REXAM

2009
Full year results

17 February 2010

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Peter Ellwood

Introduction

- Tough backdrop
- Swift reduction in cost and capex
- Strengthened balance sheet: rights issue and dividend policy
- Management change
- Focus on fundamentals: cost, cash and return on capital

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David Robbie

Financial performance

£m	2009	2008	Reported change	Organic[2] change
Sales	4,866	4,618	5%	(7)%
Operating profit[1]	446	466	(4)%	(17)%
Total net finance cost[1]	(162)	(139)		
Profit before tax[1]	285	328		
Earnings per share[1]	25.4p	31.5p[3]		
Dividend per share	8.0p	18.7p[3]		

1. Underlying excluding exceptional and other items including amortisation of certain intangible assets.
2. Organic change adjusts for impact of acquisitions, disposals and is at constant currency.
3. Restated for rights issue.

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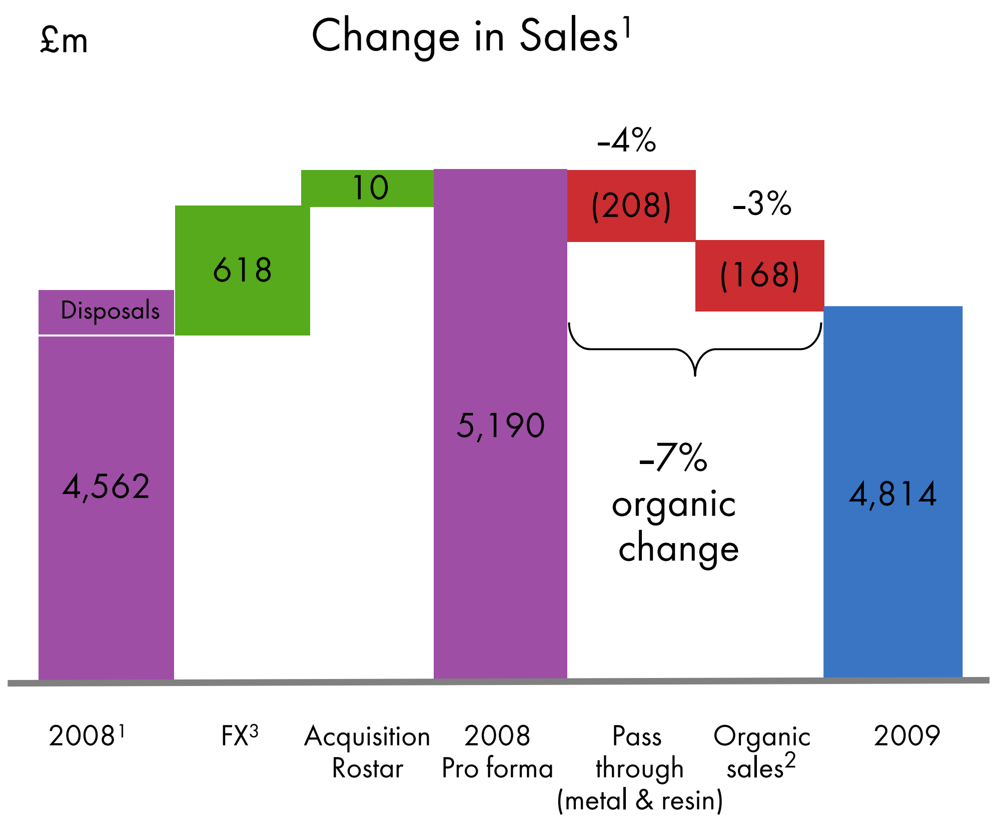
Sales development

- FX benefit primarily USD and Euro
- Pass through £(208)m
  - £140m aluminium
  - £68m resin
- Beverage Cans
  - Organic sales[2] up £6m
  - Growth in South America offset by decline in Russia and European specialty cans
- Plastic Packaging
  - Organic sales[2] down £174m, or 12%
  - Significant volume decline in Personal Care and Closures



1. Excluding disposed businesses (Petainer).
2. Excluding pass through
3. Average FX rate GBP:USD 1.57 (2008: 1.86) and GBP: Euro 1.12 (2008: 1.26)

