

# Project Swan

Confidential Information Memorandum



**November 2015**

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**Jefferies**



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# Glossary

Term	Definition / Meaning	Term	Definition / Meaning
A	Actual (Financial year ending 31 December)	kt	Thousand Tons
ARG	Automotive Rolled Goods	LI	Lithuania Strategic Business Unit
B&Y	Ball & Young Strategic Business Unit	LTM	Last Twelve Months
Benelux	Belgium, The Netherlands And Luxembourg	MDI	Methylene Diphenyl Diisocyanate
bps	Basis Points	ME	Metzeler Strategic Business Unit
BU	Business Units	MOP	Margin Over Polymer = Revenue – Raw Materials
CA	Caligen Strategic Business Unit	MSG	Metzeler Group
CAGR	Compound Annual Growth Rate	N. America	North America
Capex	Capital Expenditure	NAFTA	The North American Free Trade Agreement
CEE	Central & Eastern Europe	NF	North Foam Strategic Business Unit
CEO	Chief Executive Officer	NL	Netherlands
CFO	Chief Financial Officer	NPD	New Product Development
CME	Combustion Modified Ether	NVH	Noise Vibration Harshness
CMHR	Combustion Modified High Resilience	NWC	Net Working Capital
CNC	Computer Numerical Control	OEM	Original Equipment Manufacturer
CO	Construction Strategic Business Unit	OTIF	On Time In Full
Conv.	Conversion	P.O.	Propylene Oxide
DC	Defined Contribution	PES	Polyester Resins
DIO	Days Of Inventory Outstanding	PO	Poland Strategic Business Unit
DOI	Date Of Invoice	PU	Polyurethane
DOW	The Dow Chemical Company	RA	Radium Strategic Business Unit
DPO	Days Payable Outstanding	Reb.	Rebond
DR	Draka Strategic Business Unit	RM	Raw Materials
DSO	Days Of Sales Outstanding	ROI	Return On Investment
E. & C. Europe	Eastern And Central Europe	SBR	Styrene Butadiene Rubber
EBITDA	Earnings Before Interest, Tax, Depreciation And Amortisation	SBU	Strategic Business Unit
EMEA	Europe, The Middle East And Africa	SHE	Safety, Health and Environment
EOM	End Of Month	Slabstock	Continuous Foam Production
EPS	Expanded Polystyrene	Sq ft	Square Foot
ES	East South Strategic Business Unit	TDI	Toluene Diisocyanate
F	Forecast	TWC	Trade Working Capital
FMCG	Fast-moving Consumer Goods	USP	Unique Selling Proposition
FTE	Full Time Equivalent	VBI	Vita Baltic
FX	Foreign Exchange	Visco	Viscoelastic
FYE	Financial Year Ending 31 December	VLP	Vita Liquid Polymers
HR	Human Resources	VNSW	Veenendaal Strategic Business Unit
HVAC	Heating, Ventilating, and Air Conditioning	VPP	Vita Polymers Poland
HYFLO	High Yield Flexible Low Output	VW	Volkswagen
JIT	Just In Time	W. Europe	Western Europe
JV	Joint Venture	WIP	Work In Progress



# Table Of Contents

1	The Vita Opportunity	6
2	The PU Foam Industry And Market	15
3	Vita's Business Overview	21
4	Vita's Position In The Market	26
5	Vita's Activity Overview	37
6	Operations Overview	62
7	Raw Materials	66
8	Financial Information	71
9	Potential Upsides	90
10	Conclusion	92
11	Appendix	94
	<b>Vita</b>	

1

## The Vita Opportunity





# The Vita Opportunity

1

Vita operates in an attractive and growing market – Polyurethane (“PU”) foam

2

Europe's largest Pan-European manufacturer of PU foam, with demonstrable track record of sustained growth

3

Proven competitive and scalable operational footprint strategically located to optimise European coverage

4

Long-established operations in geographic and product end-markets specifically identified and chosen for attractive future growth prospects

5

Strong purchasing power expected to continue due to improving raw materials environment as a result of significant excess supply side production capacity

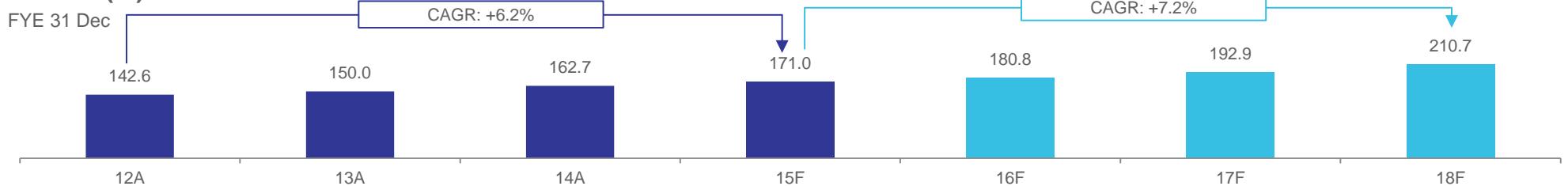
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Reputation for quality and service, expertise and breadth of capabilities have positioned Vita as a trusted and preferred partner of choice

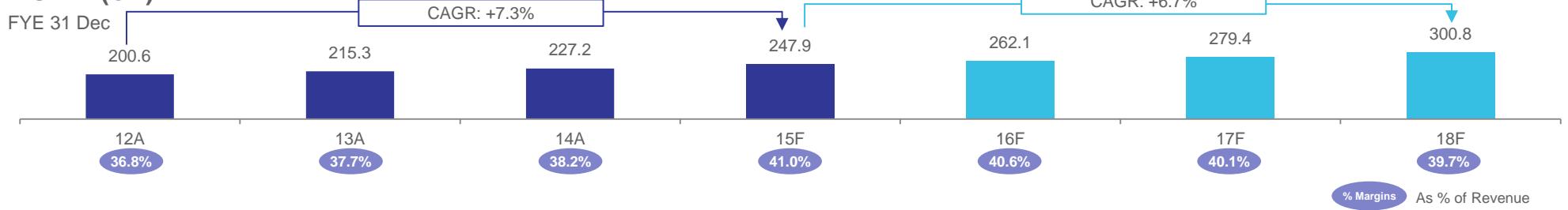
# Financial Summary



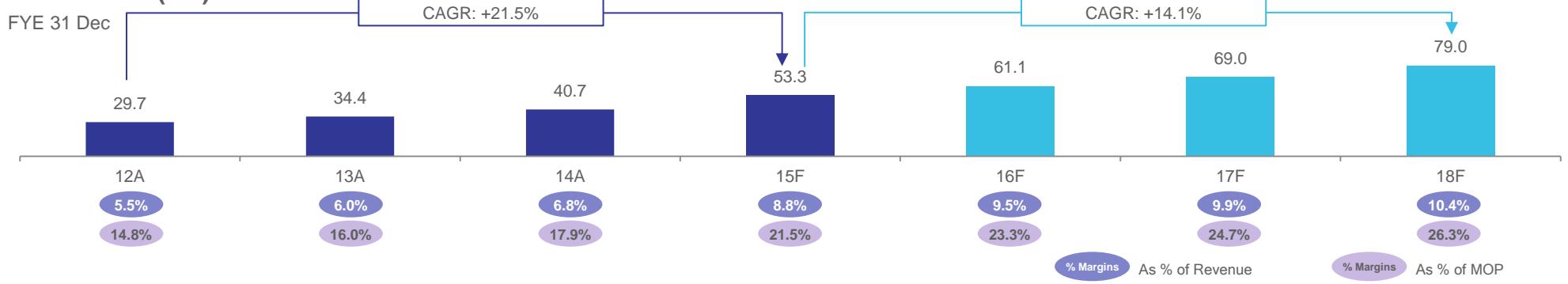
## Volume (kt)



## MOP (1) (€m)



## EBITDA (1)(2) (€m)



Source: Management

(1) Financials presented on constant currency basis of £/€=1.365

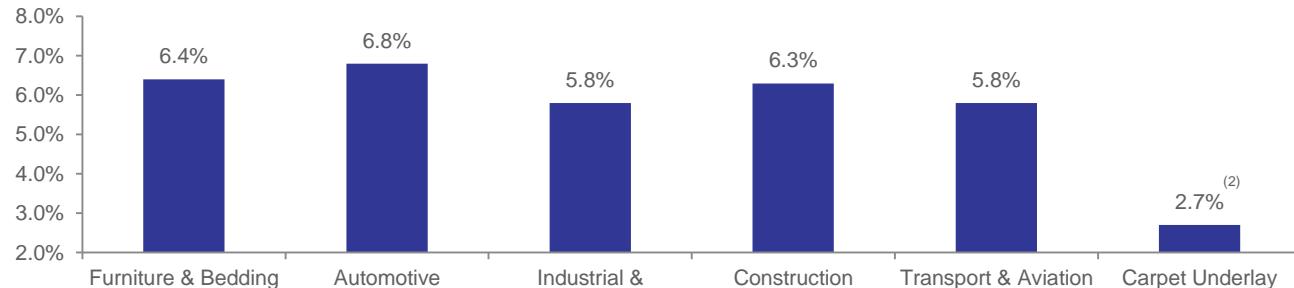
(2) EBITDA pre-exceptionals; after the allocation of central costs



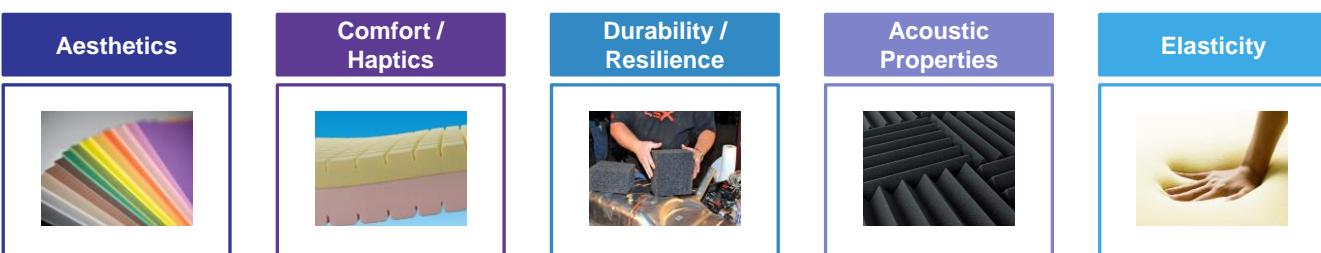
# Vita Operates In An Attractive And Growing Market – PU Foam

- ▼ PU foam use is growing faster than underlying end markets and GDP across Europe
  - 5% - 6% growth forecast across primary end markets to 2018<sup>(1)</sup>
- ▼ Utilised in many diverse markets from furniture and bedding, to automotive and hygiene markets
- ▼ Offers a strong combination of properties and attributes
- ▼ Penetration of PU Foam is not at saturation point
  - Application growth is anticipated as technology develops and industries seek substitutes for existing material solutions
  - Local nature of customer relationships, and development of nascent markets presents geographic growth potential
- ▼ PU foam is being used in increasing volume across markets

## PU Foam Growth In End Markets: CAGR 2013-2018<sup>(1)</sup>



## Unique Combination Of Features And Benefits



## Broad Range Of Applications



Source: Markets and Markets, Euroconstruct, Management

(1) European PU Foam Revenue for 2013 to 2018 by end market – Markets and Markets Polyurethane Foam 2014; Includes flexible and rigid foams. "Other" used as proxy for "Industrial & Consumer" and "Transport & Aviation" segments

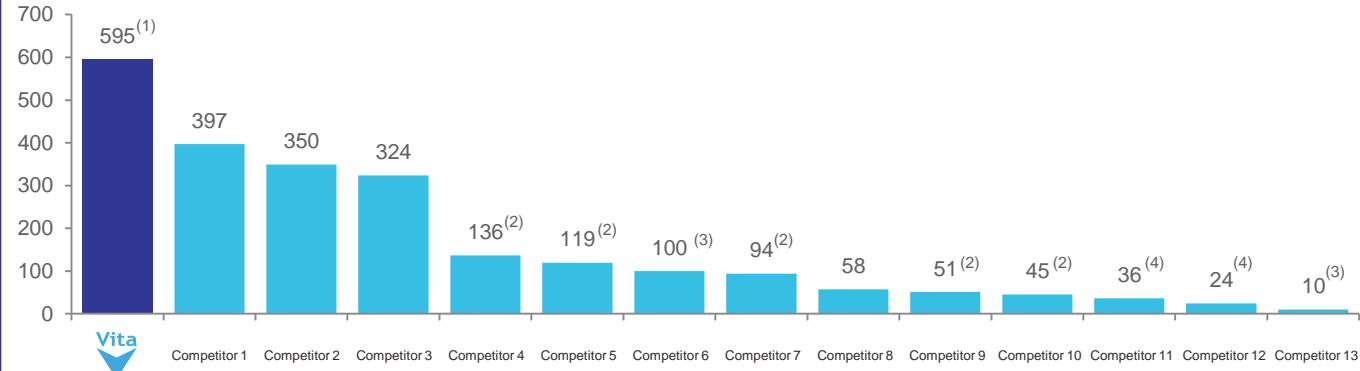
(2) Euroconstruct UK Renovation Outlook (2013 to 2017)

# Vita Is The Largest Pan-European Operator With Established Presence In Identified Key Markets

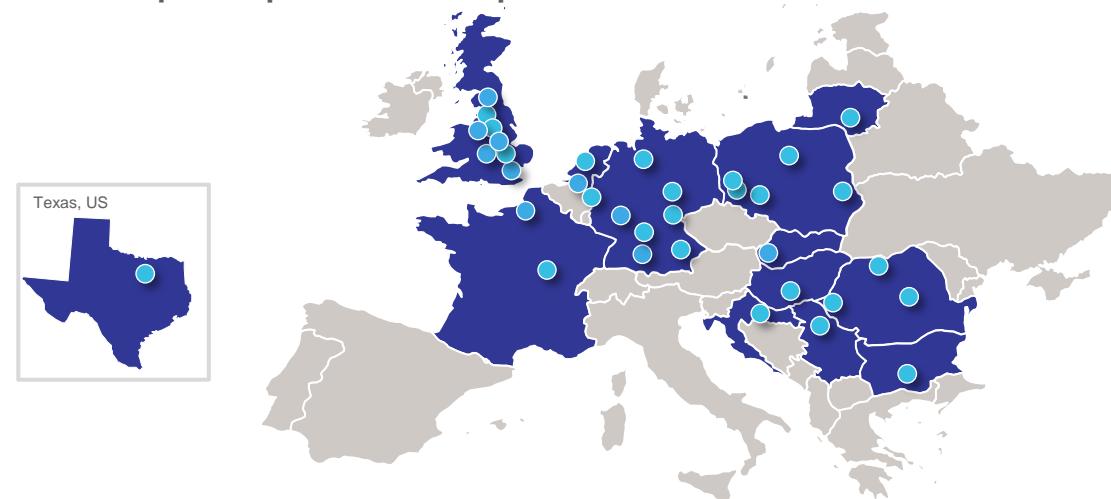


- ▼ The PU Foam industry remains highly fragmented with only a handful of major players, despite significant proven benefits from increased scale
- ▼ Vita operates 35 facilities of which 13 are PU slabstock production sites. The facilities also include:
  - 19 conversion sites
  - 3 other manufacturing sites
- ▼ Vita has chosen to extend its platform to Eastern Europe where it benefits from nascent markets adopting and embracing PU Foam and the low manufacturing cost of products containing PU foam (e.g. Furniture & Bedding)
- ▼ Vita's integrated and scalable operations are located in key industrial zones, with proximity to major customers and suppliers
- ▼ By virtue of its leading position, scale and pan-European coverage, Vita is a "go to" provider and benefits from growth in excess of the market aggregate

## Vita's Selected Competitors By Revenue



## Vita's European Operational Footprint



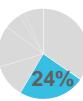
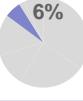
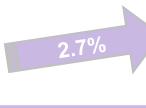
Source: PwC VDD, Management, Amadeus, Capital IQ  
Note: Competitor financials presented include PU / Flexible Foam divisions of larger entities and JVs focused on PU / Flexible Foams  
(1) FY14A revenue presented on constant currency basis of £/€=1.365; excluding intercompany sales of €37m  
(2) Based on FY13A revenue

(3) Based on Vita Management's estimates  
(4) Based on FY14A revenue

# Product End-Markets Chosen For Attractive Growth Prospects



## End-Markets With Favourable Growth Prospects

	End-Markets	% Of FY14A Revenue	Market Dynamics And Key Growth Drivers	EU PU Foam CAGR 2013 - 2018 <sup>(1)</sup>
Comfort	Furniture 		<ul style="list-style-type: none"> <li>▼ New purchasing behaviours, desire to be “on-trend” / fashionable is leading to more regular replacement</li> <li>▼ Linked to consumer confidence / discretionary spending and the property market</li> </ul>	
	Bedding 		<ul style="list-style-type: none"> <li>▼ Increasing adoption of foam vs. spring and new innovations (visco, latex)</li> <li>▼ Improving purchasing power in Eastern European markets</li> </ul>	
Technical	Automotive 		<ul style="list-style-type: none"> <li>▼ Demand for European automotive brands has improved as have production volumes</li> <li>▼ Increasing adoption of PU foam in interiors, particularly in premium segment</li> </ul>	
	Industrial & Consumer 		<ul style="list-style-type: none"> <li>▼ European industrial production has stabilised and returned to growth</li> <li>▼ UK consumer confidence is improving (&gt;50% of Vita's consumer revenue is generated in the UK)</li> </ul>	
UK Flooring	Construction 		<ul style="list-style-type: none"> <li>▼ Accelerating recovery of European Construction and Refurbishment activity driving return to growth in Building Products</li> </ul>	
	Transport & Aviation 		<ul style="list-style-type: none"> <li>▼ Strong growth forecast in installed seat numbers supported by record plane order backlogs, with refurbishment rates expected to remain stable</li> </ul>	
Carpet Underlay	Carpet Underlay 		<ul style="list-style-type: none"> <li>▼ Increased consumer confidence and investment in home improvements</li> <li>▼ Flooring relatively inexpensive method of revitalising and improving home</li> <li>▼ Comfort and quality of underlay in luxury / prime markets</li> </ul>	 <sup>(2)</sup>

Source: Markets and Markets, Euroconstruct, Management

(1) European PU Foam Revenue for 2013 to 2018 by end market – Markets and Markets Polyurethane Foam 2014. Includes flexible and rigid foams. “Other” used as proxy for “Industrial & Consumer” and

“Transport & Aviation” segments

(2) Euroconstruct UK Renovation Outlook (2013 to 2017)

# Vita Benefits From Scale And An Attractive Material Pricing Environment

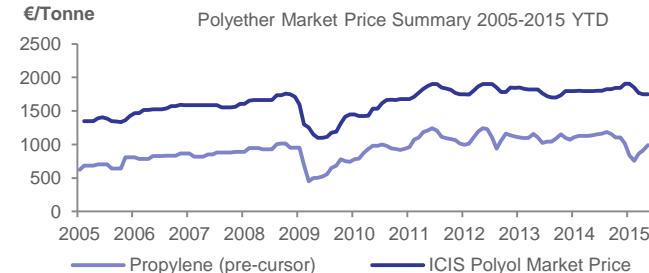


- ▼ Vita's significant volume demand enables the business to enjoy an enhanced negotiating position by providing base loading to major suppliers, resulting in a weighted average price generally lower than market indices
- ▼ The key driver of Vita's RM pricing is supplier capacity development in EMEA
- ▼ A favourable pricing environment is being driven by TDI capacity increases in Europe and broader Middle East and plentiful Polyol capacity in EMEA
- ▼ EMEA supply is set to lengthen over 2015 to 2017 due to 3 investments in TDI plants and one major Polyol facility
- ▼ Major new world-scale TDI plants due to come online and further increase future capacity including Covestro (Bayer) Dormagen (Q4 2014), BASF Ludwigshafen (Q4 2015) and Dow Sadhara / Saudi (2016 / 2017)
- ▼ This planned capacity growth is outstripping forecast demand, exerting downward pressure on RM prices

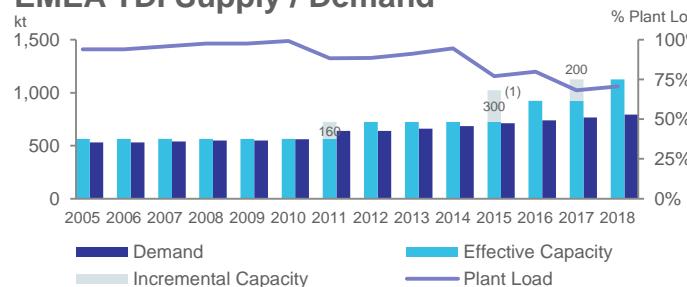
## TDI Pricing History



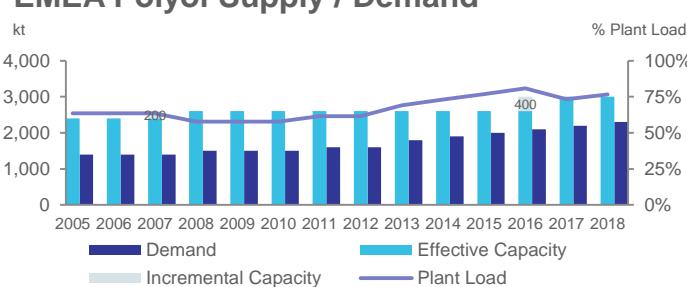
## Polyol Pricing History



## EMEA TDI Supply / Demand



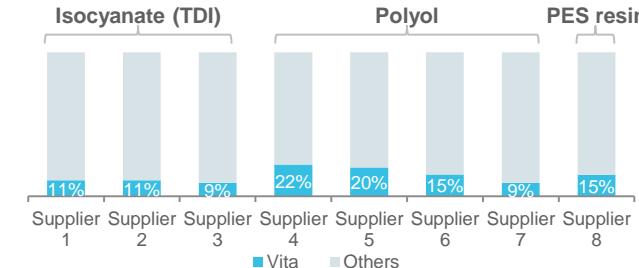
## EMEA Polyol Supply / Demand



## Bulk Chemical Pricing (€/kg)



## Vita's Base Loading Of Supplier Capacity



# Trusted And Preferred Customer Partner



1

## Broad Capabilities

- ▼ Ester / Ether / MDI / TDI
- ▼ Rebond
- ▼ Reticulated / Closed Cell
- ▼ High Pressure / Low Pressure
- ▼ Impregnated / Flame Retardant
- ▼ Peeling / Looping / Slitting / Laminating / Conversion
- ▼ Assembly / Kitting

2

## Local & Expert

- ▼ Local site positioning – Rapid delivery
- ▼ Locally empowered teams – Responsive
- ▼ High level of customer service and dedicated focus
- ▼ Long-standing business relationships
- ▼ Critical resource: Industry experts with many years of experience

3

## Value Added

- ▼ Collaborative innovation and development enhancing relationships
- ▼ Solution-driven product development
- ▼ Embedded in product value chains

4

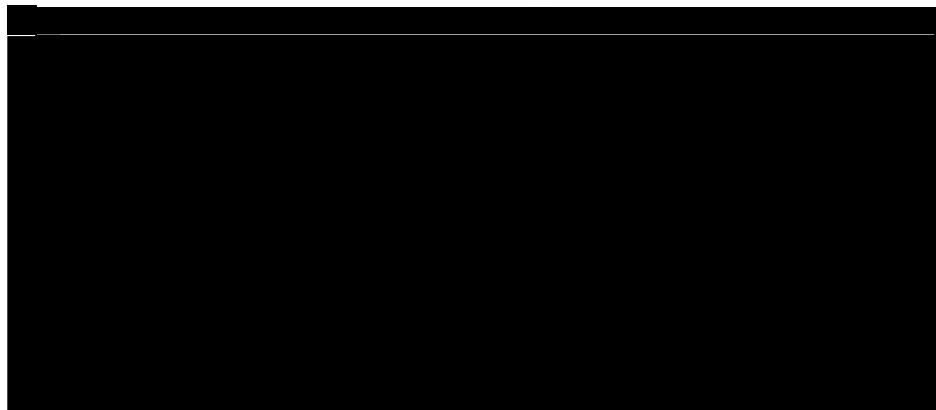
## Consistent And Reliable

- ▼ Exceptional quality products
- ▼ History of reliable performance and service
- ▼ JIT capability enhancing support for customers (15% same day; 70% next day)
- ▼ Very high customer satisfaction and retention

## Top-20 Customer Relationships And Longevity (1)

Name	Longevity	Name	Longevity
Customer 1	20+ years	Customer 11	10 years
Customer 2	25+ years	Customer 12	10+ years
Customer 3	35 years	Customer 13	10 years
Customer 4	25+ years	Customer 14	30+ years
Customer 5	20+ years	Customer 15	10+ years
Customer 6	25+ years	Customer 16	30+ years
Customer 7	20+ years	Customer 17	20+ years
Customer 8	10+ years	Customer 18	15 years
Customer 9	5 years	Customer 19	8 years
Customer 10	30 years	Customer 20	8 years

## Selected Customers



No customer represents more than c. 3% of Revenue

Vita

Source: Management  
(1) Top 20 customers ranked by H1 15 revenue

# Highly Experienced Management Team With Proven Track Record



- With c. 100 years of combined experience at Vita and many more years in the Chemicals industry, Vita's Senior Management team draw on significant technical and operational experience to deliver industry leading performance
- Vita's Management team has a proven ability to swiftly identify and capture market opportunities, and seek continuous improvement through initiatives to maintain stability and profitability
- Through a long history of reliable service and consistent quality, Vita has established deep relationships with major customers in the Furniture, Bedding and Automotive industries and become an integral provider in the supply chain

Volume	<ul style="list-style-type: none"><li>Delivered c. 6% CAGR of block volume growth from FY12A - FY15F from 142.6kt to 171.0kt</li><li>Developed recent East South regional SBU from c. 18kt to c. 34kt p.a. within 4 years</li><li>Established 5 new conversion sites and the Romanian block plant in Ludus during last 6 years</li></ul>
Profitability	<ul style="list-style-type: none"><li>Responsive and adaptable operations ensured profitability maintained through the economic cycle</li></ul>
Productivity / Efficiency	<ul style="list-style-type: none"><li>Managed Volume / Price mix to ensure margins maximised, delivering c. 22% CAGR EBITDA growth and beating budgets over FY12A - FY15F</li></ul>
Operations	<ul style="list-style-type: none"><li>Track record of delivering productivity initiatives – 335bps EBITDA margin improvement FY12A – FY15F (5.5% to 8.8%)</li><li>Delivering c. €2-3m per annum Continuous Improvement savings to offset inflation. Reduced Direct Labour &amp; Variable costs per tonne by c. 3% per year in aggregate (FY12A – FY15F)</li><li>Optimised UK site footprint, closing 2 conversion sites and 1 Block plant without losing sales momentum and reducing costs by c. €4m</li><li>Delivered and maintained industry leading working capital metrics; consistently running the growing business with negative NWC</li></ul>

2

## The PU Foam Industry And Market

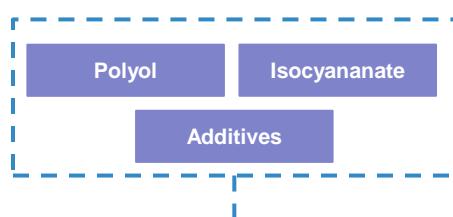




# PU Foam Basic Manufacturing Process

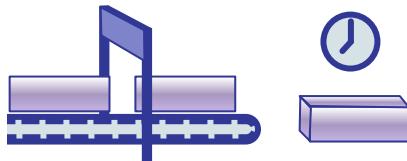
1

**Foaming (Slabstock Production):** “Exothermic” chemical reaction. From liquid ingredients to solid foam



2

**Curing / Storage:** Foam requires time for reaction to settle and “cure”. Cut to manageable size and warehoused



3

**Conversion:** Products cut to size / shape, fabricated and made ready for dispatch



# PU Foam Usage Growing Faster Than Underlying Markets And GDP



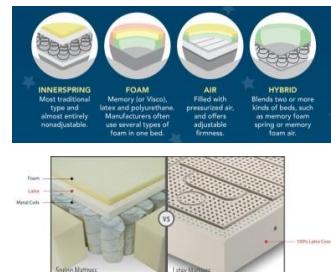
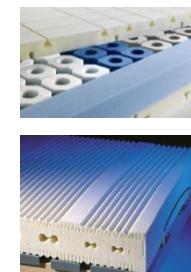
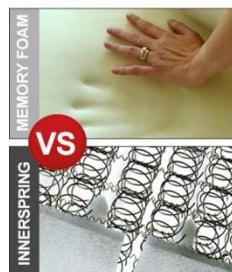
1

New purchasing behaviours, desire to be “on-trend” / fashionable is leading to more regular replacement of home furnishings and furniture



2

Increasing adoption in mattresses of Foam vs. Spring, plus new innovations (visco, latex) and a faster replacement cycle



3

Increasing utilisation of PU foam in automotive interiors, particularly in premium segment, for noise management and feel. Not just Noise, Vibration & Harshness (NVH) – 80% aesthetics / 20% NVH



4

Increasing consumer confidence, growing wealth in Eastern Europe and investment in home improvements. Flooring relatively inexpensive method of revitalising and improving home



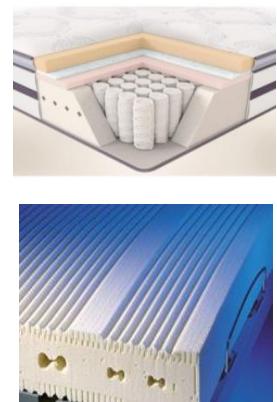
# PU Foam – Common Applications



Comfort – Furniture



Comfort – Bedding



Heating, Ventilation & Air Conditioning (HVAC)



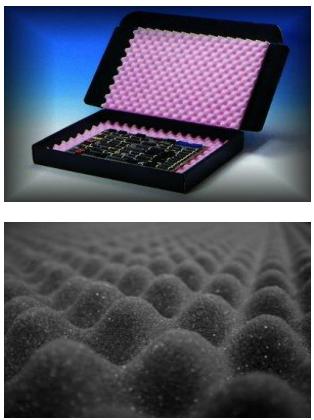
Auto – NVH



Sports



Packaging



Auto – “Soft Trim”



Sealing



Seating



Health & Hygiene



# PU Foam Key Features And Benefits



## Aesthetics

- ▼ Closed foam cell structures present a smooth finish
- ▼ Uniform nature underpins perception of quality
- ▼ Additives can achieve desirable colour range, suitable for use in various applications
- ▼ UV curing aids colour retention



## Comfort / Haptics

- ▼ Reticulated and open cell structures offer air permeability for increased airflow / a cooler and more comfortable sleep
- ▼ Foam reacts to body heat softening and moulding to contours of body and relieving contact pressure



## Durability and Resilience

- ▼ Polyurethane flexible foams offer unique properties including fatigue / ageing resistance
- ▼ Maintains chemical stability under the sustained influence of heat and moisture
- ▼ High resistance foams "push back" which makes foams more supportive
- ▼ Resistance to bacterial / fungal growth



## Elasticity

- ▼ Flexible nature of the material conforms to contours, ensuring a tight yet comfortable seal
- ▼ Suitable for light incontinence, personal hygiene and diaper applications
- ▼ PU foam has a high tensile strength
- ▼ Very effective in sealing applications



## Acoustic Properties & Filtration

- ▼ PU foam is a natural noise absorber
- ▼ Very effective filtration medium
- ▼ Absorbent properties offer noise and vibration dampening
- ▼ Used in acoustic cavity sealing, carpets, seats, headliners and dashmats to minimise noise caused by wind, exhaust, engine and tyre noise

