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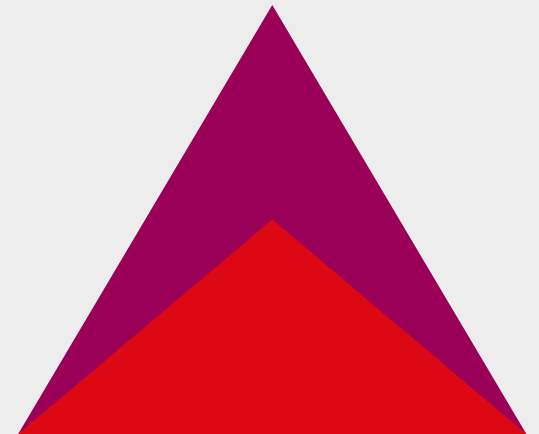
ESSENTRA

# INVESTOR PRESENTATION

Full Year 2013 Results

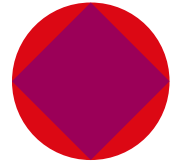
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20 FEBRUARY 2014



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# AGENDA



1. Operational Review - Colin Day
2. Financial Review - Matthew Gregory
3. Vision 2015 Update & 2014 Outlook - Colin Day

# OPERATIONAL REVIEW

Colin Day  
Chief Executive

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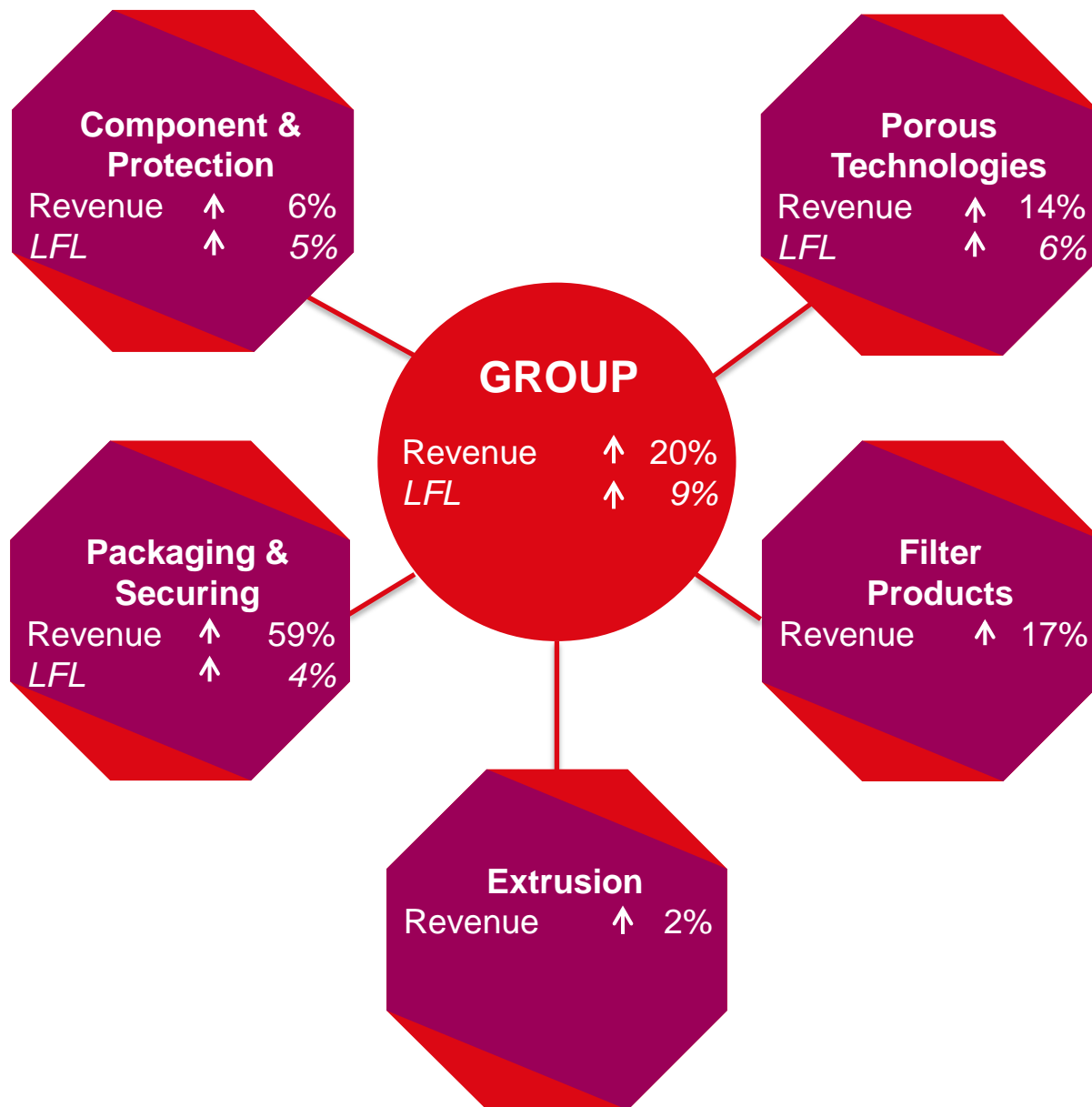
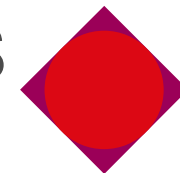
# FY 2013: SUMMARY



- Revenue growth across all operating divisions
- Operational initiatives & synergy savings → operating margin uplift
- Further improvements in net working capital ratio and tax rate
- Full year dividend per share increased by 23% to 15.4p
- Successful completion of four value-adding acquisitions & re-branding to Essentra plc
- Further investment and organisational change to support future growth opportunities
- Well-positioned to deliver further balanced growth in 2014

**Continued delivery of Vision 2015 objectives**

# REVENUE GROWTH ACROSS ALL DIVISIONS

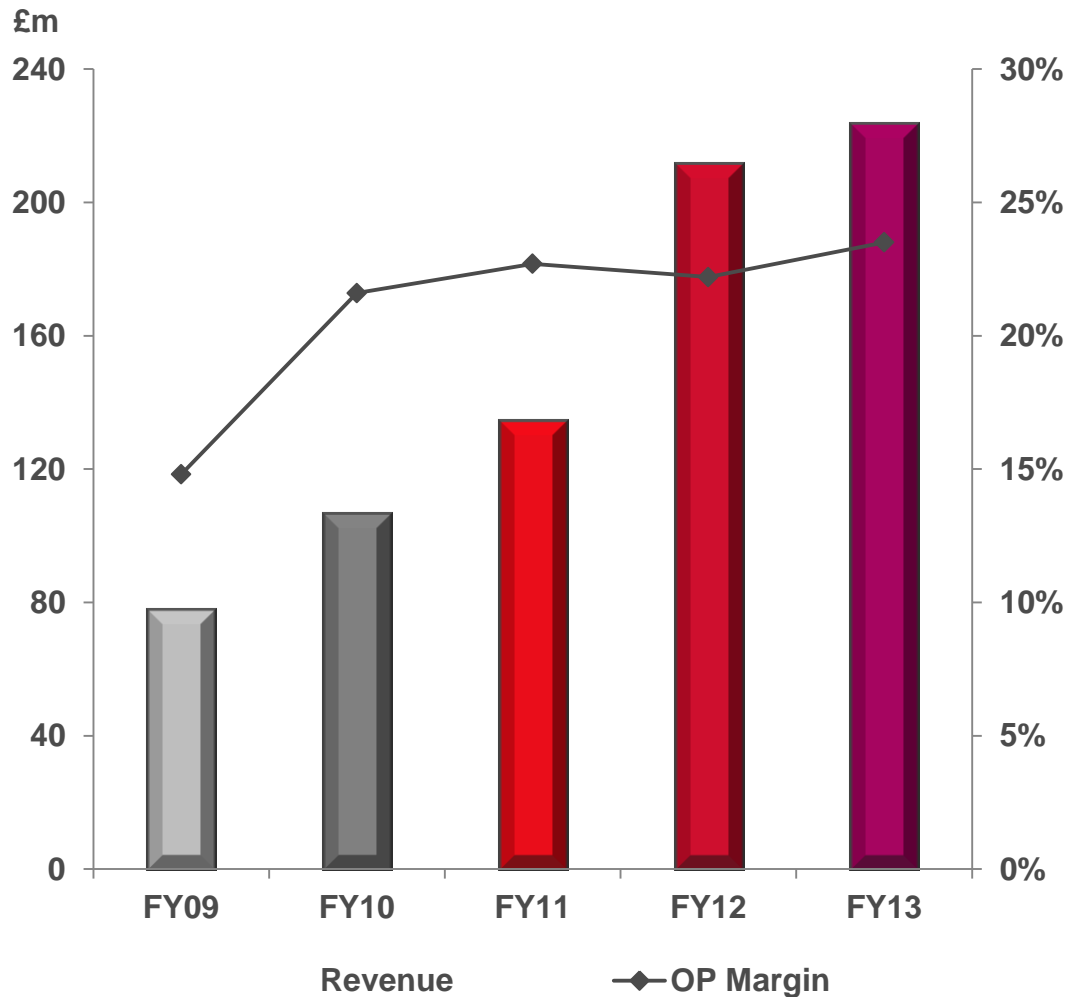


Notes:

