

Profile

Porvair is a **specialist filtration and environmental technology** group employing about 600 people, with operations in the UK, US, Germany and China.

The Group develops, designs and manufactures specialist filtration and separation equipment. We serve a range of markets of which **aviation, energy and industrial process, environmental laboratories and molten metals** are the most important.

At the heart of what we do is the filtration and engineering expertise which allows us to solve customer problems across all the markets we serve.

Our strategy

Porvair's strategy for growth and the creation of sustainable shareholder value is to develop filtration and environmental technology positions in markets where typically:

- specialist design or engineering skills win business;
- regulation or quality accreditation requirements mandate product use;
- consumable products, which protect more costly downstream components, are often replaced as part of a maintenance routine;
- products, once designed into a specification, have long lifecycles.

Our key objectives are to:

- **Focus on regulated markets with long term growth prospects**
Focus on selected markets which have good long term growth prospects and are fundamentally cash generative: aviation, energy and industrial, environmental laboratory supplies and aluminium filtration.
- **Concerted new product development**
Invest consistently in new product development.
- **Geographic expansion to support key markets**
Expand geographically, where appropriate, in our chosen markets.
- **Cash generation to invest in organic growth, acquisitions and dividends**
Use surplus cash to acquire complementary businesses that meet Group financial and commercial criteria.

Generate sufficient cash to sustain a progressive dividend policy and maintain an appropriately funded balance sheet.

Full year 2012 financial highlights

Strong financial performance ahead of expectations:

- Revenues grew by 12% to a record for the Group of £76.5 million (2011: £68.1 million).
- Profit before tax increased by 40% to £6.3 million (2011: £4.5 million).
- Basic earnings per share rose 38% to 10.1 pence (2011: 7.3 pence).
- Net debt reduced by 24% to £3.9 million (2011: £5.1 million, 2010: £9.7 million).
- £3.5 million was invested in three small acquisitions. All now fully integrated and running well.
- Final dividend of 1.6 pence (2011: 1.4 pence) recommended.

Operating highlights

Metals Filtration division:

- Revenue increased 8% to £28.0 million (2011: £25.9 million) to produce record sales and operating profits for this division.
- Excellent cash generated from operations of £4.8 million (2011: £1.7 million).

Microfiltration division:






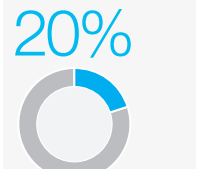
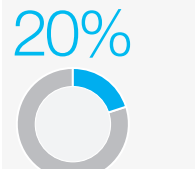
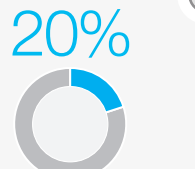
- Revenue increased 15% to £48.5 million (2011: £42.2 million) to produce record sales and operating profits for this division.
- Seal Analytical revenues up 13%.
- Healthy order position.

Key financials – full year

	2012 £m	2011 £m	2010 £m	2009 £m
Group revenue	76.5	68.1	63.6	55.2
Group operating profit	7.2	5.3	4.2	2.8
Profit before tax	6.3	4.5	3.1	1.7
Net debt	3.9	5.1	9.7	13.9
Earnings per share	10.1p	7.3p	5.2p	2.7p
Dividend per share	2.6p	2.4p	2.3p	2.25p

Porvair at a glance

Porvair specialises in filtration and related environmental technology. We operate two divisions. The **Microfiltration** division principally serves aviation, environmental laboratory and energy markets. The **Metals Filtration** division serves global aluminium, NAFTA iron foundry and super-alloy markets.

