

CAPITAL MARKETS DAY

London – 4 October 2017



AGENDA

Scapa Capital Markets Day 2017

14.30 – 14.45

Welcome / Introduction

Larry Pentz, Chairman

14.45 – 15.30

Industrial Business Unit Overview

Troy Asberry, Managing Director, Industrial
Chris Carter, Chief Operations Officer

15.30 – 16.15

Healthcare Business Unit Overview

Joe Davin, President, Healthcare

16.15 – 16.35

J&J: Driving Innovation – Partnering with Scapa

Janette Edelstein, Director, Global Partner Enabled
Innovation Lead for Johnson & Johnson

16.35

Close

Heejae Chae, Chief Executive

Followed by:

Refreshments & break-out sessions:

Healthcare

Brian Coughlin, Vice President Global Sales
Mike Muchin, Vice President Product Development

Industrial

Martha Sloboda, Global Commercial Director

HR and Culture at Scapa

Clare Taylor, Group HR Director

The background of the slide features large, overlapping, translucent red geometric shapes, possibly representing stylized architectural elements or abstract forms. These shapes are set against a light gray background.

Troy Asberry

Managing Director, Industrial

Chris Carter

Chief Operating Officer, Scapa



Industrial

AGENDA

Industrial Business Unit

Leadership

Pressure Sensitive Market

Commercial Strategy

Operational Excellence

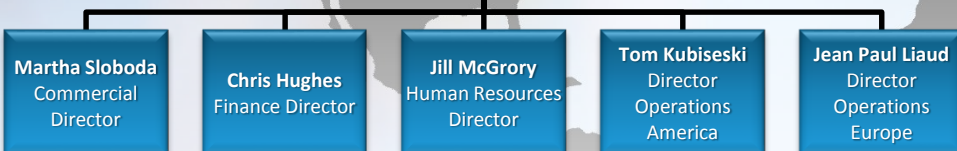
Questions

INDUSTRIAL ORGANISATION

Management team



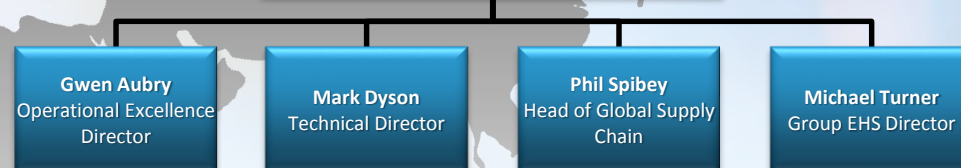
Troy Asberry
Managing Director, Industrial



2010 – Present: Scapa, Managing Director
2006 – 2010: Volex, Vice President of Sales
2001 – 2006: Amphenol, Business Unit Manager
1996 – 2001: Sanmina-SCI, Program Manager
1990 - 2012: Retired from U.S. Military (TXARNG)



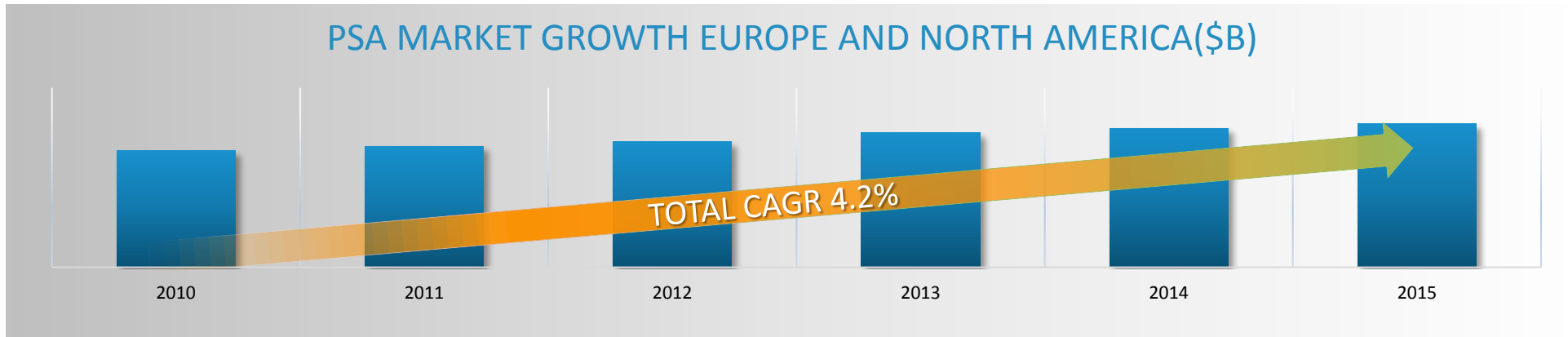
Chris Carter
Chief Operating Officer



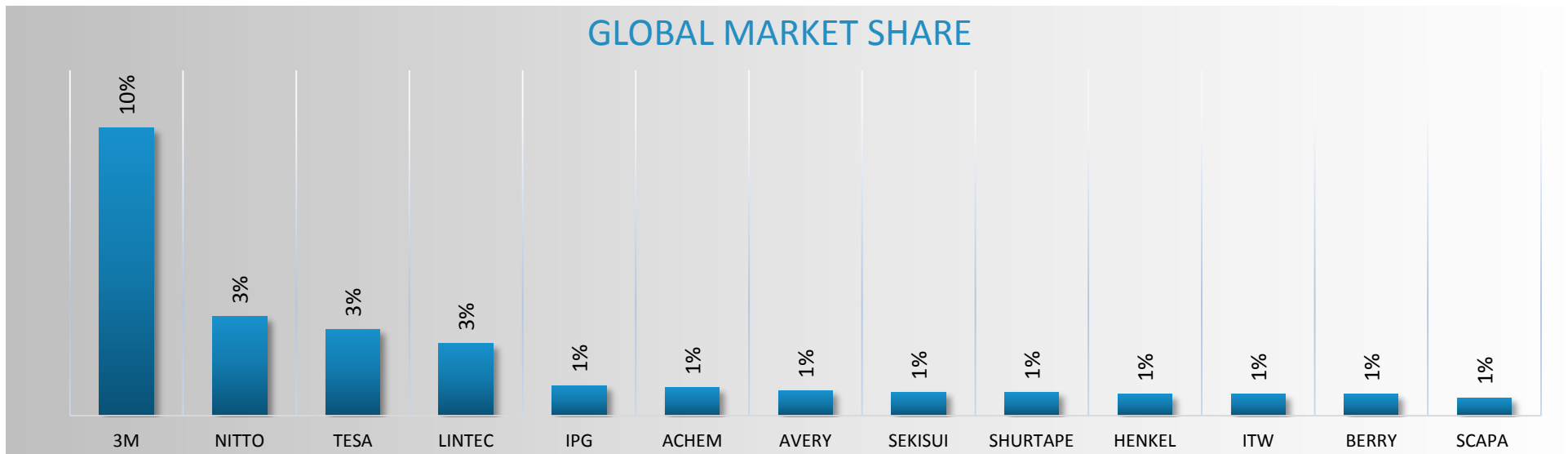
2013 – Present: Scapa, Chief Operating Officer
2007 – 2013: Georgia Pacific, VP Manufacturing
1993 – 2007: Cadbury Schweppes Global Manufacturing Dir
1989 – 1993: Pedigree Petfoods (a Division of Mars), Various

PRESSURE SENSITIVE ADHESIVE MARKET

Stable and dominated by several large players



Global PSA market is \$40bn, EU and NA is \$16bn

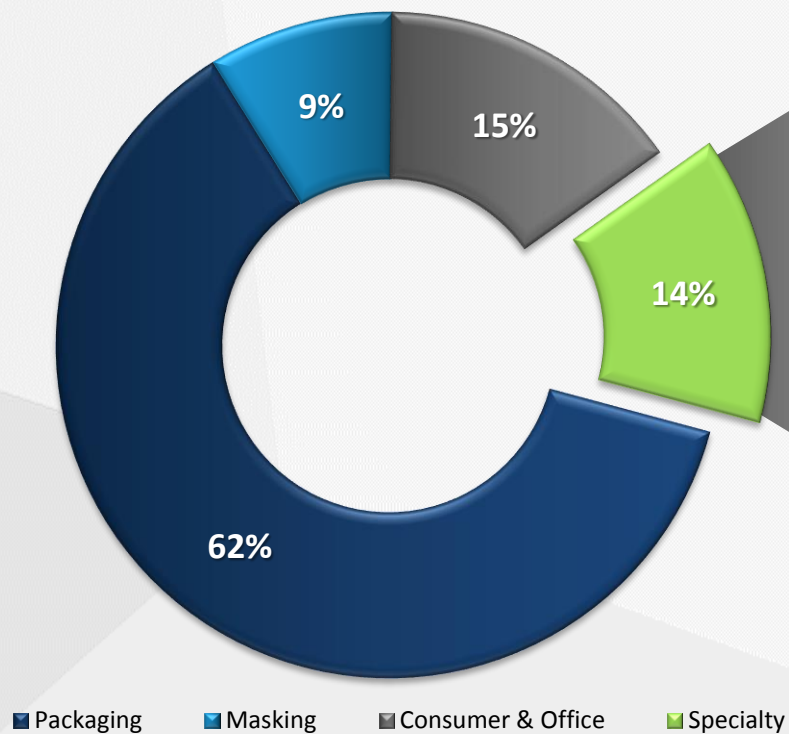


Source – Freedonia Industry Study #3447 Oct 2016 World Pressure Sensitive Tapes

PRESSURE SENSITIVE ADHESIVE MARKET

Focus on attractive specialty market with high barriers to entry

MARKET DEMAND EUROPE AND NORTH AMERICA



Source – Freedonia Industry Study #3447 Oct 2016 World Pressure Sensitive Tapes

SCAPA INDUSTRIAL

Well positioned in select niche segments

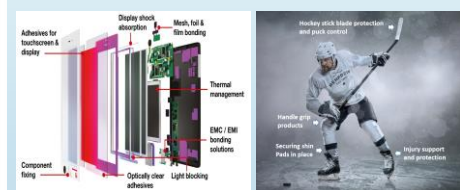
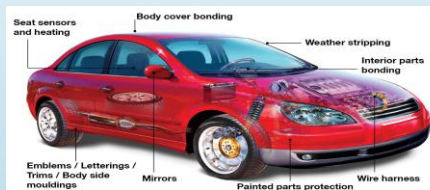
CABLE

