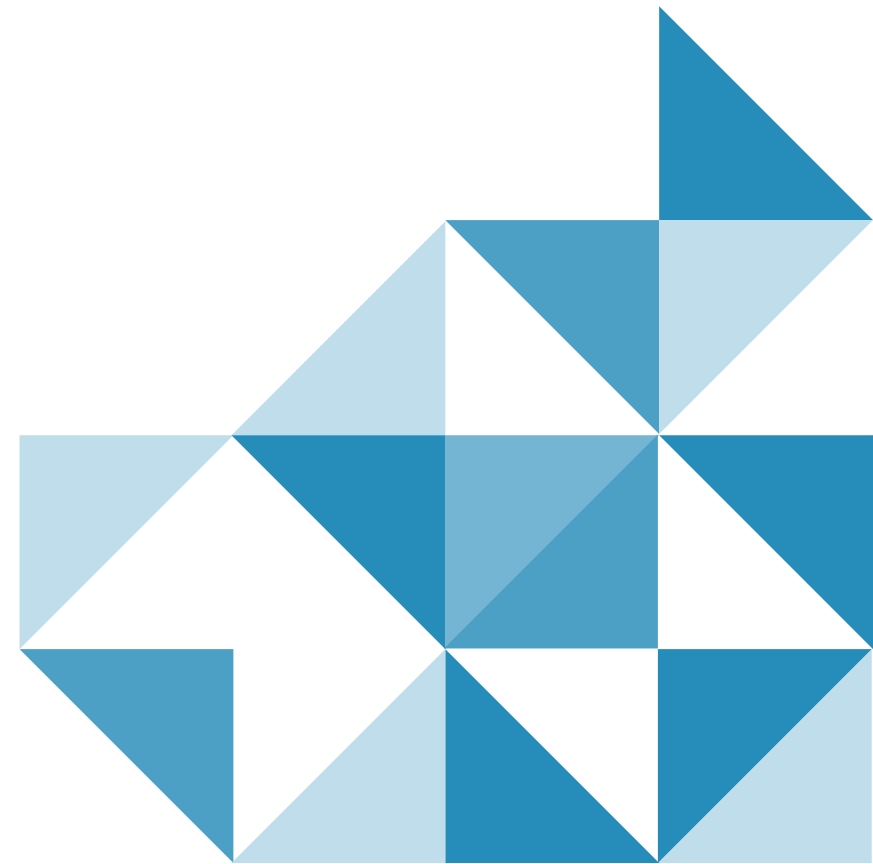




Preliminary Full Year Results

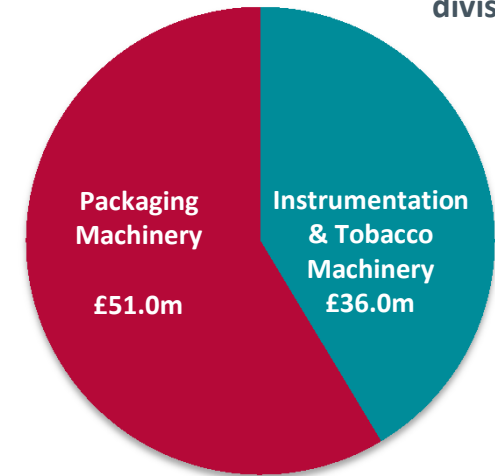
Year to 31 December 2015



The Business

- Well-established international specialist technology and services group
 - high performance instrumentation, machinery and aftermarket services
 - market-leading expertise
 - reputation for high service levels
- Two operating divisions
 - Packaging Machinery
 - Instrumentation & Tobacco Machinery
- International presence – over 90% of sales are non-UK
- Target market sectors are nutrition, beverages, healthcare, pharmaceutical & tobacco
- Emphasis on product development and achieving growth in emerging markets

