ESSENTRA

ESSENTRA PLC
("the Company")

A leading global provider of essential components and solutions

RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2017

HY 2017: A PERIOD OF STABILISATION & STRATEGIC DEVELOPMENT

Summary:

- Revenue, adjusted profit and EPS decline reflect continuation of trends communicated in 20 April 2017 Trading Update.
  - A good performance in Component Solutions, offset by ongoing operational challenges in Health & Personal Care Packaging and the pricing impact of raw material pass-through in Filter Products.
    - Revenue decrease of 4% on a like-for-like[1] basis.
    - Adjusted operating profit[2, 4] down 35% (at constant FX) to £43m.
    - Basic adjusted EPS[2, 4] lower by 38% (at constant FX) to 11.2p.
- Net debt of £207m (31 December 2016: £379m): operating cash conversion[3] of >70% (HY 2016: 59%) reflects greater underlying stability in the business.
- Balance sheet strengthened post-completion of Porous Technologies divestment: net debt to EBITDA reduced to 1.6x on a continuing basis (31 December 2016: 2.3x).
- Half year dividend unchanged at 6.3p per share.

Strategic review:

- Essentra's major businesses have leading positions within the segments they serve. Recent poor financial performance has been caused by internal, not external, factors.
- Several strategic initiatives identified to accelerate revenue growth and improve returns on capital: margins across the businesses are sustainable or can be improved.
- Organisation to be focused on three larger activities of Components, Health & Personal Care Packaging and Filter Products: smaller businesses to be managed as a separate division.
- Incremental capex of £20m in equipment upgrade in Health & Personal Care Packaging and £10m IT investment over three years, to improve capabilities and support growth agenda.
- Scope to drive underlying cash flow generation, with clear financial and capital allocation policies.

Results at a glance:

	HY 2017	HY 2016	% change Actual FX	% change Constant FX
Revenue – cont.[4]	£523m	£495m	+6	-4
Adjusted[2] operating profit - cont.[4]	£43m	£60m	-28	-35
Adjusted[2] pre-tax profit - cont.[4]	£37m	£53m	-29	-37
Adjusted[2] net income[4] – cont.[4]	£30m	£42m	-30	-37
Adjusted[2] basic earnings per share – cont.[4]	11.2p	16.1p	-30	-38
Dividend per share	6.3p	6.3p		
Reported operating profit – cont.[4]	£25m	£41m	-39	-45
Reported pre-tax profit – cont.[4]	£19m	£34m	-43	-49
Reported net income[5] – total	£127m	£34m	+273	+237
Reported basic earnings per share – total	48.4p	13.0p	+272	+237

[1] Excludes the impact of acquisitions, disposals and foreign exchange
[2] Before intangible amortisation and exceptional operating items
[3] Operating cash conversion is defined as adjusted operating cash flow divided by adjusted operating profit
[4] Continuing operations, excluding Porous Technologies, in light of the divestment on 6 March 2017
[5] Net income is defined as profit after tax

Commenting on today's results, Paul Forman, Chief Executive, said:

"Following a period of turbulence, we have done much in the first six months of 2017 to stabilise Essentra. This is not only with regard to our operational performance metrics, but also in terms of starting to win back lost credibility with our customers, improving engagement with our employees and creating a stable balance sheet supported by markedly improved cash flow control. There is clearly much for us all to do, and this will take time; however, now seven months into my tenure, I am encouraged by the progress we have made to date and by the positive energy for change across the organisation.

The in-depth strategy review process we have just undergone endorses my initial assessment of the Company; namely that I firmly believed that the fundamental strengths exist across all our businesses which we can build upon, and that the issues which have recently impacted Essentra were predominantly self-inflicted, and therefore capable of reversal. Having begun to stabilise most aspects of the business and started to refocus on doing "the basics" better, we now have a clear and robust corporate strategy from which to drive our future development.

Given the scale of the task, we will need to prioritise our objectives and our strategies will evolve further over time. Nonetheless, the vast majority of what we need to do is within our hands, and we are already well on our way to rebuilding the foundations from which we can restore sustainable growth in the Company."

Outlook Statement

While the Health & Personal Care Packaging business is continuing to receive specific short-term focus and remedial action, nonetheless the Company expects improving trends in the second half of the year relative to HY 2017. Accordingly, Component Solutions is expected to generate a similarly strong result in H2. For both Filter Products and Health & Personal Care Packaging an improvement in like-for-like revenue growth and adjusted operating margin is anticipated.

Basis of Preparation

Unless otherwise stated, the HY 2017 results and narrative contained herein reflect the performance of the Essentra Group on a continuing operations basis.

Constant foreign exchange rates. Movements in exchange rates relative to sterling affect actual results as reported. The constant exchange rate basis ("constant FX") adjusts the comparative to exclude such movements, to show the underlying performance of the Company. The principal exchange rates for Essentra in HY 2017 were:

	Average		Closing	
	HY 2017	HY 2016	HY 2017	HY 2016
US$:£	1.27	1.43	1.30	1.33
€:£	1.16	1.28	1.14	1.20

Re-translating at HY 2017 average exchange rates increases the prior year revenue and adjusted operating profit by £49.6m and £6.1m respectively.

Like-for-like ("LFL"). The term "like-for-like" describes the performance of the continuing business on a comparable basis, adjusting for the impact of acquisitions, disposals and foreign exchange. The HY 2017 LFL results are adjusted for the divestment of the Bristol consumer packaging site on 5 June 2017.

Adjusted basis. The term "adjusted" excludes the impact of intangible amortisation and exceptional operating items, less any associated tax relief. In HY 2017, intangible amortisation was £11.5m (HY 2016: £14.6m), and there was an exceptional pre-tax charge of £6.4m (HY 2016: £4.2m) mainly relating to costs associated with the strategic review of the Company and to the simplification of the organisational structure – including the departure of certain senior management - in HY 2017.

Constant FX, LFL and adjusted measures are provided to reflect the underlying financial performance of Essentra. For further details on the performance metrics used by Essentra, please refer to page 14 of the 2016 Annual Report.

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

Until the precise nature of Brexit is determined, it is premature to speculate as to the impact on Essentra of the United Kingdom leaving the European Union. However, the Company has already initiated a review to evaluate the potential risks and opportunities which Brexit could entail for the Group. In HY 2017, Essentra generated c. 10% revenue in the UK.

Essentra conducts business in several foreign currencies, notably the US dollar and the euro. Therefore, the Company is subject to currency exposure due to exchange rate movements which affect the translation of results and underlying net assets of its operations and their transaction costs.

Operating Review

As expected, HY 2017 revenue increased 5.6% (-4.0% at constant FX) to £522.6m, with a LFL decline of 3.9%. The underlying result reflected the continuation of the trends reported in the 20 April 2017 AGM Trading Update, with a good performance in Components Solutions offset by ongoing operational challenges in Health & Personal Care Packaging and both a relatively stronger HY 2016 comparative and the impact of raw material pricing pass-through in Filter Products.

On an adjusted basis, operating profit was down 28.4% (-35.1% at constant FX) at £42.8m. The 390bps reduction in the margin (-390bps at constant FX) to 8.2% largely resulted from the profit drop-through from lower revenue - as well as ongoing operational challenges - in Health & Personal Care Packaging.

