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**ESENTRA**

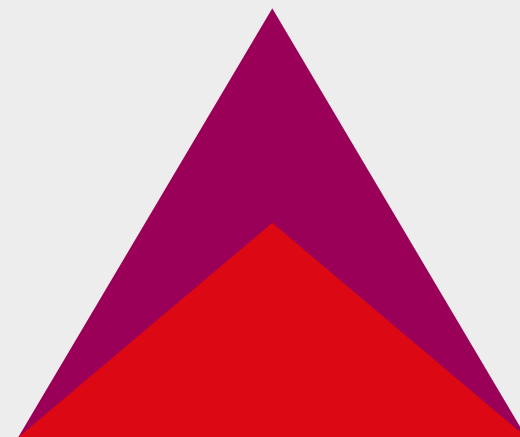


# CAPITAL MARKETS DAY

Vision 2015 and “Drive for 2020”

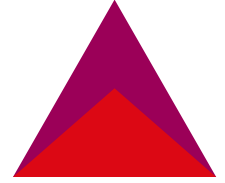
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20 NOVEMBER 2014



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# AGENDA



## 1. Vision 2015 and “Drive for 2020”

- Vision 2015 progress report
- Next steps and “Drive for 2020”
- M&A strategy
- Summary

Colin Day  
Colin Day  
Stefan Schellinger  
Colin Day

## 2. Drive for 2020 – SBUs

- Distribution
- Filter Products
- Specialist Technologies
- Health & Personal Care Packaging

Scott Fawcett  
PT Sreekumar  
Colin Day  
Malcolm Waugh

## 3. Drive for 2020 - Regions

- Europe
- Asia
- Americas

Hugh Ross  
PT Sreekumar  
Brett York

## 4. Drive for 2020 – Summary

Colin Day

## 5. Q&A

All

# VISION 2015 PROGRESS REPORT

Colin Day  
Chief Executive

# VISION 2015 – OUR KEY PLATFORMS

## Above industry average revenue growth

- Focus on volume
- Improve go-to-market
- Pipeline innovations
- White space opportunities
- Existing market penetration

## Continued margin improvement

- Operational gearing
- Gross and operating margin efficiencies
- Partial re-investment in Sales, Marketing & Innovation (SM&I)
- Business reconfiguration

## Disciplined use of capital

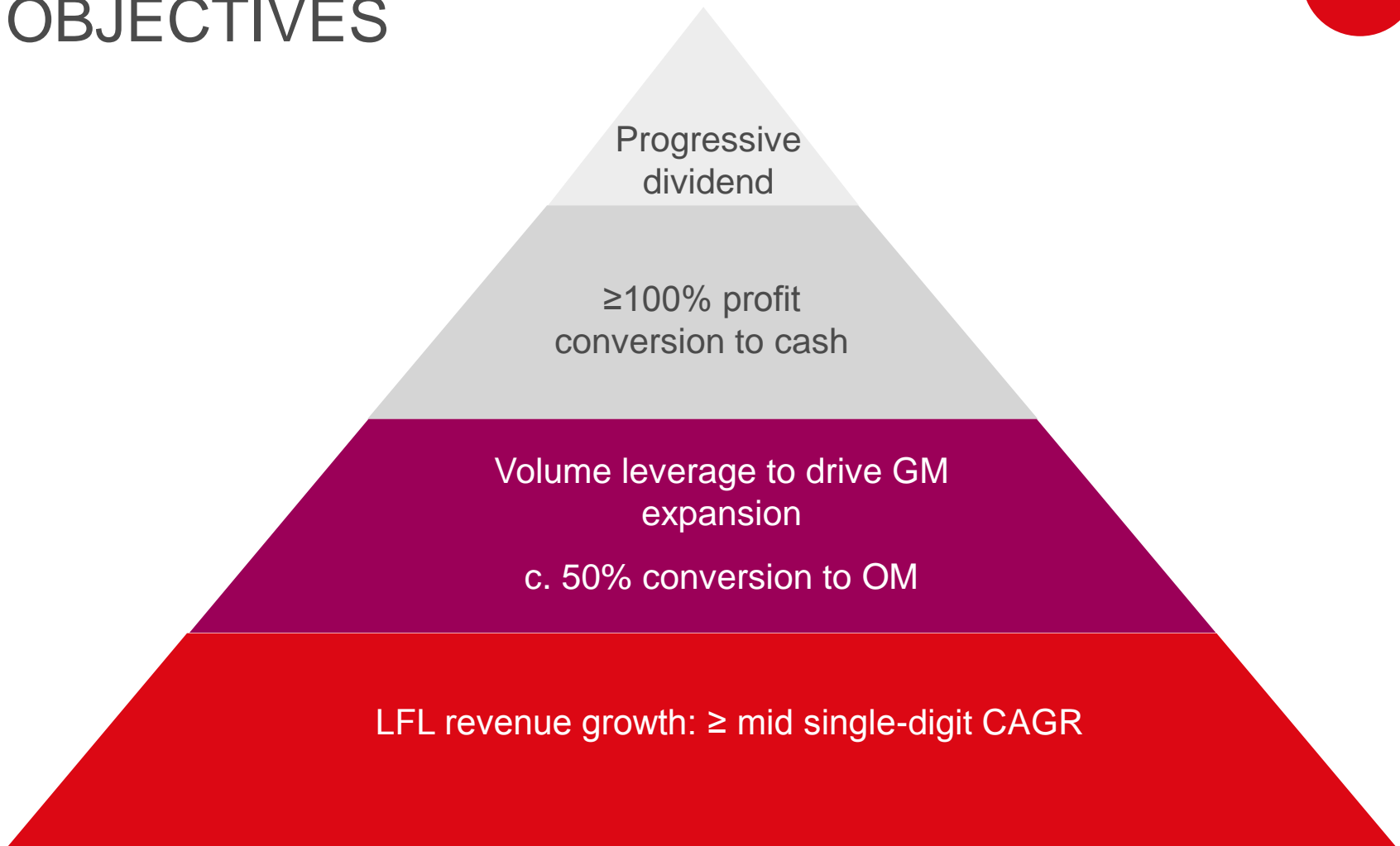
- Net Working Capital prioritisation
- Capex investment to support revenue growth
- Strategic M&A
- Tax efficiency

