

ESSENTRA PLC**ANNUAL GENERAL MEETING - FURTHER COVID-19 UPDATE****Summary**

- Three priorities remain; employee physical and emotional wellbeing, continued high levels of customer support, cash conservation
- New fourth priority – building for our future – to ensure the Group is best placed to emerge from the pandemic successfully
- Groupwide performance not materially impacted by COVID-19 in Q1, but disruption to trading felt in April
- Most significant impact in Components, with underlying demand in Packaging and Filters robust
- All 71 manufacturing and distribution facilities are now operational
- Liquidity position and capital structure well placed to absorb an extended period of uncertainty
- Well positioned to respond effectively to the impacts of the pandemic and return to delivering growth over the medium to long term

Further to the announcement made on 27 March 2020, and ahead of our Annual General Meeting (to be held later today), Essentra plc ('the Company') today provides a further trading update on its response to COVID-19 ('the pandemic').

People

The Company's main priority remains the safeguarding of our people - physically, emotionally and financially - whilst taking account of our global and local obligations. The steps taken by the Company have been underpinned with the principle of protecting jobs as much as possible during the period of uncertainty.

Physically, we have strict hygiene and protective safety measures in place across all of our facilities, extending the provision of PPE to employees' families in many vulnerable countries. We continue to see a decline in the number of employees absent from work for COVID-19 related reasons.

Emotionally, the Company has established virtual networks for those employees now home-based or those with specific challenges at this time. Our critical factory and warehouse employees in some high risk countries have been provided with alternative housing, whilst more globally employees have been given access to support networks and alternative working arrangements. The mental and emotional well-being of our people continues to be at the forefront of our planning, as the pandemic and future of our working places emerge.

Financially, we continue to support employees during periods of furlough where no government support is provided, in addition to providing isolation payments for those who would otherwise not be paid. We have also extended support to those working on an agency basis who have been significantly impacted by the pandemic. To help fund these initiatives, the Company's top 100 senior leaders, its Group Management Committee members and the Board have taken a voluntary reduction in remuneration. Some of the actions are in addition to the remuneration initiatives announced previously in relation to the executive management and the Board.

Customers

The Company is proud to be serving critical industries involved in the fight against COVID-19; the pharmaceutical industry in our Packaging division and the medical devices industry in our Components division.

As we previously reported, apart from any government-imposed closures, our supply chain continued to serve our customers largely unhindered. There have been a handful of instances of facility closures due to government lock downs since the pandemic began, however, the Company is pleased to report that across our global footprint, all manufacturing and distribution facilities are now operational, with relevant precautions in place such as appropriate social distancing measures and PPE.

The Company is working closely with its customers to respond quickly to their changing needs. Our world class service and quality metrics have been maintained despite any disruptions that have been caused by the pandemic.

Impact of COVID-19 on Current Trading

Trading in Q1 showed some limited impact from the pandemic, whilst the effects have been more profound in April. Nonetheless, the outcome for April was in line with where the Company expected it to be at the start of the month.

Trading in Q1

Group like-for-like (LFL) revenue declined 7% for the period.

Total Components LFL revenue was 5% down on the prior year period. This was reflective of the pandemic causing disruption in China earlier than in rest of the world (though the underlying Chinese business was back on track by the end of the quarter), a soft end-market backdrop in the US and wider spread disruption from the pandemic beginning to be felt towards the end of the quarter. Components Europe was only marginally down on prior period, the wider spread impact from the pandemic late in Q1 was offset by more robust trading earlier in the year.

In Packaging, LFL revenue was down 5% in the quarter. This reflects a tough prior year comparative - Q1 2019 was bolstered by short term customer demand on the back of the new regulatory requirements as prescribed by the Falsified Medicines Directive, which took effect in Europe in early 2019. Additionally, growth was somewhat hindered by specific customer supply chain issues impacting Americas growth rates in Q1 2020.