Including intangible amortisation of £11.5m and an exceptional pre-tax charge of £6.4m - mainly relating to costs associated with the strategic review of the Company and to the simplification of the organisational structure (including the departure of certain senior management) in HY 2017 - operating profit as reported was 39.3% lower at £24.9m (-44.9% at constant FX).

Net finance expense was below the prior year at £5.5m (HY 2016: £7.0m), due to a lower average net debt position. The effective tax rate on profit before tax (before exceptional operating items) was unchanged at 20.0% (HY 2016: 20.0%).

On an adjusted basis, net income of £29.8m was down 29.7% (-37.2% at constant FX) and earnings per share declined by 30.4% (-38.2% at constant FX) to 11.2p. Reflecting the post-tax profit and exceptional gain on sale relating to the Porous Technologies business which completed on 6 March 2017, on a total reported basis, net income of £127.2m and earnings per share of 48.4p compared to net income of £34.1m and earnings per share of 13.0p in HY 2016.

Adjusted operating cash flow for the total Group was 21.5% lower than the previous year at £32.4m (HY 2016: £41.3m), largely due to the reduction in adjusted operating profit: this equated to operating cash conversion of 71% (HY 2016: 59%). Free cash flow of £9.0m compared to £26.8m in HY 2016, a decrease of 66.4%.

Business Review

Summary growth in revenue by Division

% growth	LFL	Acquisitions / Disposals	Foreign Exchange	Total Reported
Component Solutions	+8	-	+10	+18
*Component Solutions ex-PPT**	*+3*	-	*+9*	*+12*
Health & Personal Care Packaging	-9	-	+7	-2
Filter Products	-9	-	+12	+3
Continuing operations	**-4**	**-**	**+10**	**+6**
Total Company	**-4**	**-6**	**+9**	**-1**

*Pipe Protection Technologies

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

Component Solutions

	HY 2017 £m	% growth Actual FX	% growth Constant FX
Revenue	173.9	+18.3	+8.5
Operating profit	29.8	+12.9	+6.6
Operating margin	17.1%	-90bps	-30bps
Revenue ex-PPT	*158.5*	*+12.0*	*+2.8*
Operating profit ex-PPT	*27.8*	*-1.4*	*-7.2*
Operating margin ex-PPT	*17.5%*	*-240bps*	*-190bps*

Revenue increased 8.5% to £173.9m, underpinned by a strong uplift in Pipe Protection Technologies (“PPT”) and growth in Components. Excluding PPT, revenue rose 2.8% to £158.5m.

The result in Components was supported by continued broad-based growth across both Continental Europe and Asia. Following the remedial actions implemented during H2 2016 both the UK and the US businesses stabilised, with both markets benefiting from a renewed commercial focus with larger customers and the latter from the roll-out of 4,000 new mechanical products in the Maintenance / Repair / Overhaul ("MRO") segment.

The range of access hardware continued to perform well, boosted by the launch of three new latch and lock solutions particularly targeted at customers in the transport and cabinet manufacturing segments. The general protection range of caps and plugs also increased – especially in the Americas – while components aimed at the consumer electronics sector delivered a strong result in Asia. Further to the successful development of tooling, there was an encouraging revenue contribution in custom injection moulding, particularly in the autos segment in both Europe and the US.

In order to accommodate the expansion of both its metal hardware and mainline plastic components offering, the business extended into a second facility in Turkey. In addition, further operational initiatives commenced during the period, as well as continued inventory reduction and service improvement programmes.

PPT delivered a strong recovery – albeit from a low base – as a result of an increase in the North American rig count, and the consequent impact on drilling activity and demand from the pipe mills. HY 2017 revenue rose 157% to £15.4m.

Following a strong 2016, revenue in Extrusion was broadly unchanged, with continued growth in the water treatment segment being offset by softer performance in furniture applications.

Operating profit increased 6.6% to £29.8m, equating to a margin of 17.1% (-30bps). A return to modest profitability in PPT and continued operating efficiency savings were offset by the necessary investment to stabilise the US Components business in particular, together with a lower margin product mix and a significant increase in raw material costs in Extrusion.

Health & Personal Care Packaging

	HY 2017 £m	% growth Actual FX	% growth Constant FX
Revenue	213.4	-1.5	-9.2
Operating profit	4.7	-78.7	-80.4
Operating margin	2.2%	-800bps	-810bps

Revenue decreased 9.2% to £213.4m. Excluding the divestment of the Bristol consumer packaging facility on 5 June 2017, like-for-like revenue also reduced 9.2%.

As expected, the result in health & personal care continued to deteriorate. The short-term focus and remedial action of the senior management team led to a reduction in the rate of revenue decline in HY 2017 compared to the second half of 2016; key service and quality metrics started to stabilise in the US, although the UK remained challenging in this respect. However, notwithstanding the disproportionate impact of these issues on the HY 2017 results, there was growth in a number of facilities unaffected by the ongoing integration challenges – particularly in the Americas – supported by encouraging wins in leaflets, labels and foils.

During the period, the business continued to develop its product pipeline, to ensure that customers are well-placed to meet such industry trends as patient adherence and evolving legislative requirements regarding the tracking, tracing and authenticating products through the supply chain. In addition, investment in both equipment – including a new gluing and large format folding lines – and in talent helped to rebuild operational capability across the division.

In consumer packaging, the broad range of “freshness” labels continued to perform well, particularly in the tobacco sector where growth was boosted by further demand from an existing customer.

Gains in the appliance sector in speciality tapes and in the food segment for tear tapes were offset by continued weakness for the latter product line in tobacco.

Operating profit decreased 80.4% to £4.7m, with a margin reduction of 810bps to 2.2%. This was largely driven by the volume gearing effect of the revenue decline in Health & Personal Care and the weaker financial performance in particular in one of the three sites that previously experienced significant integration issues, together with the investment required to address operational inefficiencies in this segment.

On 27 July 2017, Essentra announced that is entering into consultation regarding the proposal to cease the production of folding cartons for the consumer goods industry at Newport, UK and, as a consequence, to close its cartons facility. If the proposal is confirmed, the production of folding cartons in Newport will cease by the end of 2017. The proposed closure of IP5 is expected to result in an exceptional charge of approximately £35m in the second half of 2017, of which approximately £13m represents a non-cash charge.

Filter Products

	HY 2017 £m	**% growth Actual FX**	**% growth Constant FX**
Revenue	136.7	+2.9	-9.4
Operating profit	16.1	-19.9	-27.3
Operating margin	11.8%	-330bps	-290bps

Revenue decreased 9.4% to £136.7m, reflecting both a relatively stronger HY 2016 comparative still benefitting from the final stages of a significant contract running out and the pass-through of acetate tow raw material savings in the form of significantly lower pricing.

Underlying volumes were 3.4% lower than HY 2016, with a significant increase in the flavour segment more than offset by a decline in carbon products. Consistent with its ongoing pipeline development, in HY 2017 the business continued to commercialise a number of value-added filters which meet the evolving requirements of the tobacco industry. These included joint development initiatives with multinational customers for higher value capsule products, as well as innovative variants of Essentra’s Combined Performance Superior™ filter which combines enhanced efficiency with a high level of visual differentiation. In addition, there was good growth in China, supported by the Superslim launches introduced in H2 2016 to meet the growing consumer trend for smaller diameter format filters.

Continuing to build upon its extensive experience and portfolio of accredited testing methods, the Scientific Services laboratory was commissioned by the UK Department of Health for the annual analysis of all cigarette brands under the EU Tobacco Products Directive (“EU TPD”) and is the only approved, domestic-based provider of these services.