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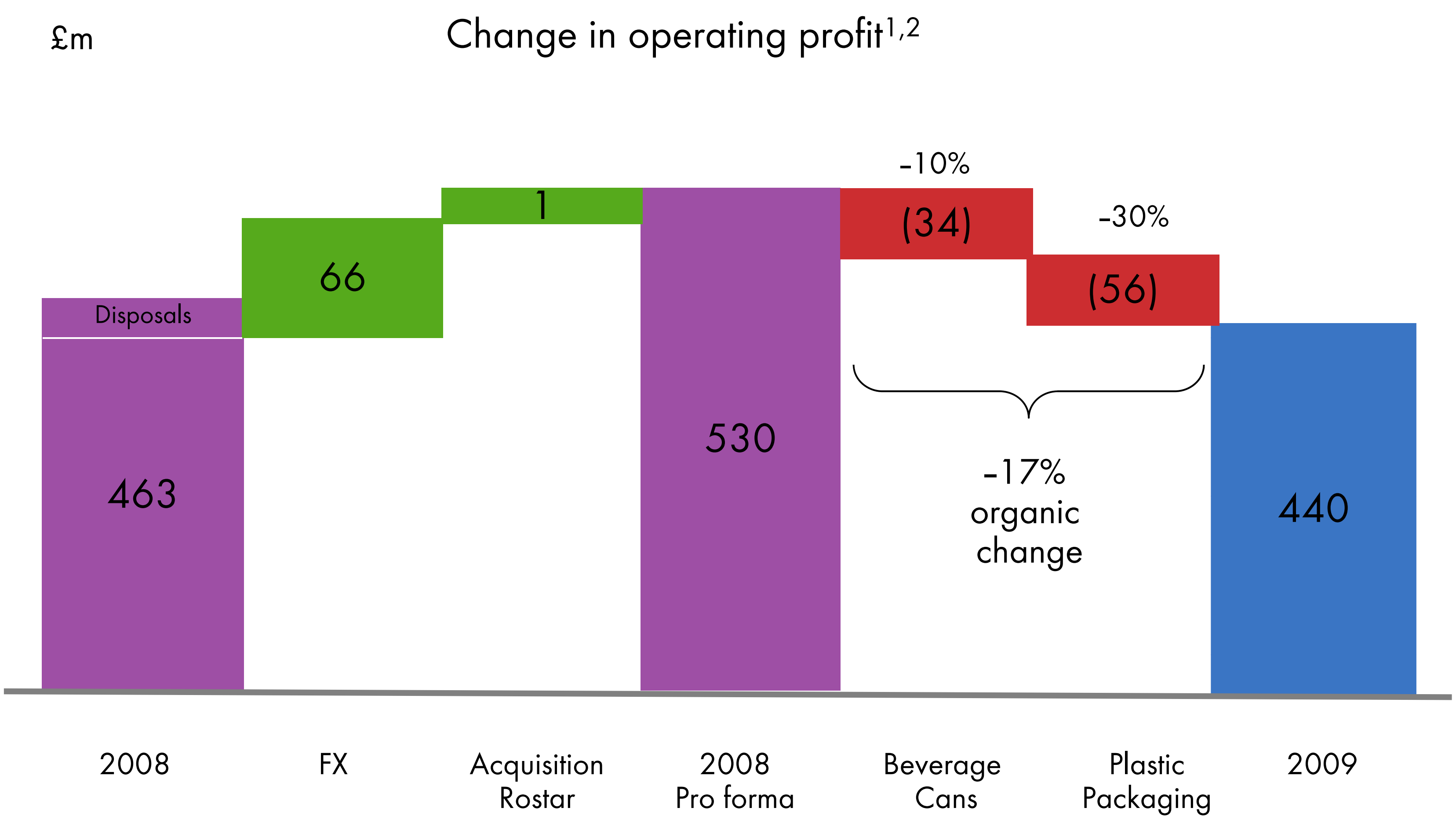
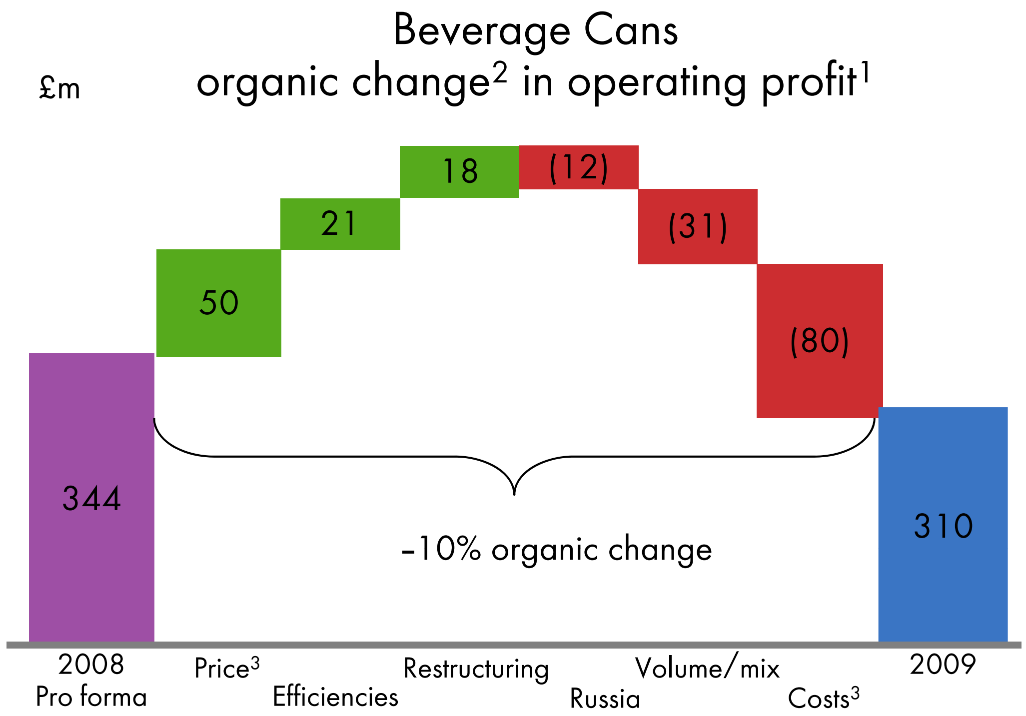
Operating profit development



1. Underlying operating profit excludes exceptional and other items.
2. Excluding disposed businesses (Petainer).

Beverage Cans organic change in operating profit

- Price
  - Good pricing in Europe
  - PPI in North America
- Efficiencies
  - Downgauging, scrap reduction and energy savings
- Restructuring programme savings
  - Benefit of plant closures in North America and Europe
- Russia
  - Volume decline of 26% partially offset b y price increases and transaction FX benefits
- Volume/mix
  - Declining volumes in North America and Europe more than offset continued growth and mix improvement in South America
- Costs
  - Higher metal conversion costs
  - Increased labour and depreciation costs



ROS 9.3% | Margin impact of (60)bps as price and savings are offset by higher costs and lower volumes | ROS 8.7%

1. Underlying operating profit excludes exceptional and other items.
2. All changes exclude Russia, including £2m in efficiencies.
3. Excluding impact of aluminium pass through.