2015 sales by division



2015 sales by destination



Results: Operational Key Points

- Results in line with management expectations
- Disposal of analytical services business completed in May 2015 following strategic review
- Instrumentation & Tobacco Machinery division affected by continuing challenging market conditions
- Packaging Machinery division continued to progress with significantly improved sales and profitability
- Continuing focus on product development across both divisions and standardisation of product portfolio
- Ongoing penetration of target market sectors and geographic regions

Results: Financial Key Points – continuing operations

- Sales of £87.0m (2014: £87.4m)
- Underlying PBT of £3.8m (2014: £5.3m)
- Underlying of EPS of 15.1p (2014: 22.4p)
- Loss from discontinued operations of £5.8m (2014: £3.6m)
- Net debt of £3.2m (Dec 2014: £2.1m)
- Proposed final dividend of 1.5p per share (2014: 3.0p), taking total to 4.0p per share (2014: 5.5p)

Financial Review: Income Statement

	2015 £m	2014 £m
Sales	87.0	87.4
Underlying operating profit*	4.0	5.4
Non-underlying items	(1.1)	(1.2)
Operating profit	2.9	4.2
Net interest expense	(0.9)	(0.3)
Profit before tax	2.0	3.9
Taxation	(0.3)	(0.6)
Profit for the period from continuing operations	1.7	3.3
Discontinued operations	(5.8)	(3.6)
Loss for the period	(4.1)	(0.3)
Underlying EPS*	15.1p	22.4p
Basic EPS	(20.9)p	(1.3)p

- Sales within Packaging Machinery up 26% supported by strong opening order book; I&TM sales down by 23% arising from continued weak market conditions
- Significantly improved performance in Packaging Machinery but within Instrumentation & Tobacco Machinery reduced sales, competitive pricing and strength of sterling resulted in lower profitability
- Non-underlying items include pension administration costs (£0.9m), reorganisation costs (£0.4m), profit on sale of surplus property (£0.2m)
- Underlying net interest of £0.2m; balance is pensions related (£0.7m; treated as non-underlying)
- Taxation rate of 24% on underlying profits (2014: 17%)

* Before non-underlying items

Financial Review: Cash Flows

	2015 £m	2014 £m
Cash flows from operating activities	3.6	(0.5)
Cash flows from investing activities	(2.7)	(4.8)
Cash flows from financing activities	(1.5)	(1.5)
Net cash flows	(0.6)	(6.8)
Opening net (debt)/funds	(2.1)	5.2
Exchange	(0.5)	(0.5)
Closing net debt	(3.2)	(2.1)

- Cash flows from operating activities:
 - £0.4m working capital decrease
 - £1.9m pension deficit payments
 - £0.4m reorganisation costs
 - £1.2m cash used in discontinued operations
 - £0.1m tax paid
- Cash flows from investing activities includes:
 - £0.9m net capital expenditure (2014: £1.9m)
 - £1.9m product development expenditure (2014: £3.1m) across both divisions
 - £0.2m purchase of intellectual property
 - £0.2m net proceeds on disposal of discontinued operations
- Cash flows from financing activities includes:
 - £1.1m dividends paid (2014: £1.1m)

Financial Review: Balance Sheet

Net assets		2015 £m	2014 £m
Intangible assets:	Goodwill	7.4	8.6
	Product development & other intangibles	7.5	7.1
Property, plant & equipment		8.8	12.1
Net working capital (exc. pensions & tax)		12.7	14.6
Pension schemes (after tax)		2.9	(15.2)
Current & deferred tax (exc. pensions)		0.5	0.8
Net debt		(3.2)	(2.1)
Equity		36.6	25.9
Net assets per share		181p	128p

- Goodwill at December 2015 relates to Cerulean
- Property, plant and equipment includes £0.8m of investment property
- Tax balance includes £0.5m (2014: £0.4m) of current tax payable
- Main equity movements in period include:
 - £1.7m profit for the period from continuing operations
 - £5.8m loss from discontinued operations
 - £18.0m of actuarial gains (net of tax)
 - £2.2m of translation losses
 - £1.1m dividends paid

