial revolution'. Ability to sequence and modify genetic material has been transformed in terms of time and cost
- Biome completed a successful initial feasibility study in 2014 on the transformation of waste lignin (straw/paper industry waste) to bioplastics. Project to value of ~£0.3m funded with help from Innovate UK (formerly Technology Strategy Board)
- Biome have now secured funding of £2.7m from Innovate UK, BBSRC and other funders across 3 consortia to explore the scale-up and commercialisation of this work over the next 3 years
- Biome's £0.3m contribution of resources is highly complementary to existing development activities



Bioplastics division outlook

- Potential for substantial growth in bioplastics in carefully selected niches
- Initial products now in their commercial phase with growing revenues
- Further customer launches expected in 2015 following extensive technical testing
- A pipeline of new and highly differentiated products
- Leading edge industrial biotechnology project with external funding of £2.7m to support longer term growth

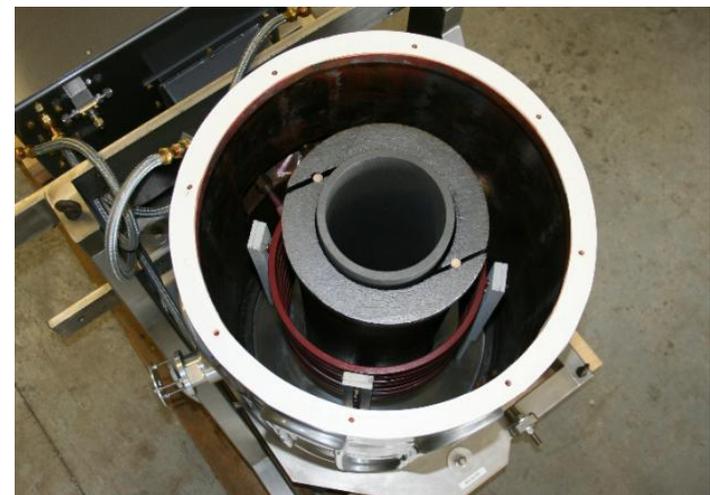
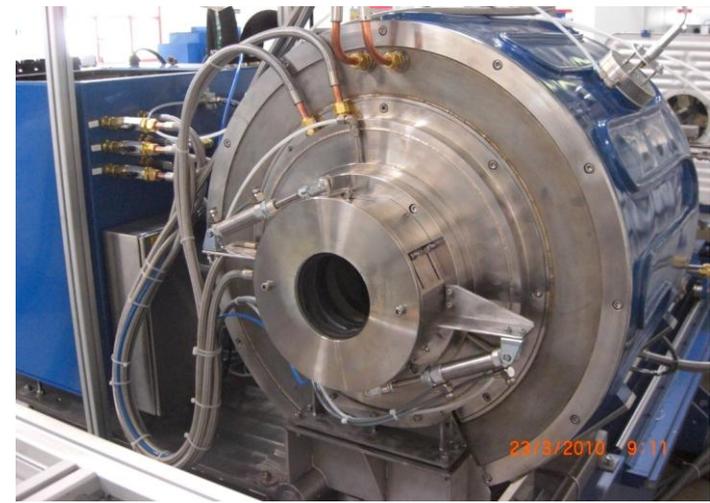




**Stanelco RF
Technologies**

Stanelco RF Technologies

- Specialist engineering business focused on the design and manufacture of electrical/electronic systems based on advanced radio frequency (RF) technology
- Leading manufacturer of optical fibre furnaces and launched a range of new highly efficient units in 2014
- With the cyclical nature of investments in optical fibre capacity (seen in 2013), work has been underway to diversify the industrial portfolio
- Results of this activity seen in 2014 as revenues doubled



Substantial diversifying contracts

Durapipe

- Contract with Durapipe UK (part of Aliaxis Group) in Jan 2012 to develop innovative portable induction welding system. Anticipated revenues in excess of £2m over a three to four year period
- RF induction technology on plastic/steel pipe will allow installers to join pipes and fittings quickly without adhesives
- 10 units for market testing delivered end 2014 following extensive testing, commercial orders expected 2015



Regulated industry

- Contract with UK regulated industry customer was announced 24 March 2014
- Anticipated revenues of £1.5m over 24 months with £0.2m in revenues in 2014
- Well understood RF induction heating technology being deployed in new market area

Stanelco RF Technologies outlook

- New MD has broadened team in 2014 to increase capability and capacity
- Potential for further revenue growth in 2015 with encouraging order-book
- Good operational gearing can ensure strong cash flow from any revenue increases





Group outlook

Group outlook

- Trading to date in 2015 in line with expectation
- Bioplastics main supply chain has recovered since H2 2014 and prospects for further growth encouraging
- RF Technologies has good visibility on a strong base order load for 2015
- The cost base is well controlled and should allow further revenue growth to drop through to improved EBITDA
- £2.7m mid term R&D spend on biotechnology
- Cash position of £2.4m at end December 2014 provides robust foundation
- Business developing strongly and Board confident of substantial progress in the year



biome
technologies plc

Directors

John F Standen, aged 66, Non Executive Chairman

John became our Non-Executive Chairman in 2007. John is Non Executive Chairman of Lavendon Group plc. He was Chairman of the Council of Hull University for seven years until retiring in April 2013. John was previously Non-Executive Chairman of Reg Vardy plc until its sale in 2006. He spent his career in corporate finance and was Chief Executive of BZW Corporate Finance before retiring from Barclays Bank plc in 1998.

Paul R Mines, aged 51, Chief Executive Officer

Paul was appointed CEO in early 2007. An engineer with an MBA from London Business School, Paul spent his earlier career at ICI plc and Courtaulds plc and has 20 years experience in the plastics and packaging industry, managing high growth markets, turnarounds and M&A. For the eight years to 2006, Paul was CEO of the Betts Group having led a management buy-out of the company from Courtaulds plc. Sits on the BBRSC Bioscience for Industry Strategy Panel.

Declan Brow, aged 41, Group Finance Director

Declan Brown was reappointed Group Finance Director on 23 April 2014 after serving in the same position during 2012. Prior to this he was Chief Financial Officer for V Ships Capital. Prior to this he worked at Philip Morris Ltd, Sappi Fine Paper plc and KPMG, with whom he qualified as a chartered accountant.

Michael Kayser, aged 59, Independent Non Executive Director

Michael was appointed as Non Executive Director on 6 October 2010 and chairs the Audit and Remuneration Committee. He is also acting as as a part-time interim Finance Director for the regulatory aspects of this role. His previous experience includes Group Finance Director at Laporte PLC for five years and Finance Director of Guinness Brewing Worldwide. He was previously Non-Executive Director of Stobart Group plc and Chairman of their Audit Committee.

Shareholders 31 January 2014

Principal shareholders

Holder	Shares	%
Mr V Pereira*	470,857	20.06%
Mr JM Rushton-Turner	288,050	12.27%
Hargreave Hale	113,431	4.83%

*Mr V A Pereira's holding includes 334,542 ordinary shares held in his own name and 18,250 held by his wife, Mrs G Pereira.

Directors

Holder	Shares	%
Mr Paul Mines (CEO)	20,642	0.88%
Mr John Standen** (Chairman)	48,836	2.08%
Mr Declan Brown	708	0.03%
Mr Michael Kayser (NED)	4,071	0.17%

**Mr John Standen's holding includes 10,000 ordinary shares held in his own name, 28,836 held by Leapacross Ltd (a company controlled by John Standen) and 10,000 held by his wife, Mrs K M Standen.