Reinforcing its commitment to maintaining a flexible and competitive global manufacturing footprint, there were a number of operational initiatives during the period. The previously-communicated transfer of a particular line of business to Asia from the US at the end of 2016 accelerated during HY 2017, while quality and service metrics improved in Hungary further to the prior year integration of activity from the Jarrow, UK facility. Capsule capacity in Thailand, Indonesia and Dubai was further expanded to meet the demand for these innovative filters in the growth markets of the Middle East and Asia, with technical and development capability also being extended in Asia and introduced in Europe.

Operating profit decreased 27.3% to £16.1m, and the margin declined by 290bps to 11.8%. Further efficiency improvements and productivity gains were offset by the impact of lower volume, a less profitable product mix effect versus the prior year period and a timing effect relating to the pass through of acetate tow material pricing.

Financial Review

Net finance expense. Net finance expense of £5.5m was below the prior year period, and is broken down as follows:

£m	HY 2017	HY 2016
Net interest charged on net debt	4.5	6.5
Amortisation of bank fees	0.5	0.4
IAS 19 pension finance expense	0.5	0.1
Total net interest expense	**5.5**	**7.0**

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

Tax. The effective tax rate on profit before tax (before exceptional operating items) was 20.0% (HY 2016: 20.0%).

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

£m	HY 2017	HY 2016
Inventories	119.9	127.1
Trade & other receivables	218.7	267.5
Trade & other payables	(200.6)	(217.6)
Adjustments	6.1	7.6
Net working capital	**144.1**	**184.6**

The decrease in net working capital was largely due to the disposal of Porous Technologies. The net working capital / revenue ratio was 13.1% (HY 2016: 15.3%, at constant FX).

Cash flow. Operating cash flow for the total Group was £8.9m lower than versus the prior year period, at £32.4m. Free cash flow of £9.0m was £17.8m lower than HY 2016 (66.4%) partly driven by higher cash taxes of £9.2m relating to the disposal of Porous Technologies.

£m	HY 2017	HY 2016
Operating profit – adjusted	**45.6**	**70.1**
Depreciation	18.2	16.0
Share option expense / other movements	(1.7)	0.4
Change in working capital	(12.1)	(26.9)
Net capital expenditure	(17.6)	(18.3)
Operating cash flow – adjusted	**32.4**	**41.3**
Tax	(17.9)	(8.5)
Net interest paid	(5.5)	(6.5)
Pension obligations	-	0.5
Free cash flow	**9.0**	**26.8**

Net debt. Net debt at the end of the period was £207.2m, a £172.1m decrease from 1 January 2017, primarily due to the completion of the divestment of the Porous Technologies business.

£m	HY 2017
Net debt as at 1 January 2017	379.3
Free cash flow	(9.0)
Dividends	37.7
Disposals	(211.9)
Foreign exchange	0.1
Exceptional items	14.9
Employee trust shares	(0.3)
Other	(3.6)
Net debt as at 30 June 2017	**207.2**

The Company’s financial ratios remain strong. The ratio of net debt to EBITDA as at 30 June 2017 was 1.6x (31 December 2016: 2.3x) and interest cover was 8.7x (31 December 2016: 11.0x).

Pensions. As at 30 June 2017, the net liability of the Group’s retirement obligations was £17.8m (HY 2016: £9.4m). The net liability has been calculated after updating the asset values and certain assumptions as at 30 June 2017.

Dividends. The Board of Directors has approved an interim dividend of 6.3 pence per 25 pence ordinary share (HY 2016: 6.3 pence). The interim dividend will be paid on 30 October 2017 to equity holders on the share register on 29 September 2017: the ex-dividend date will be 28 September 2017. Essentra operates a Dividend Re-Investment Programme (“DRIP”), details of which are available from the Company’s Registrars, Computershare Investor Services PLC: the final date for DRIP elections will be 9 October 2017.

Board changes. Following the Company’s Annual General Meeting on 20 April 2017, Peter Hill and Colin Day retired from the Board. On 22 June 2017, Mary Reilly and Ralf K. Wunderlich were announced as Non-Executive Directors of Essentra with effect from 1 July 2017.

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

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

Foreign exchange risk. The majority of Essentra's net assets are in currencies other than sterling. The Company's normal policy is to reduce the translation exposure and the resulting impact on shareholders' funds through measures such as borrowing in those currencies in which the Group has significant net assets. As at 30 June 2017, Essentra's US dollar-denominated assets were approximately 20% hedged by its US dollar-denominated borrowings, while its euro-denominated assets were approximately 65% hedged by its euro-denominated borrowings.

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

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

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

The principal risks and uncertainties which the Board believes are specific to Essentra are summarised below and are set out in full, together with the associated risk management response, on pages 31-37 of the Company's 2016 Annual Report. Since then, there has been no material change to the Company's principal risks as previously disclosed.

However, the Board is increasingly mindful of the potential implications of Brexit on the Company and a review has been initiated to evaluate the risks and opportunities which could be entailed. Essentra has an extensive site footprint across the UK and the EU, particularly in its Components and Health & Personal Care Packaging businesses, and the imposition of – or uncertainty surrounding – trade restrictions may have an impact on Essentra's ability to growth its revenue and margins in line with the Company's strategic objectives, as well as creating additional foreign exchange volatility. In addition, Brexit may also have an impact the sourcing of raw materials and other inputs, as well as Essentra's ability to attract and / or retain talent.

Failure to address the decline in Health & Personal Care Packaging

Failure of the Company to successfully address the continuing decline in Health & Personal Care could lead to further significant deterioration in the overall financial performance of the Company.

People and experience

It is important that the Company successfully engages with current employees to ensure their continued commitment to the further strategic development of Essentra and attracts further talent to drive future growth opportunities.

Customer profile and retention

Should Essentra's customers decide to satisfy their requirements internally or from other suppliers, and if Essentra were unable to secure new revenue streams, this could result in a significant loss of business.

Disruption to infrastructure

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

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 trends in the tobacco industry.

Emerging technologies and new competitive pressures

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

Key raw materials supply

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

Information Technology systems and cyber security

The current diversity and functionality limitations of existing Information Technology systems within Essentra could inhibit the Company's ability to perform and meet its strategic objectives.

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.

Innovation

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

Mergers and acquisitions

Essentra's future development and growth may be derived from value-adding acquisitions. The failure to manage and integrate projects successfully may lead to customer loss, revenue decline and margin erosion.

2017 Outlook

While the Health & Personal Care Packaging business is continuing to receive specific short-term focus and remedial action, nonetheless the Company expects improving trends in the second half of the year relative to HY 2017. Accordingly, Component Solutions is expected to generate a similarly strong result in H2. For both Filter Products and Health & Personal Care Packaging an improvement in like-for-like revenue growth and adjusted operating margin is anticipated.

Enquiries

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Presentation

A copy of these results is available on www.essentraplc.com

There will be a presentation for analysts and investors at 08:30 (UK time, registration from 08:00), which will be held at The Auditorium, Deutsche Bank, Winchester House, 1 Great Winchester Street, London, EC2N 2DB.

