Essentra plc

Full Year Results 2024

19 March 2025

Welcome and Overview

Scott Fawcett
CEO

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Agenda

1 2024 highlights
2 Financial performance
3 Regional update
4 Strategic update
5 Outlook
6 Q&A

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2024 highlights

We delivered a resilient performance, despite challenging market conditions

- Revenue of £302.4m, 2.7% like-for-like[1] decline
- Gross margin expansion to 45.3% (2023: 44.8%)
  - All three regions delivering margin improvement
- Adjusted[2] operating profit of £40.1m, representing margin of 13.3% (2023: 13.7%)

We remained focused on the elements within our control

- **Strengthening our positions in faster growing end-markets:** supported by breadth and depth of product expertise including from our recently acquired businesses
- **Efficiencies**: driven by procurement activities, retaining flexibility within operations and a disciplined approach to cost control
- **Adjusted[2] operating cashflow**: Excellent conversion of 90.8%
- **Customer experience**: +3 increase in NPS score to 43. 85% employee engagement above benchmark levels

Well-positioned to create shareholder value as markets improve

- Strengthened regional approach supporting flexibility to adjust demand where appropriate
- Retaining capacity and flexibility within our global footprint
- Robust balance sheet with year-end net debt to adjusted EBITDA[2,3] of 1.3x, within guided range of <1.5x

1. *Excludes the impacts of acquisitions, and foreign exchange*
2. *On a continuing operations basis, before amortisation of acquired intangible assets and adjusting items*
3. *Excluding lease liabilities*

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Financial performance

Rowan Baker
CFO

Initial reflections

First impressions

- Experienced team
- Resilient business model
- Navigated well through tough market conditions

Well-positioned for success

- Robust balance sheet
- Flexibility and capacity within regional footprint
- Significant opportunity to realise benefits of operating leverage as volumes increase

Focus areas

- Improving performance management process through enhanced finance function support
- Maintaining balance sheet strength through strong cash and working capital management
- Disciplined capital allocation

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Financial performance

Total revenue	Adjusted[1] operating profit	Adjusted[1] operating margin	Adjusted[1] operating cash conversion
£302.4m	£40.1m	13.3%	91%
+0.3% constant currency	+2.3% constant currency	+30bps constant currency	
2023: £316.3m	2023: £43.2m	2023: 13.7%	2023: 112%

Net debt to adjusted EBITDA[1,2]	Return On Invested Capital[3]	Adjusted[1] Earnings per Share	Dividend per share
1.3x	11.1%	8.5p	2.8p
2023: 0.5x	2023: 12.4%	2023: 10.6p	2023: 3.6p

1. *On a continuing operations basis, before amortisation of acquired intangible assets and adjusting items*
2. *Presented excluding lease liabilities. Net debt to adjusted EBITDA including lease liabilities was 1.6x (2023: 1.0x)*
3. *ROIC adjusted for the acquisition of BMP TAPPI in October 2023*

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Income statement

- Gross margin expanded, partially mitigating underlying volume decline
- Normalised net finance expense following the return of shareholder funds in 2023
- 2024 effective tax rate has reduced after the recognition of deferred tax assets

£m	2024	2023	Constant currency
Revenue	**302.4**	**316.3**	**0.3%**
Gross profit	137.1	141.8	1.3%
Gross margin	*45.3%*	*44.8%*	*50bps*
Adjusted operating profit[1]	**40.1**	**43.2**	**+2.3%**
Adjusted operating profit margin	*13.3%*	*13.7%*	*+30bps*
Net finance expense	(8.9)	(2.5)	
Adjusted profit before tax[1]	31.2	40.7	(15.9%)
Effective tax rate	*11.5%*	*23.6%*	
Adjusted basic EPS[1,2]	8.5p	10.6p	(11.9%)

1. *Adjusted to exclude intangible amortisation of £11.5m and an adjusting items pre-tax charge of £14.0m along with associated tax impact*
2. *Adjusted basic EPS has been amended to remove the effect of material movements in the Company's recognition/(derecognition) of deferred tax assets on tax losses that do not relate to underlying trading*

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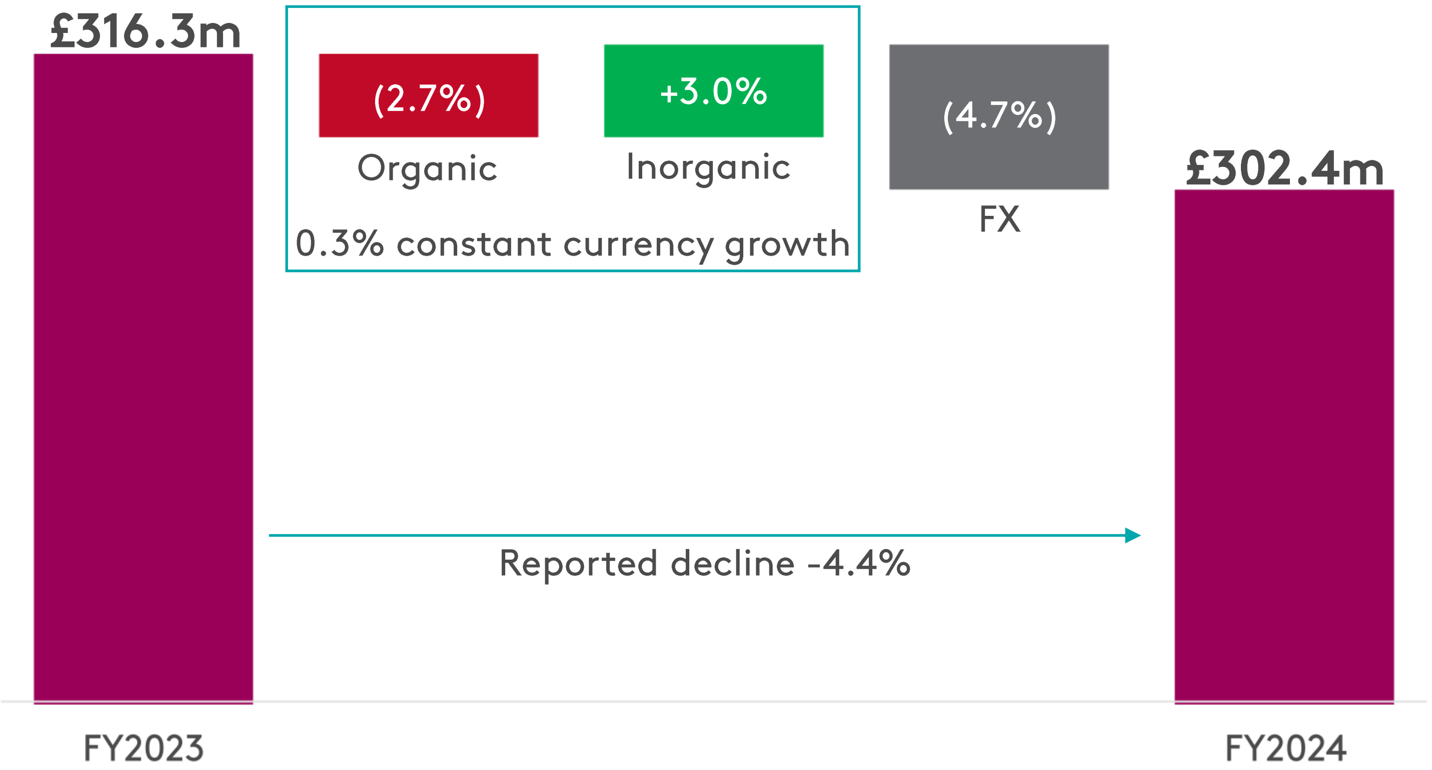
Broadly flat constant currency growth, with market decline offset by acquisitions

