Preliminary Results 19 March 2019

ZOTEFOAMS

Investing in our Future

ZOTEK®

AZOTE®

MuCell®

T-FIT®

David Stirling Group CEO
Gary McGrath Group CFO

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ZOTEFOAMS

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ZOTEFOAMS

Introduction

AZOTE® / ZOTEK® / T-FIT® / MuCell®

Business Overview

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AUTOCLAVE TECHNOLOGY

EXTRUSION TECHNOLOGY

POLYOLEFINS

AZOTE®

Premium durable foams
Uniformly dense foam sheets with a consistent cell structure. These foam sheets and blocks are manufactured from common polymers using our unique nitrogen-expansion process.

Key Markets
Automotive / Aviation
Construction / Industrial /
Marine / Military / Product
Protection / Sport and leisure

Key Market Drivers
Lightweighting
Durability
Fire safety
Reduced toxicity

HPP

ZOTEK®

Lightweight technical foams
Ultra durable, highly heat and impact-resistant foam. ZOTEK® foams are manufactured from engineering polymers using our unique nitrogen-expansion process.

Key Markets
Automotive / Aviation
Athletic footwear / Construction

Key Market Drivers
Lightweighting
Personal safety
Durability
Fire safety
Energy management

T-FIT®

Technical insulation for industry
A range of bacteria-resistant insulation products manufactured from high-grade polymers using our unique nitrogen-expansion process. T-FIT® products are purpose designed to perform in demanding environments.

Key Markets
Food and personal care manufacturing
High-temperature processing environments
Pharmaceutical, biotech and semiconductor clean rooms

Key Market Drivers
Aging population
Demographic changes
Reduced toxicity

MEL

MuCell®

Innovative and accessible technology for greener, lower cost plastic products
This pioneering technology injects gas into plastics during the manufacturing process to create micro-bubbles and is licensed to customers manufacturing plastic parts. The end product uses 15 - 20% less material.

Key Markets
Automotive
Consumer packaging

Key Market Drivers
Environmental benefit
Lower cost

Strategy

ZOTEFOAMS

“Our ambition is to be the **world leader in cellular materials** technology in our chosen markets”

We intend to develop business **through sustained high levels of organic growth** and through partnerships or acquisitions

We **focus resources** primarily on markets where we are, or have the potential to be, a **market leader**

We deliver stakeholder value by using **unique technology** to create a portfolio of **differentiated products**

We believe our existing strategy continues to serve us well and continues to enable us to grow strongly

AZOTE® / ZOTEK® / T-FIT® / MuCell®

Preliminary Results Highlights

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Significant financial and strategic progress

Gross revenue
up 16% to £81.0m

EBITDA[1]
up 29% to £16.66m

Adjusted[2] profit before tax
up 21% to £11.1m

Full year dividend increased by
3.2% to 6.12p

HPP sales up 67% and now represent 27% (2017: 19%) of Group revenue

Core AZOTE® foams grew by 8%. MEL expected to return to growth in 2019

KY, USA facility commissioned. Further capacity increases in UK, USA & Poland in 2019/20

Successful bank refinancing and equity raise to support growth plans

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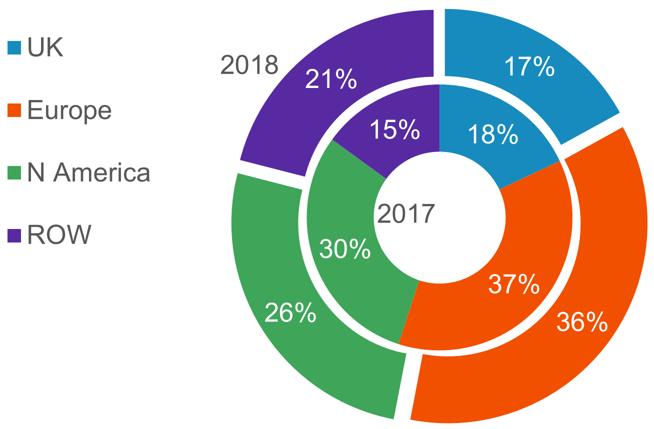
[1] before exceptional item
[2] before amortisation of acquired intangibles and exceptional item

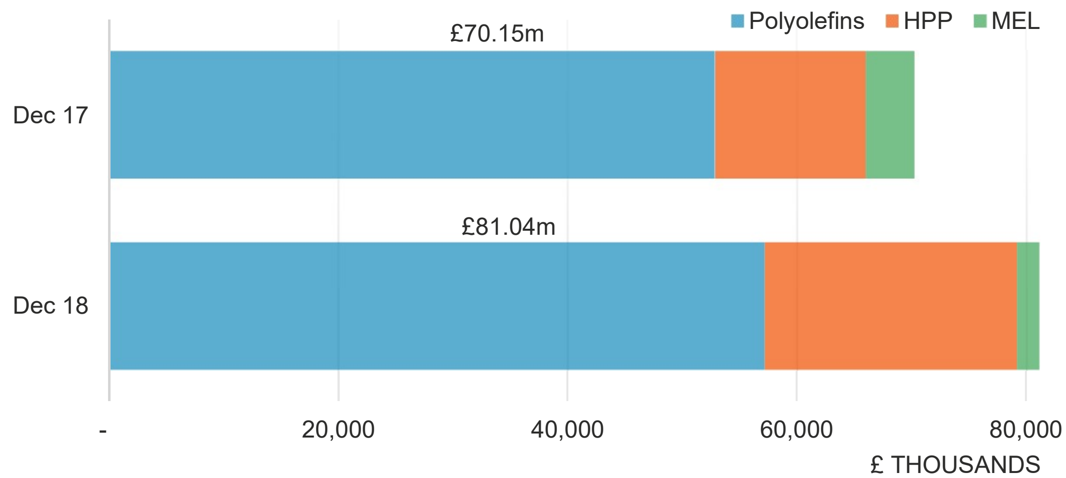
Segment Overview

Revenue by geography

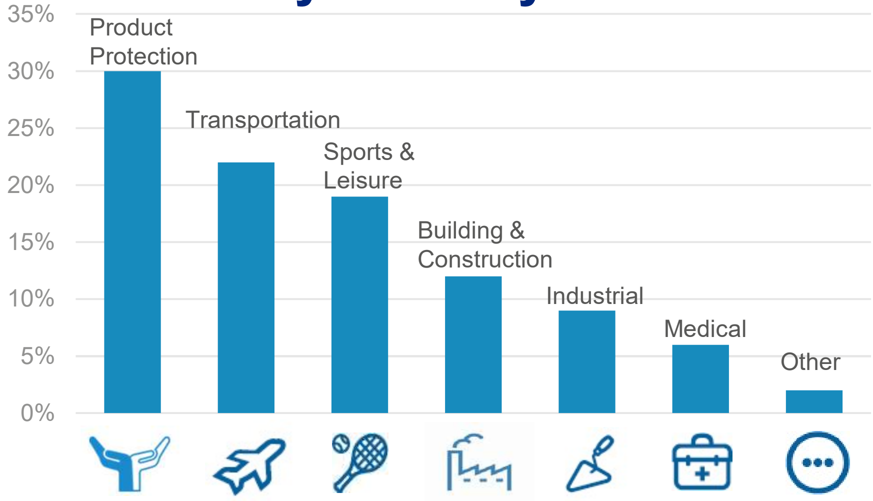


2018 vs 2017
- UK up 4%
- Europe up 12%
- USA up 1%
- ROW up 69%

Revenue by business unit



Revenue by industry



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A well-balanced geographical and industrial spread