At constant exchange rates

Operating profit and margin are adjusted to exclude intangible amortisation and exceptional operating items

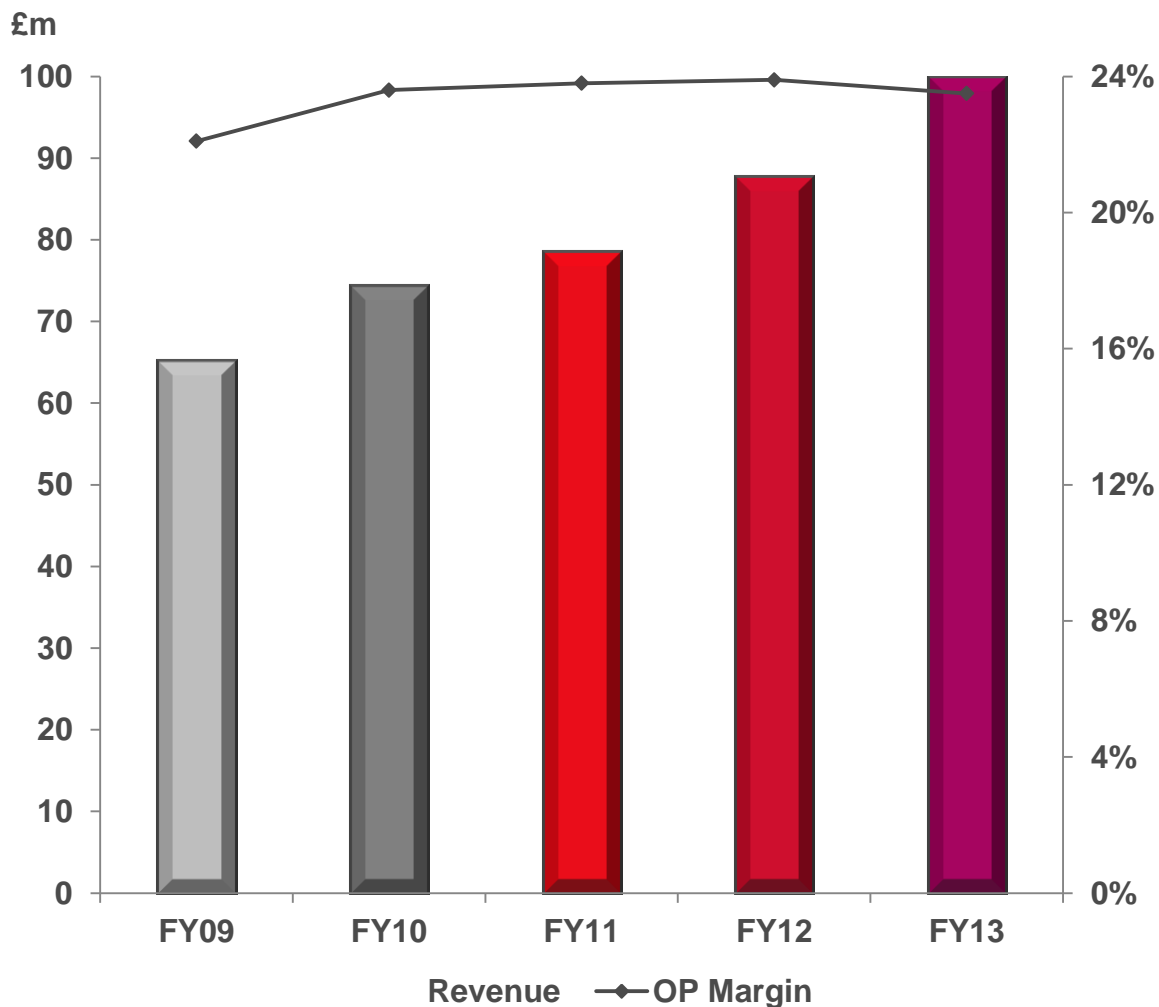
# COMPONENT & PROTECTION SOLUTIONS



- Balanced revenue growth in Components and PPT
- Improved marketing effectiveness and continued range development
  - Additional 5,000 products introduced
  - First consolidated catalogues launched
- Benefit from new site openings:
  - Memphis & Greensboro, US
  - Market entry into Mexico
- Better market backdrop, customer wins and product development in PPT
- Synergy delivery and ongoing operating & process efficiencies
- Successful completion of Ulinco Components and Mesan acquisitions

Note:  
At constant exchange rates, and adjusted to exclude intangible amortisation and exceptional operating items

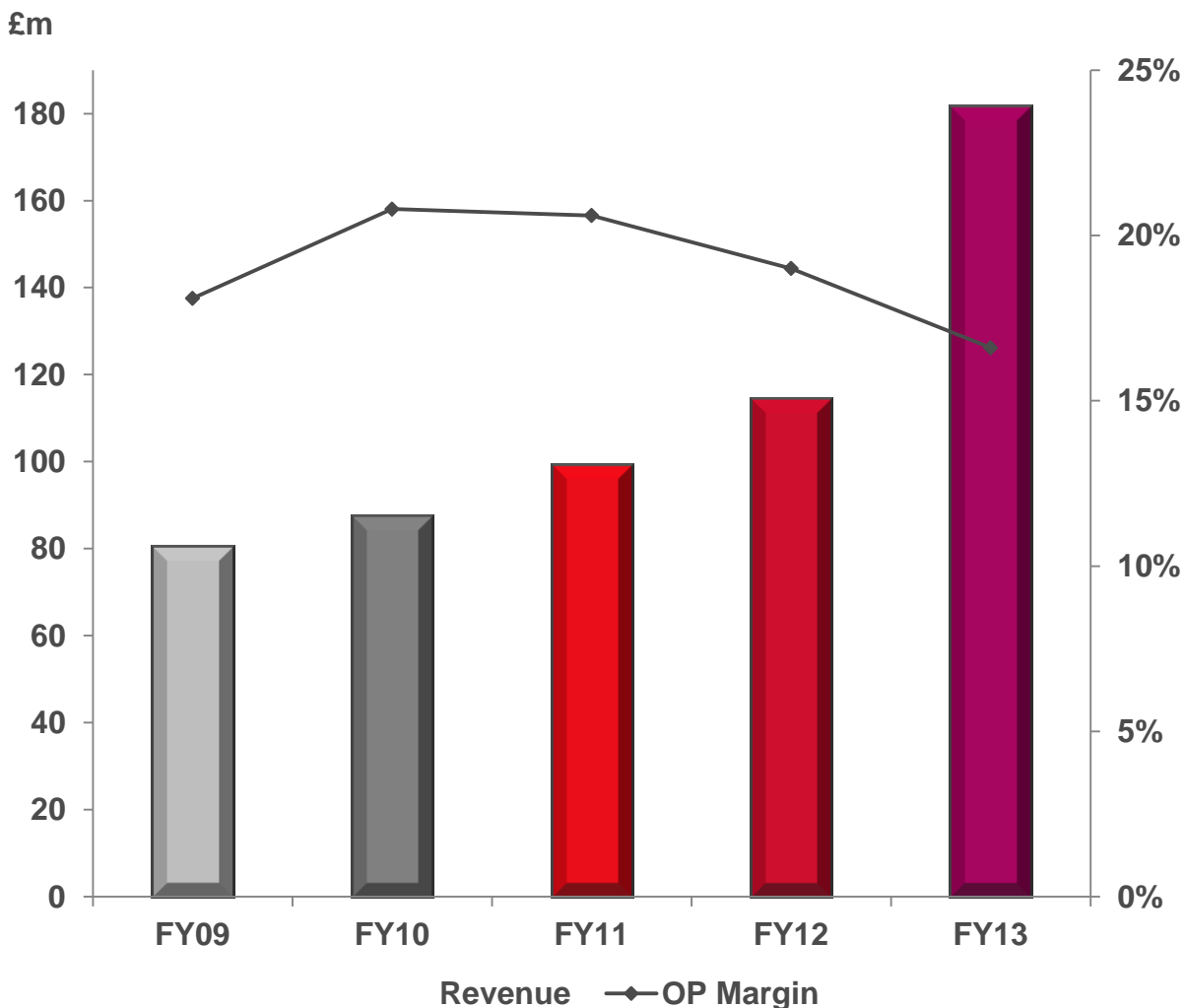
# POROUS TECHNOLOGIES



- Growth led by writing instruments and printer systems
  - Strong growth in nibs and ink reservoirs
  - Continued growth with a large global OEM
- Supported by H&PC
  - Business wins in air care with multinational customers
- Successful new product development in healthcare more than offset by a customer insourcing
- Progress towards globalising cleanroom wipes business
- Productivity & cost initiatives more than offset by short-term dilution from investment at Lymtech