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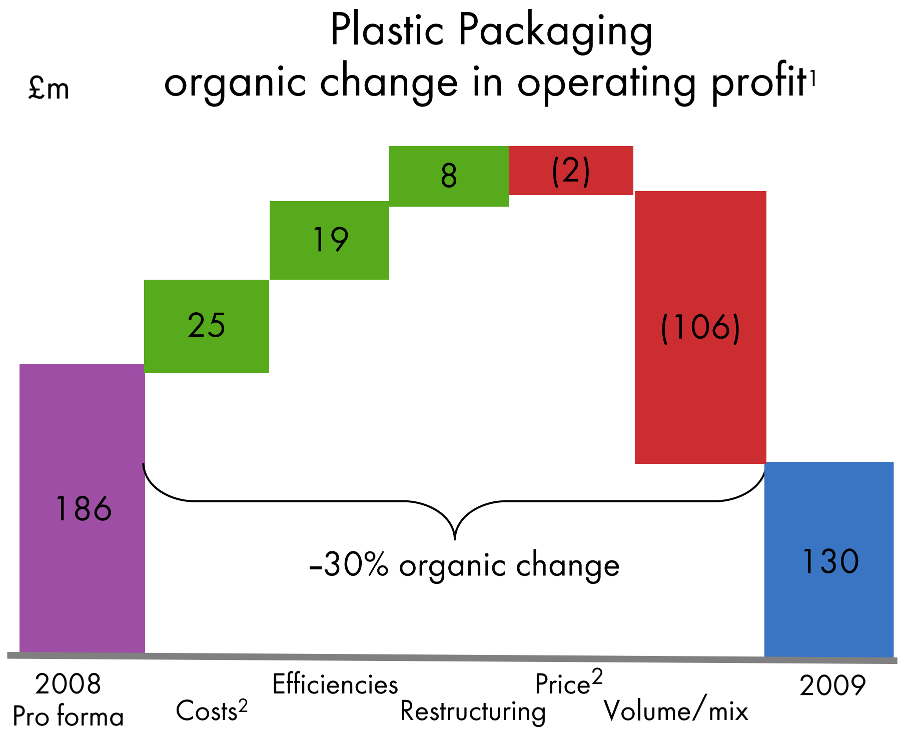
Plastic Packaging organic change in operating profit

- Costs
  - Furlough benefits
  - Supply chain savings including c.£8m in OI Plastics synergies
  - Increased labour costs and depreciation
- Efficiencies
  - Scrap reduction, lower maintenance and increased resin recycling
- Restructuring programme savings
  - Headcount reduction and fixed cost savings effected since May 2009
- Price (excluding pass through)
  - Held, despite significant competitive pricing pressures
- Negative volume and mix
  - Total volume (12)%
    - » Healthcare 2%
    - » Personal Care (22)%
    - » Closures (13)%



ROS 12.5%	Margin impact of (200)bps as lower volumes offset cost savings and efficiencies	ROS 10.5%

1. Underlying operating profit excludes exceptional and other items.
2. Excluding impact of resin pass through.

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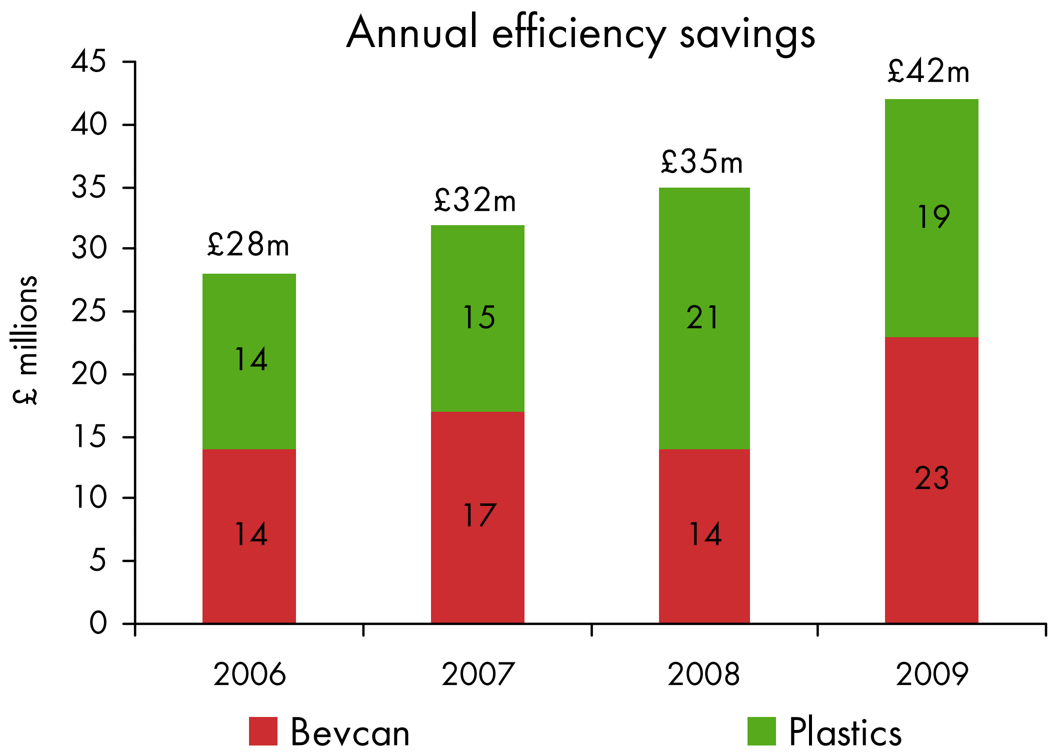
Efficiency savings