There are three options for participating in the presentation:

- Attend in person
- View a live webcast of the presentation at http://www.essentraplc.com/en/investors/company-information/webcasts-and-presentations
- Dial in to the live webcast of the presentation, using the following details:

Dial-in number:	+44 (0)20 3427 1912 (UK / international participants) +1 646 254 3362 (US participants)
Toll-free number:	0800 279 5004 (UK participants) +1 877 280 2342 (US participants)
PIN code:	3099917

A recording of the presentation 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:	3099917
Replay available:	For 7 days

Following the HY 2017 results presentation, Paul Forman, Chief Executive, will present Essentra's revised corporate strategy, further to the review which the Company has been undertaking since the beginning of the year. The live webcast of the strategy presentations can be accessed using the details above.

Cautionary forward looking statement

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

Notes to Editors

About Essentra plc

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

Component Solutions

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

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

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

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

Health & Personal Care Packaging

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

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

Filter 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.

Headquartered in the United Kingdom, Essentra's global network extends to 33 countries and includes c. 8,000 employees, 48 principal manufacturing facilities, 64 sales & distribution operations and 4 research & development centres. For further information, please visit www.essentraplc.com.

Condensed consolidated income statement

	Note	**Six months ended 30 Jun 2017 £m**	Six months ended 30 Jun 2016 £m	Year ended 31 Dec 2016 £m
Revenue	2	**522.6**	494.7	998.5
Operating profit before intangible amortisation and exceptional operating items		**42.8**	59.8	108.7
Amortisation of acquired intangible assets		**(11.5)**	(14.6)	(30.2)
Exceptional operating items	3	**(6.4)**	(4.2)	(128.5)
Operating profit / (loss)		**24.9**	41.0	(50.0)
Finance income		**0.3**	0.8	2.1
Finance expense		**(5.8)**	(7.8)	(14.6)
Profit / (loss) before tax		**19.4**	34.0	(62.5)
Income tax expense		**(4.2)**	(6.3)	11.5
Profit / (loss) from continuing operations		**15.2**	27.7	(51.0)
Profit from discontinued operations	8	**112.0**	6.4	11.4
Profit / (loss) for the period		**127.2**	34.1	(39.6)
Attributable to:				
Equity holders of Essentra plc		**126.6**	33.8	(40.3)
Non-controlling interests		**0.6**	0.3	0.7
Profit / (loss) for the period		**127.2**	34.1	(39.6)
Earnings / (loss) per share attributable to equity holders of Essentra plc:				
Basic	4	**48.4p**	13.0p	(15.4)p
Diluted	4	**48.2p**	12.8p	(15.4)p
Earnings / (loss) per share from continuing operations attributable to equity holders of Essentra plc:				
Basic	4	**5.6p**	10.5p	(19.8)p
Diluted	4	**5.6p**	10.4p	(19.8)p

Condensed consolidated statement of comprehensive income

	Six months ended 30 Jun 2017 £m	Six months ended 30 Jun 2016 £m	Year ended 31 Dec 2016 £m
Profit /(loss) for the period	**127.2**	34.1	(39.6)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension schemes	**4.4**	(4.9)	(16.8)
Deferred tax (expense)/credit on remeasurement of defined benefit pension schemes	**(0.9)**	1.7	5.0
	3.5	(3.2)	(11.8)
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	**-**	-	-
Effective portion of changes in fair value of cash flow hedges	**(0.2)**	(0.4)	(0.3)
Foreign exchange translation differences:			
Attributable to equity holders of Essentra plc:			
Arising on translation of foreign operations	**(37.3)**	66.0	145.9
Arising on effective net investment hedges	**0.1**	(15.4)	(56.9)
Income tax expense on effective net investment hedges	**-**	(0.2)	-
Income tax credit in respect of tax losses not previously recognised	**-**	-	1.0
Attributable to non-controlling interests	**(0.1)**	0.5	1.1
	(37.5)	50.5	90.8
Other comprehensive income for the period, net of tax	**(34.0)**	47.3	79.0
Total comprehensive income for the period	**93.2**	81.4	39.4
Attributable to:			
Equity holders of Essentra plc	**92.7**	80.6	37.6
Non-controlling interests	**0.5**	0.8	1.8
	93.2	81.4	39.4

Condensed consolidated balance sheet

	Note	30 Jun 2017 £m	30 Jun 2016 £m	31 Dec 2016 £m
Assets				
Property, plant and equipment	5	**285.5**	316.9	285.9
Intangible assets		**562.3**	740.3	581.7
Long-term receivables		**8.6**	3.3	3.5
Deferred tax assets		**2.6**	2.0	2.6
Retirement benefit assets	6	**15.2**	28.9	11.6
Total non-current assets		**874.2**	1,091.4	885.3
Inventories		**119.9**	127.1	115.1
Income tax receivable		**6.7**	6.2	7.5
Trade and other receivables		**218.7**	267.5	218.4
Derivative assets	11	**0.3**	2.0	1.2
Cash and cash equivalents	7	**58.1**	66.6	54.0
Total current assets		**403.7**	469.4	396.2
Assets in disposal group held for sale		**-**	-	130.7
Total assets		**1,277.9**	1,560.8	1,412.2
Equity				
Issued capital		**66.0**	66.0	66.0
Merger relief reserve		**298.1**	298.1	298.1
Capital redemption reserve		**0.1**	0.1	0.1
Other reserve		**(132.8)**	(132.8)	(132.8)
Cash flow hedging reserve		**(0.5)**	(0.4)	(0.3)
Translation reserve		**31.4**	29.0	68.6
Retained earnings		**389.2**	396.3	295.7
Attributable to equity holders of Essentra plc		**651.5**	656.3	595.4
Non-controlling interests		**7.8**	6.5	7.3
Total equity		**659.3**	662.8	602.7
Liabilities				
Interest bearing loans and borrowings	7	**269.7**	439.8	374.9
Retirement benefit obligations	6	**33.0**	38.3	34.7
Provisions		**8.1**	4.8	4.9
Deferred tax liabilities		**64.4**	100.7	65.8
Total non-current liabilities		**375.2**	583.6	480.3
Interest bearing loans and borrowings	7	**0.6**	60.7	65.1
Derivative liabilities	11	**1.0**	3.5	1.7
Income tax payable		**40.4**	31.0	24.4
Trade and other payables		**200.6**	217.6	204.3
Provisions		**0.8**	1.6	1.2
Total current liabilities		**243.4**	314.4	296.7
Liabilities in disposal group held for sale		**-**	-	32.5
Total liabilities		**618.6**	898.0	809.5
Total equity and liabilities		**1,277.9**	1,560.8	1,412.2

Condensed consolidated statement of changes in equity

Six months ended 30 June 2017

	Issued capital £m	Merger relief reserve £m	Capital redemption reserve £m	Other reserve £m	Cash flow hedging reserve £m	Translation reserve £m	Retained earnings £m	Non-controlling interests £m	Total equity £m
At 1 January 2017	**66.0**	**298.1**	**0.1**	**(132.8)**	**(0.3)**	**68.6**	**295.7**	**7.3**	**602.7**
Profit for the period							126.6	0.6	**127.2**
Other comprehensive income					(0.2)	(37.2)	3.5	(0.1)	**(34.0)**
Total comprehensive income for the period					(0.2)	(37.2)	130.1	0.5	**93.2**
Share options exercised							0.3		**0.3**
Share option expense							0.6		**0.6**
Tax relating to share-based incentives							0.2		**0.2**
Dividends paid							(37.7)		**(37.7)**
At 30 June 2017	**66.0**	**298.1**	**0.1**	**(132.8)**	**(0.5)**	**31.4**	**389.2**	**7.8**	**659.3**

