ESSENTRA

29 July 2016

ESSENTRA PLC
("the Company")

A leading global provider of essential components and solutions

RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2016

HY 2016 IMPACTED BY A NUMBER OF CHALLENGES
FY 2016 OUTLOOK REFLECTS STRONGER H2 PERFORMANCE – ADJ. OPERATING PROFIT GUIDANCE OF £155 – 165M REITERATED

HY 2016 summary:

- Revenue broadly unchanged at £545m, down 7% on a like-for-like[1] basis.
- Adjusted operating profit[2] down 18% (constant FX) to £70m.
- Adjusted operating margin[2] -200bps to 12.9%.
- Adjusted EPS[2] 18% lower (constant FX) at 19.2p.
- Tax rate on adjusted profit reduced by 300bps to 20.0%.
- Net debt of £434m (FY 2015: £374m), with cash flow generation offset by higher dividends and foreign exchange.
- Half year dividend unchanged at 6.3p per share.
- Essentra Board working in conjunction with Chief Executive on succession planning.

Results at a glance:

	HY 2016	HY 2015	% change Actual FX	% change Constant FX
Revenue	£545m	£550m	-1	-5
Operating profit – adjusted[2]	£70m	£82m	-14	-18
Pre-tax profit – adjusted[2]	£63m	£77m	-18	-21
Net income – adjusted[2]	£51m	£59m	-14	-18
Basic earnings per share – adjusted[2]	19.2p	22.7p	-15	-18
Dividend per share	6.3p	6.3p		
Operating profit	£50m	£50m	-2	-6
Pre-tax profit	£43m	£45m	-6	-10
Net income[3]	£34m	£36m	-4	-9
Basic earnings per share	13.0p	13.7p	-5	-9

[1] Excludes the impact of acquisitions, disposals and foreign exchange (see page 2)
[2] Before intangible amortisation and exceptional operating items
[3] Net income is defined as profit after tax

Commenting on today's results, Colin Day, Chief Executive, said:

"As reported in our trading update of 9th June 2016, Essentra has experienced a number of challenges – notably in the Filter Products and Health & Personal Care business – which have impacted our interim results. Notwithstanding these challenges, however, the Company remains fundamentally strong, with global leading market positions in end-markets with positive growth characteristics, and attractive levels of profitability and cash generation.

Given that many of the issues highlighted in the interim results are temporary in nature and / or showing improvement in line with expectations, Essentra is confident of delivering a stronger result in the second half of 2016. As such, our FY 2016 outlook is for a mid single-digit decline in like-for-like revenue, with adjusted operating profit in the range of £155 – 165m."

Basis of Preparation

The term "constant FX" describes the performance of the business on a comparable basis, after adjusting for the impact of foreign exchange.

The term "like-for-like" ("LFL") describes the performance of the business on a comparable basis, adjusting for the impact of acquisitions, disposals and foreign exchange. The HY 2016 LFL results are adjusted for Clondalkin Specialist Packaging Division ("Clondalkin SPD", acquired on 30 January 2015).

The term "adjusted" excludes the impact of intangible amortisation and exceptional operating items, less any associated tax relief. In HY 2016, intangible amortisation was £15.9m (HY 2015: £15.2m), and there was an exceptional pre-tax charge of £4.6m (HY 2015: £16.3m) mainly relating to integration and restructuring costs arising from acquisitions.

Adjusted measures are provided to reflect the underlying financial performance of Essentra. For further details on the performance measures used by Essentra, please refer to page 12 of the 2015 Annual Report.

Board Update

Consistent with his long-term ambitions and his well-established reputation as a Non-Executive Director, Colin Day has advised the Board of his intention to increasingly focus on such activities in the future. As a result, the Board is working in conjunction with Colin towards identifying an appropriate successor, to include both internal and external candidates.

Colin remains fully committed to Essentra and the successful delivery of the FY 2016 results, as well as to effecting a smooth transition with his successor at the relevant time.

Market Abuse Regulation Statement

This announcement contains inside information.

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Potential Impact of the United Kingdom Leaving the European Union ("Brexit")

Until the precise nature of Brexit is determined, it is premature to speculate as to the impact on Essentra of the United Kingdom leaving the European Union. However, with a global footprint, which incorporates some 53 manufacturing sites in 33 countries, the Company believes that it remains well-positioned to serve its global customers with the diverse range of enabling components for which it is well-known. In HY 2016, Essentra generated c. 15% revenue in the UK, with the value of production manufactured domestically and exported to the EU considered to be immaterial in the context of the overall Group.

Essentra conducts business in several foreign currencies, notably the US dollar and the euro. Therefore, the Company is subject to currency exposure due to exchange rate movements which affect the translation of results and underlying net assets of its operations and their transaction costs. Indeed, the significant weakening in sterling following the EU referendum had a negative impact on both net debt and net working capital as at 30th June, of £44m and £17m respectively (being the foreign exchange difference versus translating the period-end balances at 23 June 2016 rates).

Operating Review

HY 2016 revenue decreased 0.9% (-4.8% at constant exchange) to £545.2m, with a LFL decline of 7.5%. While the result was supported by new business wins, continued product innovation and investment in both existing and new geographical markets, this was offset by short-term operational challenges in both the Filter Products and Health & Personal Care Packaging businesses, as well as further weakness in Pipe Protection Technologies ("PPT") during the first half.

On an adjusted basis, operating profit was down 14.4% (-17.8% at constant exchange) at £70.1m. The 200bps reduction in the margin to 12.9% (at both constant and actual exchange) largely resulted from the afore-mentioned issues: in response, and as previously announced, the Company has already implemented further cost savings initiatives. Including intangible amortisation of £15.9m, and an exceptional pre-tax charge of £4.6m mainly relating to integration and restructuring costs arising from recent acquisitions, operating profit as reported was £49.6m, -1.6% versus HY 2015 (-6.4% at constant exchange).

Net finance expense was above the prior year at £7.0m (HY 2015: £5.3m), owing to a higher average net debt position during the period. The effective tax rate on profit before tax (before exceptional operating items) reduced to 20.0% (HY 2015: 23.0%).

On an adjusted basis, net income of £50.5m was down 14.4% (-17.9% at constant exchange) and earnings per share declined by 15.4% (-18.4% at constant exchange) to 19.2p. On a reported basis, net income was £34.1m, a decrease of -4.2% (-8.6% at constant exchange), with earnings per share down 5.1% versus HY 2015 at 13.0p (-9.4% at constant exchange).

Business Review

Summary growth in revenue by Strategic Business Unit

% growth	**LFL**	**Acquisitions / Disposals**	**Foreign Exchange**	**Total Reported**
Component Solutions	-4	-	+4	+0
Component Solutions ex-PPT	*-1*	-	*+4*	*+3*
Health & Personal Care Packaging	-5	+7	+4	+6
Filtration Products	-13	-	+4	-9
Total Company	**-7**	**+2**	**+4**	**-1**

The following review is given at constant exchange rates and on an adjusted basis, unless otherwise stated.