- Record efficiency savings of £42m in 2009 significantly above £30m target
- Lean Enterprise and Six Sigma
  - Reduced scrap
  - Energy consumption reduced by 4% in Beverage Cans
- Lightweighting and downgauging



Restructuring programme ahead of plan

- Beverage Can North America plant closures completed in July
  - Two plants and one line closed
  - c.15% of capacity removed
- Beverage Can Europe
  - Dmitrov closed in August
  - Dunkirk closed in December
  - c. 7% of capacity removed
- Plastic Packaging on track
  - Headcount reduced by 1,100 people
  - 2 plants closed; 5 more to come in 2010
  - Total capacity reduced by 5% and headcount lowered by 10%
- Corporate office reorganisation complete
- Additional US Closures plant to be shut

Total annual cost savings

£m	2008	2009	2010	2011	Total
Beverage Can North America	3	12	5		20
Beverage Can Europe		6	14		20
Plastic Packaging I		8	22		30
Corporate office		3	2		5
Previous total	***3***	***29***	***43***		***75***
Plastic Packaging II		-	2	5	7
New total	***3***	***29***	***45***	***5***	***82***

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Profit and Loss account[1]

Interest

- Average 2009 interest rate c.5.6%
- 2010 interest charge expected to be £110m – £115m
  - Remaining drawn debt is largely in bonds

Retirement benefit net finance cost

- Retirement benefit net finance cost £31m
- Expected to be below £20m in 2010
  - Higher expected returns on plan assets
  - Lower discount rates on plan liabilities
  - Offset by impact of higher pension deficit

Tax

- Tax of 30% in 2009 (2008: 31%)
- 2010 expected to be at a similar level to 2009

£m	2009	2008
Beverage Cans	*3,573*	*3,289*
Plastic Packaging	*1,241*	*1,273*
Disposals	*52*	*56*
Total sales	**4,866**	**4,618**
Beverage Cans	*310*	*306*
Plastic Packaging	*130*	*157*
Disposals	*6*	*3*
Underlying operating profit	**446**	**466**
Associates (PAT)	1	1
Net interest	*(131)*	*(132)*
Retirement benefit obligations net finance cost	*(31)*	*(7)*
Net finance cost	(162)	(139)
Underlying PBT	**285**	**328**
Tax	(85)	(102)
Underlying profit after tax	200	226

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1. Underlying excludes exceptional and other items.

Exceptional items

- Additional goodwill write off on Closures £80m in H2 (H1: £113m)
- 2009 restructuring cash cost £36m

£m	2009	H1 2009
Goodwill write off	(196)	(116)
Restructuring of businesses	(108)	(35)
Disposal of businesses	(5)	-
Loss on sale of an associate	(4)	(4)
Exceptional items	(313)	(155)
Amortisation of intangible assets	(45)	(23)
Financing derivative market value changes	14	13
Exceptional and other items	(344)	(165)
Tax	115	57
Total	(229)	(108)

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Retirement benefit liability

- UK position deteriorated by £27m – higher equity values offset by lower discount rate
- UK cash deficit funding in 2010 £10m, and £20m in 2011
- US pension deficit up £164m - lower discount rate and lower bond values
- US cash deficit funding from 2011 estimated at £50m, nil in 2010
- 2009 P&L service charge £25m, and cash outflow £43m
- 2010 P&L service charge c.£27m, and cash outflow c.£47m

£m	As at 31.12.09	As at 31.12.08
UK defined benefit pensions	(11)	16
US defined benefit pensions	(218)	(54)
Other pensions	(56)	(63)
US retiree medical	(111)	(127)
Gross liability	(396)	(228)
Deferred tax	117	58
Net liability	(279)	(170)

Cash flow

£m	2009	2008
Underlying operating profit	446	466
Depreciation and amortisation	227	178
Change in working capital	40	(155)
Capital expenditure (net)	(174)	(383)
Net interest and tax paid	(201)	(183)
Restructuring costs	(36)	(19)
All other movements	(12)	(32)
Free cash flow	290	(128)
Dividends	(79)	(131)
Free cash flow after dividends	211	(259)
Acquisitions and disposals	16	(136)
Rights issue/ share capital changes	334	1
Foreign exchange/other	212	(645)
Total reduction/ (increase)	773	(1,039)
Opening net borrowings	**(2,601)**	**(1,562)**
Closing net borrowings	**(1,828)**	**(2,601)**

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Improved working capital

Beverage Cans

- Lower raw material inventory days driven by optimised purchasing and lower metal cos ts
- WIP & FG inventory days driven by focused reduction of inventory levels in the face of volume uncertainty

Plastic Packaging

- Improved receivables due to a focus on terms
- Lower raw materials inventory due to lower resin costs
- Lower WIP & FG due to optimised inventory management