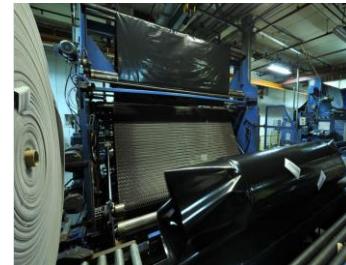




# PU Foam – Logistics

## Storage

- ▼ Foam occupies a large amount of warehouse / storage space
- ▼ Production capacity is constrained by curing and storage (Comfort) or conversion capacity (Technical), not foaming
- ▼ Certain raw materials are hazardous and require expert handling



## Shipping

- ▼ High volume, low density product raises challenges for shipping
- ▼ “Shipping air” becomes expensive and uneconomic beyond catchment area of c. 600km (without compression) to c. 1,000km (with compression)
- ▼ “Just In Time” (JIT) delivery is critical as customers face the same space-related constraints
- ▼ Reinforces need to focus on servicing local customers



## Distribution & Service

- ▼ Having a number of plants helps cover a wide geography
- ▼ Service at each plant focused heavily on key local customers
- ▼ Very high service requirements: customer expectations of same or next day shipping common in the Comfort market
- ▼ Excellent inventory management is key throughout the supply chain





3

## Vita's Business Overview



# Vita's Business Overview



## Vita's Core Business Activity

- ▼ Vita is the leading European manufacturer and converter of flexible polyurethane (“PU”) foams
  - Producing c. 170kt of “slabstock”
  - Serving both Comfort (e.g. furniture, bedding) and Technical (e.g. automotive, transportation, industrial, construction) end-markets
- ▼ Complementary UK Flooring division maximises material efficiency and yield through effective utilisation of internal supply of PU trim foam (offcuts from production and conversion in PU foam manufacturing) in production of rebond carpet underlay product
- ▼ Long-standing and deep customer relationships cultivated through consistent product quality and reliability, high levels of customer service, and the flexibility and agility to rapidly innovate in response to customer needs
- ▼ Pan-European operating base strategically positioned to serve select, chosen growth regions (34 sites across 12 countries in Europe and one site in the US)



### Comfort

- ▼ High grade PU foam focused on bedding and furniture applications
- ▼ c. 70% of block foam production sold externally, the balance being directly converted by Vita



### Technical

- ▼ Bespoke and innovative PU-based solutions for automotive, industrial and construction applications
- ▼ > 90% of Technical foam slabstock produced is directly converted by Vita



### UK Flooring

- ▼ Award winning carpet underlay solutions manufactured from PU ‘trim’
- ▼ c. 95% of trim originating from Vita’s production, delivering industry leading material yields / efficiency





# Vita Financial Performance Summary – Revenue

- ▼ Revenue varies with raw material prices. Volume is therefore a better performance indicator in the Comfort sector
- ▼ Historically Vita has demonstrated a stable revenue mix by activity which is forecast to continue
- ▼ Comfort and UK Flooring have grown faster than market
- ▼ Vita is conservatively forecasting stable market share

## Key Statistics <sup>(1)</sup>

	14A	15F	LTM (Sep'15)
Slabstock (kt)	162.7	171.0	170.3
% growth	8.5%	5.1%	7.3%
Revenue (€m) <sup>(2)</sup>	595.4	605.2	606.2
% growth	4.2%	1.6%	4.2%
EBITDA (€m)	40.7	53.3	51.1
% margin	6.8%	8.8%	8.4%
Employees <sup>(6)</sup>	2,475	2,530	2,509
No. of Sites	35	35	35

Source: Management

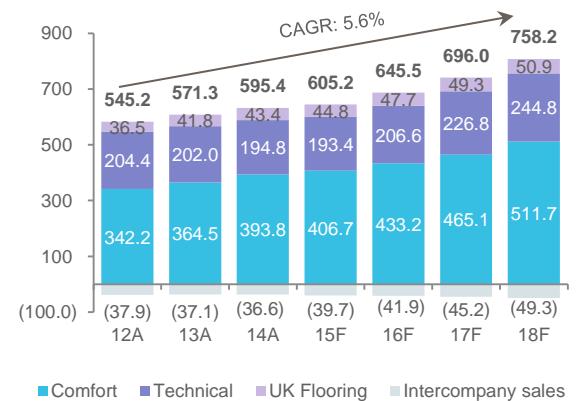
(1) Financials presented on constant currency basis of £/€=1.365; LTM figures as of 30 September 2015

(2) Comfort, Technical and UK Flooring figures include intercompany sales; UK, Western Europe and Eastern Europe figures

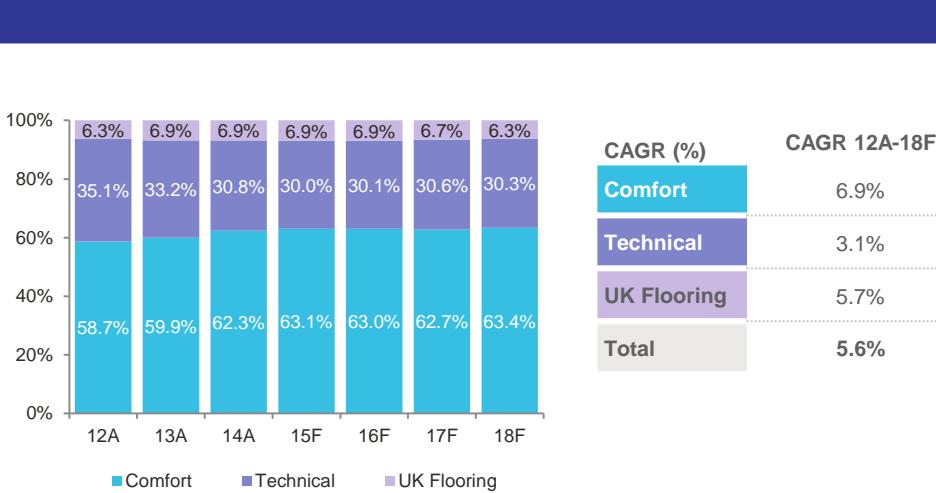
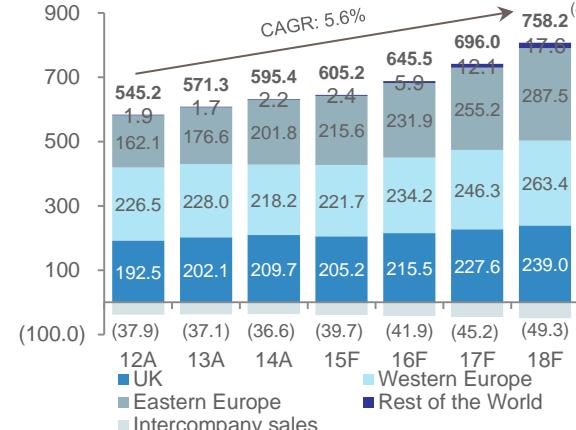
currently include intercompany sales; Aggregate figures adjusted for intercompany sales

(3) Currently Vita does not report financials by activity or region. Allocation determined by primary operation and geography of business units

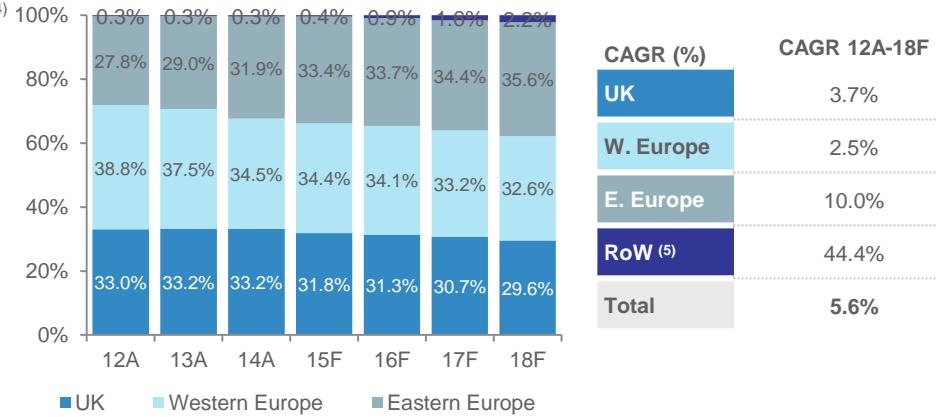
## Revenue By Activity (€m) <sup>(1) (2) (3)</sup>



## Revenue By Region (€m) <sup>(1) (2) (3)</sup>



CAGR (%)	CAGR 12A-18F
Comfort	6.9%
Technical	3.1%
UK Flooring	5.7%
Total	5.6%



CAGR (%)	CAGR 12A-18F
UK	3.7%
W. Europe	2.5%
E. Europe	10.0%
RoW <sup>(5)</sup>	44.4%
Total	5.6%

(4) In FY18F Revenue includes €8.5m from projects / initiatives which are not currently allocated to a specific region and is therefore distributed across regions proportionally to existing revenues

(5) Includes US and China

(6) Average of last 12 months



# Vita Financial Performance Summary – Volume And MOP

- ▼ In the Comfort sector it is volume rather than revenue which is the key top-line performance indicator
- ▼ The main drivers of volume growth are:
  - Continued successful expansion in Eastern Europe building upon and growing the existing footprint
  - Further PU penetration and growth in the UK
  - Introduction of new capabilities in Western Europe products and processes to address new areas of the market
- ▼ Vita's strategy of margin management through internal financial discipline ensures MOP per unit remains relatively stable irrespective of movements in underlying RM prices
- ▼ MOP % grew historically due to initiatives targeting higher margin products and markets
- ▼ Overall MOP % is expected to decline slightly in the forecast period (based on conservative estimating). A decline in existing base MOP margin will be largely mitigated by the introduction of higher margin initiatives
- ▼ Total MOP is forecast to continue to grow in line with the expected volume growth and initiative driven activities

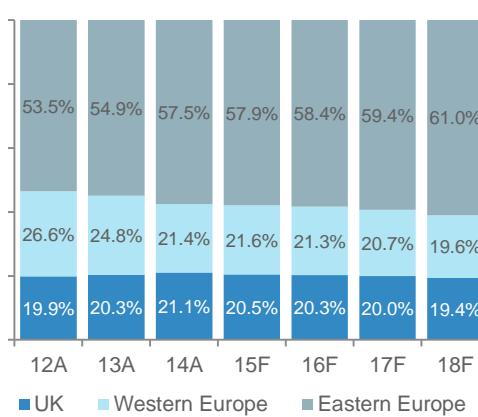
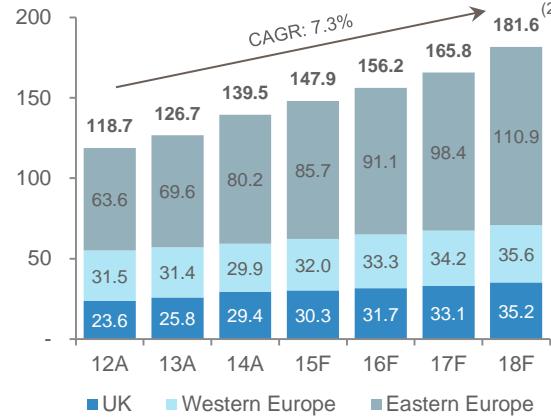
Source: Management

(1) Currently Vita does not report financials by activity nor region. Allocation determined by primary operation and geography of business units

(2) In FY17F and FY18F volumes include 0.3kt and 3.6kt respectively from projects / initiatives which are not currently allocated to a specific region and are therefore distributed across regions proportionally to existing volumes

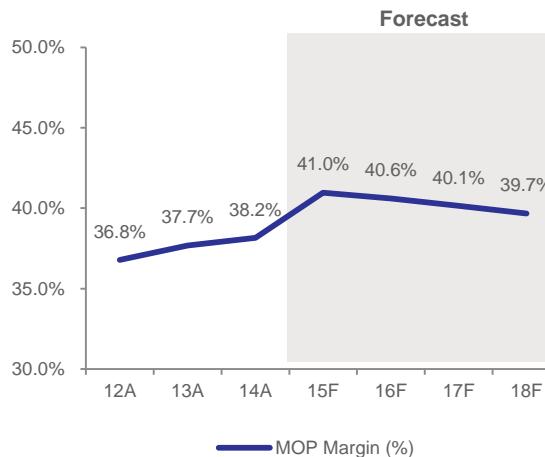
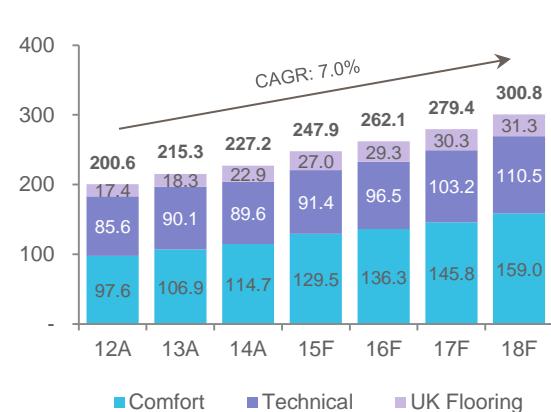
(3) Financials presented on constant currency basis of £/€=1.365

## Comfort Volume By Region (kt)<sup>(1)</sup>



CAGR (%)	CAGR 12A-18F
UK	6.9%
W. Europe	2.0%
E. Europe	9.7%
<b>Total</b>	<b>7.3%</b>

## MOP By Activity (€m)<sup>(1)(3)</sup>



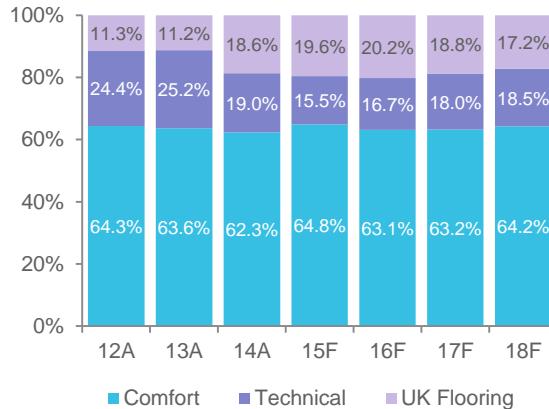
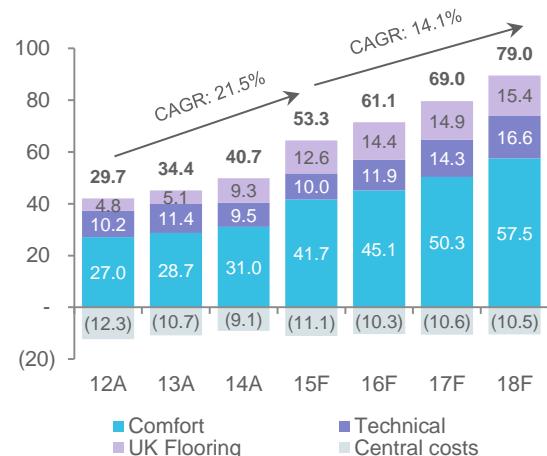
CAGR (%)	CAGR 12A-18F
Comfort	8.5%
Technical	4.4%
UK Flooring	10.2%
<b>Total</b>	<b>7.0%</b>



# Vita Financial Performance Summary – EBITDA

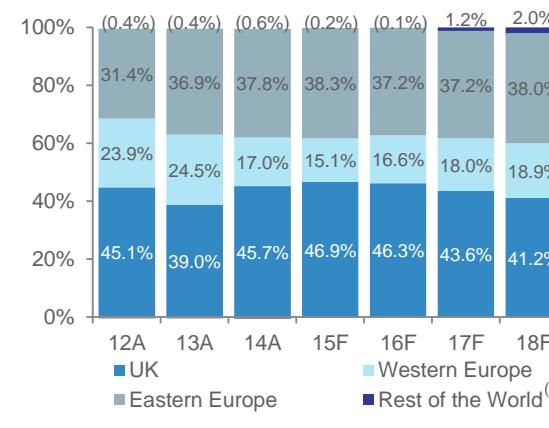
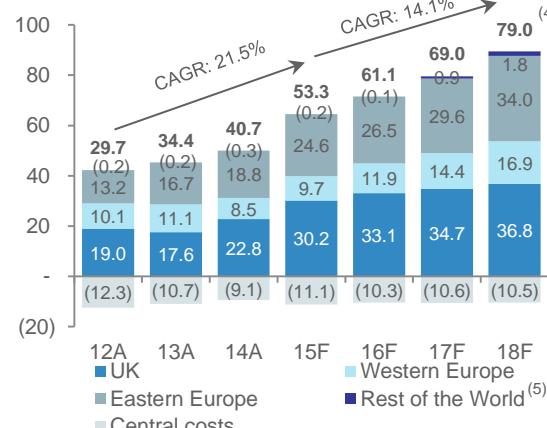
- ▼ Acceleration in adoption of PU foam in Eastern European markets meant Vita significantly outperformed in the region
- ▼ The increasing use of foam in Bedding across Europe, along with the improving wealth of consumers in Eastern Europe has driven higher demand for PU foam
- ▼ Growth will continue to be fastest in the markets of Eastern Europe and the UK with a steady recovery in Western Europe as economies emerge from recession
- ▼ Technical is forecasting revenue growth and improving margins as implemented operational and strategic improvement initiatives gain traction
- ▼ UK Flooring EBITDA has grown significantly as a result of lower trim cost and improved pricing, with a higher average spend per roll due to increased emphasis on marketing and branding activity
- ▼ UK Flooring has further benefitted from operating efficiencies following the strategic investment in a new Rebond block plant (Europe's largest) in 2011

## EBITDA By Activity (1) (2) (3)



CAGR (%)	CAGR 12A-15F	CAGR 15F-18F
Comfort	15.5%	11.3%
Technical	(0.8%)	18.4%
UK Flooring	38.4%	6.9%
Total	21.5%	14.1%

## EBITDA By Region (1) (2) (3)



CAGR (%)	CAGR 12A-15F	CAGR 15F-18F
UK	16.7%	6.9%
W. Europe	(1.2%)	20.4%
E. Europe	23.1%	11.3%
Total	21.5%	14.1%

Source: Management

(1) Financials presented on constant currency basis of £/€=1.365. EBITDA pre-exceptionals

(2) Comfort, Technical and UK Flooring figures presented before the allocation of central costs; UK, Western Europe and Eastern Europe figures presented before the allocation of central costs; Aggregate figures presented after the allocation of central costs

(3) Currently Vita does not report financials by activity or region. Allocation determined by primary operation and geography of

business units

(4) In FY18F EBITDA includes €1.8m from projects / initiatives which are not currently allocated to a specific region and is therefore distributed across regions proportionally to existing revenues

(5) Includes US and China

4

## Vita's Position In The Market



# Vita Group, The Recession And A Historical Perspective On Today's Business



The 2008 recession impacted the Vita Group's trading and cash flow performance which led to a restructuring of the Group in 2009



The Vita business, as it exists today (Vita Cellular Foams), performed better through the crisis than the other businesses within the Vita Group at the time, and was distinguished by the following characteristics:

- Cyclical resilience and strong cash generation profile
- Portfolio synergies deriving from the aggregation of a group of businesses
- Positive long-term growth prospects with respect to market, geography and applications



As a result, Vita demonstrated financial robustness and resilience through the recession



Vita Group effectively became an aggregated group of businesses allocated to three categories, connected by central functions responsible for managing disposals of the businesses. These three categories were:

- Vita – the business that exists today (Vita Cellular Foams)
- Businesses with realisable value – “cash generative”
- Businesses contributing to cash burn – “underperforming”



The Vita Group has executed the restructuring strategy as planned, selling businesses to pay down debt and stem cash burn / outflows. Now, only Vita (Vita Cellular Foams), an asset that maintained robust profitability and healthy cash flows, remains within the Group structure

# Vita Group, The Recession And A Historical Perspective On Today's Business (Cont'd)



## EBITDA in Recessionary Period <sup>(1)</sup>

EBITDA	2007 €m	2008 €m	% change
Business – Compounding	27.6	14.1	(49%)
Business – Crest	4.1	3.2	(21%)
Business – Nonwovens	12.0	11.7	(2%)
<b>Cash generative – divest to repay debt</b>	<b>43.7</b>	<b>29.0</b>	<b>(34%)</b>
Business – Canada	3.1	1.4	(54%)
Business – Sheet	16.7	4.0	(76%)
Business – EU Auto	7.6	1.7	(78%)
<b>Underperforming – divest when possible</b>	<b>27.5</b>	<b>7.1</b>	<b>(74%)</b>
<b>Vita <sup>(2)</sup></b>	<b>54.6</b>	<b>37.9</b>	<b>(31%)</b>
<b>Vita Group</b>	<b>125.7</b>	<b>74.1</b>	<b>(41%)</b>

## Commentary

- ▼ Vita and the other “Cash Generative” businesses lost c. 31% of EBITDA during the 2008 crisis, less than half of the percentage losses experienced by the “Underperforming” businesses within the Vita Group
- ▼ In contrast to the “Underperforming” businesses in the Vita Group portfolio, Vita was able to trade robustly through the 2008 recessionary period

## The Crisis and Operating Cash Flow <sup>(1)</sup>

Cash Flow <sup>(3)</sup>	2007 €m	2008 €m	% change	FY09 - FY14 Net cash generation / (burn) €m
Business – Compounding	30.4	5.7	(81%)	54.3
Business – Crest	3.7	3.4	(8%)	2.8
Business – Nonwovens	8.7	5.8	(33%)	25.4
<b>Cash generative – divest to repay debt</b>	<b>42.8</b>	<b>14.9</b>	<b>(65%)</b>	<b>82.5</b>
Business – Canada	2.5	0.3	(87%)	(2.7)
Business – Sheet	9.3	6.2	(33%)	(15.2)
Business – EU Auto	7.4	2.7	(63%)	(9.1)
<b>Underperforming – divest when possible</b>	<b>19.2</b>	<b>9.3</b>	<b>(52%)</b>	<b>(27.1)</b>
<b>Vita <sup>(2)</sup></b>	<b>48.2</b>	<b>36.0</b>	<b>(25%)</b>	<b>187.0</b>
<b>Vita Group</b>	<b>110.2</b>	<b>60.2</b>	<b>(45%)</b>	<b>242.5</b>

## Commentary

- ▼ The 2008 crisis had an extremely detrimental impact on the cash flow of all major Vita Group businesses except Vita
- ▼ The “Cash Generative” and “Underperforming” businesses saw large drops in operating cash flows in 2008, whereas Vita performed well
- ▼ The “Cash Generative” businesses generated good cash flow from 2009 until disposal, whereas the “Underperforming” businesses burned cash
- ▼ Operating cash flows excludes interest, tax, exceptional items, management charges and other non-trade flows, which greatly increase the ‘real’ cash burned by the “Underperforming” businesses
- ▼ Vita generated very strong cash flows from 2009 to 2014

Source: Management

(1) All financials on reported basis, not adjusted for constant currency

(2) Before the allocation of central costs

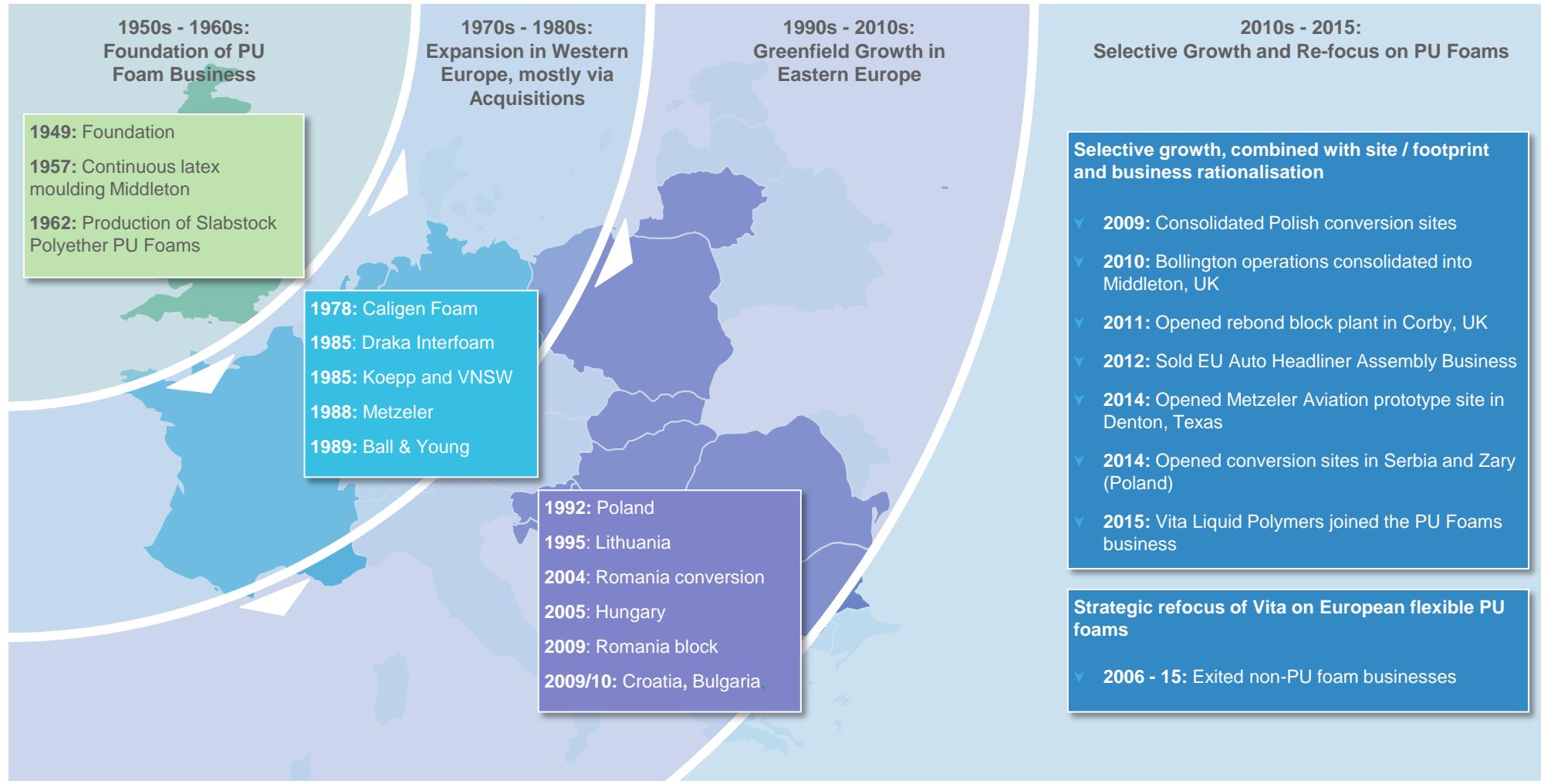
(3) Defined as EBITDA minus capex minus net change in working capital, excluding property capex flows



# Vita Has Emerged From British Vita Plc, And The Vita Group, Into The Leading European Pure Play PU Flexible Foam Producer



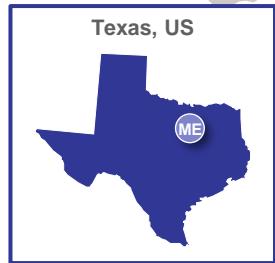
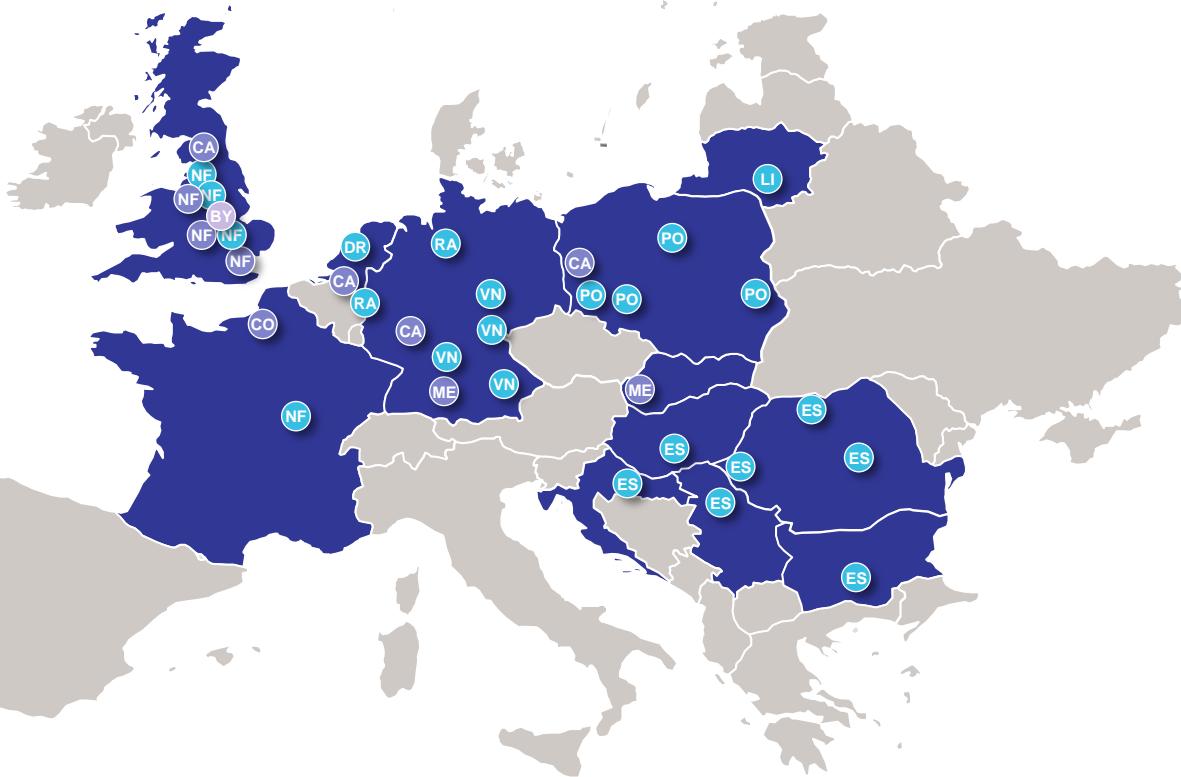
## Growth Continues...