Note:  
At constant exchange rates, and adjusted to exclude intangible amortisation and exceptional operating items

# PACKAGING & SECURING SOLUTIONS

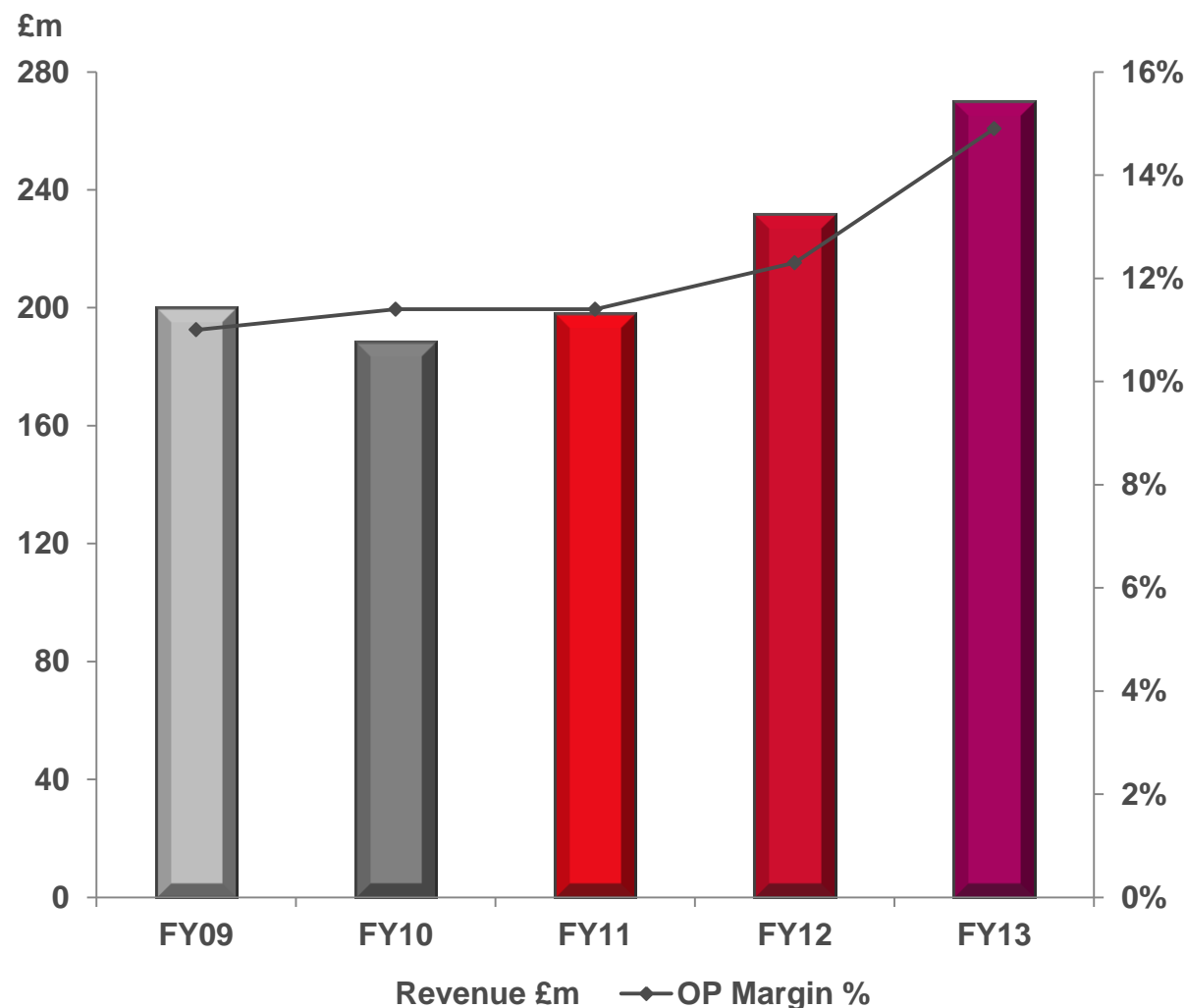


- Packaging led by promotional solutions in wrapped food and growth in tobacco
- Sales from Blue Badge contract and ID products offset by certain non-core Security activities
- Strong, broad-based growth in Speciality Tapes
- Successful completion of Contego and Dakota acquisitions
  - Integration to date in line with expectations
- Successful integration initiatives and restructuring of non-core activities to underpin future margin expansion

Note:  
At constant exchange rates, and adjusted to exclude intangible amortisation and exceptional operating items



# FILTER PRODUCTS



- Underlying volumes > FY 2012
  - Strong growth esp. in Asia (61% FY13 volumes)
- Successful product launches & development initiatives
  - Significant contract wins
  - Distinctive shaped and reduced tow filter variants (eg, Groove Core, BiTech™)
  - Future innovation supported by new patent & trademark filings
  - Further increase in joint development activity
- Additional offerings introduced in Scientific Services
  - Fully accredited for proposed US FDA testing methods
  - Award of 3-year UK government contract for testing
- Continued cost, quality and efficiency improvements

Note:  
At constant exchange rates, and adjusted to exclude intangible amortisation and exceptional operating items

# KEY OPERATIONAL DEVELOPMENTS

## Component & Protection Solutions



Investment in new purpose-built Components distribution centre

## Packaging & Securing Solutions



Investment in hot melt coating and converting equipment

## Porous Technologies



Investment in sterile alcohol bottling production capability

## Filter Products



Continued investment in high speed flexible machinery

# KEY COMMERCIAL DEVELOPMENTS

## Component & Protection Solutions



Integrated catalogues launched in Europe, North America and Asia

## Packaging & Securing Solutions



Innovative new solutions under the “Packaging Resolved” commercial positioning

## Porous Technologies



Launch of dual technology, patented porous plastic filter valve

## Filter Products



New additions to meet demand for visually differentiated and cost effective filters

# KEY ORGANISATIONAL DEVELOPMENTS



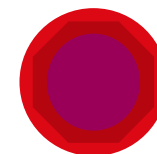
- Appointed dedicated General Managers in India, China and Latin America
- Adopted a more co-ordinated approach in faster-growing opportunity markets
  - New, standalone “One Essentra” facility opened in Bangalore
- Started the transition to a more “matrix” organisational structure from divisional silos
  - Logical next step of “horizontality”
  - Three geographical regions, to manage “today’s business”
    - Europe, Americas, Asia
  - Two Strategic Business Units (“SBUs”), to manage “tomorrow’s business”
  - Appointed Managing Directors / Presidents as leaders of the new structure
  - 2014 will be a transition year

**Greater in-market accountability and responsibility**

# FINANCIAL REVIEW

Matthew Gregory  
Group Finance Director

# INCOME STATEMENT - SUMMARY



	FY 13	FY 12*	Growth	
	£m	£m	Actual FX	Constant FX
<b>Revenue</b>	798.1	663.4	+20%	+20%
<i>Like-for-like<sup>1</sup></i>				+9%
<b>Gross margin</b>	34.9%	35.9%	-100bps	-120bps
<b>Operating profit<sup>2</sup></b>	130.4	104.5	+25%	+23%
<b>Operating margin</b>	16.3%	15.8%	+50bps	+40bps
<b>Profit before tax<sup>2</sup></b>	119.8	93.8	+28%	+26%
<b>Adjusted earnings<sup>2</sup></b>	86.7	64.9	+34%	+31%
<b>Adjusted earnings per share<sup>2</sup></b>	38.0p	31.1p	+22%	+20%

\* FY 2012 restated to reflect the adoption of IAS 19 (Revised 2011)

<sup>1</sup> At constant exchange rates, excluding the acquisitions of Contego, Lymtech Scientific, Ulinco Components and Dakota

<sup>2</sup> Adjusted to exclude intangible amortisation and exceptional operating items

# REVENUE GROWTH – VOLUME / MIX / PRICE



	%
Volume / mix	+7
Price	+2
<b>Like-for-like</b>	<b>+9</b>
Acquisitions	+11
<b>Constant FX growth</b>	<b>+20</b>
Exchange	-
<b>Reported growth</b>	<b>+20</b>

