



Healthcare

Capital Markets Day 2019

Joe Davin

President

Scapa Healthcare

Sayoung Jung

Managing Director,

Global Corporate

Development & Strategy

Agenda for the Day

Scapa Capital Markets Day and Gargrave Site Visit

- Welcome
- Introductory comments
- Scapa Healthcare
- Site Visit
- Q&A
- Departure

Oskar Zahn

Joe Davin & Sayoung Jung

Matt Ellison

All

Scapa Group plc

Company Overview

- Established in 1927
- Trusted strategic outsource partner for global healthcare companies
- Leading supplier of bonding solutions to diversified industrial markets
- Listed on London Stock Exchange
- Approximate Annual Revenue with Scapa Healthcare Gargrave £308m*



HEALTHCARE*



£132m* Revenue
43% of Revenue



8 locations



1000+ employees



*FY19 market consensus

INDUSTRIAL



£176m* Revenue
57% of Revenue



11 locations



640+ employees



Scapa Healthcare

Overview



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Healthcare Agenda

Delivering sustainable profitable growth

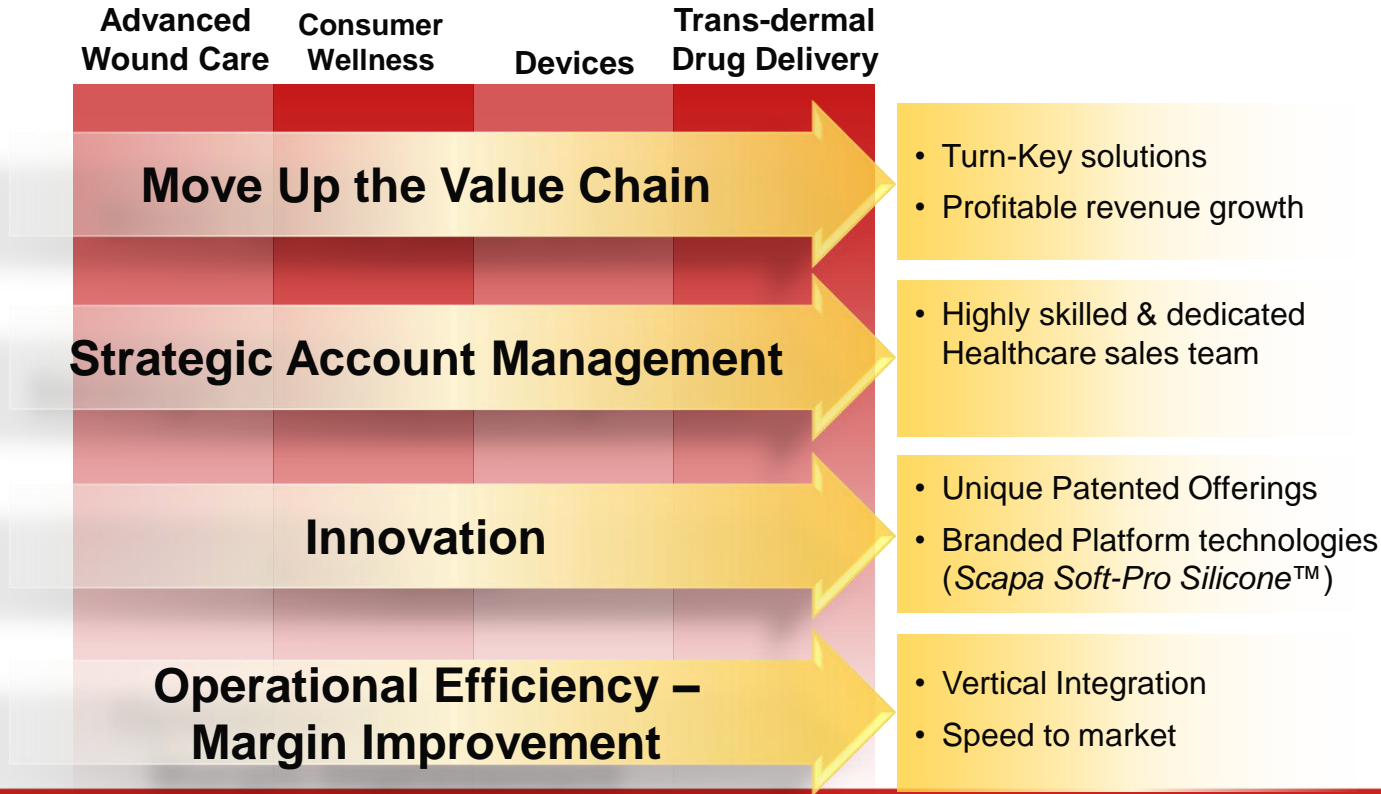
- The Journey
- How we win today
- Healthcare Growth Strategy
- Gargrave Site Capabilities
- Summary
- Site Tour

