19 February 2016

ESSENTRA PLC
("Essentra" or "the Company")

A leading global provider of essential components and solutions

RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2015

FY 2015: SOLID PROGRESS DESPITE OIL & GAS CHALLENGE
REVENUE EXCEEDS £1BN FOR THE FIRST TIME
FY 2016: CONTINUED DELIVERY OF BALANCED, PROFITABLE GROWTH

FY 2015 highlights:

- Revenue ahead 27% at constant FX to £1.1bn.
- Like-for-like[1] ("LFL") revenue +5% ex-Pipe Protection Technologies ("PPT"): total Group +1%.
- Adjusted operating profit[2] up 20% (at constant FX) to £172m.
- LFL[1, 2] operating margin +70bps ex-PPT, total Group LFL margin +10bps.
- Significant site rationalisation across the Group, particularly in Health & Personal Care Packaging.
- Adjusted EPS[2] ahead 13% (at constant FX) to 47.6p.
- Tax rate on adjusted profit reduced by 210bps to 22.8%.
- Net debt of £374m (FY 2014: £62m), with cash flow generation offset by the acquisition of Clondalkin Specialist Packaging Division ("SPD") and higher dividends.
- 13% increase in the full year dividend to 20.7p per share.

Results at a glance:

	FY 2015 £m	FY 2014 £m	% change Actual FX	% change Constant FX
Revenue	1,098	866	+27%	+27%
Operating profit – adjusted[2]	172	143	+20%	+20%
Pre-tax profit – adjusted[2]	161	133	+21%	+21%
Net income – adjusted[2, 3]	124	100	+24%	+23%
Basic earnings per share – adjusted[2]	47.6p	41.9p	+14%	+13%
Dividend per share	20.7p	18.3p	+13%	
Operating profit	101	109	-7%	-8%
Net income[3]	69	72	-4%	-6%
Basic earnings per share	26.2p	30.0p	-13%	-14%

[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:

"Essentra made a solid start to our Drive for 2020 strategy notwithstanding the challenging environment in the Oil & Gas industry, with like-for-like revenue growth of 5% and the adjusted operating margin up 70 basis points excluding the impact of Pipe Protection Technologies.

We also made encouraging progress with the integration of the Clondalkin Specialist Packaging Division and, having closed (or being in the process of closing) some nine of the 24 sites acquired, we are on track to deliver our US$24m cost synergy target – being a 50% upward revision from our ingoing expectation. Over and above the acquisition rationalisation, we consolidated a further five facilities across the Group, to better leverage our footprint and generate additional opportunities for efficiency savings.

In an environment where economic growth is by no means well-established or uniform – notably in the Oil & Gas industry - we are nonetheless confident of delivering balanced profitable growth in 2016, due to our international footprint and diverse range of products and end-markets."

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 FY 2015 LFL results are adjusted for Clondalkin Specialist Packaging Division ("Clondalkin SPD", acquired on 30 January 2015), excluding certain non-material activities of a distribution nature which have been fully integrated and managed therein. The impact of the major operating subsidiaries of Abric Berhad ("Abric Seals", acquired on 16 December 2014) is not excluded from the LFL results from 1 March 2015 (Europe and US) and 1 April 2015 (Asia), as it is no longer separately identifiable having been fully integrated into the Components business. The impact of Specialty Plastics (acquired on 27 February 2015) is not excluded from the LFL results, as it is not separately identifiable having been fully integrated into the Components business upon completion of the acquisition.

The term "adjusted" excludes the impact of intangible amortisation and exceptional operating items, less any associated tax relief. In FY 2015, intangible amortisation was £31.7m (FY 2014: £17.5m, and there was an exceptional pre-tax charge of £39.1m (FY 2014: £16.2m), mainly relating to the integration and restructuring costs arising from the afore-mentioned acquisitions and other site footprint consolidation.

Operating Review

FY 2015 revenue increased 26.9% (+27.3% at constant FX) to £1,098.1m, with LFL growth of 4.6% (excluding Pipe Protection Technologies ("PPT")) being supported by continued investment in both existing and new geographical markets, business wins and continued product innovation. Including PPT, total Group LFL growth was 0.7%.

On an adjusted basis, operating profit was ahead 20.4% (+20.3% at constant FX) at £171.5m. Excluding Clondalkin SPD, the adjusted operating margin was up 10bps (at both actual and constant FX) at 16.6%: ex-PPT, the uplift was higher, at 80bps (+70bps at constant FX). The integration of Clondalkin proceeded rapidly, with the proposed rationalisation of nine sites already either closed or in the process of being transitioned to Essentra facilities, and encouraging progress being made on procurement savings.

Including intangible amortisation of £31.7m, and an exceptional pre-tax charge of £39.1m mainly relating to integration and restructuring costs arising from recent acquisitions and from other site footprint consolidation, operating profit as reported was £100.7m, -7.4% versus FY 2014 (-7.8% at constant FX).

Net finance expense was above the prior year at £10.3m (FY 2014: £9.1m), due to a higher net debt position following the acquisition of Clondalkin SPD. The effective tax rate on profit before tax (before exceptional operating items) reduced to 22.8% (FY 2014: 24.9%).

On an adjusted basis, net income of £124.4m was up 24.3% (+23.4% at constant FX) and earnings per share growth was 13.6% (+12.6% at constant FX) to 47.6p. On a reported basis, net income was £68.7m, a decrease of 4.3% (-5.6% at constant FX), with earnings per share lower by 12.7% versus FY 2014 at 26.2p (-13.9% at constant FX).

Business Review

Summary growth in revenue by division

% growth	LFL	Acquisitions / Disposals	Foreign Exchange	Total Reported
Distribution	+10	+1	-1	+10
Health & Personal Care Packaging	+2	+139	-8	+133
Filter Products	+3	-	+1	+4
Specialist Technologies	-18	-	+2	-16
Total Company	**+1**	**+26**	**-**	**+27**
Total ex-PPT	***+5***	***+28***	***-1***	***+32***

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

Distribution

	FY 2015 £m	% growth Actual FX	% growth Constant FX
Revenue	268.6	+10	+11
Operating profit	60.3	+6	+7
Operating margin	22.4%	-90bps	-90bps

Revenue increased 11.4% to £268.6m. On a LFL basis, growth was 10.0% and was driven by new business wins, the roll out of distribution sites and range expansion.

In Components, the result reflected continued improvement in the trading environment in much of Continental Europe during the year, with an improved second half performance in the UK as anticipated. The Asia region delivered strong, broad-based growth and continued to benefit from the opening of a regional distribution centre in Singapore in 2014, with cable management and movement control products serving the Electronics industry in south east Asia performing particularly well. Trading in the Americas was more challenging, although an underlying improvement in execution in the second half helped to mitigate a weakening market environment, notably in the Oil & Gas, Agricultural and Construction segments. Complementing the core standard components business, encouraging progress was made in expanding custom injection moulding activities during the year, with incremental revenue opportunities generated in a number of end-markets - in particular in the Automotive sector.

New catalogues were launched in all three geographic regions, with the European and Asian versions featuring approximately 7,000 new products predominantly in springs and magnets. The hardware range performed particularly strongly, benefiting from investment in dedicated specialist sales resources and larger project wins in the Transport and Cabinet Manufacturing sectors. Further to the rapid rebranding of Abric Seals to Essentra, some 300 security seals were additionally included in the core catalogues and - with greater focus on targeted end-markets - there have been some encouraging early business wins, notably in the Airlines sector.

The successful site roll-out programme continued in 2015 with market entry into South Korea and Dubai - in both cases co-locating with existing Essentra facilities. To support the expansion, dedicated local websites and catalogues were introduced in each of these markets: in the former, some 7,000 cable management samples are now available for same-day delivery to customers in our targeted Electronics sector, while the latter's product offer is particularly focused on pipe and flange components.

The result in Speciality Tapes was supported by an increase in the print finishing and industrial categories. Finger Lift tape continued to perform well, benefiting from the installation of high-speed aqueous coating equipment at the Chicago, US site which has broadened the range of adhesives and performance characteristics of the product offering: in conjunction with the business' hot melt capability, this advance has helped to generate further commercial opportunities. Custom gaskets and sealing solutions also increased, with investment in die-cutting equipment underpinning further business wins with a major multinational white goods customer. From a geographical perspective, the result reflected a continued good performance from the Express footprint in North America.

Operating profit grew 6.8% to £60.3m equating to a 90bps decline in the margin to 22.4%, largely due to the short-term dilutive impact of acquisitions. In addition, further benefits from the consolidation of the Components' site footprint, together with raw material and operating efficiency savings were offset by increased marketing spend in the first half of the year.

On 27 February 2015, the Company completed the acquisition of Specialty Plastics. Based in Perth, Australia, Specialty Plastics is a leading distributor of an extensive range of protective plastic products for a wide variety of attractive growth end-markets. Having fully integrated Specialty Plastics with the existing business in Sydney and introduced some 13,000 products onto the combined ".au" website, the Components Strategic Business Unit ("SBU") is even better-positioned to serve both domestic and export customers with a rapid supply of essential components, in particular in the Construction, Specialist Transport and Oil & Gas industries.

During the year, two new, purpose-built facilities were opened in Leduc, Canada and in Sydney. In both cases, the new sites provide the necessary space to accommodate a rapidly expanding product range in two strategically important markets, underscore the ongoing commitment to providing customers with even greater product choice and availability, combined with the best possible delivery and service proposition.

Health & Personal Care Packaging

	FY 2015 £m	% growth Actual FX	% growth Constant FX
Revenue	394.4	+133	+141
Operating profit	52.2	+70	+71
Operating margin	13.2%	-500bps	-540bps

Revenue increased 140.6% to £394.4m. Adjusting for the acquisition of Clondalkin SPD with effect from 30 January 2015, like-for-like growth was 2.3%: having been broadly flat at the half year stage, this FY 2015 outturn reflected an acceleration in the like-for-like performance in H2, to 4.6%.