	Beverage Cans		Plastic Packaging	
Average days	2009	2008	2009	2008
Receivables	41	40	49	55
Payables	(45)	(54)	(51)	(56)
Inventory				
- Raw materials	15	20	32	34
- WIP & FG	29	36	31	37
Total working capital	40	42	61	70

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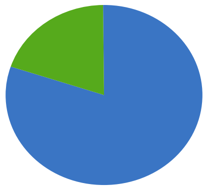
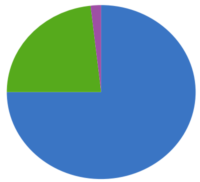
Balance sheet

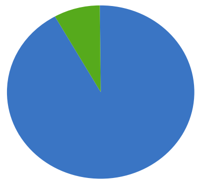
Interest profile



Currency profile



Debt profile



- Net debt £1,828m (2008: £2,601m)
- Total committed facilities of £3bn
- Debt maturing in 2010 already refinanced
  - –Next significant debt maturity in 2012
- P&L interest cover 3.4x (2008: 3.5x)
- Credit Rating:
  - –Standard & Poor's BBB-/ Stable outlook
  - –Moody's Baa3/ Stable outlook

Leverage ratios		
Reported ratio	Net debt	1,828
	EBITDA	673
	Reported net debt/EBITDA	**2.7x**
Covenant ratio	Net debt	1,828
	62.5% of hybrid bond	(391)
	Impact of average FX rates on debt	19
	Adjusted net debt	1,456
	Covenant net debt/ EBITDA	**2.2x**

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Financial summary

- Significantly improved cash flow
- Cost savings coming through ahead of plan
- Balance sheet significantly strengthened
- Strong focus on cost, cash and return on capital

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Graham Chipchase

Rexam overview

- Strong portfolio of well placed, well invested assets
- Renewed focus on operational performance
- Increase return on capital
- Improve shareholder value

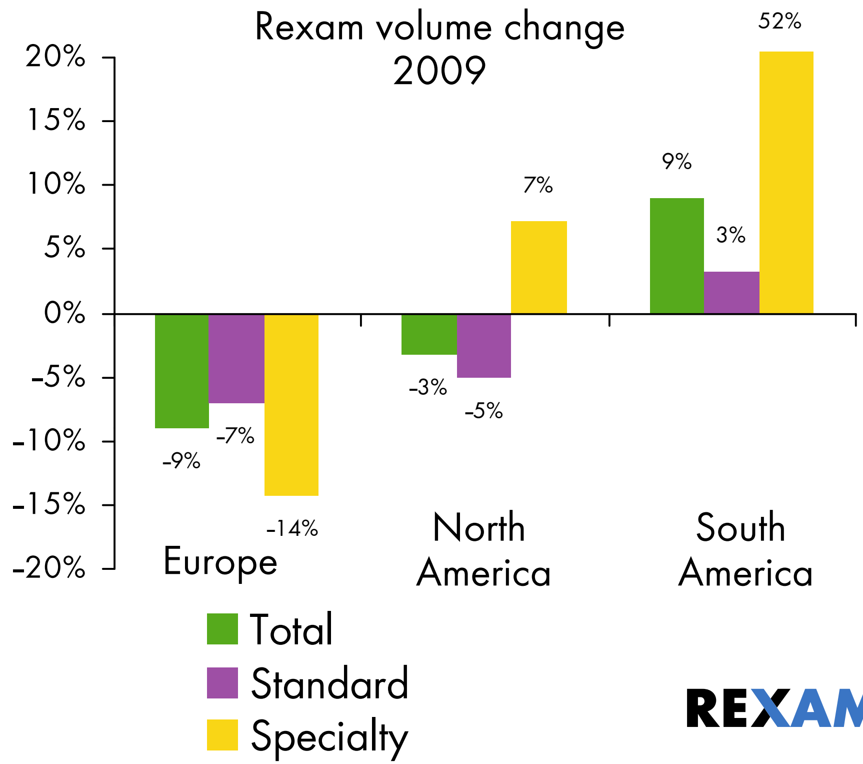
Key management actions in 2009

- Delivered free cash flow of £290m
  - Capex of £184m in 2009
  - Working capital close to £200m better than 2008
- Reduced cost by £96m in 2009
  - Restructuring programme savings of £29m
  - Cost efficiencies of £42m
  - Other net cost savings in Plastics of £25m
- Strengthened balance sheet to reflect trading environment
  - Refinanced debt platform £1.2bn
  - Rights issue £334m

Beverage Cans – varied performance by region

- Europe – weaker than expected
  - Standard cans (ex Russia) broadly flat
  - Continued weakness in specialty cans
  - Russia improved H2 but still challenging; volumes down 26%
- North America – improving
  - Strong growth in specialty cans due to favourable customer mix and category growth in iced teas and energy drinks
  - Standard cans weak as branded CSDs lose share to own label
- South America – maintains growth trajectory
  - Growth supported by favourable macro economic environment
  - Standard cans growth limited by capacity constraints
  - Specialty cans performance driven by new product launches – now 15% of volumes

£m	2009	2008	Rep chg	Org chg
Sales	3,573	3,289	9%	(4)%[2]
Op profit[1]	310	306	1%	(10)%
ROS	8.7%	9.3%		