Improving mix of higher value HPP business

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Financial Review

Financial headlines

Group Revenue up 17% in constant currency

Adjusted Operating Profit up 22%, Adjusted PBT up 21%

Operating Cash Flow before working capital movements up 31% to £17.5m

Adjusted EPS up 15% to 19.11p

Bank facilities increased approx. 64%, oversubscribed equity raise of £20.6m before fees

GMP-related exceptional operating item of £0.95m

* Adjusted: before amortisation of acquired intangibles and exceptional item

Abbreviated income statement

ZOTEFOAMS

£ million	Dec-18	Dec-17	% Change Reported
Group revenue	81.04	70.15	16%
Gross profit	29.00	25.49	14%
Gross profit margin	35.8%	36.3%	
Adjusted operating profit	11.84	9.70	22%
Adjusted profit before tax	11.07	9.14	21%
Tax charge	2.00	1.54	30%
Adjusted profit after tax	8.90	7.36	21%
Effective tax rate	20.3%	20.4%	
Adjusted EPS (p)	19.11	16.64	15%
Final proposed DPS (p)	4.15	4.02	3%
Exceptional item	0.95	1.27	

Adjusted: before amortisation of acquired intangibles and exceptional item
Tax charge includes impact of exceptional item

Abbreviated statement of financial position

ZOTEFOAMS

£ million	Dec-18	Dec-17	% Change Reported
Intangible assets	6.52	6.68	(2)%
Tangible assets	67.61	54.12	25%
Net working capital	32.94	24.01	37%
Post-employment benefits	(8.08)	(6.17)	31%
Net debt	(12.96)	(17.96)	(28%)
Other	(0.95)	(1.59)	
Total net assets	85.08	59.09	44%
Issued share capital	2.42	2.22	9%
Share premium	44.18	24.34	82%
Translation reserve	4.05	2.61	55%
Retained earnings	34.80	29.83	17%
Other	(0.37)	0.09	
Total equity	85.08	59.09	44%

Free cash flow and net debt

ZOTEFOAMS

£ million	Dec-18	Dec-17
Profit before tax	9.86	7.55
Depreciation	5.08	3.50
Other	2.54	2.25
Operating profit before movements in W/C	17.48	13.30
Movement in receivables	(6.36)	(0.10)
Movement in inventory	(3.75)	(2.80)
Movement in payables	0.37	0.19
Pension contributions	(0.62)	(0.62)
Cash generated from operations	7.11	9.98
Interest & Income tax paid	(2.65)	(1.24)
Net cash flows from operating activities	4.46	8.73

£ million	Dec-18	Dec-17
Net cash used in investing activities	(16.09)	(11.74)
Proceeds of share issue	20.08	0.00
Repayment of borrowings	(45.06)	(1.31)
Proceeds from borrowings	44.58	6.61
Dividend paid	(2.71)	(2.55)
Other	0.03	0.03
Cash flows from financing activities	16.92	2.78
Net movement in cash and equivalents	5.30	(0.23)
Cash and cash equivalents at period start	1.81	2.06
FX	(0.03)	(0.02)
Cash and cash equivalents at period end	7.07	1.81

Key performance metrics

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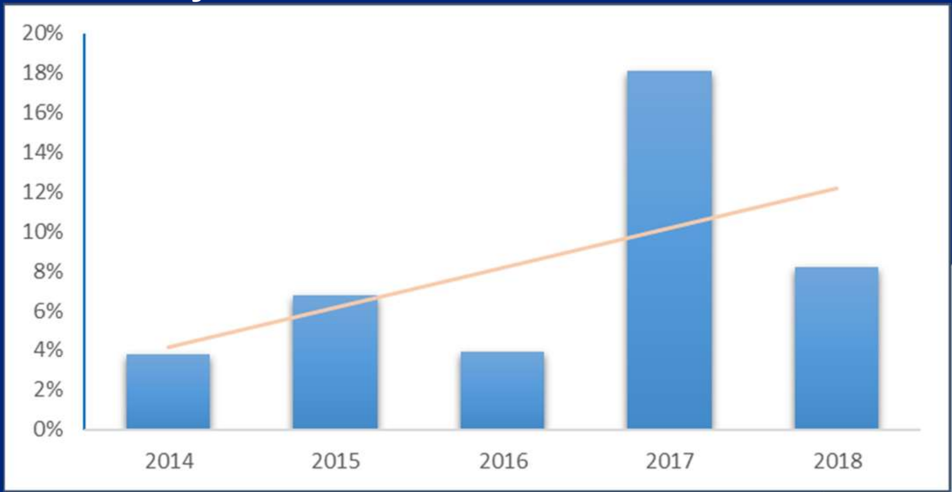
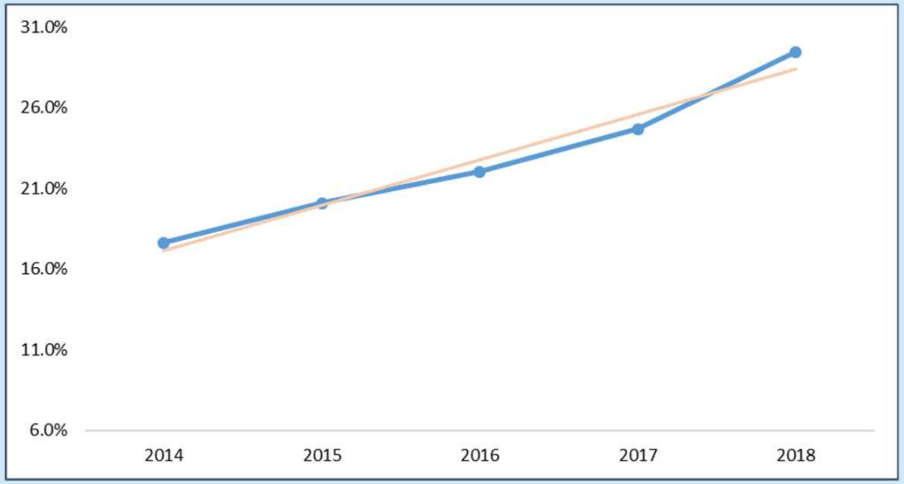
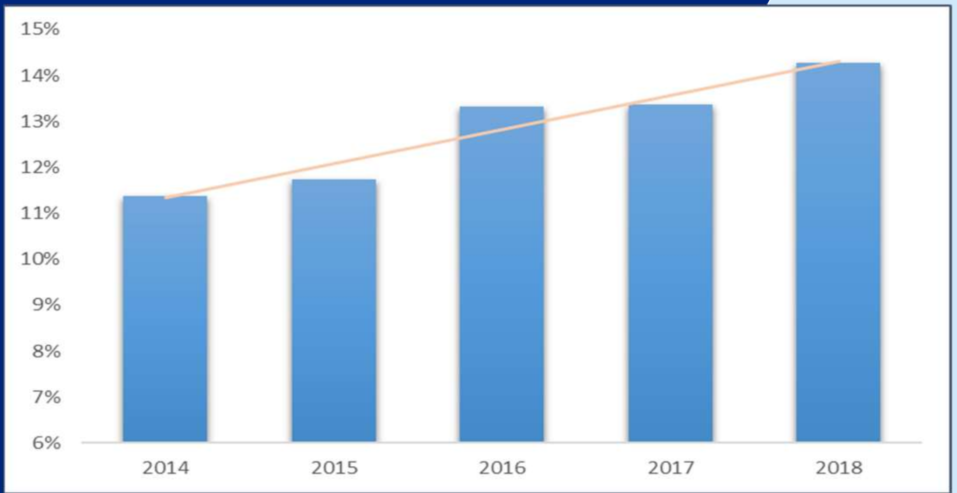
Polyolefin Foams Growth %