A strong result in the underlying health and personal care packaging business was boosted by new business wins, combined with the ongoing roll-out of the Company's Key Account Management strategy to its global customer base. This was partially offset by tobacco tear tape, where market conditions remain challenging owing to the ongoing trend of removing value-added features.

2015 was another positive year for packaging innovation and the further commercialisation of recently launched products. In the healthcare sector, these included serialised cartons to help customers ensure they are well-placed to meet the rapidly evolving legislative requirements in respect of tracking, tracing and authenticating their products throughout the supply chain. In addition, to provide further layers of protection in the fight against counterfeit pharmaceutical and healthcare products, the SBU continued to leverage its brand protection capabilities through the launch of fibre-tear labels, which cause irreversible damage to a product carton upon removal, allowing consumers easily to identify if packaging has been interfered with and thus providing a crucial tamper evidence function.

In consumer packaging, the AquaSense™ label launched in 2014 was further commercialised, with very good success also being achieved with the broader range of "freshness" labels, particularly in the tobacco sector for both cigarettes and roll your own products.

Operating profit increased 70.9% to £52.2m. The 540bps decline in the margin was largely due to the significantly dilutive initial impact of the Clondalkin SPD business (being less than 10% on acquisition), together with the mix effect of the decline in value-added tear tape in the tobacco industry.

Having successfully completed the Clondalkin SPD transaction for US$455m in January, action was taken to rapidly integrate the acquired activities into Essentra's underlying business. As a result, the Company is on track to deliver the targeted cost synergies of US$24m on an annualised basis from 2016. In addition, during the acquisition process, certain lines of business were identified which were not consistent with Essentra's return and profitability metrics and value-creation objectives: in this respect, progress is already being made to address such less attractive activities to underpin the margin expansion already entailed by the synergy target. Accordingly, the integration of Clondalkin SPD to date is in line with expectations, with the operating margin up by over 250bps and returns progressing towards the Company's previously-communicated acquisition objectives.

In healthcare, the resulting expansion in international presence – combined with the breadth of range and capabilities which the combined businesses can collectively offer – has already elevated the dialogue with multinational customers and expanded the potential commercial opportunities. At the same time, the increased scale of the SBU catalysed a review of tendering and onboarding processes, such that the revised procedures now better reflect the requirements of a global leading player with a more complex operational footprint. Meanwhile, in personal care and beauty – where Clondalkin SPD materially expanded Essentra's market presence – the benefit of a more comprehensive product offering behind a reinvigorated go to market campaign has been evident. As such, while revenue opportunities are typically slower to realise in health and personal care packaging than in other end-markets in which Essentra operates – not least owing to regulatory considerations and customer quality standards – a positive start has been made since completion. Meanwhile, in consumer packaging, there have been new business wins which have arguably benefited from the enlarged Essentra Group capabilities, not least a sizeable contract with a well-known foodservice brand.

Key to the delivery of the targeted synergy savings from the Clondalkin SPD acquisition is the consolidation of the combined site footprint. Further to the completion of the transaction, the facilities in Portland and Evansville, US were closed, with business transferred to Moorestown and Charlotte respectively. Meanwhile, in Ireland, the activities at Swiftbrook and Cherry Orchard were folded into Essentra's existing Dublin healthcare site, while the consumer packaging operations at Denekamp in the Netherlands are in the process of being absorbed by the Leeuwarden site. However, it is the UK which has presented the greatest operational complexity, where some four sites have been – or are in the process of being - shut. The business from these facilities has been / is being transitioned to a new, state-of-the-art operation in Newport, adjacent to the existing site which was officially opened at the end of 2014. The investment in this second location will entail a six-fold increase in Essentra's existing footprint and see Newport become a centre of excellence for labels and foil production, with additional capability for cartons manufacturing.

Subsequently, on 16 October 2015, the Company announced that it had signed an agreement to acquire the pharmaceutical packaging assets of Kamsri Printing & Packaging Pvt. Ltd. ("Kamsri"). Based in Bangalore, Kamsri is a leading manufacturer of premium packaging solutions for the pharmaceutical and healthcare end-markets in India. Indeed, with a highly complementary product range, Kamsri provides Essentra with an entry point into these attractive industries in India, thereby reinforcing the SBU's global packaging capabilities and enhancing the opportunities for customers. As anticipated, the acquisition completed shortly after year-end, with the assets already being transferred to Essentra's dedicated pharmaceutical-capable manufacturing facility, also in Bangalore.

To help underpin future revenue growth opportunities and generate further efficiency savings, a number of operational initiatives were completed in 2015. To support the launch of serialised cartons, additional equipment and technology was installed which not only operates to the required degree of complexity entailed in printing unique data, but also captures the huge volume of resulting information in an appropriately robust manner to ensure regulatory compliance. The SBU also added to its digital capability, to allow the printing of smaller runs in a more cost effective and expeditious manner: with the new printer able to accommodate sophisticated tactile finishes and varnish effects, the SBU is now even better placed to provide our customers with a rapid and flexible service. In addition, six further cartons and leaflet presses were installed, which have not only increased capacity but also improved both manufacturing efficiency and product quality.

Filter Products

	FY 2015 £m	% growth Actual FX	% growth Constant FX
Revenue	302.6	+4	+3
Operating profit	55.4	+42	+43
Operating margin	18.3%	+490bps	+510bps

Revenue increased 3.0% to £302.6m. Underlying volumes were ahead of the prior year, with a particularly good result in both special and non-standard diameter filters (eg, Slims).

In FY 2015, Asia accounted for 61% volumes (FY 2014: 60%). While China and India were both more challenging (owing to short-term inventory destocking and substantial tax increases respectively), the Indonesian and Dubai JV businesses delivered particularly strong underlying growth. In addition, the Thai facility supported the successful commercialisation of a bespoke innovative special filter under a long-term agreement with a multinational customer, although this did not fully compensate for the impact of a sizeable contract in Europe which is starting to mature.

Building on the SBU's track record of successful innovation, a number of new products and development initiatives were launched during the year. Among these was the Super Slim Corinthian, a filter which provides a distinctive flute definition to give a unique consumer experience and - as a multi-segment filter - can be combined with carbon, flavour, coloured acetate tow or a recess, to offer numerous possibilities for visualisation and brand differentiation. The SBU also supported customers with bespoke solutions tailored to their specific needs; these included innovative tube and dual / triple segment filters, more environmentally-friendly roll your own products and the introduction of demi- and micro-slim filters to further leverage Essentra's know-how in the fast-growing "non-standard diameter" segment. As a result, joint development activity increased 8% versus FY 2014.

The Scientific Services unit continued to perform well, further building on its extensive experience and expanded range of accredited testing methods. In 2015, a new facility dedicated exclusively to the testing of e-cigarettes was added to the existing analytical laboratory services, to ensure the delivery of high quality analysis which remains at the forefront of industry trends and regulatory requirements in this growing segment. In addition, a new contract for the testing of ignition propensity was secured, and the SBU's three-year contract with the UK government for the testing of all cigarette brands was also successfully renewed.

In order to ensure a flexible and competitive geographic footprint, and with customers continuing to shift their production from western to eastern Europe and Asia, the SBU took the decision to transfer its filter manufacturing, product development and innovation activities based in Jarrow, UK to the facility in Hungary, and as a consequence the Bedesway site was closed at the end of the year.

In 2015, the SBU also maintained its track record of investment in modern, high-speed combining equipment to underpin the objective of improving capability and capacity - notably in Hungary and Thailand - to ensure the business remains optimally positioned to meet the exacting requirements of an international customer base.

Operating profit rose 43.2% to £55.4m, equating to a 510bps improvement in the margin to 18.3%. This uplift was driven by a further improvement in productivity and efficiency initiatives, together with a full year benefit of savings from the closure of the site in Italy in 2014. The margin was further boosted by a favourable product mix and raw material procurement savings, although the certainty of maintaining either or both of these positive factors cannot be assured.

Specialist Technologies

	FY 2015 £m	**% growth Actual FX**	**% growth Constant FX**
Revenue	135.5	-16	-18
Operating profit	19.8	-34	-36
Operating margin	14.6%	-380bps	-410bps
Revenue ex-PPT	*118.4*	*+2*	*+2*
Operating profit ex-PPT	*18.8*	*+1*	*-3*
Operating margin ex-PPT	*15.9%*	*-20bps*	*-70bps*

Revenue decreased 18.0% to £135.5m, driven predominantly by the impact of weakness in the Oil & Gas industry on the Pipe Protection Technologies ("PPT") business. Excluding PPT, revenue was ahead 1.7% to £118.4m.

In Porous Technologies, the result was supported by new contract awards, the commercialisation of recent product innovation and geographic expansion. The increase in healthcare benefited from further developments in advanced wound care, as well as strong growth in cosmetic foam and products using porous plastics. Further distribution channel and range expansion and line extensions boosted speciality wipes, while household benefited from further development and scaling up of both reed and porous plastic air care wicks. In writing instruments, the performance was underpinned by continued portfolio expansion in nibs to both current and new customers. The result in printer systems reflected an accelerating decline in the market, where conditions are increasingly challenging and in light of which a strategic review of Essentra's Porous Technologies' footprint has been initiated.

In 2015, the business continued its track record of converting its intellectual property into commercial success. This included new contract wins for infused antimicrobial advanced wound care foam and the development of new insecticide and innovative air freshener wick opportunities. Further progress was made with filtration components in Europe, the US and India, in both the automotive and residential water sectors. At the same time, the patented reservoir technology which was initially developed in 2014 to support the Essentra Group's commercialisation of a range of smokeless nicotine devices was further refined for even better performance.

Like-for-like revenue in PPT declined 64.9% to £17.1m owing to developments in the Oil & Gas sector, with a significant decline in the North American rig count driving a consequent reduction in drilling activity and demand from the pipe mills. Notwithstanding this challenging environment, the MaxX® range of American Petroleum Institute-compliant, premium thread and API standard thread protectors performed well, benefiting from being specified by certain large customers as their product of choice. In addition, the business expanded and reinforced its geographic footprint outside the US, successfully leveraging the Essentra Group's international network in Australasia, the Middle East and South America.