- -2.7% like-for-like[1] revenue reduction:
  - EMEA -4.2%
  - Americas -3.9%
  - APAC +7.0%
- Movements are volume led, pricing remained resilient



1. *Like-for-like excluding the impacts of foreign exchange and the acquisition of BMP TAPPI, completed in October 2023*

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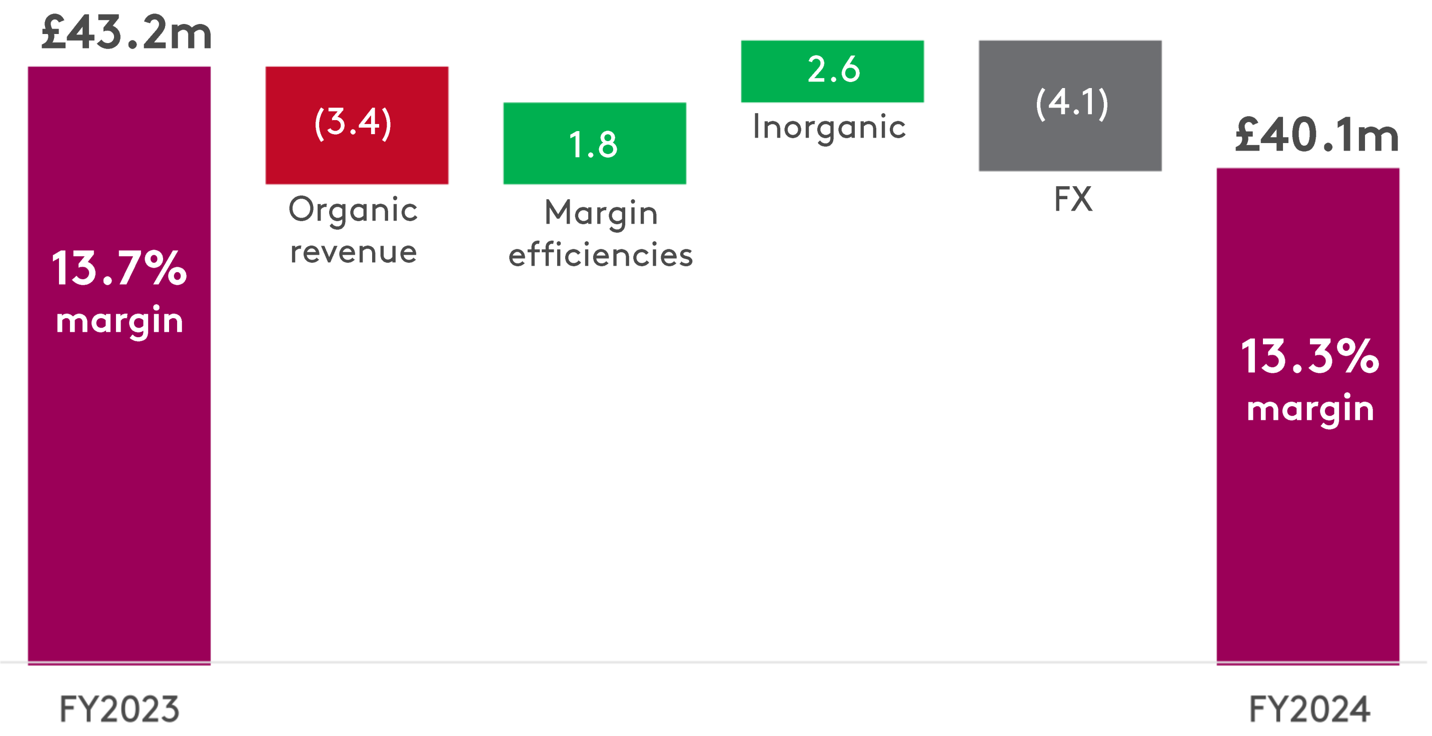
Efficiencies and acquisitions offsetting volume decline

- Margin efficiencies delivered through procurement actions and cost efficiencies
- £2.6m benefit from the acquisition of BMP TAPPI
- Adverse FX impact of £4.1m

Adjusted[1] operating profit:



1. *On a continuing operations basis, before amortisation of acquired intangible assets and adjusting items*

Adjusting items

- £9.6m SaaS costs incurred, in line with guidance, primarily in relation to ERP deployment
- £1.0m acquisition costs
- Adjusting items anticipated to reduce through 2025

	2024	2023
	£m	£m
Software as a Service ("SaaS")	9.6	10.8
Relating to acquisitions	1.0	(1.0)
Defined benefit pension scheme charges[1]	1.8	1.8
Relating to restructuring following disposals[2]	1.5	1.3
Impairment of non-current assets[3]	(1.8)	7.1
Other[4]	1.9	1.0
Total	**14.0**	**21.0**

1. *Defined benefit pension scheme charges which no longer pertain to the continuing operations of the Group*
2. *Costs in relation to major restructuring activities to "right size" the continuing operations of the business following business disposals*
3. *Includes a credit of £1.8m (2023: £3.7m expense) for the reversal of impairment (2023: impairment) of investment property and a £nil (2023: £3.4m) impairment loss in relation to non-current assets held within the APAC segment*
4. *Increase in provisions relating to a historic indemnity claim of £1.6m (2023: £0.8m) and provisions relating to investment property activities of £0.3m. In 2023 costs of £0.2m for professional fees relating to the capital reduction completed during 2023.*

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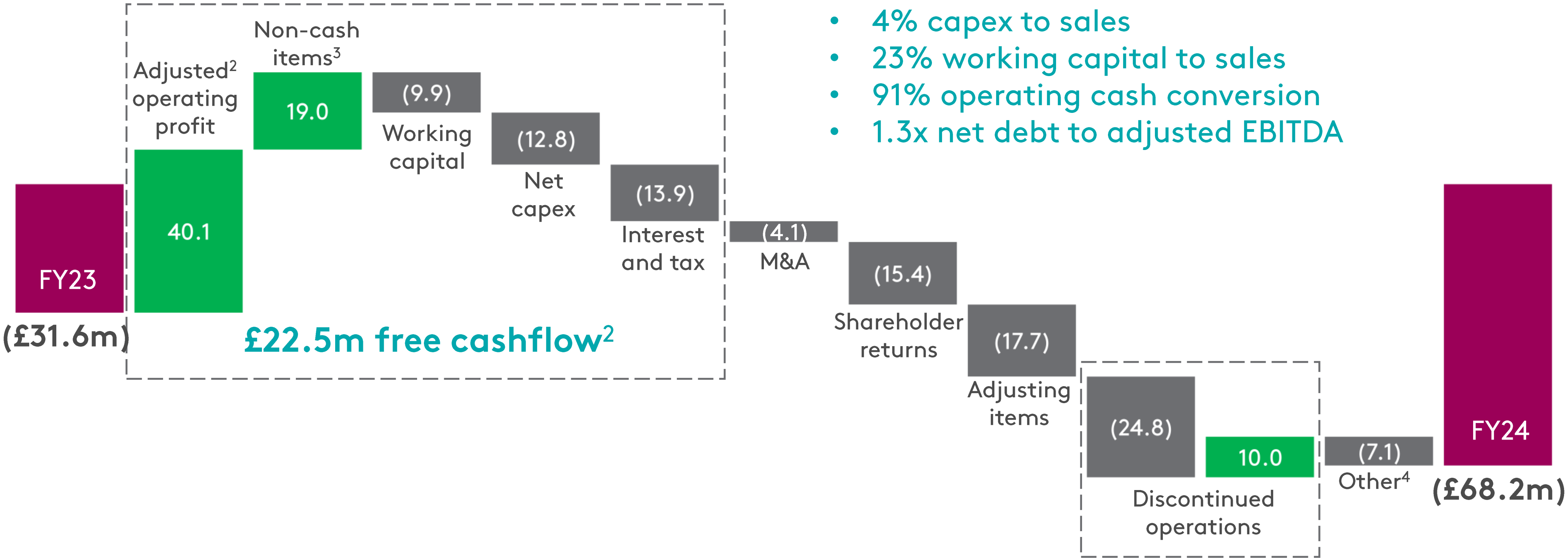
Strong underlying free cashflow