AUTOMOTIVE

CONSTRUCTION

SPECIALTY

Products



Applications

- Fibre contact water blocking
- High voltage semi-conductive
- Submarine cable

- Wire Harness
- Sensors and heating
- Surface protection

- Residential & commercial new builds
- Maintenance & professional contractors
- Structural glazing

- Aerospace
- Consumer Electronics
- Ski tape
- Graphics
- Smart Cards

Customers



Technology

- Water swellable
- Fire retardant
- Self-amalgamating
- Semi-conductive

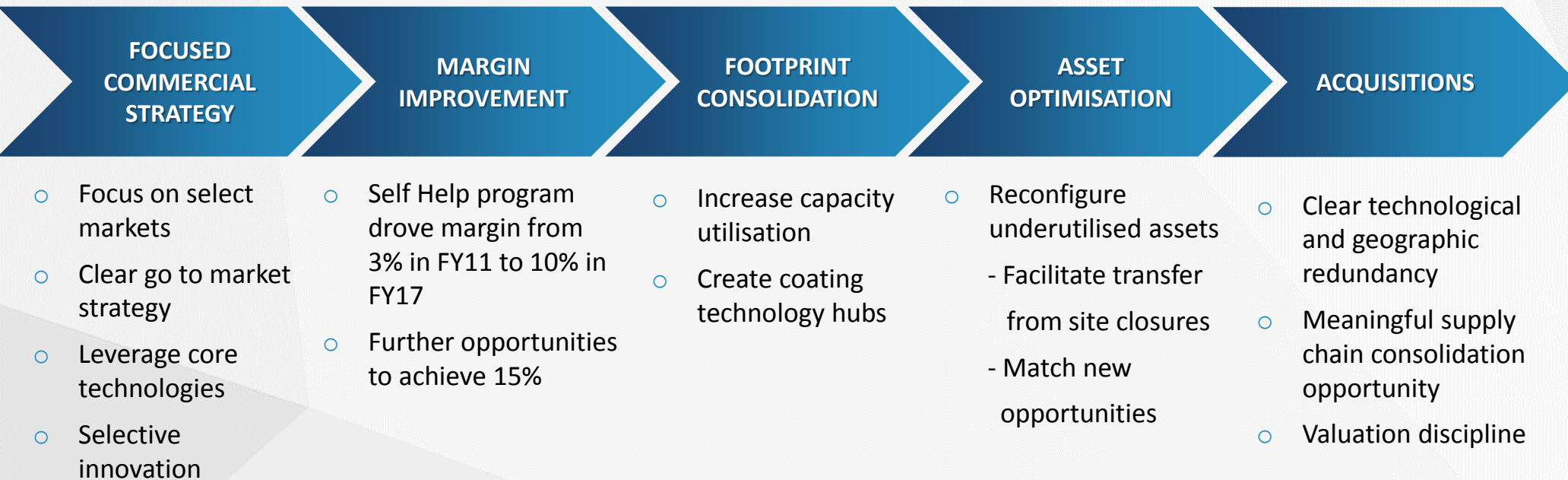
- Acrylic Foam Tape (AFT)
- Electrical Tape (PVC)
- Covergard™
- Double sided foam

- Polyethylene (PE)
- PVC Film plastic adhesive
- Double sided cloth
- Compression foam sealants

- Heat seal transfer
- Thermal conductive AFT
- Thermal conductive acrylic foam film tape (AFFT)

OPTIMISING RETURN ON CAPITAL EMPLOYED

Drive to 15% margin



FOCUSED COMMERCIAL STRATEGY

Potential for above GDP growth

FOCUSED
COMMERCIAL
STRATEGY

MARGIN
IMPROVEMENT

FOOTPRINT
CONSOLIDATION

ASSET
OPTIMISATION

ACQUISITIONS

ENGINEERED PRODUCTS

- Niche end markets with limited competition
- Performance critical components
- Small cost relative to value
- High barriers to entry driven by:
 - Stringent technical specifications
 - Lengthy qualification processes
- Direct strategic engagement with global OEMs

AUTOMOTIVE

CABLE

SPECIALTY

- Restructured to meet customer need of global account management
- Multi-tier approach to selling
- Research & Development heavily with field application engineers
- One to One design-in activities for customer

COMMERCIAL PRODUCTS

- Multiple and established paths to market
 - Direct to OEMs
 - Distributors
 - Retailers
- Recognised brands underpinning a portfolio of products
- Highly localised

CONSTRUCTION

CONSUMER

SPECIALTY

- Top of Mind Share is the end game via:
 - Understanding and leveraging portfolio
 - Obtaining more shelf space
 - Going digital to increase our ease of use
 - Channel management
- One to Many design-in for market/segment

CASE STUDY

Innovation in cable

Fibre Optics 5G Next Generation

- Designed a highly engineered water swellable product
- Product integrated into customer manufacturing process
- Design complexity required trusted partner
- Multiple proprietary projects in pipeline
- Targeting the Fibertrench
 - Large Multi-plex
 - Home
 - Multiple streaming device means more fibre and less copper
- Significant infrastructure investments announced
 - Verizon agreed to purchase \$1.05b fibre-optic cable from Corning

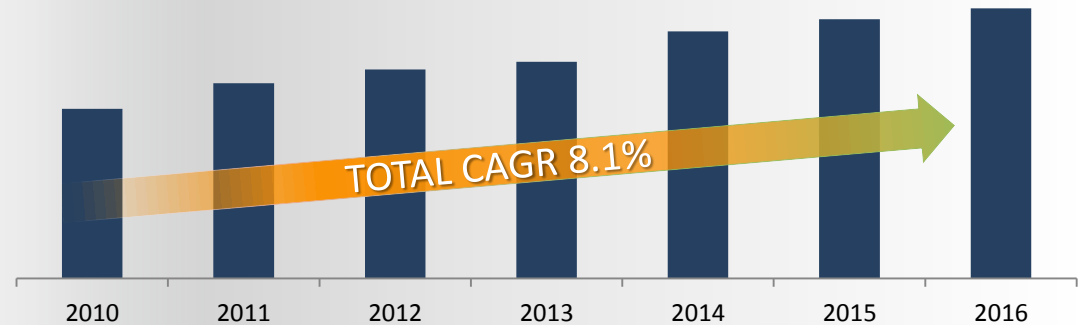


CASE STUDY

Streamlined offering and channel management to drive above GDP growth for a core technology

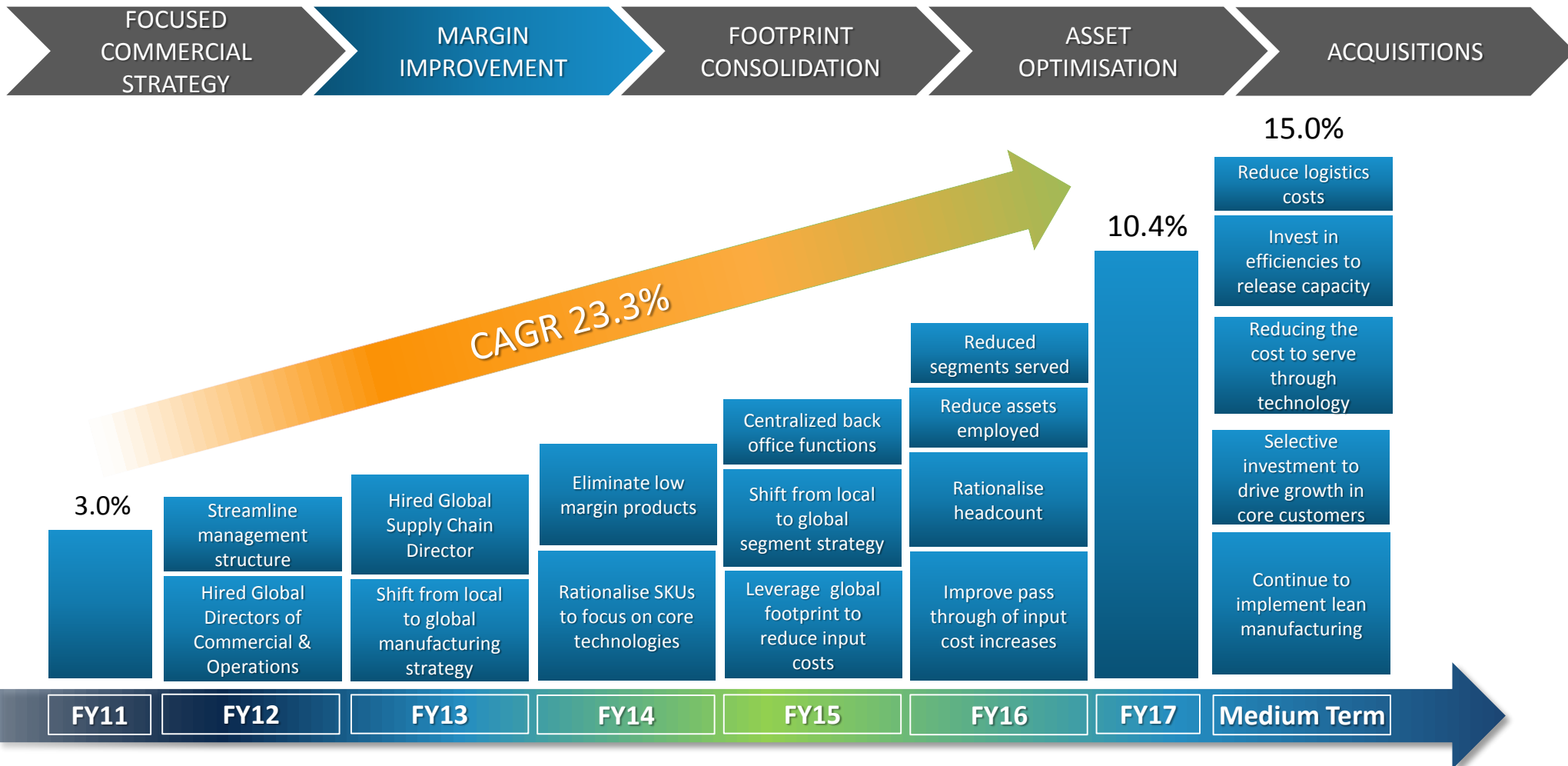
Scapa Polyflex™ (Polyethylene)