1. Underlying excludes exceptional and other items.
2. Excluding the impact of pass through, organic change flat.

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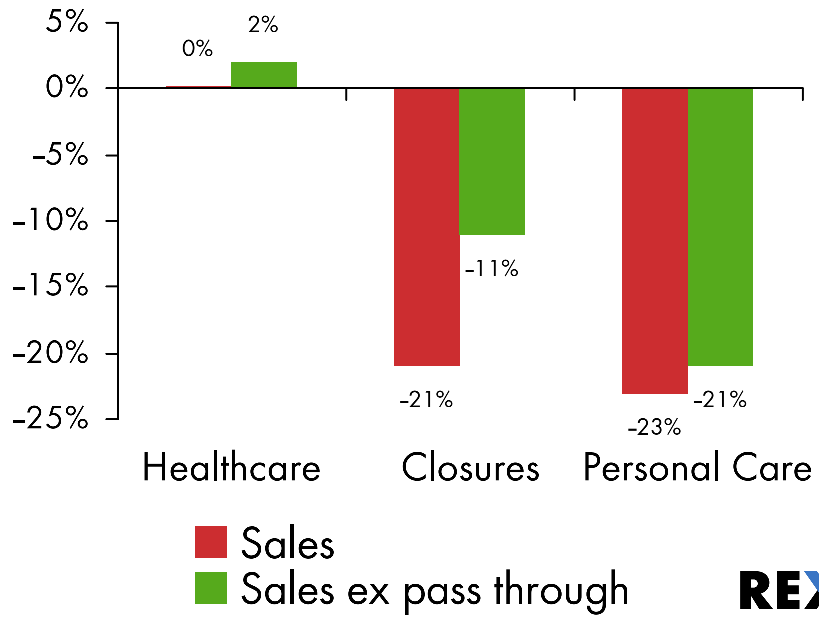
Plastic Packaging – tough environment

- Healthcare
  - Good growth in Pharma
  - Some pricing pressure
  - Strong product pipeline
- Closures
  - More cyclical than expected
  - Continued weakness in beverage closures
  - Additional restructuring planned
  - Improved demand for High Barrier Food containers in H2
- Personal Care
  - Still weak
  - Restructuring programme progressing well
  - Some new product launches in H2

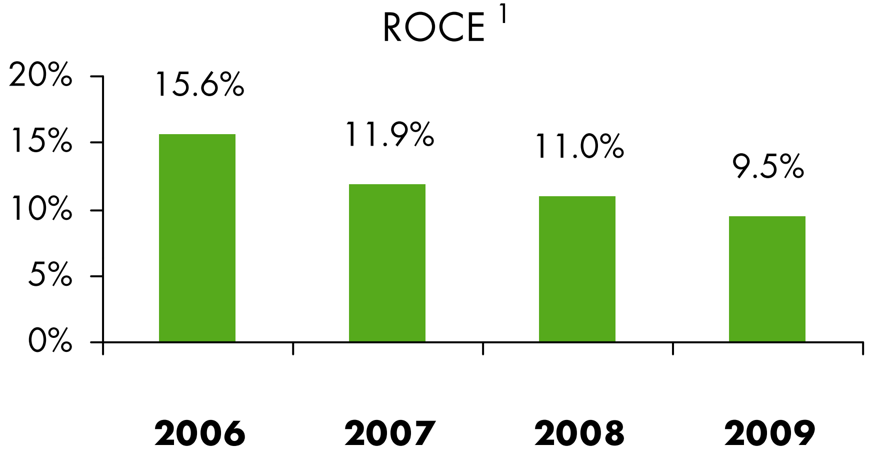
£m	2009	2008	Rep chg	Org chg
Sales	1,241	1,273	(3)%	(16)%[2]
Op profit[1]	130	157	(17)%	(30)%
ROS	10.5%	12.3%		