Further new contract wins, combined with more encouraging market conditions, drove a strong result in Extrusion, with particular success in more complex, technical extruded components. These included plastic profiles used in the purification of drinking and processed water in both municipal and industrial installations; extruded finishing parts used in the furniture sector, such as plinths and edge bands, where additional business was won with a major multinational retailer during the year; and in construction across a range of internal and external applications.

Operating profit decreased 36.1% to £19.8m and the margin declined by 410bps. An improvement in Extrusion – which benefited from more benign raw material costs and continued efficiency programmes – was offset by the impact of the decline in revenue in the higher margin PPT and Porous Technologies' printer systems businesses, notwithstanding rapid cost and headcount reduction.

During the year, a number of operational initiatives were successfully completed.

In Porous Technologies, writing instrument nib production was transferred from Korea to a state-of-the-art manufacturing facility in Indonesia which – together with investment in additional high-speed ink reservoir capacity in both India and China – will allow the business to serve its global customer base even better with a full technology platform, as well as reduce the cost base. In addition, to support future growth in the attractive healthcare sector, a further pregnancy test wick line was added at the Ningbo, China facility to meet rising demand for these essential diagnostic components.

In Extrusion, innovative, high-speed equipment was installed to allow the manufacture of significantly larger profiles than before, as well as a second line for the production of high quality profiles incorporating foil application. As a result of these investments, the business is even better-positioned to exploit new commercial opportunities, particularly in the construction and retail sectors.

PPT introduced a number of new technologies, robotics and process automation to help ensure even greater consistency in product quality while reducing cost and improving labour savings. In addition, an infrastructure build-out and total refurbishment of the former injection moulding activities into a centre to accommodate an expanded CNC threading plant was completed at the Houston, US headquarters, such that Essentra PPT is now one of the few thread protector manufacturers globally to offer customers two separate facilities for product moulding and high-speed product threading capabilities. These advances help to ensure that the business is optimally positioned for a recovery in the Oil & Gas industry.

Separately, the afore-mentioned new, 23,000 sq. ft. Components facility in Leduc additionally accommodates the PPT range, providing the necessary space to continue the rapid expansion of its product offering to the strategically important Canadian Oil & Gas sector.

Summary growth in revenue by Region (by destination)

% growth	LFL	Acquisitions / Disposals	Foreign Exchange	Total Reported
Europe	+6	+25	-7	+25
Americas	-9	+45	+7	+43
Asia	+3	+1	+3	+7
Total Company	**+1**	**+26**	**-**	**+27**
PPT	-65	-	+2	-63
Total ex-PPT	**+5**	**+28**	**-1**	**+32**
Europe ex-PPT	*+7*	*+25*	*-7*	*+25*
Americas ex-PPT	*+3*	*+54*	*+9*	*+65*

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

Europe

	FY 2015 £m	% growth Actual FX	% growth Constant FX
Revenue	547.7	+25	+31
Revenue ex-PPT	*546.7*	*+25*	*+32*

Revenue increased 31.4% to £547.7m, with LFL growth of 6.3% (+6.5% ex-PPT).

Underlying growth was driven by a strong performance in the Industrial, Furniture and Health & Personal Care categories, supported by Tobacco and Food & Drink. Metal hardware delivered a strong result in both existing and export Industrial markets, with range extensions and early success in custom injection moulding also contributing. Enhanced project conversion, new business wins and cross-selling opportunities for extruded plastics boosted the result in the Furniture segment, while innovative labels and tapes contributed to the increase in FMCG sectors.

In Health & Personal Care, there was good growth in speciality wipes, advanced wound care and noise protection porous components, as well as in the core packaging portfolio which was supported by new product launches – including authentication solutions – which are well-placed to meet evolving regulatory requirements.

The performance of the Clondalkin SPD business was in line with expectations, with efforts already underway to address less profitable activities. Substantial progress was made in rationalising the site footprint, with seven sites already – or in the process of being – closed. Over and above this acquisition integration activity, an additional four facilities were shut during the year and transitioned to existing Essentra operations in the region.

Americas

	FY 2015 £m	% growth Actual FX	% growth Constant FX
Revenue	371.6	+43	+36
Revenue ex-PPT	*355.5*	*+65*	*+57*

Revenue increased 35.5% to £371.6m: LFL revenue was down -9.2% (+2.6% growth excluding PPT).

The result in the Americas was driven by the afore-mentioned developments in the Oil & Gas sector, and the consequent impact on the PPT business. However, consistent with its positive longer-term view of the industry, the Company continued to invest in opportunities for future growth, including new technologies, robotics and process automation to help ensure even greater consistency in product quality while reducing cost and improving labour savings, as well as a new purpose-built distribution centre in Alberta. Notwithstanding the rapid consolidation of the Abric Seals range into the Components offering, trading was also more challenging in the broader Industrial segment, although an underlying improvement in execution in the second half helped to mitigate a weakening market environment.

Underlying growth in Health & Personal Care was driven by portfolio and distribution channel expansion in speciality wipes and success in advanced wound care, while an increase in the Household segment was boosted by the further successful commercialisation of recent business wins in both air care and writing instruments for products using porous plastics. New packaging projects supported the performance in the Food & Drink category, with development activity and the roll-out of the Company's e-cigarette offering continuing in Tobacco.

The integration of Clondalkin SPD proceeded rapidly during the year, with some encouraging new business wins and the closure of two manufacturing facilities.

Asia

	FY 2015 £m	**% growth Actual FX**	**% growth Constant FX**
Revenue	178.8	+7	+4

Revenue increased 4.2% to £178.8m, with LFL growth of 2.8%.

Growth in Asia came across the majority of categories, with particularly good progress in the Industrial category in India. The result in Tobacco was supported by flavoured and non-standard diameter filters, combined with joint development activity with key multinational customers and strong growth in Dubai: this was partially offset by the impact of temporary inventory destocking in China and material tax increases in India. The Healthcare segment was boosted by growth in medical devices, while Household benefited from the transfer of writing instrument nib activity from South Korea to a new facility in Indonesia – the full benefits of which will be realised in 2016 – although weakness in printer systems reflected an accelerating decline in market conditions.

Total revenue was boosted by the rapid integration of the Specialty Plastics and Abric Seals businesses, both of which have performed well and benefited from some encouraging new business wins.

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 performance of the Company. The principal exchange rates for Essentra in FY 2015 were:

	Average		Closing	
	FY 2015	FY 2014	FY 2015	FY 2014
US$:£	1.53	1.65	1.47	1.56
€:£	1.37	1.24	1.36	1.28

Re-translating at FY 2015 average exchange rates decreases the prior year revenue by £2.9m and increases adjusted operating profit by £0.1m respectively.

Net finance expense. Net finance expense of £10.3m was higher than the prior year (FY 2014: £9.1m), and is broken down as follows:

£m	FY 2015	FY 2014
Net interest charged on net debt	9.4	8.6
Amortisation of bank fees	0.7	1.1
IAS 19 pension finance charge / (credit)	0.2	(0.6)
Total net interest expense	**10.3**	**9.1**

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 22.8% (FY 2014: 24.9%). A significant driver of the movement is a reduction in the Group's weighted average applicable tax rate from changes in the underlying geographical balance of profits and corporate tax rates in those territories.

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").

Net working capital of £137.2m was £35.8m higher than the 31 December 2014 level of £101.4m as a result of acquisitions and growth in the business.

£m	FY 2015	FY 2014
Inventories	118.7	84.8
Trade & other receivables	253.2	165.4
Trade & other payables	(241.9)	(156.8)
Adjustments	7.2	8.0
Net working capital	**137.2**	**101.4**

Cash flow. Operating cash flow was lower at £98.6m (FY 2014: £107.0m). Free cash flow of £68.4m compared to £75.5m in FY 2014.

£m	FY 2015	FY 2014
Operating profit – adjusted	**171.5**	**142.5**
Depreciation	31.9	27.2
Share option expense / other movements	2.8	(4.2)
Change in working capital	(52.8)	(25.4)
Net capital expenditure	(54.8)	(33.1)
Operating cash flow – adjusted	**98.6**	**107.0**
Tax	(15.7)	(20.5)
Net interest paid	(9.4)	(8.5)
Pension obligations	(5.1)	(2.5)
Free cash flow - adjusted	**68.4**	**75.5**

Net debt. Net debt at the end of the period was £373.9m, a £311.8m increase from 1 January 2015, with cash flow generation offset by the acquisition of Clondalkin SPD and higher dividends.

£m	FY 2015
Net debt as at 1 January 2015	62.1
Free cash flow	(68.4)
Dividends	49.0
Acquisitions	304.5
Foreign exchange	8.2
Exceptional items	22.1
Employee trust shares	(4.4)
Other	0.8
Net debt as at 31 December 2015	**373.9**

The Company's financial ratios remain strong. The ratio of net debt to EBITDA as at 31 December 2015 was 1.8x (31 December 2014: 0.4x) and interest cover was 17.7x (31 December 2014: 15.5x).

Balance sheet. At the end of 2015, the Company had shareholders' funds of £609.5m (2014: £592.8m), an increase of 2.8%. Net debt was £373.9m (2014: £62.1m) and total capital employed in the business was £989.1m (2014: £659.9m).

This finances non-current assets of £1,009.7m (2014: £671.9m), of which £288.8m (2014: £230.5m) is tangible fixed assets, the remainder being intangible assets, deferred tax assets, retirement benefit assets and long-term receivables. The Company has net working capital of £137.2m (2014: £101.4m), current provisions of £8.0m (2014: £4.2m) and long-term liabilities other than borrowings of £120.5m (2014: £83.4m).

Pensions. As at 31 December 2015, the Company's IAS 19 pension liability was £0.8m (FY 2014: £1.7m) and the associated deferred tax asset was £1.9m (FY 2014: £2.9m). The pension asset has been calculated after updating the asset values and certain assumptions as at 31 December 2015.