Component Solutions

	HY 2016 £m	**% growth Actual FX**	**% growth Constant FX**
Revenue	147.1	+0	-4
Operating profit	26.4	-17	-19
Operating margin	17.9%	-370bps	-340bps
Revenue ex-PPT	*141.7*	*+3*	*-1*
Operating profit ex-PPT	*28.2*	*-11*	*-13*
Operating margin ex-PPT	*19.9%*	*-300bps*	*-270bps*

Revenue declined 4.0% to £147.1m, with an excellent performance in Extrusion being offset by continued weakness in PPT during the first half, as well as softness in both the US and UK Components businesses. Excluding PPT, revenue was down 1.5% to £141.7m.

In Components, the result was supported by continued broad-based growth in Continental Europe and Asia. Trading in both the UK and US reflected more challenging conditions with larger customers and in the Maintenance / Repair / Overhaul ("MRO") segment, where a number of initiatives aimed at better segmentation of the customer base and product offering will be implemented during the second half of the year, including the roll-out of 4,000 new mechanical products in the Americas.

The range of access solutions hardware performed well, benefiting from the introduction of 20 new product platforms which have been added to both the catalogue and website, providing customers with an even more comprehensive offering. New category marketing materials were also launched in all three geographic regions, highlighting the breadth of Essentra's capabilities and supporting the focus on targeted segments such as Autos and White Goods. In addition, the strategic focus on expanding custom injection moulding business continued to yield encouraging future incremental revenue opportunities.

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Further operational improvements were undertaken during the period - including the transfer of activities from Xiamen to the One Essentra facility in Ningbo, China, further to the acquisition of Abric Seals - together with a global inventory reduction programme which has already improved the stockholding position without having a detrimental impact on service levels.

A strong result in Extrusion was boosted by significant new business wins, particularly in the point of sale and water treatment segments where momentum remains positive. In addition, the business continued to benefit from a greater focus on higher value-added technical profiles in attractive growth sectors, such as "green" energy applications.

The performance of the Pipe Protection Technologies business continued to reflect developments in the Oil & Gas industry versus the prior year period, during which the North American rig count – and consequent drilling activity and demand from the pipe mills – was still falling. As a result, HY 2016 revenue fell 42% to £5.4m.

Operating profit decreased 19.2% to £26.4m equating to a 340bps decline in the margin. Continued benefits from the consolidation of the site footprint, together with operating efficiency savings, were offset by softness in the UK and a negative foreign exchange transaction impact in Components, the impact of the decline in revenue in PPT and the mix effect of strong growth in the lower margin Extrusion business.

Health & Personal Care Packaging

	HY 2016 £m	% growth Actual FX	% growth Constant FX
Revenue	216.7	+6	+2
Operating profit	22.1	-11	-14
Operating margin	10.2%	-190bps	-190bps

Revenue increased 2.4% to £216.7m. Adjusting for the acquisition of Clondalkin SPD on 30th January 2015, LFL revenue declined 4.9%, reflecting the Company's previously-communicated efforts to address certain less profitable healthcare packaging activities and continued weakness in tobacco tear tape.

The health and personal care business was supported by contract awards with both existing and new customers, as well as continued positive momentum behind the roll-out of Essentra's Key Account Management strategy to its global customer base. During the period, the Company also made significant progress with the "pruning" of certain Clondalkin SPD business which had previously been identified as not meeting Essentra's return and profitability metrics and value-creation objectives.

Leaflets and cartons performed well, and were boosted by the further commercialisation of large format and tamper-evident variants which meet the evolving regulatory requirements of the pharmaceutical industry. This was boosted by continued success for "freshness" labels in consumer packaging, particularly in the tobacco sector for both cigarettes and roll your own.

In Tapes, sales of tear tape to the tobacco industry continued to come under pressure, owing to the ongoing trend of removing value-added features. In speciality tapes, while the backdrop in the point of sale segment in the US has been soft, the application of Key Account Management principles is yielding early encouraging results in terms of exploiting cross-selling opportunities between Europe and the Americas.

Having completed the acquisition of the pharmaceutical packaging assets from Kamsri Printing & Packaging Pvt. Ltd. ("Kamsri") at the end of January 2016, not only has the relevant equipment been transferred, but a second carton manufacturing line has also been installed, to ensure that Essentra is optimally positioned to serve customers in the strategically important market in India. In addition, the Company launched the Design Hub during the period, being a new approach to design and delivery which combines the creativity of "blue sky" thinking with the technical expertise of Essentra's product development teams to deliver standout packaging which differentiates customers' brands on-shelf.

On 9th June 2016, the Company announced that its extensive site integration programme in respect of the integration of the Clondalkin SPD acquisition had resulted in some short-term operational issues in both the US and the UK, which had impacted revenue and operating profit. Since that date, further progress has been made at the facilities concerned, with the integration of the two delayed sites in the UK on track to be integrated in H2 2016, as communicated. As such, and with the integration of a further six Clondalkin facilities having proceeded in line with expectations, the Company reiterates its commitment to the successful completion of its ambitious site footprint consolidation and the consequent improvement in operational performance.

Operating profit decreased 13.6% to £22.1m, equating to a margin of 10.2%. The margin decline was largely due to the mix effect of the decline in tobacco packaging, as well as the afore-mentioned site integration challenges.

Filtration Products

	HY 2016 £m	% growth Actual FX	% growth Constant FX
Revenue	183.7	-9	-13
Operating profit	29.5	-14	-17
Operating margin	16.1%	-80bps	-90bps

Revenue decreased 12.8% to £183.7m, with a significant decline in Filter Products offsetting a stable result in Porous Technologies.

In Filter Products, underlying volumes were below the prior year period. As announced in the trading update of 9th June 2016, the impact of a sizeable contract in Europe which is maturing (and was not replaced with an equivalent new business win, as anticipated) – combined with de-stocking in China and a short-term cessation of production in India – weighed on the performance in HY 2016. However, the acknowledged capabilities of the business - in terms of delivering value-added filters which meet the evolving requirements of the tobacco industry – continued to be successfully commercialised during the period, with further product innovation (including new Superslim variants into the Chinese market) expected to support an improved result in the second half of the year.

Continuing to leverage its extensive experience and expanded portfolio of accredited testing methods, the Scientific Services laboratory played a positive role in supporting customers with analytical laboratory services – particularly in respect of innovations in both the traditional tobacco and non-tobacco segments - to ensure the delivery of high quality analysis which remains at the forefront of industry trends and evolving regulatory requirements.

As part of its commitment to ensuring a flexible and competitive manufacturing base, the business saw further expansion in its joint venture facility in Dubai, which continued to deliver excellent growth in the opportunity markets of the Middle East and North Africa. This was reinforced by the transfer of activity to Hungary from the UK which – while not without short-term operational challenges leading to additional integration costs in HY 2016 - helps to ensure that the manufacturing footprint remains aligned with customers' shift of production from western to eastern Europe and Asia.

In Porous Technologies, the result was supported by new contract awards and the further commercialisation of recent business wins. The increase in speciality wipes reflected continued momentum from geographic and product roll-out, while the result in healthcare was boosted by the ongoing commercialisation of recent launches in advanced wound care. Writing instruments benefited from continued portfolio expansion in nibs to both current and existing customers (as well as the growing trend for adult colouring materials), while the performance in household was supported by further demand for successful recent innovations. The result in Printer Systems continued to reflect challenging market conditions, albeit versus a tough comparative in the prior year period. Further to the announcement of a strategic review of Essentra's Porous Technologies' activities in February 2016, the Company confirms that it is now at an advanced stage.