# Geographic Footprint Chosen For Attractive Growth Prospects



Vita Has A Broad Manufacturing Footprint And Direct Presence In Its Chosen Key Markets



■ Vita's Operational Presence

Source: Management

- (1) Includes intercompany sales of c. €37m
- (2) Includes Koopp A&E
- (3) Includes VLP Poland

**Comfort:** FY14A Revenue: €394m<sup>(1)</sup> 23 sites

Strategic Business Unit	#Sites
NF North Foam	€114m 4
ES East South	€76m 7
PO Poland	€71m 4
LI Lithuania	€52m 1
RA Radium	€26m 2
VN VNSW <sup>(2)</sup>	€32m 4
DR Draka	€23m 1

**Technical:** FY14A Revenue: €195m<sup>(1)</sup> 11 sites

Strategic Business Unit	#Sites
CA Caligen	€72m 4
ME Metzeler	€67m 3
NF North Foam <sup>(3)</sup>	€43m 3
CO Construction	€12m 1

**UK Flooring:** FY14A Revenue: €43m<sup>(1)</sup> 1 site

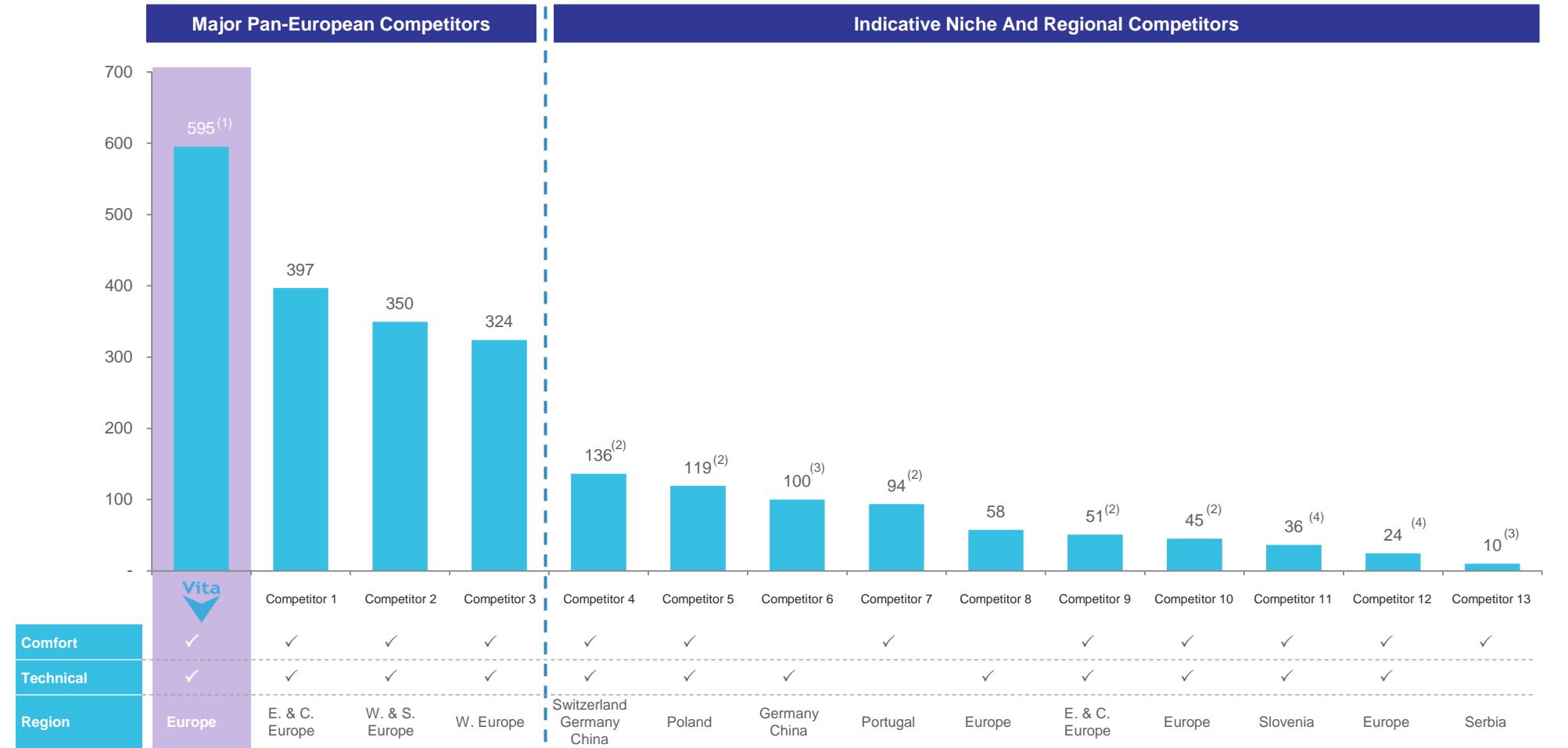
Strategic Business Unit	#Sites
BY Ball & Young	€43m 1

**Vita**

## Vita Is The Largest Pan-European PU Flexible Foam Manufacturer



## Vita's Selected Competitors By Revenue (€m)



Source: PwC VDD, Management, Amadeus, Capital IQ

Note: Competitor financials presented include PU / Flexible Foam divisions of larger entities and JVs focused on PU / Flexible Foams

(1) FY14A revenue presented on constant currency basis of £/€=1.365; excluding intercompany sales of €37m

(2) Based on FY13A revenue

(3) Based on Vita Management's estimates

(4) Based on FY14A revenue

# Vita Benefits From A Strategically Located, Highly Competitive Operational Footprint



**Vita**

Source: Management

# Ability To Unlock Substantial Production Capacity With Minimal Investment



- ▼ Vita has significant scope to increase production volumes
  - Foaming lines are currently run for c. 4 - 8 hours a day for 4 - 5 days a week
  - c. 30% - 50% potential additional runtime
- ▼ The constraining factor to increasing volume is Storage / Curing facilities
- ▼ Vita maintains disciplined capital allocation through effective use of tented / temporary warehousing facilities
- ▼ Investment in Curing / Storage therefore delivers substantial operating leverage
- ▼ New peeling units increase Technical plant output by relieving conversion capacity limits
- ▼ Comfort conversion facilities typically run 1 to 2 shifts per day / 5 days a week
- ▼ In terms of cost payback a c. 1,200m<sup>2</sup> - 1,500m<sup>2</sup> tent for storage can provide additional capacity of c. 2kt per annum
  - The tent cost (depending on additional work required) is on average between c. €0.2m - €0.5m
  - An additional 2kt per year generates contribution<sup>(1)</sup> of c. €0.7m - €1m p.a. which delivers a payback period of less than 12 months



Hungary



Romania



Lithuania

Source: Management  
(1) MOP minus director labour and other variable costs

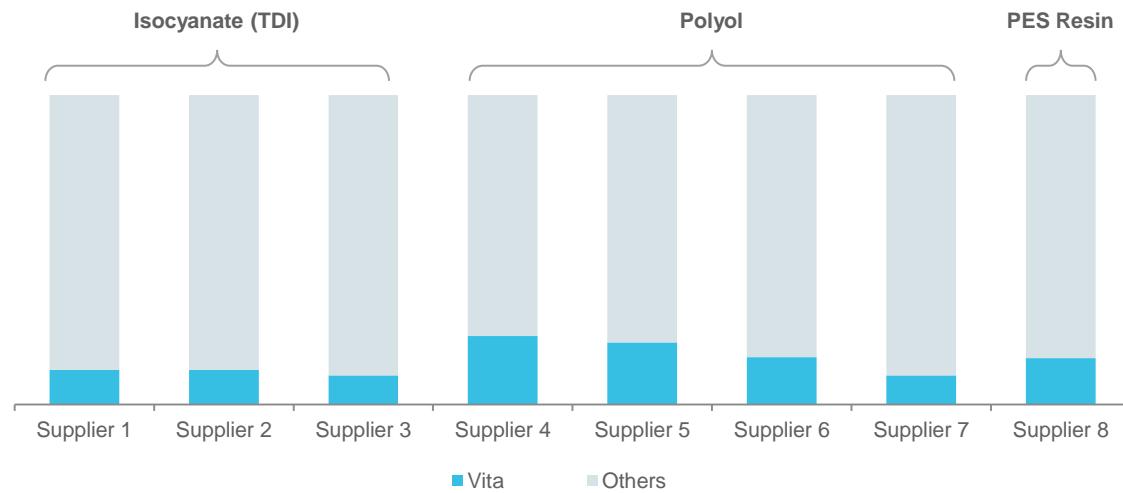
# High Volume Production And Scale Provides Vita With A Cost Advantage



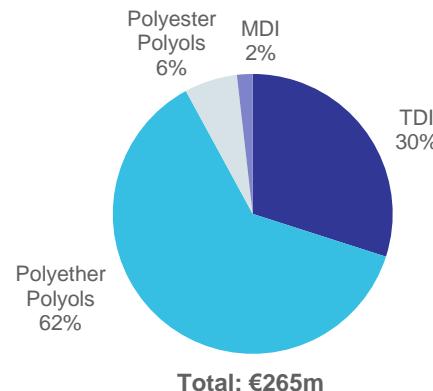
## Cost Advantaged Position

- ▼ Vita believes it has a cost advantaged position influenced by:
  - Scale: As the largest PU foam manufacturer in Europe, Vita purchases significant volumes of bulk chemical raw materials enabling it to benefit from economies of scale and negotiating power
    - Vita's bulk chemicals requirement forms c. 10% - 20% of its key suppliers' production volumes
    - Supplier dependence on Vita's base load ensures strong pricing and purchasing terms
  - Operating Leverage: Marginal cost of production diminishes rapidly as Vita increases capacity utilisation and is dependent on the volume put through the business
    - Due to volume and experience Vita is able to effectively optimise production
  - Material and Operational Efficiency: Vita's experienced workforce and long track record of foam production ensures a high material yield, thus reducing the cost of materials required for a certain volume of foam
- ▼ Whilst Vita takes c. 10% - 20% of its key suppliers' base load, Vita's largest customer represents only c. 3% of its revenue, minimising pricing pressure from major customers

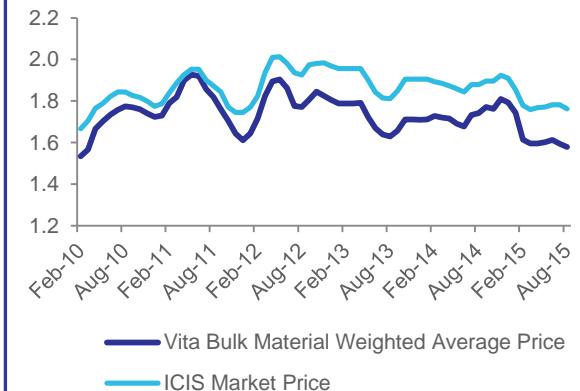
## Base Loading Of Main Chemical Suppliers Production Capacity <sup>(1)</sup>



## Vita Bulk Chemical Spend FY14A (€m)



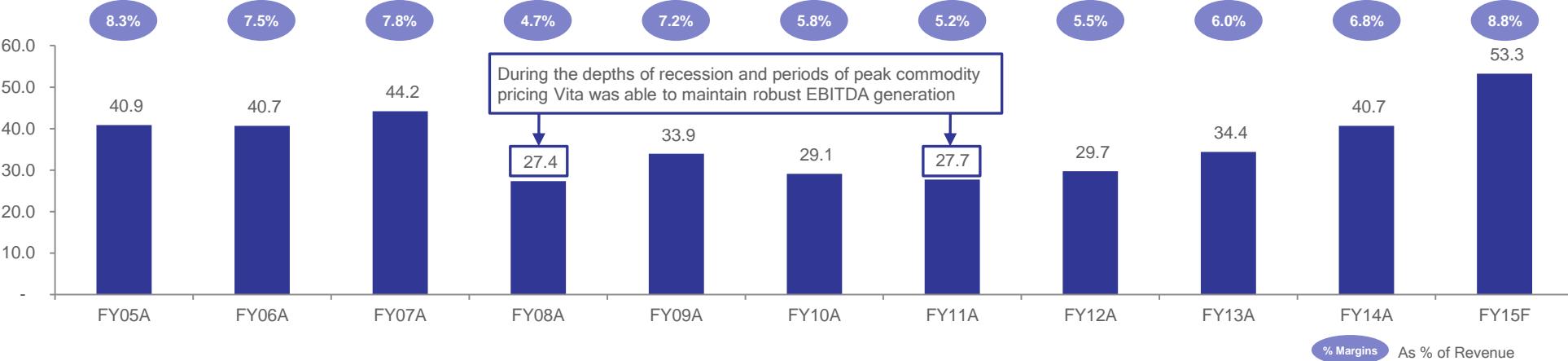
## Bulk Chemical Pricing (€/kg)



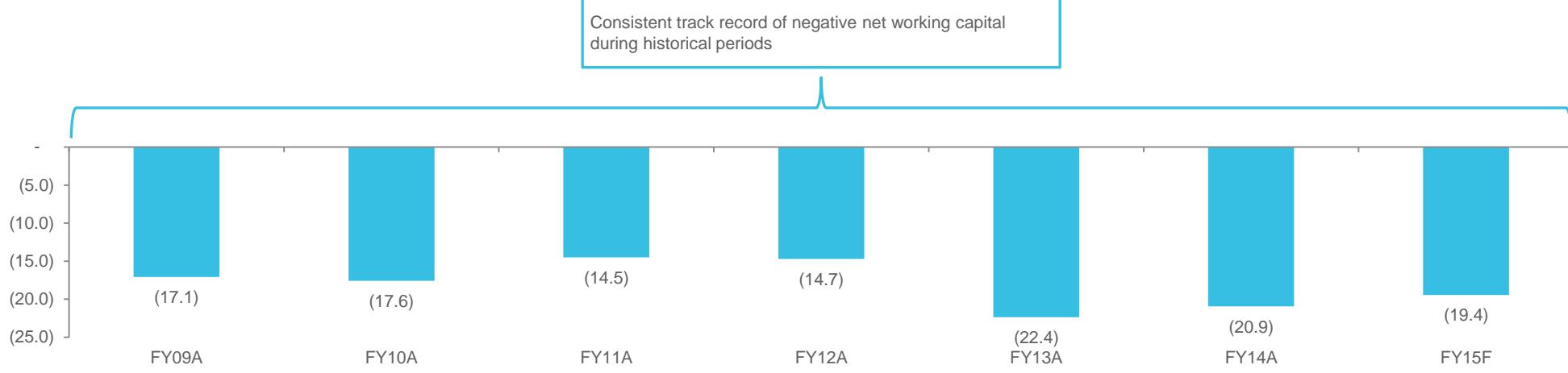
# Track Record Of Delivering Strong Profitability And Sustained Negative Net Working Capital



## Vita's EBITDA<sup>(1)</sup> Development (€m)



## Vita's Net Working Capital<sup>(2)</sup> Development (€m)



Source: Management

(1) EBITDA pre-exceptionals and after the allocation of central costs; Financials presented on constant currency basis of £/€=1.365

(2) Based on foreign exchange rates at the end of historical financial periods



# Vita's Culture And People

## Responsive

- ▼ Vita aims to be the most responsive supplier, building long-term relationships with customers
- ▼ Majority of customer-facing decisions are made in local Business Units ("BU"s)
- ▼ The entrepreneurial people in Vita's BU's develop solutions for their customers

## Local

- ▼ The customer's experience and interaction is very local in nature with the Vita team providing exceptionally high levels of service and quality
- ▼ Vita empowers local teams / managers to respond to the needs of their local customers
- ▼ All BU's have locally based leaders and sales resources

## Selective Centralised Impact

- ▼ Vita only manages centrally those aspects which it can leverage for additional benefit – e.g. procurement, funding, insurances etc.
- ▼ Central management also applies in circumstances where it is the most effective way to support the business and / or meet legislative needs e.g. legal, compliance, creating standards in risk management
- ▼ Strategic direction and capital investment allocation provided centrally

## Entrepreneurial Yet Disciplined

- ▼ Vita's BU's follow clear delegated authorities
- ▼ Vita has very strong financial discipline, structured reporting processes and best-in-class working capital management
- ▼ Vita's people operate to the highest standards of integrity and ethics

## People

- ▼ Customer-centric / responsive, experts, and considered reliable partners
- ▼ Efficient / "owner's eye", "sticky", loyal and cost-conscious
- ▼ Empowered and trusted with easy access to decision-makers. Resourceful / "can do" culture
- ▼ Passionate, collaborative, respectful and engaging



5

## Vita's Activity Overview

Comfort  
Technical  
UK Flooring

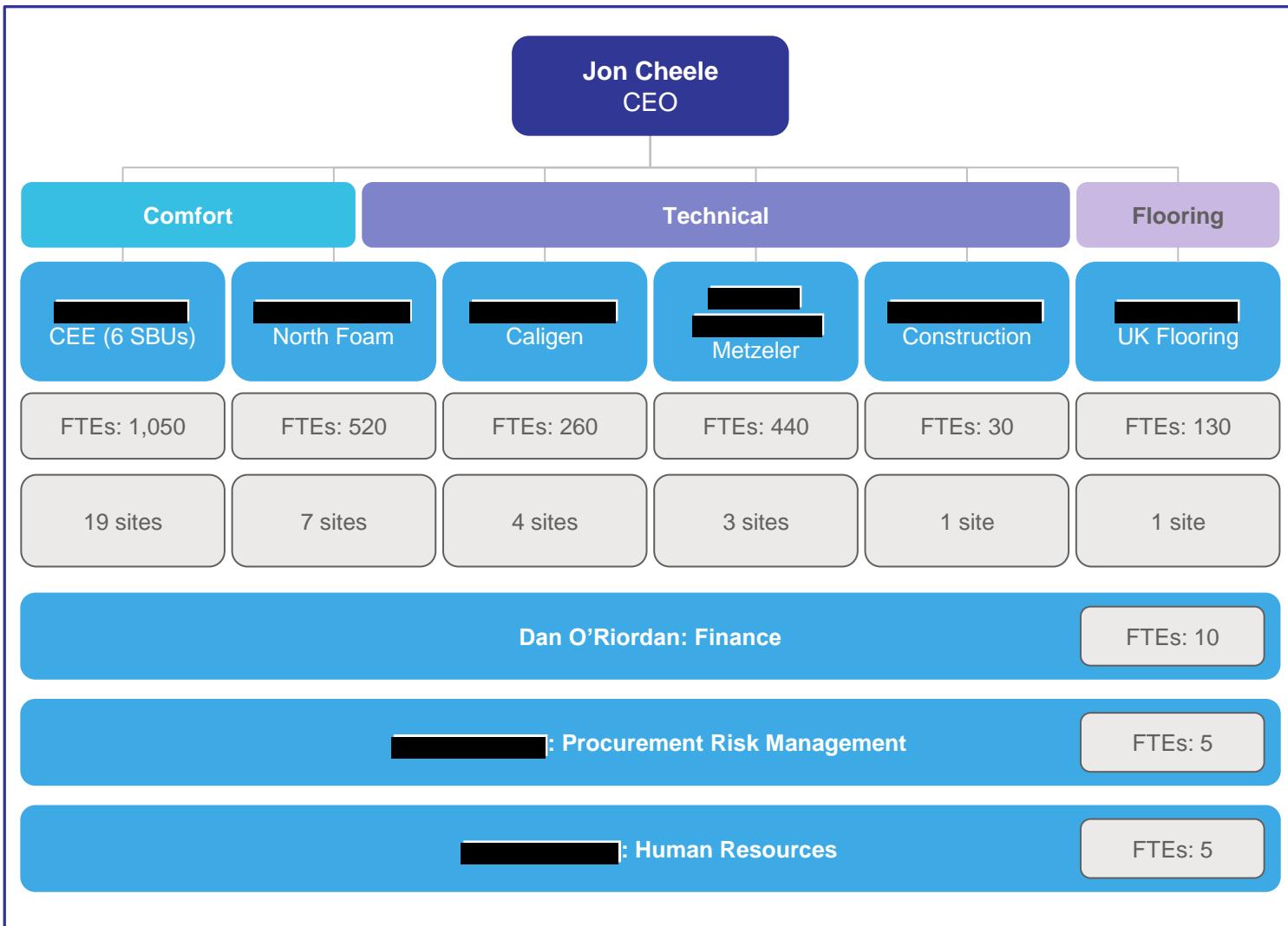




# Management And Operational Structure

## Operational Structure

- Under the top level divisions of Comfort, Technical and Flooring, Vita is managed in Strategic Business Units (“SBUs”) aligned to geographies, product type and end-markets
- Vita is organised into 11 SBUs and 26 BUs each with P&L accountability
- CEE comprises 6 individual SBUs, managed by experienced, autonomous business leaders
- Centralised functional management of Procurement, Risk, Finance and HR overlays the SBU operational structure





# Vita's Activity Overview

## Products

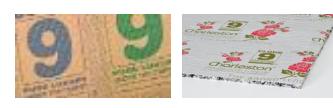
**Comfort**  
FY14A Revenue <sup>(1)</sup>: €394m



**Technical**  
FY14A Revenue <sup>(1)</sup>: €195m



**UK Flooring**  
FY14A Revenue <sup>(1)</sup>: €43m



## Business Units

**vitafoam**

VITA BALTIC  
INTERNATIONAL

Vita  
VITAFOAM ROMANIA SRL

Vita  
VITAFOAM HUNGARY

icoa  
FRANCE

vita

RADIUMFOAM

draka  
INTERFOAM

veenendaal

METZELER

caligen

koepp

TRAMICO

KAY-METZELER  
EXPERIENCE AND RESEARCH

CUSTOMFOAMS  
INNOVATIVE SOLUTIONS

VITEC  
composite systems

VITA LIQUID  
POLYMERS

## Vision

Continue successful, profitable volume growth strategy in PU foam blocks and conversion, driven by capacity expansion and productivity initiatives

Accelerate growth in high value-added segments through continued product innovation and customer collaboration

Continued emphasis on development of brand position and increase in market share through marketing initiatives

## Strategy Highlights

- ▼ Exploit local markets within each catchment area, especially UK and CEE
- ▼ Maintain status as preferred and trusted supplier to PU foam converters and OEMs through continued, consistent quality of product
- ▼ Utilise group raw materials procurement scale, maintain production yield and leverage fixed production costs
- ▼ Optimise cost position and return on investment / existing production asset base
- ▼ Production capacity to meet growth plans in place

- ▼ Continue the implementation of targeted sales initiatives (e.g. Automotive and Transportation)
- ▼ Maintain highest levels of product quality, customer service and responsiveness
- ▼ Develop new technical applications
- ▼ Expand geographic reach
- ▼ Refocus Metzeler group on growth markets

- ▼ Capture incremental growth opportunities e.g. new routes to market, house-builders, major retailers, etc.
- ▼ Support attractive profitability currently achieved through strong pricing due to brand reputation, product innovation, discipline and leadership

Source: Management  
(1) Includes intercompany sales of c. €37m

Vita



5

## Vita's Activity Overview

**Comfort**  
Technical  
UK Flooring



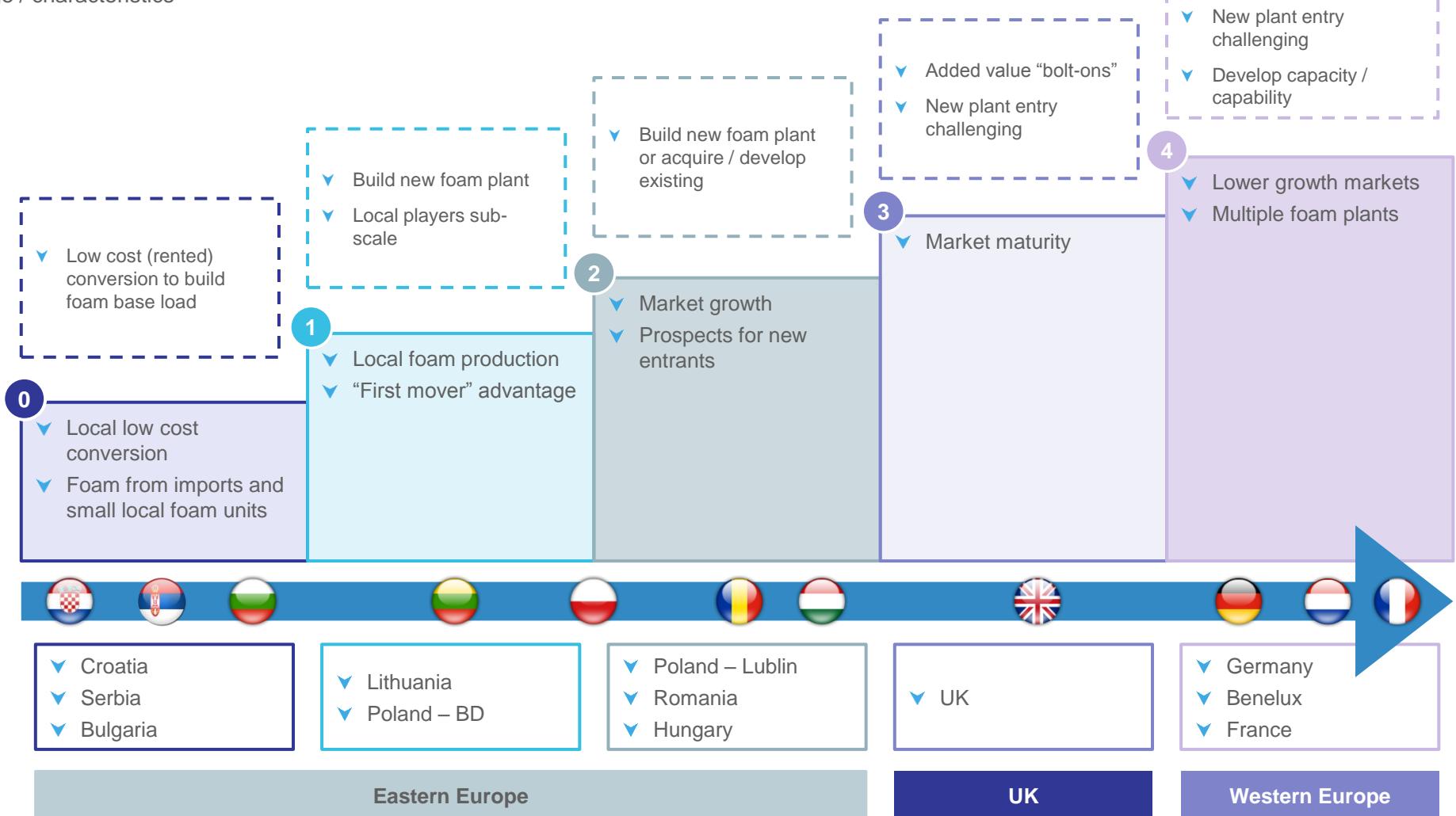
# Comfort: Well Positioned In All Stages Of Market Development In Europe

Comfort  
Technical  
UK Flooring



Market dynamics / Strategy for entry

Stage / characteristics





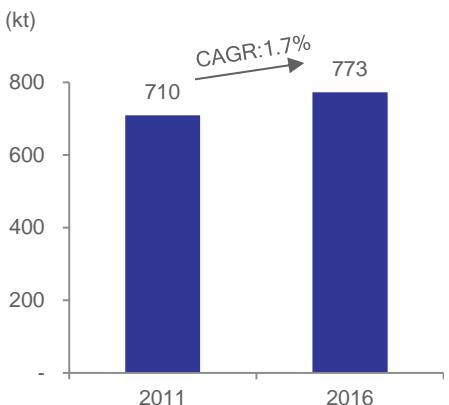
# Comfort: Market Overview

## Overview

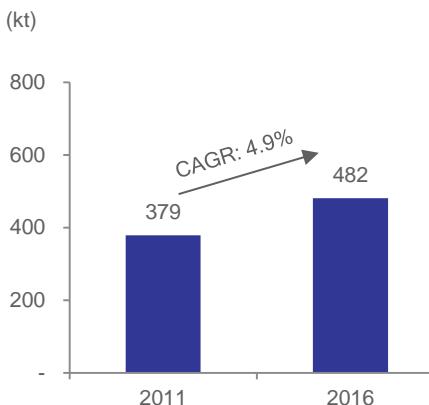
- ▼ Demand for Comfort foam in Western Europe was c. €3.5bn in 2013 and is expected to grow to €4.8bn by 2018 (CAGR of 6.4%)<sup>(1)</sup>
- ▼ Comfort is an intra-regional market, with product only able to cost-effectively travel c. 600km from production location
- ▼ **Upholstered furniture:** c. 85%<sup>(2)</sup> of furniture demand still generated by Western Europe, however production is increasingly relocating towards Eastern Europe (e.g. Poland is currently the largest producer of upholstered furniture)
  - Some growth in Eastern Europe as markets develop, consumer wealth improves and Western European retailers move into Eastern European markets
  - Previous furniture production relocation was for lower labour costs; now moving further East & South to Balkans, etc.
- ▼ **Bedding:** Western Europe accounts for c. 95%<sup>(2)</sup> of consumption of mattresses, with increasing levels of adoption of foam vs. spring; however Eastern Europe represents c. 15% of total production

## European Comfort PU Foam Market<sup>(1)</sup>

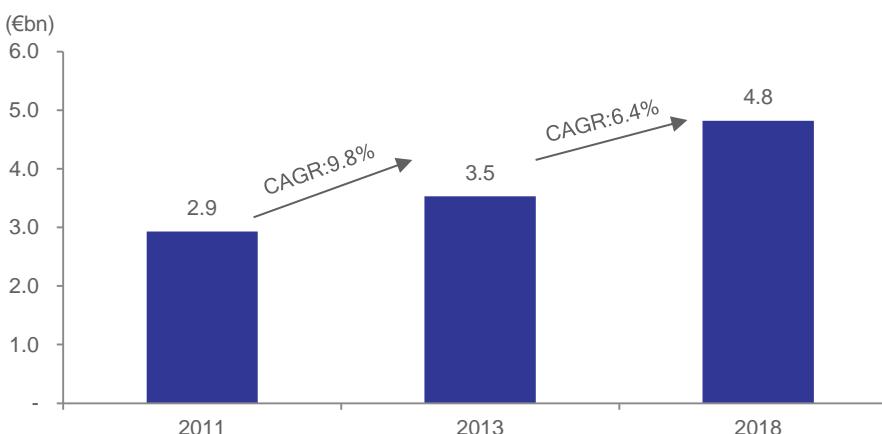
### Western Europe Volume<sup>(3)</sup>



### Eastern Europe Volume<sup>(3)</sup>



### Western Europe Revenue<sup>(4)</sup>



## Key drivers

### ▼ Upholstered furniture:

- Increasing development of “on-trend”, fashion-led purchasing behaviour is accelerating replacement cycles, translating into more frequent purchases, but also requiring less expensive products, leading to a greater demand for foam-based design over traditional methods

### ▼ Bedding:

- **Western Europe** is benefitting from increased uptake following a process of education of, and adoption by, end consumers who now increasingly recognise and appreciate the benefits of foam vs. spring
  - In Germany, non-innerspring mattresses represented 60% of the US\$722m total production of mattresses, vs. an average of only 37% across the global mattress industry<sup>(5)</sup>
- With increased consumer awareness of benefits, an innovation-led approach and development of higher performance products with increased thermal efficiency, durability, comfort (e.g. visco) provides opportunities for Vita to increase market share
- **Eastern Europe:** Improving purchasing power and outlook in residential markets is stimulating demand for higher quality products as bedding becomes more of a luxury item than basic necessity

(1) Source: Markets and Markets, IAL Consultants

(2) Source: Management

(3) Based on IAL Consultants PU flexible foam forecast growth for slabstock and furniture components

(4) Based on Markets and Markets data for PU rigid and flexible foams

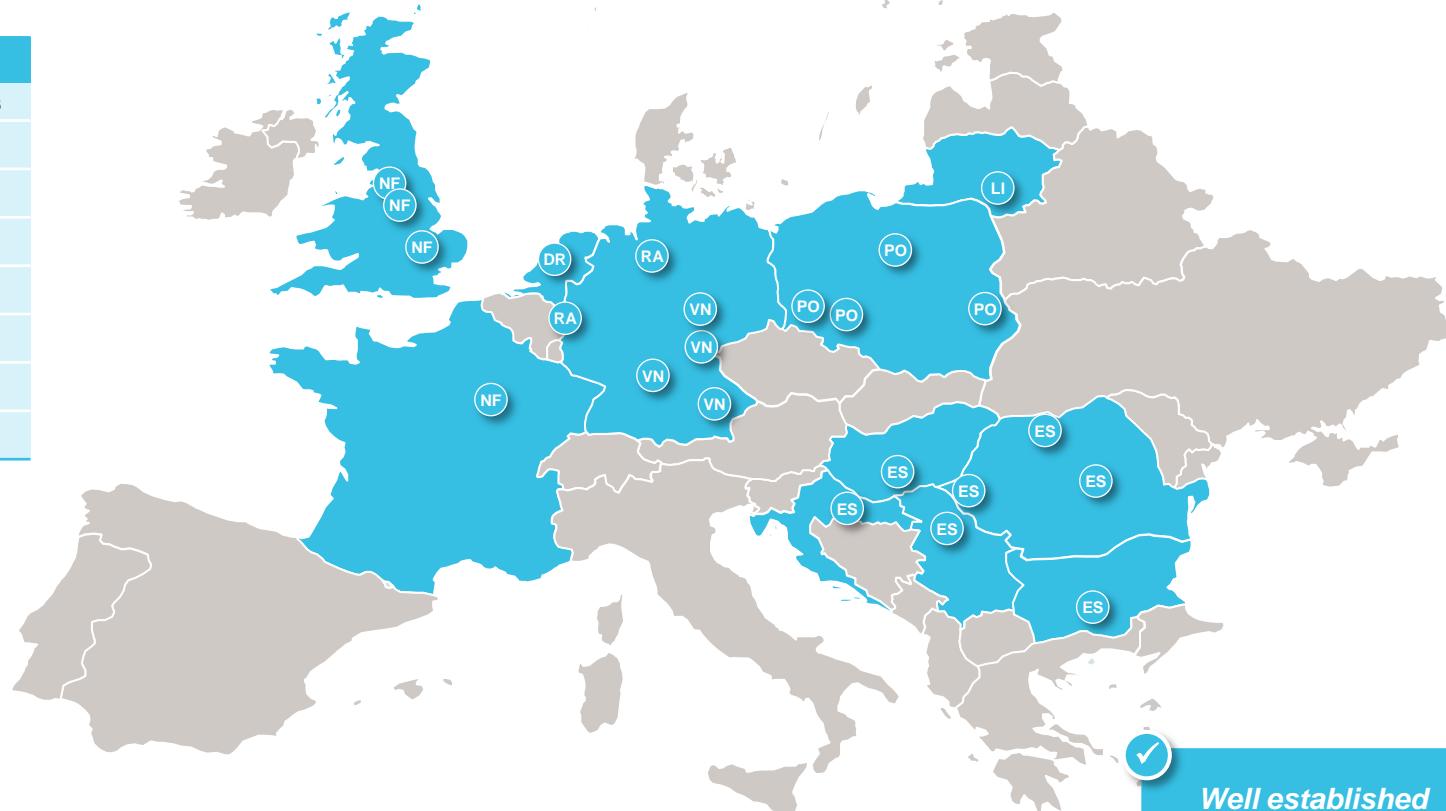
(5) Based on July 2015 CSIL report on the global mattress industry (22 countries represented)