Dividends. The Board of Directors recommends a final dividend of 14.4 pence per share (2014: 12.6 pence), an increase of 14.3%. This takes the FY 2015 dividend to 20.7 pence per share (+13.1% versus FY 2014). Subject to approval at the Company's Annual General Meeting ("AGM") on 20 April 2016, the final dividend will be paid on 3 May 2016 to equity holders on the share register on 18 March 2016: the ex-dividend date will be 17 March 2016. Essentra operates a Dividend Re-Investment Programme ("DRIP"), details of which are available from the Company's Registrars, Computershare Investor Services PLC: the last date for electing to join the DRIP is 11 April 2016.

Treasury policy and controls. Essentra has a centralised treasury function to control external borrowings and manage exchange rate risk. Treasury policies are approved by the Board and cover the nature of the exposure to be hedged, the types of financial investments that may be employed and the criteria for borrowing cash. The Company uses derivatives only to manage foreign currency and interest rate risk arising from underlying business activities. No transactions of a speculative nature are undertaken. Treasury activities are subject to 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 dealing is restricted to those banks with the relevant combination of geographical presence and suitable credit rating. Essentra monitors the credit ratings of its counterparties and credit exposure to each counterparty.

Foreign exchange risk. The majority of Essentra's net assets are in currencies other than sterling. The Company's normal policy is to limit the translation exposure and the resulting impact on shareholders' funds by borrowing in those currencies in which the Company has significant net assets. As at 31 December 2015, Essentra's US dollar-denominated assets were approximately 78% hedged by its US dollar-denominated borrowings, and its euro-denominated assets were approximately 58% hedged by its euro-denominated borrowings.

The majority of Essentra's transactions are carried out in the functional currencies of its operations, and so transaction exposure is limited. However, where they do occur, the Company's policy is to hedge the exposures as soon as they are committed using forward foreign exchange contracts.

2016 Outlook

In an environment where economic growth is by no means well-established or uniform – notably in the Oil & Gas industry - Essentra is nonetheless confident of continuing our track record of balanced profitable growth in 2016, due to the Company's international footprint and diverse range of products and end-markets.

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 number:	+44 (0)20 3427 1900 (UK / international participants) +1 646 254 3367 (US participants)
Toll-free number:	0800 279 5004 (UK participants) +1 877 280 1254 (US participants)
PIN code:	3716146

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:	3716146
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 or 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, essential components which serve customers in a wide variety of end-markets and geographies.

Effective from 1 January 2016, Essentra has implemented a new organisational structure, comprising the three strategic business units below. FY 2015 results under the new structure are shown in Note 16.

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. 9,000 employees, 54 principal manufacturing facilities, 64 sales & distribution operations and 5 research & development centres. For further information, please visit www.essentraplc.com.

Consolidated Income Statement
for the year ended 31 December 2015

	Note	**2015 £m**	2014 £m
Revenue	2	**1,098.1**	865.7
Operating profit before intangible amortisation and exceptional operating items		**171.5**	142.5
Intangible amortisation	7	**(31.7)**	(17.5)
Exceptional operating items	3	**(39.1)**	(16.2)
Operating profit	2	**100.7**	108.8
Finance income	4	**1.5**	1.4
Finance expense	4	**(11.8)**	(10.5)
Profit before tax		**90.4**	99.7
Income tax expense		**(21.7)**	(27.9)
Profit for the year		**68.7**	71.8
Attributable to:			
Equity holders of Essentra plc		**67.9**	71.0
Non-controlling interests		**0.8**	0.8
Profit for the year		**68.7**	71.8
Earnings per share attributable to equity holders of Essentra plc:			
Basic	5	**26.2p**	30.0p
Diluted	5	**25.8p**	29.4p

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2015

	Note	**2015 £m**	2014 £m
Profit for the year		**68.7**	71.8
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension schemes	8	**1.9**	(15.8)
Deferred tax (charge)/credit on remeasurement of defined benefit pension schemes		**(0.2)**	5.0
		1.7	(10.8)
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		**(0.5)**	0.1
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		**3.3**	3.4
Foreign exchange translation differences:			
Attributable to equity holders of Essentra plc:			
Arising on translation of foreign operations		**(6.8)**	3.4
Arising on effective net investment hedges		**(6.0)**	(2.3)
Income tax (charge)/credit on effective net investment hedges		**(0.1)**	0.5
Attributable to non-controlling interests		**0.1**	0.3
		(16.2)	5.4
Other comprehensive income for the year, net of tax		**(14.5)**	(5.4)
Total comprehensive income		**54.2**	66.4
Attributable to:			
Equity holders of Essentra plc		**53.3**	65.3
Non-controlling interests		**0.9**	1.1
Total comprehensive income		**54.2**	66.4

Consolidated Balance Sheet
at 31 December 2015

	Note	**31 December 2015 £m**	31 December 2014 £m
Assets			
Property, plant and equipment	6	**288.8**	230.5
Intangible assets	7	**691.6**	406.4
Long-term receivables		**0.8**	3.1
Deferred tax assets		**4.6**	11.8
Retirement benefit assets	8	**23.9**	20.1
Total non-current assets		**1,009.7**	671.9
Inventories		**118.7**	84.8
Income tax receivable		**4.7**	8.9
Trade and other receivables		**253.2**	165.4
Derivative assets	17	**0.4**	3.9
Cash and cash equivalents	10	**30.2**	46.0
Total current assets		**407.2**	309.0
Total assets		**1,416.9**	980.9
Equity			
Issued share capital	9	**66.0**	66.0
Merger relief reserve	9	**298.1**	298.1
Capital redemption reserve		**0.1**	0.1
Other reserve		**(132.8)**	(132.8)
Cash flow hedging reserve		**-**	3.4
Translation reserve		**(21.4)**	(8.5)
Retained earnings		**399.5**	366.5
Attributable to equity holders of Essentra plc		**609.5**	592.8
Non-controlling interests		**5.7**	5.0
Total equity		**615.2**	597.8
Liabilities			
Interest bearing loans and borrowings	10	**403.5**	104.2
Retirement benefit obligations	8	**24.7**	21.8
Provisions		**2.8**	3.4
Other financial liabilities		**-**	3.5
Deferred tax liabilities		**93.0**	54.7
Total non-current liabilities		**524.0**	187.6
Interest bearing loans and borrowings	10	**0.6**	5.8
Derivative liabilities	17	**0.4**	0.1
Income tax payable		**26.8**	28.6
Trade and other payables		**241.9**	156.8
Provisions		**8.0**	4.2
Total current liabilities		**277.7**	195.5
Total liabilities		**801.7**	383.1
Total equity and liabilities		**1,416.9**	980.9

Consolidated Statement of Changes in Equity
for the 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
									2015
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)**
Share 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**

	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
									2014
At 1 January 2014	60.1	136.4	0.1	(132.8)	(0.1)	(9.9)	345.0	4.2	403.0
Profit for the year							71.0	0.8	71.8
Other comprehensive income					3.5	1.6	(10.8)	0.3	(5.4)
Total comprehensive income for the year	-	-	-	-	3.5	1.6	60.2	1.1	66.4
Issue of shares	5.9	161.7							167.6
Changes in non-controlling interests in subsidiaries								(0.1)	(0.1)
Transfer to loss on disposal of subsidiary						(0.2)			(0.2)
Purchase of employee trust shares							(12.3)		(12.3)
Share options exercised							4.3		4.3
Share option expense							6.8		6.8
Tax relating to share-based incentives							0.6		0.6
Dividends paid							(38.1)	(0.2)	(38.3)
At 31 December 2014	66.0	298.1	0.1	(132.8)	3.4	(8.5)	366.5	5.0	597.8

Consolidated Statement of Cash Flows
for the year ended 31 December 2015

	Note	**2015 £m**	2014 £m
Operating activities			
Profit for the year		**68.7**	71.8
Adjustments for:			
Income tax expense		**21.7**	27.9
Net finance expense	4	**10.3**	9.1
Intangible amortisation	7	**31.7**	17.5
Exceptional operating items	3	**39.1**	16.2
Depreciation	6	**31.9**	27.2
Share option expense		**5.7**	6.8
Other movements		**(0.5)**	(2.9)
Increase in inventories		**(14.6)**	(5.5)
Increase in trade and other receivables		**(51.2)**	(22.4)
Increase in trade and other payables		**13.0**	2.5
Cash outflow in respect of exceptional operating items		**(22.1)**	(6.9)
Adjustment for pension contributions		**(5.1)**	(2.5)
Movements in provisions		**(2.3)**	(8.1)
Cash inflow from operating activities		**126.3**	130.7
Income tax paid		**(15.7)**	(20.5)
Net cash inflow from operating activities		**110.6**	110.2
Investing activities			
Interest received		**0.6**	0.3
Acquisition of property, plant and equipment		**(58.6)**	(38.1)
Proceeds from sale of property, plant and equipment		**3.8**	5.0
Acquisition of businesses net of cash acquired	11	**(304.5)**	(26.1)
Net cash outflow from investing activities		**(358.7)**	(58.9)
Financing activities			
Interest paid		**(10.0)**	(8.8)
Dividends paid to equity holders		**(49.0)**	(38.1)
Dividends paid to non-controlling interests		**(0.2)**	(0.2)
Proceeds from equity issue	9	**-**	167.6
Repayments of short-term loans		**(4.9)**	(3.8)
Repayments of long-term loans		**-**	(158.1)
Proceeds from long-term loans		**292.8**	-
Purchase of employee trust shares		**(1.0)**	(12.3)
Proceeds from sale of employee trust shares		**5.4**	4.3
Net cash inflow/(outflow) from financing activities		**233.1**	(49.4)
Net (decrease)/increase in cash and cash equivalents	10	**(15.0)**	1.9
Net cash and cash equivalents at the beginning of the year		**46.0**	44.1
Net (decrease)/increase in cash and cash equivalents		**(15.0)**	1.9
Net effect of currency translation on cash and cash equivalents		**(0.8)**	-
Net cash and cash equivalents at the end of the year	10	**30.2**	46.0

1. Basis of preparation

The consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the European Union ("EU") in accordance with EU law (IAS Regulation EC 1606/2002) ("adopted IFRS") and International Financial Reporting Standards as issued by the International Accounting Standards Board, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements are prepared under the historical cost convention except for derivatives which are stated at fair value and retirement benefit obligations which are valued in accordance with IAS 19 *Employee Benefits*.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2015 or 2014 but is derived from those accounts. Statutory accounts for 2014 have been delivered to the registrar of companies, and those for 2015 will be delivered in due course. The auditor has reported on those accounts; their reports were (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.