- Market leader of polyethylene tapes in North America
- Strong growth six years running in NA
 - Streamlined product offering & customers
 - Focus on efficient manufacturing and pricing policies
 - Pivoted to profitable markets and products (safety and environmental, disaster recovery)
 - Position as market disrupter against duct tape in NA
- Growth plan
 - Duplicate NA efforts in Europe
 - Increase brand awareness and promote new applications
 - Strong emphasis on channel management



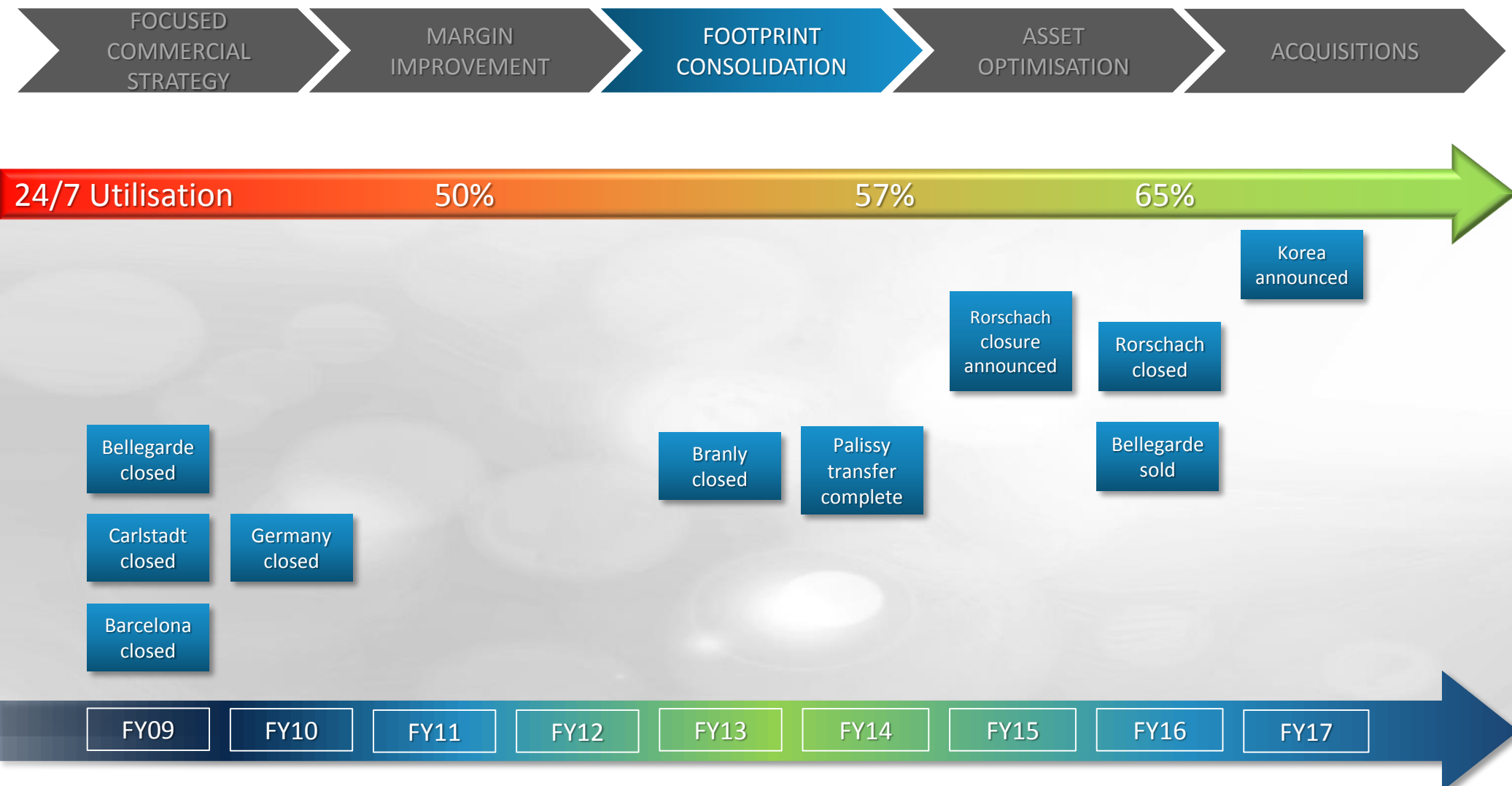
MARGIN IMPROVEMENT

Continuing the Self Help Journey



FOOTPRINT CONSOLIDATION

Improve capacity utilisation through site rationalisation



FOOTPRINT CONSOLIDATION

Consolidate technologies

FOCUSED
COMMERCIAL
STRATEGY

MARGIN
IMPROVEMENT

FOOTPRINT
CONSOLIDATION

ASSET
OPTIMISATION

ACQUISITIONS

UK

CANADA

ITALY

SWITZERLAND

FRANCE

KOREA

USA
(MARKEL)

COATING



UV



STENTER



CALENDAR



CONVERTING



MARKETS
SERVED

Cable
Construction

Cable
Construction
Automotive
Specialty

Automotive

Specialty

Construction
Automotive
Specialty

Specialty

Specialty

ASSET OPTIMISATION

Reconfiguring assets

FOCUSED
COMMERCIAL
STRATEGY

MARGIN
IMPROVEMENT

FOOTPRINT
CONSOLIDATION

ASSET
OPTIMISATION

ACQUISITIONS

CASE STUDY:

Valence upgrade enabled Swiss closure

- Underutilised coating lines in Switzerland and France
- Improved speed and flexibility of Valence line
- Qualified range of Swiss products in France
- Transferred products from Rorschach
- Developed planning schemes for the Swiss site to establish full value from re-zoning

NEW OVEN



NEW PRIMER COATING



ASSET OPTIMISATION

Reconfiguring assets

FOCUSED
COMMERCIAL
STRATEGY

MARGIN
IMPROVEMENT

FOOTPRINT
CONSOLIDATION

ASSET
OPTIMISATION

ACQUISITIONS

CASE STUDY:

Korea closure unlocks new market opportunities

- Three underutilised Coating lines in Korea
- Convert UV line to Silicone coating and transfer to Healthcare business
- Convert second coater to PVC and cloth coating for Auto customers
- Relocate UV line to Europe to be closer to existing AFT foam customer base



ACQUISITION: MARKEL

Increasing our efficiency and margin

FOCUSED
COMMERCIAL
STRATEGY

MARGIN
IMPROVEMENT

FOOTPRINT
CONSOLIDATION

ASSET
OPTIMISATION

ACQUISITIONS

WHY MARKEL?

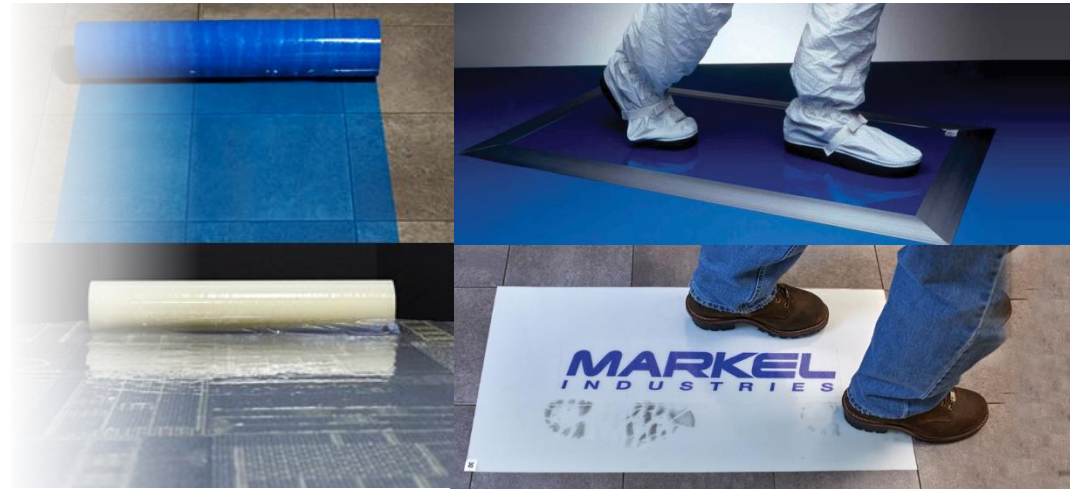
Opportunities for Efficiencies

- Supply chain overlap
- Overlap in manufacturing technologies
- Proximity of Markel manufacturing to existing Scapa facilities