Total Filters divisional revenue was 12% down on the prior year period, of which the core Filters business was down by 10%. This performance was broadly in line with expectations for the first quarter, given three short term factors; namely, the effect of the pandemic being felt earlier in the period in China, an impact towards the end of the period from government enforced facility closures, and the continued effect on prior period comparatives due to business disruption in the Middle East following the sanction compliance issues announced in our year end 2019 results.

Trading in April and recent developments

Group like-for-like (LFL) revenue declined 17% in April.

In the Components division (which is more exposed to industrial cyclicality), April saw an accelerated slowdown in customer demand, particularly in Europe and the US. Conversely, Asia fared much better, as the epicentre for the outbreak shifted from East to West. Overall the Components division LFL was 24% down on prior year in April. May performance-to-date looks to be in line or marginally ahead of performance seen in April. Components has continued to deliver high levels of service to customers through this period and its online offer has helped to differentiate the business during this period.

Underlying demand remained robust in both the Packaging and Filters divisions. As previously indicated in our announcement dated 27 March 2020, the greater risk for these two divisions from the pandemic related to supply chain performance and individual country temporary legislation. In line with this, April performance in both Packaging and Filters was somewhat affected by temporary facility closures, these have subsequently reopened.

The order book for Packaging is encouraging, and is higher than it was at the same point last year, on a LFL basis.

Filters continues to make progress on its strategic agenda, despite any restrictions caused by the pandemic. Namely, the commencement of our two 'gamechanger' outsourcing deals and the establishment of the China JV.

Financial Position and Priorities

The Company continues to maintain a strong balance sheet and liquidity position. In the announcement dated 27 March 2020, the Company highlighted that it had available liquidity of c£225m, which was made up of undrawn committed bank facilities of c£100m, along with cash on hand across the Company of c.£125m. We are pleased to report that our liquidity position has remained stable since our last announcement; this has been achieved by diligent cash flow management in the Company.

The Company has successfully repaid a US\$80m USPP (US Private Placement) facility, which matured on 29 April 2020. This was replaced by a £50m bank loan facility and a US\$25m USPP. As a result, the Company's overall USPP fundings have reduced by c30%, but the overall gross facilities have remained the same.

The Company continues to proactively work on protecting its trading and cash flow position by assessing a number of mitigation levers within its control, such as discretionary spend and capex. This decisive cost action combined with the Company's strong liquidity position, leaves the Company well placed to weather these unprecedented trading conditions.

Building for the Future

The pandemic has changed the macro-environment, which has been uniquely impacted by the rapid and global spread of COVID-19. As the Company took early action to ensure continuity of service (where possible) whilst protecting employees, it has further strengthened its relationships with its customers.

The Company has implemented a working group to assess the key learnings from the pandemic, as well as looking into new opportunities that the Company could benefit from strategically, commercially and operationally. This work is to ensure that the Company is agile in adapting its offer to customers as the world emerges from the COVID-19 pandemic.

Outlook

The Company anticipates inevitable continued disruption to its trading in the coming months and it is still too early to call out the full extent of the resulting impact on the full year financial performance - hence any guidance remains absent. The current expectation for May, subject to further adverse pandemic developments, is at least in line with the April performance.

Nonetheless, the Company also recognises that there is a risk of a second wave to the pandemic, which could adversely impact trading beyond Q2. The Company is in the process of putting together plans to mitigate against the impacts of such a risk.

The Company has a strong balance sheet with a liquidity position and capital structure that is well placed to absorb an extended period of uncertainty. Despite the current intense focus on addressing the immediate challenges, we continue to pursue the strategic initiatives that will drive our medium to long term growth, albeit at a revised pace.

The Company has created a dedicated COVID-19 section within its corporate website, where regular updates are being posted (please see <https://www.essentraplc.com/about-us/covid-19-approach/groupwide-approach>).