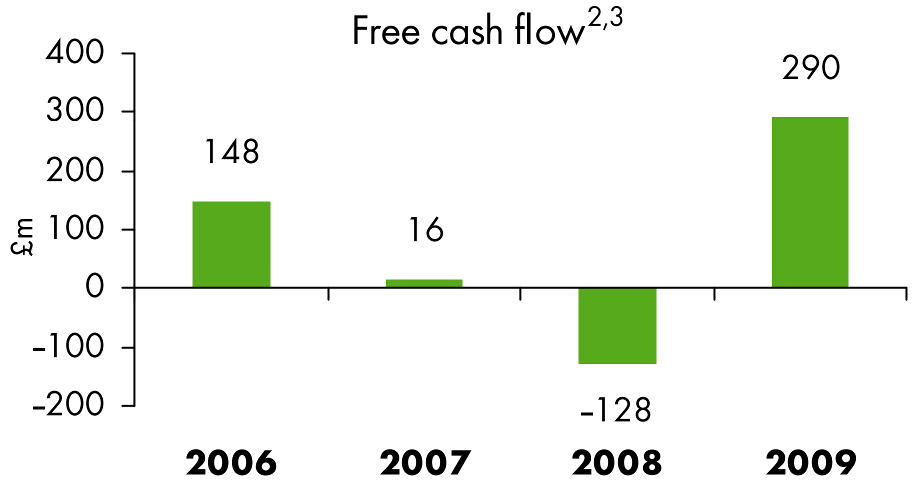
Sales change 2009

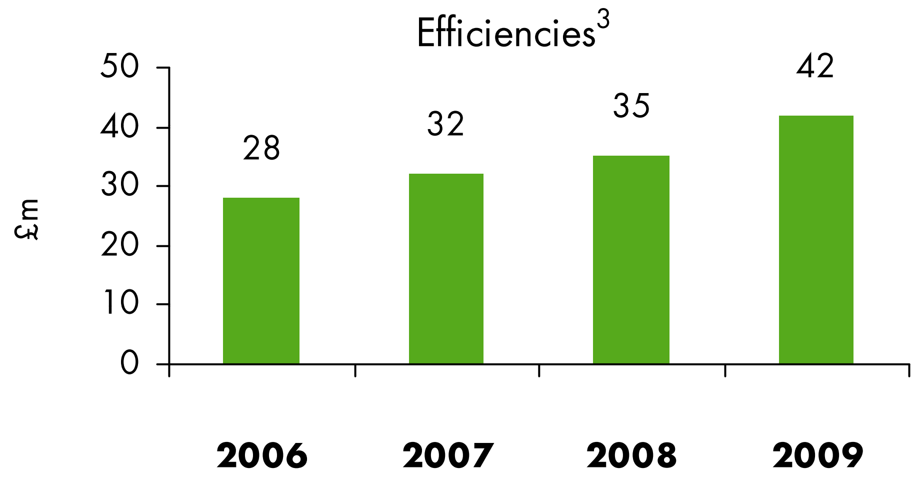


1. Underlying excludes exceptional and other items.
2. Excluding pass through, organic change is (12)%

Focusing on returns







1. ROCE: Underlying operating profit plus share of associates profit after tax divided by the average of opening and closing of shareholders equity after adding back retirement benefit obligations (net of tax) and net borrowings.
2. Before dividends.
3. Continuing operations.

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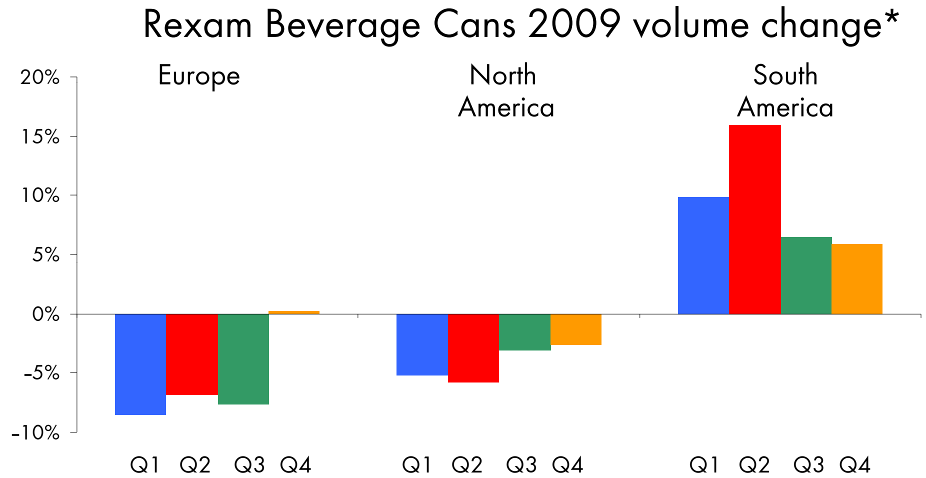
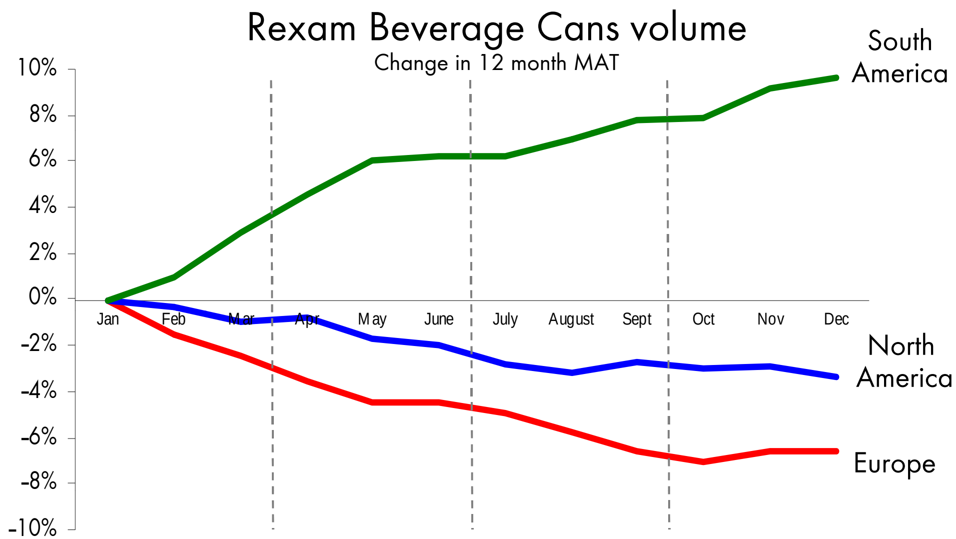
Looking ahead

Beverage Cans outlook

- Europe
  - Stabilising volumes in Q4: trend unclear
  - Summer season and soccer World Cup important variables
  - Russia: impact of duty increase uncertain
  - Specialty cans a possible downside
- North America
  - Improved Q4, with overall volume reverting to long term trend
  - Volumes dependent on promotional activity
  - Specialty cans dependent on consumer confidence
  - Negative PPI in North America
- South America
  - Continued growth in specialty cans
  - Standard cans volumes maximised as full capacity utilisation is reached
  - Uncertainty about effect of elections on economy
  - 2014 World Cup and 2016 Olympic Games underpin long term growth prospects
  - Target for 2010 capex