31 December net debt[1] position:



- 4% capex to sales
- 23% working capital to sales
- 91% operating cash conversion
- 1.3x net debt to adjusted EBITDA

1. *Presented excluding lease liabilities*
2. *Adjusted to exclude amortisation of acquired intangible assets and adjusting items*
3. *Non-cash items being depreciation and amortisation £11.6m, right-of-use-assets £6.3m and share option expense £1.1m*
4. *Principal lease payments, movement in loan hedging derivatives, pre-paid facility fees and foreign exchange*

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Strong balance sheet with clear guardrails supporting investment in future growth

Funding and liquidity

Long-term, low interest funding
- $102.5m US private placement
- Maturity terms between 2028 and 2033, with average coupon rate 3.8%

Five-year RCF extension agreed, providing long-term financing
- Five year extension on RCF agreed in July 2024
- Extension of £200m facility for five years to July 2029
- New facility based on the same terms and size. The existing covenants have been maintained
- Provided by a group of five banks, including four from the original RCF facility
- Greater stability and liquidity to support our operational and strategic initiatives

Clear guardrails supporting investment in future growth:

Cash Conversion	>85%
Net debt leverage[1]	<1.5x
ROIC	>15%
Dividend cover	c3.0x

1. *Excluding IFRS-16, in line with banking covenants*

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Capital allocation policy unchanged

Organic

- Capital investment remains core to strategic growth
- Capex to be maintained between 4 – 5% of sales

Innovation

- Sustainable new product development and propositions
- Digitalising the customer experience

Acquisitions

- Strong pipeline of potential acquisitions
- Addition of product adjacencies enables higher organic growth through cross-sell

Shareholder returns

- Committed to maintaining dividend cover in the order of three times adjusted earnings
- The pace of the share buyback programme deployment is dependent on other capital allocation opportunities, particularly the availability of earnings accretive M&A

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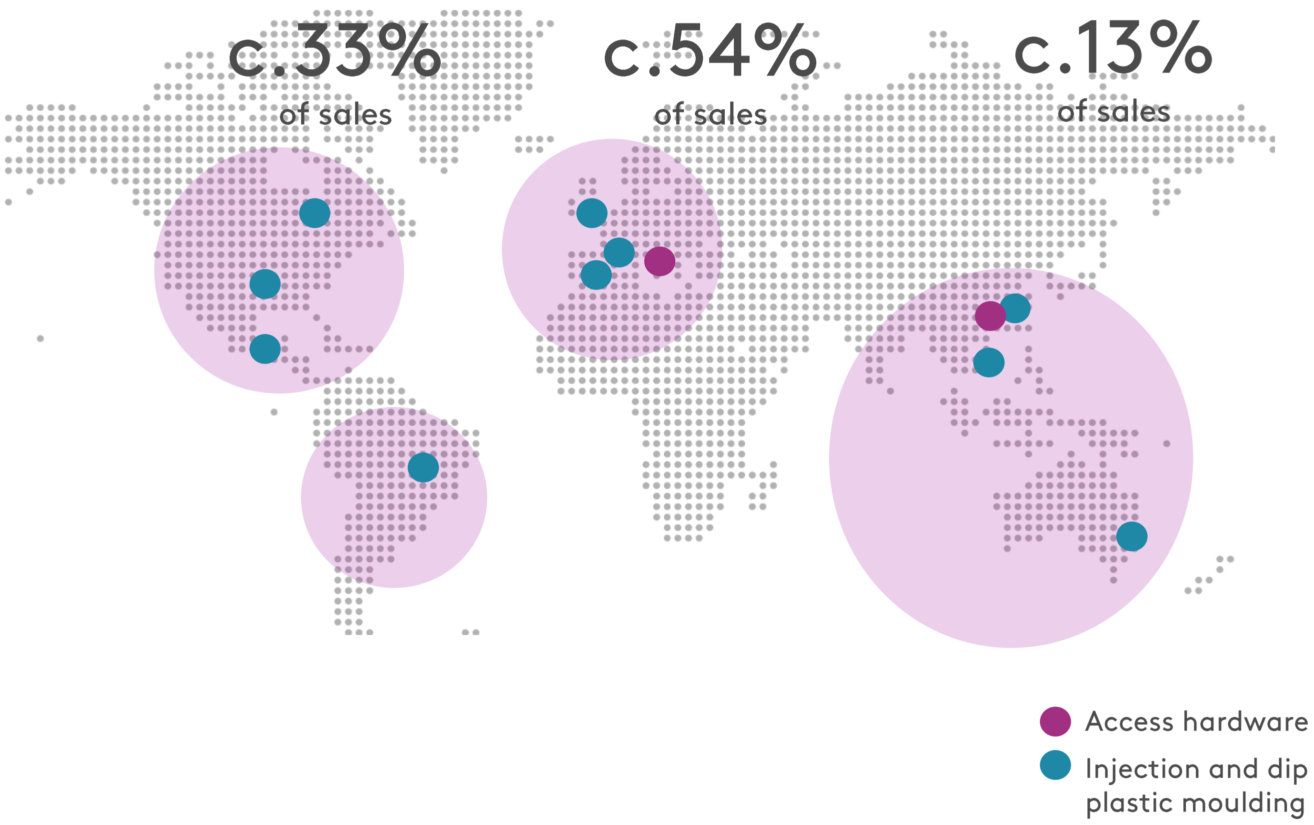
Regional update

Scott Fawcett
CEO

Our global footprint provides optionality

- Essentra's global network extends to 28 countries worldwide and includes c.3,000 employees
- We continue to assess our footprint and optimise our operations, including responding to tariff uncertainty
- Eight acquisitions over the past ten years, expanding geographic presence and end-market opportunities
- Regional management structure, with local manufacturing and distribution:
    - c.90% of Americas and EMEA manufactured products are sold in region
    - c.60% of China manufactured products are sold in region (c.30% to EMEA)