**High quality revenue growth, driven by volume**

# REVENUE GROWTH – BY DIVISION



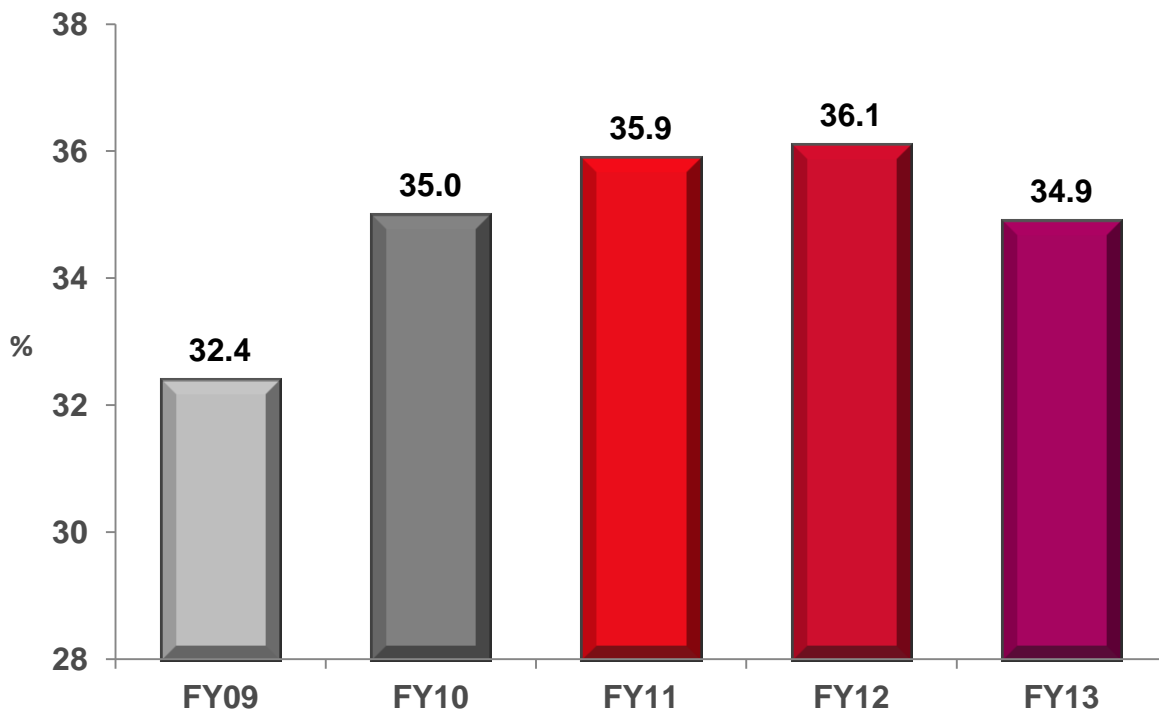
	FY 13 £m	Growth Constant FX		
Component & Protection Solutions	223.7	+6%	→	LFL <sup>1</sup> growth +5%
Porous Technologies	100.0	+14%	→	LFL <sup>1</sup> growth +6%
Packaging & Securing Solutions	181.8	+59%	→	LFL <sup>1</sup> growth +4%
Filter Products	269.9	+17%	→	LFL <sup>1</sup> growth +17%
Extrusion	24.8	+2%		
Eliminations	(2.1)			
<b>Group</b>	<b>798.1</b>	<b>+20%</b>	<b>→</b>	<b>LFL<sup>1</sup> growth +9%</b>
<b>Group – at actual FX</b>		<b>+20%</b>		

**Revenue growth in all divisions**

<sup>1</sup> At constant exchange rates, excluding the acquisitions of Contego, Lymtech Scientific, Ulinco Components, and Dakota



# GROSS MARGIN<sup>1</sup>



Continued operational improvements → **+70bps**

- Higher volume leading to operational gearing
- Further cost improvement / efficiency initiatives
- Productivity gains from ongoing upgrade of machinery

Mix impact from higher growth in Filters → **-60bps**

**Like-for-like** → **+10bps**

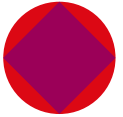
Dilution from acquisitions → **-130bps**

**Total** → **-120bps**

**Improving LFL gross margin trend**

<sup>1</sup> At constant exchange rates

# OPERATING PROFIT<sup>1</sup> – KEY MOVEMENTS



**Pricing offsets higher raw material & other input costs**

<sup>1</sup>Adjusted to exclude intangible amortisation and exceptional operating items

\*FY 2012 restated to reflect the adoption of IAS 19 (Revised 2011)

# OPERATING PROFIT<sup>1</sup> BY DIVISION



## Adjusted<sup>1</sup> operating profit

	FY 13 £m	Growth Constant FX	Margin
Component & Protection Solutions	52.6	+12%	23.5%
Porous Technologies	23.5	+12%	23.5%
Packaging & Securing Solutions	30.2	+39%	16.6%
Filter Products	40.1	+41%	14.9%
Extrusion	1.5	-10%	6.0%
Central Services	(17.5)		
<b>Group</b>	<b>130.4</b>	<b>+23%</b>	<b>16.3%</b>
<b>Group – at actual FX</b>		<b>+25%</b>	

<sup>1</sup> Adjusted to exclude intangible amortisation and exceptional operating items

# INCOME STATEMENT – CONTINUED



	FY 13	Growth		
	£m	Actual FX	Constant FX	
Operating profit <sup>1</sup>	130.4	+25%	+23%	
Net finance charge	(10.6)	(1)%	(1)%	
Profit before tax <sup>1</sup>	119.8	+28%	+26%	
<i>Underlying tax rate</i>	27.4%			→ Tax rate down 200bps
Net income <sup>1</sup>	86.9	+31%	+29%	
Adjusted earnings <sup>1</sup>	86.7			
EPS - adjusted <sup>1</sup>	38.0p	+22%	+20%	→ Impact of share placing
EPS – diluted, adjusted <sup>1</sup>	37.0p	+23%	+21%	

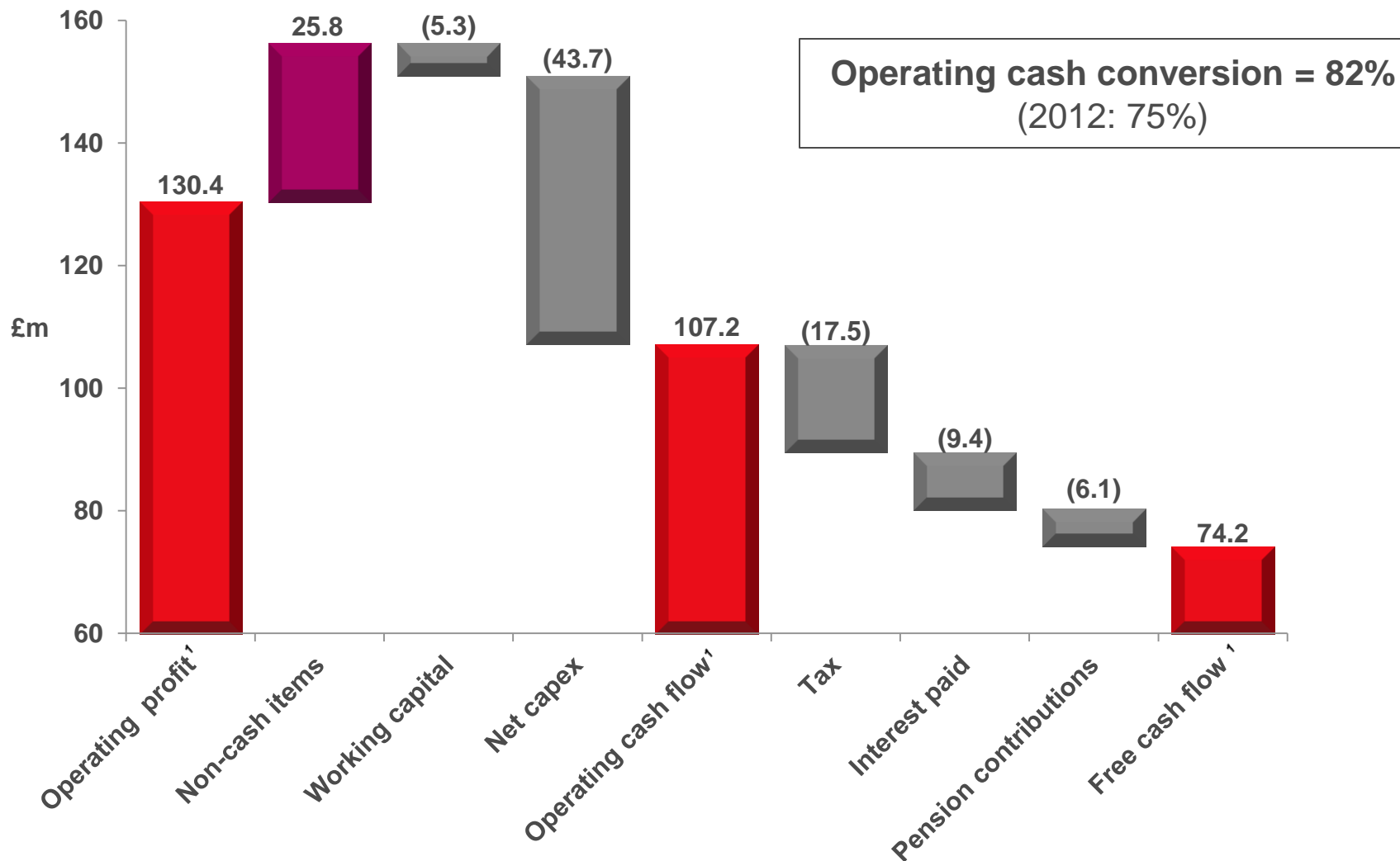
<sup>1</sup> Adjusted to exclude intangible amortisation and exceptional operating items