Cross-selling Potential

- Distribution oriented business
- Expansion in European market

MARKEL
INDUSTRIES

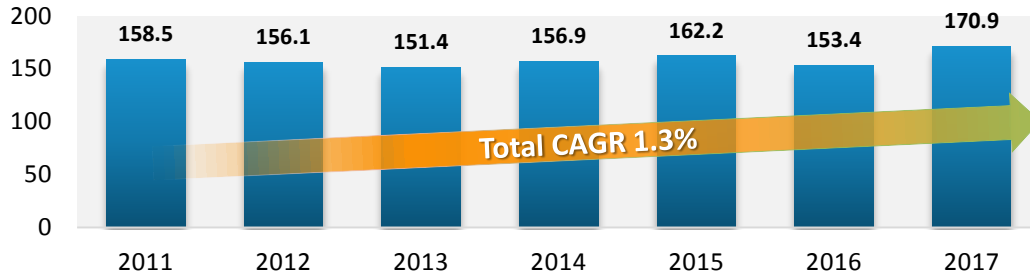


CE  **CONTROLLED ENVIRONMENT
EQUIPMENT CORPORATION**

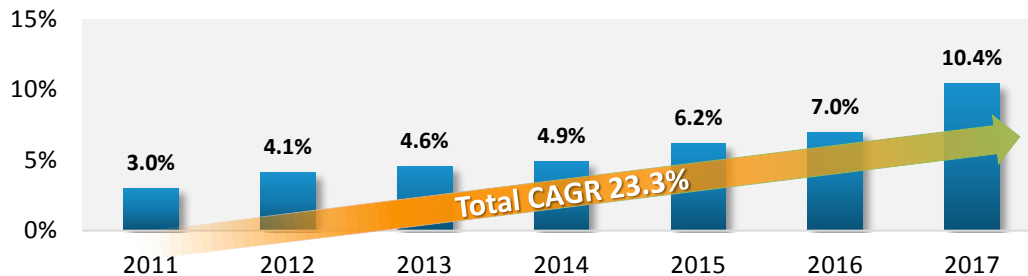
Scapa Industrial

Increasing our efficiency and margin

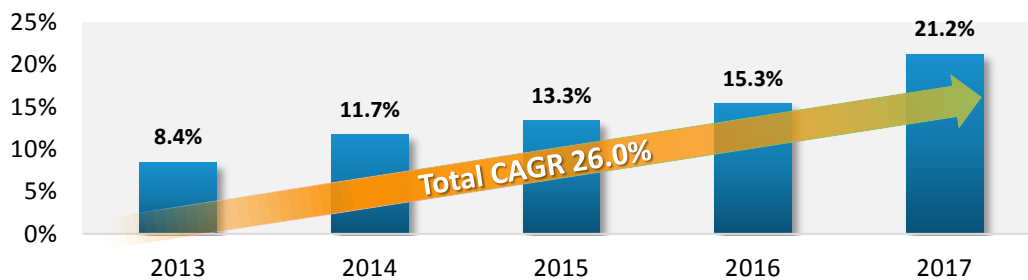
REVENUE £m



OPERATING MARGIN %



ROCE %



Focused Commercial Strategy

- Optimise portfolio and positioned it for growth

Margin Improvement

- Embedded self help across the business driving improved margins

Footprint Consolidation

- In addition to self help, accelerates margin and improves Return on Capital Employed

Asset Optimisation

- With low capital outlay optimise our asset base to further improve profitability and Return on Capital Employed

Acquisitions

- Enhance efficiencies and leverage current operational base

The background of the slide features large, overlapping, translucent red geometric shapes, possibly representing stylized architectural elements or abstract forms. These shapes are set against a light gray background.

Troy Asberry

Managing Director, Industrial

Chris Carter

Chief Operating Officer, Scapa



Industrial



Joe Davin

President, Scapa Healthcare



HEALTHCARE AGENDA

deliver sustainable profitable growth

Leadership

Growth Strategy

Pipeline Review

Summary

Questions

JOE DAVIN

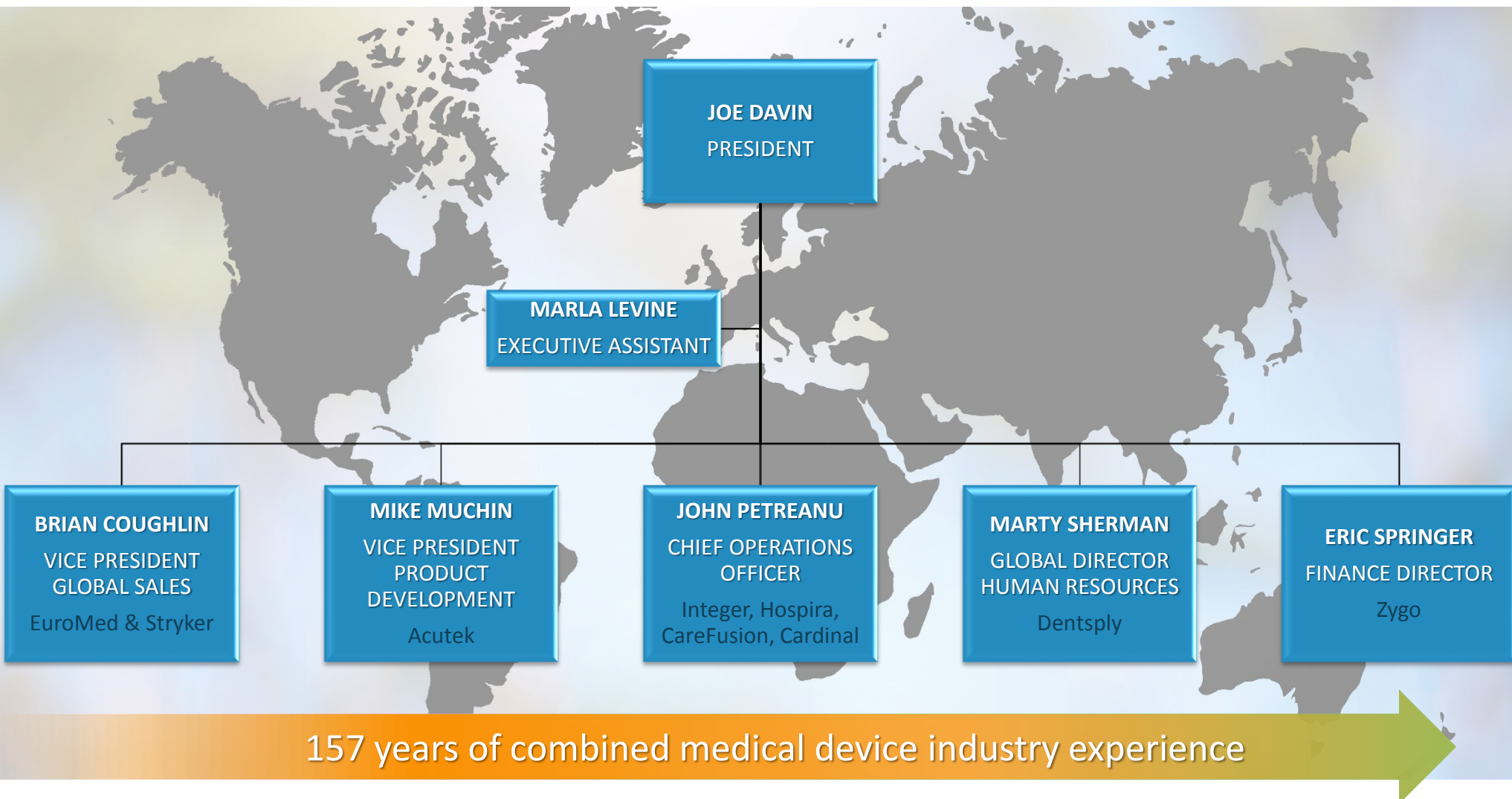
President, Scapa Healthcare

- President Healthcare
- 30+ years of commercial and general management experience in the medical device industry
- Prior work history:
 - Beckman-Coulter
 - Datex-Ohmeda
 - GE Healthcare
 - Spacelabs Medical



ORGANIZATION

Healthcare Executive Team



TRADITIONAL HEALTHCARE PRODUCT OUTSOURCING

Macro Trends

Healthcare reform is driving lower cost of care by innovating and lowering operating cost

Suppliers



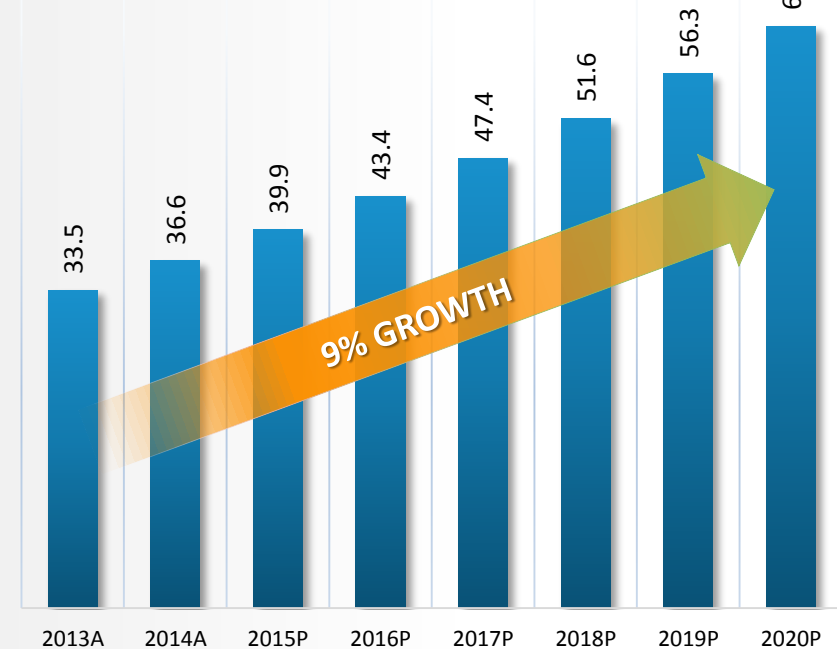
- Focusing on core competencies and consolidating supplier base
- Seeking differentiating technologies and lower cost manufacturing footprint
- Leveraging CMOs for capital investment avoidance and to offset lack of in-house capabilities

CMOs



- Shorten development and launch timelines
- Focus on operational efficiency, quality and regulatory expertise
- Trusted partners with scale and unique abilities are driving CMO consolidation

GLOBAL MED DEVICE CMO MARKET (\$B)