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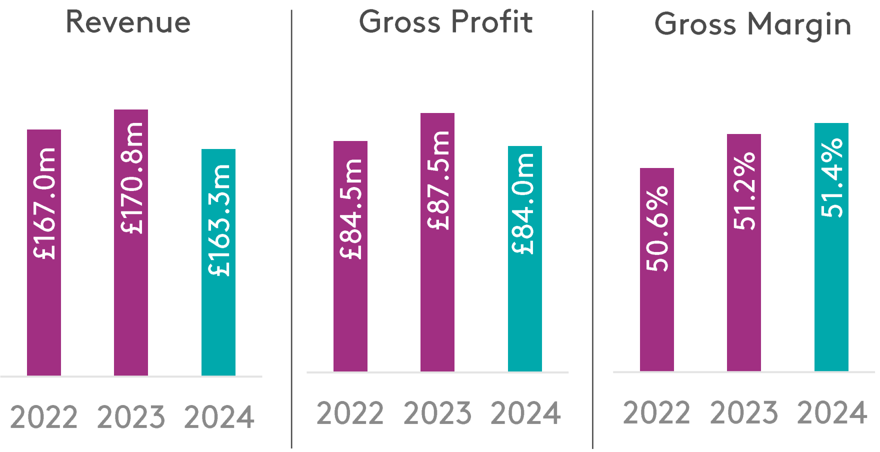
EMEA

Market softening through H2, reflective of wider industrial trends

- Trading conditions through the year were mixed leading to 4.2% decline LFL[1] (-0.1% H1; -8.7% H2)
- 2023 acquisition of BMP TAPPI contributed +5.7% to total growth and generated cross-sell success within the specialist vehicle end-market
- Access hardware continues to strengthen as a product category, serving faster growing end-markets including energy transformation and digital infrastructure. We continue to invest in capacity and automation in our access hardware facility in Turkey
- Margin expansion to 51.4% through increased focus on manufacturing efficiencies and procurement savings
- ERP deployment of eight sites in two tranches, including both distribution hubs
- +3 NPS improvement, reflecting the strengthening of our service proposition and broad range of products

% of group revenue:



Numbers on a reported basis

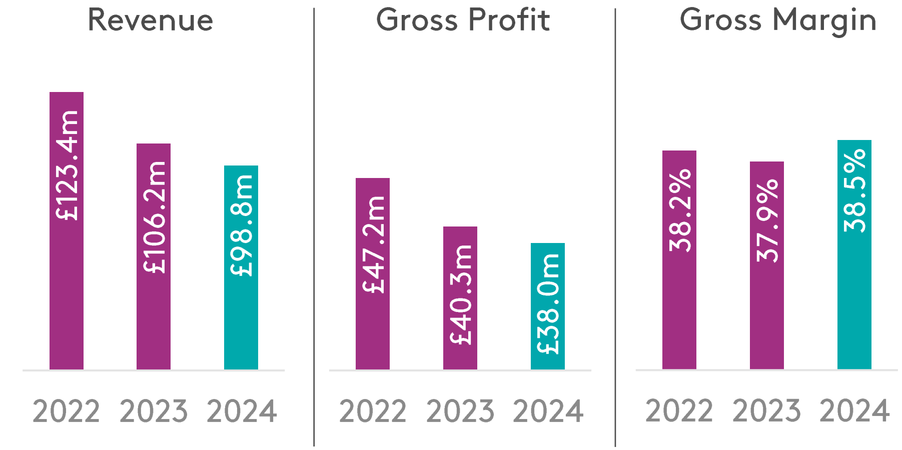
1. *Excluding the impacts of foreign exchange and the acquisition of BMP TAPPI, completed in October 2023*

Americas

Stability within the industrial environment including normalisation of distributor volumes

- Increased stability as the year progressed leading to 3.9% decline[1] (-6.9% H1; -0.5% H2)
- Sectors that saw a more positive market backdrop in the year included machine builders and specialist vehicles
- More focused commercial team increasing the opportunity pipeline leading to improvements in new customer acquisition and re-activation
- Gross margin expansion to 38.5% supported by alignment of the cost base with demand, investment in automation, and machine replacement projects delivering improvements in productivity
- Flexibility within our footprint, and capacity to respond to changes within the macroeconomic environment
- +3 NPS improvement, supported by sustained focus on customer proposition, including availability of faster moving, high-demand products

% of group revenue:



Numbers on a reported basis

1. *Excluding the impacts of foreign exchange*

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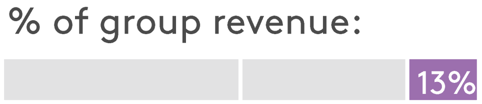
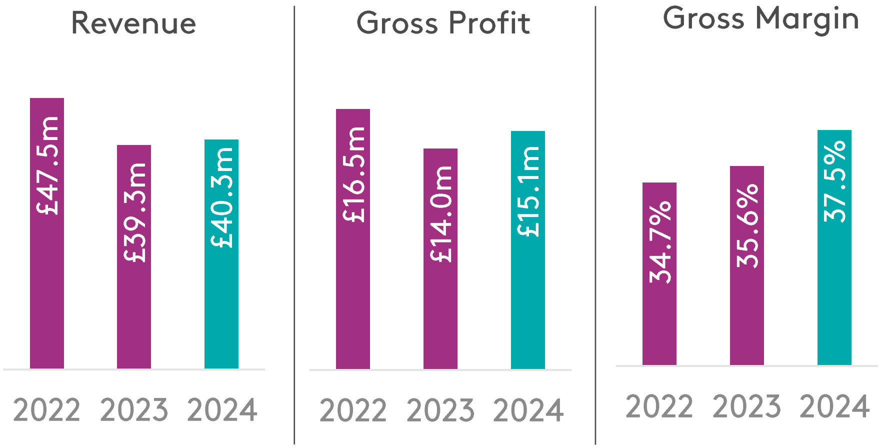
APAC

Incremental, sustained improvements, particularly within the China export market to rest of Asia

- Sequential quarterly improvements throughout the year leading to +7.0% growth[1] (+1.8% H1; +12.1% H2)
- Growth driven through larger projects linked to faster-growing sectors, including digital infrastructure in India and Saudi Arabia, and energy transformation
- Focused in-source manufacturing, specifically within the energy transformation sector is enabling new business wins and driving cost efficiencies
- Manufacturing investment expanding capabilities in Ningbo and Rayong broadening the product range
- +6 NPS improvement (China) led by improved stock availability and reduced lead times to end-customers





Numbers on a reported basis

1. *Excluding the impacts of foreign exchange*

Strategic update

Driving growth through market focus and targeted strategic investment

Our **strong balance sheet enables disciplined investment** in future growth through:

- New Product Introductions
- Sustainable products
- Digital, sales and marketing
- New products via acquisitions