Six months ended 30 June 2016

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

Year ended 31 December 2016

	Issued capital £m	Merger relief reserve £m	Capital redemption reserve £m	Other reserve £m	Cash flow hedging reserve £m	Translation reserve £m	Retained earnings £m	Non-controlling interests £m	Total equity £m
At 1 January 2016	66.0	298.1	0.1	(132.8)	-	(21.4)	399.5	5.7	615.2
(Loss) / profit for the year							(40.3)	0.7	(39.6)
Other comprehensive income					(0.3)	90.0	(11.8)	1.1	79.0
Total comprehensive income for the year	-	-	-	-	(0.3)	90.0	(52.1)	1.8	39.4
Shares options exercised							2.3	-	2.3
Share option expense							2.0	-	2.0
Tax relating to share-based incentives							(2.0)	-	(2.0)
Dividends paid							(54.0)	(0.2)	(54.2)
At 31 December 2016	66.0	298.1	0.1	(132.8)	(0.3)	68.6	295.7	7.3	602.7

Condensed consolidated statement of cash flows

	Note	**Six months ended 30 Jun 2017 £m**	Six months ended 30 Jun 2016 £m	Year ended 31 Dec 2016 £m
Operating activities				
Profit / (loss) for the period		**127.2**	34.1	(39.6)
Adjustments for:				
Income tax expense		**29.7**	8.5	(7.6)
Net finance expense		**5.5**	7.0	12.5
Intangible amortisation		**11.5**	15.9	33.4
Exceptional operating items		**(128.3)**	4.6	133.7
Depreciation		**18.2**	16.0	34.3
Share option expense		**-**	3.3	2.0
Other movements		**(1.7)**	(0.1)	13.3
(Increase)/decrease in inventories		**(9.0)**	2.8	10.9
(Increase)/decrease in trade and other receivables		**(0.8)**	6.9	36.9
Decrease in trade and other payables		**(2.3)**	(36.6)	(46.1)
Cash outflow in respect of exceptional operating items		**(14.9)**	(7.2)	(10.6)
Adjustment for pension contributions		**-**	0.5	0.8
Movement in provisions		**(1.0)**	(2.9)	(3.5)
Cash inflow from operating activities		**34.1**	52.8	170.4
Income tax paid		**(17.9)**	(8.5)	(17.4)
Net cash inflow from operating activities		**16.2**	44.3	153.0
Investing activities				
Interest received		**0.2**	0.2	0.7
Acquisition of property, plant and equipment		**(18.6)**	(24.0)	(42.8)
Proceeds from sale of property, plant and equipment		**1.0**	5.7	8.4
Payments for intangible assets		**-**	-	(3.9)
Acquisition of businesses net of cash acquired		**-**	(0.1)	(0.1)
Proceeds from sale of businesses net of cash disposed		**211.9**	-	-
Net cash inflow/(outflow) from investing activities		**194.5**	(18.2)	(37.7)
Financing activities				
Interest paid		**(5.7)**	(6.7)	(12.0)
Dividends paid to equity holders		**(37.7)**	(37.5)	(54.0)
Dividends paid to non-controlling interests		**-**	-	(0.2)
Repayments of short-term loans		**(64.5)**	-	-
Repayments of long-term loans		**(233.1)**	-	(298.6)
Proceeds from long-term loans		**128.0**	49.7	274.0
Proceeds from sale of employee trust shares		**0.3**	2.2	2.3
Net cash (outflow)/inflow from financing activities		**(212.7)**	7.7	(88.5)
Net (decrease)/increase in cash and cash equivalents		**(2.0)**	33.8	26.8
Net cash and cash equivalents at the beginning of the period		**60.7**	30.2	30.2
Net (decrease)/increase in cash and cash equivalents		**(2.0)**	33.8	26.8
Net effect of currency translation on cash and cash equivalents		**(0.6)**	2.6	3.7
Net cash and cash equivalents at the end of the period	7	**58.1**	66.6	60.7

Notes

1. Basis of preparation

The condensed set of financial statements has been prepared in accordance with the accounting policies set out in the 2016 Annual Report which comply with International Financial Reporting Standards as adopted by the EU and also in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the Disclosure and Transparency Rules ('DTR') of the Financial Conduct Authority. The preparation of the condensed set of financial statements requires management to make estimates and assumptions that affect the reporting amounts of revenues, expenses, assets and liabilities at 30 June 2017. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the condensed set of financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

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

The comparative figures for the financial year ended 31 December 2016 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

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

On 25 August 2016, Essentra entered into a sale and purchase agreement with Filtration Group to dispose of the Group's entire operations in Porous Technologies. The transaction completed on 6 March 2017. The results of Porous Technologies are presented as results from a discontinued operation in the consolidated income statement, and the comparative information has been re-presented accordingly. The assets and liabilities of Porous Technologies at 31 December 2016 are presented as held for sale on that balance sheet date.

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

2. Segment analysis

The operating segments are as follows:

Component Solutions consists of the Components business, the Extrusion business, the Pipe Protection Technologies business and a Security business. The Components business is a global market leading manufacturer and distributor of plastic injection moulded, vinyl dip moulded, and metal items. The Extrusion business is a leading custom profile extruder located in The Netherlands which offers a complete design and production service. The Pipe Protection Technologies business specialises in the manufacture of high performance innovative products from commodity resins to engineering-grade thermoplastics and polymer alloys for use in a range of end-markets. The Security business has 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 & Personal Care Packaging consists of the Health & Personal Care Packaging business, Consumer Packaging business and the Speciality Tapes business. Health & Personal Care Packaging is a leading global provider of packaging and authentication solutions to a diversified blue-chip customer base in the pharmaceutical and health and personal care markets. Consumer Packaging is a leading global manufacturer and supplier of pressure sensitive tear tape, labels, closures and seals to the consumer and specialist packaging sectors. The Speciality Tapes business has expertise in coating multiple adhesive systems in numerous technologies.

The **Filter Products** business is the only global independent provider of filters and related solutions to the tobacco industry, and supplies not only standard filters but also special variants which provide innovative solutions that meet the consumer-driven demands of the sector against a backdrop of ongoing legislative changes.

On 25 August 2016, Essentra entered into a sale and purchase agreement with Filtration Group to dispose of the Group's entire operations in Porous Technologies. The transaction completed on 6 March 2017. The results of Porous Technologies are presented as results from a discontinued operation in the consolidated income statement, and the comparative information has been re-presented accordingly. The assets and liabilities of Porous Technologies at 31 December 2016 were presented as held for sale at that balance sheet date. No finance income or expense related to discontinued operations, and the income tax expense related to discontinued operations amounted to £25.5m (2016 FY: £2.2m).

2. Segment analysis *(continued)*

The adjusted operating profit / (loss) presented for each operating segment includes the effect of allocation of certain functional costs such as finance, human resources, legal and IT, as well as costs relating to management of the divisions and regions based on an internal management methodology. Therefore for continuing operations, the adjusted operating profit presented below of £43.1m (six months ended 30 June 2016: £60.7m; year ended 31 December 2016 £110.4m) differs from the amount presented as operating profit before intangible amortisation and exceptional operating items of £42.8m (six months ended 30 June 2016: £59.8m; year ended 31 December 2016: £108.7m) as a result of costs allocated to Porous Technologies of £0.3m (six months ended 30 June 2016: £0.9m; year ended 31 December 2016: £1.7m) under the internal management methodology.