**Class II is the
LARGEST GROWING SECTOR
in outsourcing**

TRUSTED STRATEGIC OUTSOURCE PARTNER

Innovation outsourcing accelerates revenue and profit growth potential

REQUIREMENTS

- Deep understanding of our customer's markets
- Close working relationship with customer strategic marketing and product development teams
- Leveraging our unique design and technology portfolio
- Automation expertise (Robotic Process Automation)
- Robust and compliant quality systems
- Program management teams and PLM product development process

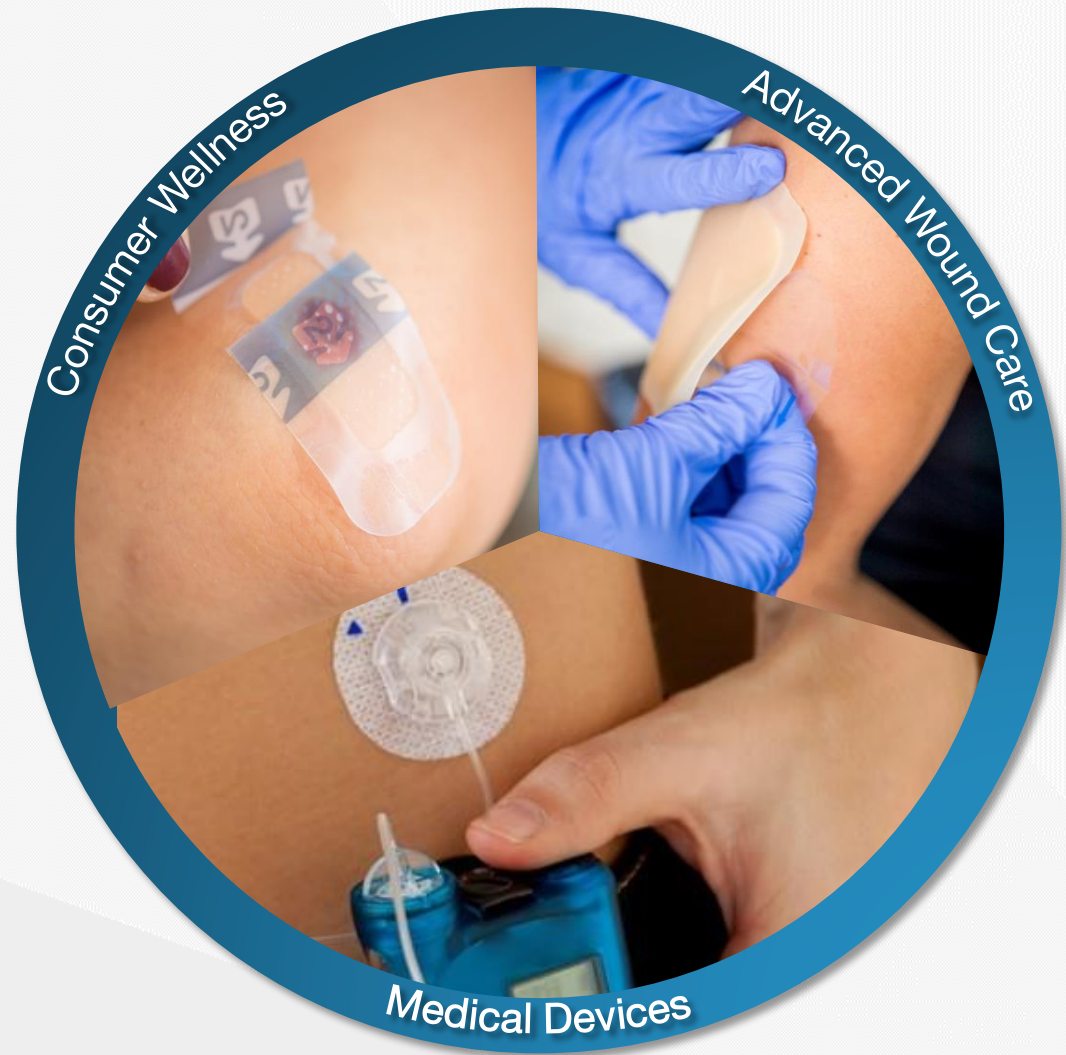


Development Revenue Opportunity

MARKETS WE SERVE

Trusted Strategic Outsource Partner

- B2B partnership strategy
- Turn-key solution capabilities
- Rapid speed to market
- Innovate by leveraging core technologies & design capabilities
- Vertical integration & strong manufacturing know-how
- Single supplier, dual source
- Trusted quality



INDUSTRY LEADING TECHNOLOGY PORTFOLIO

Innovative design capabilities and technology portfolio



ADVANCED WOUND CARE



CONSUMER WELLNESS



MEDICAL DEVICES

Bioflex® High Performance Materials

- Films
- Foams
- Sponges
- Fibre Composites

Scapa Soft-Pro® Adhesives

- Acrylics
- Silicone
- Polyurethane
- Hydrogel
- Hydrocolloid
- HydroSoft™

Antimicrobials

- Slow acting (Silver)
- Fast acting (BZ, CHG)
- Proprietary (foam & sponge)

Additives

- Aloe
- Salicylic Acid
- Shea butter

MEDIFIX Solutions™

- MEDIFIX® Long-term Wear
- Welding (film to housing)
- Unique backing materials

Finished Products

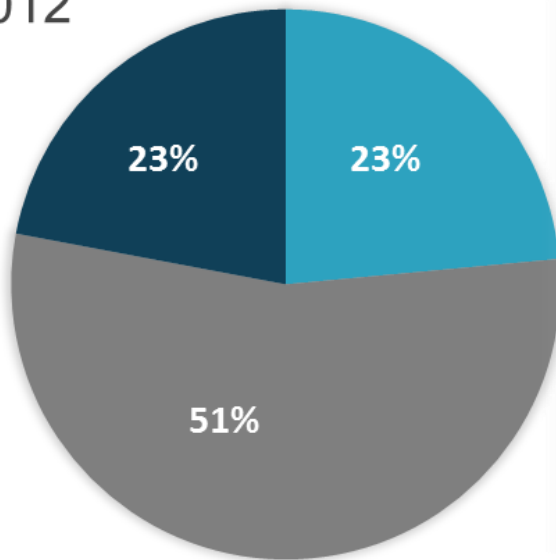
- Consumer Dressings
- FlexPore, perforation
- Beveled Edges

REVENUE BY MARKET SEGMENT

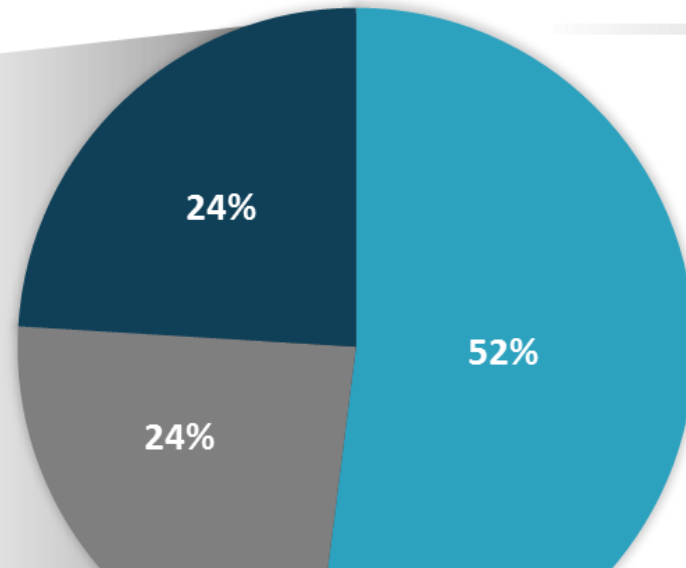
Explosive Growth Driven by Turn-key Solutions and Innovation

Shifted from 75% component & roll-stock supplier to 75% turn-key solutions

FY2012



FY2017






Capturing more of the value chain
80% driven by New Product Development

Advanced Wound Care

Medical Devices

Consumer Wellness

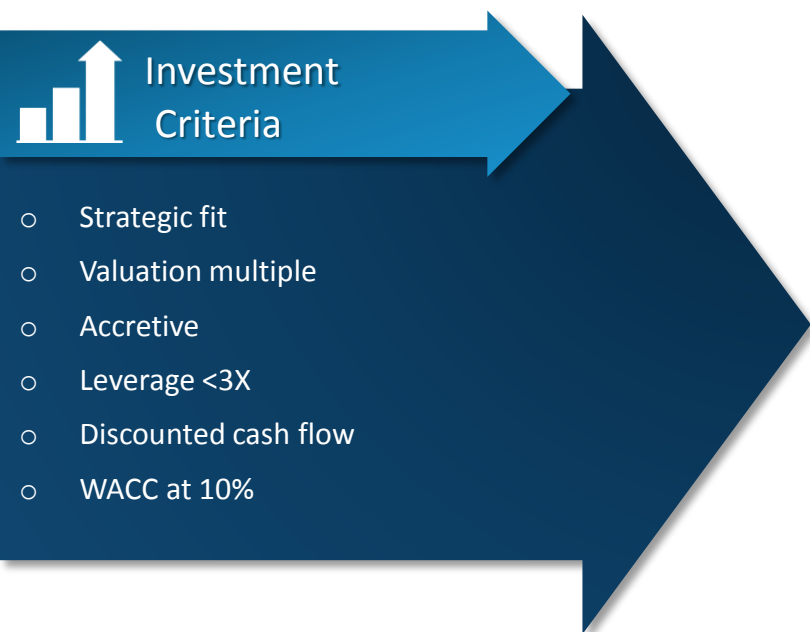
COMPETITIVE LANDSCAPE

		Customer's Internal Capabilities			Independents
Bespoke Innovation	✓	✓			
Materials	✓	✓	✓	✓	
Adhesives	✓	✓	✓	✓	
Coating	✓	✓	✓	✓	✓
Converting & Assembly	✓	✓	✓	✓	✓
Printing & Packing	✓	✓	✓	✓	
Sterilization Services	✓	✓	✓	✓	
B2B Focus	✓				

ACQUISITION STRATEGY

Scale & Scope

Mergers and acquisitions are a key part of our strategy to continue to build our market leading position by broadening our offerings and capabilities.