Divisional Trading Results

Sales	2015 £m	2014 £m
Packaging Machinery	51.0	40.5
Instrumentation & Tobacco Machinery	36.0	46.9
Total	87.0	87.4
Underlying operating profit*		
Packaging Machinery	3.9	1.8
Instrumentation & Tobacco Machinery	0.1	3.6
Total	4.0	5.4

* Before non-underlying items

Packaging Machinery: Business Overview

- Leading supplier of complex highly automated product handling, cartoning and robotic end-of-line packaging and processing equipment
- Innovative technology tailored for specific niches within the following sectors
 - . nutrition
 - . beverages
 - . healthcare
 - . pharmaceutical
 - . tobacco
- Key supplier to a number of leading FMCG and pharmaceutical multinationals
- Global presence with locations in UK, Netherlands, Canada and Singapore
 - . increasing activity in Asia and South America

Packaging Machinery: Operating Performance

	2015	2014
Sales	£51.0m	£40.5m
Operating profit	£3.9m	£1.8m
Return on sales	7.6%	4.4%

- Sales increased by 26% - supported by strong opening order book at January 2015
 - good progress in pharmaceutical and healthcare sectors
- Significant improvements in margins reflect
 - higher volumes leading to operational efficiencies
 - strategy to standardise machine range
- “Hygienic” variants of standard machines well received by the market
- Softening in market conditions across all regions in H2
- 2016 order book stands at a lower level than the previous year, although order prospects remain positive

Instrumentation & Tobacco Machinery: Business Overview

- Supplier of instrumentation, machinery and aftermarket services, predominantly to the tobacco industry
- Global presence – UK, USA, Brazil, Singapore, Czech Republic, Russia, Egypt, India and China
- Well developed supply chain, with instrumentation assembly in the UK and main manufacturing facility in Czech Republic
- Central product development and logistics functions in the UK
- Customers include multinational, independent and state-owned cigarette manufacturers and non-tobacco FMCG businesses

Instrumentation & Tobacco Machinery: Operating Performance

	2015	2014
Sales	£36.0m	£46.9m
Operating profit*	£0.1m	£3.6m
Operating margin*	0.3%	7.7%

*Before reorganisation costs of £0.4m (Dec 2014: £0.5m)

- Tobacco sector conditions remain tough with continued contraction in capital investment
 - increased competitive pressures, compounded by strength of sterling
- Sales and profitability impacted
- Continued focus on cost control
- Product development initiatives
 - enhanced instrumentation product range to consolidate position as market-leader
 - field trials of Alto (10,000 per minute cigarette maker) successfully completed
 - field trials to commence in H1 2016 of Optima (a cigarette packing machine)
- Acquisition of intellectual property of thermometry measurement equipment for the nutrition sector adds to range of non-tobacco related instruments
- Challenging outlook but division is well placed for the medium-term, with a wider portfolio of products to capture market share

Outlook

- Little sign of an immediate recovery in the tobacco sector, although the order book at the beginning of 2016 for the instrumentation business was strong
- More cautious view of trading conditions for the Packaging Machinery division - although there are significant numbers of prospective projects under discussion
- Significant rise in the statutory levy payable to the Pension Protection Fund expected in 2016
- Focus on growth initiatives, including both organic and acquisitive development, within target market sectors
- Full year trading performance is expected to be significantly weighted towards H2, as in previous years
- Prospects in medium-term remain positive

Supplementary Information

- Taxation and EPS
- Cash Flow
- Working Capital
- Banking Facilities
- Pensions
- Discontinued Operations



Taxation & EPS

Taxation

	2015 £m	2014 £m
Underlying tax charge	0.9	0.9
Tax credit on pension scheme balances	(0.4)	(0.1)
Tax credit on reorganisation costs	(0.2)	(0.2)
Total tax charge	0.3	0.6
<i>Effective rate on underlying profits</i>	<i>24%</i>	<i>17%</i>