								June 2017
	Component Solutions £m	**Health & Personal Care Packaging £m**	**Filter Products £m**	**Eliminations £m**	**Central Services[1] £m**	**Total continuing operations £m**	**Discontinued operations £m**	**Total £m**
External revenue	173.6	212.3	136.7	-	-	522.6	15.7	538.3
Intersegment revenue	0.3	1.1	-	(1.4)	-	-	-	-
Total revenue	**173.9**	**213.4**	**136.7**	**(1.4)**	**-**	**522.6**	**15.7**	**538.3**
Adjusted operating profit/(loss)[2]	**29.8**	**4.7**	**16.1**	**-**	**(7.5)**	**43.1**	**2.5**	**45.6**
Segment assets	200.1	249.3	172.7	-	15.7	637.8	-	637.8
Intangible assets	174.8	382.3	0.1	-	-	557.2	-	557.2
Unallocated items [3]	-	-	-	-	82.9	82.9	-	82.9
Total assets	**374.9**	**631.6**	**172.8**	**-**	**98.6**	**1,277.9**	**-**	**1,277.9**
Segment liabilities	45.3	90.2	49.8	-	17.6	202.9	6.6	209.5
Unallocated items [3]	-	-	-	-	409.1	409.1	-	409.1
Total liabilities	**45.3**	**90.2**	**49.8**	**-**	**426.7**	**612.0**	**6.6**	**618.6**

								June 2016
	Component Solutions £m	**Health & Personal Care Packaging £m**	**Filter Products £m**	**Eliminations £m**	**Central Services[1] £m**	**Total continuing operations £m**	**Discontinued operations £m**	**Total £m**
External revenue	146.5	215.4	132.8	-	-	494.7	50.5	545.2
Intersegment revenue	0.5	1.3	0.1	(1.9)	-	-	-	-
Total revenue	**147.0**	**216.7**	**132.9**	**(1.9)**	**-**	**494.7**	**50.5**	**545.2**
Adjusted operating profit/(loss)[2]	**26.4**	**22.1**	**20.1**	**-**	**(7.9)**	**60.7**	**9.4**	**70.1**
Segment assets	191.1	258.8	175.9	-	12.9	638.7	76.1	714.8
Intangible assets	172.3	513.3	-	-	-	685.6	54.7	740.3
Unallocated items [3]	-	-	-	-	105.7	105.7	-	105.7
Total assets	**363.4**	**772.1**	**175.9**	**-**	**118.6**	**1,430.0**	**130.8**	**1,560.8**
Segment liabilities	40.4	99.4	54.9	-	14.6	209.3	14.8	224.1
Unallocated items [3]	-	-	-	-	673.9	673.9	-	673.9
Total liabilities	**40.4**	**99.4**	**54.9**	**-**	**688.5**	**883.2**	**14.8**	**898.0**

								December 2016
	Component Solutions £m	**Health & Personal Care Packaging £m**	**Filter Products £m**	**Eliminations £m**	**Central Services[1] £m**	**Total continuing operations £m**	**Discontinued operations £m**	**Total £m**
External revenue	301.8	427.6	269.1	-	-	998.5	105.2	1,103.7
Intersegment revenue	0.8	2.6	0.1	(3.5)	-	-	-	-
Total revenue	**302.6**	**430.2**	**269.2**	**(3.5)**	**-**	**998.5**	**105.2**	**1,103.7**
Adjusted operating profit/(loss)[2]	**54.4**	**34.5**	**37.5**	**-**	**(16.0)**	**110.4**	**21.5**	**131.9**
Segment assets	188.4	253.7	170.4	-	10.4	622.9	72.9	695.8
Intangible assets	190.2	391.4	0.1	-	-	581.7	51.1	632.8
Unallocated items [3]	-	-	-	-	76.9	76.9	6.7	83.6
Total assets	**378.6**	**645.1**	**170.5**	**-**	**87.3**	**1,281.5**	**130.7**	**1,412.2**
Segment liabilities	41.9	96.9	54.0	-	17.6	210.4	14.4	224.8
Unallocated items [3]	-	-	-	-	566.6	566.6	18.1	584.7
Total liabilities	**41.9**	**96.9**	**54.0**	**-**	**584.2**	**777.0**	**32.5**	**809.5**

2. Segment analysis *(continued)*

[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] Operating profit before intangible amortisation and exceptional items

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

3. Exceptional items

	Six months ended 30 Jun 2017 £m	Six months ended 30 Jun 2016 £m	Year ended 31 Dec 2016 £m
Exceptional operating items (including discontinued operations)			
(Gains)/losses and transaction costs relating to acquisitions and disposals of businesses[1]:			
- continuing operations	**1.2**	0.2	0.3
- discontinued operations (Porous Technologies)	**(134.7)**	-	4.7
Acquisition integration and restructuring costs[2] – continuing operations	**-**	4.2	4.5
Other[3] – continuing operations	**5.2**	0.2	124.2
	(128.3)	4.6	133.7

[1] Gains/losses and transaction costs relating to acquisitions and disposals of businesses are made up of £134.7m net gain on disposal of the Porous Technologies business and £1.2m net loss on disposal of the Health & Personal Care Packaging business in Bristol. Costs incurred during the year ended 31 December 2016 related to £0.3m in respect of the acquisition of Kamsri Printing & Packaging PVT. Ltd based in India, and £4.7m costs in relation to the disposal of Porous Technologies (including costs incurred on corporate reorganisation carried out as part of the closing conditions to complete the transaction, and cost of a claim settlement associated with the exit from Porous Technologies). Costs incurred during the period ended 30 June 2016 related to the acquisition of Kamsri Printing & Packaging PVT. Ltd.

[2] Acquisition integration and restructuring costs were incurred during 2016 in respect of:

- additional integration costs (primarily employee costs directly associated with the restructuring activities, costs of site closures and directly attributable costs of sites which businesses are transferred into under the integration plan) in relation to the ongoing integration of the Clondalkin SPD business (year ended 31 December 2016: £4.5m; period ended 30 June 2016: £3.8m) offset with the gain on disposal of certain properties which were acquired with that business (year ended 31 December 2016: £1.7m; period ended 30 June 2016: £1.3m); and
- the costs associated with the closure of the Components site at Xiamen, China, and integration of those operations into other sites in Asia as part of the Components Asia restructuring programme following the Abric acquisition (year ended 31 December 2016 and period ended 30 June 2016: £1.7m).

[3] Other exceptional items in 2017 relate to the strategic review undertaken during the period and associated reorganisation cost, including senior management restructuring. Other exceptional items in the year ended 31 December 2016 related to:

- £123.9m impairment loss in relation to the Health & Personal Care strategic business unit;
- further costs of £2.7m associated with the closure of the Filters site in Jarrow and integration of previous Jarrow operations into the Hungary site offset with the net release of property provisions of £1.3m on the disposal of certain properties in Filtration Products (including a £0.5m loss of property disposal in Porous Technologies); and
- the release of a provision of £1.1m for contingent deferred consideration in relation to a prior period acquisition.

Other exceptional items in the period ended 30 June 2016 relate to the costs associated with the closure of the Filters site in Jarrow, integration of previous Jarrow operations into the Hungary site offset with the net release of property provisions and the release of the contingent deferred consideration in relation to a prior period acquisition.