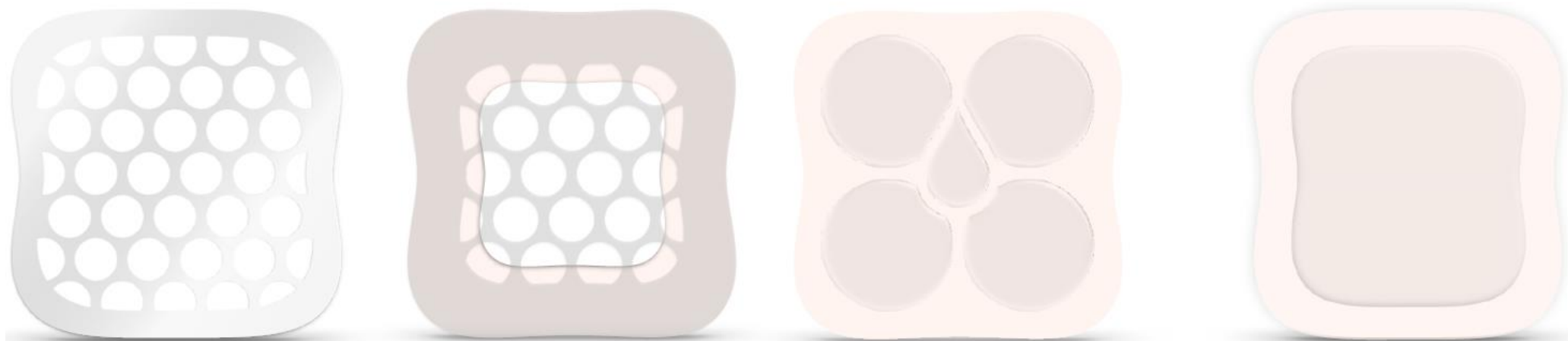
Bolt-On	New Growth Platform	Asset Acquisitions
<ul style="list-style-type: none">• Similar to First Water and EuroMed• Add-ons to adhesive value chain• Adjacent markets• Independent• Division of conglomerate	<ul style="list-style-type: none">• New value chain• Larger in scale• New technologies/capabilities• High valuation	<ul style="list-style-type: none">• Customer non-core manufacturing assets• Underutilized• Strategic decision• Supply agreement• Few to no precedents• Proprietary deals



GO-TO-MARKET STRATEGY

Foundation for Customer Interaction & Growth

ADVANCED WOUND CARE



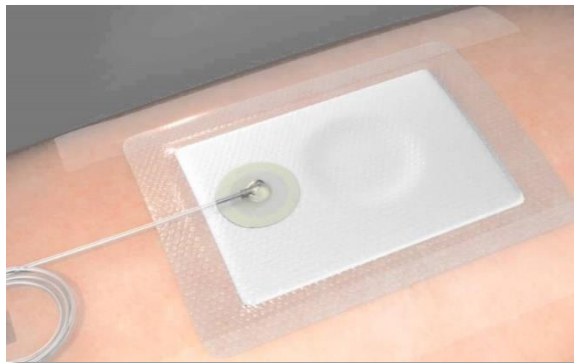
MARKET CATEGORIES

Advanced Wound Care



MOIST WOUND DRESSINGS

Films, Foam dressings, Collagen, Alginates, Hydrocolloids, Hydrogels, and Super absorbers



NEGATIVE PRESSURE WOUND THERAPY

Vacuum dressing to promote healing in acute or chronic wounds by applying controlled sub-atmospheric pressure and a sealed dressing connected to a pump.



ACTIVE WOUND CARE

Artificial Skin and Skin Substitutes

AWC MARKET OVERVIEW

Capitalizing On Our Existing Strengths

MARKET DRIVERS

- Better solutions for treating chronic and non-healing wounds
- Aging population, treatment chronic wounds
 - Obesity
 - Diabetes
- Growing outpatient surgery and post-op care

MARKET TRENDS

- Emergence of preventative care
- Composite dressings are overtaking the market
- Industry consolidation: acquiring technology & expanding portfolios
- Hospital sourcing increasing purchasing power
- Rise of active treatment

CHALLENGES

- Moist wound care market is mature – standard offering
- Competition driving cost down & innovation
- High cost of new technology

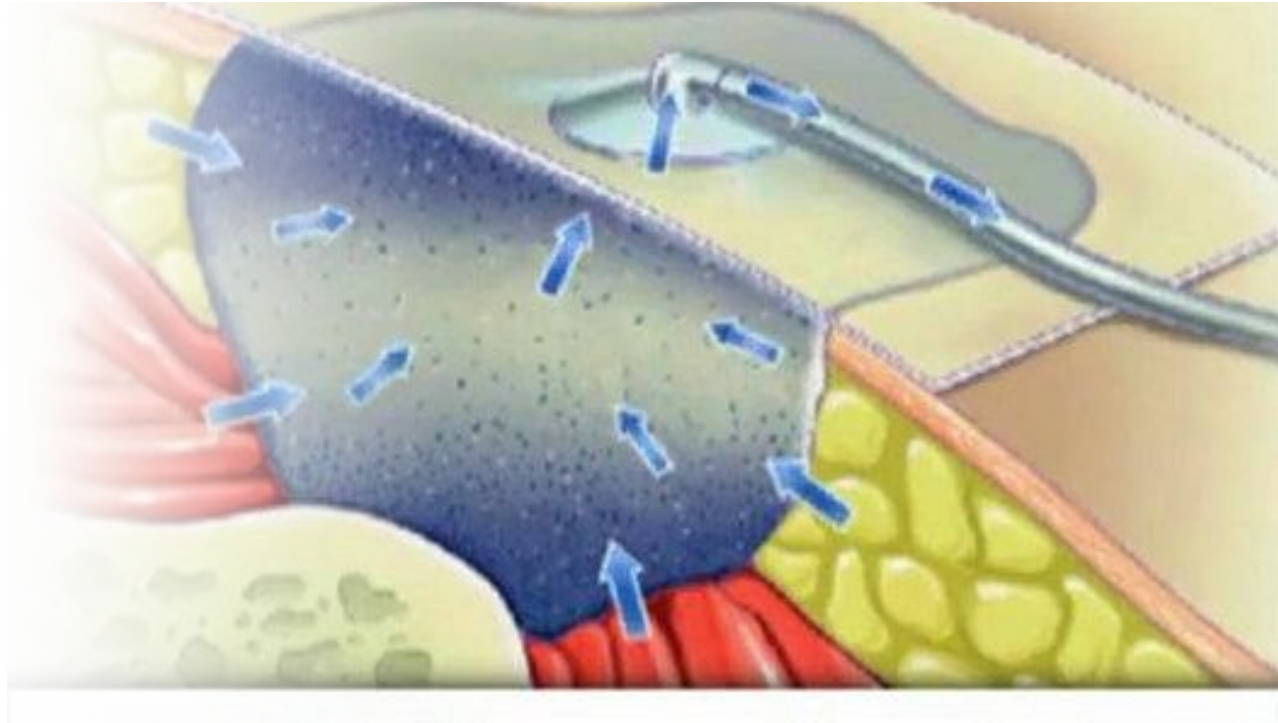
REGULATORY

- Products launching in Europe before USA

CASE STUDY

Supporting Leading NPWT Player – “next best thing”

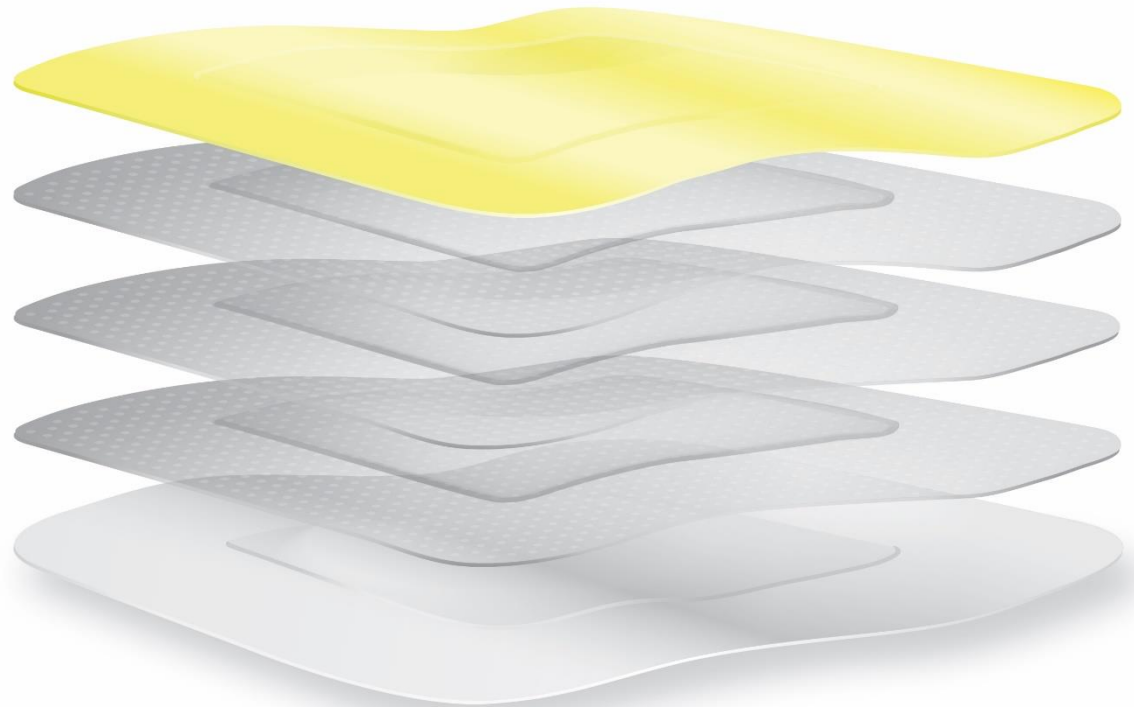
- New platform technology
- Developing a low trauma drape for unmet need in NPWT market
- Custom hybrid adhesive developed for wound contact layer
- Drape designed for ease of application and for low cost manufacturing
- Turnkey product – packaged and sterilized in kits
- Potential for explosive growth