# EXCEPTIONAL OPERATING ITEMS



	<b>FY 13</b> <b>£m</b>
<b>Acquisition fees</b>	<b>4.7</b>
<b>Acquisition integration &amp; restructuring costs</b>	<b>12.6</b>
<b>Other</b>	<b>1.9</b>
<b>Total exceptional operating items</b>	<b>19.2</b>

# CASH FLOW<sup>1</sup>



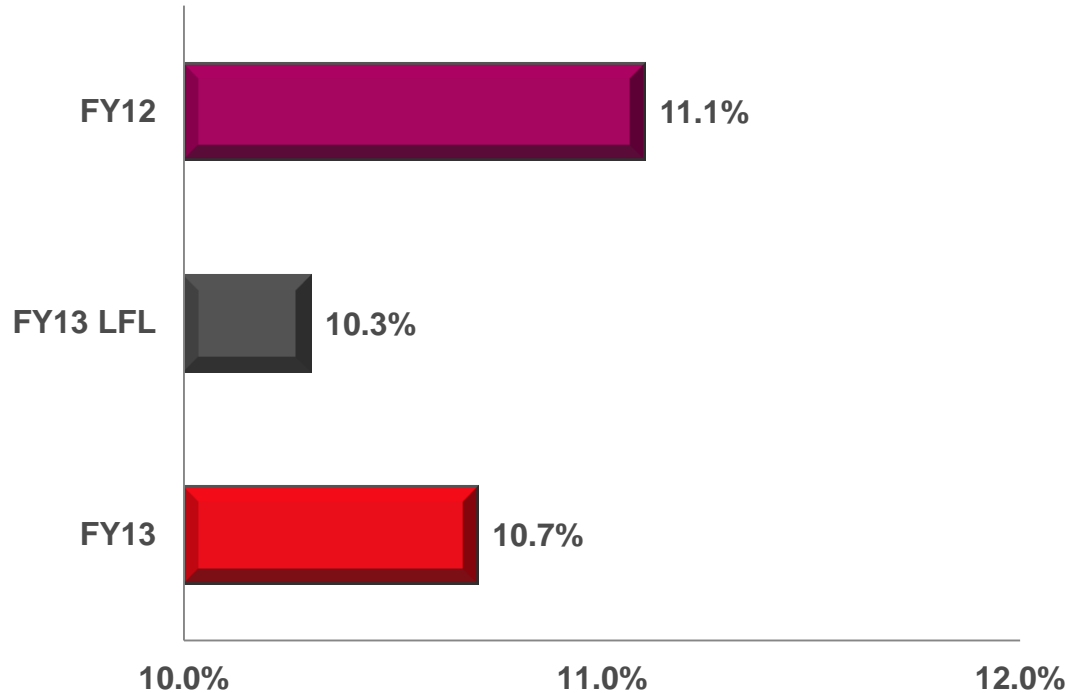
**Continued strong cash generation**

<sup>1</sup> Adjusted to exclude intangible amortisation and exceptional operating items

# WORKING CAPITAL



Working capital / revenue<sup>1</sup> (WCR)



**Improved WCR ratio, notwithstanding acquisition impact**

<sup>1</sup> Constant exchange rates, based on last 12 month revenue

# NET DEBT RECONCILIATION



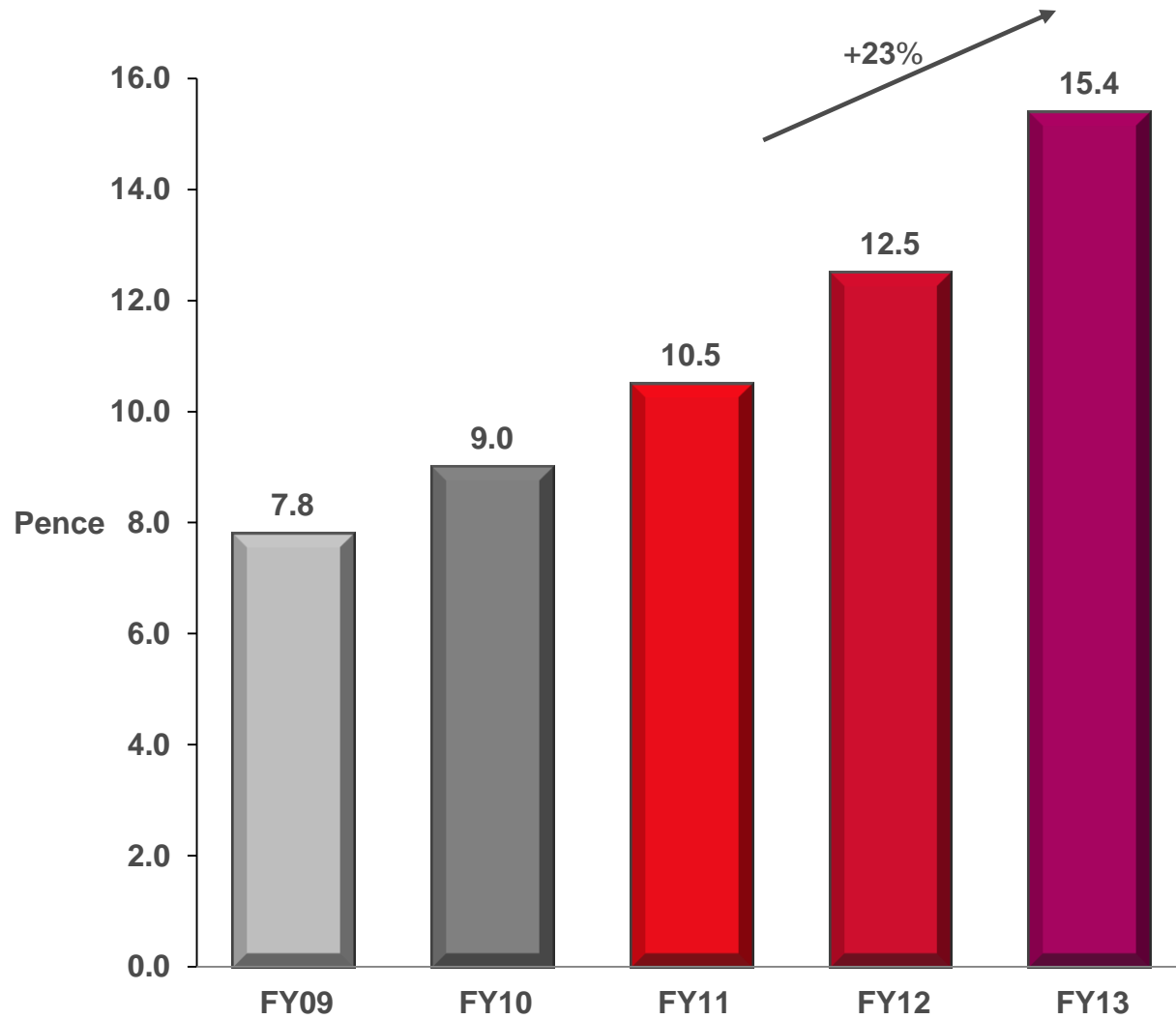
	£m
As at 1 January 2013	164
FX	(1)
As at 31 December 2013	217
<b>Change in net debt after FX</b>	<b>54</b>
Of which:	
Free cash flow	(74)
Acquisitions (net of share placing)	66
Dividends	31
Exceptionals	17
Net cashflow from employee trust shares	12
Other	2
	<b>54</b>

**Net debt / EBITDA ratio of 1.3x**

NOTE:  
Negative numbers denote a cash inflow, positive numbers a cash outflow



# DIVIDEND



**Progressive dividend**

<sup>1</sup> Adjusted to exclude intangible amortisation and exceptional operating items