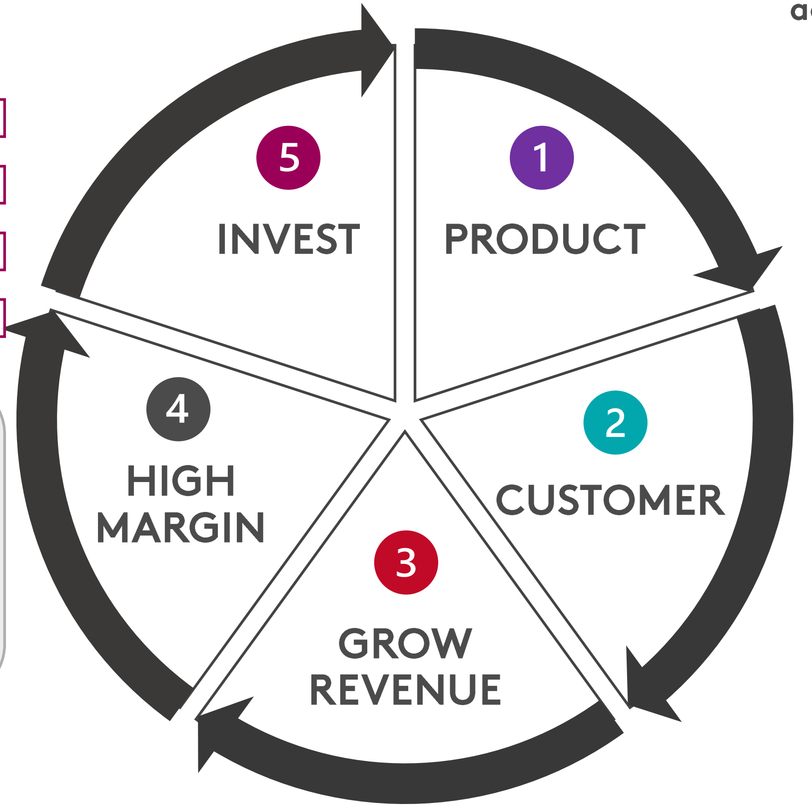
HIGH TRANSACTIONS

HIGH MIX

HIGH MARGIN

HIGH CASH CONVERSION

64k Customers	500k Orders
70k Products	£500 AOV



We **grow revenue** through:

- **Winning** customers through deep product expertise in one category
- **Growing** customers by cross selling across our product categories
- Keeping customers by being hassle-free

Breadth and depth of product expertise across low-cost components:

- Protection
- Electronics hardware
- Fastening solutions
- Access hardware
- Machine & automation

In a market of millions of potential **customers,** Essentra focuses on **five customer sectors:**

- Digital infrastructure
- Specialist vehicles
- Energy transformation
- Defence
- Equipment machine building

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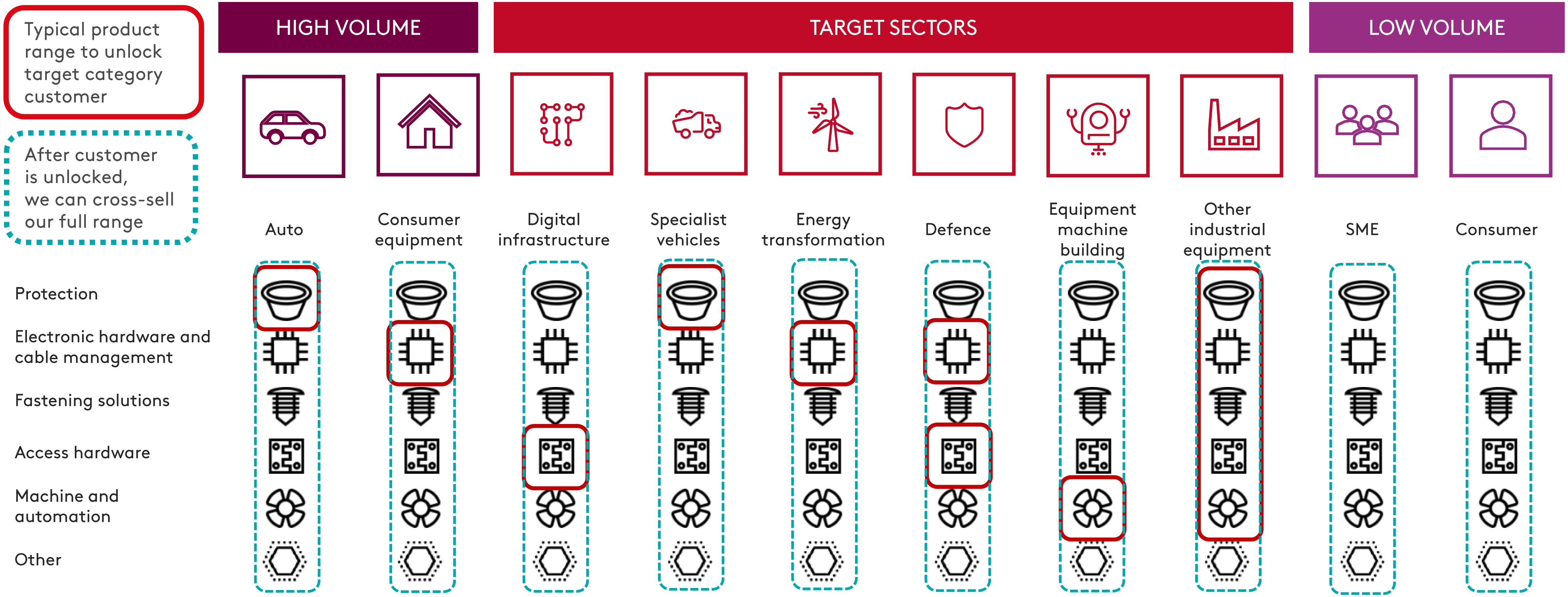
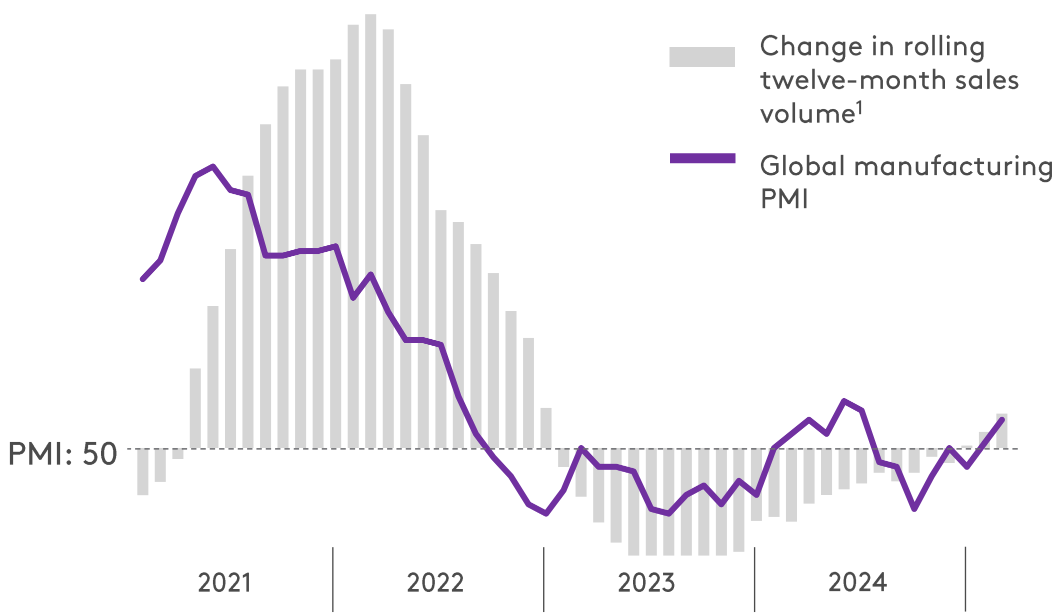
Multiple product expertise and a broad range of customer categories