Operating profit decreased 17.4% to £29.5m, equating to a margin decline of 90bps. Further efficiency improvements in both Filter Products and Porous Technologies were offset by the volume and mix effect of a weaker result in special filters, combined with the decline in higher margin printer systems.

Summary growth in revenue by Region (by destination)

% growth	**LFL**	**Acquisitions / Disposals**	**Foreign Exchange**	**Total Reported**
Europe	-7	+2	+3	-2
Americas	-7	+4	+6	+3
Americas ex-PPT	*-5*	*+4*	*+6*	*+5*
Asia	-10	-	+3	-7
Total Company	**-7**	**+2**	**+4**	**-1**

The following review is given at constant exchange rates and on an adjusted basis, unless otherwise stated.

Europe

	HY 2016 £m	**% growth Actual FX**	**% growth Constant FX**
Revenue	266.0	-2	-5

Revenue decreased 4.5% to £266.0m, with a LFL decline of 6.9%.

The performance in Europe was driven by the Tobacco segment, where the introduction of new filter products failed to compensate for the impact of a sizeable contract which is maturing, as well as a continued negative mix effect in tear tape.

Contract awards for more technical extruded plastic components, combined with range expansion in metal hardware, contributed to the increase in Industrial and Furniture end-markets. In Health & Personal Care, there was growth in both speciality wipes and medical foam, supported by new business wins in the core packaging portfolio. Further commercialisation of recent product launches in tapes, labels and porous components boosted the performance in FMCG sectors.

The consolidation of the Clondalkin SPD sites into the Essentra footprint continued during the period. While certain short-term operational challenges in the UK had both a revenue and profit impact, the affected sites have shown improvement and the remaining two facilities are on-track for integration in the second half of the year.

Americas

	HY 2016 £m	% growth Actual FX	% growth Constant FX
Revenue	192.3	+3	-3
Revenue ex-PPT	*187.4*	*+5*	*-1*

Revenue decreased 2.7% to £192.3m: LFL revenue was down 7.1% (-5.4% excluding PPT).

The result in the Americas reflected continued weakness in the Oil & Gas sector versus the prior year period. Performance also declined in the broader Industrial segment, with gains in general protection products and progress with custom opportunities in Autos being offset by challenges in the MRO segment, where improvement initiatives are being implemented in the second half of the year.

Health & Personal Care was supported by new business wins and product launches in medical foam, as well as further range and channel expansion in speciality wipes and gains in both literature and labels. The increase in Household was boosted by a strong result in writing instruments, and further progress in air care with porous plastic components. Development activity in capsule and charcoal filters contributed to the performance in Tobacco.

The integration of Clondalkin SPD in the Americas has been completed, with certain short-term operational issues at two of the facilities earlier in the year now showing improvement.

Asia

	HY 2016 £m	% growth Actual FX	% growth Constant FX
Revenue	86.9	-7	-10

Revenue decreased 9.9% to £86.9m.

The result in Asia was driven by the Tobacco category, with further expansion in Dubai being offset by the impact of de-stocking in China and the temporary cessation of production in India.

Household benefited from a significant expansion in writing instrument nib capacity in Indonesia. In Health & Personal Care, the pharmaceutical packaging assets of Kamsri were successfully transferred to Essentra's facility in Bangalore; in addition, porous components for medical applications performed well, and both the product range and geographic footprint of the speciality wipes portfolio were further extended. The Industrial segment was supported by growth in Electronics in a number of south east Asian markets, with the consolidation of Components activities in China also completed during the period.

Financial Review

Foreign exchange rates. Movements in exchange rates relative to sterling affect actual results as reported. The constant exchange rate basis adjusts the comparative to exclude such movements, to show the underlying growth of the Company.

The principal exchange rates for Essentra in HY 2016 were:

	Average		**Closing**	
	HY 2016	**HY 2015**	**HY 2016**	**HY 2015**
US$:£	1.43	1.53	1.33	1.57
€:£	1.28	1.36	1.20	1.41

Re-translating at HY 2016 average exchange rates increases the prior year revenue and adjusted operating profit by £22.4m and £3.3m respectively.

Net finance expense. Net finance expense of £7.0m was above the prior year period, and is broken down as follows:

£m	**HY 2016**	**HY 2015**
Net interest charged on net debt	6.5	4.8
Amortisation of bank fees	0.4	0.4
IAS 19 pension finance expense	0.1	0.1
Total net interest expense	**7.0**	**5.3**

Positive numbers represent net finance expense, negative numbers reflect net finance income

Tax. The effective tax rate on profit before tax (before exceptional operating items) was 20.0% (HY 2015: 23.0%).

Net working capital. Net working capital is defined as Inventories plus Trade & Other Receivables less Trade & Other Payables, adjusted to exclude Deferred Consideration Receivable / Payable, Interest Accruals, Capital Payables and Other Normalising Items ("Adjustments").

£m	**HY 2016**	**HY 2015**
Inventories	127.1	112.1
Trade & other receivables	267.5	231.6
Trade & other payables	(217.6)	(226.1)
Adjustments	7.6	8.0
Net working capital	**184.6**	**125.6**

The increase in net working capital was largely due to foreign exchange and a reduction in Trade & other payables. The net working capital / revenue ratio was 16.4% (HY 2015: 14.3%, at constant FX).

Cash flow. Operating cash flow was broadly unchanged versus the prior year period, at £41.3m. Free cash flow of £26.8m was £0.7m lower than HY 2015 (-2.5%).

£m	HY 2016	HY 2015
Operating profit – adjusted	**70.1**	**81.9**
Depreciation	16.0	18.4
Share option expense / other movements	0.4	2.1
Change in working capital	(26.9)	(33.0)
Net capital expenditure	(18.3)	(27.9)
Operating cash flow – adjusted	**41.3**	**41.5**
Tax	(8.5)	(6.3)
Net interest paid	(6.5)	(4.6)
Pension obligations	0.5	(3.1)
Free cash flow - adjusted	**26.8**	**27.5**

Net debt. Net debt at the end of the period was £433.9m, a £60.0m increase from 1 January 2016, primarily due to the impact of higher dividend payments and closing foreign exchange rates.

£m	HY 2016
Net debt as at 1 January 2016	373.9
Free cash flow	(26.8)
Dividends	37.5
Acquisitions	0.1
Foreign exchange	43.8
Exceptional items	7.2
Employee trust shares	(2.2)
Other	0.4
Net debt as at 30 June 2016	**433.9**

The Company's financial ratios remain strong. The ratio of net debt to EBITDA as at 30 June 2016 was 2.2x (31 December 2015: 1.8x) and interest cover was 13.8x (31 December 2015: 17.7x).

Pensions. As at 30 June 2016, the Company's IAS 19 pension liability was £9.4m (HY 2015: asset of £0.5m) and the associated deferred tax asset was £3.9m (HY 2015: liability of £2.7m). The pension liability has been calculated after updating the asset values and certain assumptions as at 30 June 2016.