CASE STUDY

Expand Advanced Wound Healing Portfolio

- Asset acquisition
- Developing two families of absorbent dressings
- Custom wound contact layer adhesive developed
- Turnkey product: sterilized and packaged
- Long-term supply agreement



ADVANCED WOUND CARE – CURRENT AND PROSPECTIVE CUSTOMERS

Strong Segment with Significant Opportunities for Growth

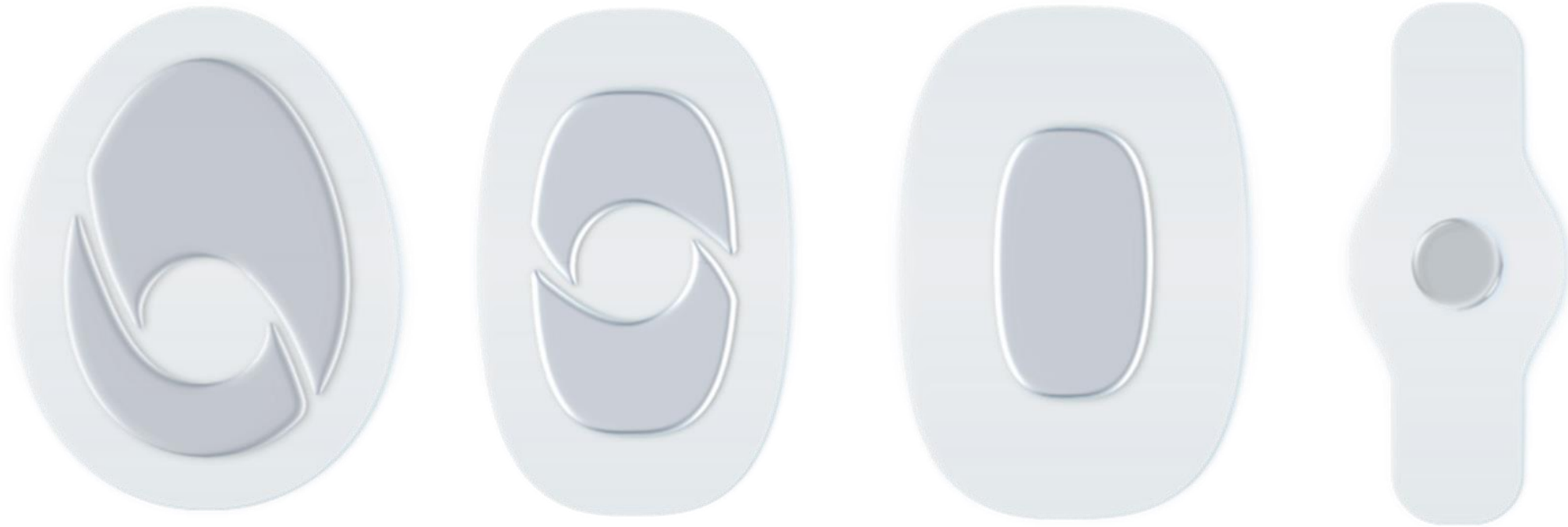
Tier 1 AWC Market Players



Tier 2 AWC Market Players



CONSUMER WELLNESS



MARKET CATEGORIES

Consumer Wellness



FIRST AID

Cotton, synthetic, gauze. Typically dry, but can include topical liquids & semi-solid formulations



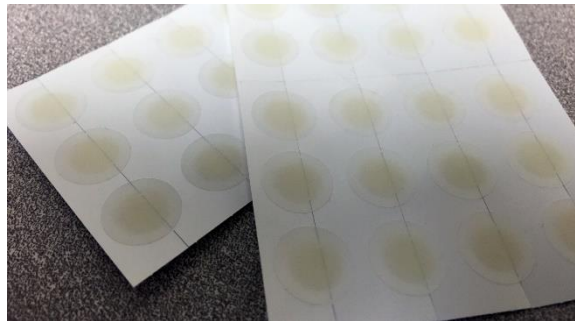
NASAL DIALATORS

GSK Breathe Right & Other generic brands



SCAR CARE

Gel sheets to reduce scarring



ACNE CARE

Spot treatments, Masks, Pads, Patches, Wipes



FOOT CARE

Pads, Braces, Plasters for bunions, corns, warts & blisters

Expanding Our Store Footprint

-

CW MARKET OVERVIEW

Venturing Out of the Bandage Aisle

MARKET DRIVERS

- Push for innovation to gain shelf space
 - Branded and Private Label
- Brand Owner is not an innovator
 - Receptive to new concepts
- Growing outpatient surgery trend is driving consumer demand for advanced wound care products

MARKET TRENDS

- Private Label Brand as strong as National Brand
- Consumers paying for higher value products
- Push for claims to support product viability
- Greater acceptance of adhesive products for healing

CHALLENGES

- Differentiated product placement
- Private Label driving down price point
- Costly education for consumers in store
- New product market acceptance and support
- Customers change direction often

REGULATORY

- Less demanding
- Faster speed to market

CASE STUDY

Support Leading Consumer Brands' New Pain Relief Management Platform

- Partnering to develop OTC wearable pain management device
- Disposable patient interfaces
- Hydrogel essential to the function of the device
- Investing in Ramsbury capabilities
- Turnkey product: sterilized and packaged for the consumer



CONSUMER WELLNESS - CURRENT AND PROSPECTIVE CUSTOMERS

Significant Opportunities for Growth

Tier 1 Consumer Market Players



Tier 2 Consumer Market Players



MEDICAL DEVICES

Wearable Medical Device Fixation



MEDICAL DEVICE MARKET

Emerging wearable device market opportunity

Current Focus Segments



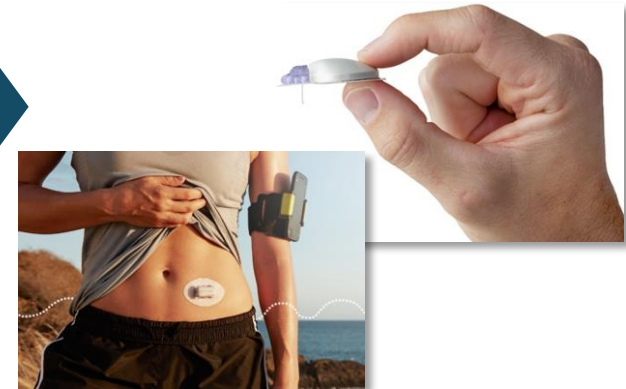
Infusion Sets



Patient Monitoring

Future Opportunities

- Medical device market is organically growing at a rate of 5-7%.
- MEDIFIX device fixation solution
- Focus on early stage development revenue



- Establish relationship with IT (*i.e. Google*) & Medtech companies
- Partner with electronics contract manufacturers (*i.e. Flextronics, Sanmina*)

MD MARKET OVERVIEW

Future of On-the-Body Diagnostics & Therapy

MARKET DRIVERS

- Aging population, treatment chronic conditions
- Shift from reactive medicine to proactive & end-user compliance
- Patient care moving outside of the hospital to in home
- Data driven diagnostics (personalized medicine)

MARKET TRENDS

- Wearable development spanning many industries
- Increased patient engagement
 - Convergence of clinical wearables into consumer market
- Reaching inaccessible patients

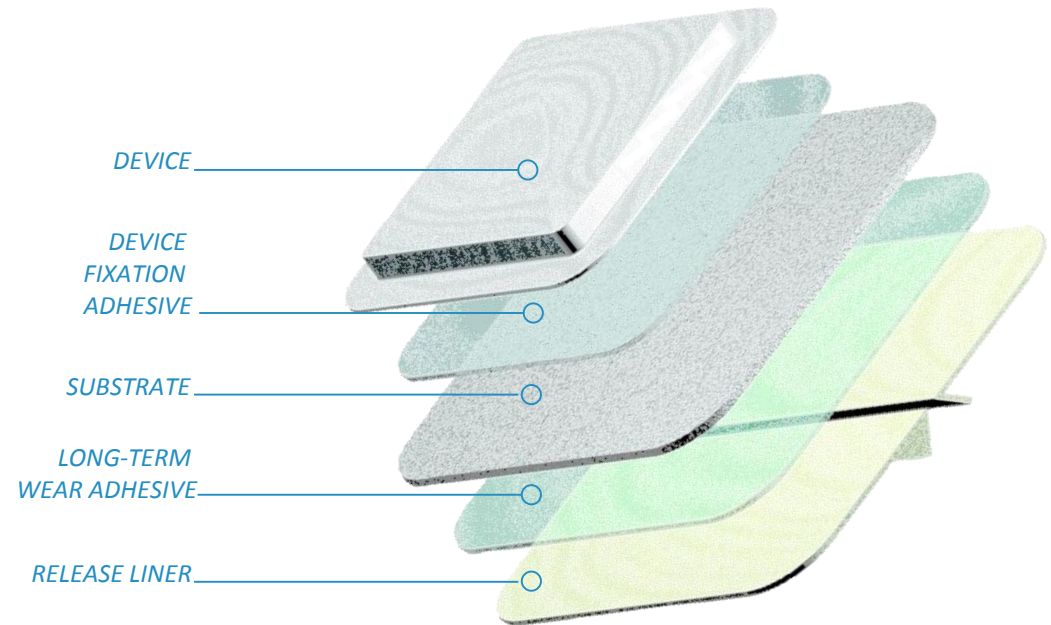
CHALLENGES

- Regulatory hurdles to launch products
- Product qualification – replicate use in the field
- Contradictory end-user requirements