Following on from regulatory guidance from the FRC, regarding reporting timeframes in the current environment, the Company will announce its Interim results (originally planned for Friday 31 July 2020), at a later date to be announced shortly.

Board Changes

As reported in the FY 2019 results announcement, Lorraine Trainer is stepping down as a Non-Executive Director and Chairman of the Remuneration Committee after today's 2020 Annual General Meeting. The Company would like to thank Lorraine for her services, and wish her all the best for the future.

Nicki Demby is now the Remuneration Committee Chair.

Commenting on today's announcement, Paul Lester, Chairman said:

"I am very pleased with how the Company has responded to this unprecedented situation. From the onset of the pandemic, we have focused our energies on our three main priorities; employee wellbeing, customer support, and cash conservation. The effectiveness of our response means that we are now also focusing on building for the future, our new fourth priority, to ensure we are best placed to come out of the pandemic successfully.

As an organisation we have taken rapid action to manage our costs, preserve cash and protect the Company's financial position – which has resulted in us remaining profitable and cash neutral even in these recent difficult times.

The fundamentals of our Company remain sound, and we will continue to take all necessary measures to ensure that the Company emerges from this unprecedented situation as an even stronger and better organisation.

I would like to take this opportunity to thank our employees – who have continued to perform above and beyond, despite the challenging circumstances we are all faced with. I would also like to thank management, who have voluntarily taken a cut in their remuneration in order to financially help others within the Essentra family".

Enquiries

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Cautionary forward-looking statement

This announcement contains forward-looking statements based on current expectations and assumptions. Various known and unknown risks, uncertainties and other factors may cause actual results to differ from future results or developments expressed or implied from the forward-looking statements. Each forward-looking statement speaks only as of the date of this document. The Company accepts no obligation to revise or update these forward-looking statements publicly or adjust them to future events or developments, whether as a result of new information, future events or otherwise, except to the extent legally required.

Unaudited numbers

The numbers quoted in this announcement are based on the Company's management accounts and have not been audited.

Notes to Editors

About Essentra plc

Essentra plc is a FTSE 250 company and a leading global provider of essential components and solutions. Organised into three global divisions, Essentra focuses on the light manufacture and distribution of high volume, enabling components which serve customers in a wide variety of end-markets and geographies.

Headquartered in the United Kingdom, Essentra's global network extends to 34 countries and includes 7,552 employees, 50 principal manufacturing facilities, 34 sales & distribution operations and 4 research & development centres. For further information, please visit www.essentraplc.com.

Essentra Components

Essentra Components is a global market leading manufacturer and distributor of plastic injection moulded, vinyl dip moulded and metal items. Operating in 29 countries worldwide, 14 manufacturing facilities and 29 logistics centres serve more than 85,000 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 and construction. The division also includes the Reid Supply business, which provides a wide range of branded hardware supplies to a broad base of industrial customers, largely located in the US Mid-West.

Essentra Packaging

Essentra Packaging is one of only two multicontinental suppliers of a full secondary packaging range to the health and personal care sectors, with 24 facilities across four geographic regions. The division's innovative products include cartons, leaflets, self-adhesive labels and printed foils used in blister packs, which help customers to meet the rapidly-changing requirements of these end-markets and can also be combined with Essentra's authentication solutions to help the fight against counterfeiting.

Essentra Filters

Essentra Filters is the only global independent cigarette filter supplier. The seven worldwide locations, plus a dedicated Technology Centre supported by three regional development facilities, provide a flexible infrastructure strategically positioned to serve the tobacco sector. The business supplies a wide range of value-adding high quality innovative filters, packaging solutions to the roll your own segment and analytical laboratory services for ingredient measurement to the industry: Essentra's offering also includes Heat Not Burn and e-cigarette solutions to the rapidly evolving market for Next Generation Products. The division now also includes the Tear Tapes business, which is globally recognised as the leading manufacturer and supplier of pressure-sensitive tear tapes, that are largely used in the tobacco, food and drink and specialist packaging sectors.