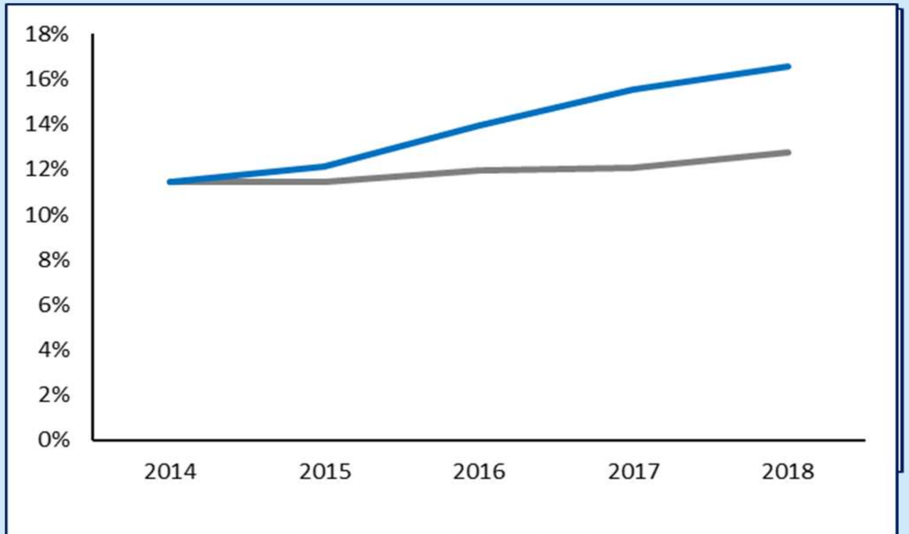
HPP and MEL Share of Gross Revenue



Group Operating Margin %



Return on Capital Employed



AZOTE® / ZOTEK® / T-FIT® / MuCell®

Segment headlines

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High-Performance Products sales up 67%, driven by ZOTEK® PEBA elastomeric foams

Polyolefin Foams sales up 8%, supported by new USA capacity

MuCell Extrusion restructured with return to growth expected in 2019. Strong IP development

HPP results

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ZOTEK®
T-FIT®

ZOTEK® foams: retaining the attributes of high-performance polymers with the added benefits of consistent foaming

T-FIT® high-performance insulation

Revenue

- 67% sales growth (71% constant currency)
- Footwear now represents around half of the HPP business segment
- ZOTEK® F growth of 20%
- T-FIT® growth but expected to be better

HPP	Dec 18 £m	Dec 17 £m	Change
Segment revenue	22.01	13.15	67%
Segment profit pre amortisation	5.81	3.16	84%
Segment profit post amortisation	5.81	3.16	84%
Segment profit margin	26%	24%	

Costs and Margin

- HPP remains an aggregation of products and markets at different stages of development
- Strong ZOTEK® F & PEBA sales in 2018 push margins higher
- Margin growth net of development investment across all product ranges to meet their expected potential

- ZOTEK® F fluoropolymer foams: fire, smoke, chemical resistance
- ZOTEK® N nylon foams: high temperature performance
- ZOTEK® PEBA foams: excellent kinetic energy return
- T-FIT® technical insulation products

HPP: high-margin growth portfolio

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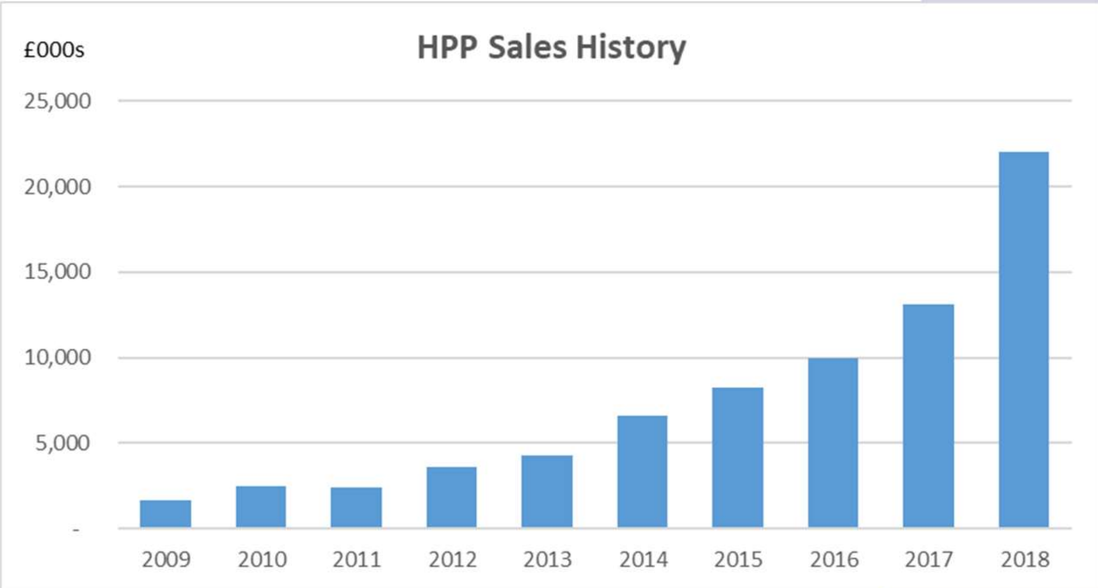
ZOTEK® T-FIT®

Investment in UK plant to deliver significant uplift on HPP capacity during 2019

HPP Sales History



Footwear

- Significant strategic partnership announced December 2017 with Nike, exclusive supply
- Materials performance extremely well received in certain Nike product lines
- Working together to develop other materials and to prove Zotefoams' wider capability as unique technology in this exciting market

T-FIT® technical insulation

- Management focus H1 on operational improvement at China facility
- H2 performance much improved, with momentum expected to continue into 2019
- Investments made in sales and development resource, and India entity set up early 2019
- T-FIT® success reduces reliance on larger, project-driven revenues from HPP BU

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Polyolefin Foams results

ZOTEFOAMS

AZOTE®

Common polymers made extraordinary by Zotefoams' unique process, creating premium, durable, consistent materials

Revenue

- 8% sales value growth (9% constant currency)
- US capacity came on stream in March 2018, helping global volumes up 6%
- Strongest growth in UK and Continental Europe, up 10% and 12% respectively
- Operational improvements in the UK delivered additional capacity

