

Whatman®

Whatman plc
Preliminary Results
Year ended 31st December 2005

Monday 3rd April 2006

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Agenda

- **Highlights**
- **Business update**
- **Financials (*)**
- **Outlook**

* unaudited

Highlights

Bob Thian - Chairman

Financial highlights

- Underlying sales^{*1} up 1% £110.0m (2004: £109.0m)
- Strong growth of EBITA^{*2}, up 42% to £23.8m (2004: £16.8m)
- EBITA margin^{*2} 22% (2004: 22%)
- PBT £21.2m (2004: £0.5m)
- Basic eps 11.82p (2004: loss 1.17p)
- Adjusted basic eps^{*2} 12.05p (2004: 8.41p)
- Total dividend up 10% to 5.07p (2004: 4.61p)

*1: At constant exchange rates, including pro-forma S&S sales for the full prior year, excluding Biometra

*2: Before integration costs and release of provisions

Operating highlights

- **Key executive appointments completed**
- **Strengthened Board**
- **S&S synergies achieved ahead of schedule and at lower cost**
- **S&S price alignment working through distribution channels**
- **Recovery of sales in H2**
- **11% rise in Q1 sales heralds positive outlook**

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Business Update

Bill Emhiser - CEO

Underlying revenue by segment

	2005 £m	2004 £m *1	Underlying Growth *2
LabSciences	69.6	69.6	-
BioScience	19.7	19.5	0.6%
MedTech	20.7	19.9	3.6%
Total	110.0	109.0	0.8%

*1: Restated to include the pro-forma sales of S&S

*2: At constant exchange rates

2005 performance

- **Group H2 up 2% on H2/04 (H1 down 0.6% on H1/04) (*1)**
- **Organisational & management issues**
- **Manufacturing and supply chain disruption**
 - Consolidation of US operations reduced service levels
 - Impact on key distributors
- **FTA flat overall**
 - French police: timing of tender and component supply delays
 - Sales to all other customers up 45%
- **MedTech**
 - Better growth in higher margin products

*1 at constant exchange rates

2006 Sales growth initiatives

- **Re-energised sales organisation**
 - New regional VPs
 - Intensive training
 - Demanding performance metrics
- **Refocused marketing programmes**
 - Branding and packaging upgrade
 - Specific customer applications
- **Bundling**
 - Broaden range of products sold to existing customers
 - Cross-sell Whatman and S&S products
- **Enhanced and expanded distribution**
 - Closer relationships with distributors; stronger joint programmes
 - Add specialist distributors

2006 Sales growth initiatives

- **Beverage Microbiology**
 - Targeting global bottlers; gaining significant share
- **Forensics**
 - Building on our market leadership
- **Biobanks**
 - Working closely with UK Biobank
 - Roll out to other countries
- **Diagnostics**
 - Increasing OEM penetration
 - Fusion 5 validations
- **Protein Arrays**
 - Automate manufacturing to improve quality and increase capacity
 - Expand distribution to satisfy pent-up demand
 - New immunology diagnostic kit (CE marked)

German pricing

- **May-05 S&S product range rationalised**
- **Aug-05 S&S average 44% price increase**
- **H2/05 strong as customers bought-in stock**
- **Lost volume expected to be more than offset by increased price**
- **Competition have since raised prices**
- **Early indications:**
 - **Retaining higher than anticipated share**
 - **Growing the overall business**
 - **Resulting in sales upside**
 - **Higher quality business (margins)**

FTA activities

- **Launching FTA Elute**
- **Different mechanism than FTA**
- **Allows access into major new markets**
 - **Pharmacogenomics (predictive medicine)**
 - **Molecular diagnostics**
 - **Biobanking**
- **Re-evaluation:**
 - **Total FTA opportunity**
 - **Strategic routes to markets**
 - **Present at interim results**

Achieving operational excellence

- **21 to 4 flagship factories**
 - Closure of 3 minor membrane plants in 2006 increasing efficiency
- **Quality improvements**
 - More robust QA procedures
 - Metrics and accountability
- **Supply chain management programme**
 - Streamlining logistics
 - Consolidating suppliers while reducing costs
 - Managing inventory levels
 - Introducing state of the art planning tools
- **Improving on-time delivery and line item fulfilment**

Automation & cost reduction

- **Next phase of automation**
 - Banbury cellulose media line Q4/05
 - Glass fibre line effective Q2/06
 - Microbiology monitors
 - Capsule assembly
 - Protein array slides
- **Continuous cost improvement**
 - Process improvements
 - Labour efficiency
 - Reduction of overage and wastage
 - Procurement rationalisation

Financials

Phil Greenhalgh - CFO

Performance summary

	2005	2004	Change	CER
Revenue	£110.0m	£76.4m	44%	43%
EBITA	£23.3m	£2.5m	**	**
Operating profit	£22.7m	£2.0m	**	**
Basic earnings/ (loss) per share	11.82p	(1.17)p	nm	nm