Dividends. The Board of Directors has approved an interim dividend of 6.3 pence per 25 pence ordinary share (HY 2015: 6.3 pence). The interim dividend will be paid on 31 October 2016 to equity holders on the share register on 30 September 2016: the ex-dividend date will be 29 September. Essentra operates a Dividend Re-Investment Programme ("DRIP"), details of which are available from the Company's Registrars, Computershare Investor Services PLC: the final date for DRIP elections will be 10 October.

Board changes. Following the Company's Annual General Meeting on 20 April 2016, Jeff Harris retired as Non-Executive Chairman. Further to his appointment to the Board as Non-Executive Chairman Designate on 23 December 2015, Paul Lester succeeded Jeff on a permanent basis with immediate effect.

Treasury policy and controls. Essentra has a centralised treasury function to manage funding, liquidity and exposure to interest rate and foreign exchange risk. Treasury policies are approved by the Board and cover the nature of the exposure to be hedged, the types of derivatives that may be employed and the criteria for investing and borrowing cash. Essentra uses derivatives only to manage currency and interest rate risk arising from the underlying business activities. No transactions of a speculative nature are undertaken. The treasury function is subject to periodic independent reviews by the Group Assurance department. Underlying policy assumptions and activities are reviewed by the Treasury Committee.

Controls over exposure changes and transaction authenticity are in place, and dealings are restricted to those banks with the relevant combination of geographical presence, expertise and suitable credit rating.

Foreign exchange risk. The majority of Essentra's net assets are in currencies other than sterling. The Company's normal policy is to reduce the translation exposure and the resulting impact on shareholders' funds through measures such as borrowing in those currencies in which the Group has significant net assets. As at 30 June 2016, Essentra's US dollar-denominated assets were approximately 78% hedged by its US dollar-denominated borrowings, while its euro-denominated assets were approximately 73% hedged by its euro-denominated borrowings.

The majority of Essentra's transactions are carried out in the functional currencies of its operations, and therefore transaction exposure is limited. However, where such exposure does occur, Essentra uses forward foreign currency contracts to hedge its exposure to movements in exchange rates on its highly probably forecast foreign currency sales and purchases over a period of up to 18 months.

Management of principal risks. The management of risk underpins the Company's Drive for 2020 strategy, focusing on the challenges which arise in the international environment in which Essentra conducts business and reflecting the Company's appetite for risk in the delivery of its business objectives. As such, risks are continuously monitored, associated action plans are reviewed, appropriate contingencies are provisioned and information is reported through established management control procedures.

The Company is subject to the general risks and uncertainties which impact other international organisations, including political instability in the countries in which the Company operates and sources raw materials, the impact of natural disasters and changes in general economic conditions, including currency and interest rate fluctuations, tax regimes and raw material costs.

The principal risks and uncertainties which the Board believes are specific to Essentra are summarised below and are set out in full, together with the associated risk management response, on pages 30-35 of the Company's 2015 Annual Report.

Disruption to infrastructure

A catastrophic loss of the use of all or a portion of any of Essentra's manufacturing or distribution facilities could adversely affect the Company's ability to meet the demands of its customers.

Emerging technology and competition pressures

Essentra faces pressure from direct competitors, as well as competition from alternative technologies.

Innovation

There can be no assurance that the Company will anticipate market demand, develop, complete and commercialise current and suitable new products, or be successfully innovative in its operations.

Mergers and acquisitions

The rate of any future acquisition integration may in part be dependent on the success of identifying the correct acquisitions and having sufficient resources available.

Customer profile

In some of Essentra's businesses, the customer base is relatively concentrated. In addition, Esentra must serve an increasingly complex profile of customers, who will be heavily reliant on the Company in some cases.

Key raw materials supply

Some of Essentra's businesses are dependent on the availability of specialist raw materials or components which are incorporated into the Company's products.

Cyber security

Essentra holds sensitive information relating to its customers, suppliers and employees, as well as intellectual property and financial data that needs to be held securely.

Tobacco industry market dynamics

A substantial part of Essentra's business relates to the supply of filter products and packaging solutions to manufacturers in the tobacco industry.

People and experience

Essentra's international operations are dependent on existing key executives and certain other employees in order to sustain, develop and grow its businesses.

Compliance risk

Risk related to regulatory and legislative changes involves the possible failure of the Company to comply with current, changing or new legislation or regulation.

2016 Outlook

The Company's FY 2016 outlook is for a mid single-digit decline in like-for-like revenue, with adjusted operating profit in the range of £155 – 165m.

Drive for 2020

Essentra's Drive for 2020 strategy seeks to maximise shareholder value through the delivery of balanced profitable growth in both its existing and future opportunity markets and technologies. The strategy also calls for strong conversion of profit into cash and a progressive dividend policy. The Company looks to complement this balanced organic growth with value-adding acquisitions.

Enquiries

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Presentation

1. A copy of these results is available on www.essentraplc.com
2. A live audiocast of today's presentation of these results to investors and analysts will start at 08:30 (UK time) on www.essentraplc.com/webcasts.aspx. The audiocast can also be accessed using the following details.

Dial in, using the following details:

Dial-in number:	+44 (0)20 3427 1913 (UK / international participants) +1 212 444 0895 (US participants)
Toll-free number:	0800 279 5004 (UK participants) +1 877 280 2342 (US participants)
PIN code:	6928419

In both cases, there will be a facility for participants to ask questions in the Question & Answer session at the end of the presentation.

A recording of the audiocast will be made available on the website later in the day. A replay will additionally be available as follows:

Replay number:	+44 (0)20 3427 0598 (UK / international participants) +1 347 366 9565 (US participants)
Toll-free number:	0800 358 7735 (UK participants) +1 866 932 5017 (US participants)
Replay access code:	6928419
Replay available:	For 7 days

Cautionary forward looking statement

These results contain 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 of developments, whether as a result of new information, future events or otherwise, except to the extent legally required.

Notes to Editors

Essentra plc is a FTSE 250 company and a leading global provider of essential components and solutions. 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.

Component Solutions

The Components business is a global market leading manufacturer and distributor of plastic injection moulded, vinyl dip moulded and metal items. Operating units in 29 countries serve a very broad industrial base of customers with a rapid supply of products for a variety of applications in industries such as equipment manufacturing, automotive, fabrication, electronics and construction.

The Pipe Protection Technologies business specialises in the manufacture of high performance innovative products from commodity resins to engineering-grade thermoplastics and polymer alloys for use in a range of end-markets. Locations in four countries, combined with a wide distributor network, serve customers around the world.

Essentra Extrusion is a leading custom profile extruder located in the Netherlands which offers a complete design and production service. One of the first companies to extrude plastics in 1956, Essentra is now one of Europe's most advanced suppliers of co-extrusion and tri-extrusion to all branches of industry.

The Security business has access to a wide portfolio of products and services, including printers, software and consumables from leading manufacturers.

Health & Personal Care Packaging

A leading global provider of packaging and authentication solutions to a diversified blue-chip customer base in the pharmaceutical, health & personal care, consumer and specialist packaging sectors. The business focuses on delivering value-adding innovation, quality and service through the provision of a wide range of printed products and solutions, including cartons, tapes, leaflets, foils, labels and authentication solutions.