Polyolefin Foams	Dec-18 £m	Dec 17 £m	Change
Segment revenue	57.16	52.82	8%
Segment profit pre amortisation	9.45	10.29	(8%)
Segment profit post amortisation	9.45	10.29	(8%)
Segment profit margin	17%	19%	

Costs and Margin

- Segment profit impacted by higher fixed costs and depreciation of the Kentucky, USA facility, largely expected at this point in the investment cycle
- LDPE polymer costs similar to 2017

The commercial focus of our AZOTE® business is to grow revenues through closer collaboration with end users and channel members, to continually enhance our product range and deliver capacity and efficiency improvements from production

MuCell Extrusion results

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MuCell®

Revenue

- Equipment revenue £1.05m (2017 £3.26m) with sales in 2017 benefitting from the shipment of a full extrusion line to a customer in Japan
- Licence and royalty revenue down 8%

Costs and Margin

- Business restructured in mid 2018, changing the allocation of the cost base
- MuCell remains below critical mass and business administration and development costs are not yet carried by gross profit

MEL	Dec 18 £m	Dec 17 £m	Change
Segment revenue	1.95	4.25	(54%)
Segment loss pre amortisation	(1.63)	(1.03)	(58%)
Amortisation	(0.26)	(0.33)	-
Segment loss post amortisation	(1.89)	(1.36)	(39%)

- Business restructured mid-year to improve clarity over the development of new accounts, delivery of machinery and financial management
- Strong pipeline of patent applications
- Improved commercial momentum H2 and into 2019

Global investment strategy

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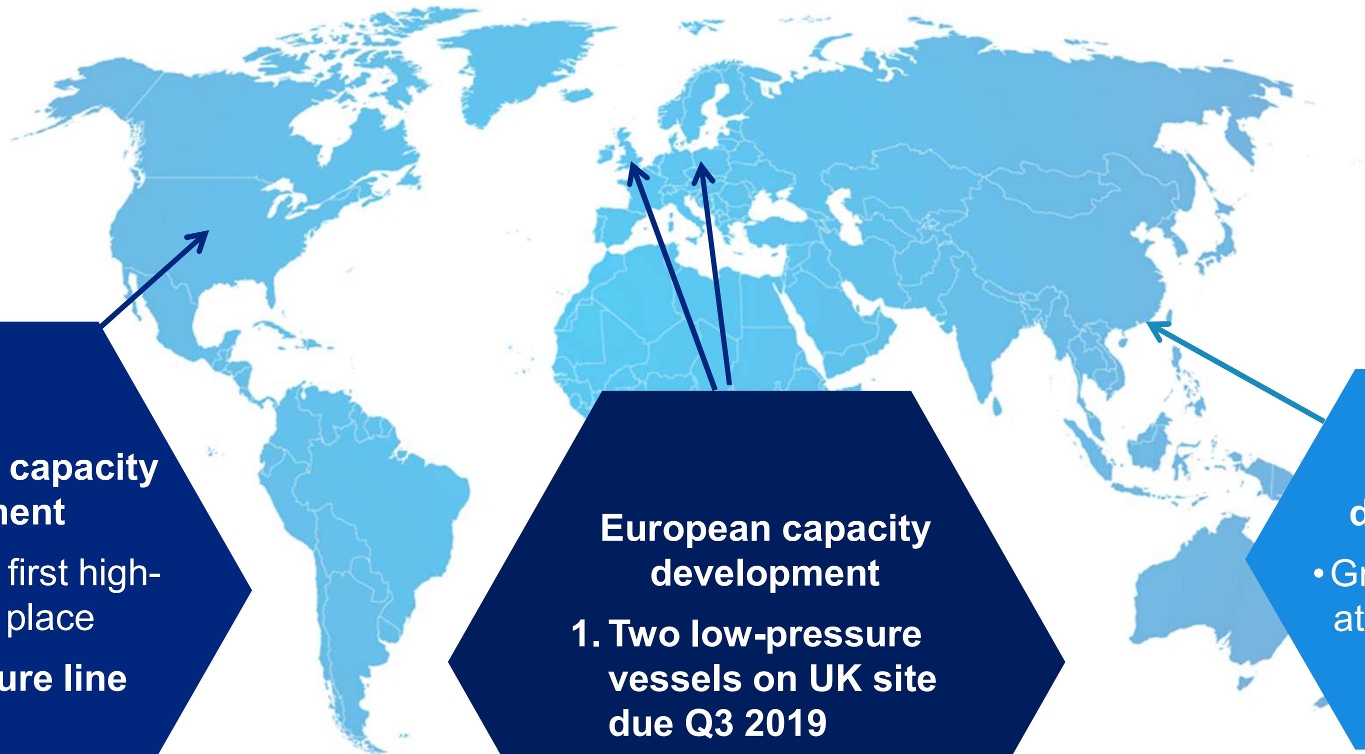
North America 26% of Revenue

Europe 53% of Revenue

ROW 21% of Revenue



North America capacity development

1. Infrastructure & first high-pressure line in place
2. **2^{nd} high-pressure line due end 2019**

European capacity development

1. **Two low-pressure vessels on UK site due Q3 2019**
2. **Poland facility first phase due 2020**

ROW capacity development

- Growing capacity at T-FIT® factory in China

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Capacity expansion projects

Everything is on track

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UK - £12m project

- High-temperature low-pressure autoclaves to increase HPP expanding capacity
- Building completed and autoclaves installed
- Commissioning Q2 2019
- Available Q3 2019

USA - $10m project

- 2nd high-pressure autoclave to increase global capacity by approx. 20%*
- Infrastructure in place from HP1
- Long lead items secured
- Targeted start-up end of 2019

Poland - £23m project

- Autoclave and infrastructure to increase global capacity by approx. 20%*
- Land purchased 11/18
- Tax incentives secured 2/19
- Ground broken
- Targeted start-up mid-2020

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* When compared to 2017 exit rate

Key message & outlook

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KEY MESSAGES

Significant financial progress

Step-change in HPP, now 27% of Group sales

All three major capital projects to expand capacity on schedule

OUTLOOK

Strong start to the year

Zotefoams well positioned for further growth following recent investments in products, people and productive capacity

Despite more uncertain FX rates and a generally less favourable macroeconomic environment

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Appendices

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Investment case

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Sustained high levels of organic growth with margin enhancement through product mix and operational gearing

HPP growth rates significantly above AZOTE® foam, with superior margins

Flexible core autoclave capacity for block foam production (AZOTE® & ZOTEK®)

Investment in KY, USA will add to cost base initially but underpins growth potential

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ZOTEK® (HPP) portfolio of products at different stages of development and market penetration

MuCell optionality: investment in customer base with long value tail

Sustainable high levels of organic growth due to innovative product portfolio and megatrend alignment

Downstream investment (ZMW, KZKL) to increase influence on supply chain and enhance margins