Healthcare started as a PowerPoint Presentation

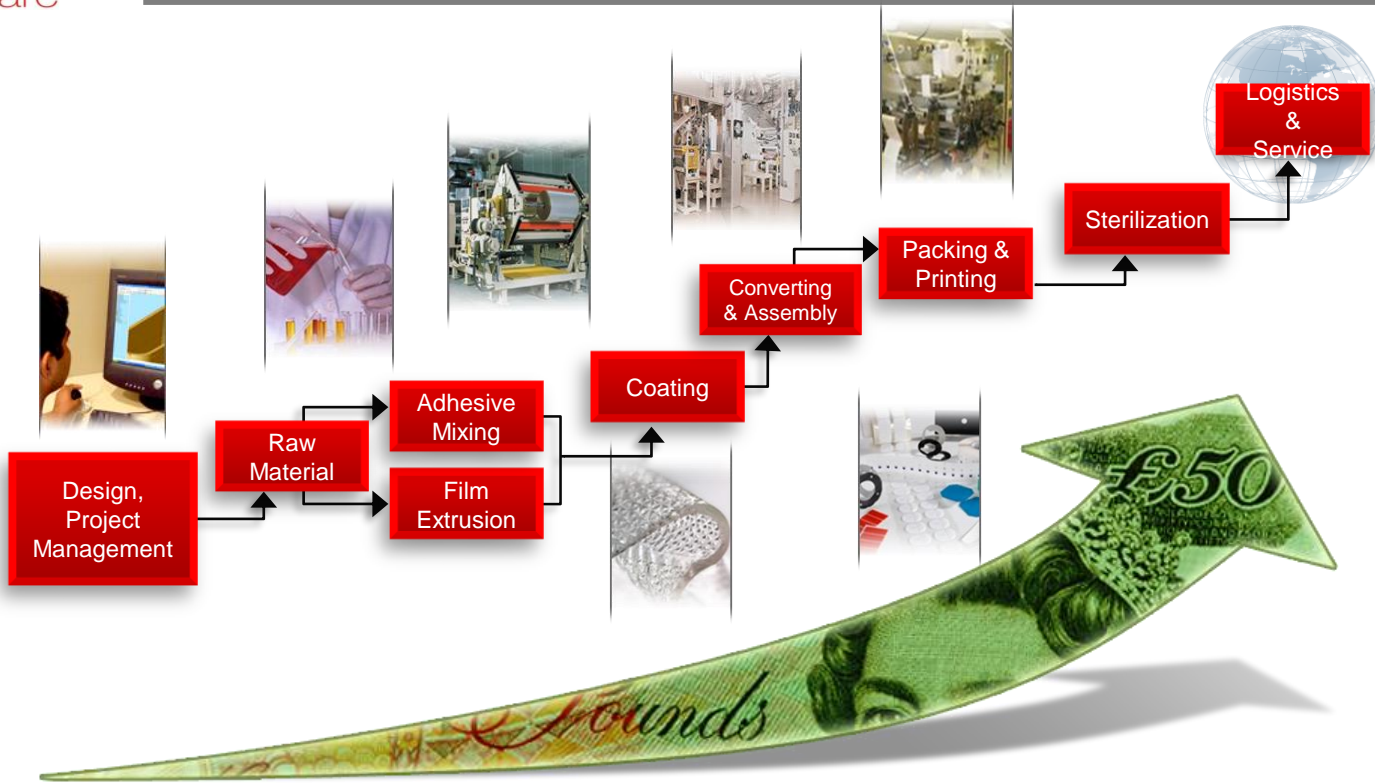
2011



Healthcare



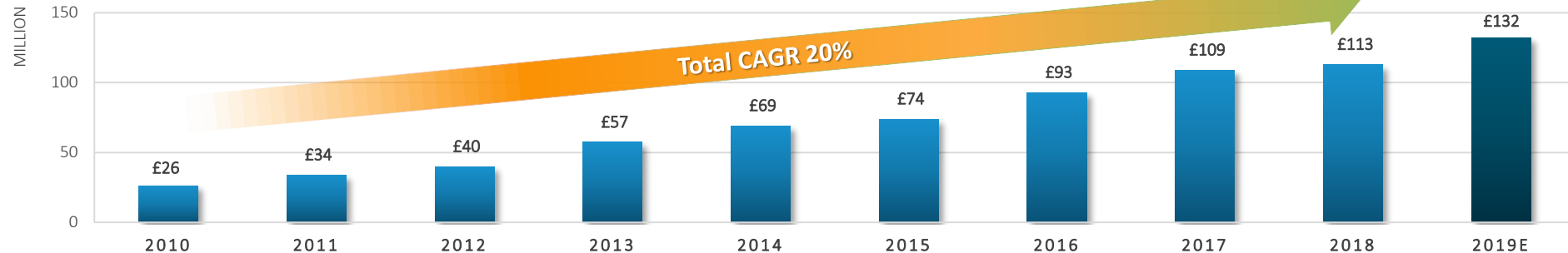
Move Up the Value Chain



Healthcare Started as a PowerPoint Presentation

The Results

REVENUE GROWTH



M E D I C A L

ACQUISITION



ACQUISITION



ACQUISITION



ACQUISITION



2 TECH TRANSFERS

TECH TRANSFERS



Healthcare Gargrave

New COE



Healthcare Knoxville

*We are no longer an Industrial company with a small Healthcare business.
We are a Global Healthcare Company that supports >£500M in finished goods*