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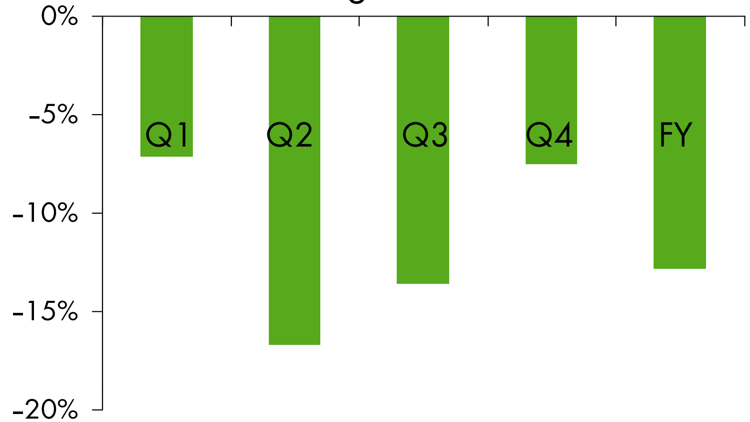
* Adjusted for buy forwards

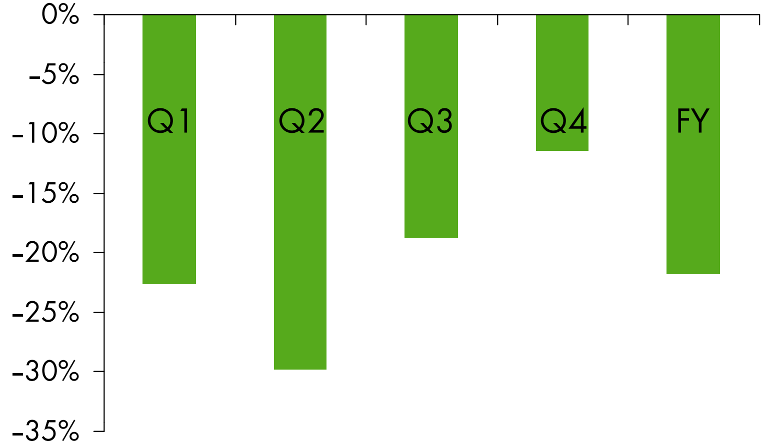
Plastic Packaging outlook

- Healthcare
  - Positive every quarter in 2009
  - Continued resilient performance in Pharma
  - Strong product pipeline
  - Competitive pricing environment
- Closures
  - Q4 still very weak
  - Sustained weakness in CSD and water closures
  - Challenging competitive environment
- Personal Care
  - Q4 still weak but improved growth prospects as new product launches resume
  - Still dependent on consumer confidence

Closures change in 2009 sales*



Personal Care change in 2009 sales*



* Excluding the impact of resin pass through

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Our priorities for a stronger future

Single minded commitment to enhance shareholder value

- Performance
  - Cash, cost and improved return on capital
  - Continued focus on portfolio
- Customers and supplier relationships
  - Delivering value through the whole supply chain
  - Innovation
- Operational excellence
  - Lean Enterprise and Six Sigma
- Building a winning organisation
  - Fostering a culture that drives performance and delivers on our promises
  - Long term incentives aligned on total Group performance

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Key management actions for 2010

- Cash
  - Control capex closely, below £200m
  - Continue to focus on working capital
    - Seasonal outflow in H1
    - Some reversal if volumes improve
- Cost
  - Delivery of the cost savings
  - Continue to drive efficiencies
- Return on capital
  - Improve profitability as volumes stabilise
  - Manage investment tightly – prioritise and rank capex projects
  - Continue to focus on pricing
  - No acquisitions

Summary and outlook

- Strong portfolio of assets
- Forward visibility still low but volumes stabilising
- Renewed focus on cash, cost and return on capital

- We believe that the trading environment will remain challenging in 2010, but as we benefit from the cost saving measures we are taking, overall we expect our performance to improve in 2010

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Q&A

Appendix

Approved and/or planned restructuring costs

£m	2008	2009	2010
North America Beverage Can	(31)	-	-
European Beverage Can	-	(56)	(6)
Plastic Packaging	-	(45)	(18)
Corporate	-	(7)	-
Total P&L charge	(31)	(108)	(24)
Total cash cost phasing[1]	(3)	(36)	(68)[2]

1. Excludes related asset disposal proceeds
2. Includes £4m for Plastics II

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Debt facility profile

	Currency[1]	£m	Expiry
Subordinated bond			
EUR 750m	USD	625	June 2067
Bonds			
EUR 689m	USD	621	March 2013
USD 225m	USD	140	June 2013
USD 550m	USD	342	June 2013
Bank facilities			
Bilaterals	Multi	258	Jul – Dec 2012
RCF – forward start	Multi	647	July 2012
Bilaterals	Multi	221	Feb – July 2011
Bilaterals	GBP	20	Nov 2010
RCF	Multi	128	Nov 2010
Principal committed facilities		3,002	

- Exchange rate at 31 December 2009 GBP/ USD 1.61 and GBP/Euro 1.11

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1. Denominated as swapped currency where appropriate.

Foreign exchange translation benefit

£m	Sales	Operating profit[1]
Euro	142	21
US dollar	468	45
Other currencies	8	-
Total	618	66

- Average US$/£ 1.57 (2008: 1.86)
- Average Euro/£ 1.12 (2008: 1.26)

1. Underlying excludes exceptional and other items.