



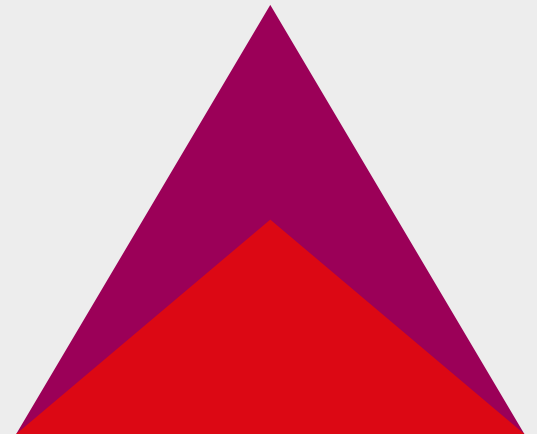
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ESSENTRA

# DIVESTMENT OF POROUS TECHNOLOGIES TO FILTRATION GROUP

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25 AUGUST 2016



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# TRANSACTION HEADLINES

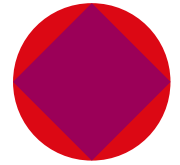


- Essentra has signed a definitive agreement to divest its Porous Technologies business to Filtration Group
- Transaction values Porous Technologies at £220m, free of debt and cash
  - c. 215m cash
  - c. £5m 3-year promissory note
- Completion is subject to customary closing conditions, including:
  - Clearance from certain competition authorities
  - Corporate reorganisation of Porous Technologies in certain jurisdictions
- Given anticipated timeline to completion, Porous Technologies expected to be part of Essentra for all of FY 2016

**Acquisition expected to complete in Q1 2017**

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# TRANSACTION SUMMARY



- Meets Drive for 2020 strategic objectives of active portfolio management
- Filtration Group is well-positioned to further grow Porous Technologies
  - Provides a strong platform for future successful development, given its proven track record of building filtration businesses
- Valuation represents compelling value for Essentra shareholders
  - Valued at 12.5x June 2016 LTM operating profit
- Proceeds to be used to pay down existing facilities and / or fund further value-creating M&A
  - Pro forma HY 2016 net debt to EBITDA of 1.4x (as at end-June 2016)
- Financial impact
  - EPS dilution of c. 5.5p (FY 2015A) / 5.0p (LTM June 2016A)
    - Before redeployment of capital
  - Exceptional book gain of c. £100m, subject to customary completion adjustments and foreign exchange

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# TRANSACTION RATIONALE



- Porous Technologies is a great business ...
  - Leading developer and manufacturer of custom vapour and fluid-handling components
  - Well-known for its ability to leverage its technical expertise in collaboration with its customers, to provide them with innovative, high-quality, reliable solutions
- ... but as Essentra continues to evolve, PT's growth characteristics fit less well with the business model and product portfolio of the wider Group ...
  - Longer development cycles in the provision of custom solutions
- => Filtration Group provides PT with a strong, dedicated platform for future successful development
  - Proven track record of building filtration businesses
  - PT adds to customer base and product portfolio

# FINANCIAL IMPACT



## Key metrics (2015A)

- Purchase price\*: £220m
- Revenue: £91.6m
- EBITDA: £22.6m
- Operating profit: £19.0m
- Employees: c. 530
- Key sites divested\*\*: 3x US, 1x Germany

## Key metrics (2016 June LTM)

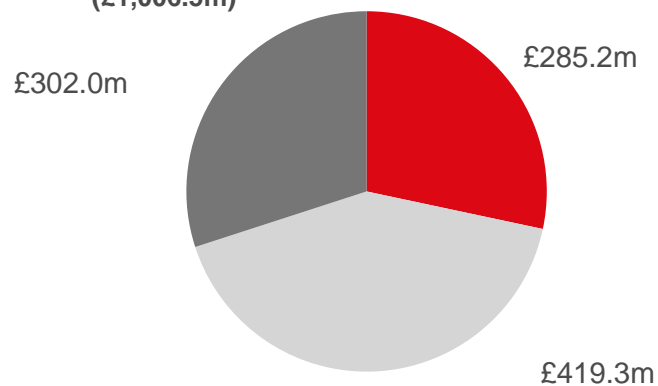
- Purchase price\*: £220m
- Revenue: £93.8m
- EBITDA: £21.1m
- Operating profit: £17.6m

\* Free of cash and debt

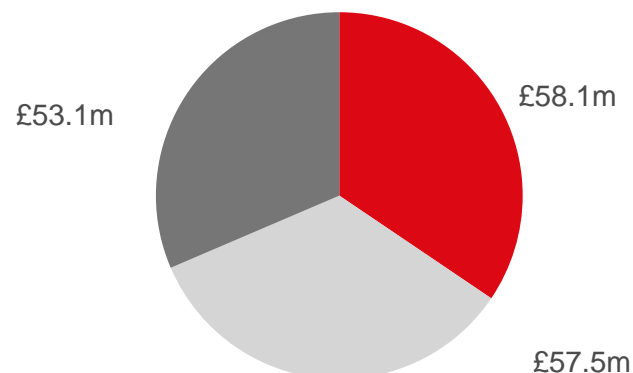
\*\* Certain shared sites subject to Transitional Service Agreements

\*\*\* After Central Services of £(16.2)m

2015 Group external revenue exc. Porous  
(£1,006.5m)



2015 Group OP exc. Porous  
(£152.5m\*\*\* - 15.2% margin)



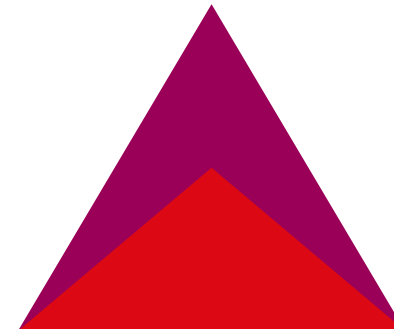
■ Component Solutions

■ H&PC Packaging

■ Filtration Products

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