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Revenue and profit momentum

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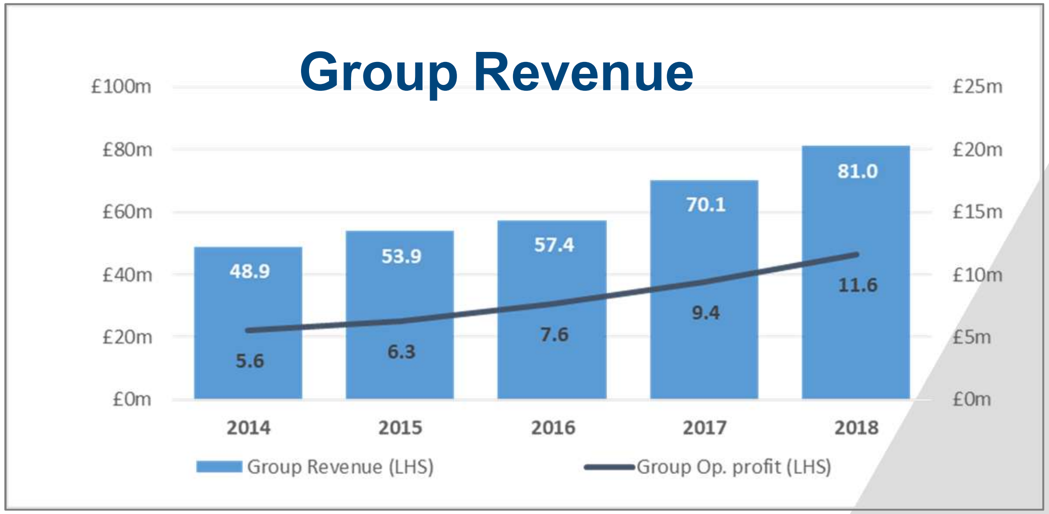
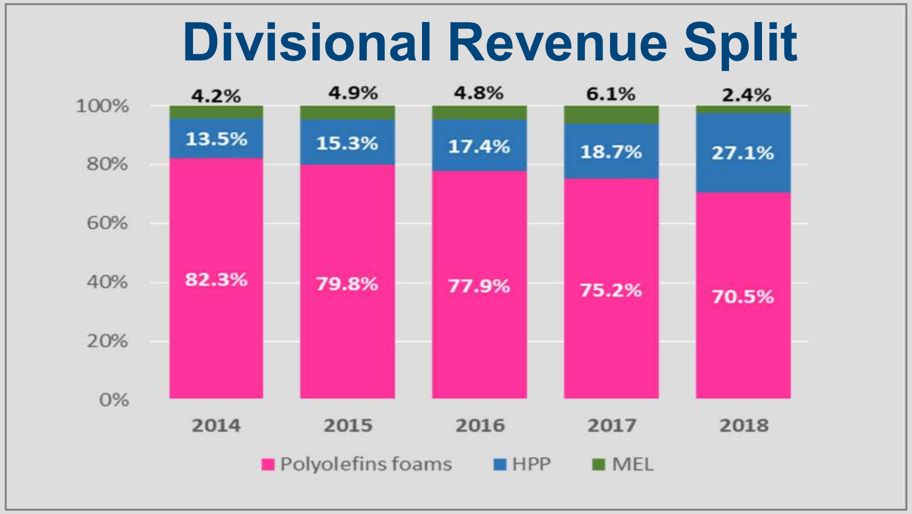
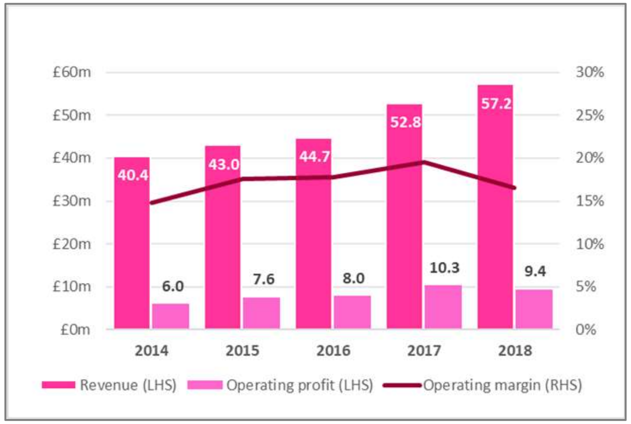