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How We Win Today

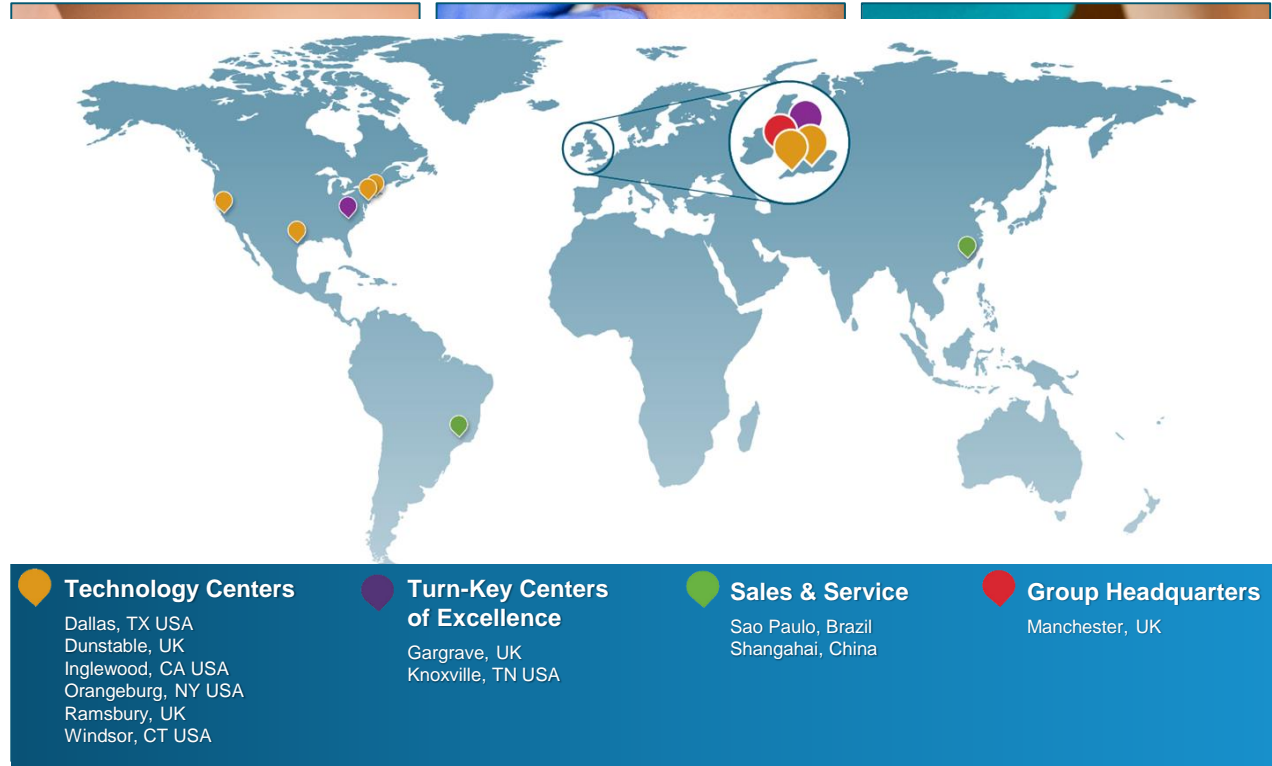


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The Markets We Serve

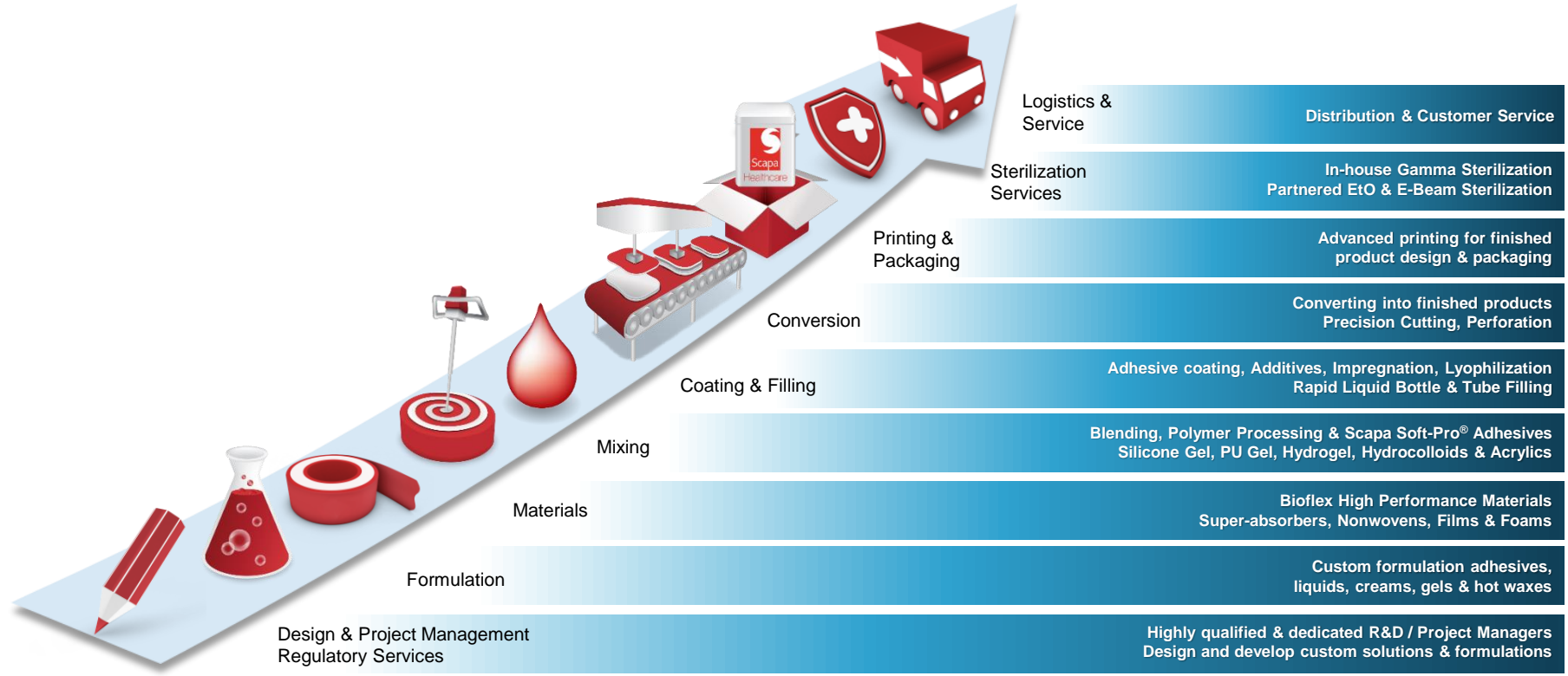
Trusted Strategic Outsource Partner

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



Trusted Strategic Outsource Partner

Our Combined Value Chain with Gargrave & BioMed



Industry Leading Technology Portfolio

Innovative Design Capabilities & Technologies with Gargrave & BioMed



ADVANCED WOUND CARE



CONSUMER WELLNESS



MEDICAL DEVICES

Bioflex Materials

- Films
- Foams
- Nonwovens
- Sponges
- Alginates
- Fabrics

Scapa Soft-Pro[®] Adhesives

- Silicone Gel
- Polyurethane Gel
- Low Trauma Hydrocolloid
- Hydrogel
- Hydrocolloid
- Acrylics

MEDIFIX Solutions[™]

- Short to long-term wear
- Welding (film to housing)
- Unique backing materials

Additives

- Aloe
- Salicylic Acid
- Lidocaine
- Menthol
- Clotrimazole
- Dimethicone
- Zinc Oxide
- Shea butter
- Antimicrobials

Formulation & Filling

- Liquids
- Creams
- Gels
- Lotions
- Powder
- Wax

Finished Products

- First Aid
- Foot Care
- Health & Beauty
- AWC Dressings & Products
- Ostomy Supplies

Outsourcing Trend is Accelerating

Market Dislocation



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MedTech Manufacturing's Inflection Point⁽¹⁾

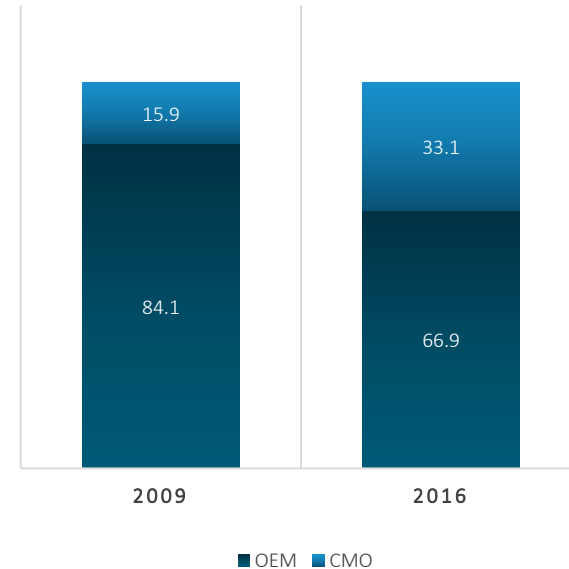
We are well-positioned to partner with OEMs

MEDTECH DILEMMA

- MedTech growth has slowed in recent years:-
 - 2000-2007: 11%
 - 2008-2015: 4%
- Shift to value-based care from fee-for-service has increased pricing pressure
- New market entrants are increasing competition
- Rapid growth and acquisitions has created inefficient and complex manufacturing network
- Most companies' approach to manufacturing is traditional and inefficient according to Boston Consulting Group⁽¹⁾
- MedTech finishes at bottom on several key operating metrics among similar industrial goods companies in the S&P500⁽¹⁾
- Tremendous pressure to re-think effective manufacturing strategy