** Growth > 500%

Income statement

	2005 £m	2004 £m	Change	CER
Revenue	110.0	76.4	44%	43%
Gross profit	55.9	32.0	75%	75%
Other operating income	0.9	-	nm	nm
Sales & marketing	(15.4)	(13.5)	14%	13%
R & D	(3.2)	(1.6)	100%	100%
Admin	(15.5)	(14.9)	4%	3%
EBITA	23.3	2.5	**	**
Operating profit	22.7	2.0	**	**
Interest	(1.5)	(1.5)	0%	15%
Profit before tax	21.2	0.5	**	**
Taxation	(5.9)	(2.0)	195%	195%
Profit after tax	15.3	(1.5)	nm	nm
Effective tax rate	28%	30%		

** Growth > 500%

Income statement

Underlying performance for 2005

	Underlying performance £m	Integration costs £m	Provision release £m	Income statement £m
Revenue	110.0	-	-	110.0
Gross profit	54.1	(0.5)	2.3	55.9
Other operating income	0.9	-	-	0.9
Sales & marketing	(15.5)	(0.4)	0.5	(15.4)
R & D	(2.9)	(0.4)	0.1	(3.2)
Admin	(13.4)	(2.2)	0.1	(15.5)
EBITA	23.8	(3.5)	3.0	23.3
Operating profit	23.2	(3.5)	3.0	22.7
Interest	(1.5)	-	-	(1.5)
Profit before tax	21.7	(3.5)	3.0	21.2

Revenue by segment

	2005 £m	2004 £m	Change
LabSciences	69.6	49.4	41%
BioScience	19.7	11.3	74%
MedTech	20.7	15.7	32%
Total	<hr/> 110.0	<hr/> 76.4	<hr/> 44%

EBITA by segment

Before integration costs and release of provisions

	2005 £m	2004 £m	Change	2005 Margin	2004 Margin
LabSciences	18.5	16.4	13%	27%	33%
BioScience	2.7	(0.3)	nm	14%	-3%
MedTech	2.6	0.7	**	13%	5%
Total	23.8	16.8	42%	22%	22%

** Growth > 500%

Balance sheet

	2005 £m	2004 £m
Goodwill	34.3	34.4
Intangible assets	5.4	5.7
Property, plant & equip.	31.5	31.5
Other non current assets	5.9	6.3
Total non current assets	77.1	77.9
Inventories	18.9	16.7
Trade & other receivables	23.6	21.0
Available for sale invest's	2.0	5.1
Cash & cash equivalents	6.4	9.1
Other current assets	0.7	4.1
Total current assets	51.6	56.0
Total assets	128.7	133.9
Working capital / sales	26%	23%
Gearing	66%	79%
Net debt	£35.9m	£30.3m

	2005 £m	2004 £m
Borrowings	(34.2)	(39.3)
Retirement benefits	(8.9)	(9.7)
Provisions	(1.0)	(2.2)
Other non current liabilities	(0.4)	(0.7)
Total non current liabilities	(44.5)	(51.9)
Borrowings	(7.9)	(0.1)
Trade & other payables	(13.7)	(20.5)
Provisions	(3.4)	(21.4)
Other current liabilities	(4.5)	(1.5)
Total current liabilities	(29.5)	(43.5)
Total liabilities	(74.0)	(95.4)
Net assets	54.7	38.5

Provisions

	Restructuring £m	Onerous leases £m	Total £m
B/f 1 Jan 2005	11.2	3.5	14.7
Foreign exchange	(0.1)	-	(0.1)
Utilised	(6.3)	(0.9)	(7.2)
Released to income statement	(2.1)	(0.9)	(3.0)
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C/f 31 December 2005	2.7	1.7	4.4
Cash payable in 2006	2.7	0.7	3.4
Cash payable after 2006	-	1.0	1.0

Reconciliation of operating profit to net cash inflow from operations

	2005 £m	2004 £m
Operating profit/loss	22.7	2.0
Depreciation	3.4	3.1
Amortisation	0.6	0.5
Loss on disposal	0.2	-
Impairment of tangible fixed assets	-	0.1
Net provisions (written back)/established	(3.0)	13.7
Stock write down	-	0.8
Equity based payments	1.2	0.3
Non-cash pension credit	(0.3)	-
Other non-cash profit items	-	(0.5)
Increase in inventories	(2.2)	(0.9)
Increase in debtors	(3.6)	(0.4)
Decrease in creditors	(0.7)	(0.2)
Utilisation of provisions	(7.2)	(6.4)
Net cash inflow from operating activities	11.1	12.1

Cash flow statement

	2005 £m	2004 £m
Cash generated from operations	11.1	12.1
Interest received	0.3	-
Interest paid	(1.8)	(1.0)
Tax received/(paid)	1.5	(2.4)
Net cash generated from operating activities	11.1	8.7
Acquisition of subsidiaries	(5.0)	(28.9)
Cash in held for sale investments	(5.5)	4.0
Purchase of property, plant & equipment	(5.8)	(4.3)
Other	4.8	(0.3)
Net cash used in investing activities	(11.5)	(29.5)
Net proceeds from issue of ordinary share capital	2.0	1.7
Proceeds from borrowings	2.7	39.1
Repayment of borrowings	(2.0)	(13.0)
Dividends	(6.2)	(5.6)
Net cash used in financing activities	(3.5)	22.2
Net (dec.)/inc. in cash & cash equivalents	(3.9)	1.4