# Comfort: Operational Presence

Comfort: FY14A Revenue: €394m<sup>(1)</sup> 23 Sites

Strategic Business Unit	#Sites
NF North Foam	€114m 4
ES East South	€76m 7
PO Poland	€71m 4
LI Lithuania	€52m 1
RA Radium	€26m 2
VNSW <sup>(2)</sup>	€32m 4
DR Draka	€23m 1



 Well established market presence in key European markets

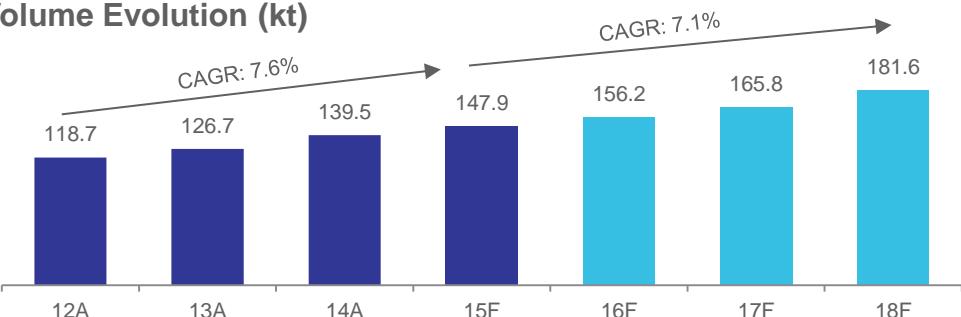
Source: Management  
 (1) Includes intercompany sales of c. €37m  
 (2) Includes Koopp A&E



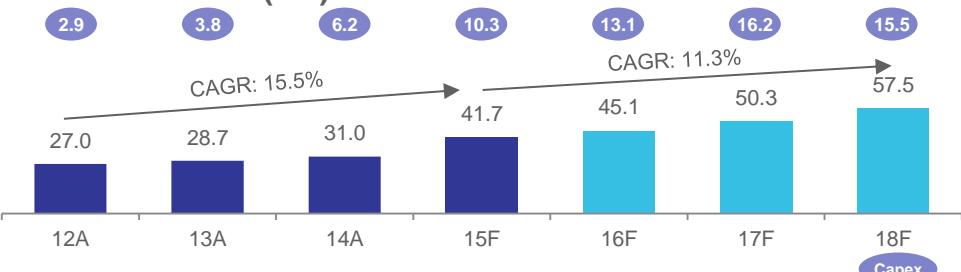
# Comfort: Business Overview

- ▼ Production of high quality, block and converted PU foams for Comfort applications (furniture and bedding)
- ▼ One of two global suppliers of Talalay latex foam, serving high-end, luxury bedding market (e.g. "cooler" mattresses, pillows)
- ▼ Furniture applications include upholstered products (e.g. sofas, armchairs) and "contract" solutions (serving high volume office, commercial and leisure markets)
- ▼ Increasing penetration of PU foam versus traditional spring in bedding serving better educated consumers
- ▼ Additional growth potential in complementary add-on solutions (e.g. foam pillows, mattress toppers)
- ▼ Vertical integration becoming more prevalent as foam manufacturers seek to capture additional margin and ensure security of demand. Vita provides "contract" mattress manufacturing in Germany and Romania
- ▼ Customers are primarily local entrepreneurs with a small number of regional producers
  - Fragmented customer base, responding to regional consumer dynamics, requires a more responsive and informed local service
  - Two largest clients represent 3.4% and 2.0% of revenue respectively in FY14A

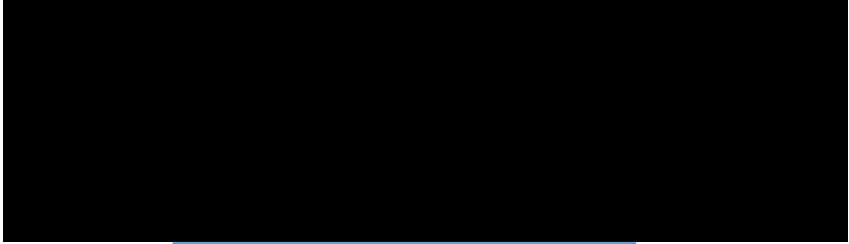
## Volume Evolution (kt)



## EBITDA Evolution (€m) <sup>(1) (2)</sup>



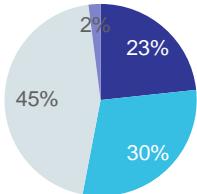
## Selected Customers



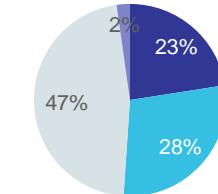
Top 10: c. 21.7% of FY14A Revenue

## Revenue By Destination (%) <sup>(3)</sup>

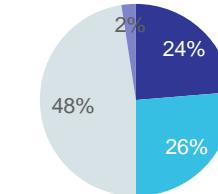
12A Revenue <sup>(1)</sup>: €342m



13A Revenue <sup>(1)</sup>: €365m



14A Revenue <sup>(1)</sup>: €394m



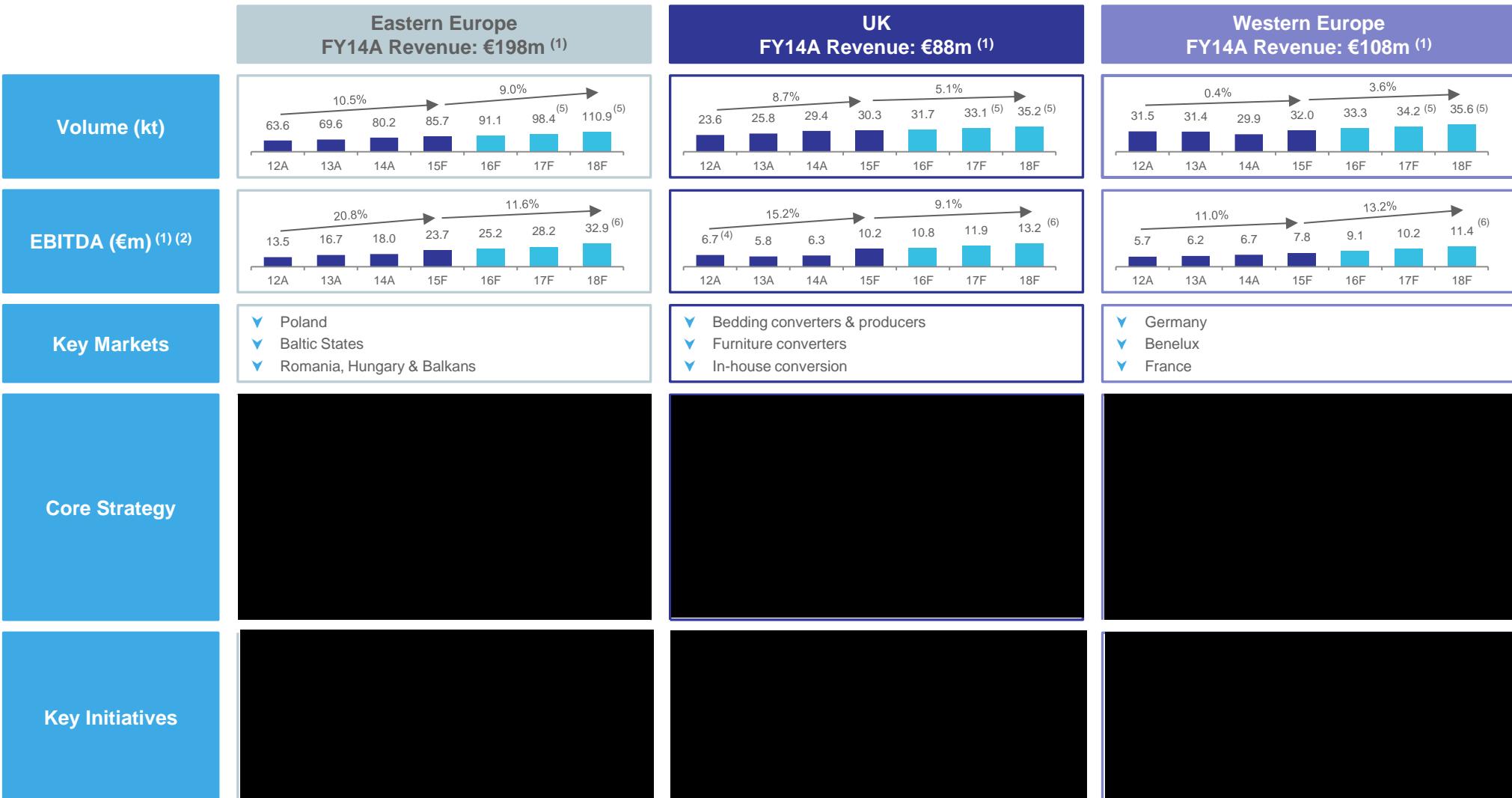
(1) Financials presented on constant currency basis of £/€=1.365

(2) EBITDA pre-exceptionals and before the allocation of central costs

(3) Revenue allocation by destination based on external sales in reported currency



# Comfort: Positioning & Strategy



(1) Financials presented on constant currency basis of £/€=1.365; revenue includes intercompany sales

(2) EBITDA pre-exceptions and before the allocation of central costs

(3) Management estimate

(4) Adjusted for onerous lease expenses

(5) In FY17F and FY18F volumes include 0.3kt and 3.6kt from projects / initiatives which are not currently allocated to a specific region and are therefore distributed across regions proportionally to existing volumes

(6) In FY18F EBITDA includes €1.9m from projects / initiatives which are not currently allocated to a specific region and are therefore distributed across regions proportionally to existing revenues

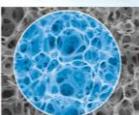
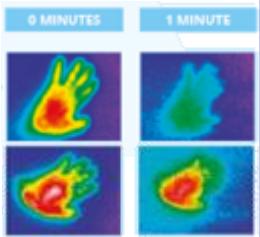
# Comfort: Product Development

Comfort

Technical

UK Flooring



Select Products	VitaRest	Primalux	Revo Foam	Natural Latex Product
Development Description	<ul style="list-style-type: none"> <li>▼ Open cell Visco-elastic PU foam for the Comfort market</li> </ul>	<ul style="list-style-type: none"> <li>▼ High margin, innovative, mixed material cushion</li> </ul>	<ul style="list-style-type: none"> <li>▼ Revolutionary "Cool Sleep" foam range for bedding markets</li> </ul>	<ul style="list-style-type: none"> <li>▼ Talalay Natural: 100% natural latex without additives</li> </ul>
Overview	<ul style="list-style-type: none"> <li>▼ Award-winning design – gold medal for "Lithuanian Product of the Year" in 2010</li> <li>▼ Superior performance, comfort and durability</li> <li>▼ Excellent air and thermal conductivity</li> <li>▼ Longer life cycle</li> <li>▼ Improved sensitivity to temperature changes</li> </ul>	<ul style="list-style-type: none"> <li>▼ Award-winning design, unique alternative with superior performance and comfort and durability</li> <li>▼ Reduces expensive feather fill component, ensures even distribution and maintains aesthetic and haptic characteristics</li> <li>▼ Adopted by major UK furnishing brands including Multiyork and Duresta</li> <li>▼ High margin application further maximising material yield through use of 'trim'</li> </ul>	<ul style="list-style-type: none"> <li>▼ "Revo" foams offer increased ventilation and airflow, improving sleep comfort</li> <li>▼ 25x cooler sleep experience vs. leading competitor</li> <li>▼ Low volume, high margin development with significant opportunity for growth (200T / annum)</li> </ul>	<ul style="list-style-type: none"> <li>▼ Offered alongside existing Talalay latex solutions</li> <li>▼ Talalay Natural uses latex extracted from natural sources in South-East Asia</li> <li>▼ Latex mattresses further enhance ventilation, which helps to dissipate body moisture and offers superior durability</li> <li>▼ Environmental-friendly production process - received Silver certification from Cradle to Cradle Product Innovation Institute</li> </ul>
Marketing	  <small>Open cell foam based on temperature effect, improving heat and thermal conductivity, longer life cycle, and sensitivity to temperature changes.</small>  	 	<p>Revo's heat dissipation property illustration</p>  <p>Leading visco elastic brand</p> <p>REVO™ A Revolutionary Cool Sleep Concept</p>	

Source: Management



5

## Vita's Activity Overview

Comfort  
**Technical**  
UK Flooring



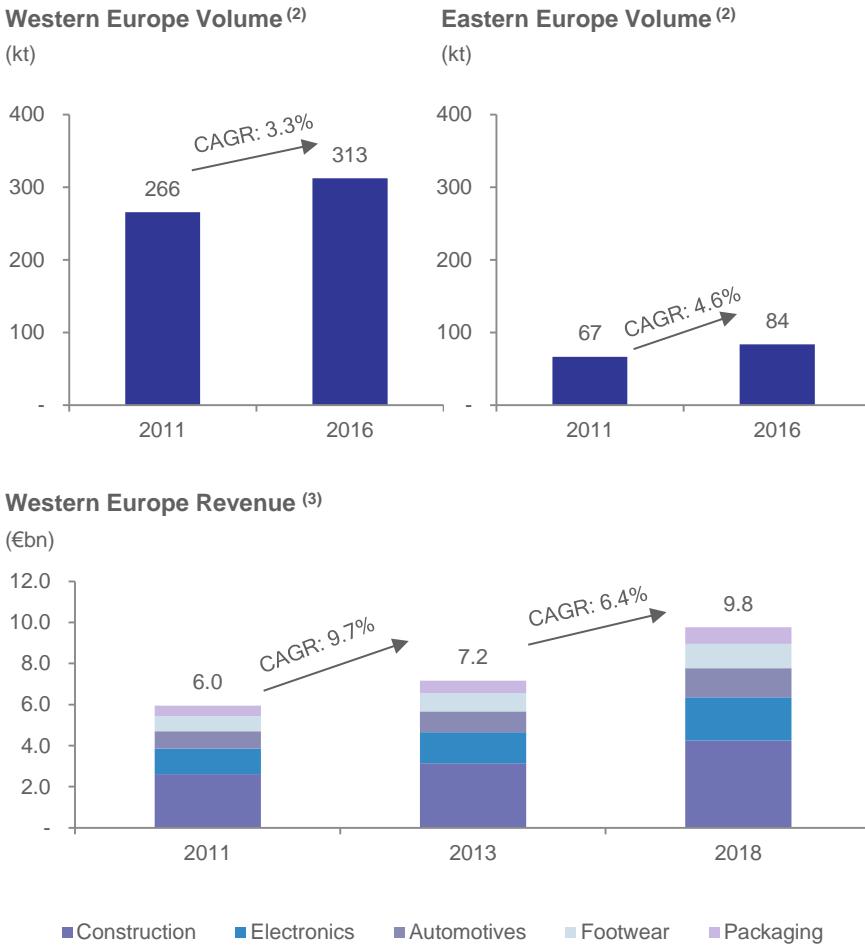
# Technical: Market Overview



## Overview

- ▼ Technical foams are more specialised and often higher density in nature
- ▼ Due to critical requirements for consistent quality in end product applications, high value added Technical foams manufactured by Vita in Europe serve global markets
- ▼ Western European market size was €7.2bn in 2013, with Vita's underlying market growing at 6.4% CAGR from 2013 -2018<sup>(3)</sup>
- ▼ Germany is the largest market for Vita, followed by UK and France. The Eastern Europe market is growing, especially in the Automotive sector
- ▼ Whilst Automotive applications represent the largest constituent of Vita Technical foam sales, Vita's solutions serve a wide variety of end applications and Vita increasingly seeks additional / alternative potential markets

## European Technical PU Foam Market<sup>(1)</sup>



## Key Drivers

- ▼ **Automotive**
  - Global demand for European automotive brands has improved significantly since 2008
  - Foam content in cars is increasing significantly due to its flexibility / adaptability and lightweight properties, and particularly in the premium segment where comfort and noise management are paramount
- ▼ **Industrials**
  - European industrial production has stabilised and is recovering in line with GDP
- ▼ **Construction**
  - Construction and refurbishment has recovered and is increasing across Europe
- ▼ **Consumer**
  - The UK represents >50% of Vita's Technical foam business in consumer applications where confidence is growing
- ▼ **Aviation**
  - Strong growth forecast in installed seat numbers supported by record order backlogs, with refurbishment rates expected to remain stable

(1) Source: Markets and Markets, IAL Consultants  
(2) Based on IAL Consultants PU flexible foam forecast growth for transport and moulded foam (excluding furniture components)  
(3) Based on Markets and Markets data for PU rigid and flexible foams

# Technical: Operational Presence

Comfort

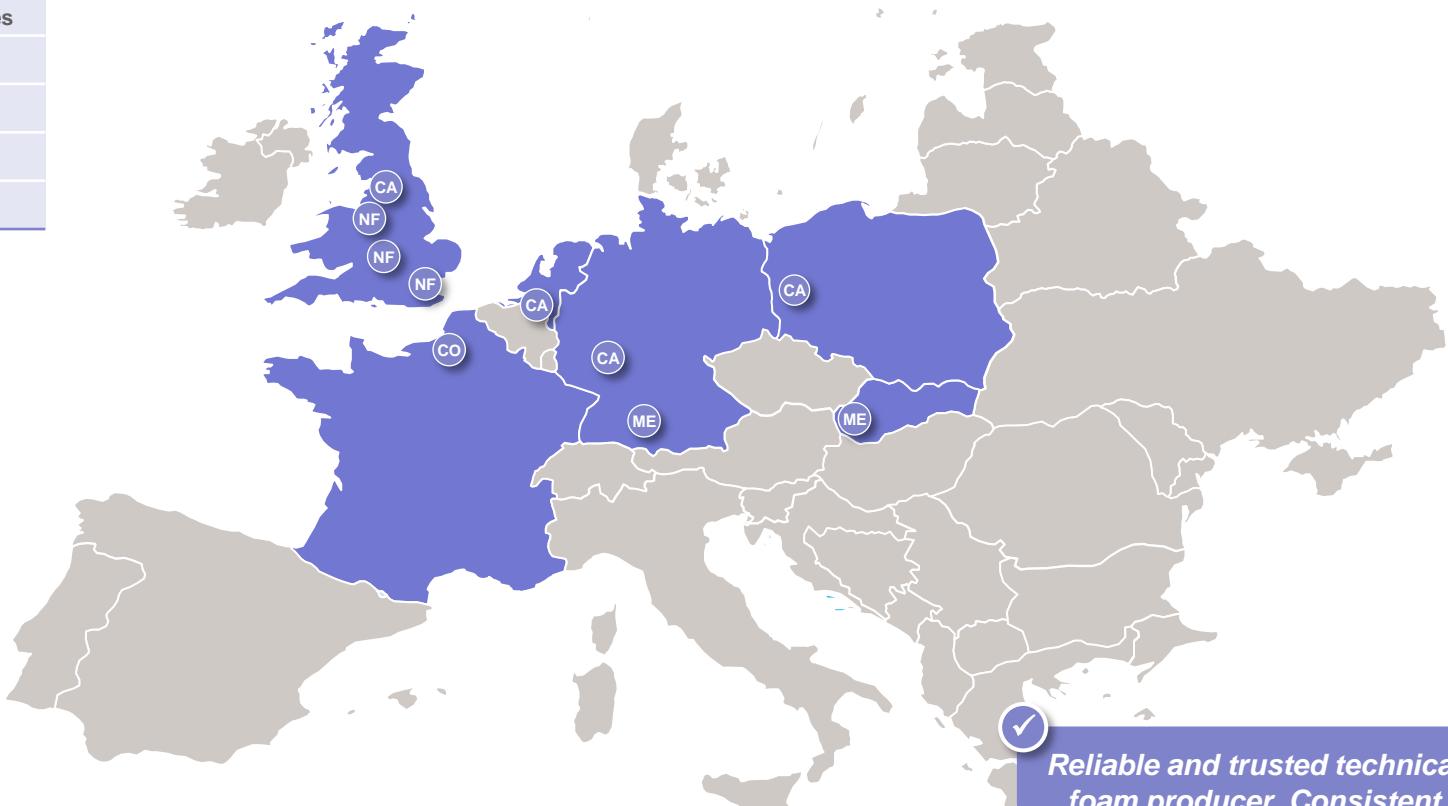
Technical

UK Flooring



**Technical: FY14A Revenue: €195m<sup>(1)</sup> 11 Sites<sup>(2)</sup>**

Strategic Business Unit	#Sites
CA Caligen	€72m 4
ME Metzeler	€67m 3
NF North Foam <sup>(3)</sup>	€43m 3
CO Construction	€12m 1



*Reliable and trusted technical foam producer. Consistent quality and performance characteristics more important than geographic proximity to customers*

Source: Management

- (1) Includes intercompany sales of c. €37m in aggregate
- (2) In 2016 an additional site will be added in Shanghai, China
- (3) Includes VLP Poland

Vita

# Technical: Business Overview

Comfort

Technical

UK Flooring

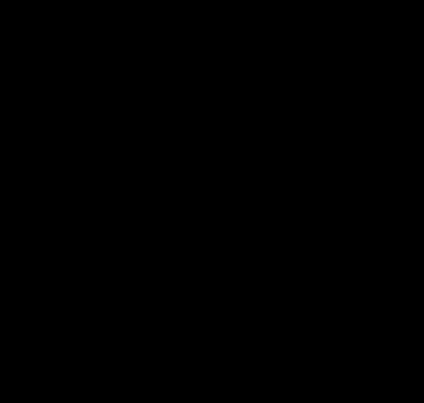


- ✓ Technical foam products serve functional needs (e.g. noise reduction, anti-vibration, flame retardance, filtration), aesthetic / haptic needs, or provide sealing solutions
- ✓ Includes Reticulated foams for specialty applications requiring increased airflow (e.g. climate seating, filtration or wound dressings) and impregnated foams (e.g. carbon impregnated with fire retardant properties)
- ✓ Specialty finished products for highly specified applications including "SoftSeal" for hygiene products, "Comriband" for window/door sealing and "Tramisshape" for under-floor sound absorption
- ✓ Sophisticated customer base, ranging from OEMs through Tiers 1-4 in the Auto & Transportation supply chains to small niche players
- ✓ The Top 10 customers account for c. 22% of revenue

## Select Products

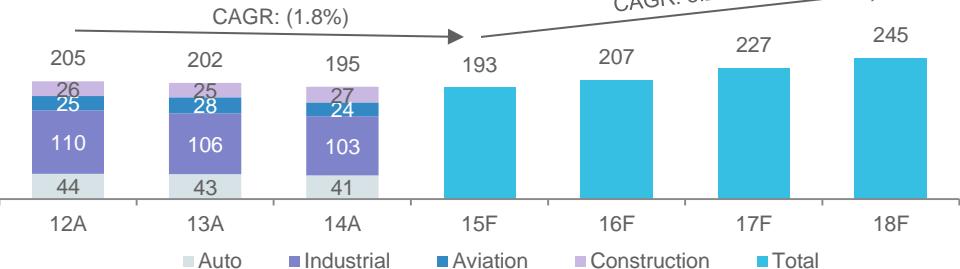


## Selected Customers

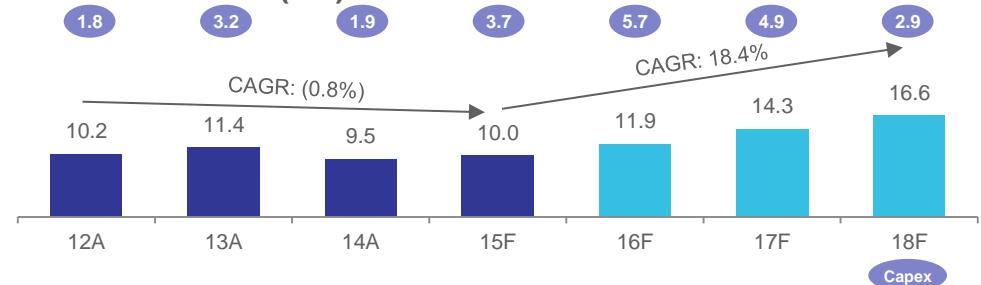


Top 10: c. 22.3% of FY14A Revenue

## Revenue Evolution (€m)<sup>(1)</sup>

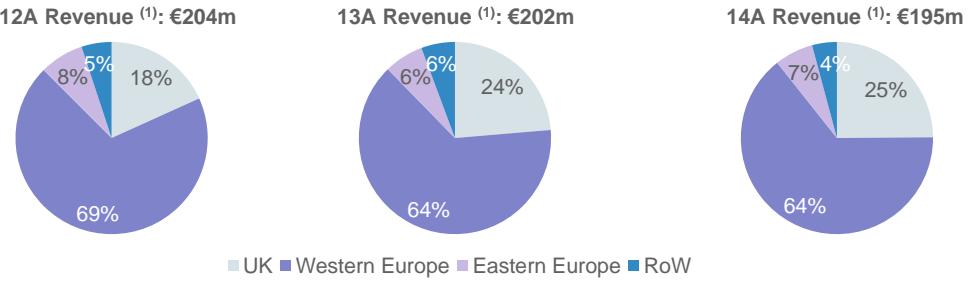


## EBITDA Evolution (€m)<sup>(1)(2)</sup>

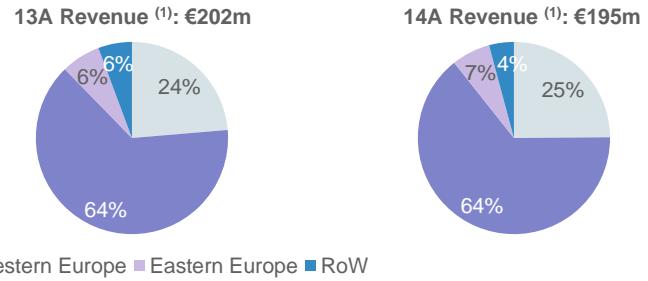
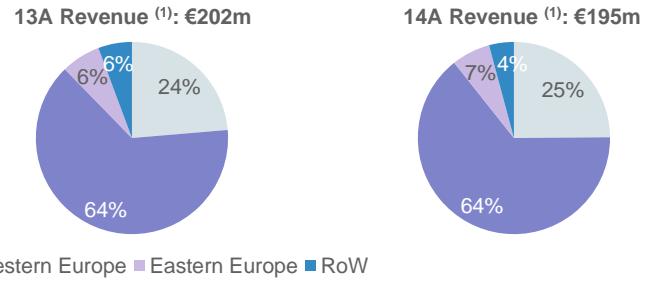


## Revenue By Destination (%)<sup>(3)</sup>

12A Revenue<sup>(1)</sup>: €204m



13A Revenue<sup>(1)</sup>: €202m



(1) Financials presented on constant currency basis of £/€=1.365; revenue figures include intercompany sales

(2) EBITDA pre-exceptionals and before the allocation of central costs

(3) Revenue allocation by destination based on external sales at reported currency

# Technical: Strategy & Positioning

Comfort

Technical

UK Flooring



<b>Technical</b> <b>FY14A Revenue: €195m <sup>(1)</sup></b> <b>FY14A EBITDA: €9.5m <sup>(1) (2)</sup></b> <b>FY15F - 18F CAGR: 8.2%</b> <b>FY15F - 18F CAGR: 18.4%</b>				
Market	Auto	Industrial	Transport / Aviation	Construction
Current Business	<ul style="list-style-type: none"> <li>▼ Includes Auto "Soft Trim" (Headliner Foam, Seat Fabrics, Door Panels, Headrests etc) and NVH interior parts</li> <li>▼ Customers are Tier 1 - 3 suppliers</li> <li>▼ Vita offers unique technical foams, including "Novada", "LoM", "Hi-Lo" ranges</li> <li>▼ Vita USPs include polyester Round Block for lower rejects and JIT conversion and supply</li> </ul>	<ul style="list-style-type: none"> <li>▼ Includes Filtration, Industrial Machinery, Acoustic parts, Packaging, HVAC &amp; Hygiene</li> <li>▼ Customers range from OEMs to window and antenna makers to converters</li> <li>▼ Selling converted parts, reticulated, laminated and impregnated foams</li> <li>▼ Vita solves customers' acoustic, filtration &amp; protection challenges</li> </ul>	<ul style="list-style-type: none"> <li>▼ Includes seating for Aviation &amp; Rail markets plus interior parts for buses and agricultural machinery</li> <li>▼ Customers are Seat Manufacturers, Airlines, Railway companies and OEMs</li> <li>▼ Vita offers moulded and converted parts, bespoke design and certification</li> </ul>	<ul style="list-style-type: none"> <li>▼ Includes Tramico sealing and acoustic products and EPS (Expanded Polystyrene) insulation in the UK</li> <li>▼ Customers are building product distributors and major contractors</li> <li>▼ Selling branded Sealing products for Windows &amp; Doors, products for underscreeds as well as for Floor/Wall insulation, packaging &amp; civil engineering</li> </ul>
Core Strategy				

Source: Management

(1) Financials presented on constant currency basis of £/€=1.365; revenue figures include intercompany sales