Earnings per share

	2015	2014
Underlying EPS	15.1p	22.4p
Profit before non-underlying items	£2.9m	£4.4m
Basic loss per share	(20.9)p	(1.3)p
Loss for the period	£(4.1)m	£(0.3)m
Average number of shares (000's)~	19,575	19,492
Number of shares in issue (000's)	20,172	20,172

~ Average number of shares used for non-diluted EPS calculations excludes shares held by employee trust

Cash Flow

	2015 £m	2014 £m
Underlying operating profit*	4.0	5.4
Depreciation & amortisation	2.6	2.4
Other non-cash items	0.2	0.1
Pension payments (ex. reorganisation)	(1.9)	(1.8)
Working capital movements	0.4	(3.0)
Cash flows generated from operations	5.3	3.1
Reorganisation (inc. pension payments)	(0.4)	(0.5)
Cash used in discontinued operations	(1.2)	(2.1)
Taxation paid	(0.1)	(1.0)
Net cash flows from operating activities	3.6	(0.5)

* From continuing operations and before non-underlying items

	2015 £m	2014 £m
Interest received	0.1	0.2
Capital expenditure (net)	(0.9)	(1.9)
Development expenditure	(1.9)	(3.1)
Purchase of intellectual property	(0.2)	-
Net proceeds on disposal of discontinued operations	0.2	-
Net cash flows from investing activities	(2.7)	(4.8)
Interest paid	(0.3)	(0.3)
Purchase of own shares	(0.1)	(0.1)
Dividends paid	(1.1)	(1.1)
Net cash flows from financing activities	(1.5)	(1.5)
Net cash flows	(0.6)	(6.8)
Opening net (debt)/funds	(2.1)	5.2
Exchange	(0.5)	(0.5)
Closing net debt	(3.2)	(2.1)

Working Capital

	2015 £m	2014 £m
Inventories decrease/(increase)	2.2	(0.6)
Receivables decrease/(increase)	6.4	(1.5)
Payables decrease	(8.1)	(0.7)
Provisions decrease	(0.1)	(0.2)
Net working capital decrease/(increase)	0.4	(3.0)

Banking Facilities

- UK committed borrowing facilities of £13.0m renewed in October 2013, committed to September 2018, secured on the Group's assets
- In addition, ancillary facilities in place to cover Group's bonding, guarantees and foreign exchange requirements

Pensions

		2015 £m	2014 £m
Value of assets	UK	346.9	347.9
	US	14.9	15.4
	Total	361.8	363.3
Net surplus/(deficit)	UK	10.6	(14.1)
	US	(6.6)	(6.5)
	Net before tax	4.0	(20.6)
	Deferred tax	(1.1)	5.4
	Net after tax	2.9	(15.2)

Other operating income	-	0.2
Pension administration costs	(0.9)	(0.9)
Interest cost on pension scheme balances	(0.7)	(0.2)
Net pension charge before tax	(1.6)	(0.9)

- Accounting valuation of the UK scheme improved mainly due to investment income in excess of actuarial assumptions and changes in financial and demographic assumptions
- Funding of UK scheme at £1.8m (+2.1%) per annum (17 year recovery period as from July 2012)
 - triennial funding valuation as at June 2015 commenced
- Pension administration costs are funded by the pension schemes
- Interest cost calculated by applying the discount rate at the beginning of the year to the opening IAS 19 valuation
- Additionally the Company funds a statutory levy paid to the Pension Protection Fund – this is expected to increase significantly in 2016

Discontinued Operations – Arista Laboratories

	2015 £m	2014 £m
Loss from trading activities	(0.9)	(2.0)
Proceeds from disposal	0.3	-
Costs incurred on disposal	(0.4)	-
Loss on disposal of net assets	(3.5)	-
Impairment of goodwill	(1.3)	(1.6)
Loss on discontinued operations	(5.8)	(3.6)
Net decrease in cash and cash equivalents	(1.0)	(2.1)

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