Underlying volume trends remain closely correlated with PMI

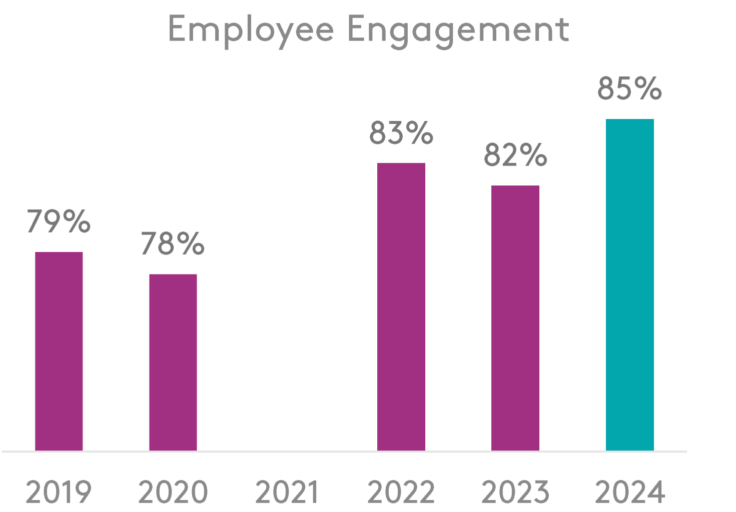
- Our performance is linked to global industrial production cycles, particularly in EMEA and the Americas
- Our business model remains robust and continues to deliver strong margins and cash conversion in excess of 85% through the cycle
- A wide range of product capabilities and end-customers, increasing our exposure to high growth markets, reducing cyclicality over time

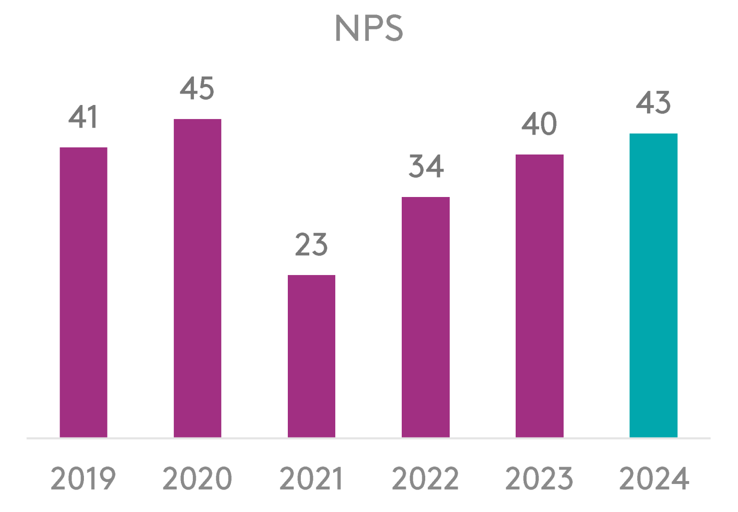
Sales volume and PMI correlation

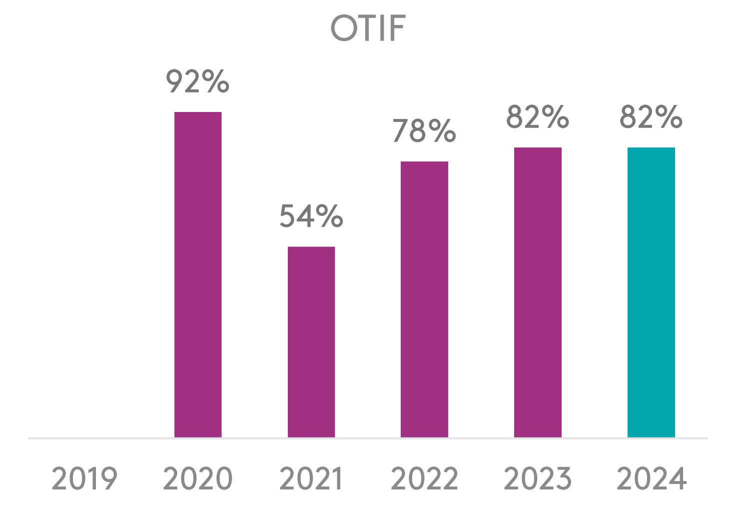


1. Internal metric. Volume defined as same customers, buying the same products. Excluding price, new customers, and new product sales.

Strong and improving customer sentiment

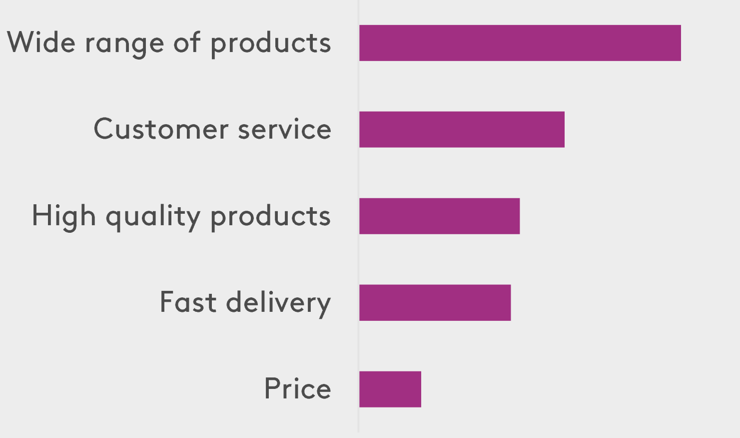






Industry leading employee engagement levels helping to generate higher levels of customer satisfaction

What is the main reason why you would recommend Essentra Components[1]?



Reflecting our ability to meet our customers' needs in delivering products on time and in full

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1. Data taken from 2024 Customer Survey: Q14. What is the main reason why you would be likely to recommend Essentra Components

Investment in digital enabling further opportunities

Improving our customer experience, 26 websites and 17 languages

- Commenced projects on two new digital platforms with roll out expected in 2025
- Replacing old technologies and integration with ERP

Putting our customer interactions first

- ‘Customer Voice’ launched in 2024 and will complete in 2025
- Enhanced complaint management, achieving +2% increase complaint resolution satisfaction

Integration of our technology, standardising our processes and driving efficiencies

- Acceleration of ERP deployment, through a measured and repeatable deployment approach
- 8 sites deployed in 2024, 11 sites now live. 5 sites planned in 2025
- SaaS costs in 2024 were £9.6m in line with guidance

Planning software above our ERP platforms, providing a global view of demand

- Deployment of connected planning software across our three geographies
- Supporting top line growth and inventory efficiency and margin expansion

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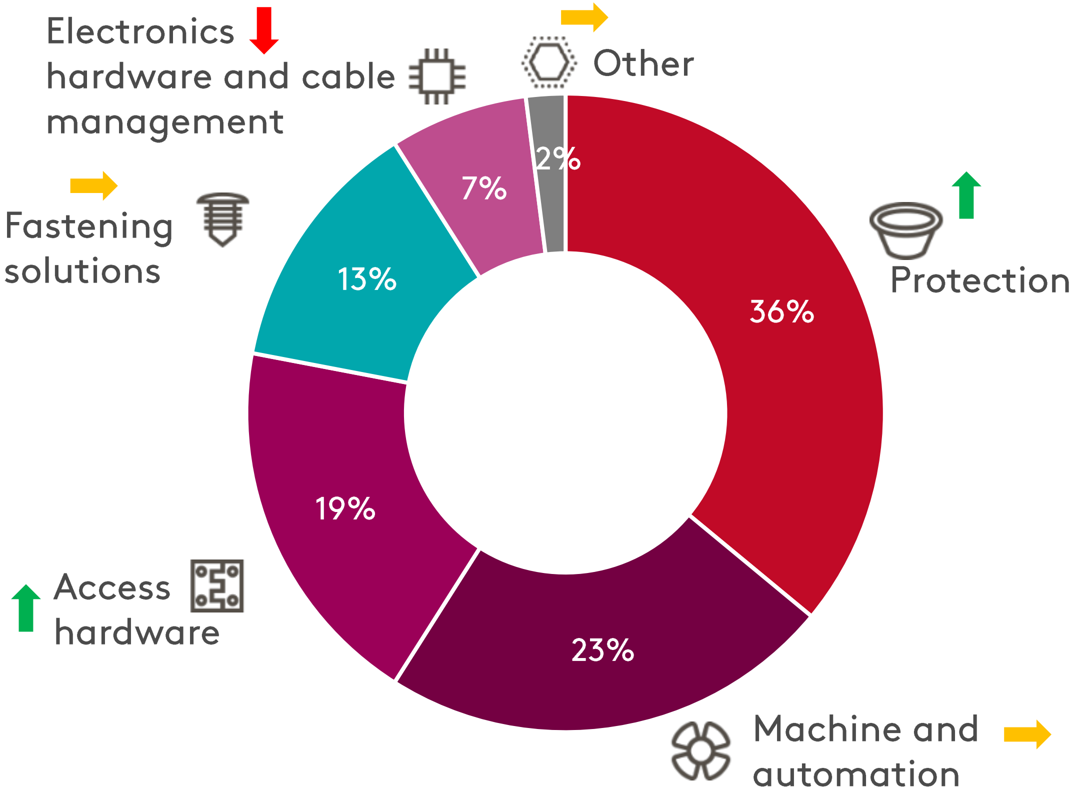
Product expertise across diverse industries