The Speciality Tapes business has expertise in coating multiple adhesive systems in numerous technologies. With close to 3,000 adhesive products available for same-day shipping, Essentra's products can meet all high performance needs, from foam, magnetic, finger lift and acrylic high bond tapes to hook and loop and non-skid foam.

Filtration Products

Essentra Filter Products is the only global independent cigarette filter supplier. The nine worldwide locations, including a dedicated Technology Centre supported by three regional development facilities, provide a flexible infrastructure strategically positioned to serve the tobacco industry. 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 Porous Technologies is a leading developer and manufacturer of custom fluid handling components, engineered from a portfolio of technologies that includes bonded and non-woven fibre, polyurethane foam and porous plastics. Representing innovations used in healthcare, consumer and industrial applications, its enabling components are found in a wide range of products from medical diagnostics tests to advanced wound care pads, inkjet printer cartridges, writing instruments, clean room wipes and air fresheners.

Headquartered in the United Kingdom, Essentra's global network extends to 33 countries and includes c. 8,500 employees, 53 principal manufacturing facilities, 64 sales & distribution operations and 5 research & development centres. For further information, please visit www.essentra.com.

Condensed consolidated income statement

	Note	**Six months ended 30 Jun 2016 £m**	Six months ended 30 Jun 2015 £m	Year ended 31 Dec 2015 £m
Revenue	2	**545.2**	550.4	1,098.1
Operating profit before intangible amortisation and exceptional operating items		**70.1**	81.9	171.5
Intangible amortisation		**(15.9)**	(15.2)	(31.7)
Exceptional operating items	3	**(4.6)**	(16.3)	(39.1)
Operating profit		**49.6**	50.4	100.7
Finance income		**0.8**	0.3	1.5
Finance expense		**(7.8)**	(5.6)	(11.8)
Profit before tax		**42.6**	45.1	90.4
Income tax expense		**(8.5)**	(9.5)	(21.7)
Profit for the period		**34.1**	35.6	68.7
Attributable to:				
Equity holders of Essentra plc		**33.8**	35.3	67.9
Non-controlling interests		**0.3**	0.3	0.8
Profit for the period		**34.1**	35.6	68.7
Earnings per share attributable to equity holders of Essentra plc:				
Basic	4	**13.0p**	13.7p	26.2p
Diluted	4	**12.8p**	13.4p	25.8p

Condensed consolidated statement of comprehensive income

	Six months ended 30 Jun 2016 £m	Six months ended 30 Jun 2015 £m	Year ended 31 Dec 2015 £m
Profit for the period	**34.1**	35.6	68.7
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension schemes	**(4.9)**	3.4	1.9
Deferred tax credit /(expense) on remeasurement of defined benefit pension schemes	**1.7**	(1.5)	(0.2)
	(3.2)	1.9	1.7
Items that may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges:			
Net change in fair value of cash flow hedges transferred to the income statement	**-**	(3.4)	(0.5)
Net change in fair value of cash flow hedges transferred to the carrying amount of non-financial assets	**-**	-	(6.2)
Effective portion of changes in fair value of cash flow hedges	**(0.4)**	-	3.3
Foreign exchange translation differences:			
Attributable to equity holders of Essentra plc:			
Arising on translation of foreign operations	**66.0**	(28.2)	(6.8)
Arising on effective net investment hedges	**(15.4)**	14.0	(6.0)
Income tax credit/(expense) on effective net investment hedges	**(0.2)**	(2.8)	(0.1)
Attributable to non-controlling interests	**0.5**	-	0.1
	50.5	(20.4)	(16.2)
Other comprehensive income for the period, net of tax	**47.3**	(18.5)	(14.5)
Total comprehensive income for the period	**81.4**	17.1	54.2
Attributable to:			
Equity holders of Essentra plc	**80.6**	16.8	53.3
Non-controlling interests	**0.8**	0.3	0.9
	81.4	17.1	54.2

Condensed consolidated balance sheet

	Note	**30 Jun 2016 £m**	30 Jun 2015 £m	31 Dec 2015 £m
Assets				
Property, plant and equipment	5	**316.9**	272.9	288.8
Intangible assets		**740.3**	676.6	691.6
Long-term receivables		**3.3**	1.9	0.8
Deferred tax assets		**2.0**	8.2	4.6
Retirement benefit assets	6	**28.9**	24.3	23.9
Total non-current assets		**1,091.4**	983.9	1,009.7
Inventories		**127.1**	112.1	118.7
Income tax receivable		**6.2**	2.9	4.7
Trade and other receivables		**267.5**	231.6	253.2
Derivative assets	11	**2.0**	1.0	0.4
Cash and cash equivalents	7	**66.6**	34.3	30.2
Total current assets		**469.4**	381.9	407.2
Total assets		**1,560.8**	1,365.8	1,416.9
Equity				
Issued capital		**66.0**	66.0	66.0
Merger relief reserve		**298.1**	298.1	298.1
Capital redemption reserve		**0.1**	0.1	0.1
Other reserve		**(132.8)**	(132.8)	(132.8)
Cash flow hedging reserve		**(0.4)**	-	-
Translation reserve		**29.0**	(25.4)	(21.4)
Retained earnings		**396.3**	381.6	399.5
Attributable to equity holders of Essentra plc		**656.3**	587.6	609.5
Non-controlling interests		**6.5**	5.1	5.7
Total equity		**662.8**	592.7	615.2
Liabilities				
Interest bearing loans and borrowings	7	**439.8**	393.0	403.5
Retirement benefit obligations	6	**38.3**	23.8	24.7
Provisions		**4.8**	5.9	2.8
Other financial liabilities		**-**	1.3	-
Deferred tax liabilities		**100.7**	90.8	93.0
Total non-current liabilities		**583.6**	514.8	524.0
Interest bearing loans and borrowings	7	**60.7**	0.8	0.6
Derivative liabilities	11	**3.5**	0.3	0.4
Income tax payable		**31.0**	28.9	26.8
Trade and other payables		**217.6**	226.1	241.9
Provisions		**1.6**	2.2	8.0
Total current liabilities		**314.4**	258.3	277.7
Total liabilities		**898.0**	773.1	801.7
Total equity and liabilities		**1,560.8**	1,365.8	1,416.9

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Condensed consolidated statement of changes in equity

Six months ended 30 June 2016

	Issued capital £m	Merger relief reserve £m	Capital redemption reserve £m	Other reserve £m	Cash flow hedging reserve £m	Translation reserve £m	Retained earnings £m	Non-controlling interests £m	Total equity £m
At 1 January 2016	**66.0**	**298.1**	**0.1**	**(132.8)**	**-**	**(21.4)**	**399.5**	**5.7**	**615.2**
Profit for the period							33.8	0.3	**34.1**
Other comprehensive income					(0.4)	50.4	(3.2)	0.5	**47.3**
Total comprehensive income for the period					(0.4)	50.4	30.6	0.8	**81.4**
Purchase of employee trust shares							-		**-**
Shares options exercised							2.2		**2.2**
Share option expense							3.3		**3.3**
Tax relating to share-based incentives							(1.8)		**(1.8)**
Dividends paid							(37.5)		**(37.5)**
At 30 June 2016	**66.0**	**298.1**	**0.1**	**(132.8)**	**(0.4)**	**29.0**	**396.3**	**6.5**	**662.8**