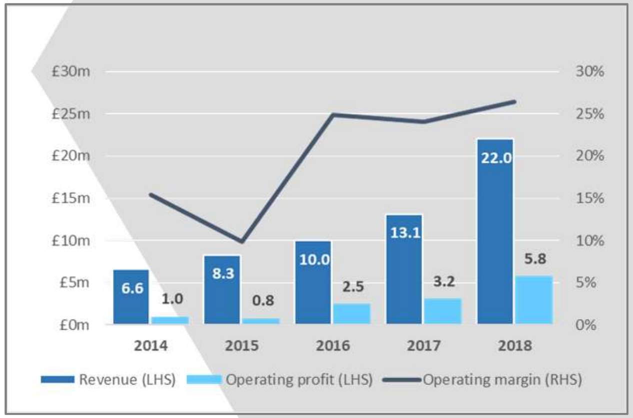
Autoclave technology

Extrusion technology

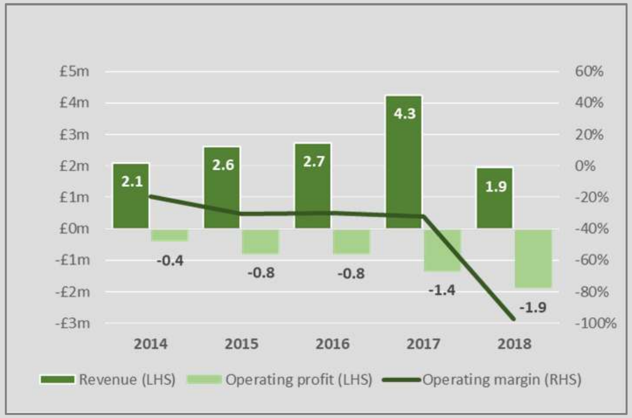
POLYOLEFINS



HPP



MEL



AZOTE® / ZOTEK® / T-FIT® / MuCell®

Overview

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Organisation

Founded on innovation stretching back to 1921

Environmentally friendly Nitrogen/CO2 gas foaming processes

Barriers to entry: IP, capital, application specifications and supply chain

Unique technology delivering solutions in growth markets

ZOTEFOAMS

A world leader in cellular materials technology

Global workforce approximately 460

Products

AZOTE®

Polyolefin Foams

ZOTEK®

High Performance Products

MuCell®

Technology Licencing for micro-cellular materials

T-FIT®

Technical tube and pipe insulation

AZOTE® / ZOTEK® / T-FIT® / MuCell®

Group overview - locations

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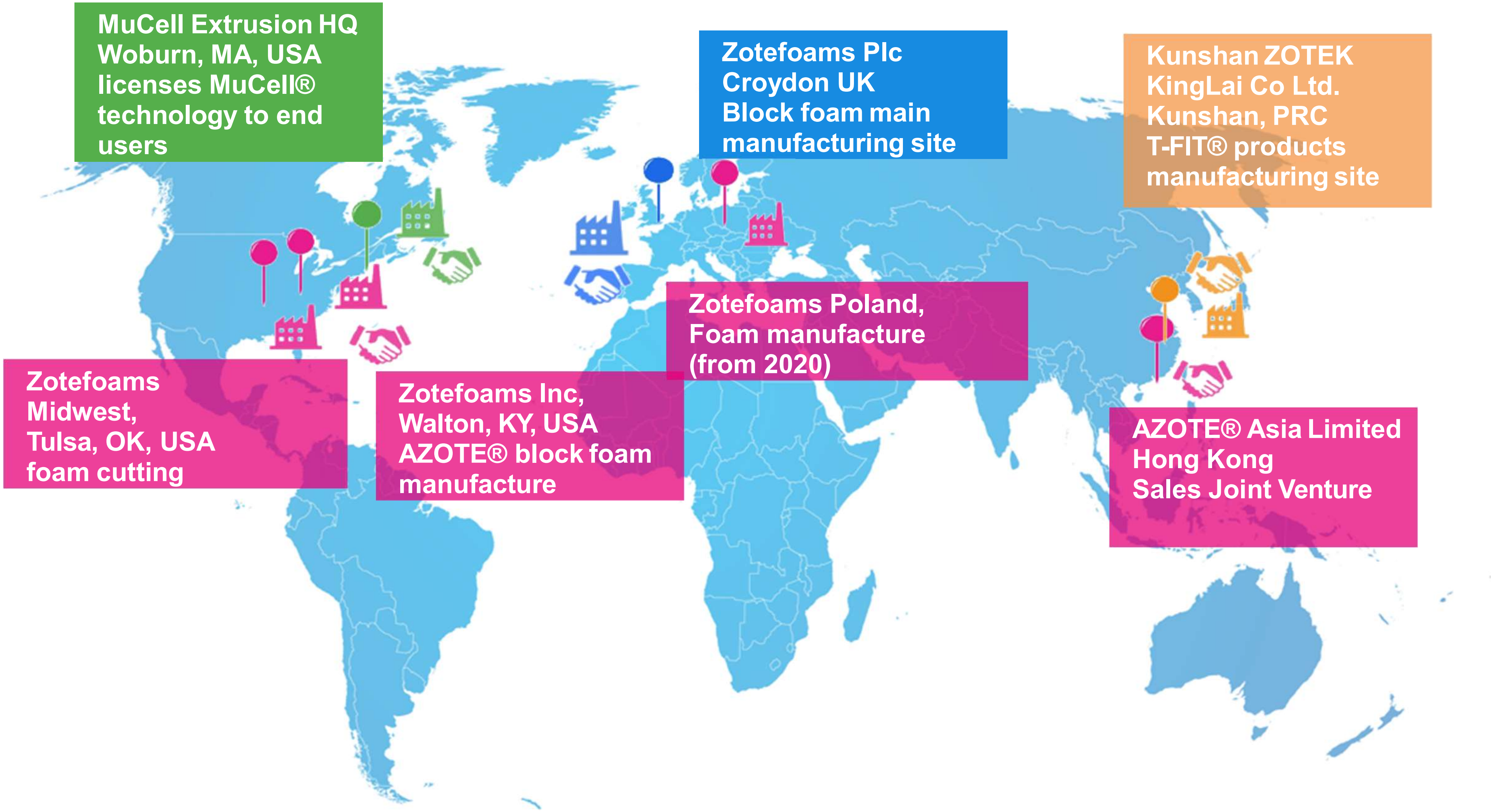

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Main markets & typical applications

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Product Protection

AZOTE® ZOTEK® MuCell®

Luxury, fine art and museum
Industrial protective and transit
Aviation & aerospace
Electronics
Space station transit pods
Consumer (food and household)

Transport

AZOTE® ZOTEK® MuCell®

Aircraft seats, seals
Automotive seals, gaskets
Galley areas / window seals
ECS (air ducting)
Soft touch trim / close outs
Composites panels
Automotive airducts

Industrial

AZOTE® ZOTEK® T-FIT®

Seals and gaskets
Marine hoses and fenders
Clean room environments
High heat up to 205°C including food processing & personal care plants

Sports & leisure

AZOTE® ZOTEK®

Impact protection padding
Life jackets, swim floats,
Paddle boards, sports turf underlay
Athletic shoes, impact pads

Building & construction

AZOTE® ZOTEK® MuCell®

Roof & wall insulation
District heating pipe spacers
Seals and gaskets, acoustic dampening
Piping, signage and insulation

Medical

AZOTE®

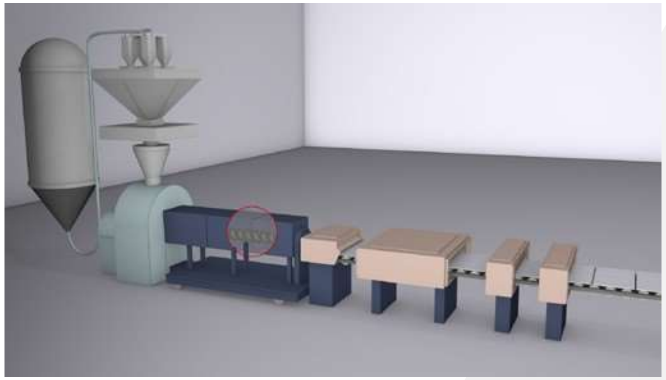
Product protection
Buoyancy aids
Prosthetics / orthoses
Pads, seats and cushions

AZOTE® / ZOTEK® / T-FIT® / MuCell®

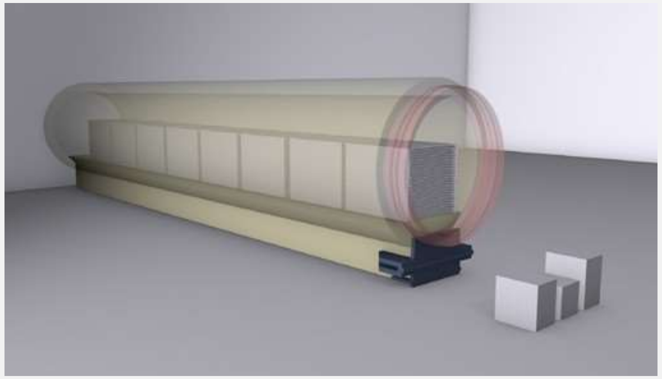
Autoclave foaming process

What sets us apart from competition is a unique, environmentally-friendly process that uses nitrogen gas to produce a range of uniform closed cell crosslinked foams.

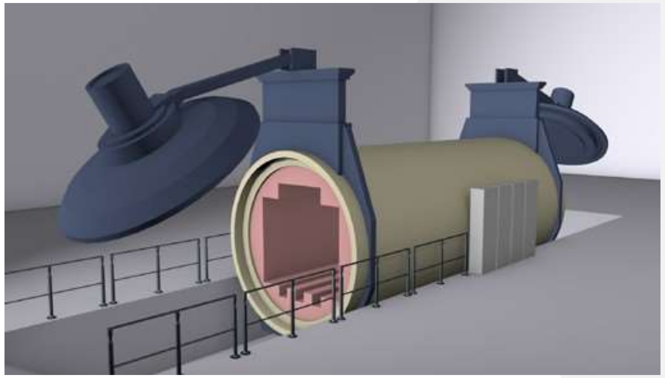
Stage 1
High quality extrusion and cross-linking of solid polymeric sheet