We uniquely bring together a wide range of product capabilities, which enables us to serve a wide range of end-customer markets

Access hardware continues to grow
- Greater exposure to faster growing markets including energy transformation and digital infrastructure

Machine and automation changing end-markets
- Reduction in automotive
- An increase in industrial equipment end-markets

Protection products growth
- BMP TAPPI unlocking cross-selling
- Automotive and specialist vehicles end-markets softening
- Increase in the use of more sustainable raw materials



Sustainability focus is enhancing our proposition

Sustainability criteria driving business wins across all three regions including customers from specialist vehicles and general industrial end-markets

- We continue to innovate and develop relationships with our customers to identify new commercial opportunities
- c6,500 products across our ranges have sustainability attributes, an increase of over 25% compared to 2023
- 46 trials completed across a variety of recycled materials and bioplastics in 2024

SBTi approval for our near and long-term science based emissions reduction targets

- 49% reduction in scope 1 and 2 emissions since 2019 (Target: 50% by 2030)
- 15% reduction in scope 3 emissions intensity since 2022 (Target: 55% by 2030)

2024 ESG Ratings

- CDP 2024:
  - A- Climate Change
  - B Water Security
  - B- Forests
- MSCI: AA
- Sustainalytics: Medium

CDP Discloser 2024

MSCI ESG RATINGS AA

CCC	B	BB	BBB	A	AA	AAA

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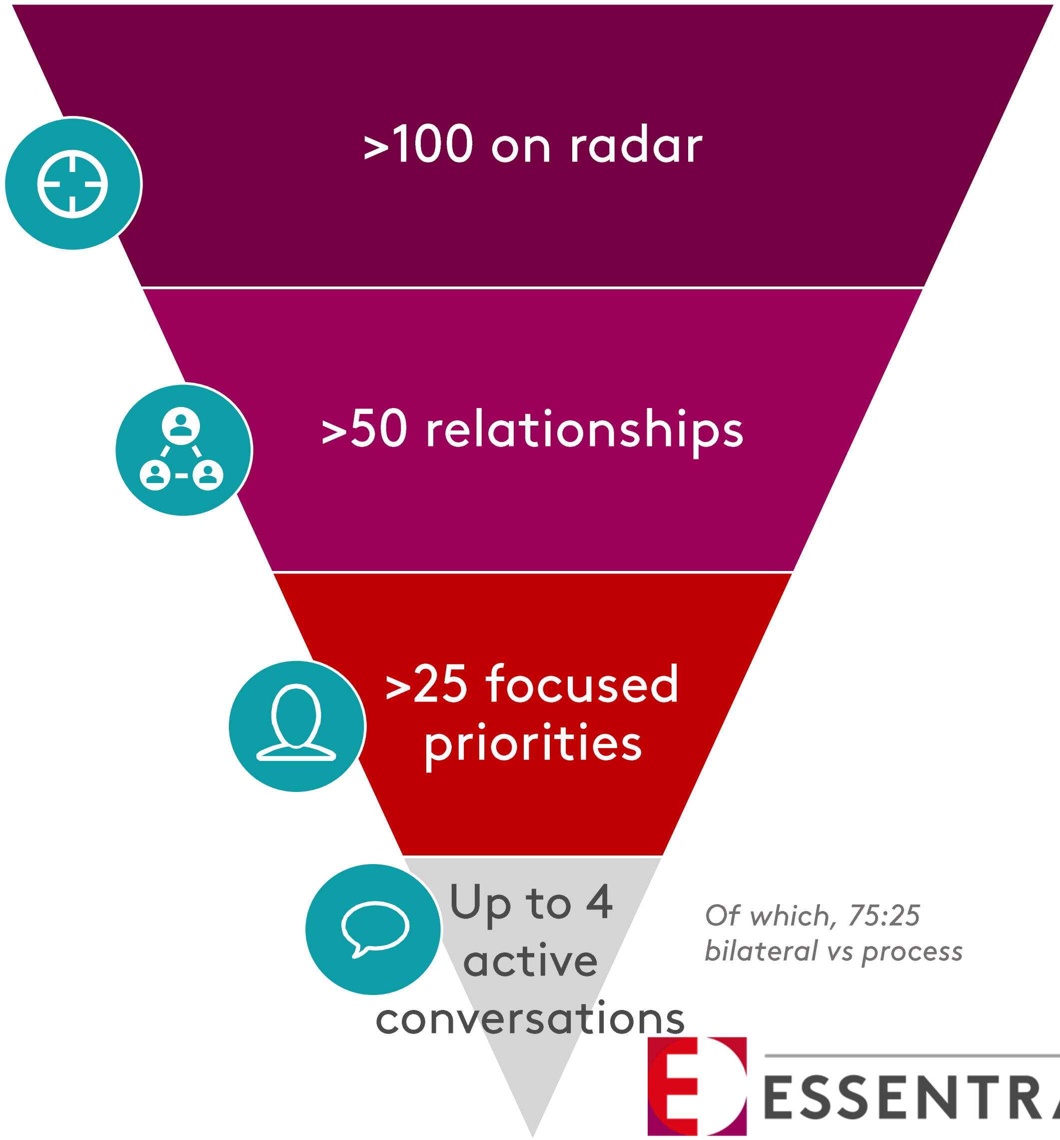
An active pipeline of value-enhancing M&A

- We continue to apply a disciplined approach to deal rationale
- Our focus remains on bolt-on acquisitions with an EMEA and Americas focus
- Targeting new product capabilities including existing suppliers of sourced products, unlocking cross-sell opportunities
- ESG considerations increasingly included within selection process
- Rigorous financial framework, seeking a post synergy hurdle ROIC of >15% in year 3
- Targeting to buy at 6-9x EBITDA, improving to 4-7x EBITDA after synergies



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M&A case studies

Acquired in December 2022

Deal rationale:
- Targeting new product adjacencies and capabilities in machine and automation
- European growth through cross-selling to existing Essentra customers
- Strong profit margins

Integration:
- Acceleration of new business in machine and automation product category through 2024
- c£0.3m new business won; c£0.5m pipeline created across a breadth of end-markets