 <p>Ben Stocks Group Chief Executive</p>	Business divisions		
	<p>Microfiltration</p> <p>The Microfiltration division provides bespoke filtration solutions to a diverse range of customers and markets. It has operations in the UK, US and Germany and employs 420 people. Its sales are global.</p>	<p>Metals Filtration</p> <p>The Metals Filtration division serves the market for the filtration and handling of molten metal. It has operations in the US and China and employs 180 people. Its sales are global.</p>	
 <p>Chris Tyler Group Finance Director</p>	Main operating companies		
	<ul style="list-style-type: none"> • Porvair Filtration Group • Seal Analytical • Porvair Sciences 	<ul style="list-style-type: none"> • Selee Corporation • Selee China 	
<p>Board of Directors</p> <p>Charles Matthews Chairman</p> <p>Ben Stocks Group Chief Executive</p> <p>Chris Tyler Group Finance Director</p> <p>Michael Gatenby Senior Non-Executive Director</p> <p>Andrew Walker Non-Executive Director</p> <p>Paul Dean Non-Executive Director</p>	Principal markets served		
	<ul style="list-style-type: none"> • Aviation 	<ul style="list-style-type: none"> • Energy and industrial process 	<ul style="list-style-type: none"> • Environmental laboratory supplies 
<p>Porvair plc 7 Regis Place Bergen Way King's Lynn PE30 2JN Tel: +44 (0) 1553 765500</p>	Approximate share of Group sales		
	<p>20%</p> 	<p>20%</p> 	<p>20%</p> 
<p>Applied technology</p>	<ul style="list-style-type: none"> • Metallic and polymeric filtration technologies • Instrumentation 		<ul style="list-style-type: none"> • Ceramic filtration technology • Refractories
	Annual sales and revenue growth by division		
<p>£48.5m +15%</p> <p>Annual sales Revenue growth</p>		<p>£28.0m +8%</p> <p>Annual sales Revenue growth</p>	

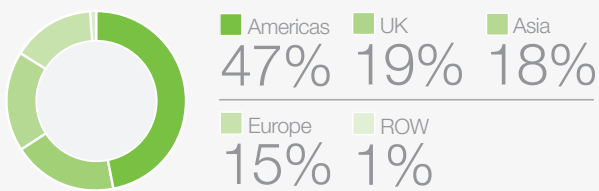
Our global operations support our key markets

The Group has manufacturing operations in the UK, US, Germany and China and sells its products throughout the world. Our strategy is to expand geographically to support our chosen markets.

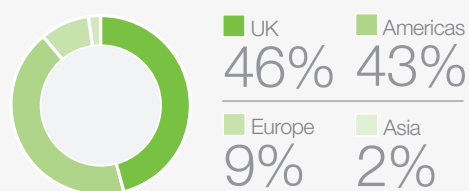
Our global presence



Revenue by destination (%)



Revenue by origin (%)



Porvair aims to develop and exploit its expertise in specialist filtration and environmental technologies for the sustainable benefit of its shareholders, staff and other stakeholders.

Microfiltration		
Key market	Growth drivers →	Progress in 2012 and opportunities ahead →
Aviation: Porvair's aviation filters are specified on almost all commercial airframes.	<ul style="list-style-type: none"> • Aircraft build rates • Maintenance schedules • New programmes • Inerting retrofit 	<ul style="list-style-type: none"> • Revenue from the programme of fuel tank inerting continues to grow. • Airbus A380 and Boeing 787 coolant filters revenue is just starting. • Filters on the Airbus A350 will begin to contribute when aircraft production begins. • Filters on the Airbus NEO range yet to start.
Energy and industrial process: Filter systems and spares principally for the gasification and nuclear remediation markets.	<ul style="list-style-type: none"> • Gasification build rates • Maintenance schedules • Nuclear clean up • Energy efficiency and security 	<ul style="list-style-type: none"> • US\$10+ million POSCO contract will continue to contribute over the next three years. • Financial impact of £11.3 million nuclear remediation contract will be spread over the next three years. • There is a promising pipeline of other opportunities.
Environmental laboratory supplies: Systems and consumables principally for the laboratory analysis of water.	<ul style="list-style-type: none"> • Regulated water testing • Higher environmental standards • Developing markets • Bioscience growth 	<ul style="list-style-type: none"> • New ranges of analyser are being introduced – Quattro 39 in 2012. • The design rights for a range of discrete analysers have been acquired. • The acquisitions broaden the customer base and product range and provide cross selling opportunities. • There are promising bioscience filtration developments.
Metals Filtration		
Key market	Growth drivers →	Progress in 2012 and opportunities ahead →
Molten metals: Ceramic filters for the filtration of Aluminium, gray and ductile iron and other exotic alloys.	<ul style="list-style-type: none"> • Aluminium consumption • US auto and light truck production • Increased use of high grade and exotic alloys 	<ul style="list-style-type: none"> • The IP protected products are steadily winning market share. • Filtration of higher specification metals is increasing in importance. • Initial orders have been received for a new generation of products. • Further investment planned in China to serve niche markets in Asia.