(2) EBITDA pre-exceptionals and before the allocation of central costs

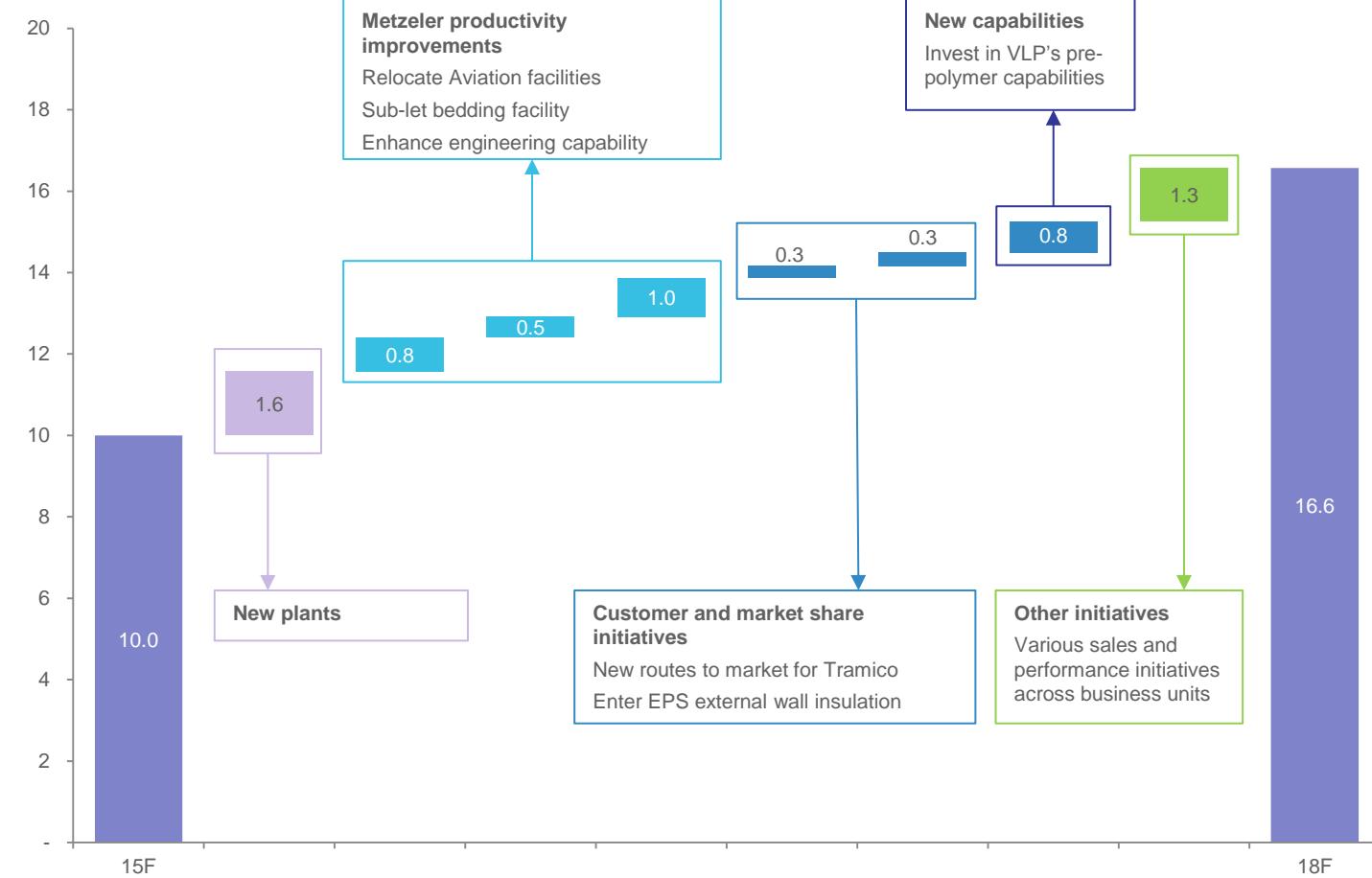
# Technical: Profitability Development

Comfort  
Technical  
UK Flooring



- Following a period of low investment in Technical foams, Vita is investing in a number of growth initiatives to:
  - Exploit Caligen's Round Block USP to drive geographic expansion for peeling operations
  - Develop new routes to market for Tramico in France and export markets
  - Invest in new cutting equipment for EPS to enter the rapidly growing UK External Wall Insulation market
- Vita has also placed emphasis on performance, productivity and cost initiatives in Metzeler to deliver profitable growth by:
  - Moving labour intensive Aviation conversion from Germany to the expanded Slovakian facility, optimising capacity utilisation
  - Transfer of Aviation moulding in 2017 to further reduce costs
  - Sub-letting the bedding facility at Memmingen
  - Investing in equipment & engineering capability to deliver productivity gains in moulding operations
- Vita Liquid Polymers will develop in-house production capabilities for pre-polymer binder
  - Product development is complete and once introduced to the production process will begin to have a positive impact on costs in 2016

## FY15F-18F Technical EBITDA Bridge (€m) <sup>(1)</sup>



Source: Management  
(1) EBITDA pre-exceptionals and before the allocation of central costs

# Technical: Product Development e.g. Caligen Group

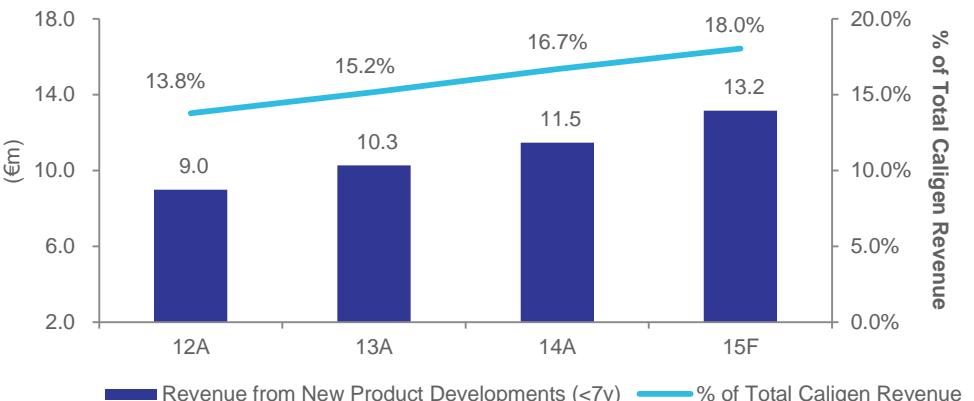
Comfort  
Technical  
UK Flooring



## Overview

- Caligen focuses on developing solutions for technical applications, primarily for the Automotive sector
- Foams laminated to fabrics used in car interiors: seating, headliners, door panels, headrests and bolsters
- Operates three manufacturing sites in Accrington (UK), Breda (Netherlands) and Oestrich-Winkel (Germany) including one dedicated round block ester line (European USP)
- Caligen generates c. 50% of Revenue in Automotive and c. 21% in General Industrials
- Caligen has established long term strategic relationships with all Tiers within the Automotive supply chain through a pro-active approach to innovation and an extensive technical portfolio of PU products with an excellent attitude to service and after revenue support in a Global market

## Increasing Share Of Revenue Generated From New Product Development (NPD)<sup>(1)</sup>



## Select Illustrations Of Ongoing Product Developments

Product	Hydrolysis Resistant Ester	Novada Ether/Novada 2.5	Round Block Ether	LoM® FL	Semi-closed Cell Ether	Low Odor Ester and Ether	Halogen Free FR
Customer	A      B	C      D	A      E	D      F	G	A      B      E	A      H
Product	Introduction Of Industrial Low Fog Resin	Expand Product Range For Ventilated Seating	Improve UV-Stability In Lingerie Foams	TDCPP Replacement Ester	Foams With CO <sub>2</sub> Based Polyether Polyols	HiLo Thermocompressible	HiLo Flame Laminable
Customer	Strategic	D      I	J	Strategic	Strategic	B	Strategic    D

Source: Management

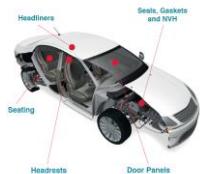
(1) Revenue as reported. Reflects revenue from products developed within the last 7 years



# Technical: Automotive “Soft Trim”

## Overview

- ▼ PU foam is a vital material in the production of automotive components
- ▼ Vita's high density foams are specifically designed for the high temperatures and pressures under which foam can be laminated and moulded
- ▼ Vita is Europe's leading supplier of automotive PU foams for interior trim applications



- ▼ Foams are laminated to various textiles for interior trim upholstery, headliners and door panels giving added stability, aesthetic appeal and acoustic properties to the finished components
- ▼ Vita's products are developed for and specified by several major OEMs and Vita can supply foam to support the latest interior trim requirements
- ▼ Vita offers a comprehensive portfolio of technical products and solutions and JIT delivery of converted foam

## JIT Facilities

- ▼ JIT manufacturing and conversion facilities are available throughout the whole of Europe
- ▼ Vita is the only foamer to offer JIT conversion and supply to Tier 2s for Automotive Rolled Goods
- ▼ Critically for key customers, this means there is no requirement to store foam on site, taking up valuable production space
- ▼ Customers can also order in far smaller quantities – c.1,000 linear metres vs. 5,000 - 10,000 from classical loop slitting
- ▼ Vita's Round Block peeling capability offers a USP by reducing failure rates at joins – every 500m vs. every 60m (loop slitting)

## Foam Capabilities

- ▼ Polyester and Polyether production
- ▼ Porosity controlled foams
- ▼ Low emission foams
- ▼ MDI foams – “Novada”
- ▼ Barrier foams
- ▼ Reticulated foams for climate seats
- ▼ Light fastness
- ▼ Ester foams with Ether hydrolysis performance
- ▼ Round and square block capabilities
- ▼ Pilot plant and fully equipped laboratories

# Technical: Valued Added Solutions

Comfort  
Technical  
UK Flooring



## SoftSeal

- ▼ Vita is Europe's leading manufacturer of specialist foams for the light incontinence, personal hygiene, and diaper markets
- ▼ SoftSeal is a speciality PU foam based elastic sealing system offering high performance and user comfort
- ▼ It is supplied in 30mm wide tape form and pre-spooled to ensure improved processing and no breaking. When elongated up to 350% the foam produces a very stable elastic tape
- ▼ Vita partners both with FMCG OEMs and equipment manufacturers with SoftSeal engineered to reduce running costs and minimise downtime
- ▼ The EMEA customer base includes both FMCG branded producers and 'own-label' producers
- ▼ Compressed spools, palletised
- ▼ "SoftSeal" is able to achieve attractive returns

## SoftSeal® Elastic System

### SoftSeal Financial Performance (€m)

	13A	14A	15F
Revenue	3.7	3.9	4.2



Vita

Source: Management



5

## Vita's Activity Overview

Comfort  
Technical  
**UK Flooring**

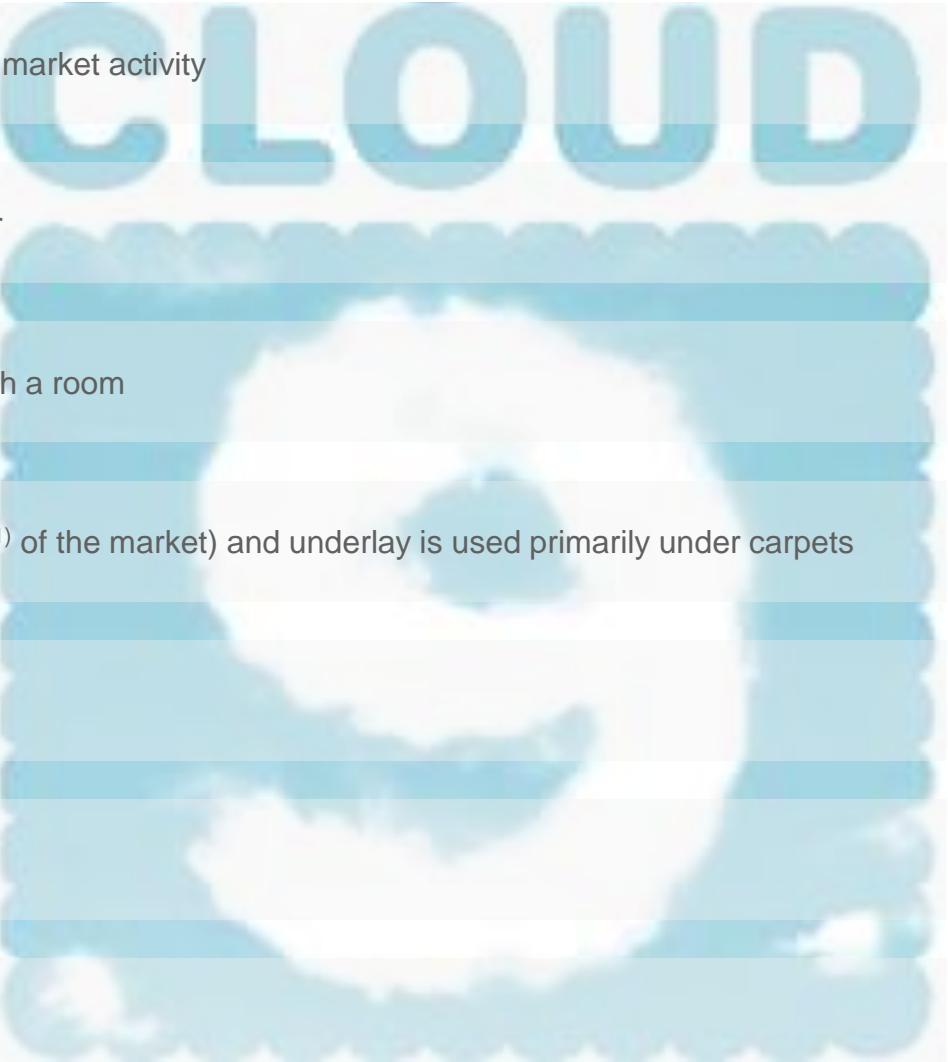


# UK Flooring: Volume, Brand-Led UK Business

Comfort  
Technical  
UK Flooring



- ▼ The overall underlay market grows with GDP and property market activity
- ▼ PU underlay is the disruptive technology displacing rubber
- ▼ Replacing flooring is a relatively inexpensive way to refresh a room
- ▼ Carpet is still the primary floor covering in the UK (>50% <sup>(1)</sup> of the market) and underlay is used primarily under carpets
- ▼ Only c. 50% of new carpets are laid on new underlay
- ▼ Retailers have higher margins on underlay than carpet
- ▼ “Cloud 9” is the leading PU underlay brand



Vita

Source: Management  
(1) AMA Research 2015

# UK Flooring: PU Now Represents Over 80% <sup>(1)</sup> Of The Underlay Market In The UK

Comfort  
Technical  
UK Flooring



PU underlay delivers a lower cost per square metre versus SBRs (Styrene Butadiene Rubber)



PU underlay is significantly lighter weight, easier to use and transport



PU underlay exhibits a higher resilience and durability versus rubber product which degrades more rapidly



PU underlay can provide different degrees of comfort by varying the density and the thickness of the underlay



PU underlay produced from recycled trim maximises material yields and minimises wastage in the value chain



PU underlay acts as a better sound dampener than rubber



# UK Flooring: Integrated Customer Solutions

Comfort  
Technical  
UK Flooring



## Overview

- ✓ Ball & Young ("B&Y") offers the widest range of PU underlay products from the ultra premium to high traffic / high durability to budget ranges for both domestic and contract applications
- ✓ B&Y additionally manufactures specialty rubber underlays for specific applications, e.g. underfloor heating and under screed (manufactured in campaigns for efficiency), and offers a range of associated accessories e.g. grippers and metal edging
- ✓ Continued, effective product innovation and sales and marketing activity such as offers and loyalty promotions are key to B&Y's success and competitive position
- ✓ Customers range from Headlam plc, the UK's largest flooring distributor (with 30+ depots / companies), through regional specialty flooring distributors to buying groups, major independent flooring retailers, and house builders
- ✓ B&Y has over 500 active customers with the Top 10 customers contributing c. 61% of revenue in FY14A
- ✓ B&Y's unique closed loop trim supply proposition, generated by Vita Slabstock and Conversion facilities, underpins high EBITDA margins
  - Extremely efficient, unique method for consuming trim generated internally and maximising material yield and MOP

## Key Locations



**Strategic location in Corby, well positioned to serve national markets**

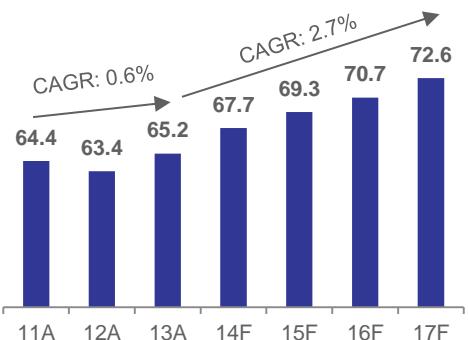
PU rebonding site, combined with two conversion sites



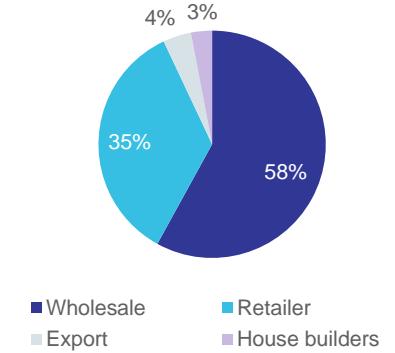
## Sample Products



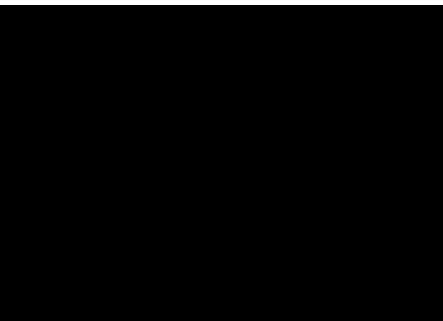
## UK Total Renovation Outlook (€bn) (1)



## Revenue By Channel (FY14A)



## Selected Customers



**Top 10: c. 61.4% of Revenue (FY14A)**

Vita

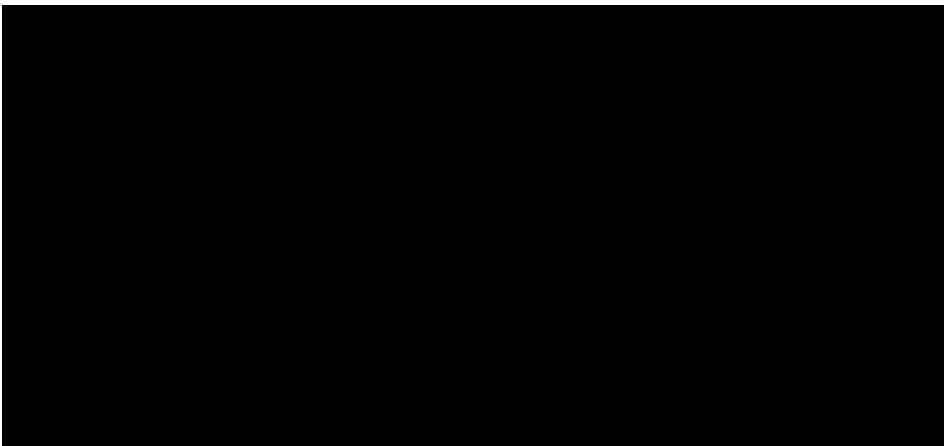
Source: Management, Euroconstruct  
(1) Euroconstruct; at 2013 prices

# UK Flooring: Ball & Young Proposition

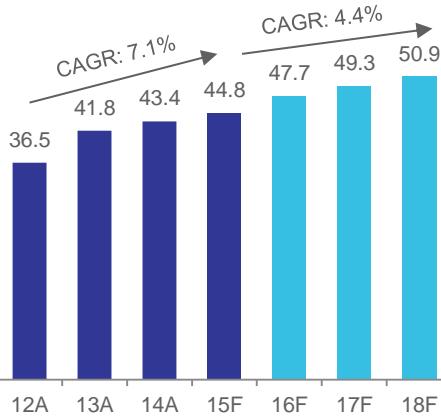
Comfort  
Technical  
UK Flooring



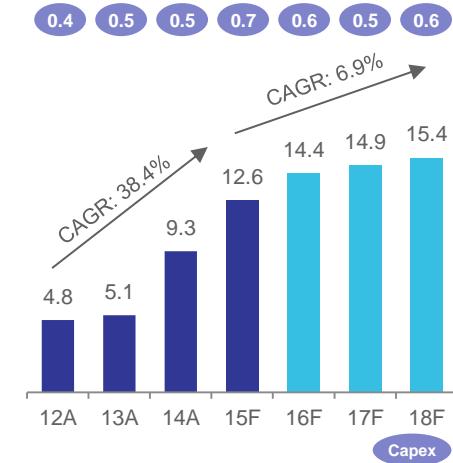
## Competitor Analysis



## Revenue Evolution (€m) <sup>(1)</sup>



## EBITDA Evolution (€m) <sup>(1) (2)</sup>



## Ball & Young – Branding

- ▼ Ball & Young's branding enhances profitability and growth
  - Brands include "Cloud 9", "Cosi", "Cushilay" and "Floorline", with "Cloud 9" consistently receiving "Best Underlay" awards
  - "Charleston" was launched in 2015 targeted at ultra premium carpet consumers seeking a high-end product
- ▼ Sales of "Cloud 9" premium branded products grew through the recession, achieving attractive returns, despite the market's price focus and numerous imitation products
- ▼ Brand recognition is supported by B&Y's sales and marketing activity, which is designed to help retailers "up-sell" and generate increased sales

## "Cloud 9" Branding



Source: Management

(1) Financials presented on constant currency basis of £/€=1.365; revenue figures include intercompany sales  
(2) EBITDA pre-exceptionals and before the allocation of central costs

# UK Flooring: Product Development

Comfort  
Technical  
UK Flooring



## Products

### “Cloud 9” – The Brand Leader

## Description

- ▼ A range of branded PU underlays for Domestic, Commercial and speciality Marine (IMO rated) segments offering high quality, comfort and ease-of-use

## Overview

- ▼ Core ranges follow a “Good, Better, Best” approach: “Nimbus, Cirrus, Cumulus” for domestic and “Silver Lining, Contract, Super Contract” for contract applications
- ▼ Consistent quality (made to BS 5808 & BS EN 14499) and service recognised by numerous industry awards
- ▼ Sales supported by innovative “Cloud 9” Club incentive scheme for key distributors and retailers
- ▼ Marketing focused on the trade with Industry media and Point of sale support plus TV exposure featuring “proudly made in the UK”
- ▼ Sales of “Cloud 9” premium branded products grew through the recession, achieving attractive returns, despite the market’s price focus and numerous imitation products

### “Cloud 9” – The Posh Collection

- ▼ Based on management experience and instinct, and following customer research, B&Y extended the “Cloud 9” product family by targeting premium installation and consumers seeking a high end product

## Marketing

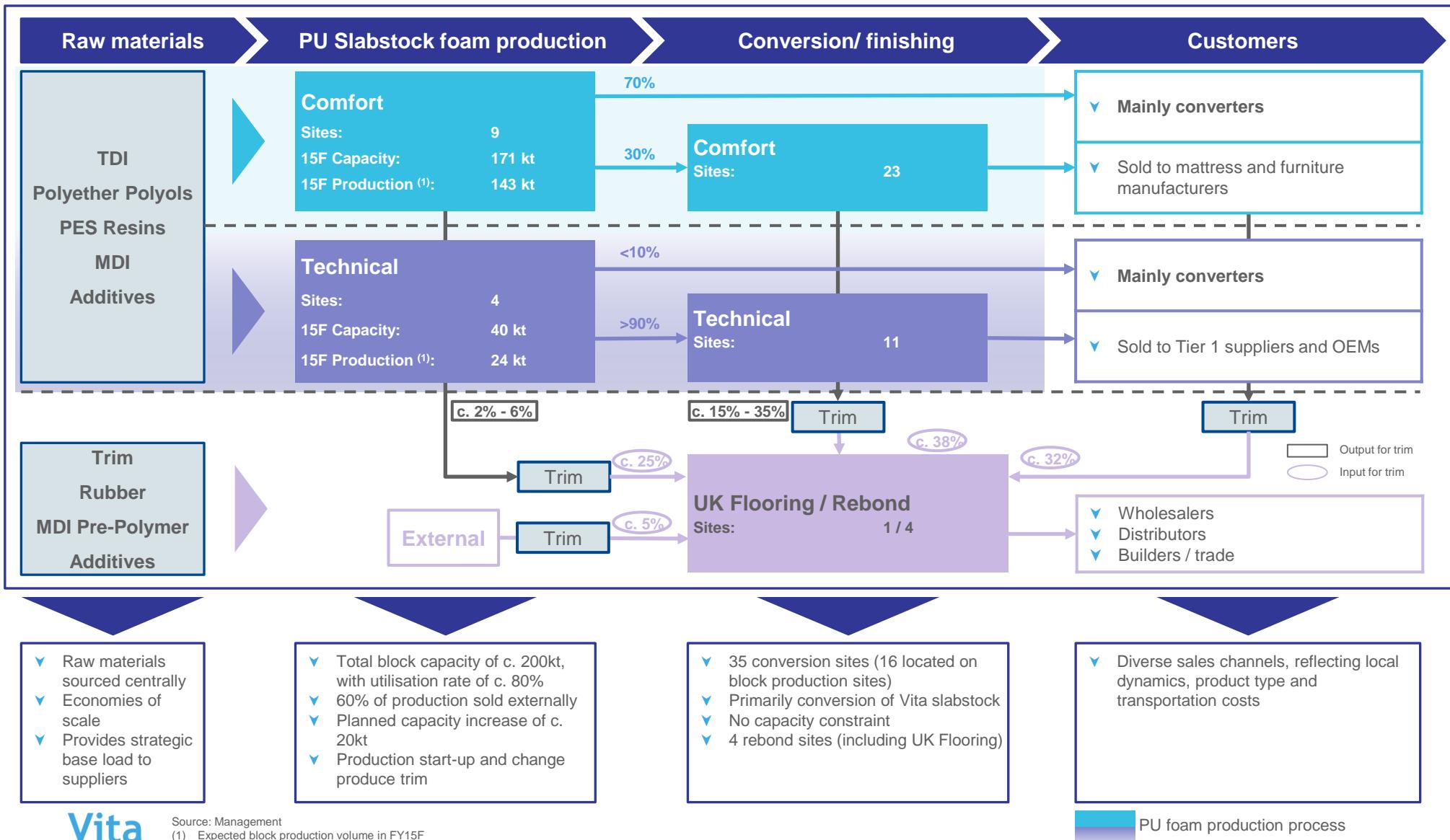


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## Operations Overview



# Integrated PU Block Production, Conversion And Rebond Manufacturer



Vita

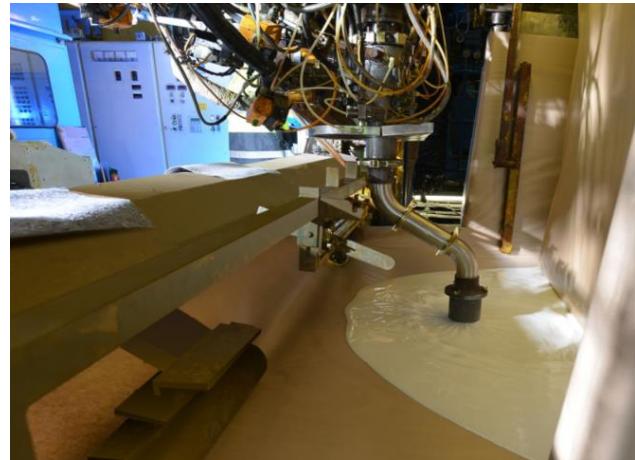
Source: Management  
(1) Expected block production volume in FY15F

PU foam production process

# Operations Overview



Block Plant: Pouring



Block Plant: Foam Tunnel



Block Plant: Storage Hall



Conversion: CNC Profile Machine



Conversion: Multi Spooling Machine



Conversion: Round Block Peeling



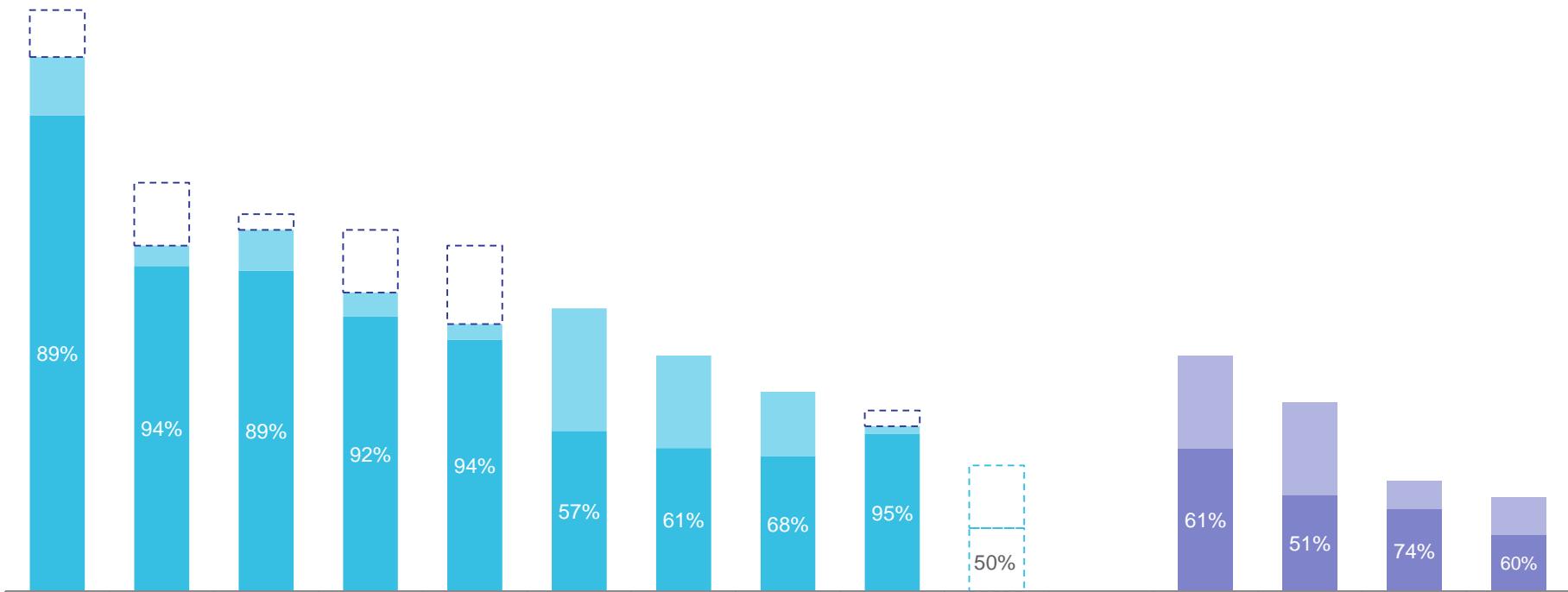
# Capacity Overview: Curing And Storage (Rather Than Foaming) Are The Limiting Factors



## Comfort

### Curing Capacity<sup>(1)</sup> (kt)

■ Existing capacity ■ % Utilisation (FY15F) ■ Planned capacity increase



### Location

Middleton  
North Foam

Brzeg  
Dolny  
Poland

Alytus  
Lithuania

Paks  
East South

Ludus  
East South

Lichtenfels  
VNSW

Hillegom  
Draka

Crancey  
North Foam

Lublin  
Poland

Belgrade  
East South

Memmigen  
Metzeler  
Accrington  
Caligen

Breda  
Caligen

Oestrich  
Koopp

### Country



7

## Raw Materials

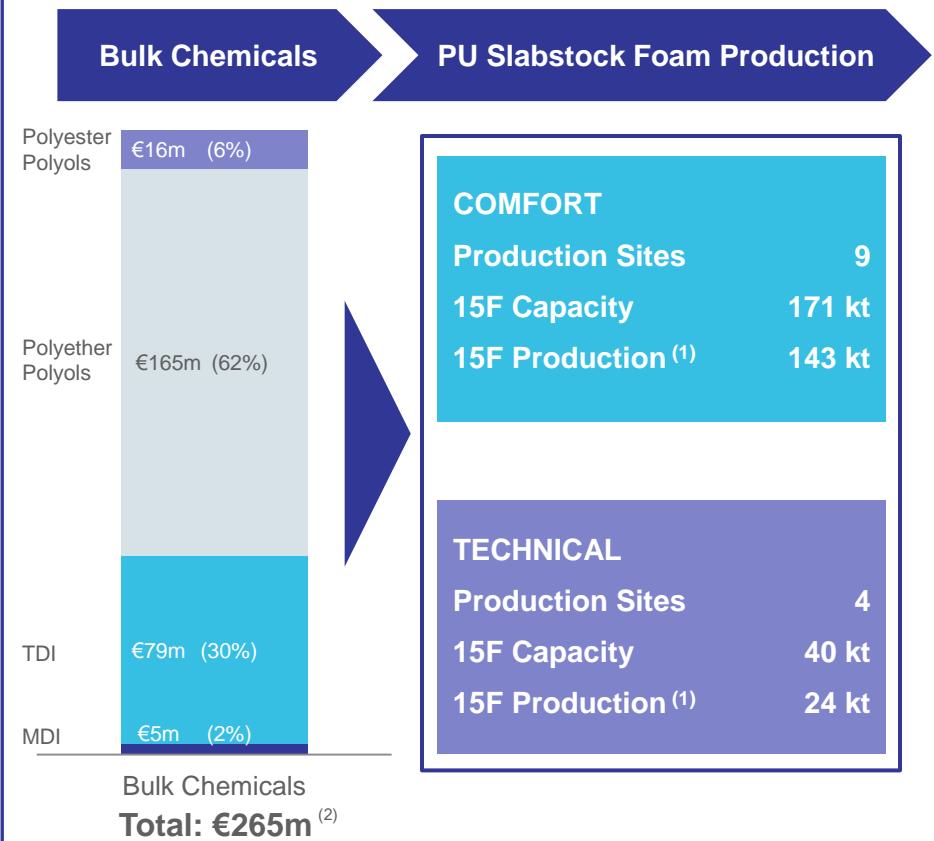


# Vita: One Of The Largest Purchasers Of Flexible Foam Key Bulk Chemicals In EMEA



- ▼ Vita utilises a limited number of raw materials in large volumes that are procured centrally
- ▼ The production of slabstock is the foundation of both the Comfort and Technical businesses
- ▼ Procurement of large volumes of key intermediate chemicals is therefore of acute importance to the business, particularly focused on:
  - Quality
  - Volume of supply
  - Logistics
  - Pricing vs. the market
- ▼ Key raw materials include:
  - Polyols
  - Toluene diisocyanate (TDI)
  - PES resins
  - Methylene diphenyl diisocyanate (MDI)
- ▼ In general Vita is supplied by large multinational chemical companies across its geographic footprint
- ▼ Vita provides suppliers with a significant single source of concentrated volume demand
- ▼ This enables the business to enjoy an enhanced negotiating position with suppliers as the volume taken by Vita is key to providing a consistent plant base load to producers
- ▼ As such Vita has been able to maintain and enhance profitability through raw material price movements