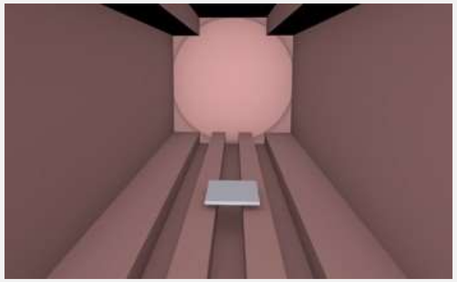


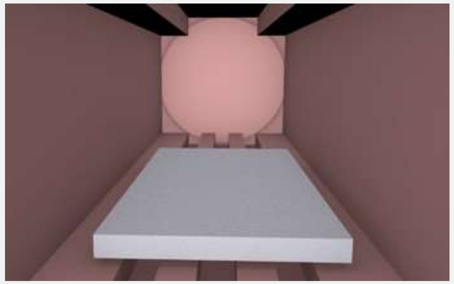
Stage 2
Impregnation and saturation



Stage 3
Expansion







MuCell® process technology

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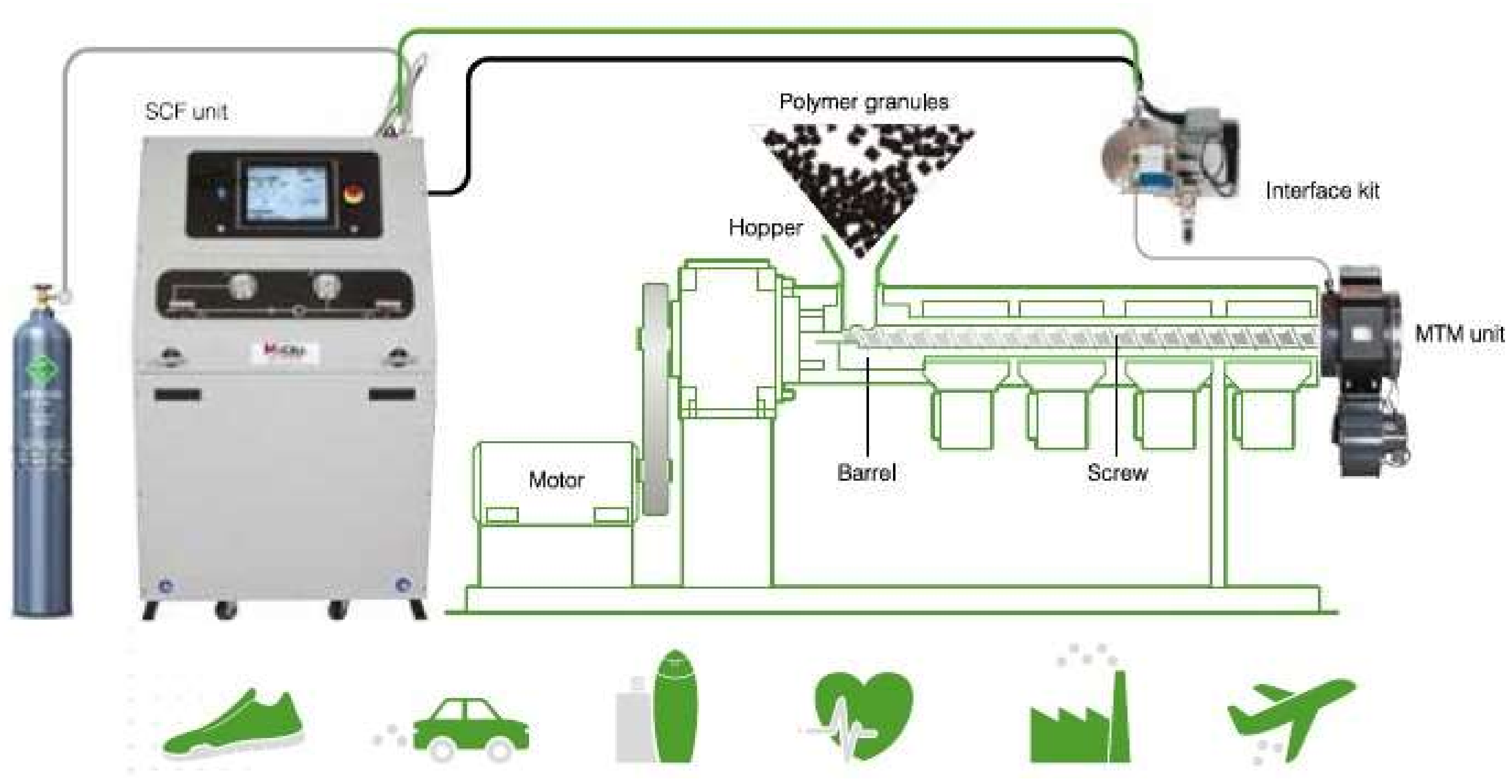
MuCell® technology produces foam that performs like solid plastic. It creates microbubbles in the centre of plastic extrusions by injecting gas into the melt during manufacture.



Lighter
Greener
Lower cost

Major investment** history

based on commissioning dates of capacity

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Pre 2000: Croydon, UK site

– 4 large + 1 small high-pressure autoclaves

– 2 low-pressure autoclaves, 2 small high-temperature*** low-pressure autoclaves

2001: New site, Kentucky, USA

– Buildings, infrastructure, low-pressure autoclave

2006: High-pressure autoclave, UK

2012: Low-pressure autoclave, UK

2017: 2 small high-temperature low-pressure autoclaves, UK

2018: Buildings, infrastructure, high-pressure autoclave, USA

In progress, scheduled for 2019/2020

– Buildings, infrastructure, 2 large high-temperature low-pressure autoclaves, UK