REGULATORY

- Long regulatory pathway
- Product classification difficult to define
 - Med Device vs Drug Requirements

- A complete portfolio of designs, materials, adhesives and assemblies to enhance user experience for wearable medical devices
- User friendly design
 - Easy application & removal
- Tailored materials
 - Attach to any part of the body
- Custom constructions
 - Superior performance across all user lifestyles
- Wear-times
 - From multi-hour to >16 days



CASE STUDY

Sensitive Skin Sensor

- Unique MEDIFIX wearable device fixation application
- Developing a custom silicone gel skin friendly adhesive
- Targeted for paediatric and geriatric applications
- Existing customer portfolio line extension



CASE STUDY

Skin Fixation for Continuous Glucose Monitoring Device

- Bespoke MEDIFIX diabetes care wearable device fixation solution
- New customer acquisition
- 14 day continuous glucose monitoring
- Developing a speciality adhesive for the application



MEDICAL DEVICE FIXATION - CURRENT AND PROSPECTIVE CUSTOMERS

Significant Opportunities for Growth

Tier 1 Market Players



Tier 2 Market Players



TRUSTED STRATEGIC OUTSOURCE PARTNER - PIPELINE FOR GROWTH

Top Healthcare Projects for FY18

94% Turn-key, 2% Components & 4% Roll-stock



Leveraging Our Innovation: 84% New Product Development

SUMMARY

Deliver Sustainable Profitable Growth





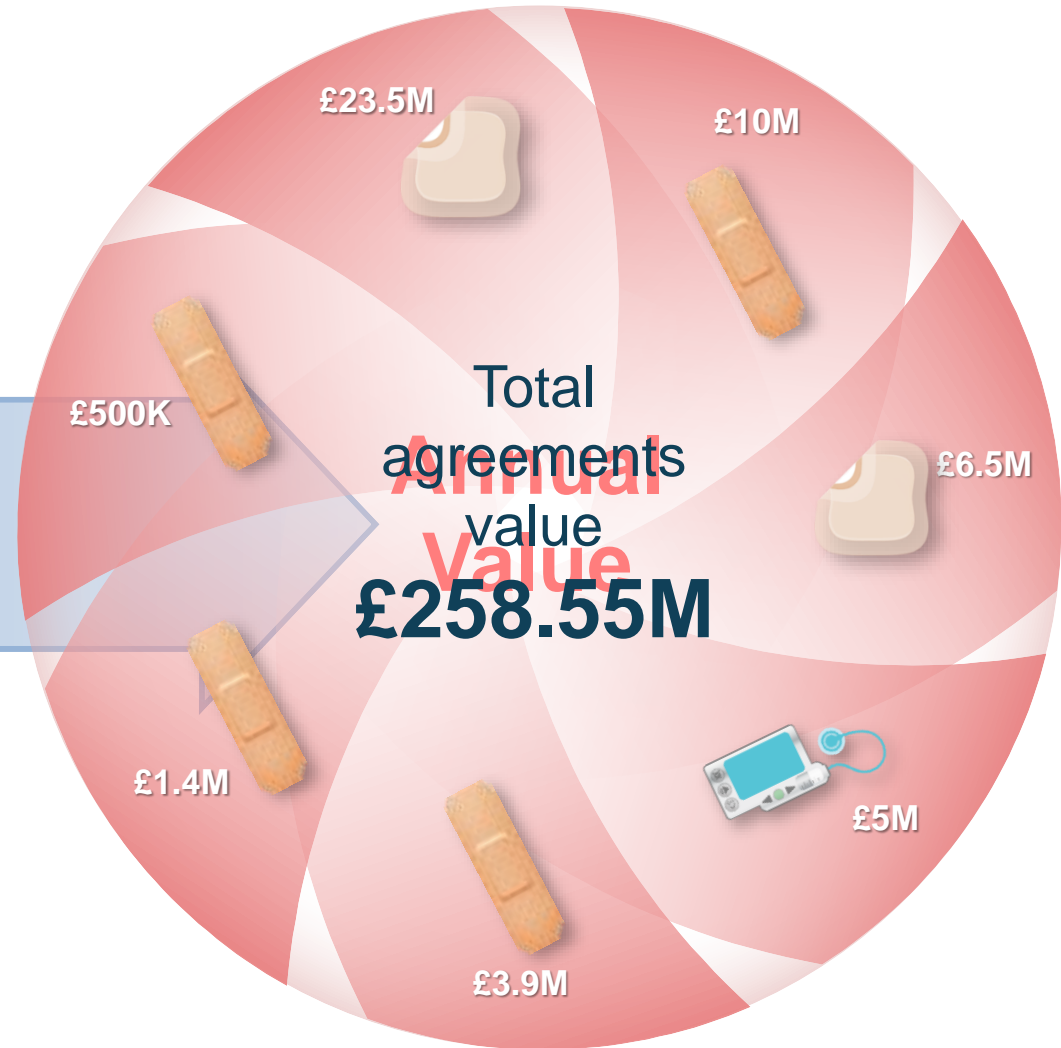
ULTIMATE MEASURE OF SUCCESS

Long-term Commitments From Our Partners

OUR FOUNDATION FOR GROWTH

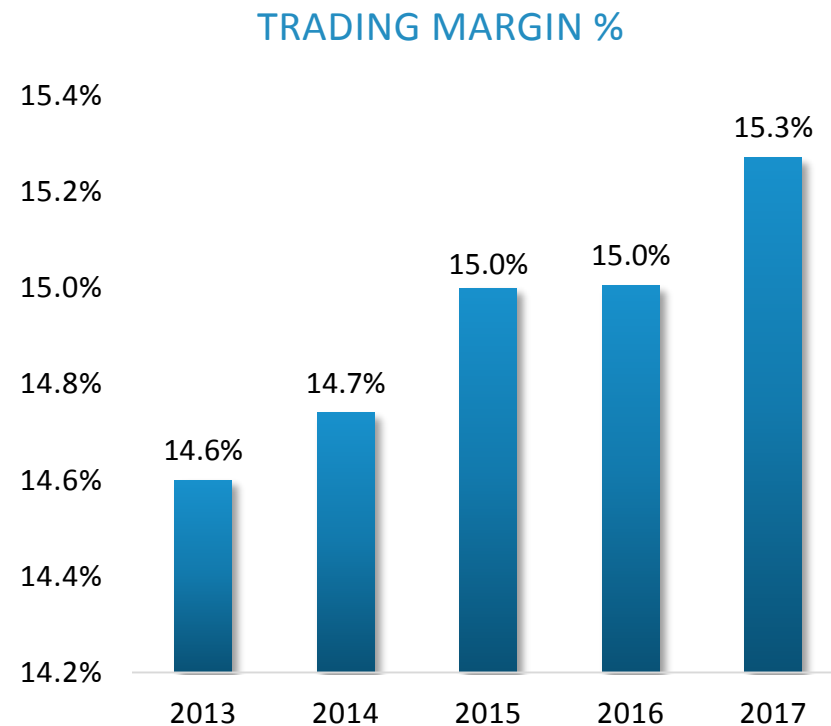
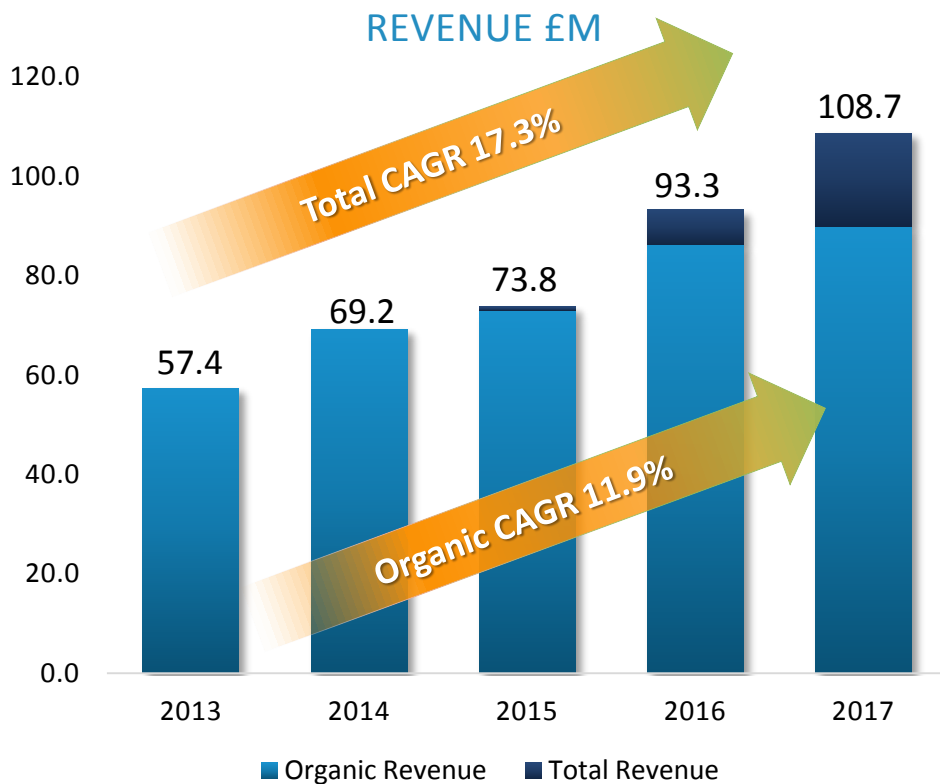
Remaining value: £200K

Earned the right to be their trusted
Long-term Strategic Partner



DELIVERING PROFITABLE GROWTH

Global Healthcare



Growing 2X the market

Innovation outsourcing accelerates revenue & profit growth potential

CAPITAL MARKETS DAY

London – 4 October 2017