Changes in accounting policies
In the current financial year, Essentra adopted amendments to IAS 19 *Defined Benefit Plans: Employee Contributions* which clarify that an entity is permitted to recognise employee contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service, if the amount of the contributions is independent of the number of years of service. The adoption of these amendments did not have an impact on the Group in relation to measurement, recognition and presentation. Other than this, the accounting policies and presentation in this set of financial statements are consistent with those applied in the prior years.

2. Segment analysis

In accordance with IFRS 8, Essentra has determined its operating segments based upon the information reported to the Group Management Committee. These segments are as follows:

Distribution consists of a Component Distribution business, a Speciality Tapes business and a Security business. Component Distribution is a global market leading manufacturer and distributor of plastic injection moulded, vinyl dip moulded, and metal items. The Speciality Tapes business has expertise in coating multiple adhesive systems in numerous technologies. The Security business has been at the forefront of ID technology for over 30 years, and has access to the widest portfolio of products and services, including printers, software and consumables from leading manufacturers.

Health and Personal Care Packaging is a leading global provider of packaging and authentication solutions to a diversified blue-chip customer base in the health and personal care, consumer and specialist packaging sectors, and to the paper and board industries.

Filter Products is a global independent cigarette filter manufacturer supplying 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 for the industry.

Specialist Technologies is a leading provider of specialised solutions to an international customer base in a diverse range of end-markets, including oil and gas, construction, point of sale, health & personal care and consumer goods.

With effect from 1 January 2016, a new organisation structure has been implemented, comprising three strategic business units (see note 16 for further details).

2. **Segment analysis** continued

2015

	Distribution £m	**Health & Personal Care Packaging £m**	**Filter Products £m**	**Specialist Technologies £m**	**Elimin-ations £m**	**Central Services[1] £m**	**Continuing operations £m**	**Discontinued operations £m**	**Total £m**
External revenue	267.3	393.8	302.0	135.0	-	-	1,098.1	-	1,098.1
Intersegment revenue	1.3	0.6	0.6	0.5	(3.0)	-	-	-	-
Total revenue	**268.6**	**394.4**	**302.6**	**135.5**	**(3.0)**	**-**	**1,098.1**	**-**	**1,098.1**
Operating profit/(loss) before intangible amortisation and exceptional operating items	60.3	52.2	55.4	19.8	-	(16.2)	171.5	-	171.5
Intangible amortisation	(9.4)	(19.9)	-	(2.4)	-	-	(31.7)	-	(31.7)
Exceptional operating items	1.8	(31.3)	(11.5)	-	-	1.9	(39.1)	-	(39.1)
Operating profit/(loss)	**52.7**	**1.0**	**43.9**	**17.4**		**(14.3)**	**100.7**	**-**	**100.7**
Segment assets	154.6	219.7	169.3	108.2	-	9.7	661.5	-	661.5
Intangible assets	185.3	453.2	-	53.1	-	-	691.6	-	691.6
Unallocated items[2]	-	-	-	-	-	63.8	63.8	-	63.8
Total assets	**339.9**	**672.9**	**169.3**	**161.3**	**-**	**73.5**	**1,416.9**	**-**	**1,416.9**
Segment liabilities	44.8	109.8	61.6	18.5	-	18.0	252.7	-	252.7
Unallocated items[2]	-	-	-	-	-	549.0	549.0	-	549.0
Total liabilities	**44.8**	**109.8**	**61.6**	**18.5**	**-**	**567.0**	**801.7**	**-**	**801.7**
Other segment items									
Capital expenditure	9.3	26.1	10.1	8.4	-	4.7	58.6	-	58.6
Depreciation	7.2	9.5	8.8	6.3	-	0.1	31.9	-	31.9
Average number of employees	2,201	3,579	1,723	911	-	176	8,590	-	8,590

2014

	Distribution £m	**Health & Personal Care Packaging £m**	**Filter Products £m**	**Specialist Technologies £m**	**Elimin-ations £m**	**Central Services[1] £m**	**Continuing operations £m**	**Discontinued operations £m**	**Total £m**
External revenue	243.7	168.8	291.4	161.8	-	-	865.7	-	865.7
Intersegment revenue	0.3	0.5	0.1	0.3	(1.2)	-	-	-	-
Total revenue	**244.0**	**169.3**	**291.5**	**162.1**	**(1.2)**	**-**	**865.7**	**-**	**865.7**
Operating profit/(loss) before intangible amortisation and exceptional operating items	56.9	30.8	39.0	29.8	-	(14.0)	142.5	-	142.5
Intangible amortisation	(8.4)	(7.0)	-	(2.1)	-	-	(17.5)	-	(17.5)
Exceptional operating items	(4.0)	(11.6)	(0.4)	(0.2)		-	(16.2)	-	(16.2)
Operating profit/(loss)	**44.5**	**12.2**	**38.6**	**27.5**	**-**	**(14.0)**	**108.8**		**108.8**
Segment assets	137.5	102.5	133.6	103.3	-	5.0	481.9	-	481.9
Intangible assets	188.4	163.9	-	54.1	-	-	406.4	-	406.4
Unallocated items[2]	-	-	-	-	-	92.6	92.6	-	92.6
Total assets	**325.9**	**266.4**	**133.6**	**157.4**	**-**	**97.6**	**980.9**		**980.9**
Segment liabilities	42.7	36.5	38.8	20.4	-	27.0	165.4	2.5	167.9
Unallocated items[2]	-	-	-	-	-	215.2	215.2	-	215.2
Total liabilities	**42.7**	**36.5**	**38.8**	**20.4**	**-**	**242.2**	**380.6**	**2.5**	**383.1**
Other segment items									
Capital expenditure	9.4	10.6	8.4	7.0	-	2.7	38.1	-	38.1
Depreciation	6.4	5.6	8.5	6.3	-	0.4	27.2	-	27.2
Average number of employees	1,641	1,322	1,732	1,022	-	109	5,826	-	5,826

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

[2] 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 operating items

	2015 £m	2014 £m
Acquisition fees[1]	**0.2**	7.1
Acquisition integration and restructuring costs[2]	**34.1**	9.3
Other[3]	**4.8**	(0.2)
	39.1	**16.2**
Exceptional tax items[4]	**(1.7)**	-

1 Transaction costs incurred during the year primarily in respect of the acquisition of Specialty Plastics (2014: Kelvindale, Abric and Clondalkin SPD)
2 Acquisition integration and restructuring costs incurred during the year associated with the acquisitions of Clondalkin SPD, Abric and Specialty Plastics (2014: Kelvindale, Contego, Dakota, Mesan and Abric)
3 Other exceptional items incurred during the year relate 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 (2014: comprise £0.4m loss on disposal of Filters Jordan and a £0.6m credit adjustment for contingent deferred consideration in relation to the acquisition of Ulinco)
4 Exceptional tax items relate to the release of tax indemnity provisions of £1.7 million in respect of the 2007 Globalpack disposal

The tax effect of the exceptional items is a credit of £6.1m (2014: £0.9m)

4. Net finance expense

	2015 £m	2014 £m
Finance income		
Bank deposits	**0.6**	0.2
Net interest on net pension scheme assets (note 8)	**0.9**	1.2
	1.5	1.4
Finance expense		
Interest on loans and overdrafts	**(9.5)**	(8.4)
Amortisation of bank facility fees	**(0.7)**	(1.1)
Other finance expense	**(0.5)**	(0.4)
Net interest on pension scheme liabilities (note 8)	**(1.1)**	(0.6)
	(11.8)	(10.5)
Net finance expense	**(10.3)**	(9.1)

5. Earnings per share

	2015 £m	2014 £m
Continuing operations		
Earnings attributable to equity holders of Essentra plc	**67.9**	71.0
Adjustments		
Intangible amortisation	**31.7**	17.5
Exceptional operating items	**39.1**	16.2
	70.8	33.7
Tax relief on adjustments	**(13.4)**	(5.4)
Exceptional tax charge	**(1.7)**	-
Adjusted earnings	**123.6**	99.3
Basic weighted average number of ordinary shares in issue (m)	**259.5**	236.8
Dilutive effect of employee share option plans (m)	**3.7**	5.0
Diluted weighted average number of ordinary shares (m)	**263.2**	241.8
Continuing operations		
Basic earnings per share	**26.2p**	30.0p
Adjustment	**21.4p**	11.9p
Basic adjusted earnings per share	**47.6p**	41.9p
Diluted earnings per share	**25.8p**	29.4p
Diluted adjusted earnings per share	**47.0p**	41.1p

Adjusted earnings per share is provided to reflect the underlying earnings performance of Essentra. The basic weighted average number of ordinary shares in issue excludes shares held in treasury and shares held by an employee benefit trust.