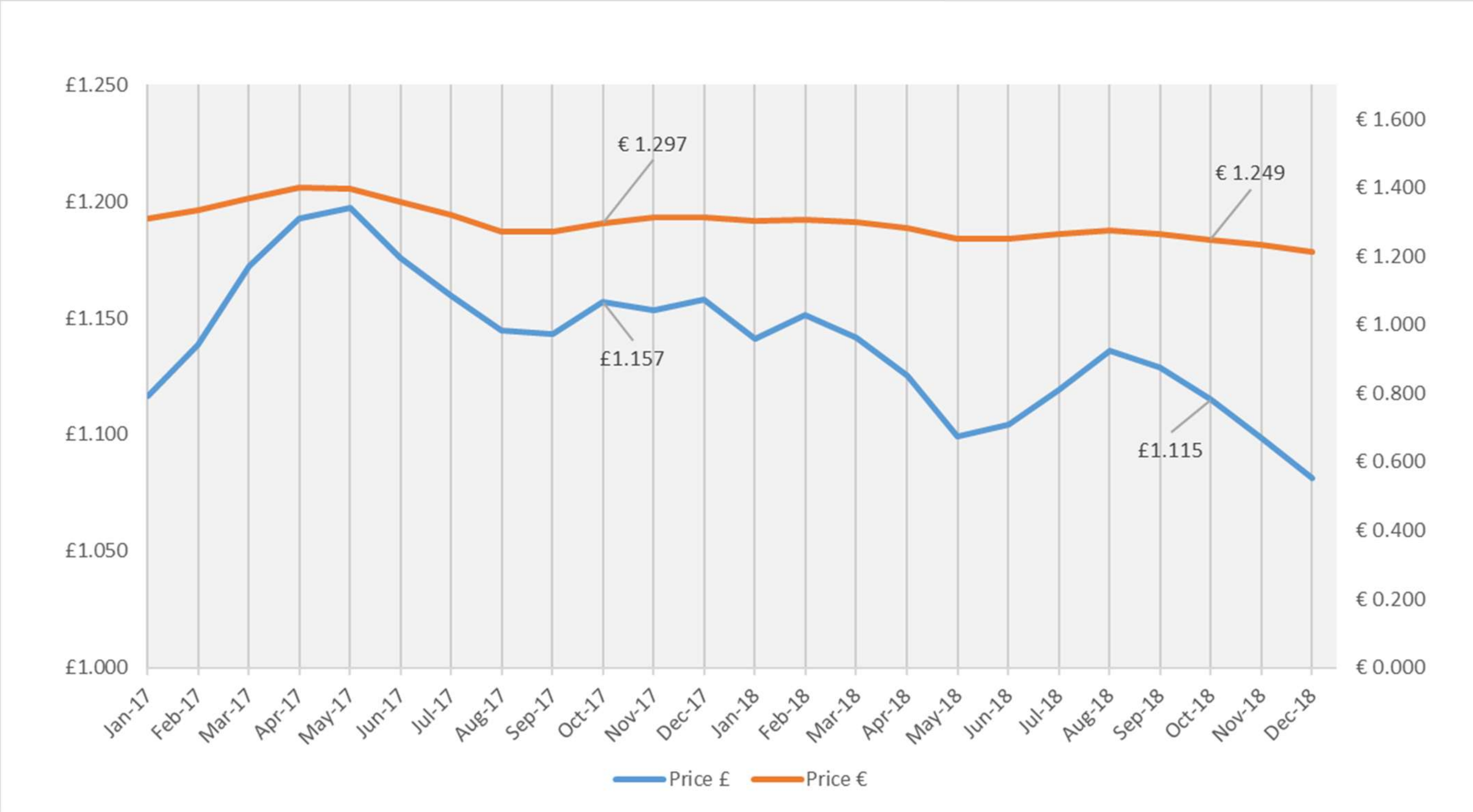
– High-pressure autoclave, USA

– Buildings, infrastructure, large high-temperature low-pressure autoclave, Poland

High-pressure autoclave = required for gassing
Low-pressure autoclave = required for foaming

*** Excludes extrusion & T-FIT® investment*
**** High temperature generally required for HPP products*

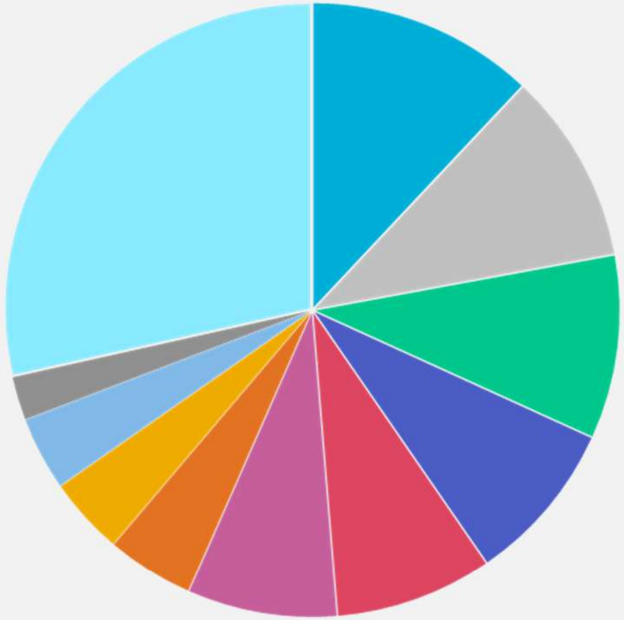
Polymer (LDPE) prices



Market information

Share price	600p (14/03/19)
Market	Main Market
Ticker	ZTF.L
Market cap.	£286.0m
Ord. shares in issue	48,301,234

Shareholder Profile*



- Miton 12.0%
- Schroders 10.1%
- Canaccord Genuity 9.7%
- BlackRock 8.6%
- Oppenheimer 8.3%
- Sekisui Alveo 7.9%
- Legal & General 4.6%
- Mr & Mrs Downes 4.1%
- Mr N A Beaumont-Dark 3.9%
- Aberdeen Standard 2.3%
- Others 28.5%

* Source: Company Share Register (05/03/19)

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Board of Directors

ZOTEFOAMS

Steve Good Non-Executive Chairman

(Chair of the Nominations Committee and a member of the Remuneration Committee)

Appointed to the Board in October 2014 as a Non-Executive Director and became Chairman on 1 April 2016. Steve was Chief Executive of Low & Bonar plc between September 2009 and September 2014. Prior to that role, he was Managing Director of its technical textiles division between 2006 and 2009, Director of new business between 2005 and 2006, and Managing Director of its plastics division between 2004 and 2005. Prior to joining Low & Bonar he spent 10 years with BTP plc (now part of Clariant) in a variety of leadership positions managing international speciality chemicals businesses. He is a Chartered Accountant.

David Stirling Group CEO

Joined Zotefoams plc in September 1997 as Finance Director. Appointed Group CEO in May 2000. David started his career with KPMG in Scotland where he qualified as a Chartered Accountant. He has worked for Price Waterhouse in the USA and Poland and with BICC plc. David is a graduate of Glasgow University and has an MBA from Warwick University and an MSc in Finance from London Business School.

Gary McGrath Group CFO

Joined Zotefoams plc in December 2015 and was appointed Group CFO on 1 February 2016. Gary is a Chartered Accountant, qualifying with Arthur Andersen. He spent 11 years with RMC Group plc before joining Koch Industries Inc, where he spent several years in various positions, including Global Finance Director of INVISTA Apparel and EMEA Vice President of Finance, Planning and Analysis at Georgia Pacific. Before joining Zotefoams, Gary was CFO of GC Aesthetics Limited. He has worked across public, private and private equity environments in the UK, Belgium, Germany, the USA and the Republic of Ireland.

Angela Bromfield MBA Non-Executive Director

(Chair of the Remuneration Committee and member of the Audit and Nominations Committees)

Appointed to the Board in October 2014. Angela was Strategic Marketing & Communications Director at Morgan Sindall plc until 2013 and prior to that she held senior roles at the Tarmac Group, Premier Farnell plc and ICI plc. Angela was a Non-Executive Director for Mondi Paper & Packaging Limited. Angela has a degree in Chemistry from the University of Reading and an MBA from Warwick University.

Jonathan Carling Non-Executive Director

(Member of the Audit, Nominations and Remuneration Committees)

Appointed to the Board in January 2018. Jonathan is the CEO of Tokamak Energy, a technology business developing a faster route to fusion power. Jonathan was previously COO, Civil Large Engines at Rolls Royce plc, COO at Aston Martin Lagonda Limited, and Chief Engineer with Jaguar Landrover Limited. Jonathan has extensive engineering, operational and business experience. He was also a Non-Executive Director of Aga Rangemaster Group plc between 2011 and 2015.

Doug Robertson Non-Executive Director

(Chair of the Audit Committee and member of the Nominations and Remuneration Committees)

Appointed to the Board in August 2017. Doug was Group Finance Director of SIG plc until his retirement in January 2017. Prior to joining SIG, Doug had been Group Finance Director of Umeco plc and Seton House Group Limited, having spent his early career with Williams plc in a variety of senior financial and business roles.