On track towards financial targets:
- ✓ c.12% year two ROIC
- ✓ c.8% additional revenue generated through pricing and cross-sell synergies
- ✓ 50bps operating margin accretion in 2024

Acquired in October 2023

Deal rationale:
- Expansion of protection product range
- European manufacturing footprint
- A trading partner to Essentra for over 20 years, with a well-established relationship
- Strong profit margins

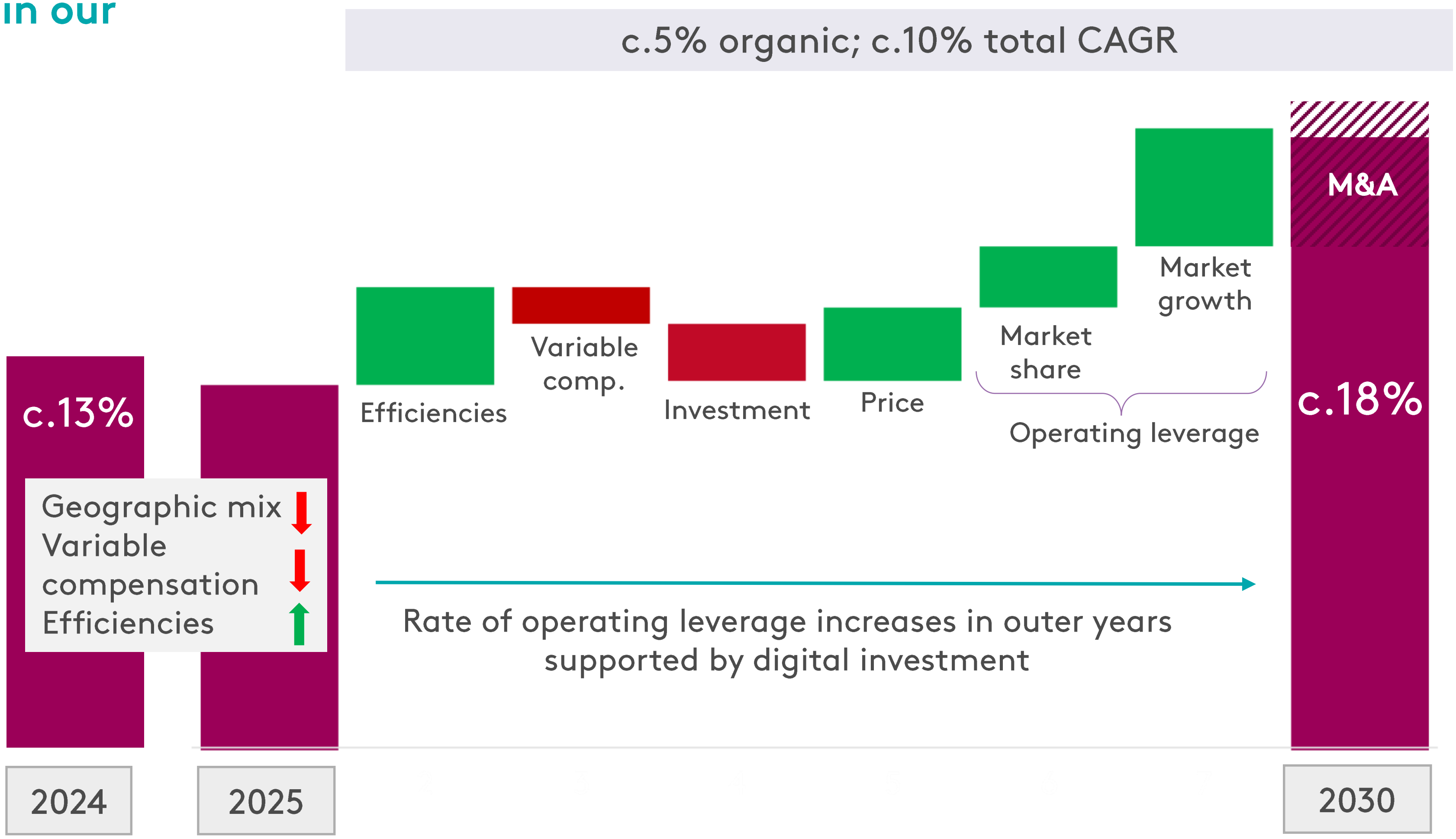
Integration:
- c£0.4m new business won; c£1.3m pipeline, with cross-selling to a number of European OEMs
- Manufacturing efficiencies and toolroom investments

On track towards financial targets:
- ✓ c.10% year one ROIC. Excellent revenue synergies against a back drop of softer trading conditions
- ✓ c.6% additional revenue generated through cross-sell synergies in year one

Unchanged c.18% adjusted operating margin target

Reaffirming confidence in our business model

- Pricing discipline offsetting inflation
- Enhanced operating leverage and scale through focus on footprint, product and end-markets
- Efficiencies include procurement, automation and benefits from digital investment
- Market recovery will drive stronger returns and improved operating leverage



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Outlook

2025 outlook

We remain focused on market share growth, delivering on the elements that remain within our control

- Supported by our unique manufacturing and distribution business model
- Capacity for growth and flexibility to take advantage of increasingly complex global trade dynamics
- Driving operational excellence to ensure customers receive enhanced levels of service
- Optimising our efficiency to support operating leverage and margins
- Focused organically on our product offering and structurally less cyclical end-markets
- Investing selectively in bolt-on M&A opportunities, with attractive returns

The Board's expectations are unchanged

- 2025 has started in line with expectations
- Management is taking a cautious approach to growth in 2025 given the dynamic landscape
  - Soft macroeconomic environment in EMEA
  - Americas volumes continue to normalise, returning to low single digit growth
  - Continued market recovery and growth in APAC
- Regional gross margins to remain strong, with some dilution from growth in 2025 weighted towards Americas and APAC regions

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Q&A

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Full Year Results 2024

19 March 2025

Appendices

ESG Framework

Our Planet

Planet

Driving resource and energy efficiency, reducing emissions and embracing renewables

Our Culture

Culture

A safe, supportive work environment that champions equality and celebrates diversity

Our Communities

Communities

Working with suppliers to ensure ethical practices and contribute to equitable economies

Volunteering our time and supporting good causes

Our Components

Components

Developing innovative products using renewables, recyclables, reusables and biodegradables

Our Customers

Customers

Providing a hassle-free service that helps customers achieve their sustainability goals

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Income Statement – Reported basis

	2024 £m	2023 £m
Adjusted operating profit	40.1	43.2
Intangible amortisation of acquired assets	(11.5)	(11.3)
Adjusting items	(14.0)	(21.0)
Reported operating profit	**14.6**	**10.9**
Net finance charge	(8.9)	(2.5)
Profit before tax	**5.7**	**8.4**
Taxation credit / (expense)	5.9	(2.6)
Net income	**11.6**	**5.8**
Net loss from discontinued operations	(1.0)	(0.4)
Profit for the period	**10.6**	**5.4**

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Net debt reconciliation, excluding lease liabilities

	£m
As of 1 January 2024: net debt	31.6
Free cash flow	(22.5)
Ordinary dividends	10.5
Share buyback	4.9
Acquisitions less cash acquired	4.1
Adjusting items	17.7
Cash flow from discontinued businesses including disposal costs	14.8
FX including hedging derivatives	1.6
Lease liabilities	5.5
As of 31 December 2024	**68.2**

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