## FY14A Bulk Chemicals Spend For Slabstock Foam Production



**The key driver of Vita's RM pricing is supplier capacity development in the regional market (EMEA) for the Raw Materials. Petrochemical precursors are only a secondary influence**

Source: Management

(1) Expected block production volume in FY15F

(2) Excludes non PU-foam inputs, additives and other raw materials

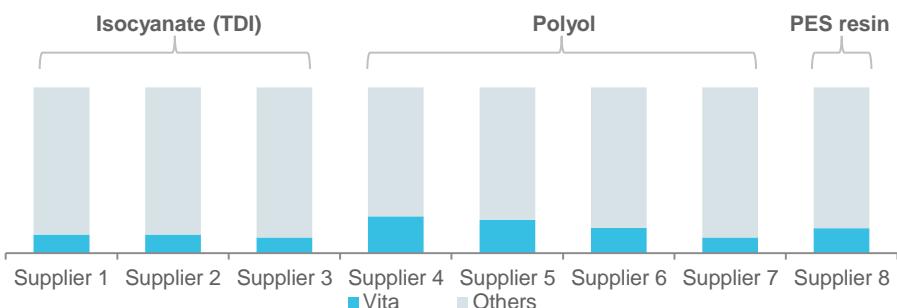


# Raw Materials – Procurement Strategy

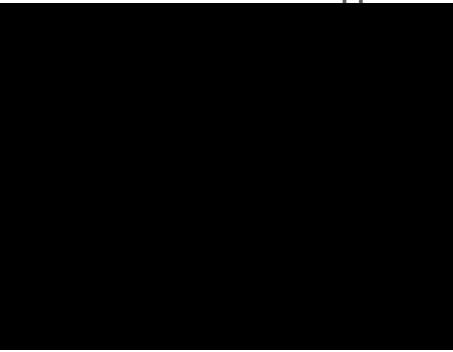
Vita provides a key base load of demand in the EMEA Polyols, TDI & PES resins markets

- ▼ Procurement is managed by a dedicated central team
- ▼ Constant dialogue with suppliers allows Vita to position itself against capacity movements in the market
- ▼ Pricing mechanics:
  - No fixed term contracts provides benefit given Vita's volume position
  - Pricing tested against established market benchmarks e.g. ICIS, KI and Tecnon
  - Vita obtains pricing that is consistently lower than the relevant market benchmarks
- ▼ Payment terms are illustrative of Vita's position in the value chain with terms of between 60-110 days
  - This position has been consistent over the last 10 years
- ▼ Vita's strategy is to maintain a second supplier to guard against any force majeure by key suppliers as a result of capacity outage
- ▼ In addition Vita works closely with its suppliers both on volume development and on consultation around capacity additions
  - Clearly demonstrating the importance of Vita to its suppliers

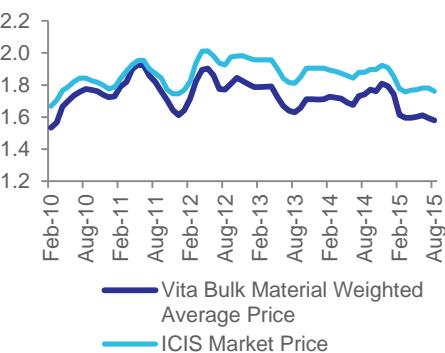
Base Loading Of Main Chemical Suppliers Production Capacity<sup>(1)</sup>



Selected Raw Materials Suppliers



Bulk Chemical Pricing (€/kg)



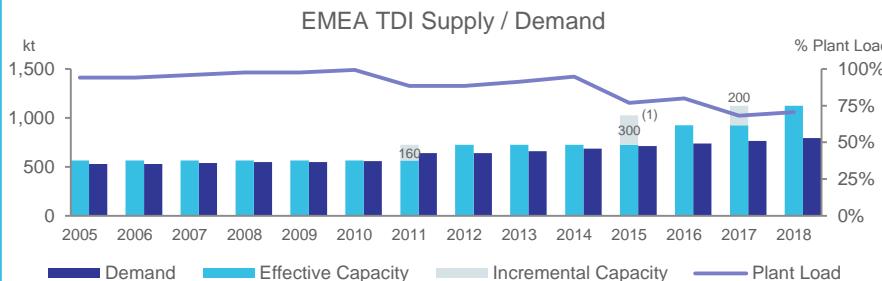
Base load demand drives Vita's flexibility and pricing advantage with its key suppliers

# Procurement: Pricing Driven By EMEA Supply / Demand Balance

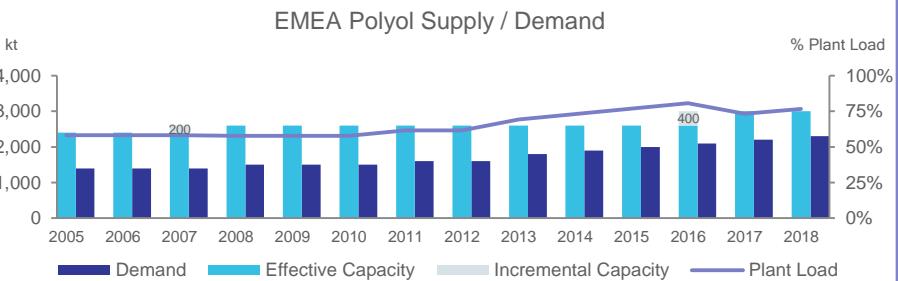


## Raw Materials

### Isocyanate (Principally TDI)



### Polyol



## Supply / Demand

## Pricing History

## Supply / Demand Environment

### T80 Market Price Summary 2005 - 2015 YTD



### Polyether Market Price Summary 2005 - 2015 YTD



- ▼ Capacity in Europe and broader Middle East (EMEA) seen to be increasing in future with major new world-scale plants coming online
  - Covestro (Bayer) Dormagen – Q4 2014
  - BASF Ludwigshafen – Q4 2015
  - Dow Sadhara / Saudi – 2016 / 2017
- ▼ Demand driven by Polyurethane sectors

- ▼ Plentiful capacity in EMEA to be supplemented by 400 kt Dow plant in Sadhara coming online in 2016 / 2017
- ▼ Demand reliant on PU / Polyester volume
- ▼ Ability to tap Asia volumes at competitive prices

Source: Management, ICIS  
(1) Additional closure of c. 100kt production capacity in 2015

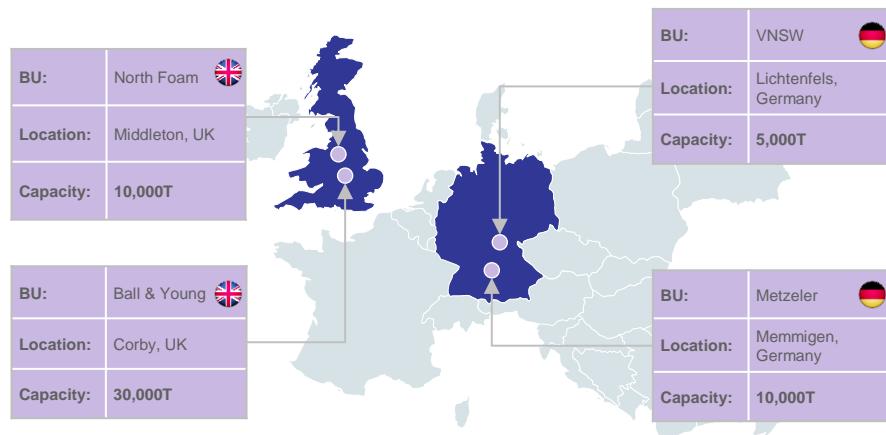


# Rebond Closed Loop Production Chain

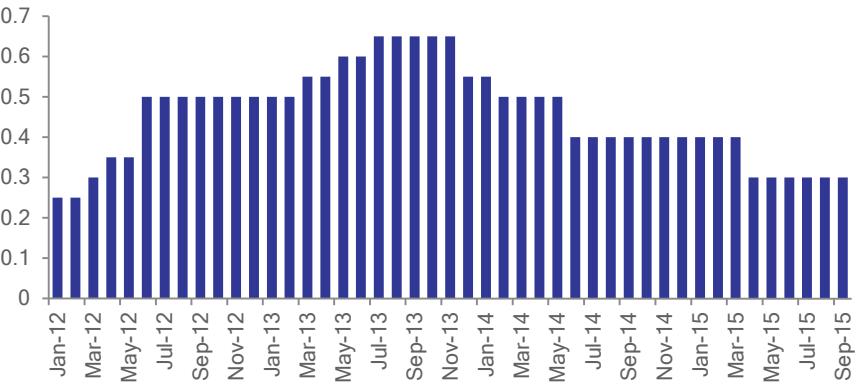
## Rebond – Manufactured From “Trim”

- ▼ Vita creates trim foam at all slabstock foam and conversion sites. North Foam is the largest “trim” supplier
- ▼ c. 95% of Vita’s trim comes directly or indirectly from its own production (60-65% of this trim is used in B&Y with the rest at other Rebond plants)
- ▼ Vita has limited exposure to trim market dynamics but does actively trade trim
- ▼ The key driver of the global market trim price is demand from the US – the largest global market. This is primarily a function of supply / demand with no direct linkage to PU RM pricing
- ▼ Vita Management maintains internal trim pricing at market levels
- ▼ An increase in UK Flooring prices resulted in no significant loss in customers or volumes in FY13A

## Rebond – Site Locations



## Trim Prices (€/kg)<sup>(1)</sup>



8

## Financial Information





# Basis Of Preparation

- ▼ The pro-forma consolidated financial information included in this Information Memorandum is based on:
  - Historical financial statements for the years ending 31 December 2012, 2013 and 2014 (“Management Accounts”)
  - Forecasts for the financial year ending 31 December 2015, prepared during Q3 2015
  - Financial projections for 2016, 2017 and 2018, per Vita’s 3-year Business Plan
  - The Project Swan Vendor Due Diligence Report will reconcile Management Accounts to audited statutory accounts
- ▼ The pro-forma financials are wholly consistent with the former Cellular Division Management Accounts, save that the following adjustments have been made:
  - Transaction scope: Transaction scope is the total Vita Group at Vita Cayman level as all non-Cellular trading businesses have been sold, less the “Sell-side” costs noted below
  - Overheads: Costs for running the Corporate functions which moved under Vita Management in 2014 (Finance, Treasury, Tax, HR, Legal) have been included within the financials to reflect standalone capability in all years 2012-2018
  - Constant FX: Historical Income Statements have been restated based on the FX rate used for the projections (€/£: 1.365)
  - “Sell-side” employee costs: Certain Group employees (primarily the Sell-side Group-level Executive team) will not be part of the transaction. These employees’ costs and the London office are excluded from the pro-forma financials
- ▼ Reporting, budgeting and planning process
  - The Management Accounts include full Income, Balance Sheet and Cash Flow statements and are produced monthly
  - The Budget for each coming year is prepared during Q4 and presented to the Board / Shareholders in December / January

# Key Financials



## Revenue FY15F-18F CAGR: 7.8%

- Underpinned by Comfort volume growth of 7.1%

## EBITDA FY15F-18F CAGR: 14.1%

- Proven volume leverage and initiative projects deliver margin improvement (+162bps)

## Capex

- Modest projected Recurring Capex required of c. €10m annually (c. 1.5% of revenue)

- Cumulative Growth Capex of c. €36m for the period FY15F-18F

## Net working capital

- Strong negative WC position continues

## Pro-forma net cash flows

- Strong cash flow generation remains a key feature of the business
- From c. €34m in FY15F, operating cash flow<sup>(3)</sup> will increase at a CAGR of 18.7% to c. €56m in FY18F

FYE 31 Dec €m									CAGRs	
	FY12A	FY13A	FY14A	FY15F	FY16F	FY17F	FY18F	12A-15F	15F-18F	
<b>Volume (kt)</b>	142.6	150.0	162.7	171.0	180.8	192.9	210.7	6.2%	7.2%	
Growth y/y	2.4%	5.2%	8.5%	5.1%	5.8%	6.7%	9.3%			
<b>Revenue<sup>(1)</sup></b>	545.2	571.3	595.4	605.2	645.5	696.0	758.2	3.5%	7.8%	
Growth y/y	2.1%	4.8%	4.2%	1.6%	6.7%	7.8%	8.9%			
<b>Margin Over Polymer</b>	200.6	215.3	227.2	247.9	262.1	279.4	300.8	7.3%	6.7%	
% Margin	36.8%	37.7%	38.2%	41.0%	40.6%	40.1%	39.7%			
<b>Contribution</b>	118.3	128.3	138.2	157.2	168.0	179.2	193.4	10.0%	7.1%	
% Margin	21.7%	22.5%	23.2%	26.0%	26.0%	25.7%	25.5%			
<b>EBITDA<sup>(2)</sup></b>	29.7	34.4	40.7	53.3	61.1	69.0	79.0	21.5%	14.1%	
% of Revenue	5.5%	6.0%	6.8%	8.8%	9.5%	9.9%	10.4%			
% of MOP	14.8%	16.0%	17.9%	21.5%	23.3%	24.7%	26.3%			
<b>Depreciation and Amortisation</b>	(7.1)	(6.4)	(7.6)	(7.9)	(8.7)	(9.7)	(10.8)			
% Revenue	1.3%	1.1%	1.3%	1.3%	1.4%	1.4%	1.4%			
<b>Operating Profit</b>	22.6	28.0	33.1	45.4	52.4	59.3	68.2	26.2%	14.5%	
% Margin	4.1%	4.9%	5.6%	7.5%	8.1%	8.5%	9.0%			
<b>Capex</b>	(5.0)	(7.5)	(8.7)	(18.2)	(19.4)	(21.6)	(22.0)	53.7%	6.7%	
as % of Revenue	0.9%	1.3%	1.5%	3.0%	3.0%	3.1%	2.9%			
<b>Change in net working capital</b>	0.2	7.7	(1.4)	(1.5)	(1.7)	(1.3)	(0.8)			
<b>Operating Cash Flows<sup>(3)</sup></b>	24.9	34.6	30.6	33.6	40.0	46.1	56.2	10.5%	18.7%	
% EBITDA	83.8%	100.6%	75.2%	63.1%	65.5%	66.8%	71.1%			
<b>Adjusted Net Working Capital</b>	(14.7)	(22.4)	(20.9)	(19.4)	(17.7)	(16.4)	(15.6)	9.7%	(7.0%)	
% of Revenue	(2.7%)	(3.9%)	(3.5%)	(3.2%)	(2.7%)	(2.4%)	(2.1%)			

Source: Management

(1) Excludes intercompany sales

(2) EBITDA pre-exceptionals; after the allocation of central costs

(3) Operating cash flow defined as EBITDA – Capex – change in working capital; excluding exceptionals, pension costs, onerous lease costs and taxation

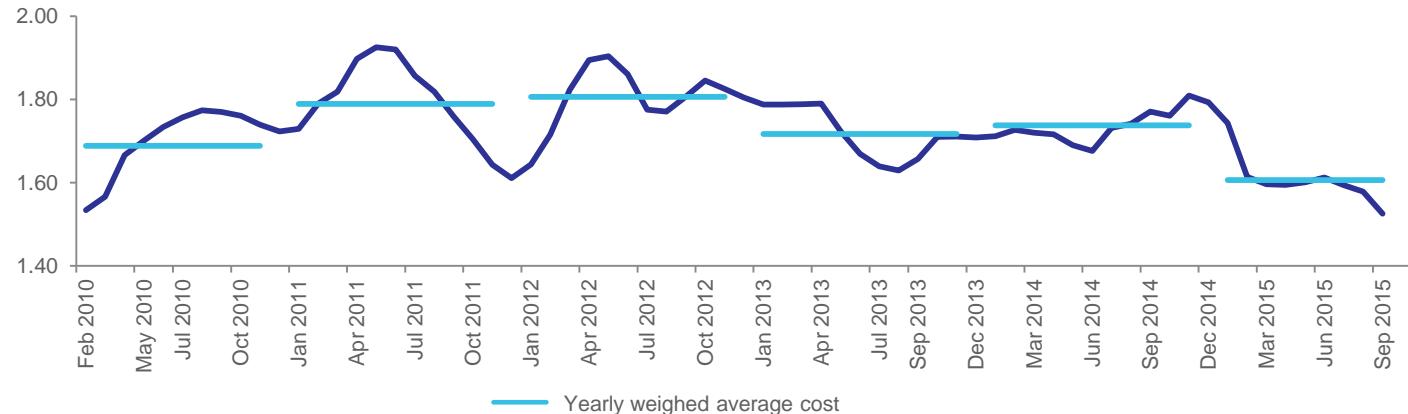
# Broadly Stable Margins Despite RM Price Movements



## Stable MOP

- ▼ Vita achieves relatively stable MOP per unit through effective procurement and sales management
- ▼ As a result, MOP per unit does not fluctuate as significantly as the bulk materials pricing and historically has moved within a tight banding
- ▼ Sep 2015 actual Total MOP per unit was 1.44€/kg. For Comfort, Sep 2015 MOP per unit was 0.94€/kg
- ▼ Vita's forecast Total MOP per unit is within the historical range

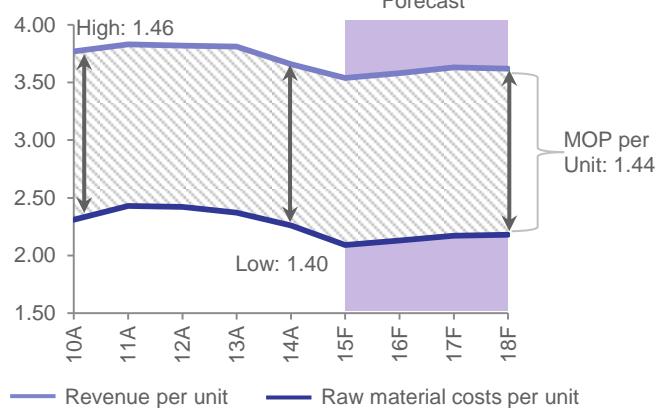
## Bulk Materials Weighted Average Cost (€/kg)



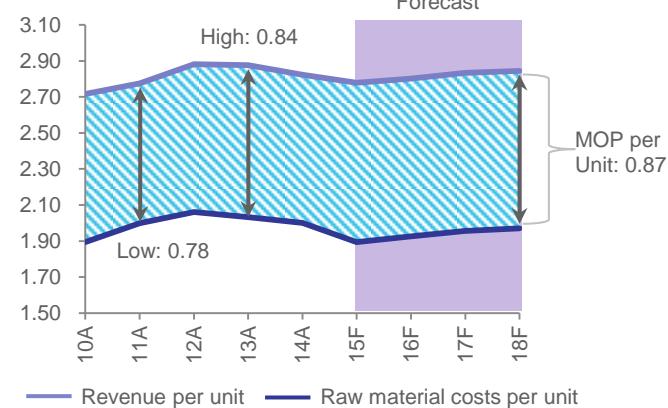
## Benefits From Price Movement

- ▼ Pass-through actions largely mitigate the impact of rising and falling raw material prices
  - Vita tends to benefit more in periods of declining RM prices

## Vita Total MOP Per Unit (€/kg)



## Vita Comfort MOP Per Unit (€/kg)





# Business Plan Key Drivers And Initiatives

		Description	Key SBUs	Financial Impact FY16F-18F (€m)
Base	GDP Growth	<ul style="list-style-type: none"> <li>▼ Volume growth in line with GDP forecast for each region</li> <li>▼ Capacity expansions: East South, Poland and UK</li> <li>▼ Compliance / Estate improvement: c. €4m</li> <li>▼ Maintenance Capex: c. €10m per annum</li> </ul>	East South North Foam Poland Lithuania	FY18F Revenue +71.4 EBITDA +11.3 Maintenance / Compliance Capex <sup>(1)</sup> (32.1) Capacity / Machinery Capex <sup>(1)</sup> (10.0)
	Capacity Expansion			
Initiatives	Productivity Improvements	<ul style="list-style-type: none"> <li>▼ Moving Aviation, improving moulding machinery / processes / headcount, and relocating bedding operation and sub-leasing vacated space</li> <li>▼ Improve commercial pricing / min order quantities</li> <li>▼ Replace current externally purchased foam products from within Vita</li> </ul>	Metzeler Caligen North Foam	FY18F Revenue +2.0 EBITDA +2.7 Capex <sup>(1)</sup> (3.2)
	New Capabilities	<ul style="list-style-type: none"> <li>▼ Introduction of "HYFLO" machine to produce high margin, specialty foam grades</li> <li>▼ Visco capabilities</li> <li>▼ Pre-polymer production to provide products currently bought outside Vita</li> <li>▼ Round block production</li> <li>▼ Installation of a Looper machine</li> </ul>	North Foam Poland Lithuania	FY18F Revenue +24.7 EBITDA +5.6 Capex <sup>(1)</sup> (5.3)
	Customer Initiatives And Market Share	<ul style="list-style-type: none"> <li>▼ Technical growth in telecoms and aviation</li> <li>▼ Expansion of Hi-Lo brand</li> <li>▼ Target new major flooring retailers</li> <li>▼ Mattress production in Western Europe and associated range expansion</li> <li>▼ Increase of Talalay penetration in premium global bedding sector</li> <li>▼ New product and routes to market</li> </ul>	North Foam Caligen UK Flooring Draka / VNSW Radium Construction	FY18F Revenue +22.1 EBITDA +3.7 Capex <sup>(1)</sup> (2.5)
	New Plants	<ul style="list-style-type: none"> <li>▼ New JIT Technical round block peeling facilities</li> <li>▼ New Comfort foam plant and conversion units</li> <li>▼ New Aviation conversion plant</li> </ul>	Metzeler East South Caligen	FY18F Revenue +32.8 EBITDA +2.5 Capex <sup>(1)</sup> (9.9)

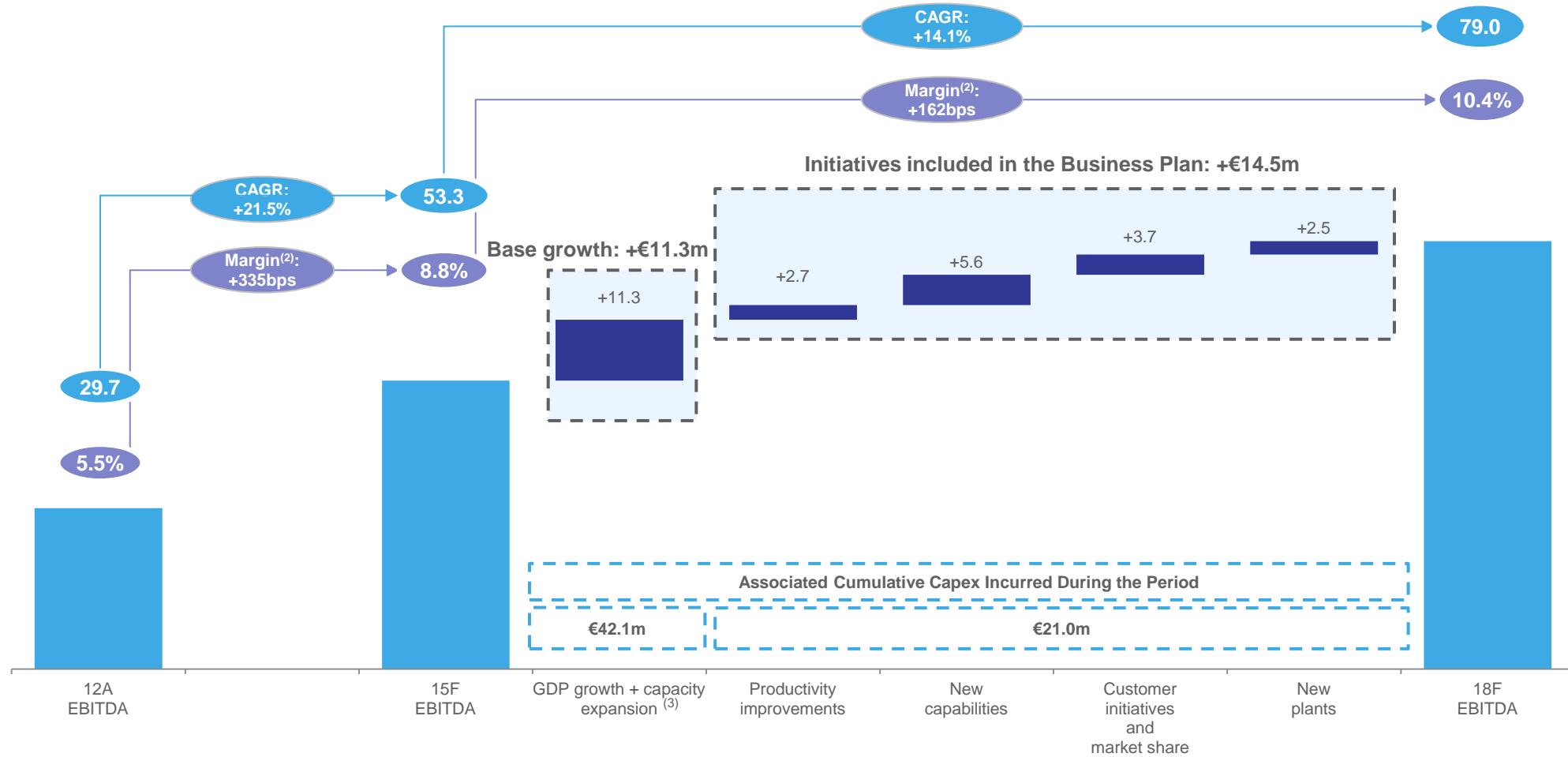
Source: Management  
(1) Cumulative capex from FY16F – FY18F





# EBITDA Development: FY12A-18F

EBITDA Development: FY12A-18F (€m)<sup>(1)</sup>



Source: Management

(1) Financials presented on constant currency basis of £/€=1.365. EBITDA pre-exceptionals; after the allocation of central costs

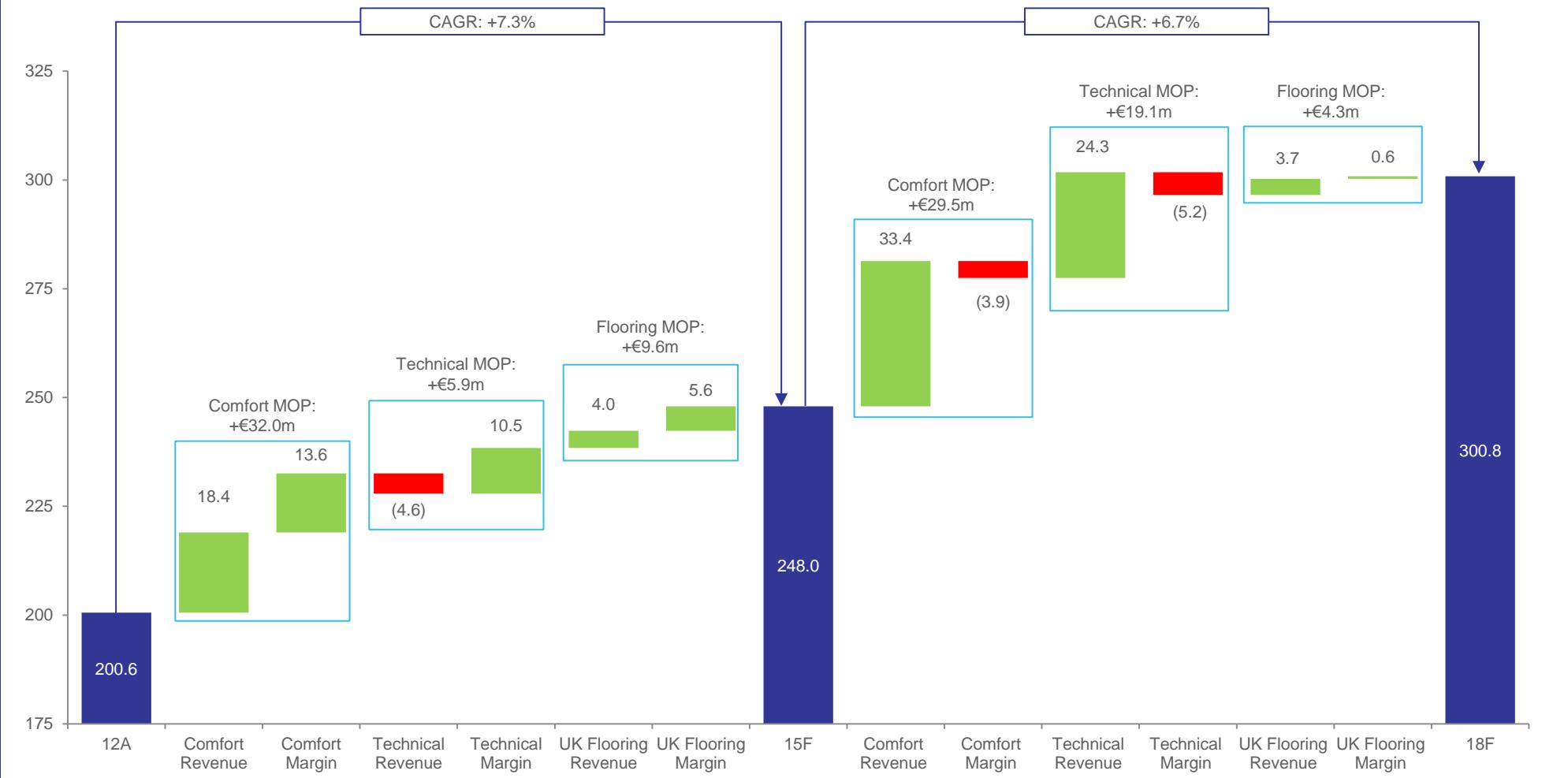
(2) EBITDA margin based on net revenue (after adjustment of intercompany sales)

