



Stanelco plc
28th April 2008

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Progress achieved in 2007

- 2007 a year of transition and focus, covered by Annual Report and AGM – this presentation looks at 2008 and beyond
- Group now operating in two clear business areas of:

BioPlastics **RF Applications**

- Strategy and direction for both areas developed and being enacted and refined
- Highly capable and experienced management in both business areas
- Remain well funded with substantial cash resources

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business operations

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Sales by Business

£m

	2007	2006
Bioplastics	6.8	5.4
RF Applications	1.1	1.1
Other	0.2	0.2
Total	8.1	6.7

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RF Applications

- The RF activity re-focused on mobile welders, fibre optics furnaces, zirconia tubes and parts/servicing
- Expectations originally placed on *GreenSeal* food lidding technology exceeded commercial practicality – further work terminated
- Stanelco's brand is strong, customers welcoming re-engagement
- New product pipeline in place - initial developments are now being industrialised (portable welder/stepper welder)
- Enquiry levels (optical fibre furnace market) have increased (Asian focus)
- Scope to re-build an OEM engineering business

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BioPlastics Introduction

- **Stanelco BioPlastics has begun to position itself as leader in the bio-plastics market**
- Stanelco BioPlastics is formed of:

Business Area	Activities
Aquasol (UK)	Patent portfolio of product/packaging designs based around water soluble materials.
Biotec (Germany)	Bioplastic production and development facility (50/50) ownership
BioPlastics Team (UK/Europe)	Commercial team trialling & selling bioplastic materials. UK based technical support and development facilities

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Bioplastics Market

- Global bioplastics market is exciting and with various technology types competing for an emerging applications
- Europe: focus on compostable/biodegradable – other markets require sustainable (oil-replacement) products
- Huge enquiry/trial loads as various customers assess their appetite for the differing properties/costs/values associated with biomaterials. Commercial applicability proven in some areas
- Technical properties of bioplastics often fall short of the oil-based equivalents in functionally demanding applications – Stanelco is closing this gap

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BioPlastics - Aquasol

- Board review (supported by PwC report) identified areas of potential value
- Limited development activity will focus on a few key products, particularly where synergies exist with bioplastic materials
- Existing royalty streams will be managed and other routes to deliver value from patents will be sought
- FrogMat is being developed with a credible commercial partner
 - A first semi-commercial pilot line has been built and commissioned
 - Market testing currently underway

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BioPlastics - Biotec

- Biotec founded in 1991 – now has 17 years of experience developing bio-based materials
- Base product range is market leading alongside other bioplastics but is still limited functionally vs. some oil based equivalents
- Investment during the early part of the year increased capacity significantly (now capable of operating 24/7 running)
- 26% sales increase at BioPlastics in 2007 (48% increase on pro-rata basis) - yet to test current capacity
- Novamont claim of patent infringement has provided some drag to sales growth – Stanelco/Biotec mounting vigorous defence of non-infringement/invalidity

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BioPlastics - Stanelco

- Stanelco is drawing together a strong commercial/technical team to drive commercialisation & development
- Paul Law joined in October as MD with 20 year background in biomaterials – sales focus galvanised and producing result
- Stanelco now has direct control of product optimisation with pilot/development line in UK
- Technical product support and rapid development is key as customers explore materials
- Focus on functional materials with bio credentials, end-use markets are widening

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outlook

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- **RF Applications**

- enquiry levels are robust – work continues in product innovation and sales development

- **BioPlastics**

- market interest in Stanelco products is vigorous with initial indications of broader product acceptance
- UK pilot/development facilities have been commissioned and have a full work programme for 2008 – new product functionality focus
- business has begun to explore accelerating commercialisation through different routes to market

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Outlook

- Stanelco is re-focused and re-invigorated
- Clear priority of achieving growth through commercialisation of technology and products – structures in place to do this through direct sales, partnerships and other innovative routes
- The Stanelco BioPlastic business is accelerating in this emergent and highly visible/relevant market
- Stanelco is building a market leading position and has the market lead/IP depth to drive rapid and defensible growth
- Stanelco has substantive cash resources and we are looking for innovative routes to roll-out the bioplastic technology at an accelerated rate
- The current year has started well and we expect continued good progress. This gives the Board confidence in the outlook for further development in 2008



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