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# 2014 OUTLOOK



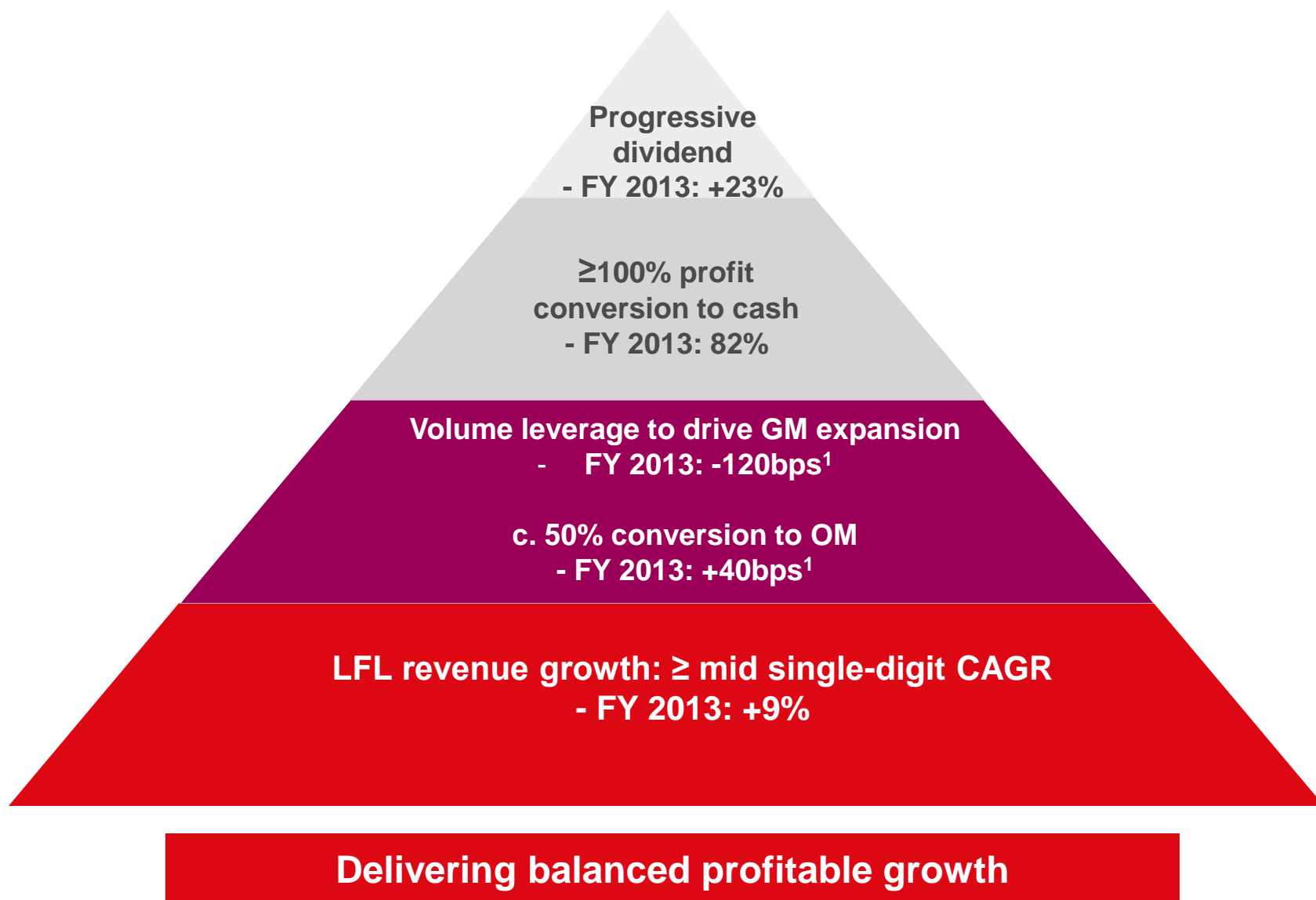
- Well-positioned to deliver further balanced, profitable growth
  - Potential FX impact
  - H2 > H1 owing to:
    - Headwind in Porous Technologies
    - Possible closure costs in Filter Products
- At least 100bps improvement in the tax rate vs FY 2013
- Further strong free cash flow generation
  - Capex of c. £46m (subject to timing of key projects)
  - c. £150m firepower for acquisitions from current facilities

**Continued delivery of Vision 2015 objectives**

# VISION 2015 UPDATE & 2014 OUTLOOK

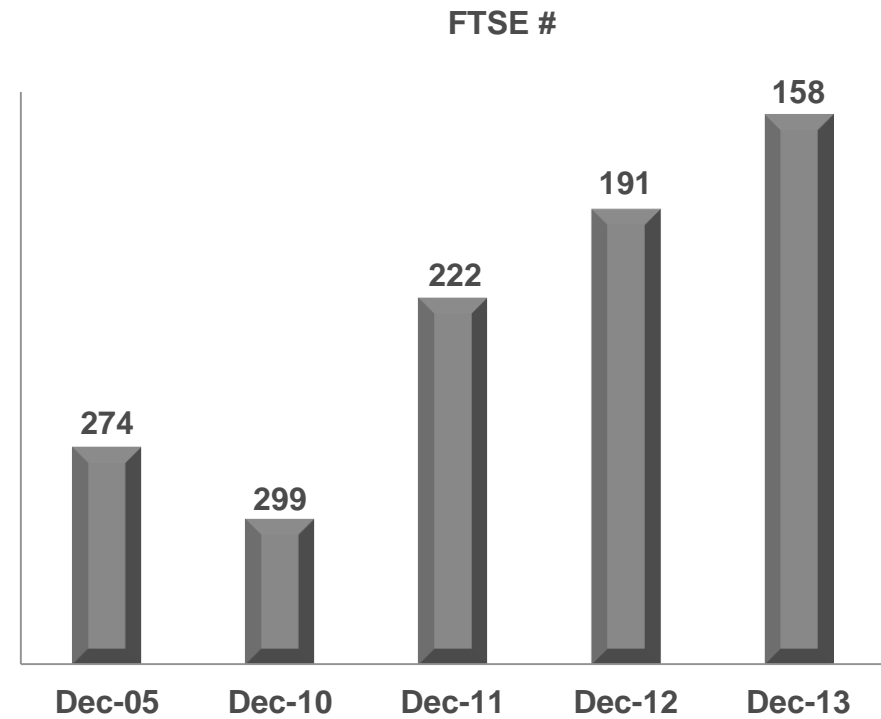
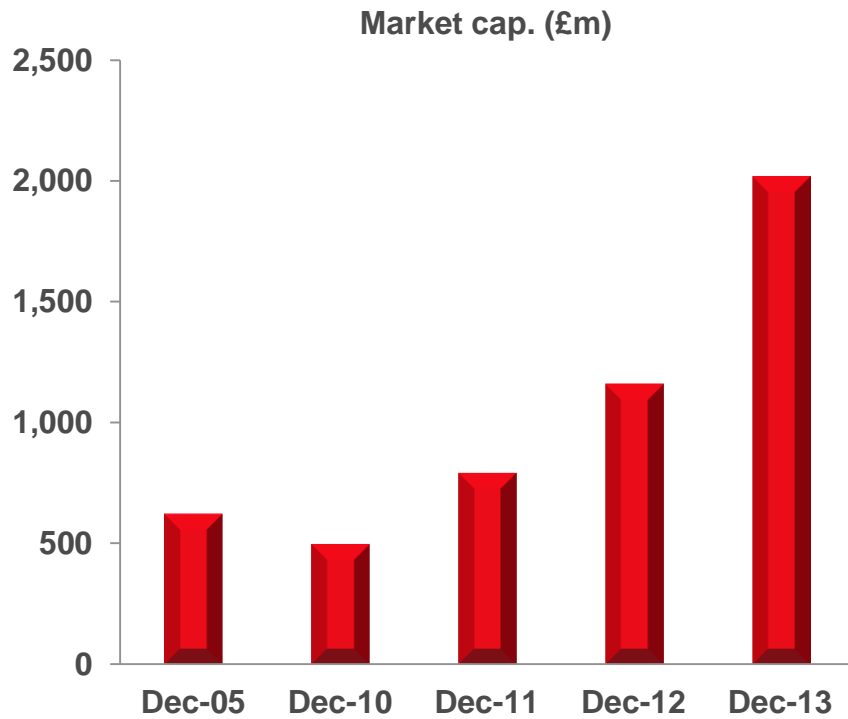
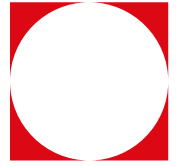
Colin Day  
Chief Executive