4. Earnings per share

	Six months ended 30 Jun 2017 £m	Six months ended 30 Jun 2016 £m	Year ended 31 Dec 2016 £m
Earnings: Continuing operations			
Earnings/(loss) attributable to equity holders of Essentra plc	**14.6**	27.4	(51.7)
Adjustments			
Amortisation of acquired intangible assets	**11.5**	14.6	30.2
Exceptional operating items	**6.4**	4.2	128.5
	17.9	18.8	158.7
Tax relief on adjustments	**(3.3)**	(4.1)	(30.8)
Adjusted earnings	**29.2**	42.1	76.2
Earnings: Discontinued operations			
Earnings attributable to equity holders of Essentra plc	**112.0**	6.4	11.4
Adjustments			
Amortisation of acquired intangible assets	**-**	1.3	2.7
Exceptional operating items	**(134.7)**	0.4	5.2
	(134.7)	1.7	7.9
Tax charge/(relief) on adjustments	**25.0**	-	(0.7)
Adjusted earnings	**2.3**	8.1	18.6
Weighted average number of shares			
Basic weighted average ordinary shares outstanding (million)	**261.5**	260.9	261.1
Dilutive effect of employee share option plans (million)	**1.4**	2.8	-
Diluted weighted average ordinary shares (million)	**262.9**	263.7	261.1
Earnings per share: Continuing operations (pence)			
Basic earnings/(loss) per share	**5.6p**	10.5p	(19.8)p
Adjustment	**5.6p**	5.6p	49.0p
Basic adjusted earnings per share	**11.2p**	16.1p	29.2p
Diluted earnings/(loss) per share	**5.6p**	10.4p	(19.8)p
Diluted adjusted earnings per share	**11.1p**	16.0p	29.2p
Earnings per share: Discontinued operations (pence)			
Basic earnings per share	**42.8p**	2.5p	4.4p
Adjustment	**(41.9)p**	0.6p	2.7p
Basic adjusted earnings per share	**0.9p**	3.1p	7.1p
Diluted earnings per share	**42.6p**	2.4p	4.4p
Diluted adjusted earnings per share	**0.9p**	3.0p	7.1p
Earnings per share: Total Group (pence)			
Basic earnings/(loss) per share	**48.4p**	13.0p	(15.4)p
Adjustment	**(36.3)p**	6.2p	51.7p
Basic adjusted earnings per share	**12.1p**	19.2p	36.3p
Diluted earnings/(loss) per share	**48.2p**	12.8p	(15.4)p
Diluted adjusted earnings per share	**12.0p**	19.0p	36.3p

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

For the year ended 31 December 2016, the employee share options are not considered as dilutive, as they would increase loss per share from continuing operations.

The basic weighted average number of ordinary shares in issue excludes shares held in treasury and shares held by an employee benefit trust.

5. Property, plant and equipment

During the period, the additions of land and buildings, plant and machinery and fixtures, fittings and equipment amounted to £17.2m (six months ended 30 June 2016: £22.5m; year ended 31 December 2016: £40.3m).

Land and buildings, plant and machinery and fixtures, fittings and equipment with a net book value of £0.2m (six months ended 30 June 2016: £4.1m; year ended 31 December 2016: £7.2m) were disposed of for proceeds of £1.0m (six months ended 30 June 2016: £5.7m; year ended 31 December 2016: £8.4m).

6. Retirement benefit obligations

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

	30 Jun 2017 £m	30 Jun 2016 £m	31 Dec 2016 £m
Movements			
Beginning of period	**(23.4)**	(0.8)	(0.8)
Service cost	**(0.7)**	(0.9)	(1.7)
Employer contributions	**0.7**	0.4	1.0
Return on plan assets excluding amounts in net finance income	**4.9**	16.3	24.0
Actuarial losses arising from changes in financial assumptions	**(2.8)**	(22.6)	(45.5)
Actuarial gains arising from change in demographic assumptions	**-**	-	3.4
Actuarial gains arising from experience adjustment	**2.3**	1.4	1.3
Net finance cost	**(0.5)**	(0.1)	(0.2)
Benefits paid	**-**	-	-
Business disposal	**0.3**	-	-
Currency translation	**1.4**	(3.1)	(4.9)
End of period	**(17.8)**	(9.4)	(23.4)

At 31 December 2016, Porous Technologies had retirement benefit obligations of (£0.3m) which are presented as liabilities in disposal group held for sale.

The principal defined benefit schemes were reviewed by independent qualified actuaries as at 30 June 2017. The assets of the schemes have been updated to the balance sheet date to take account of the investment returns achieved by the schemes and the level of contributions. The liabilities of the schemes at the balance sheet date have been updated to reflect latest discount rates and other assumptions as well as the level of contributions. The principal assumptions used by the independent qualified actuaries were as follows:

Europe

	30 Jun 2017	30 Jun 2016	31 Dec 2016
Rate of increase in pensions			
At RPI capped at 5%	**3.10%**	2.90%	3.30%
At CPI capped at 5%	**2.20%**	1.90%	2.40%
At CPI minimum 3%, capped at 5%	**3.10%**	3.10%	3.20%
At CPI capped at 2.5%	**1.90%**	1.70%	2.00%
Discount rate	**2.60%**	3.20%	2.70%
Inflation rate – RPI	**3.20%**	2.90%	3.40%
Inflation rate – CPI	**2.20%**	1.90%	2.40%

US

	30 Jun 2017	30 Jun 2016	31 Dec 2016
Rate of increase in salaries	**n/a**	3.00%	n/a
Discount rate	**3.84%**	3.70%	4.15%

7. Analysis of net debt

	30 Jun 2017 £m	31 Dec 2016 £m
Cash at bank and in hand	**34.1**	34.0
Short-term deposits and investments	**24.0**	26.7
Cash and cash equivalents	**58.1**	60.7
Debt due within one year	**(0.6)**	(65.1)
Debt due after one year	**(269.7)**	(374.9)
Loan receivable (arising from the disposal of Porous Technologies)	**5.0**	-
Net debt	**(207.2)**	(379.3)

At 31 December 2016, Porous Technologies had cash and cash equivalents of £6.7m which are presented as assets in disposal group held for sale.

At 30 June 2017, the Group's committed facilities primarily comprised a series of US$80m US Private Placement Loan Notes from various financial institutions and syndicated multi-currency 5-year revolving credit facilities of £271.0m and €167.5m from its banks. At 30 June 2017, the available bank facilities totalled £417.9m (31 December 2016: £414.2m) of which £208.8m (31 December 2016: £311.0m) was drawn down and £209.1m (31 December 2016: £103.2m) was undrawn.

8. Acquisitions and disposals

Disposal of Porous Technologies
On 25 August 2016, Essentra entered into a sale and purchase agreement with Filtration Group to dispose of the Group's entire operations in Porous Technologies. The transaction completed on 6 March 2017. The results of Porous Technologies up to the date on which the transaction completed are presented as results from a discontinued operation in the consolidated income statement, and the comparative information has been re-presented accordingly. The assets and liabilities of Porous Technologies were presented as held for sale on the balance sheet as at 31 December 2016. No finance income or expense related to discontinued operations, and the income tax expense related to discontinued operations amounted to £25.5m (six months ended 30 June 2016: £2.2m).

Included within exceptional operating items is a profit arising from the movement in foreign exchange reserve of £26.3m, reclassified and reported in the Group income statement.