6. Property, plant and equipment

	Land and buildings £m	**Plant and machinery £m**	**Fixtures, fittings and equipment £m**	**Total £m**
				2015
Cost				
Beginning of year	**91.8**	**337.6**	**57.8**	**487.2**
Acquisitions (note 11)	16.5	17.6	1.5	**35.6**
Additions	4.9	48.6	7.0	**60.5**
Disposals	(1.7)	(20.2)	(5.9)	**(27.8)**
Currency translation	0.1	(0.3)	-	**(0.2)**
End of year	**111.6**	**383.3**	**60.4**	**555.3**
Depreciation and impairment				
Beginning of year	**21.6**	**201.9**	**33.2**	**256.7**
Depreciation charge for the year	3.2	23.8	4.9	**31.9**
Impairment	0.7	1.1	1.1	**2.9**
Disposals	(0.6)	(17.4)	(5.5)	**(23.5)**
Currency translation	(0.5)	(0.9)	(0.1)	**(1.5)**
End of year	**24.4**	**208.5**	**33.6**	**266.5**
Net book value at end of year	**87.2**	**174.8**	**26.8**	**288.8**

	Land and buildings £m	Plant and machinery £m	Fixtures, fittings and equipment £m	Total £m
				2014
Cost				
Beginning of year	92.3	317.9	51.8	462.0
Acquisitions	1.9	1.5	0.2	3.6
Additions	4.8	26.9	8.8	40.5
Disposals	(7.6)	(10.0)	(3.1)	(20.7)
Currency translation	0.4	1.3	0.1	1.8
End of year	91.8	337.6	57.8	487.2
Depreciation and impairment				
Beginning of year	25.8	189.9	32.6	248.3
Depreciation charge for the year	2.4	21.5	3.3	27.2
Disposals	(6.1)	(9.2)	(2.8)	(18.1)
Currency translation	(0.5)	(0.3)	0.1	(0.7)
End of year	21.6	201.9	33.2	256.7
Net book value at end of year	70.2	135.7	24.6	230.5

Contractual commitments to purchase property, plant and equipment amounted to £3.3m at 31 December 2015 (2014: £4.1m). The net book value of assets under finance leases amounted to £3.6m as at 31 December 2015 (2014: £4.6m).

Impairment charge in the year of £2.9m (2014: £nil) related to assets written down as part of the restructuring of certain of the Group’s operations.

7. Intangible assets

	Goodwill £m	Customer relationships £m	Other intangible assets £m	Total £m
				2015
Cost				
Beginning of year	**211.8**	**235.6**	**15.0**	**462.4**
Acquisitions (note 11)	158.7	164.5	-	**323.2**
Currency translation	(3.3)	(2.9)	0.7	**(5.5)**
End of year	**367.2**	**397.2**	**15.7**	**780.1**
Amortisation				
Beginning of year	**-**	**49.3**	**6.7**	**56.0**
Charge for the year	-	30.2	1.5	**31.7**
Currency translation	-	0.5	0.3	**0.8**
End of year	**-**	**80.0**	**8.5**	**88.5**
Net book value at end of year	**367.2**	**317.2**	**7.2**	**691.6**

	Goodwill £m	Customer relationships £m	Other intangible assets £m	Total £m
				2014
Cost				
Beginning of year	196.2	224.1	14.2	434.5
Acquisitions	16.2	11.7	-	27.9
Currency translation	(0.6)	(0.2)	0.8	-
End of year	211.8	235.6	15.0	462.4
Amortisation				
Beginning of year	-	32.7	5.1	37.8
Charge for the year	-	16.3	1.2	17.5
Currency translation	-	0.3	0.4	0.7
End of year	-	49.3	6.7	56.0
Net book value at end of year	211.8	186.3	8.3	406.4

Other intangible assets principally comprise trade names acquired with Lendell and Reid Supply, developed technology acquired with Lendell, Richco and Lymtech, and order backlog.

8. Employee benefits

Post-employment benefits

Pension costs of the defined benefit schemes are assessed in accordance with the advice of independent professionally qualified actuaries. Full triennial actuarial valuations were carried out on the principal European defined benefit schemes as at 5 April 2015 and annual actuarial valuations are performed on the principal US defined benefit schemes. The assets and liabilities of the defined benefit schemes have been updated to the balance sheet date from the most recently completed actuarial valuations taking account of the investment returns achieved by the schemes and the level of contributions.

The amounts included in the consolidated financial statements are as follows:

	2015 £m	2014 £m
Amounts expensed against operating profit		
Defined contribution schemes	**6.7**	4.9
Defined benefit schemes – service cost	**2.4**	2.2
Defined benefit schemes – curtailment gain	**(3.0)**	-
Defined benefit schemes – settlement gain	**-**	(1.4)
Other post-employment obligations	**0.1**	0.5
Total operating expense	**6.2**	6.2
Amounts included as finance (income)/expense		
Net interest on defined benefit scheme assets (note 4)	**(0.9)**	(1.2)
Net interest on defined benefit scheme liabilities (note 4)	**1.1**	0.6
Net finance expense/(income)	**0.2**	(0.6)
Amounts recognised in the consolidated statement of comprehensive income		
Return on defined benefit scheme assets excluding amounts in net finance income	**8.5**	(16.7)
Impact of changes in assumptions and experience to the present value of defined benefit scheme liabilities	**(10.4)**	32.5
Remeasurement of defined benefit schemes	**(1.9)**	15.8

During 2015, the principal defined benefit pension schemes in the UK and the US were closed to future accrual, and curtailment gains were recognised in profit or loss accordingly.

The principal assumptions used by the independent qualified actuaries for the purposes of IAS 19 were:

		2015		2014
	Europe	**US**	Europe	US
Increase in salaries (pre-2010) [1]	n/a	3.00%	3.00%	3.00%
Increase in salaries (post-2010) [1]	n/a	3.00%	3.00%	3.00%
Increase in pensions [1]				
at RPI capped at 5%	3.10%	n/a	3.00%	n/a
at CPI capped at 5%	2.20%	n/a	2.10%	n/a
at CPI minimum 3%, capped at 5%	3.30%	n/a	3.20%	n/a
at CPI capped at 2.5%	1.80%	n/a	1.70%	n/a
Discount rate	3.80%	4.37%	3.70%	4.00%
Inflation rate	2.70%	n/a	2.60%	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%

Due to the timescale covered, the assumptions applied may not be borne out in practice.

The life expectancy assumptions used to estimate defined benefit obligations at the year end are:

		2015		2014
	Europe	**US**	Europe	US
Male retiring today at age 65	**22.4**	**21.2**	22.4	21.6
Female retiring today at age 65	**24.8**	**23.2**	24.7	23.8
Male retiring in 20 years at age 65	**24.3**	**22.9**	24.3	23.3
Female retiring in 20 years at age 65	**26.7**	**24.9**	26.6	25.5

8. Employee benefits continued

Movement in fair value of post-employment obligations during the year

	2015				2014			
	Defined benefit pension scheme assets £m	**Defined benefit pension scheme liabilities £m**	**Other £m**	**Total £m**	Defined benefit pension scheme assets £m	Defined benefit pension scheme liabilities £m	Other £m	Total £m
Beginning of year	**245.6**	**(245.1)**	**(2.2)**	**(1.7)**	226.6	(213.3)	(2.7)	10.6
Service cost and administrative expense	**(1.3)**	**(1.1)**	**(0.1)**	**(2.5)**	(0.8)	(1.4)	(0.5)	(2.7)
Employer contributions	**3.9**	**-**	**0.1**	**4.0**	4.3	0.1	0.8	5.2
Employee contributions	**0.1**	**(0.1)**	**-**	**-**	0.3	(0.3)	-	-
Return on plan assets excluding amounts in net finance income	**(8.5)**	**-**	**-**	**(8.5)**	16.7	-	-	16.7
Actuarial gains/(losses) arising from change in financial assumptions	**-**	**6.2**	**-**	**6.2**	-	(27.9)	-	(27.9)
Actuarial losses arising from change in demographic assumptions	**-**	**-**	**-**	**-**	-	(4.2)	-	(4.2)
Actuarial gains/(losses) arising from experience adjustment	**-**	**4.2**	**-**	**4.2**	-	(0.4)	-	(0.4)
Finance income/(expense)	**9.3**	**(9.5)**	**-**	**(0.2)**	10.3	(9.7)	-	0.6
Benefits paid	**(10.7)**	**10.7**	**0.5**	**0.5**	(8.0)	8.0	-	-
Curtailments	**-**	**3.0**	**-**	**3.0**	-	-	-	-
Settlements	**-**	**-**	**-**	**-**	(6.4)	7.8	-	1.4
Currency translation	**2.9**	**(3.8)**	**-**	**(0.9)**	2.6	(3.8)	0.2	(1.0)
Business combination	**5.4**	**(10.3)**	**-**	**(4.9)**	-	-	-	-
End of year	**246.7**	**(245.8)**	**(1.7)**	**(0.8)**	245.6	(245.1)	(2.2)	(1.7)

Sensitivity
For the significant assumptions used in determining defined benefit costs and liabilities, the following sensitivity analysis gives the estimate of the impact on the income statement and balance sheet for the year ended 31 December 2015.

	Scheme liabilities		
	Europe £m	US £m	**Total £m**
0.5% decrease in the discount rate	(17.7)	(3.6)	**(21.3)**
1.0% increase in the rate of inflation	(14.6)	n/a	**(14.6)**
1.0% increase in rate of salary/pension increases	n/a	n/a	**n/a**
1 year increase in life expectancy	(5.5)	(1.4)	**(6.7)**
0.5% increase in the discount rate	15.3	3.2	**18.5**
1.0% decrease in rate of salary/pension increases	n/a	n/a	**n/a**
1.0% decrease in the rate of inflation	12.1	n/a	**12.1**

9. Issued share capital

	2015 £m	2014 £m
Issued and fully paid ordinary shares of 25p (2014: 25p) each	**66.0**	66.0
Number of ordinary shares in issue		
Beginning of year	264,129,170	240,469,409
Issue of shares during the year	-	23,659,761
End of year	**264,129,170**	264,129,170

At 31 December 2015 the Company held 1,750,571 (2014: 3,449,685) of its own shares in treasury.

In 2014, to fund the acquisition of Clondalkin Essentra plc issued a total of 23,659,761 new ordinary shares of 25p each at a price of 713.5p per share, raising gross proceeds of £168.8m. Issue costs of £1.2m were incurred. The excess of the net proceeds over the nominal value of shares issued is recorded in a merger relief reserve in accordance with Section 612 of the Companies Act 2006. As at 31 December 2014, the proceeds from the placing were used to repay the amounts drawn under the revolving credit facilities.