MEDTECH USE OF CONTRACT MANUFACTURERS HAS GROWN

OVERALL CMO PENETRATION
% OF FDA-REGISTERED MANUFACTURING SITES



⁽¹⁾ Source: BCG Medtech manufacturing analysis, 2017

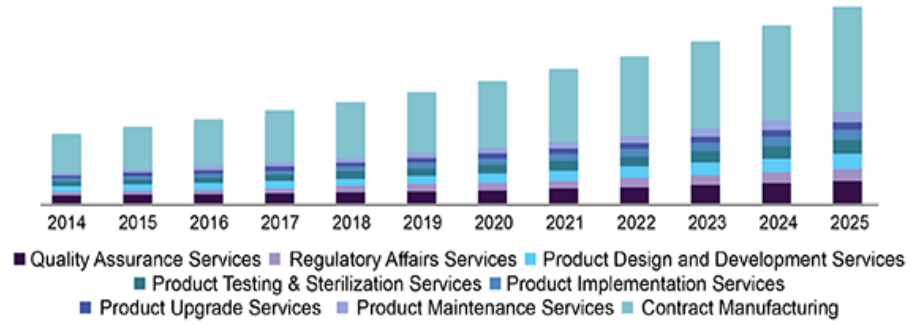
More than Manufacturing

Building a platform to play across the outsourced spectrum

MEDICAL DEVICE OUTSOURCING

- Global medical device outsourcing market was valued at \$85b in 2017 and is expected to grow 11% CAGR from 2018 to 2025
- Whilst manufacturing is a significant portion of the outsourcing activity, OEMs are increasingly relying on trusted partners across a wide range of services

US MD OUTSOURCING MARKETING SIZE BY SERVICE 2014 – 2015 (\$B)



*Gargrave added-value services beyond manufacturing:
Quality Assurance, Regulatory Affairs, Product Design & Development, Product Testing & Sterilization Services*

Source: Grand View Research.



Healthcare Growth Strategy

Deliver sustainable profitable growth



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Growth Strategy

Strategic imperatives

Deliver Targeted Acquisitions & Tech Transfers:

- Significant success including Acelity/Systagenix
- Building the pipeline
- Expands our capabilities

Flawlessly Execute our Customers NPD Programs

- Leverage Gargrave, BioMed & The New Knoxville

Increase breadth and depth of NPD pipeline

Rapid Integration & Margin Improvement:

- Gargrave
- Dunstable consolidation
- New Knoxville site
- Inglewood consolidation

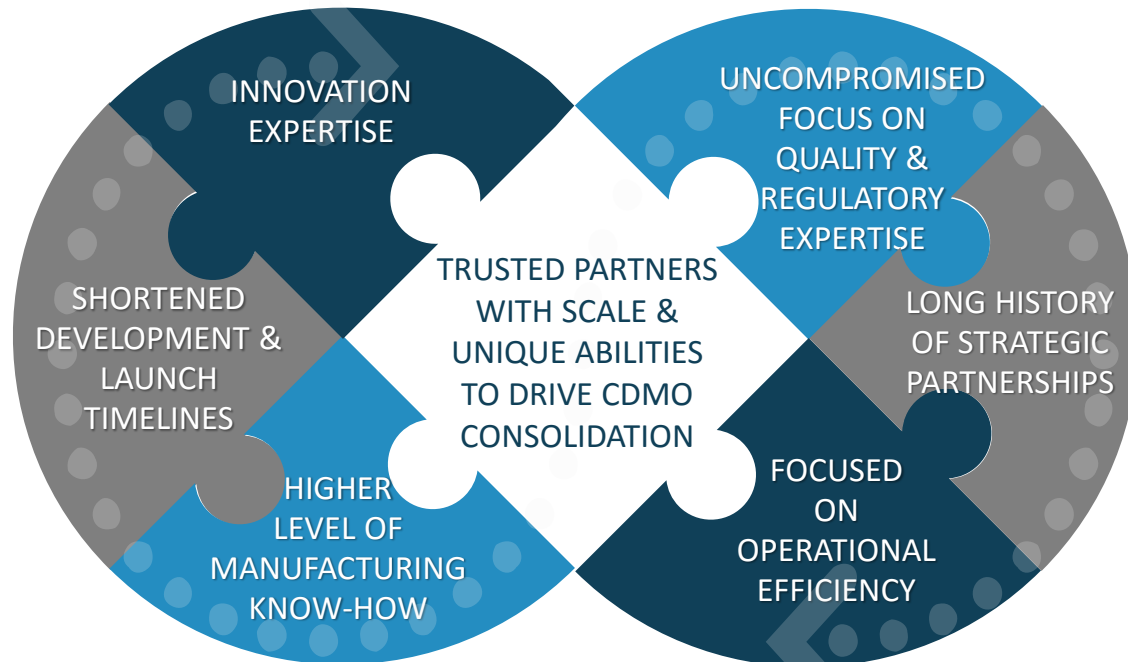
Build a Deep Innovation Pipeline:

- Innovate by leveraging Gargrave, BioMed and acquiring a new platform
- BioMed: validates our ability to move beyond medical adhesives

When you compare where we are today versus where we were ...the opportunities are boundless.....

More than Manufacturing

Trusted Strategic Outsource Partner



Gargrave value-added services: Quality/Regulatory, Product Design & Services, Testing and Sterilization Services, Project Management & Manufacturing