The results of continuing and discontinued operations are as follows:

		Period ended 30 June 2017	
	Continuing operations £m	**Discontinued operations £m**	**Total Group £m**
External revenue	**522.6**	**15.7**	**538.3**
External expenses	**(479.8)**	**(12.9)**	**(492.7)**
Operating profit before intangible amortisation and exceptional operating items	**42.8**	**2.8**	**45.6**
Amortisation of acquired intangible assets	**(11.5)**	**-**	**(11.5)**
Exceptional operating items	**(6.4)**	**134.7**	**128.3**
Operating profit	**24.9**	**137.5**	**162.4**
Finance income	**0.3**	**-**	**0.3**
Finance expense	**(5.8)**	**-**	**(5.8)**
Profit before tax	**19.4**	**137.5**	**156.9**
Income tax expense	**(4.2)**	**(25.5)**	**(29.7)**
Profit after tax	**15.2**	**112.0**	**127.2**
Basic earnings per share	**5.6p**	**42.8p**	**48.4p**
Basic adjusted earnings per share	**11.2p**	**0.9p**	**12.1p**
Diluted earnings per share	**5.6p**	**42.6p**	**48.2p**
Diluted adjusted earnings per share	**11.1p**	**0.9p**	**12.0p**

8. Acquisitions and disposals *(continued)*

	Period ended 30 June 2016 Continuing operations £m	Discontinued operations £m	Total Group £m
External revenue	494.7	50.5	545.2
External expenses	(434.9)	(40.2)	(475.1)
Operating profit before intangible amortisation and exceptional operating items	59.8	10.3	70.1
Amortisation of acquired intangible assets	(14.6)	(1.3)	(15.9)
Exceptional operating items	(4.2)	(0.4)	(4.6)
Operating profit	41.0	8.6	49.6
Finance income	0.8	-	0.8
Finance expense	(7.8)	-	(7.8)
Profit before tax	34.0	8.6	42.6
Income tax expense	(6.3)	(2.2)	(8.5)
Profit after tax	27.7	6.4	34.1
Basic earnings per share	10.5p	2.5p	13.0p
Basic adjusted earnings per share	16.1p	3.1p	19.2p
Diluted earnings per share	10.4p	2.4p	12.8p
Diluted adjusted earnings per share	16.0p	3.0p	19.0p

	Year ended 31 December 2016 Continuing operations £m	Discontinued operations £m	Total Group £m
External revenue	998.5	105.2	1,103.7
External expenses	(889.8)	(82.0)	(971.8)
Operating profit before intangible amortisation and exceptional operating items	108.7	23.2	131.9
Amortisation of acquired intangible assets	(30.2)	(2.7)	(32.9)
Exceptional operating items	(128.5)	(5.2)	(133.7)
Operating (loss)/profit	(50.0)	15.3	(34.7)
Finance income	2.1	-	2.1
Finance expense	(14.6)	-	(14.6)
(Loss)/profit before tax	(62.5)	15.3	(47.2)
Income tax credit/(expense)	11.5	(3.9)	7.6
(Loss)/profit after tax	(51.0)	11.4	(39.6)
Basic (loss)/earnings per share	(19.8)p	4.4p	(15.4)p
Basic adjusted earnings per share	29.2p	7.1p	36.3p
Diluted (loss)/earnings per share	(19.8)p	4.4p	(15.4)p
Diluted adjusted earnings per share	29.2p	7.1p	36.3p

The results from discontinued operations are attributable entirely to the equity holders of Essentra plc. The earnings per share of discontinued operations are disclosed in note 4.

Cash flows of discontinued operations are as follows:

	Six months ended 30 Jun 2017 £m	Year ended 31 Dec 2016 £m
Net cash (outflow)/inflow from operating activities	**(16.7)**	23.0
Net cash inflow/(outflow) from investing activities	**211.3**	(1.0)
Net cash flows for the year	**194.6**	22.0

The cumulative income or expenses included in other comprehensive income relating to Porous Technologies amounted to a net loss of £25.1m (2016 FY: £18.1m). The £211.3m net cash from investing activities is made up of disposal proceeds of £215.3m less cash disposed of £3.9m, and £0.1m cash outflow relating to acquisition of property, plant and equipment.

2016 acquisition: Kamsri

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

9. Dividends

	Per share			Total		
	Six months ended 30 Jun 2017 p	Six months ended 30 Jun 2016 p	Year ended 31 Dec 2016 p	**Six months ended 30 Jun 2017 £m**	Six months ended 30 Jun 2016 £m	Year ended 31 Dec 2016 £m
2016 interim: paid 30 October 2016		6.3	6.3		16.5	16.5
2016 final: paid 2 May 2017			14.4			37.7
2017 interim: payable 30 October 2017	6.3			16.5		
	6.3	6.3	20.7	16.5	16.5	54.2

The interim dividend for 2017 of 6.3p per 25p ordinary share will be paid on 30 October 2017 to equity holders on the share register on 29 September 2017.

In the table above, each dividend is shown in the period that it is attributable to. For accounting purpose, dividends are recognised in the period in which they are approved by the shareholders of the Company (final dividend) or paid (interim dividend).

10. Related party transactions

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

11. Financial instruments

Essentra held the following financial instruments at fair value at 30 June 2017. 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 £0.9m primarily relating to the acquisition of Kamsri and Abric (31 Dec 2016: deferred contingent consideration of £1.3m primarily relating to the acquisition of Kamsri, Specialty Plastics and Abric). The fair value of the deferred contingent consideration is estimated based on an assessment of the likely outcome of the acquired business' financial performance. The other financial instruments included in the table below are determined to be level 2 in the fair value hierarchy. There have been no transfers between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

	30 Jun 2017 £m	31 Dec 2016 £m
Financial assets		
Derivatives	**0.3**	1.2
Financial liabilities		
Derivatives	**(1.0)**	(1.7)
Deferred contingent consideration	**(0.9)**	(1.3)
Total	**(1.6)**	(1.8)

Essentra had US dollar and euro denominated borrowings which it designated as hedges of its net investments in subsidiary undertakings. The exchange gains of £3.4m (2016: £40.8m loss) on the US dollar borrowings and the losses of £3.3m (2016: £16.1m) on the euro borrowings were recognised in other comprehensive income.

12. Subsequent events

On 27 July 2017, Essentra announced that is entering into consultation regarding the proposal to cease the production of folding cartons for the consumer goods industry at Newport, UK and, as a consequence, to close its cartons facility. If the proposal is confirmed, the production of folding cartons in Newport will cease by the end of 2017. The proposed closure of IP5 is expected to result in an exceptional charge of approximately £35m in the second half of 2017, of which approximately £13m represents a non-cash charge.

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

We confirm that to the best of our knowledge:

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

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

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

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

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

Paul Forman	**Stefan Schellinger**
Chief Executive	Group Finance Director

28 July 2017

Independent review report to Essentra plc

Report on the condensed consolidated financial statements

Our conclusion

We have reviewed Essentra plc's Condensed consolidated financial statements (the "interim financial statements") in the half-yearly report of Essentra plc for the 6 month period ended 30 June 2017. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements, comprise:

- the Condensed consolidated balance sheet as at 30 June 2017;
- the Condensed consolidated income statement and condensed consolidated statement of comprehensive income for the period then ended;
- the Condensed consolidated statement of cash flows for the period then ended;
- the Condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half-yearly report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half-yearly report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the half-yearly report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK & Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Milton Keynes, United Kingdom
28 July 2017