Six months ended 30 June 2015

	Issued capital £m	Merger relief reserve £m	Capital redemption reserve £m	Other reserve £m	Cash flow hedging reserve £m	Translation reserve £m	Retained earnings £m	Non-controlling interests £m	Total equity £m
At 1 January 2015	66.0	298.1	0.1	(132.8)	3.4	(8.5)	366.5	5.0	597.8
Profit for the period							35.3	0.3	35.6
Other comprehensive income					(3.4)	(16.9)	1.8	-	(18.5)
Total comprehensive income for the period					(3.4)	(16.9)	37.1	0.3	17.1
Purchase of employee trust shares							(1.0)		(1.0)
Shares options exercised							5.0		5.0
Share option expense							3.3		3.3
Tax relating to share-based incentives							3.3		3.3
Dividends paid							(32.6)	(0.2)	(32.8)
At 30 June 2015	66.0	298.1	0.1	(132.8)	-	(25.4)	381.6	5.1	592.7

Condensed consolidated statement of changes in equity *(continued)*

Year ended 31 December 2015

	Issued capital £m	Merger relief reserve £m	Capital redemption reserve £m	Other reserve £m	Cash flow hedging reserve £m	Translation reserve £m	Retained earnings £m	Non-controlling interests £m	Total equity £m
At 1 January 2015	66.0	298.1	0.1	(132.8)	3.4	(8.5)	366.5	5.0	597.8
Profit for the year							67.9	0.8	68.7
Other comprehensive income					(3.4)	(12.9)	1.7	0.1	(14.5)
Total comprehensive income for the year	-	-	-	-	(3.4)	(12.9)	69.6	0.9	54.2
Purchase of employee trust shares							(1.0)		(1.0)
Shares options exercised							5.4		5.4
Share option expense							5.7		5.7
Tax relating to share-based incentives							2.3		2.3
Dividends paid							(49.0)	(0.2)	(49.2)
At 31 December 2015	66.0	298.1	0.1	(132.8)	-	(21.4)	399.5	5.7	615.2

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Condensed consolidated statement of cash flows

	Note	**Six months ended 30 Jun 2016 £m**	Six months ended 30 Jun 2015 £m	Year ended 31 Dec 2015 £m
Operating activities				
Profit for the period from continuing operations		**34.1**	35.6	68.7
Adjustments for:				
Income tax expense		**8.5**	9.5	21.7
Net finance expense		**7.0**	5.3	10.3
Intangible amortisation		**15.9**	15.2	31.7
Exceptional operating items		**4.6**	16.3	39.1
Depreciation		**16.0**	18.4	31.9
Share option expense		**3.3**	3.3	5.7
Other movements		**(0.1)**	(0.4)	(0.5)
Decrease/(increase) in inventories		**2.8**	(11.7)	(14.6)
Decrease/(increase) in trade and other receivables		**6.9**	(38.3)	(51.2)
(Decrease) /increase in trade and other payables		**(36.6)**	17.0	13.0
Cash outflow in respect of exceptional operating items		**(7.2)**	(6.0)	(22.1)
Adjustment for pension contributions		**0.5**	(3.1)	(5.1)
Movement in provisions		**(2.9)**	(0.8)	(2.3)
Cash inflow from operating activities		**52.8**	60.3	126.3
Income tax paid		**(8.5)**	(6.3)	(15.7)
Net cash inflow from operating activities		**44.3**	54.0	110.6
Investing activities				
Interest received		**0.2**	0.3	0.6
Acquisition of property, plant and equipment		**(24.0)**	(29.8)	(58.6)
Proceeds from sale of property, plant and equipment		**5.7**	1.9	3.8
Acquisition of businesses net of cash acquired		**(0.1)**	(304.0)	(304.5)
Net cash outflow from investing activities		**(18.2)**	(331.6)	(358.7)
Financing activities				
Interest paid		**(6.7)**	(4.9)	(10.0)
Dividends paid to equity holders		**(37.5)**	(32.6)	(49.0)
Dividends paid to non-controlling interests		**-**	(0.2)	(0.2)
Repayments of short-term loans		**-**	(4.9)	(4.9)
Proceeds from long-term loans		**49.7**	305.4	292.8
Purchase of employee trust shares		**-**	(1.0)	(1.0)
Proceeds from sale of employee trust shares		**2.2**	5.0	5.4
Net cash inflow from financing activities		**7.7**	266.8	233.1
Net increase/(decrease) in cash and cash equivalents		**33.8**	(10.8)	(15.0)
Net cash and cash equivalents at the beginning of the period		**30.2**	46.0	46.0
Net increase/(decrease) in cash and cash equivalents		**33.8**	(10.8)	(15.0)
Net effect of currency translation on cash and cash equivalents		**2.6**	(0.9)	(0.8)
Net cash and cash equivalents at the end of the period	7	**66.6**	34.3	30.2

Notes

1. Basis of preparation

The condensed set of financial statements has been prepared in accordance with the accounting policies set out in the 2015 Annual Report which comply with International Financial Reporting Standards as adopted by the EU and also in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the Disclosure and Transparency Rules ('DTR') of the Financial Conduct Authority. The preparation of the condensed set of financial statements requires management to make estimates and assumptions that affect the reporting amounts of revenues, expenses, assets and liabilities at 30 June 2016. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the condensed set of financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

In the view of the Directors, the Group has adequate resources to continue its activities for the foreseeable future and, therefore it is appropriate to continue to adopt the going concern basis in the preparation of the condensed set of financial statements.

The comparative figures for the financial year ended 31 December 2015 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

For the purpose of the condensed set of financial statements 'Essentra' or 'the Group' means Essentra plc ('the Company') and its subsidiaries.

The Group operates in industries where there are no significant seasonal or cyclical variations in revenue. All results in the current period were attributable to continuing operations.

Income tax expense is recognised based upon the best estimate of the weighted average income tax rate on profit before tax and exceptional items expected for the full financial year, taking into account the weighted average rate for each jurisdiction.

2. Segment analysis

In accordance with IFRS 8, Essentra has determined its operating segments based upon the information reported to the Group Management Committee. With effect from 1 January 2016, Essentra has implemented a new organisation structure, comprising three strategic business units. The Components, Pipe Protection Technologies, Extrusion and Security businesses form a strategic business unit named Component Solutions. The Speciality Tapes business is now included within the current Health & Personal Care Packaging strategic business unit. The Filter Products and Porous Technologies businesses form a new strategic business unit named Filtration Products. The scope of Central Services remains the same.

The operating segments are as follows:

Component Solutions consists of the Components business, the Extrusion business, the Pipe Protection Technologies business and the Security business. The Components business is a global market leading manufacturer and distributor of plastic injection moulded, vinyl dip moulded and metal items. The Extrusion business is a leading custom profile extruder located in the Netherlands which offers a complete design and production service. The Pipe Protection Technologies business specialises in the manufacture of high performance innovative products from commodity resins to engineering-grade thermoplastics and polymer alloys for use in a range of end-markets. The Security business has access to the widest portfolio of products and services, including printers, software and consumables from leading manufacturers.