Corporate Business Development

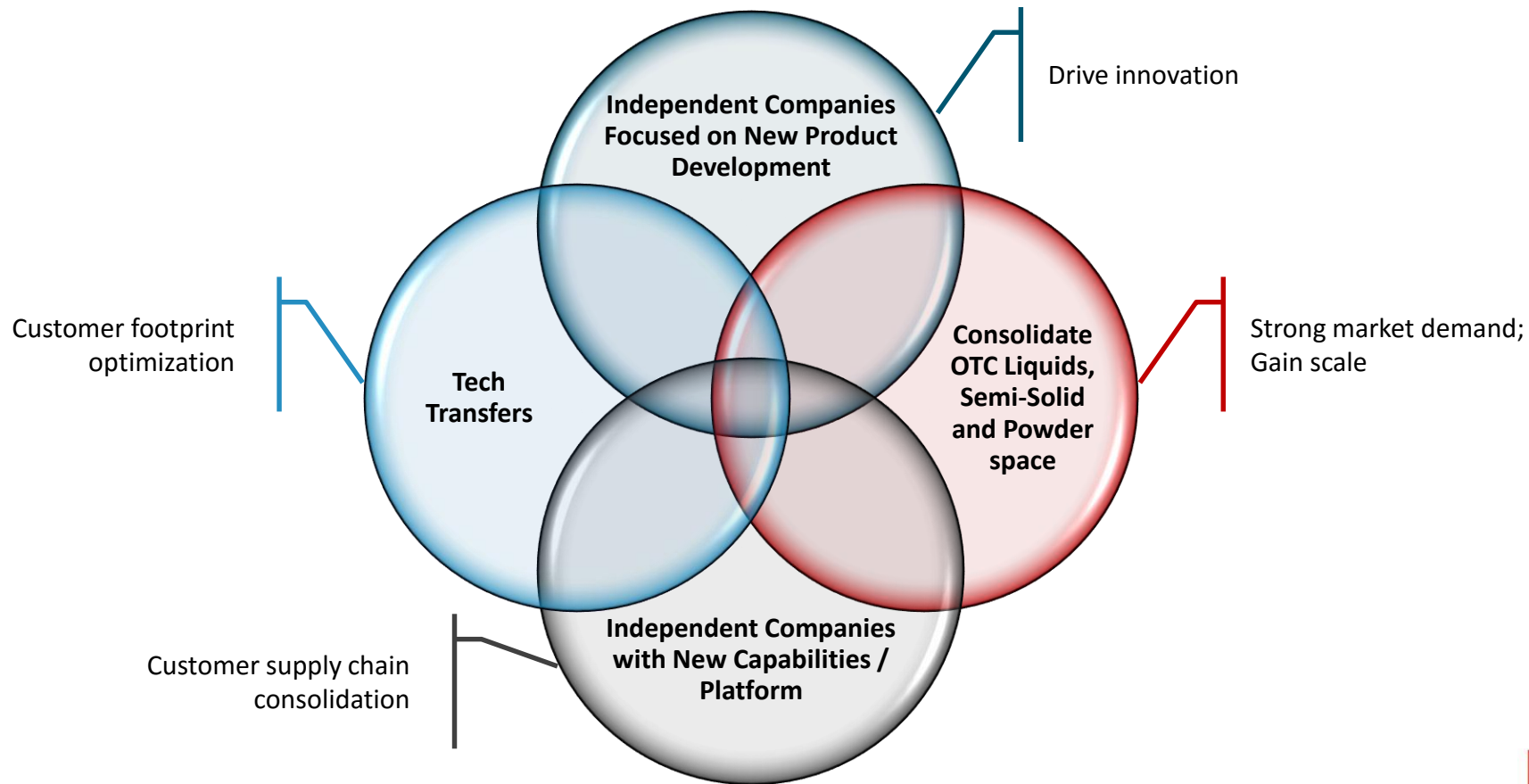
Focused acquisitions and technology transfers



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Multi-Pronged Strategy

Aligned with our Customers



New Platform Considerations

Top Players in Consumer & Medical Device Markets

NEW PLATFORMS

Considered core by customers but not a must have internal manufacturing capability

