

FY 2023 PRE-CLOSE TRADING UPDATE

Released : 17/01/2024 07:00

RNS Number : 9101Z
Essentra plc
17 January 2024

ESSENTRA PLC PRE-CLOSE TRADING UPDATE

A resilient Q4 performance, FY23 expectations unchanged

Essentra plc ("Essentra", the "Group", or the "Company"), a leading global provider of essential components and solutions, today provides a trading update for the thirteen weeks ended 31 December 2023 ("Q4").

The Group's FY23 expectations remain unchanged. The Group expects to deliver adjusted operating profit for the full year in line with previous guidance. The business continues to demonstrate operational and financial resilience, remaining well positioned to continue to progress towards its medium-term targets.

Trading update

In Q4, the Group saw a sequential improvement in performance compared to the previous quarter. Group revenue on a like-for-like¹ ("LFL") and trading day adjusted basis declined -3.6% in Q4 2023, compared to the same period in the prior year, an improvement on the -7.1% decline reported in Q3 2023, as comparatives continued to ease after a strong H1 2022 performance.

EMEA saw an improvement in new order momentum in Q4, whilst continuing to experience market softening as previously guided, in line with changes to the macro-environment. The AMERS region saw trading stability quarter on quarter, and remains focused on the improvement in destocking trends within distributor end-market channels. The APAC business has continued to demonstrate a gradual recovery.

Through a combination of disciplined and proactive initiatives taken through 2023, including effective sales pricing offsetting inflation, Group adjusted operating margins remain strong. Central corporate costs, that were re-sized in H1 2023, continue to be well managed, and remain in line with previous guidance of approximately £13m.

The BMP TAPPI acquisition, completed on 26 October 2023 is performing in line with management expectations, early integration plans are on track.

Outlook

With a robust and differentiated business model, underpinned by its breadth of customers, end market categories and geographical diversification, Essentra is well positioned, and continues to demonstrate through-cycle financial resilience. The Group's balance sheet and cash generation remain strong, providing optionality for investment in organic growth initiatives and earnings enhancing M&A.

Through operational leverage, acquisition synergies and the compounding benefit of cost actions taken by management in 2023, the Group remains confident in delivering progress towards its medium-term targets.

Commenting on today's announcement, Scott Fawcett, Chief Executive Officer, said:

"I'm pleased with Essentra's performance in its first full year as a standalone components business. This year, we have been operationally successful whilst navigating the macro-economic backdrop, with the execution of M&A, the expansion of our footprint and right-sizing of our central cost base. We are on track to deliver adjusted operating profit in line with previously shared guidance, and continue to progress towards our medium-term targets".

Notice of results

Essentra will release its preliminary results for the twelve months ended 31 December 2023 on 19 March 2024. Further details regarding the Company's presentation to analysts and investors will be provided nearer the time.

1. The term "like-for-like" describes the performance of the continuing business on a comparable basis, adjusting for the impact of acquisitions, disposals and foreign exchange. 2023 LFL sales performance is adjusted for the acquisition of the Wixroyd Group ("Wixroyd") on 1 December 2022 and BMP s.r.l ("BMP TAPPI") on 26 October 2023.

Enquiries

Essentra plc

Jack Clarke, Chief Financial Officer

Claire Goodman, Investor Relations Manager

Emma Reid, Company Secretary

Tel: +44 (0)1908 359100

FTI Consulting

Richard Mountain

Ariadna Peretz

FTI_essentra@fticonsulting.com

Tel: +44 (0)20 3727 1340

Notes to Editors**About Essentra plc**

Essentra plc is a FTSE 250 company and a leading global provider of essential components and solutions, focusing on the manufacture and distribution of plastic injection moulded, vinyl dip moulded and metal items.

Headquartered in the United Kingdom, Essentra's global network extends to 28 countries worldwide and includes over 3,000 employees, 13 manufacturing facilities, 24 distribution centres and 33 sales & service centres serving c.74,000 customers with a rapid supply of low cost but essential products for a variety of applications in industries such as equipment manufacturing, automotive, fabrication, electronics, medical and renewable energy.

For further information, please visit www.essentraplc.com

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

TSTFLFSTLIIRLIS