(3) Expansion of volume in line with GDP forecast in each region

# MOP Bridge



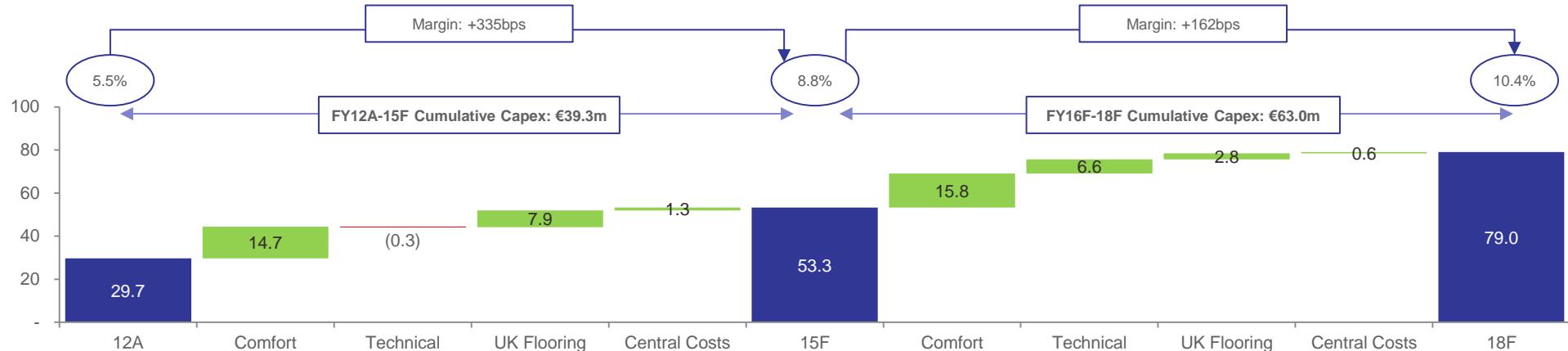
MOP Bridge FY12A-18F (€m)



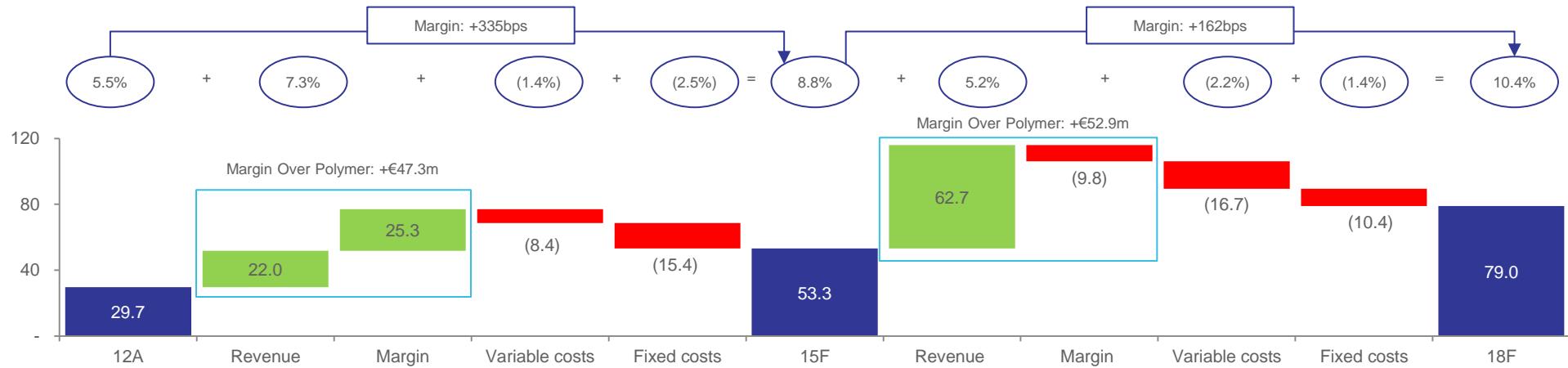
# EBITDA Bridges



## EBITDA Bridge FY12A-18F <sup>(1)</sup> (€m)



## EBITDA Bridge FY12A-18F <sup>(1)</sup> (€m)



Source: Management  
(1) Financials presented on constant currency basis of £/€=1.365. EBITDA pre-exceptionals; after the allocation of central costs

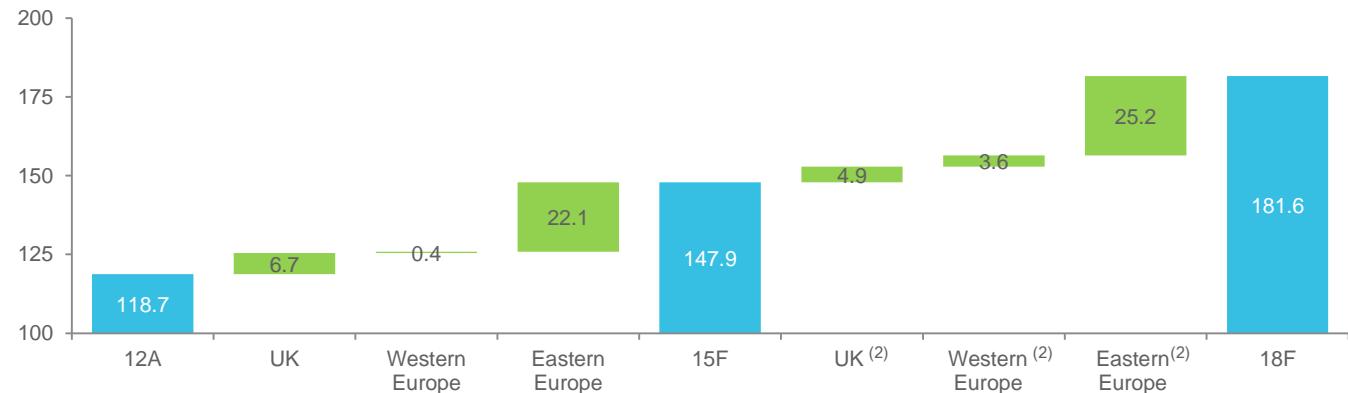
# Financial Developments: Comfort



## Volume

- ▼ Volume is the key driver of performance in Comfort
- ▼ Historical volume growth was driven by geographical expansion into CEE, increasing PU penetration in the UK market and Vita's strong track record of highly responsive, customer focused service delivery
- ▼ Volume growth in the forecasts is driven by:
  - Further geographic expansion, capacity investments and introduction of new products and processes to address areas of the market previously not covered in Western and Eastern Europe
  - Development of new products and technologies in the UK to satisfy the growing adoption of PU

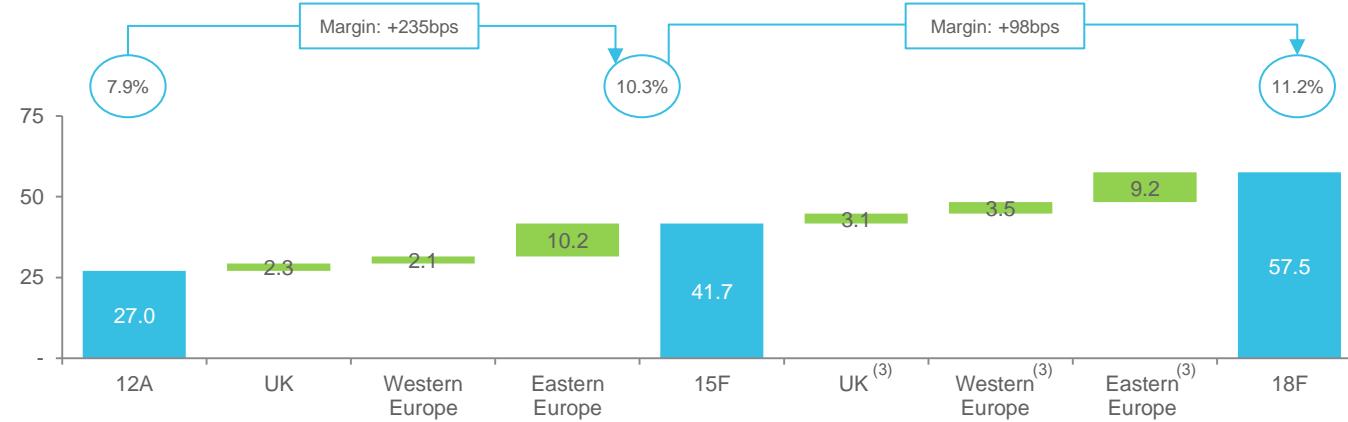
## Volume Bridge FY12A-18F (kt)



## EBITDA

- ▼ Historically EBITDA growth was driven by a mix of revenue growth and margin expansion across all regions
- ▼ Total MOP % has been modelled to decline in the forecast period. A decline in existing base MOP margin will be largely mitigated by the introduction of higher margin initiative projects
- ▼ EBITDA and profitability growth will be driven by volume leverage, an increase in the proportion of new higher margin products and targeted efficiency processes

## EBITDA Bridge FY12A-18F (€m)<sup>(1)</sup>



Source: Management

(1) EBITDA pre-exceptionals and before the allocation of central costs

(2) Includes volume of 3.6kt in FY18F from projects / initiatives which is not currently allocated to a specific region and is therefore distributed across regions proportionally to existing volumes

(3) Includes EBITDA of €1.9m in FY18F from projects / initiatives which is not currently allocated to a specific region and is therefore distributed across regions proportionally to existing revenues

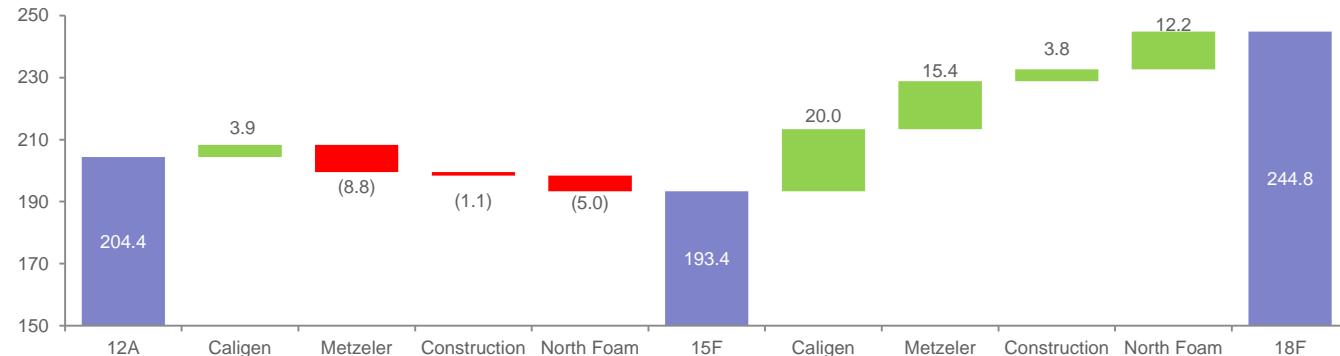
# Financial Developments: Technical



## Revenue

- ▼ Revenue decline over the historical period was driven by:
  - Metzeler: Exit of low / no margin business, quality issues and customer performance
  - North Foam: Loss of key customer within VLP UK
  - Poor performance of French Construction market
- ▼ The forecast return to growth reflects:
  - Initiatives in Metzeler to build upon corrective actions already delivering recovery
  - Increasing growth from Caligen
    - New JIT local conversion plants
    - Recovery in the European automotive sector
  - North Foam improvement due to:
    - Strength of embedded relationships and collaborative innovation in Technical Solutions
    - Development of in-house supply of Pre-Polymer products

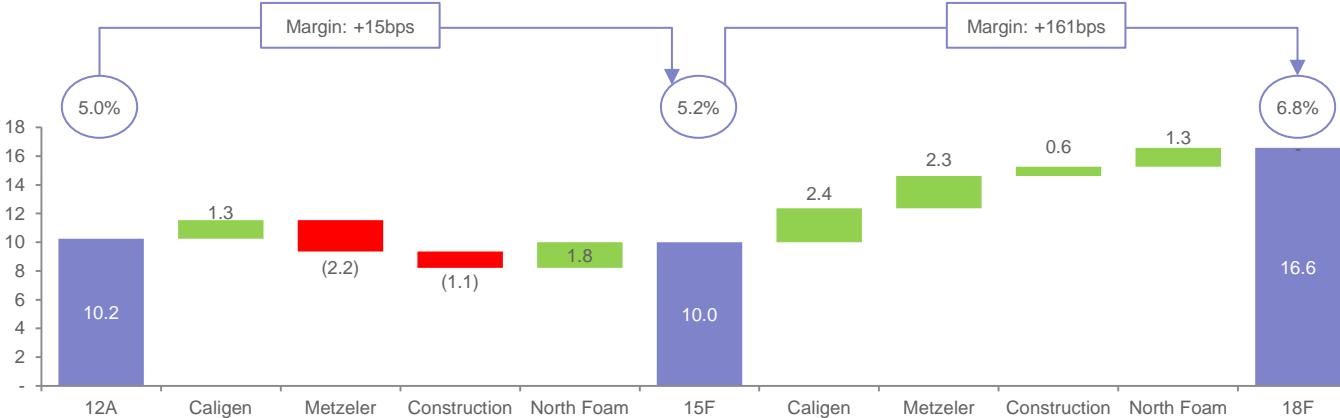
## Revenue Bridge FY12A-18F (€m)



## EBITDA

- ▼ Historically EBITDA remained static due to performance issues within Metzeler, however detailed recovery plans implemented include:
  - Transfer of labour intensive operations
  - Resolution of poor quality production issues
- ▼ EBITDA growth is supplemented by improvement in:
  - Caligen: growing volumes with unique USP (Round block) and investment in facilities to support customers in new geographies
  - Construction: targeted expansion into higher margin products and investment to drive export growth
  - North Foam: leverage the innovative, solutions based approach to target new products and markets

## EBITDA Bridge FY12A-18F (€m)<sup>(1)</sup>

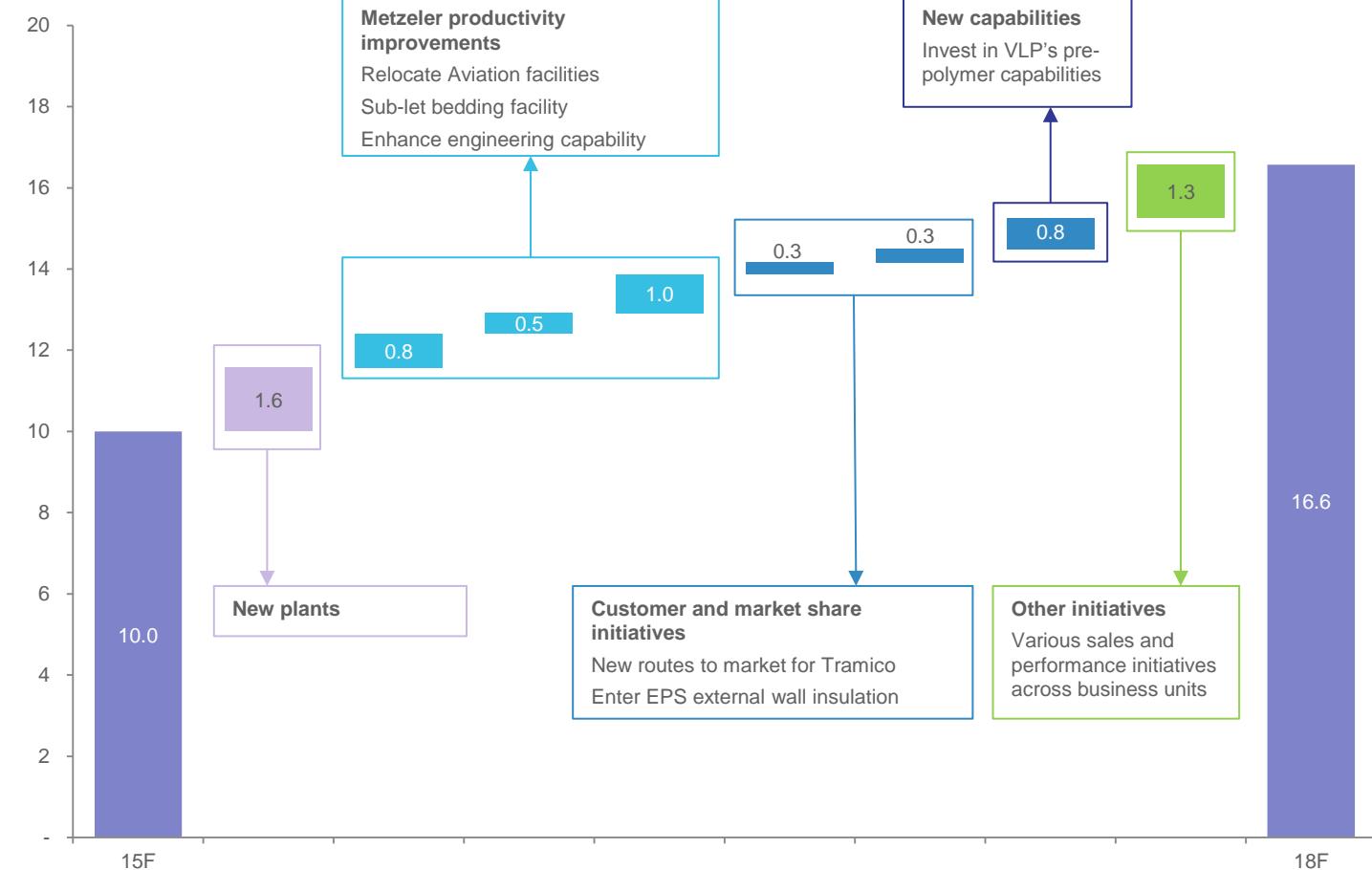




# Financial Developments: Technical (Cont'd)

- Following a period of low investment in Technical foams, Vita is investing in a number of growth initiatives to:
  - Exploit Caligen's Round Block USP to drive geographic expansion for peeling operations
  - Develop new routes to market for Tramico in France and export markets
  - Invest in new cutting equipment for EPS to enter the rapidly growing UK External Wall Insulation market
- Vita has also placed emphasis on performance, productivity and cost initiatives in Metzeler to deliver profitable growth by:
  - Moving labour intensive Aviation conversion from Germany to the expanded Slovakian facility, optimising capacity utilisation
  - Transfer of Aviation moulding in 2017 to further reduce costs
  - Sub-letting the bedding facility at Memmingen
  - Investing in equipment & engineering capability to deliver productivity gains in moulding operations
- Vita Liquid Polymers will develop in-house production capabilities for pre-polymer binder
  - Product development is complete and once introduced to the production process will begin to have a positive impact on costs in 2016

## FY15F-18F Technical EBITDA Bridge (€m) <sup>(1)</sup>



Source: Management

(1) EBITDA pre-exceptionals and before the allocation of central costs

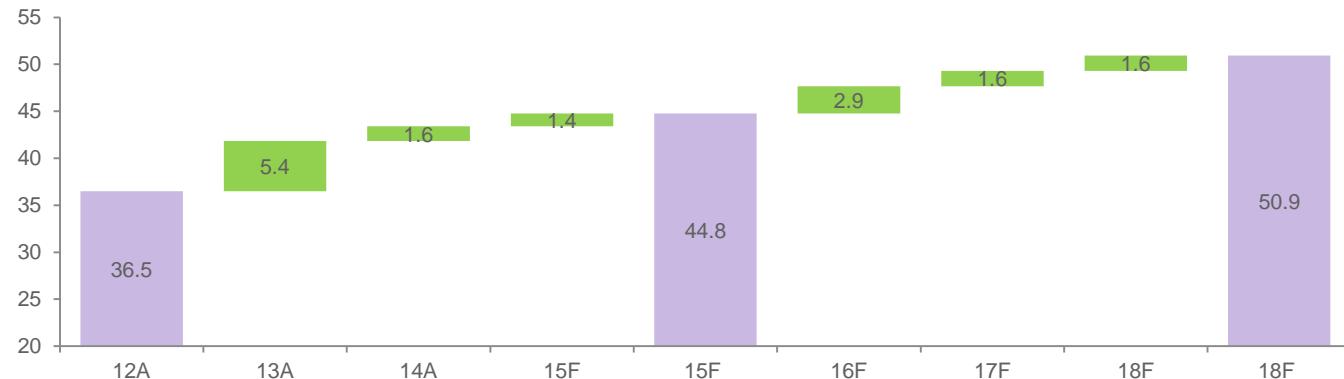
# Financial Developments: UK Flooring



## Revenue

- ▼ UK Flooring has continued to grow volumes year on year, and has delivered an increase in the average price point as a result of:
  - Investment in marketing and branding activity emphasising the quality benefits of new ranges directly to consumers
  - Increase in premium product sales and a resultant change in product mix
- ▼ Forecast growth is driven largely from volume increases over the period with a focus on price points and product mix at the premium end

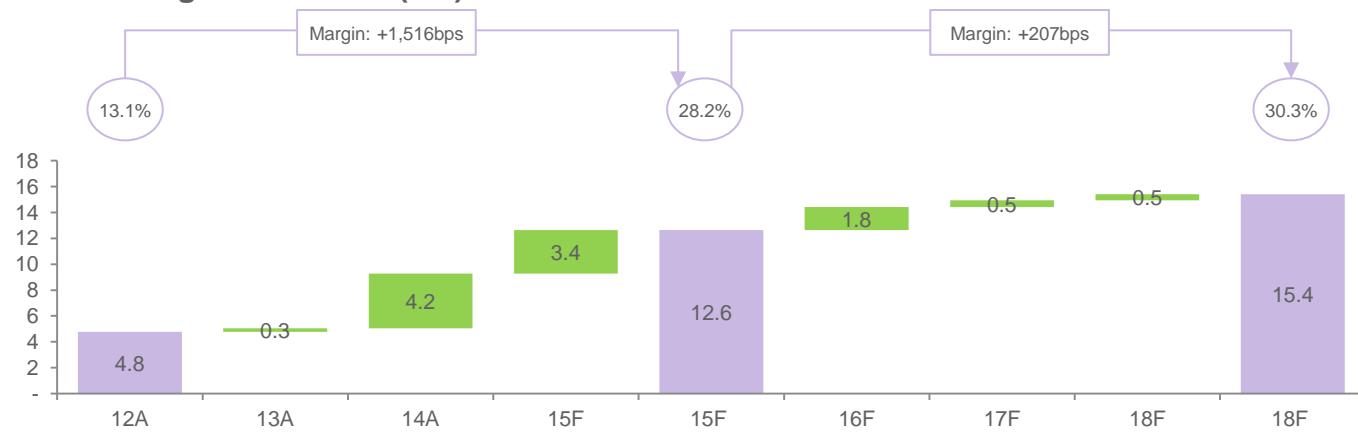
## Revenue Bridge FY12A-18F (€m)



## EBITDA

- ▼ Historically, MOP increased significantly due to falling trim prices but was further enhanced due to emphasis on premium products
- ▼ For the forecast period, EBITDA growth is more closely correlated to volume growth with continued emphasis on premium products, delivering increased customer value and maintaining operational efficiency and the benefits of volume leverage

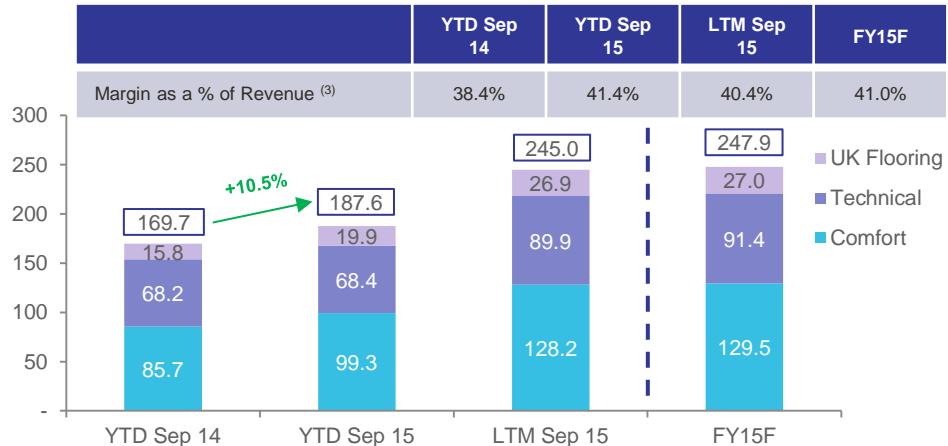
## EBITDA Bridge FY12A-18F (€m)<sup>(1)</sup>



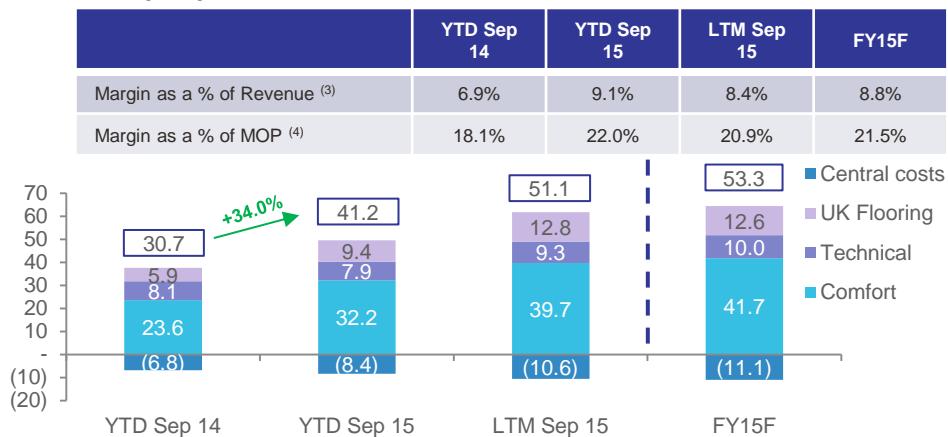


# Current Trading Update – Q3 2015

## MOP (€m) <sup>(1)</sup>



## EBITDA (€m) <sup>(1) (2)</sup>



Source: Management

(1) YTD Sep14A and 15F financials presented on constant currency basis £/€=1.365

(2) Comfort, Technical and UK Flooring figures presented before the allocation of central costs; Aggregate figures presented after the allocation of central costs; EBITDA pre-exceptionals

(3) Margins calculated based on consolidated figures and external revenue that excludes intercompany sales

(4) Margins calculated based on consolidated EBITDA and consolidated MOP

▼ Excellent H1 result continues into Q3 with performance driven by:

- Increased MOP after the fall in raw materials prices, effective account management and favourable currency movements (mainly GBP/EUR)
- High Comfort volumes, especially in CEE (East South and Poland)
- Strong Flooring performance, reflecting favourable trim pricing, healthy demand and a premium mix
- Technical in line with prior year. North Foam margin improvement offset a decline in Metzeler performance

▼ As a result, YTD Sep 2015 EBITDA of €41.2m represents an increase of 34% year-over-year

▼ EBITDA margins as a % of Revenue have increased from 6.9% to 9.1% driven by increased MOP% and operational leverage

▼ LTM Sep 2015 EBITDA of €51.1m (based on constant currency rate of £/€=1.365) tracking in line to achieve the full year forecast of €53.3m



# Current Trading Update (Cont'd)

- ▼ Current Trading has seen a strong positive uplift attributable to a number of key factors
  - **Strong volumes** in the main comfort markets (East South, Poland, UK) and UK Flooring
  - **MOP%** has increased due to:
    - A substantial decline in RM pricing in Q1 as a result of the resolution of the EMEA supply issues (Shell Moerdijk plant incidents in 2014) coupled with Vita's strong purchasing position optimising this decline
    - The strong volumes in the market affording the ability to concentrate on the higher margin customers/products
    - Vita's proven track record of leveraging operational efficiency as volume increases
  - **FX rates** have had a favourable impact over the period, mainly in the UK, due to relative weakness in the Euro (in which the bulk RMs are purchased) versus Sterling
  - **Operating expenses** have increased due to investments to deliver the growth that is starting to be seen (both headcount and maintenance), higher bonus costs reflecting the current performance and some specific items (e.g. bad debts of c. €0.5m)

## FY14A - FY15F EBITDA Bridge <sup>(1)</sup>

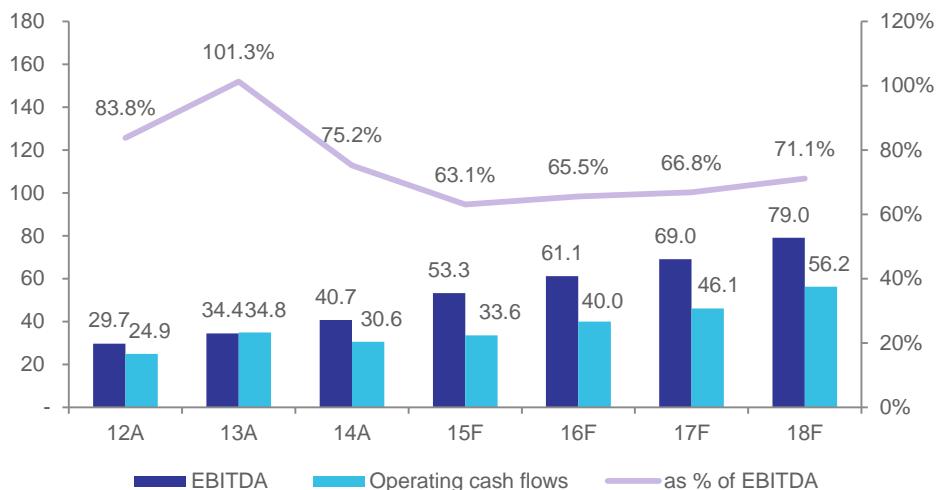




# Cash Flow Overview

## Operating Cash Flow <sup>(1)</sup>

€m	FY12A	FY13A	FY14A	FY15F	FY16F	FY17F	FY18F
EBITDA <sup>(2)</sup>	29.7	34.4	40.7	53.3	61.1	69.0	79.0
Net capital expenditure	(5.0)	(7.5)	(8.7)	(18.2)	(19.4)	(21.6)	(22.0)
Change in net working capital	0.2	7.7	(1.4)	(1.5)	(1.7)	(1.3)	(0.8)
Operating cash flows <sup>(3)</sup>	24.9	34.6	30.6	33.6	40.0	46.1	56.2
as % of EBITDA	83.8%	100.6%	75.2%	63.1%	65.5%	66.8%	71.1%
Adjusted net working capital	(14.7)	(22.4)	(20.9)	(19.4)	(17.7)	(16.4)	(15.6)



Source: Management

(1) Financials presented on constant currency basis of £/€=1.365

(2) EBITDA pre-exceptionals; after the allocation of central costs

(3) Operating cash flow defined as EBITDA – Capex – change in working capital; Excluding exceptions, pension costs, onerous lease costs and taxation

## Comments

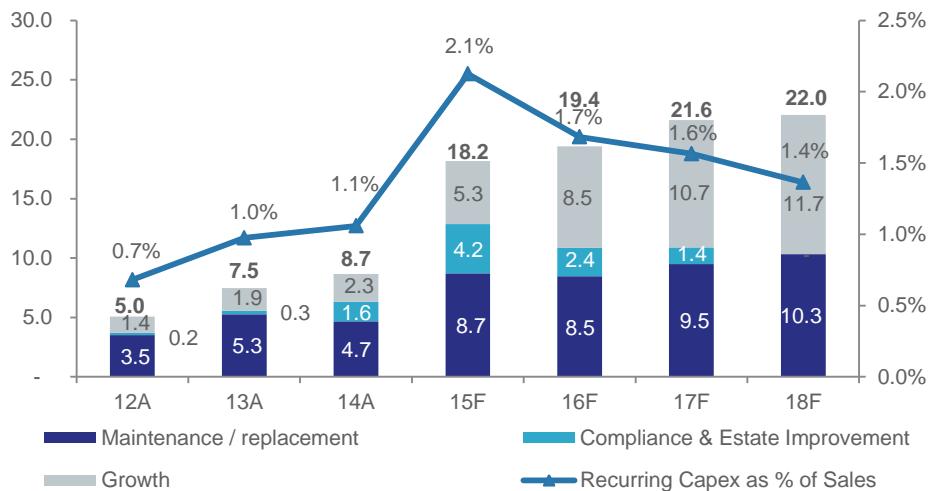
- ▼ Vita has a consistent track record of delivering strong cash conversion. This is forecast to continue
- ▼ Historically the business has been investment constrained as it was part of a wider Vita Group which was cash consuming
- ▼ Following the Group's various disposals, the business now has the capacity to invest. This increased level of investment underpins strong projected growth in the forecast period and is starting to deliver benefits in 2015
- ▼ Recurring Capex remains modest in the forecast period at c. €10m per annum (c. 1.5% of revenue)
- ▼ The large working capital inflow in 2013 was driven by two of Vita's raw material suppliers extending their terms
- ▼ Management forecasts that the business will continue to operate with a large negative working capital balance
- ▼ In addition to the Group's pension costs which are factored into EBITDA (predominantly contributions to DC schemes and linked to the number of current employees), €3.4m flows through below EBITDA primarily comprising: Germany contribution of €1.1m against a €22.6m provision on the balance sheet, UK agreed deficit contributions of £1.2m (until September 2019) and various, sundry related costs
- ▼ Vita's strong cash generation provides support for appropriate level of leverage to be applied to the business