Single use, disposable

Limited competition

High value relative to cost

CONSUMER

MEDICAL DEVICE



Pharmaceuticals
Vaccines
Consumer Health



Pharmaceuticals
Consumer Health



Pharmaceuticals
Consumer Health
Crop Science
Animal Health



Health
Hygiene
Home



Consumer Skin Care
Tesa



Pharmaceuticals
Medical Devices
Vision
Consumer Health



Cardio
Diabetes
Minimally Invasive
Restorative



CardinalHealth™

Cardio
Orthopedics
Surgery



Cardio
Rhythm and Neuro
Minimally Invasive
Pharma



Personal Health
Diagnosis & Treatment
Connected Care
HealthTech



Cardio
Orthopedics
Surgery



Medical
Life Sciences
Interventional

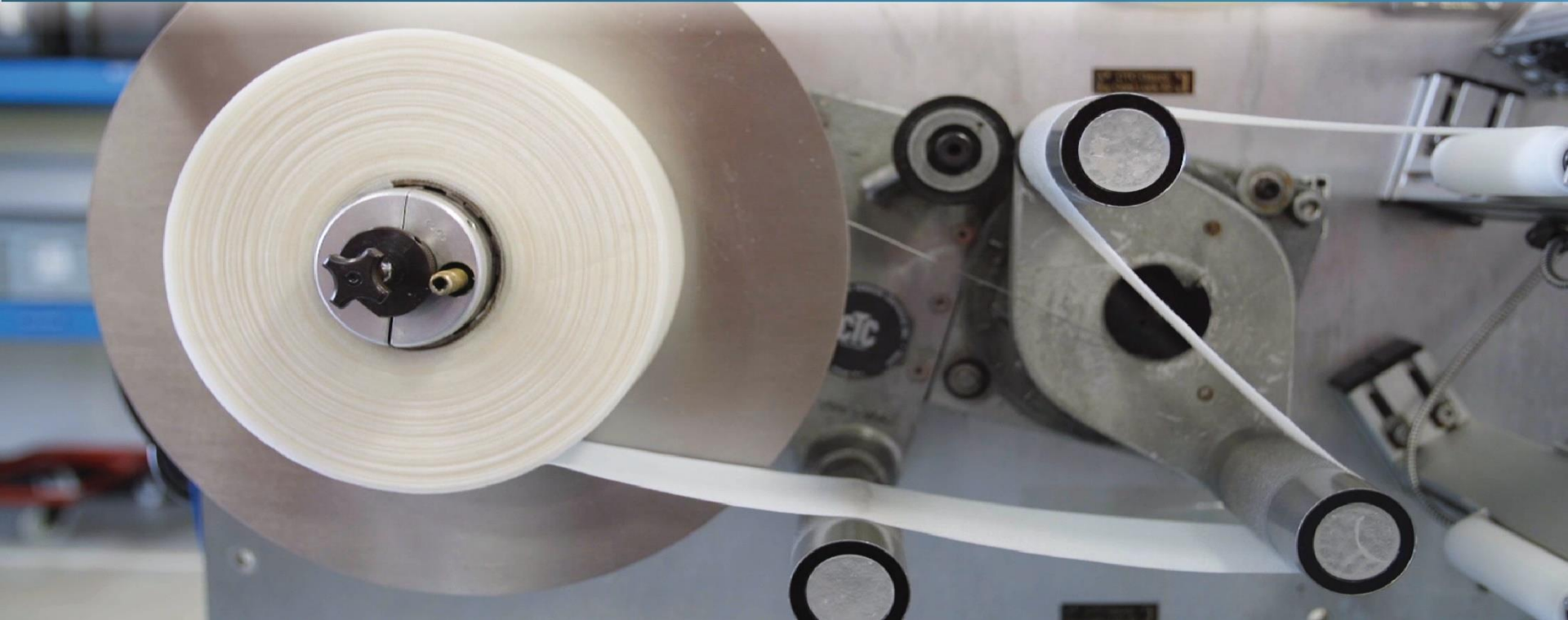


Imaging and mobile diagnostics
Ultrasound
Biologics



Rapid Integration & Margin Improvement

Our operating model



Healthcare Integration Operating Model

Scalable Support Infrastructure



Turn-Key Centers of Excellence

Investing in our manufacturing infrastructure



Knoxville, TN - USA

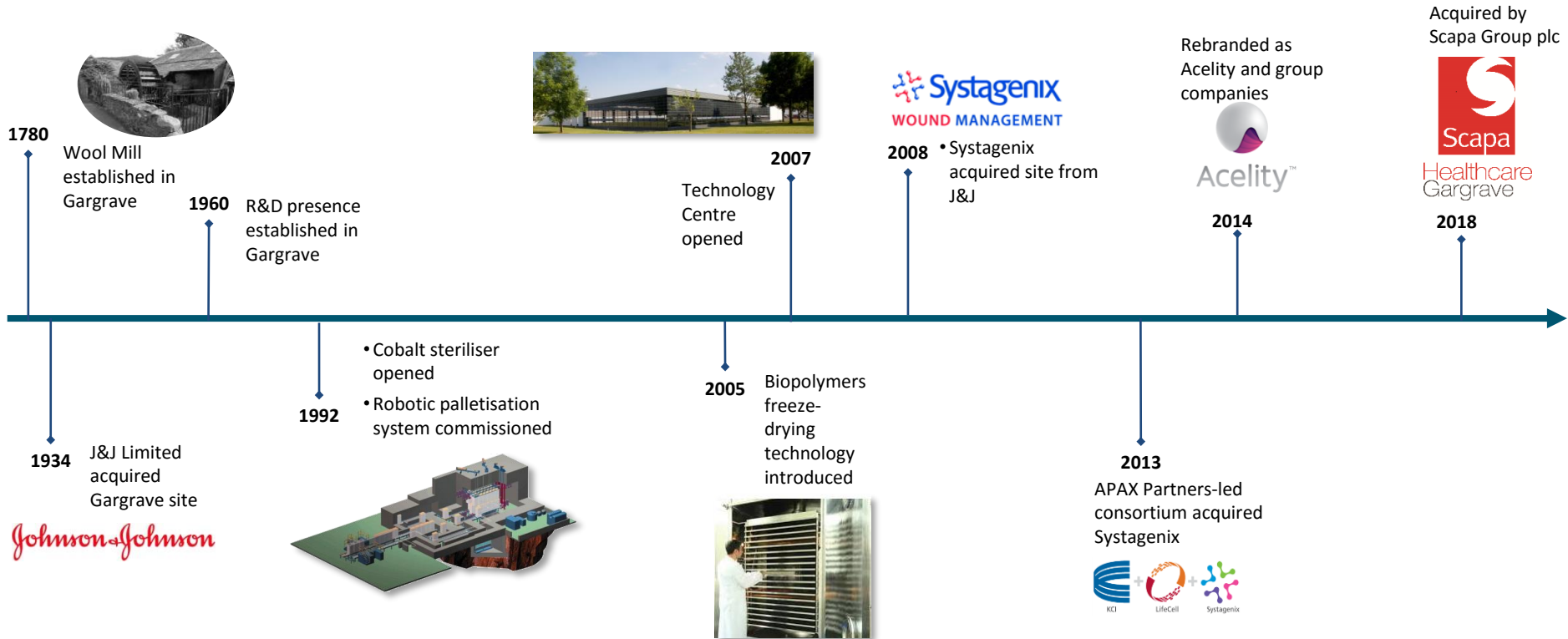


Gargrave, England

Positioning us for future Technology Transfers and NPD projects, delivering profitable sustainable growth

Scapa Healthcare Gargrave: World Class Medical Device Capability

History of innovation



Gargrave Additive Capabilities & Services

European Turn-Key Center of Excellence



- 355 employees
- R&D Talent = 27
 - 5 PhDs
 - 7 Masters Degrees



- 335,000 ft² Manufacturing
- Controlled Environment



- ISO 14001
- ISO 13485
- FDA Registered



USP WATER



CHEMICAL MIXING



RAPID LIQUID FILLING



ACTIVES MILLING



IMPREGNATION



KNITTING



LYPHOLIZATION



MICROBIOLOGY TESTING



GAMMA STERILIZATION

Moving beyond Advanced Wound Care

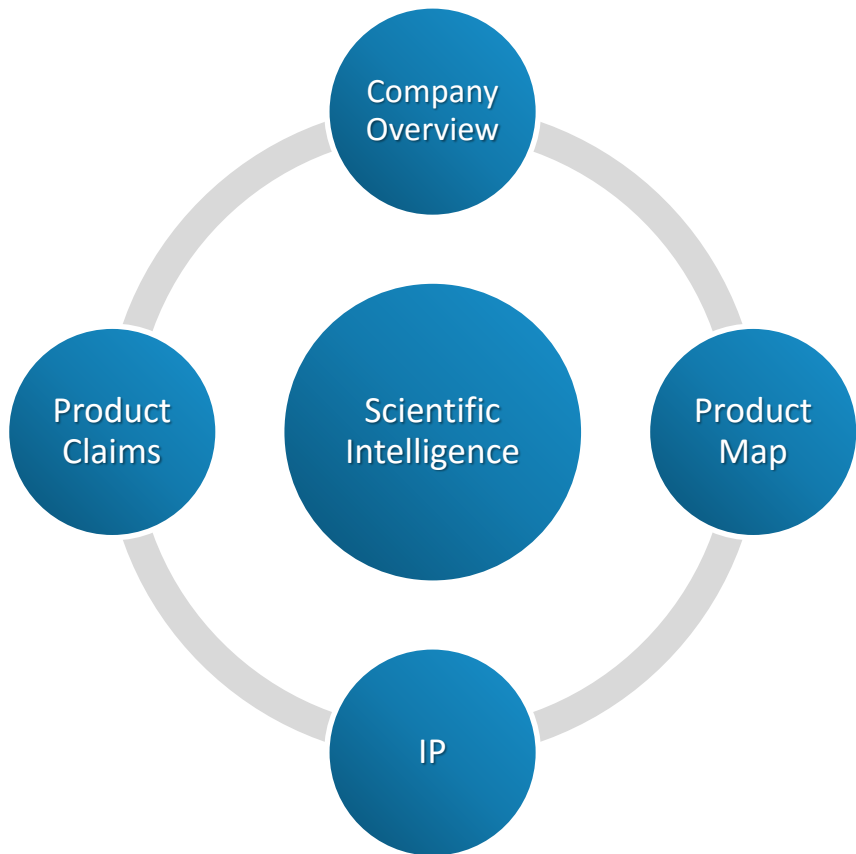
Gargrave Value-Added Services

Highly leveragable by our sales team



Customer Innovation Strategy

Helping our customers win - generation of an early concept pipeline



Market Insight

Technology Assessment

Customer Status:
Potential

Technology Assessment

Name of technology platform

Description
This technology is a dressing that removes bacteria using physical mode of action without chemical ingredients

Indications / End-User Applications
AWD where microbes hinder wound healing.