Health and Personal Care Packaging consists of the Health and Personal Care Packaging business and the Speciality Tapes business. Health and Personal Care Packaging is a leading global provider of packaging and authentication solutions to a diversified blue-chip customer base in the pharmaceutical, health and personal care, consumer and specialist packaging sectors. The Speciality Tapes business has expertise in coating multiple adhesive systems in numerous technologies.

Filtration Products is a leading global provider of specialised filtration solutions to an international customer base in a diverse range of end-markets, including tobacco, health and personal care and consumer goods.

2. Segment analysis *(continued)*

June 2016

	Component Solutions £m	Health & Personal Care Packaging £m	Filtration Products £m	Eliminations £m	Central Services[1] £m	Total £m
External revenue	146.5	215.4	183.3	-	-	545.2
Intersegment revenue	0.6	1.3	0.4	(2.3)	-	-
Total revenue	**147.1**	**216.7**	**183.7**	**(2.3)**	**-**	**545.2**
Adjusted operating profit/(loss) [2]	**26.4**	**22.1**	**29.5**	**-**	**(7.9)**	**70.1**
Segment assets	191.1	258.8	252.0	-	12.9	714.8
Intangible assets	172.3	513.3	54.7	-	-	740.3
Unallocated items [3]	-			-	105.7	105.7
Total assets	**363.4**	**772.1**	**306.7**	**-**	**118.6**	**1,560.8**
Segment liabilities	40.4	99.4	69.7	-	14.6	224.1
Unallocated items [3]	-	-	-	-	673.9	673.9
Total liabilities	**40.4**	**99.4**	**69.7**	**-**	**688.4**	**898.0**

June 2015

	Component Solutions £m	Health & Personal Care Packaging £m	Filtration Products £m	Eliminations £m	Central Services[1] £m	Total £m
External revenue	146.6	201.9	201.9	-	-	550.4
Intersegment revenue	0.5	1.6	0.4	(2.5)	-	-
Total revenue	**147.1**	**203.5**	**202.3**	**(2.5)**	**-**	**550.4**
Adjusted operating profit/(loss) [2]	**31.8**	**24.7**	**34.2**	**-**	**(8.8)**	**81.9**
Segment assets	172.7	222.0	214.9	-	7.7	617.3
Intangible assets	159.1	473.2	44.3	-	-	676.6
Unallocated items [3]	-	-	-	-	71.9	71.9
Total assets	**331.8**	**695.2**	**259.2**	**-**	**79.6**	**1,365.8**
Segment liabilities	43.5	105.0	62.9	-	24.1	235.5
Unallocated items [3]	-	-	-	-	537.6	537.6
Total liabilities	**43.5**	**105.0**	**62.9**	**-**	**561.7**	**773.1**

December 2015

	Component Solutions £m	Health & Personal Care Packaging £m	Filtration Products £m	Eliminations £m	Central Services[1] £m	Total £m
External revenue	285.2	419.3	393.6	-	-	1,098.1
Intersegment revenue	1.0	3.3	0.8	(5.1)	-	-
Total revenue	**286.2**	**422.6**	**394.4**	**(5.1)**	**-**	**1,098.1**
Adjusted operating profit/(loss) [2]	**58.1**	**57.5**	**72.1**	**-**	**(16.2)**	**171.5**
Segment assets	178.3	237.7	235.8	-	9.7	661.5
Intangible assets	160.3	485.6	45.7	-	-	691.6
Unallocated items [3]	-			-	63.8	63.8
Total assets	**338.6**	**723.3**	**281.5**	**-**	**73.5**	**1,416.9**
Segment liabilities	44.8	115.6	74.3	-	18.0	252.7
Unallocated items [3]	-	-	-	-	549.0	549.0
Total liabilities	**44.8**	**115.6**	**74.3**	**-**	**567.0**	**801.7**

[1] Central Services includes group finance, tax, treasury, legal, group assurance, human resources, information technology, corporate development and other services provided centrally to support the operating segments

[2] Operating profit before intangible amortisation and exceptional items

[3] The unallocated assets relate to income and deferred tax assets, retirement benefit assets, derivatives and cash and cash equivalents. The unallocated liabilities relate to interest bearing loans and borrowings, retirement benefit obligations, derivatives, deferred tax liabilities and income tax payable. Intersegment transactions are carried out on an arm's length basis.

3. Exceptional items

	Six months ended 30 Jun 2016 £m	Six months ended 30 Jun 2015 £m	Year ended 31 Dec 2015 £m
Exceptional operating items			
Acquisition fees	**0.2**	0.1	0.2
Acquisition integration and restructuring costs	**4.2**	18.2	34.1
Other	**0.2**	(2.0)	4.8
	4.6	16.3	39.1
Exceptional tax items	**-**	(1.7)	(1.7)

Acquisition-related costs are incurred during the period in respect of the acquisition of Kamsri Printing & Packaging PVT. Ltd based in India (period ended 30 June 2015 and year ended 31 December 2015: acquisition of Specialty Plastics).

Acquisition integration and restructuring costs are incurred during the period in respect of:

- additional integration costs in relation to the ongoing integration of the Clondalkin SPD business (£3.8m) offset with the gain on disposal of certain properties which were acquired with that business (£1.3m); and
- the costs associated with the closure of the Components site at Xiamen, China, and integration of those operations into other sites in Asia as part of the Components Asia restructuring programme following the Abric acquisition (£1.7m)

The items in the period ended 30 June 2015 and year ended 31 December 2015 relate to Clondalkin SPD, Abric and Speciality Plastics. The costs for June 2015 also included the effect of unwinding the fair value adjustment on inventory in relation to the acquisition of Clondalkin SPD, amounting to £1.9m.

Other exceptional items in the period ended 30 June 2016 relate to

- further costs of £2.8m associated with the closure of the Filters site in Jarrow and integration of previous Jarrow operations into the Hungary site offset with the net release of property provisions of £1.5m on the disposal of certain properties in Filtration Products; and
- the release of a provision of £1.1m for contingent deferred consideration in relation to a prior period acquisition.

Other exceptional items in the period ended 30 June 2015 related to the release in respect of warranty obligations for the disposal of Globalpack, an entity disposed of in 2007. Other exceptional items in the period ended 31 December 2015 related to costs associated with the closure of the Filters site in Jarrow of £11.5m, offset by a release of £1.9m in respect of warranty obligations for the 2007 disposal of Globalpack and a £4.8m credit adjustment for contingent deferred consideration in relation to prior period acquisitions.

Exceptional tax items in 2015 related to the release of tax indemnity provisions of £1.7 million in respect of the 2007 Globalpack disposal.