10. Analysis of net debt

	1 Jan 2015 £m	**Cash flow £m**	**Exchange movements £m**	**Non-cash movements £m**	**31 Dec 2015 £m**
Cash at bank and in hand	26.5	(2.0)	(0.7)	-	**23.8**
Short-term bank deposits and investments	19.5	(13.0)	(0.1)	-	**6.4**
Cash and cash equivalents in the statement of cash flows	46.0	(15.0)	(0.8)	-	**30.2**
Debt due within one year	(5.8)	4.9	0.3	-	**(0.6)**
Debt due after one year	(102.3)	(292.8)	(7.7)	(0.7)	**(403.5)**
Net debt	(62.1)	(302.9)	(8.2)	(0.7)	**(373.9)**

The non-cash movements represent the amortisation of prepaid facility fees.

	1 Jan 2014 £m	Cash flow £m	Exchange movements £m	Non-cash movements £m	31 Dec 2014 £m
Cash at bank and in hand	42.0	(15.5)	-	-	26.5
Short-term bank deposits and investments	2.1	17.4	-	-	19.5
Cash and cash equivalents in the statement of cash flows	44.1	1.9	-	-	46.0
Debt due within one year	(6.5)	3.8	0.1	(3.2)	(5.8)
Debt due after one year	(254.7)	158.1	(4.0)	(1.7)	(102.3)
Net debt	(217.1)	163.8	(3.9)	(4.9)	(62.1)

The non-cash movements represent the amortisation of prepaid facility fees and the increase in net debt from loans acquired. The 2014 net debt amount presented above includes the effect of £1.9m prepaid facility fees on the Group's 5-year revolving credit facility, which were presented within long-term receivables at 31 December 2014.

11. Acquisitions

2015 acquisition: Clondalkin

On 30 January 2015, Essentra acquired the entire Specialist Packaging Division of Clondalkin Group ("Clondalkin SPD") from an affiliate of Warburg Pincus. Clondalkin SPD is a global provider of speciality secondary packaging solutions for the pharmaceutical and health & personal care industries. With 24 facilities in North America and Europe, the acquisition of Clondalkin SPD significantly enhances Essentra's existing geographic presence in healthcare packaging and, through leveraging the combined footprint of both businesses, will allow the Group to further exploit both existing, and attractive new growth opportunities. Clondalkin SPD's product portfolio of folding carton, product literature and labels is complementary to the Group's current packaging and authentication capabilities, therefore broadening the range and innovation offered to customers.

11. Acquisitions continued

A summary of the acquisition of Clondalkin SPD is detailed below:

	Fair value of assets acquired /(liabilities assumed) £m
Customer relationships and order book	160.7
Goodwill	158.1
Property, plant and equipment	35.6
Inventories	20.8
Receivables	36.4
Cash and cash equivalents	7.2
Retirement benefit obligations	(4.9)
Deferred tax	(43.6)
Current Tax	(0.5)
Payables	(57.0)
Provisions	(4.6)
Fair value of net assets acquired	308.2
Satisfied by:	
Cash consideration paid	308.2
Cash consideration	308.2
Cash and cash equivalents acquired	(7.2)
Net cash flow in respect of the acquisition	**301.0**

Property, plant and equipment, intangible assets, inventories, receivables and payables were all reassessed to their fair value. The gross contractual amount receivable of the receivables was £38.5m.

Goodwill represents the expected operating synergies and financial synergies, and the value of an assembled workforce. Goodwill is not deductible for tax purposes. The adjustment to deferred tax is the tax effect of recognising customer relationships and other intangible assets and the tax effect of the fair value adjustments.

Clondalkin SPD contributed £228.5m to revenue and £27.1m to operating profit before intangible amortisation in the period from acquisition to 31 December 2015. Had the acquisition been completed on 1 January 2015, the Group's revenue and operating profit before amortisation and exceptional items would have been £1,118.8m and £171.7m respectively.

2015 acquisition: Specialty Plastics

The Group also acquired Specialty Plastics based in Australia in February 2015. This acquisition was not material.

Relevant previous acquisitions

During 2015, Essentra reassessed the fair value adjustments made in respect of the major operating subsidiaries of Abric Berhad ("Abric") which was acquired on 16 December 2014, and made changes to certain accruals, property, plant and equipment, customer relationship intangible assets and deferred tax assets. The impact on goodwill is an increase of £0.9m.

12. Dividends

	Per share		**Total**	
	2015 p	2014 p	**2015 £m**	2014 £m
2014 interim: paid 30 October 2014		5.7		13.3
2014 final: paid 1 May 2015		12.6		32.6
2015 interim: paid 30 October 2015	**6.3**		**16.4**	
2015 proposed final: payable 3 May 2016	**14.4**		**37.5**	
	20.7	18.3	**53.9**	45.9

13. Transactions with related parties

During 2014, the Filters business in Jordan was disposed of to the minority shareholder who was also a director of the business, for a consideration of US$50,000. A loss on disposal of £0.4m arose from the transaction. Other than this transaction and the compensation of key management, Essentra has not entered into any material transactions with related parties during 2014 and 2015.

14. Adjusted measures

Management reviews the adjusted operating profit and operating cash flow as measures of the performance of the business. Adjusted operating profit is stated before intangible amortisation and exceptional operating items which are considered not relevant to measuring the performance of the business. Operating cash flow is adjusted operating profit before depreciation, share option expense and other non-cash items, less working capital movements and net capital expenditure as shown below:

	2015 £m	2014 £m
Operating profit	**100.7**	108.8
Intangible amortisation	**31.7**	17.5
Exceptional operating items	**39.1**	16.2
Adjusted operating profit	**171.5**	142.5
Depreciation	**31.9**	27.2
Share option expense	**5.7**	6.8
Other non-cash items	**(2.9)**	(11.0)
Working capital movements	**(52.8)**	(25.4)
Net capital expenditure	**(54.8)**	(33.1)
Operating cash inflow	**98.6**	107.0

15. Post balance sheet events

On 29 January 2016, the Group acquired Kamsri Printing and Packaging Private Limted ("Kamsri"), a manufacturer of premium packaging solutions based in India for the pharmaceutical and healthcare end-markets. This acquisition was not material.

16. Additional segmental analysis

With effect from 1 January 2016, Essentra has implemented a new organisation structure, comprising three strategic business units. Going forward, the Components, Pipe Protection Technologies, Extrusion and Security businesses will form a strategic business unit named Component Solutions. The Speciality Tapes business will be included within the current Health & Personal Care Packaging strategic business unit. The Filter Products and Porous Technologies businesses will form a new strategic business unit named Filtration Products. The scope of Central Services remains the same.

2015 results under the new organisational structure are shown below:

	Component Solutions £m	**Health & Personal Care Packaging £m**	**Filtration Products £m**	**Elimin-ations £m**	**Central Services £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**
Operating profit/(loss) before intangible amortisation and exceptional operating items	58.1	57.5	72.1	-	(16.2)	171.5
Intangible amortisation	(8.1)	(21.2)	(2.4)	-	-	(31.7)
Exceptional operating items	1.8	(31.3)	(11.5)	-	1.9	(39.1)
Operating profit/(loss)	**51.8**	**5.0**	**58.2**	**-**	**(14.3)**	**100.7**

17. Financial instruments

The table below sets out Essentra's accounting categories and fair value for each class of financial asset and liability.

	2015				2014			
	Fair value £m	Loans and receivables £m	Amortised cost £m	Total carrying value £m	Fair value £m	Loans and receivables £m	Amortised cost £m	Total carrying value £m
Trade and other receivables	-	243.8	-	**243.8**	-	161.4	-	**161.4**
Cash and cash equivalents	-	30.2	-	**30.2**	-	46.0	-	**46.0**
Interest bearing loans and borrowings	-	-	(404.1)	**(404.1)**	-	-	(110.0)	**(110.0)**
Trade and other payables	-	-	(174.8)	**(174.8)**	-	-	(94.4)	**(94.4)**
Level 2 of fair value hierarchy								
Derivative assets	0.4	-	-	**0.4**	3.9	-	-	**3.9**
Derivative liabilities	(0.4)	-	-	**(0.4)**	(0.1)	-	-	**(0.1)**
Level 3 of fair value hierarchy								
Other non-current financial liabilities	-	-	-	**-**	(3.5)	-	-	**(3.5)**
Other current payables	(1.5)	-	-	**(1.5)**	(2.3)	-	-	**(2.3)**
	(1.5)	**274.0**	**(578.9)**	**(306.4)**	**(2.0)**	**207.4**	**(204.4)**	**1.0**

Total trade and other receivables carried at £254.0m (2014: £168.5m) include prepayments and accrued income of £8.5m (2014: £7.1m) and consideration paid in advance in respect of business acquisition of £1.7m (2014: £nil) which are not financial assets and are therefore excluded from the above analysis. Fair values of forward foreign exchange contracts and cross currency swaps have been calculated at year end forward exchange rates compared to contracted rates. These are determined to be level 2 in the fair value hierarchy.

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 relating to the acquisition of Mesan Kilit A.S. and Specialty Plastics (2014: £5.8m relating to the acquisition of Mesan Kilit A.S.). The fair value of the deferred contingent consideration is estimated based on an assessment of the likely outcome of the acquired business' financial performance. There have been no transfers between levels of the fair value hierarchy. There are no non-recurring fair value measurements. During the year, a fair value gain of £4.8m (2014: fair value gain of £0.6m) in respect of financial instruments at level 3 fair value hierarchy was recognised within exceptional items (see note 3), and £nil (2014: £nil) was settled in cash. No other fair value gains or losses were recorded in profit or loss and other comprehensive income.

Included within interest bearing loans and borrowings are $160m US Private Placement Loan Notes. The Loan Notes are held at amortised cost with a carrying value of £108.3m (2014: £101.9m). The Group estimates that the total fair value of the Loan Notes at 31 December 2015 is £117.4m (2014: £111.3m).