Technology
*This technology is structured with the following properties
The resulting dressing has the following properties
Details about what the technology can and cannot provide in an advanced wound dressing*

Sizes and Shapes
Range of sizes and formats are available

- Dressing pads
- Swabs
- Gauze
- Round swabs
- Tubed gel

Product Claims

- No bacterial resistance
- No risk of skin irritation
- No cytotoxicity
- No bacterial endotoxin release
- No contraindications

Trusted Strategic Outsource Partner

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Customer Intelligence

Managing Our Customers Product Life Cycle

Deliver Rapid Speed to Market

- Strategic marketing input
- Identify unmet needs

• **Experienced R&D and Regulatory teams**

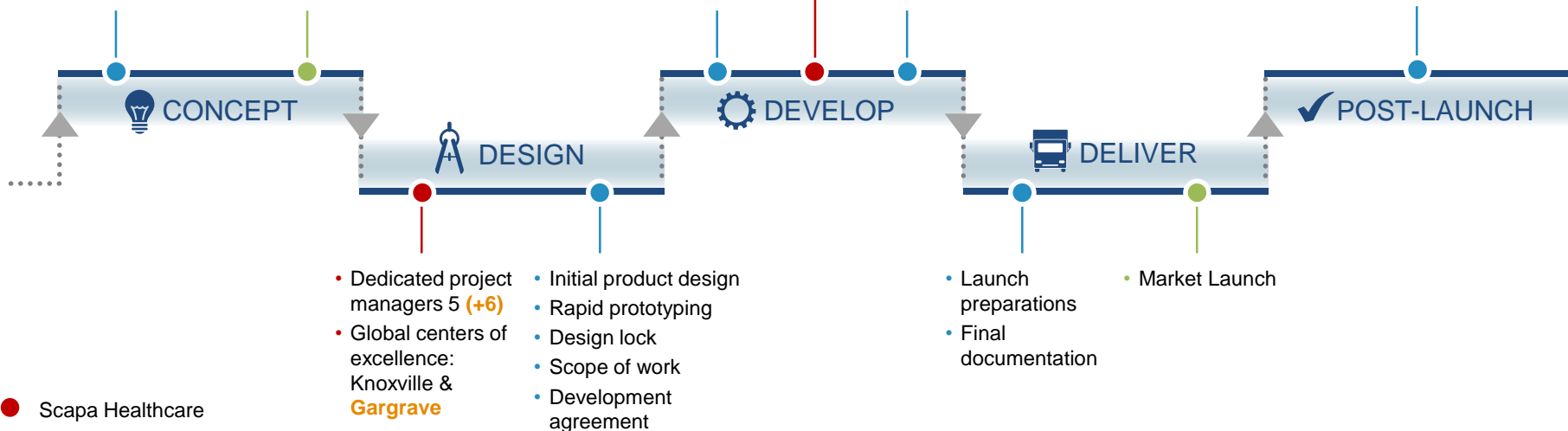
• Define cost, price, value (CPV)

- Ensure manufacturability
- Verify manufacturing costs

• Verify design
• **Validation & Lab Services**

• Finalize commercial agreement

- Monitor performance
- Requirements for new variants



- Dedicated project managers 5 (+6)
- Global centers of excellence: Knoxville & **Gargrave**

- Initial product design
- Rapid prototyping
- Design lock
- Scope of work
- Development agreement

- Launch preparations
- Final documentation

• Market Launch

- Scapa Healthcare
- Partner
- Partnered

Additive with Gargrave & BioMed

In-House Gamma Sterilisation Services

Strengthens value chain and speed to market

- Medical devices & pharmaceutical products
- BSI accredited to ISO 1113
- Validation & sterilization assurance services
- Over 25 years of operational and technical expertise
- Supported by in-house microbiology team



Quality & Regulatory Services

Expands services offering

- Full support in the design, development and manufacturing of medical devices
- EU Class I, IIa, IIb, III products.
- Services provided:
 - EU CE Technical Files & Design Dossiers
 - Global Market Registration Support
 - Post Market Surveillance
- Experience with over 90 markets globally