4. Earnings per share

	Six months ended 30 Jun 2016 £m	Six months ended 30 Jun 2015 £m	Year ended 31 Dec 2015 £m
Continuing operations			
Earnings attributable to equity holders of Essentra plc	**33.8**	35.3	67.9
Adjustments			
Intangible amortisation	**15.9**	15.2	31.7
Exceptional operating items	**4.6**	16.3	39.1
	20.5	31.5	70.8
Tax relief on adjustments	**(4.1)**	(6.4)	(13.4)
Exceptional tax item	**-**	(1.7)	(1.7)
Adjusted earnings	**50.2**	58.7	123.6
Basic weighted average ordinary shares in issue (million)	**260.9**	258.6	259.5
Dilutive effect of employee share option plans (million)	**2.8**	4.1	3.7
Diluted weighted average ordinary shares (million)	**263.7**	262.7	263.2
Continuing operations			
Basic earnings per share	**13.0p**	13.7p	26.2p
Adjustment	**6.2p**	9.0p	21.4p
Basic adjusted earnings per share	**19.2p**	22.7p	47.6p
Diluted earnings per share	**12.8p**	13.4p	25.8p
Diluted adjusted earnings per share	**19.0p**	22.3p	47.0p

Adjusted earnings per share is provided to reflect the underlying earnings performance of Essentra.

5. Property, plant and equipment

During the period, the additions of land and buildings, plant and machinery and fixtures, fittings and equipment amounted to £22.5m (six months ended 30 June 2015: £28.5m; year ended 31 December 2015: £60.5m).

Land and buildings, plant and machinery and fixtures, fittings and equipment with a net book value of £4.1m (six months ended 30 June 2015: £1.9m; year ended 31 December 2015: £4.3m) were disposed of for proceeds of £5.7m (six months ended 30 June 2015: £1.9m; year ended 31 December 2015: £3.8m).

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6. Retirement benefit obligations

Movement in pension net assets/(liabilities) during the period

	30 Jun 2016 £m	30 Jun 2015 £m	31 Dec 2015 £m
Movements			
Beginning of period	**(0.8)**	**(1.7)**	(1.7)
Service cost	**(0.9)**	**(1.0)**	(2.5)
Employer contributions	**0.4**	**2.3**	4.0
Return on plan assets excluding amounts in net finance income	**16.3**	**(2.9)**	(8.5)
Actuarial (loss)/gain arising from changes in financial assumptions	**(22.6)**	**6.2**	6.2
Actuarial gain arising from experience adjustment	**1.4**	**0.1**	4.2
Net finance cost	**(0.1)**	**(0.1)**	(0.2)
Benefits paid	**-**	**-**	0.5
Business combination	**-**	**(4.7)**	(4.9)
Curtailments and settlements	**-**	**1.7**	3.0
Currency translation	**(3.1)**	**0.6**	(0.9)
End of period	**(9.4)**	**0.5**	(0.8)

The principal defined benefit schemes were reviewed by independent qualified actuaries as at 30 June 2016. The assets of the schemes have been updated to the balance sheet date to take account of the investment returns achieved by the schemes and the level of contributions. The liabilities of the schemes at the balance sheet date have been updated to reflect latest discount rates and other assumptions as well as the level of contributions. The principal assumptions used by the independent qualified actuaries were as follows:

Europe

	30 Jun 2016 £m	30 Jun 2015 £m	31 Dec 2015 £m
Rate of increase in salaries (pre-2010) [1]	**3.00%**	3.00%	3.00%
Rate of increase in salaries (post-2010) [1]	**3.00%**	3.00%	3.00%
Rate of increase in pensions [1]			
At RPI capped at 5%	**2.90%**	3.20%	3.10%
At CPI capped at 5%	**1.90%**	2.30%	2.20%
At CPI minimum 3%, capped at 5%	**3.10%**	3.30%	3.30%
At CPI capped at 2.5%	**1.70%**	1.80%	1.80%
Discount rate	**3.20%**	3.80%	3.80%
Inflation rate – RPI	**2.90%**	3.30%	3.20%
Inflation rate – CPI	**1.90%**	2.30%	2.20%

US

	30 Jun 2016 £m	30 Jun 2015 £m	31 Dec 2015 £m
Rate of increase in salaries	**3.00%**	3.00%	3.00%
Rate of increase in pensions	**n/a**	n/a	n/a
Discount rate	**3.70%**	4.55%	4.37%
Inflation rate	**n/a**	n/a	n/a

[1] For service prior to April 2010, pension at retirement is linked to salary at retirement. For service after April 2010, pension is linked to salary at April 2010 with annual increases capped at 3%

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7. Analysis of net debt

	30 Jun 2016 £m	31 Dec 2015 £m
Cash at bank and in hand	**28.7**	23.8
Short-term deposits repayable on demand	**37.9**	6.4
Cash and cash equivalents	**66.6**	30.2
Debt due within one year	**(60.7)**	(0.6)
Debt due after one year	**(439.8)**	(403.5)
Net debt	**(433.9)**	(373.9)

At 30 June 2016 the Group's facilities primarily comprised US$160m US Private Placement Loan Notes and revolving credit facilities of €167.5m and £271.0m.

8. Acquisitions

The Group acquired the pharmaceutical assets of Kamsri Printing & Packaging PVT. Ltd ("Kamsri") based in India in January 2016. This acquisition was not material.

9. Dividends

			Per share			**Total**
	Six months ended 30 Jun 2016 p	Six months ended 30 Jun 2015 p	Year ended 31 Dec 2015 p	**Six months ended 30 Jun 2016 £m**	Six months ended 30 Jun 2015 £m	Year ended 31 Dec 2015 £m
2015 interim: paid 30 October 2015	6.3	6.3	6.3	16.5	16.4	16.4
2015 final: paid 3 May 2016			14.4			37.5
2016 interim: payable 30 October 2016						
	6.3	6.3	20.7	16.5	16.4	53.9

The interim dividend for 2016 of 6.3p per 25p ordinary share will be paid on 31 October 2016 to equity holders on the share register on 30 September 2016.

10. Related party transactions

Other than the compensation of key management, Essentra has not entered into any material transactions with related parties since the last Annual Report.

11. Financial instruments

Essentra held the following financial instruments at fair value at 30 June 2016. The only financial instrument with fair value determined by reference to significant unobservable inputs, which is classified as level 3 in the fair value hierarchy, is the deferred contingent consideration of £1.5m primarily relating to the acquisition of Kamsri, Specialty Plastics and Abric (31 Dec 2015: deferred contingent consideration of £1.5m relating to the acquisition of Mesan Kilit A.S., Specialty Plastics and Abric). The other financial instruments included in the table below are determined to be level 2 in the fair value hierarchy. There have been no transfers between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

	30 Jun 2016 £m	31 Dec 2015 £m
Financial assets		
Derivatives	**2.0**	0.4
Financial liabilities		
Derivatives	**(3.5)**	(0.4)
Deferred contingent consideration	**(1.5)**	(1.5)
Total	**(3.0)**	(1.5)

The fair values of forward foreign exchange contracts and cross currency swaps have been calculated based on period end forward exchange rates compared to contracted rates. The carrying amount and fair value of the US Private Placement Loan Notes are £119.8m (31 December 2015: £108.3m) and £129.2m (31 December 2015: £117.4m) respectively. The carrying amount of the other financial instruments is a reasonable approximation of their fair value.

Responsibility statement of the directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

• the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU;

• the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Colin Day
Chief Executive

Stefan Schellinger
Group Finance Director

29 July 2016

ESSENTRA

Independent review report to Essentra plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2016 which comprises the condensed consolidated balance sheet, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

The annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2016 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Stephen Wardell
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

29 July 2016