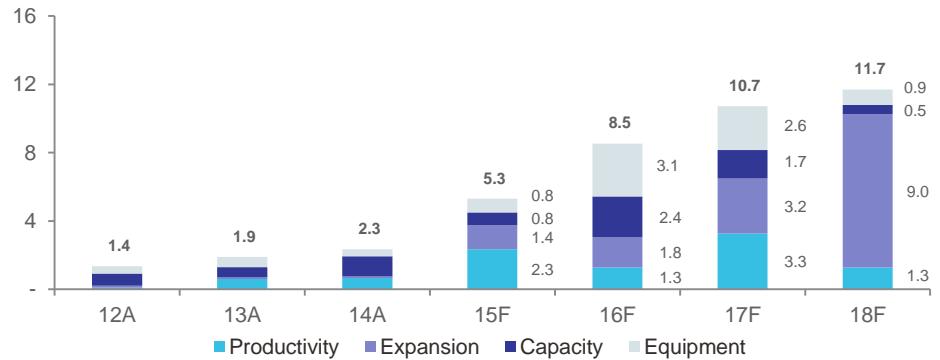
# Capex Overview



## Total Capex (€m) <sup>(1)</sup>



## Growth Capex (€m) <sup>(1)</sup>



## Highlights

- ▼ Recurring Capex, which is comprised of Maintenance and Compliance & Estate Improvement Capex, has historically accounted for the largest portion of investment requirements
- ▼ This has been a result of the wider cash constraints the business has had to operate under
- ▼ With increased capability to invest, significant growth and productivity opportunities can now be pursued
- ▼ From FY15F to FY18F, cumulative growth Capex amounts to c. €36m
- ▼ At c. 1.5% of revenue on average, the projected Recurring Capex requirements are not onerous and are readily affordable

## Recurring Capex

- ▼ Planned maintenance expenditure is expected to be primarily driven by machinery upgrades and improvements
- ▼ In addition, Compliance & Estate Improvement Capex primarily relates to ongoing upgrades to pipework and investment into the North Foam estate

## Growth Capex

- ▼ Capacity Capex across Comfort production sites to deliver the volume requirements
- ▼ Productivity Capex drives operational improvements and includes purchase of machinery
- ▼ Equipment Capex is driven by a large number of projects across the Group, relating mainly to the purchase of new conversion machinery
- ▼ Expansion Capex primarily relates to upgrades to machinery, investment in new geographies and new capabilities



# Growth Capex Projects

## Key Growth Capex Projects <sup>(1)</sup>

### Productivity

- UK new machine
- Block compression
- MSG Moulding improvement
- MSG Aviation relocation

### Expansion

- Mattress business
- MSG NAFTA expansion
- New Comfort conversion site #1
- New Comfort conversion site #2
- New Technical conversion site #1 (replaces China)
- New Technical conversion site #2
- New Technical conversion site #3

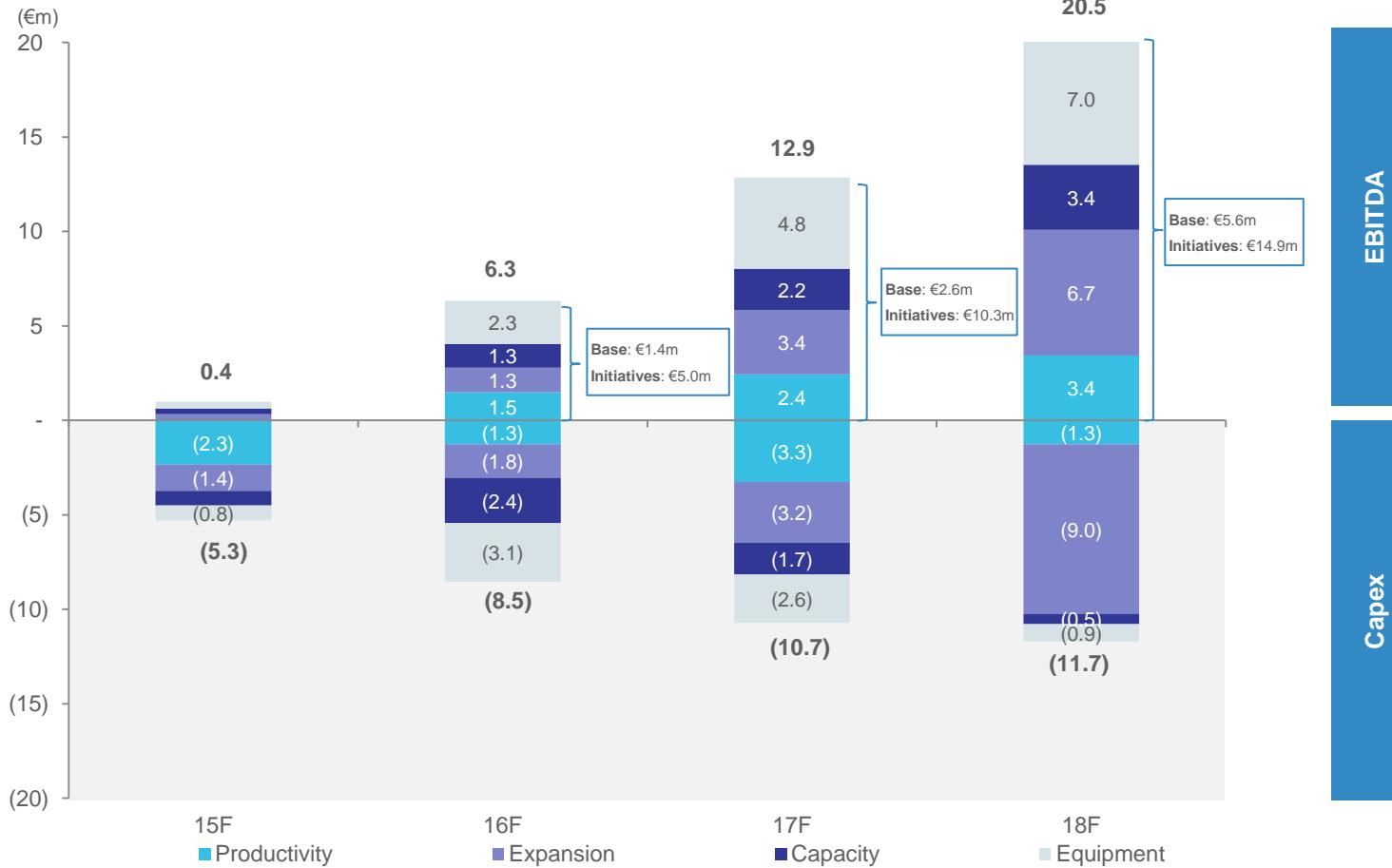
### Capacity

- Curing Capacity
- Other Capacity

### Equipment

- Looper
- VLP UK Pre-Polymer

## Growth Capex Projects Spend Per Annum And Associated Incremental EBITDA Generated Per Annum From Cumulative Capex (FY15F–18F) <sup>(1)(2)(3)</sup>



Source: Management

(1) Selected projects for the period 2015 to 2018. Base and initiatives refer to the categorisation referenced on the "Business Plan Key Drivers and Initiatives" page

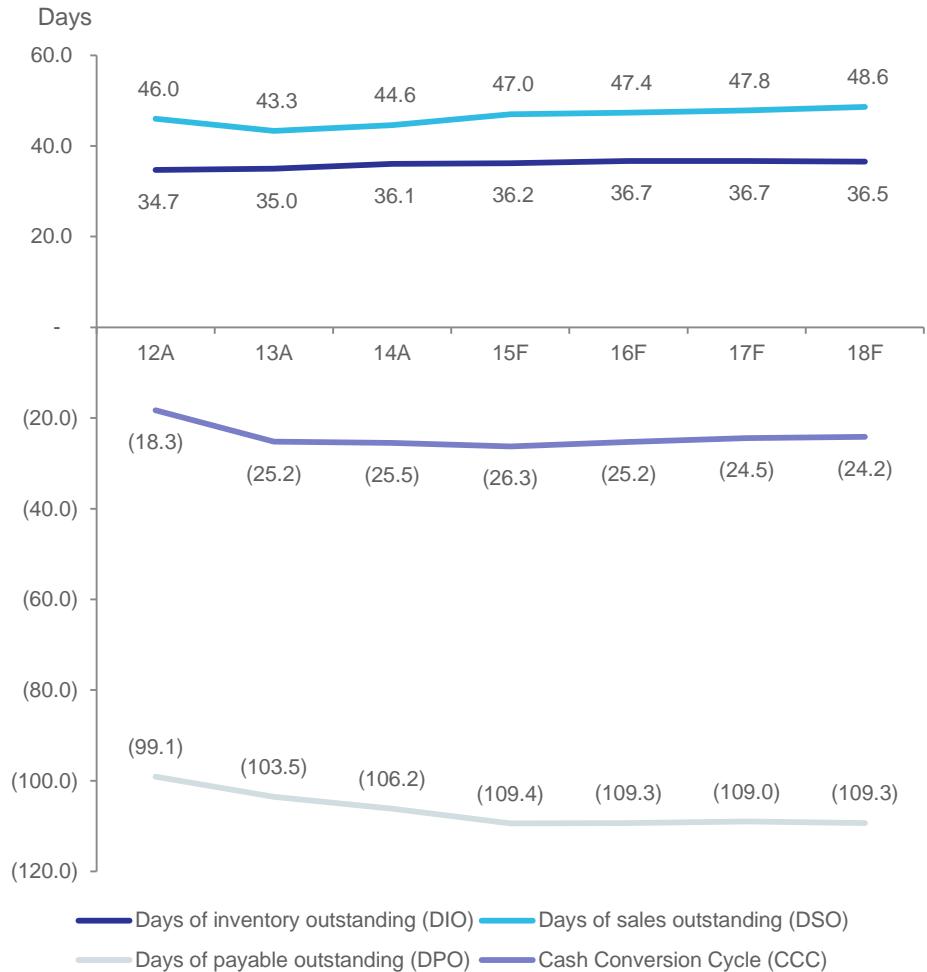
(2) Financials presented on constant currency basis of £/€=1.365

(3) EBITDA pre-exceptionals and before the allocation of central costs



# Negative Working Capital

## Working Capital Ratios <sup>(1)</sup>



## Comments

- ▼ Inventory consists mainly of raw materials (c. 50% at Dec-14) and finished goods (c. 41%). DIO has remained consistent on average as inventory turnaround is quick given the volume of the finished product
- ▼ Goods are either made to order or, for common/high demand grades, made to stock given the experience of the production personnel in predicting and balancing demand
- ▼ The product is then shipped to customers quickly after production
- ▼ DSO is forecast to increase gradually driven by stronger sales to the East South region where credit terms are typically longer. Provisions for overdue (>60 days) only represent c. 5% of gross trade receivables
- ▼ DPO are in line with typical terms of trade
- ▼ Management do not expect significant fluctuations in DIO, DSO or DPO, nor material cash outflow from working capital, in the forecast period
- ▼ Net working capital is typically lowest in December as receivables are low due to a seasonally quiet trading month
- ▼ Vita has an operational liquidity requirement of c. €50m, based on the estimated peak cash outflow during Q1'16 of c. €40m
  - Primarily managed through Vita's existing trade receivables facility with GE and modest local facilities

# Net Assets Overview



## Net Assets (1)

€m - FYE 31 Dec	FY12A	FY13A	FY14A	Sep 15A
Cash & Liquid Assets	78.0	90.6	106.7	144.8
Businesses Held for Sale - Net Cash	11.4	5.3	1.3	-
Inventory	32.3	33.3	36.0	34.8
Trade Receivables	66.9	65.0	71.1	78.8
<b>Current Assets</b>	<b>188.6</b>	<b>194.2</b>	<b>215.0</b>	<b>258.3</b>
Property, plant & equipment	34.4	41.6	42.8	48.7
Goodwill & Intangible Assets	152.6	144.6	155.3	163.6
Deferred Tax Asset	9.3	7.1	8.8	9.0
Businesses Held for Sale - Assets	113.2	45.9	36.7	-
<b>Non-Current Assets</b>	<b>309.5</b>	<b>239.3</b>	<b>243.6</b>	<b>221.2</b>
Trade Payables	(91.0)	(97.2)	(105.0)	(97.4)
Prepayments & accruals	(22.3)	(21.2)	(21.6)	(27.1)
Other Payables	(4.6)	(2.6)	(3.8)	(3.8)
Corporation Tax	(2.4)	(4.1)	(3.5)	(5.7)
<b>Current Liabilities</b>	<b>(120.3)</b>	<b>(125.1)</b>	<b>(133.9)</b>	<b>(134.1)</b>
Borrowings <sup>(2)</sup>	(85.8)	(34.1)	(23.7)	(14.0)
Pension	(30.3)	(28.7)	(29.5)	(27.7)
Provisions	(17.6)	(15.3)	(13.9)	(8.1)
Minority Interest	-	-	-	-
<b>Non-Current Liabilities</b>	<b>(133.7)</b>	<b>(78.0)</b>	<b>(67.1)</b>	<b>(49.8)</b>
<b>Net Assets / (Liabilities)</b>	<b>244.1</b>	<b>230.4</b>	<b>257.6</b>	<b>295.6</b>

## Comments

- ▼ Net assets for the Vita perimeter are presented pro-forma and adjusted for non-recurring items excluded from the ongoing business (i.e. "sell-side" executive bonuses)
- ▼ Property, plant and equipment includes owned land and buildings (€19.2m at Sep-15) and plant and vehicles (€29.5m at Sep-15)
- ▼ Intangible Assets includes goodwill arising from the original take private transaction (c. £120m at Sep-15)
- ▼ Net working capital is negative largely reflecting the difference between customer payment terms (60-110 days) and supplier terms (60-90 days)
- ▼ Pension liability relates to Group defined benefit schemes
- ▼ Cash & Liquid Assets comprises proceeds from disposals and cash drawn on the existing receivables financing facility with GE Finance to fund liquidity needs
- ▼ There are tax-loss carry-forwards in certain jurisdictions which may have a value to prospective purchasers. Further details will be made available at a later stage
- ▼ Provisions primarily relate to property-related costs (onerous lease, dilapidation costs, tenant repairs)
- ▼ Balances and cash relating to businesses held for sale are presented as a separate line item to allow for historical comparison. As the disposals have all been made these are now zero

Source: Management

(1) Based on closing foreign exchange rates; excludes the benefit of certain litigation claims to be retained by the sellers

(2) Represents drawn credit facility; FY12A includes term loan balance

9

## Potential Upsides





# Potential Upsides

		Upside Potential Description	Estimated EBITDA Impact Per Annum	Investment Required
1	Operational Improvements	Footprint Optimisation and Cost Saving Opportunities <ul style="list-style-type: none"> <li>▼ Consolidate small conversion sites and / or Technical foam capacity</li> <li>▼ Site consolidation</li> <li>▼ Post change of control HQ Efficiency savings</li> </ul>	€0.5m - 1.0m €1.0m €0.4m	€3.0m €2.5m €0.1m
2	Production Expansion	Comfort <ul style="list-style-type: none"> <li>▼ New plant and conversion facility</li> <li>▼ New plant with integrated mattress production</li> <li>▼ Mattress contract manufacturing – growing PU bedding trends provide security over block foam volume</li> </ul>	€2.0m - 3.0m €2.0m - 3.0m €1.0m - 2.0m	€6.0m - 8.0m €6.0m - 8.0m €3.0m
		Technical <ul style="list-style-type: none"> <li>▼ Technical plant to support rolled goods conversion</li> <li>▼ Technical conversion plant to supply growing auto markets</li> </ul>	€3.0m €1.0m	€10.0m - 12.0m €1.0m
3	Strategic and Tactical 'Bolt-On' Acquisitions	Comfort <ul style="list-style-type: none"> <li>▼ Re-acquire certain old British Vita plc assets</li> <li>▼ Technology JV</li> </ul>		To be determined
		Technical <ul style="list-style-type: none"> <li>▼ Auto conversion business</li> <li>▼ Buy or build capability</li> <li>▼ Bolt-on Industrial conversion business</li> </ul>		To be determined
Total Net Impact / Investment			c. €11 - 14m	c. €32 - 38m

10

## Conclusion





# The Vita Opportunity

1

Vita operates in an attractive and growing market – PU foam

2

Europe's largest Pan-European manufacturer of PU foam, with demonstrable track record of sustained growth

3

Proven competitive and scalable operational footprint strategically located to optimise European coverage

4

Long-established operations in geographic and product end-markets specifically identified and chosen for attractive future growth prospects

5

Strong purchasing power expected to continue due to improving raw materials environment as a result of significant excess supply side production capacity

6

Reputation for quality and service, expertise and breadth of capabilities have positioned Vita as a trusted and preferred partner of choice

11

## Appendix



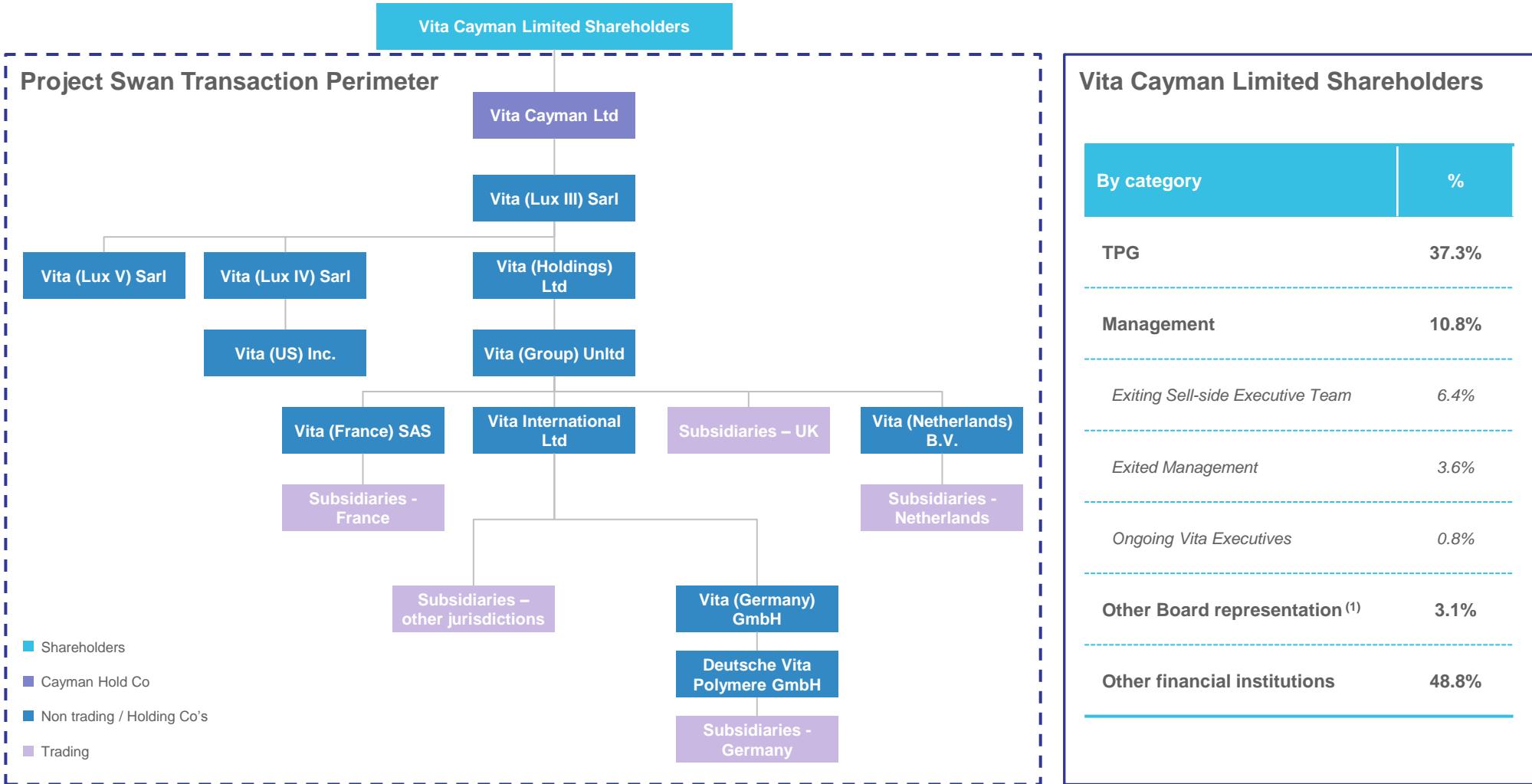


## Transaction Perimeter

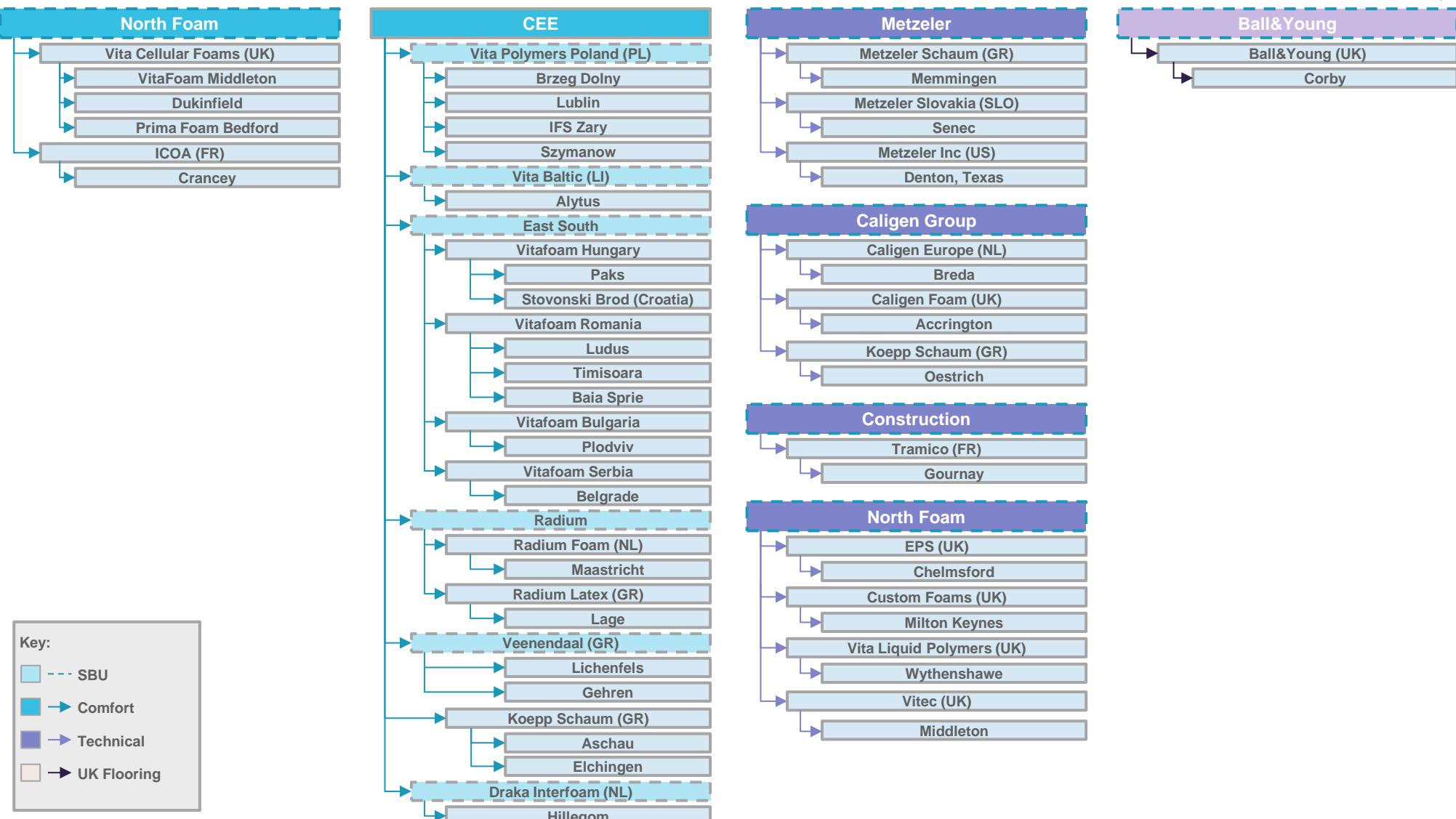




# Vita's Simplified Corporate Structure



# Operating Entities Included In Project Swan Transaction Perimeter





## Health, Safety And Environment



# Safety & Health



## Behavioural Based Safety

"OSHA 18001 Framework"

- ▼ Monthly Management review of KPI's
- ▼ Regional focus through Operational leaders or dedicated SHE resource
- ▼ Local site SHE management from Business Manager or dedicated SHE resource
- ▼ Vita Safety Standards supported by Policies & Guidance notes
- ▼ Vita SHE tracking system for key KPI's
- ▼ Safety Bulletins & Feedback loops for significant issues



vita cellular foams

Safety—The Vita Cellular Way	
The safety standards have been developed to provide clear guidance on the key areas of safety standards. They are in place for the benefit of both employees and management and will assist the company in its endeavour to prevent any injury that may occur, ensuring the safest possible working environment for our employees. We believe all of our employees are able to work to these standards.	
Actions in violation of the safety standards will result in disciplinary action and could result in termination of employment.	
1 Employer and Employees adherence to Health & Safety Standards	
2 Reporting of any accident, Incident or near miss	
3 Selection and use of appropriate PPE	
4 Operation of powered vehicles in line with training and procedures	
5 Obtaining authorisation before overriding or disabling of Safety Critical Equipment	
6 Verify Isolation of Plant & Equipment when required	
7 Protection of Employees & Contractors	
8 Permit to work	
9 General Risk Assessment	
10 Work at Height	
11 Confined Space	
12 Ensuring standards of Process Safety	
13 High Hazard MOC	
14 Control of Smoking and Ignition Sources	
15 No Drugs & Alcohol while working or driving	



Colin Joseph  
Global Director  
Global Foams



Dan O'Rourke  
Director  
Global Director



J.C. D'Alessandro  
General Manager  
Optical, US Europe



Steve Howell  
Regional Director  
CIS



Andrew Riddell  
Managing Director, MEA



Jim O'Carroll  
Global Director, CIS



Brian Ward  
Director of Procurement and  
Risk Management



Ian Chesser  
Global Director, CIS



Safety - the vita cellular way



John Ward  
Director of Procurement and  
Risk Management

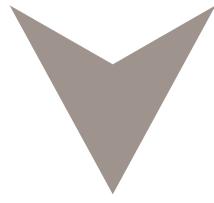


# Environmental



- ▼ Fully compliant with all local / national regulatory requirements
- ▼ Industry wide environmental challenges addressed through participation on EUROPUR Working groups
  - Product Stewardship – Regulation and classification of materials i.e. REACH compliance
  - Plant & Workers Group – Protection and improving standards
  - Circular Economy Working Group – End of Product Life
- ▼ Industry specific EC Regulatory Compliance requirements
  - Control of Major-accident hazards involving dangerous substances “SEVESO”
  - Industrial Emissions Directive
  - Environmental Liability Directive
- ▼ Local Environmental Compliance
- ▼ Specific Vita policies to address Ozone depleting gases & Asbestos legislation
- ▼ Environmental Due Diligence will be shared at a later stage





**Employees**





# Employee Overview

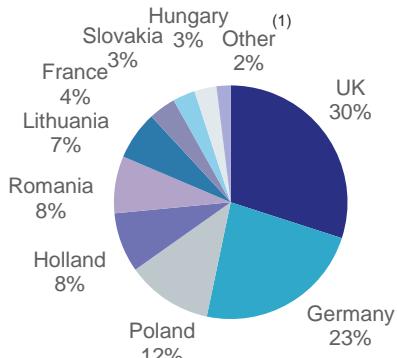
## Overview

- ▼ Vita had 2,475 employees on average in FY14A, of which 62% are allocated to Comfort, 32% to Technical, 5% to UK Flooring and 1% to central functions
- ▼ The workforce is forecast to increase modestly to 2,742 by FY18F (+2.7% on average)

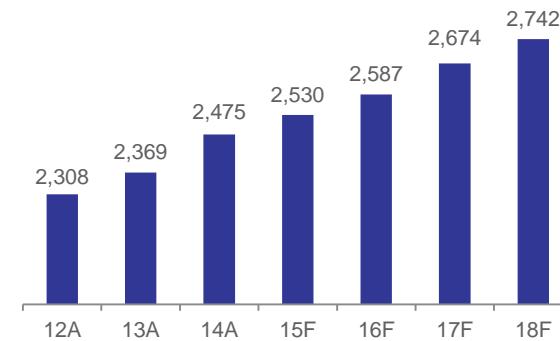
## Labour Relations

- ▼ Good overall relations with employees with high level of engagement
- ▼ Open dialogue with works councils and unions
- ▼ Low level of union members
- ▼ Flexible arrangements to employ additional temporary operators as demand dictates

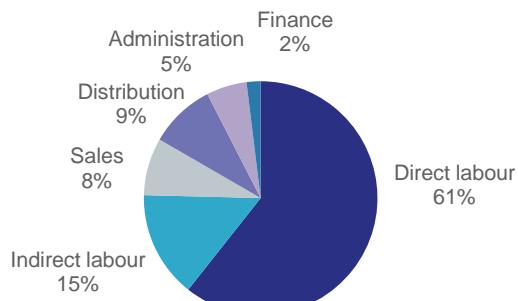
## Employees By Country (FY14A)



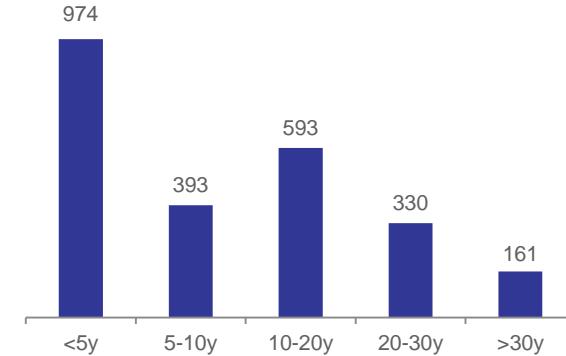
## Average Employment



## Employees By Function (FY14A)



## Employees Average Tenure





# Employee Overview (Dec-14)

Function	Comfort					Technical					UK Flooring	Other	Vita
	North Foam	VPP	VBI	Others	Total	Caligen Group	MSG Group	Construction	Others	Total	Total	Total	Total
Direct labour	269	203	117	316	905	155	317	9	30	511	70	0	1,486
Indirect labour <sup>(1)</sup>	75	37	26	72	210	58	67	4	7	136	16	0	361
Sales & distribution <sup>(2)</sup>	136	20	12	125	293	31	38	10	5	83	42	0	418
Administration & finance	40	24	10	47	121	13	23	5	2	43	5	17	185
Permanent employees	477	236	165	537	1,415	244	400	27	42	713	128	17	2,273
Temporary employees	43	48	0	22	113	13	44	1	2	60	5	0	178
<b>Total employees</b>	<b>520</b>	<b>284</b>	<b>165</b>	<b>559</b>	<b>1,528</b>	<b>258</b>	<b>444</b>	<b>28</b>	<b>44</b>	<b>773</b>	<b>133</b>	<b>17</b>	<b>2,451</b>

Source: Management

(1) Includes maintenance, engineering, quality and technical support

(2) Includes customer services