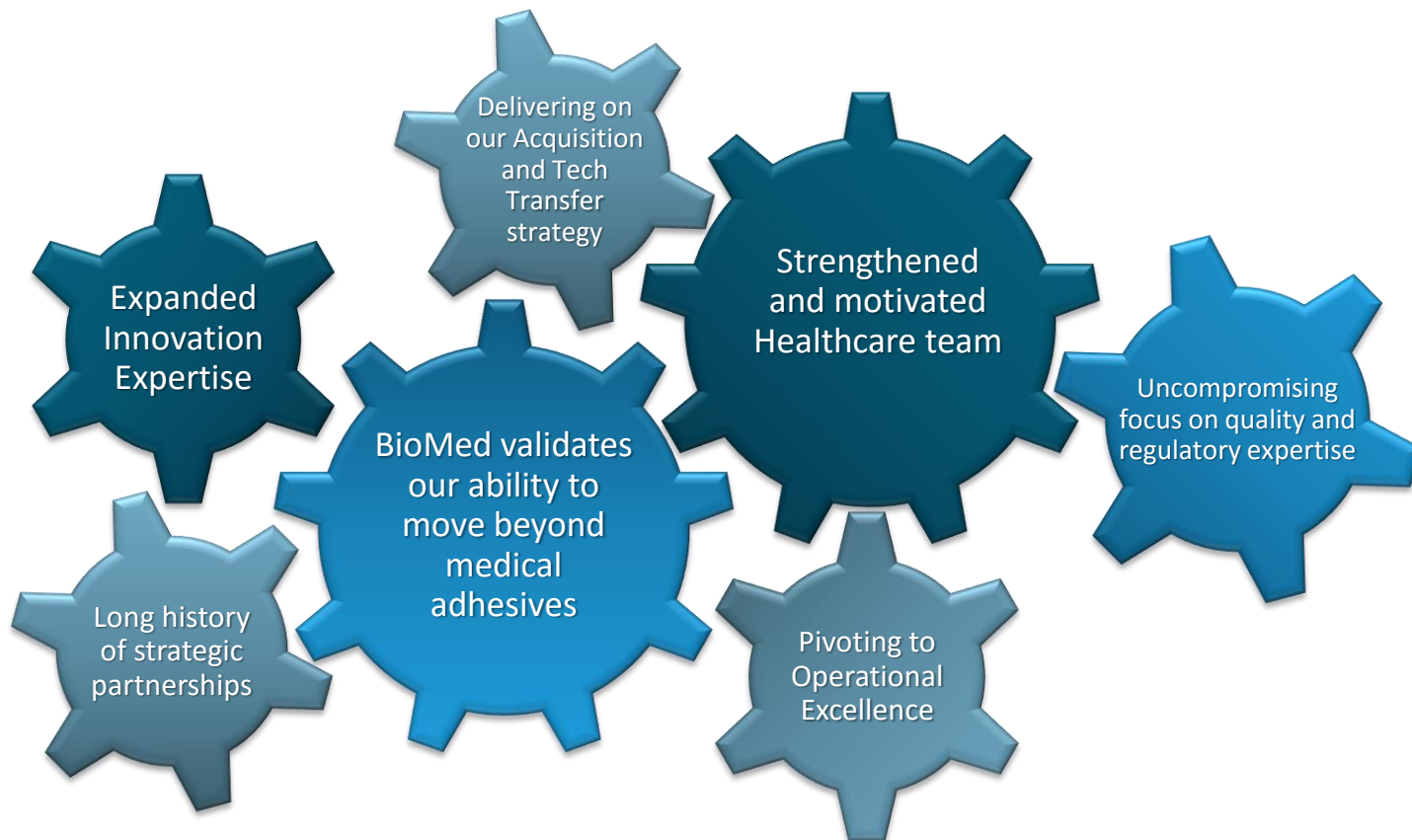
Future Outlook

Summary



Summary

Deliver Sustainable Profitable Growth





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*When you compare where we are
today versus where we were ...*

... the opportunities are boundless



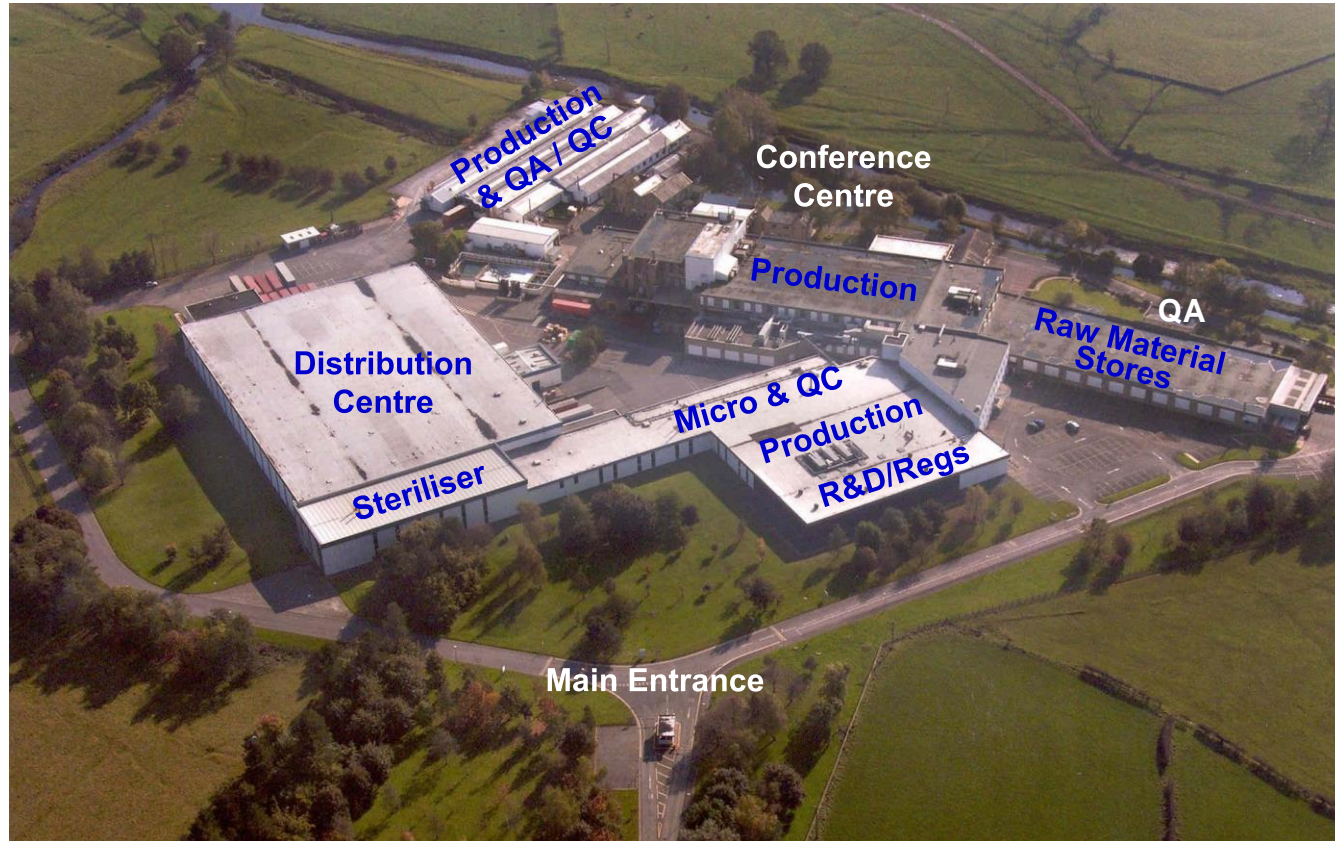
Gargrave Site Tour

Matt Ellison



Facility Overview

All functional disciplines represented on site



Tour Schedule

What you will see



R&D, Regulatory and Laboratories



Advanced Wound Care



Medical Foam Suite



Silicone Coating Facility



Lyophilization Facility



Conversion and Capacity Expansion Footprint



Overview of Sterilization and Microbiology

14% of Facility Footprint



Strong Vertically Integrated Supply Chain



Significant Scalability and Expansion Opportunities



Recent Major Investment

Growth Leveragability with a 'C.A.N. do' culture

Core	Existing turnkey offering to new customers
Adjacencies	Current products in new spaces e.g. Consumer, OTC
New	Experience and heritage of developing game-changing, innovative technologies

Health and Safety

Safety Rules for Visitors

- No smoking facility
- Controlled Manufacturing Environment Protocols
 - Throughout the tour, personal protective equipment will be explained and provided
 - Please do not touch product without the proper personal protective equipment
- Two-stage fire drill
 - **Intermittent siren** Be ready to evacuate
 - **Continuous siren** Evacuate by nearest fire exit to assembly point
- In case of evacuation, your host will escort you to the appropriate assembly point
- Please stay within marked walkways

Tour Group ●
Lead: Matt Ellison
Site Director

Tour Group ●
Lead: Rob Goodwin
Manufacturing Mgr.

5 minute departure lag

Tour Group ●
Lead: Ian Teet
Eng. & Facilities Dir.

Tour Group ●
Lead: Philip Hadfield
Manufacturing Mgr.



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