# VISION 2015 – OUR PROGRESS IN 2013



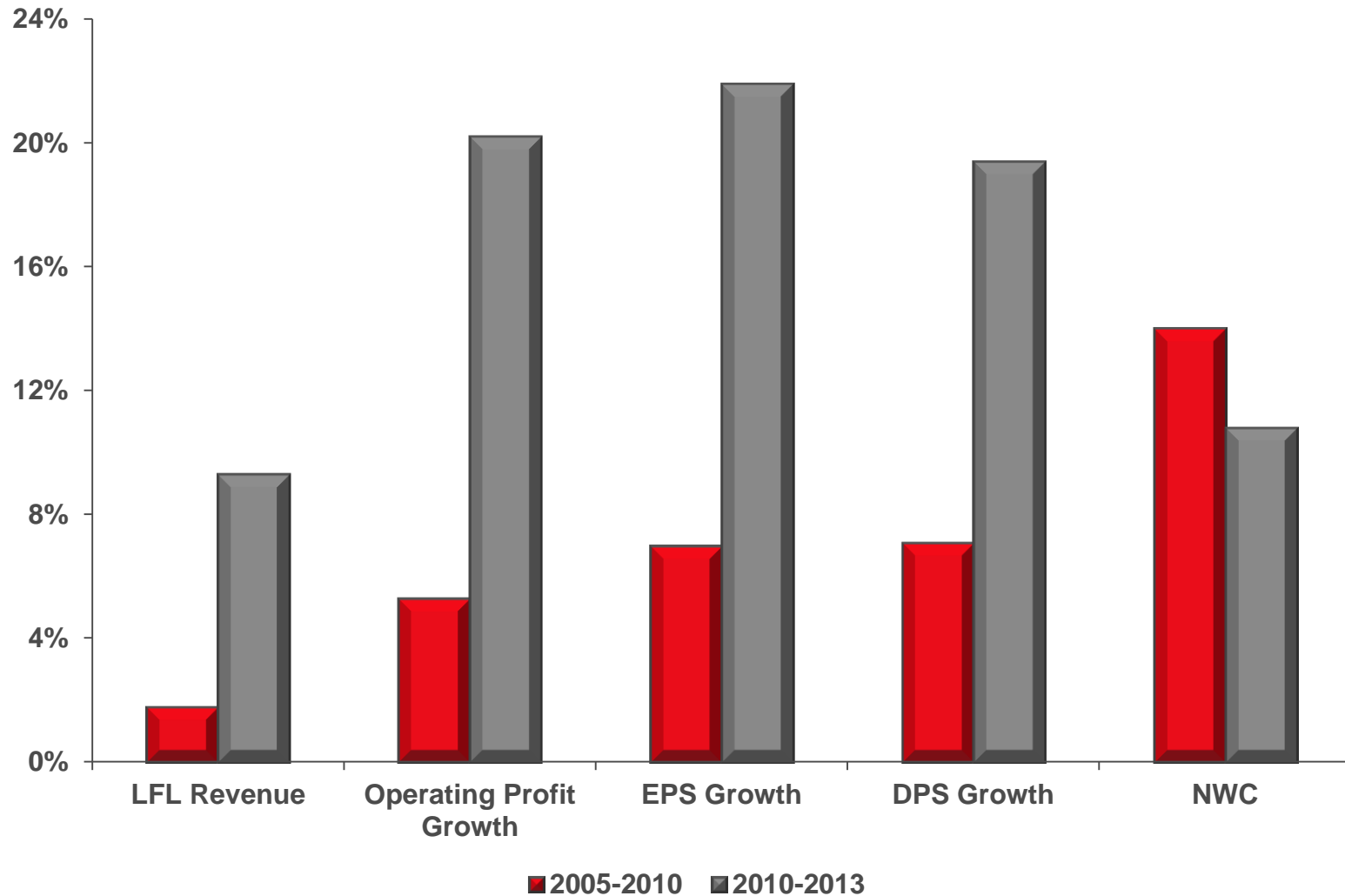
<sup>1</sup> At constant exchange rates and adjusted to exclude intangible amortisation and exceptional operating items

# VISION 2015 – OUR PROGRESS TO DATE



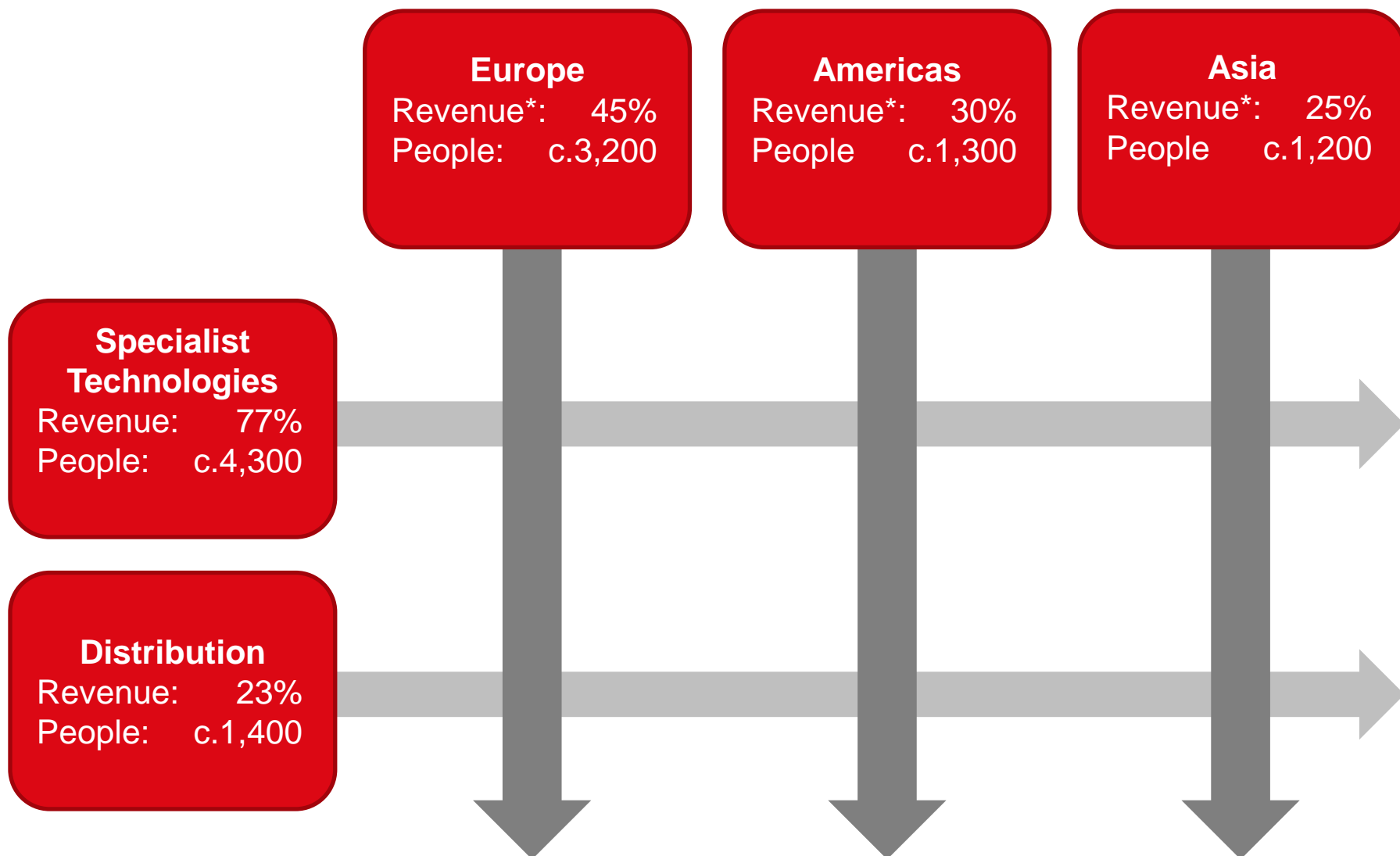
**Four-fold increase in market cap. since end-2010**