Proposed dividend

- **Final dividend of 3.16p (2004: 2.87p) per share**
- **Full year dividend 5.07p (2004: 4.61p) per share**
 - **Increase of 10% on prior year**
 - **Dividend paid in 2005 of £6.2m is covered 2.5 times**

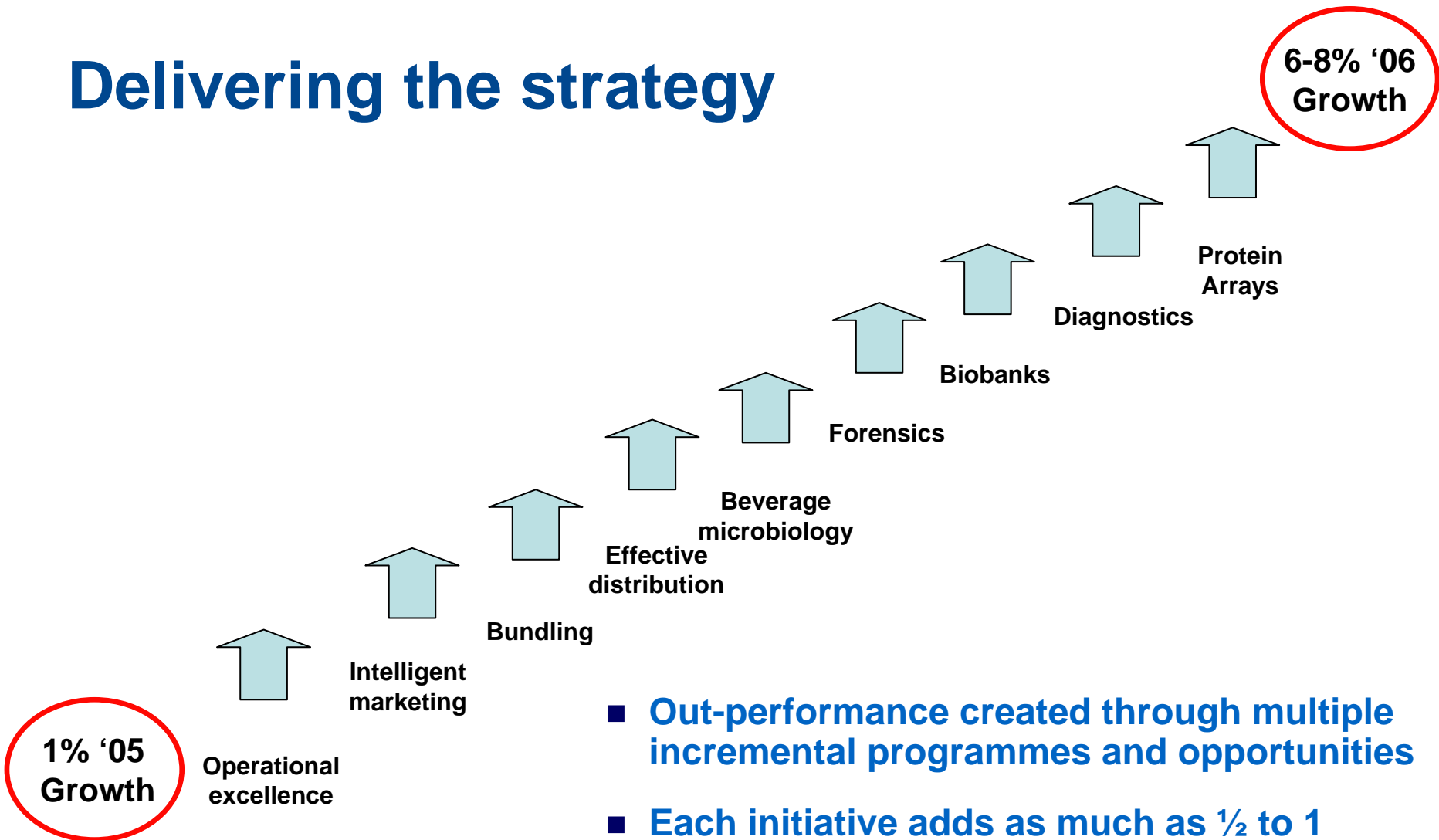
Financial summary

- **Margins improving**
- **Cash generative**
 - Restructuring largely completed
 - Opportunities in working capital
- **Cost of process automation not incremental**
- **Strong balance sheet**

Outlook

Bill Emhiser - CEO

Delivering the strategy



- Out-performance created through multiple incremental programmes and opportunities
- Each initiative adds as much as $\frac{1}{2}$ to 1 full point of growth in 2006
- Goal: double digit growth beyond 2006

Outlook

■ Sales recovering

- Q1 up 11%
- Order book strong entering Q2

■ Margin enhanced

- Full year of acquisition synergies
- Volume leverage and positive mix
- Manufacturing efficiency

■ Customer service improving

- Fisher line item fulfilment above 95%

Positive outlook for 2006 and beyond