All other financial assets, classified as 'loans and receivables', and trade and other payables, classified as 'amortised cost', are held at amortised cost and have short terms to maturity. For this reason, their carrying amounts at the reporting date approximate the fair values. Unsecured bank loans, included within interest bearing loans and borrowings, incur interest at floating rates and as a result their carrying amounts also approximate their fair values at the reporting date.

18. Cautionary forward-looking statements

This Report 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 any 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 publicly revise or update these forward-looking statements 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.

19. Directors' responsibility statement

We confirm that to the best of our knowledge

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities and financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

- this announcement includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

Colin Day	**Stefan Schellinger**
Chief Executive	**Group Finance Director**

19 February 2016

MANAGEMENT OF PRINCIPAL RISKS

Risk Management Approach

The sound management of risk within the parameters of a clearly defined risk attitude statement underpins the delivery of the Company's Drive for 2020 strategy. By focusing on the challenges which arise in the international environment in which Essentra conducts business, and reflecting the Company's attitude to risk in the delivery of its business objectives, Essentra's risk management practices are designed to ensure risks are continuously monitored, associated action plans are reviewed and challenged, appropriate contingencies are provisioned and information is reported through established management control procedures.

Essentra seeks continuously to improve its risk management processes, and continues to develop new systems which serve to enhance the Company's response to the risks inherent in its international business activities.

Throughout 2015, Essentra further embedded its enterprise risk management framework that includes both Operational and Executive Risk Management Committees meeting on a quarterly basis to discuss and monitor the changing risk environment to which Essentra is exposed and ensure any necessary mitigating actions are undertaken. Such meetings are preceded by individual discussions on risk with committee members in order that a suitable view of the risk landscape can be determined. The Board and Audit Committee review the output from these committees in fulfilling their risk management responsibilities.

Essentra recognises that the ability to monitor, assess and respond to business risks quickly and effectively may provide a competitive advantage. Reporting within the Group is structured so that key issues are escalated, as appropriate, at the earliest opportunity. Each area of the business is required to review its areas of risk and uncertainty formally and regularly. There is an ongoing process to ensure that there are clear and consistent procedures for monitoring, updating and implementing appropriate controls to manage identified risks. Essentra's short- and long-term performance may be impacted by many risks and uncertainties, not all of which are within the Company's control. Outside the formal processes, the Company also seeks to ensure risk management is embedded in its everyday activities and the subject of ongoing review and discussion.

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 Directors have undertaken a robust systematic assessment of the Group's principal risks and uncertainties detailed on the next page. The Board believes these risks and uncertainties are specific to Essentra, having regard to its strategic objectives, together with the Company's risk management response thereto. The details provided are not exhaustive and do not purport to be a complete explanation of all potentially relevant issues. There may be other risks and uncertainties which are unknown to the Board, or which may not be deemed by the Board to be material at present but which could prove to be so in the future. There have been no significant failings in the controls within the year.

1. **Disruption to infrastructure**

A catastrophic loss of the use of all or a portion of any of Essentra's manufacturing or distribution facilities due to accident, labour issues, fire, terrorist attack, natural disaster, information technology failure, cyber security attack or otherwise which, whether short- or long-term, could adversely affect the Company's ability to meet the demands of its customers. Some of the assets maintained by the Company, such as tooling and IT systems, are critical to the manufacture and delivery of particular products.

Impact	Mitigation
A material disruption to operational facilities or the loss of critical assets may negatively affect the Company's: Production capability and asset base Supply chain management Customer relationships Reputation Revenue Profit Financial condition	Essentra seeks to manage the risk of potential disruption of the supply of its customers by: Operating within a flexible global infrastructure Installing fire and other risk prevention systems Implementing disaster recovery and business continuity plans Assessing operational risks Maintaining a comprehensive insurance programme Aligning Group information technology resources

2. **Emerging technologies and new competition pressures**

Essentra faces pressure from direct competitors, as well as new competition from alternative technologies. Some of the Company's competitors may derive advantage from greater financial resources, economies of scale, additional purchasing power or a lower cost base, and Essentra may face aggressive pricing practices.

Impact	Mitigation
Demand for competitors' products and the development of competing technologies may result in: Loss of market positions Erosion of margins Intellectual property challenges Decline in revenue Decline in profitability Deterioration in financial condition	Essentra seeks to mitigate the risk of competitive pressure by: Sustained investment in research and development to develop the quality and breadth of its product and service offering Exploiting innovation and manufacturing capabilities in new technologies, products and services Developing long-term relationships with customers at a senior level Protecting its intellectual property rights Expanding its international distribution, sales and marketing expertise Investing in both organic and acquisition growth opportunities

3. **Innovation**

Essentra's development and growth has benefited from the success of start-up operations and the continued growth of already established businesses. The rate of success of any development may in part be dependent on the Group's innovation pipeline and the ability of the Company to be innovative with its operations in order to create efficiencies. 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.

Impact	Mitigation
If Essentra fails to meet the challenges of Innovation, the Company may experience: Lower growth rates Delay in the achievement of strategic objectives Reduced profitability	Essentra addresses the challenges of international business development with: Experienced and skilled management Detailed due diligence and planning Continuous improvement programmes Investment programmes Strategic Business Unit innovation programmes

4. **Mergers and acquisitions**

Essentra's development and growth has benefited from value-adding 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 for integration. There can be no assurance that the Company will be successful in completing and integrating suitable acquisitions.

Impact	Mitigation
If Essentra fails to meet the challenges of business development arising from acquisitions the Company may experience: Lower growth rates Delay in the achievement of strategic objectives Increased costs Reduced profitability	Essentra addresses the challenges of mergers and acquisitions with: Experienced and skilled management Detailed due diligence and planning Project risk reviews External expert advice

5. **Customer profile**

In some of Essentra's businesses the customer base is relatively concentrated. Should Essentra's customers decide to satisfy their requirements internally or from other suppliers and if Essentra were unable to secure new business this could result in a significant loss of business. Essentra must serve an increasingly complex profile of customers who will be heavily reliant on our business in some cases. There is now an increased expectation on Essentra from these customers, and the Company risks losing business should it fail to adequately measure customer satisfaction and manage relationships.

Impact	Mitigation
The loss of certain of Essentra's key customers may expose the Company to: Reduced revenue Restructuring costs Profit decline Deterioration in financial condition Reputational damage	To counteract the Company's exposure to its customer profile, Essentra: Invests in innovative, high quality, value-added products and services Develops long-term relationships and loyalty with customers at all levels through key account management techniques Seeks new markets and growth opportunities to expand the customer base

6. **Key raw material 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. Key raw materials may be subject to price fluctuations from supply shortages. If rapid increases occur in the price of such raw materials prices, including energy costs, the Company's revenue and profitability may be materially and adversely affected.

Impact	Mitigation
If Essentra is exposed to raw material price increases or supply shortages, the Company may suffer: Disruption to supply Increased costs Profit decline Reduced revenue	To counteract the Company's exposure to increases in raw material costs or supply shortages, Essentra seeks to: Adopt appropriate procurement practices Secure longer-term supply agreements Implement cost recovery programmes Investigate the availability of alternative supply options Use consignment stock

7. **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. Should security be breached, Essentra risks loss of major customers, information breach fines, disruption of normal operations and reputational damage.

Impact	Mitigation
Failure to have adequate cyber security measures in place may lead to: Reduced revenue and profit Disruption of normal operations Litigation Reputational damage	To counteract the Company's exposure to cyber security breaches , Essentra: Invests in industry best practice security software Maintains a Security Operations Centre Acts upon external expert advice Undertakes internal cyber security development initiatives

8. **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. Future performance may be affected by market dynamics within the industry including commercial pressures from customers, global consumption shift from west to east, overall declining market in the tobacco industry, customer self-manufacture, new generation development such as e-cigarettes and new legislation. Essentra cannot be competitive unless it manages and adapts its operational capacity in line with these dynamics. Tobacco-related litigation could also adversely affect Essentra, although there is no history of the Company being involved in such claims.

Impact	Mitigation
Tobacco industry market dynamics may lead to: Reduced revenue Restructuring costs Profit decline Reputational damage Deterioration in financial condition	In seeking to minimise the potential impact of the exposure to the tobacco industry, Essentra: Invests in the research and development of innovative and new value-added products and services Targets growth opportunities outside the manufacture of filter products Focuses on low cost filter production Takes internal and external legal advice to manage litigation risk Seeks to add value with a range of low cost and innovative packaging solutions

9. **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, and there can be no assurance that these employees will remain with the Company. The success of the Company will reflect its ability to retain, attract and motivate highly qualified executives and other personnel equipped to deliver Essentra's strategic objectives.

Impact	Mitigation
If Essentra fails to retain, attract or motivate the required calibre of employees, its operational performance and financial condition may be materially impacted by a lack of: Experience Expertise Commercial relationships Market insight Product innovation	In order to manage the risk of personnel change, Essentra: Regularly reviews personal development and succession planning Sets appropriate key performance indicators Implements management development schemes and other training programmes Sets effective remuneration programmes Provides long-term share-based incentive plans Uses a talent management system Continues to recruit graduates on its development programme

10. **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. Many of Essentra's current business activities are subject to increasing regulation and enforcement activity by relevant authorities. As the Company moves into new markets and territories in pursuit of its strategic priorities, Essentra is exposed to new and additional compliance risk.

Impact	Mitigation
Failure by the Company or its employees or others acting on its behalf to abide by the laws and regulations could result in: Administrative, civil or criminal liability Significant fines and penalties Suspense or debarment of the Company from trading Reputational damage Loss of commercial relationships	In order to manage compliance risk Essentra: Establishes a clear compliance culture from the top down Conducts risk assessments and ongoing compliance reviews Implements relevant policies and procedures Provides behavioural guidance and training to all employees Monitors compliance through verification procedures Engages local advisers as appropriate