# VISION 2015 – OUR PROGRESS TO DATE



\* Net working capital ratio is as at 31 December 2010 and 31 December 2013

# REGIONALISATION: 2014



**A growth enabler, to enhance focus, scale & operational efficiency**

# OUR NEXT KEY MILESTONE: £1BN REVENUE

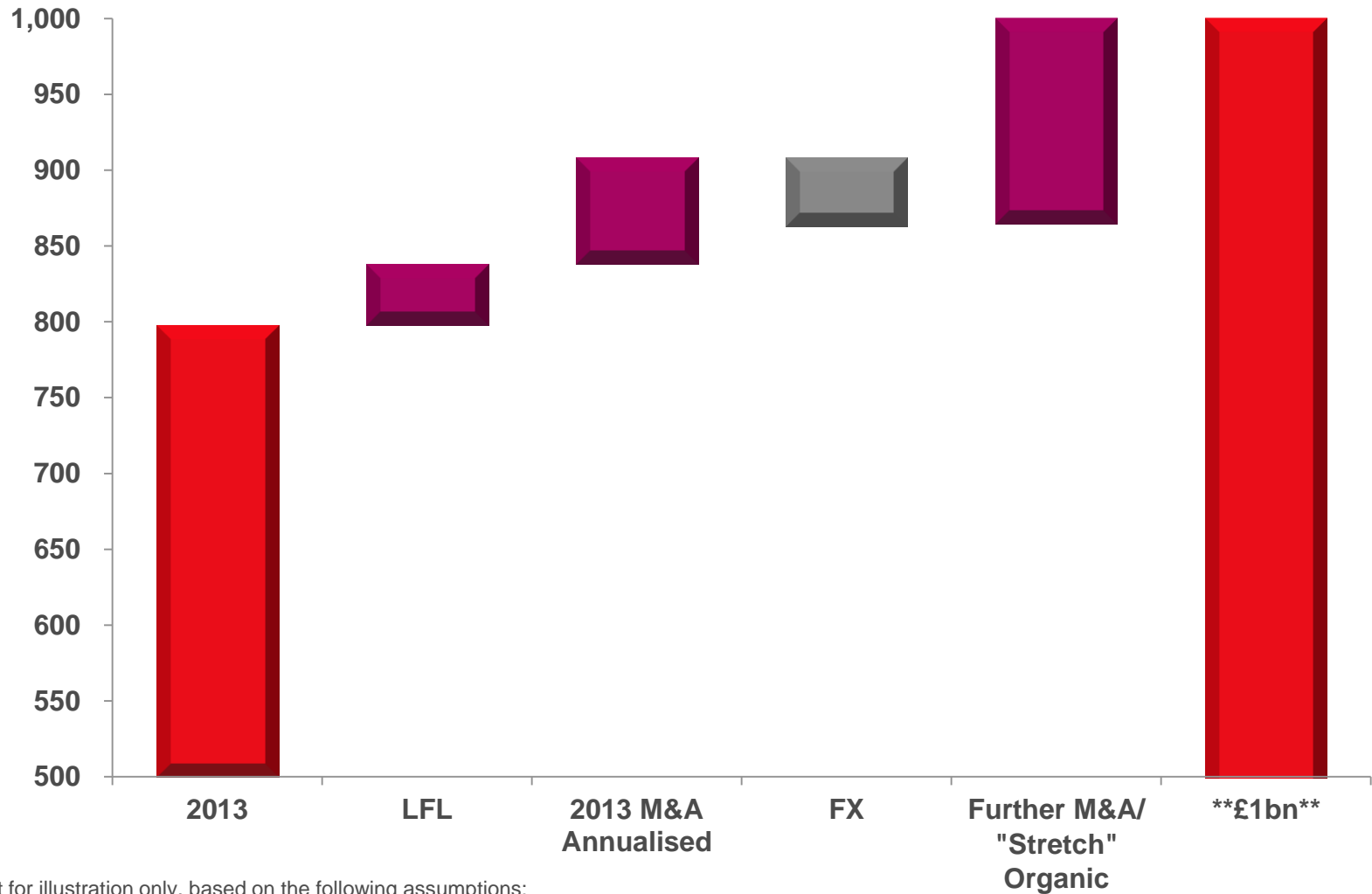


Chart for illustration only, based on the following assumptions:  
- Mid single-digit LFL revenue growth of 5%  
- Estimated FY 2014 FX impact, based on current spot rates



# 2014: SUMMARY



- Well positioned for continued balanced, profitable growth
  - Improving economic backdrop
  - Pipeline of new project wins
  - Ongoing initiatives to drive further margin expansion
- Focus on successful integration of recent acquisitions and further pipeline development
- Continued strong cash flow generation
- Further investment to support future revenue growth opportunities
- Transition to a more matrix organisational structure to maximise the available opportunities

**Continued delivery of Vision 2015 objectives:**

**> mid single-digit LFL revenue growth and double-digit adj. EPS growth<sup>1</sup>**

<sup>1</sup> At constant exchange rates

# BEYOND VISION 2015 ...?



**... to be unveiled end-2014**

# APPENDICES

# INCOME STATEMENT – REPORTED BASIS



	FY 13	Growth	
	£m	Actual FX	Constant FX
Adjusted operating profit	130.4	+25%	+23%
Intangible amortisation	(14.2)		
Exceptional operating items	(19.2)		
Reported operating profit	97.0	+13%	+12%
Net finance charge	(10.6)		
Profit before tax	86.4	+15%	+14%
Taxation	(26.1)		
- <i>Underlying tax rate</i>	27.4%		
Net income	60.3	+16%	+13%
EPS	26.3p	+8%	+6%
EPS - diluted	25.7p	+9%	+7%

# EXCHANGE RATES



<b>Year ended 31 December 2013</b>	<b>Average</b>	<b>Closing</b>
<b>US \$/£</b>	<b>1.57</b>	<b>1.66</b>
<b>Euro €/£</b>	<b>1.18</b>	<b>1.20</b>

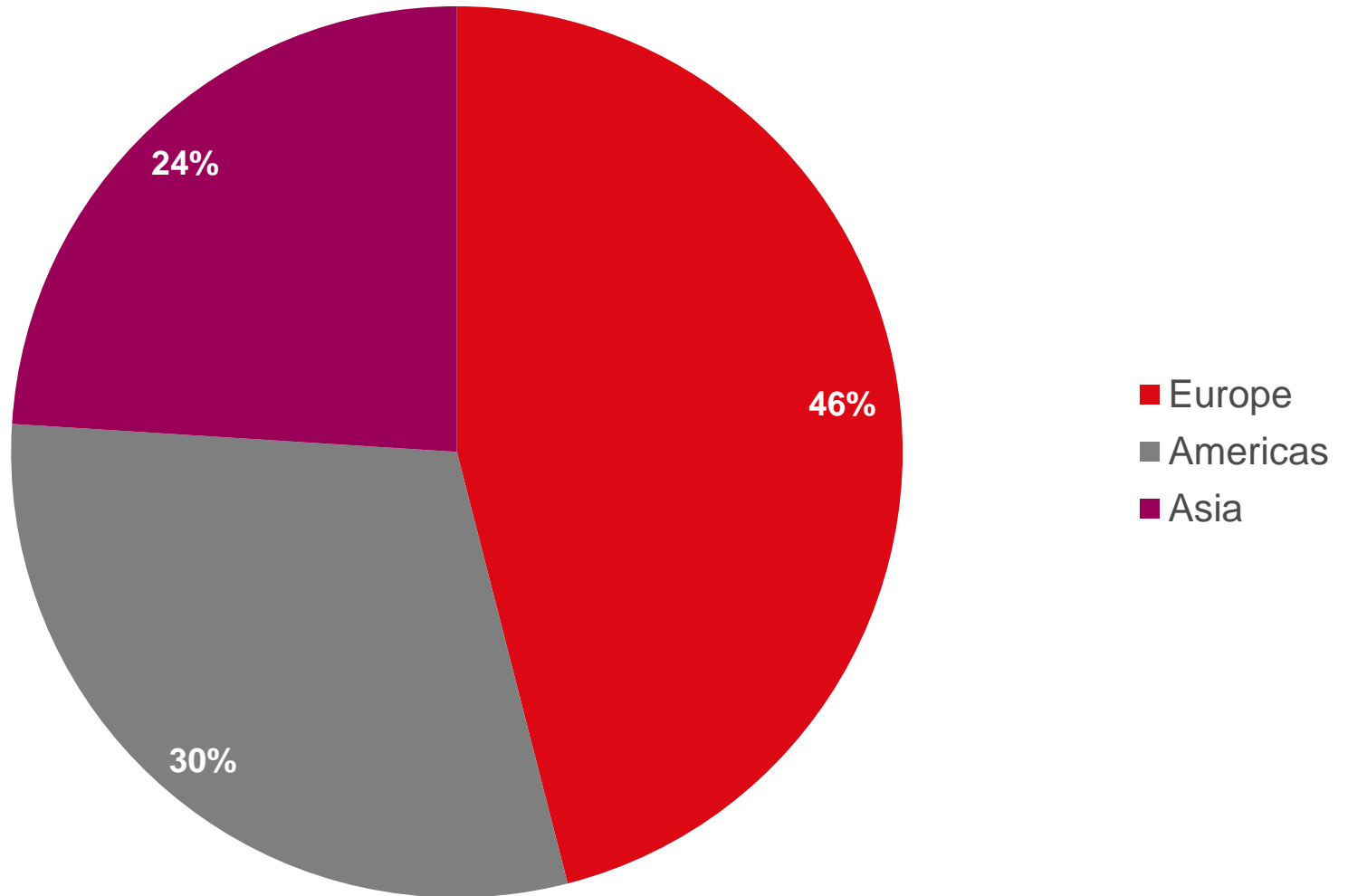
<b>Impact of a one cent change per annum</b>	<b>Op. Profit (£m)</b>
US \$/£	0.4
Euro €/£	0.2

<b>Year ended 31 December 2012</b>	<b>Average</b>	<b>Closing</b>
US \$/£	1.59	1.63
Euro €/£	1.23	1.23

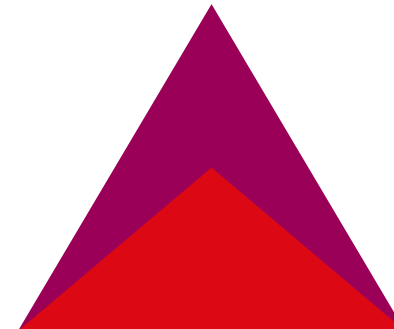
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# REVENUE BY DESTINATION – FY 2013



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ESSENTRA

# INVESTOR PRESENTATION

Full Year 2013 Results

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20 FEBRUARY 2014