## Unified culture

- Leverage talent across divisions
- Appropriate and stretching KPIs
- Effective remuneration programmes
- Motivated, strategic growth-thinking organisation

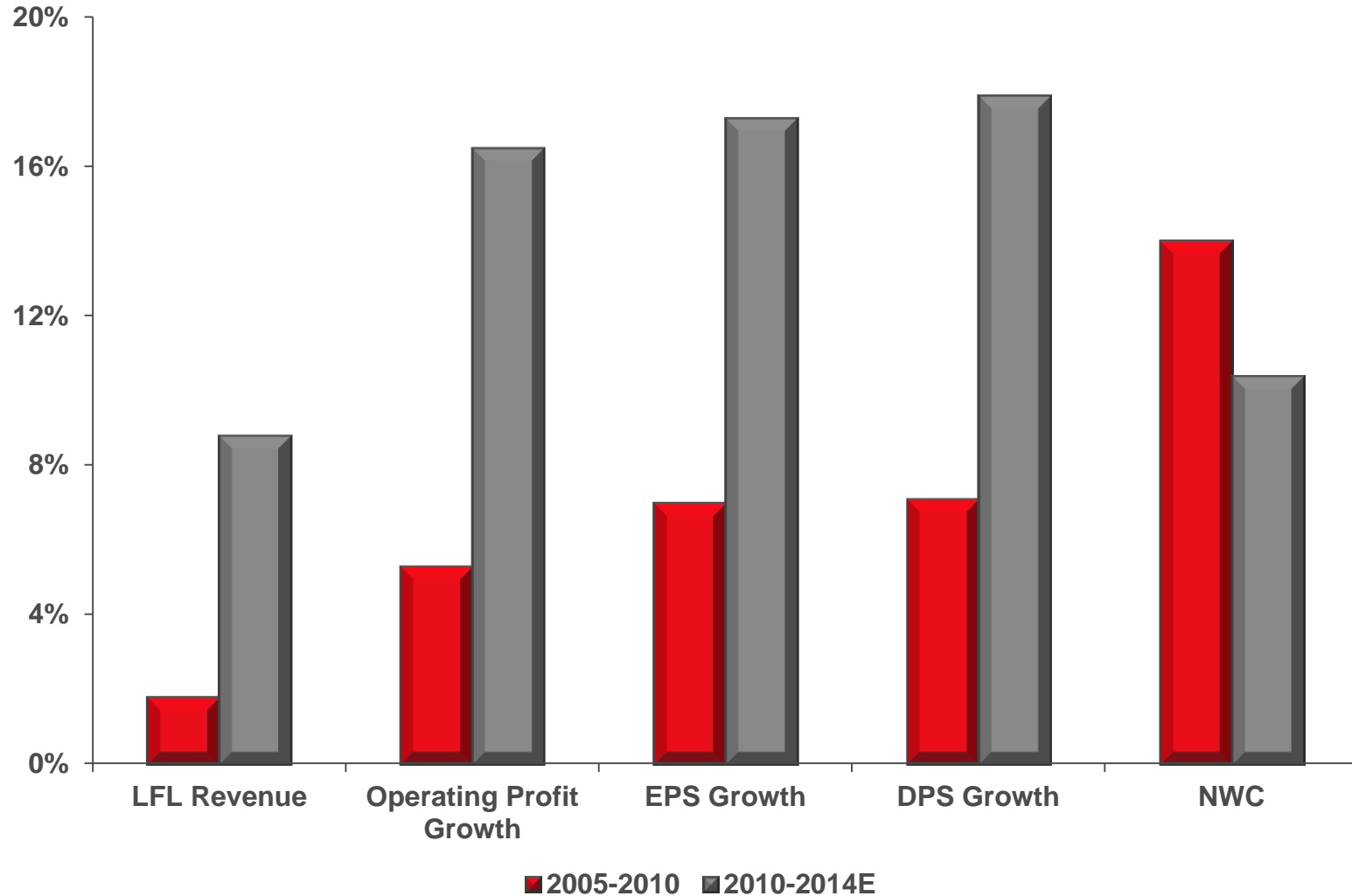
**Balanced profitable growth in existing & new markets**

# VISION 2015 – OUR FINANCIAL OBJECTIVES



**A “virtuous cycle” organic model ...**

# VISION 2015 – WE WILL DELIVER OUR TARGETS ...



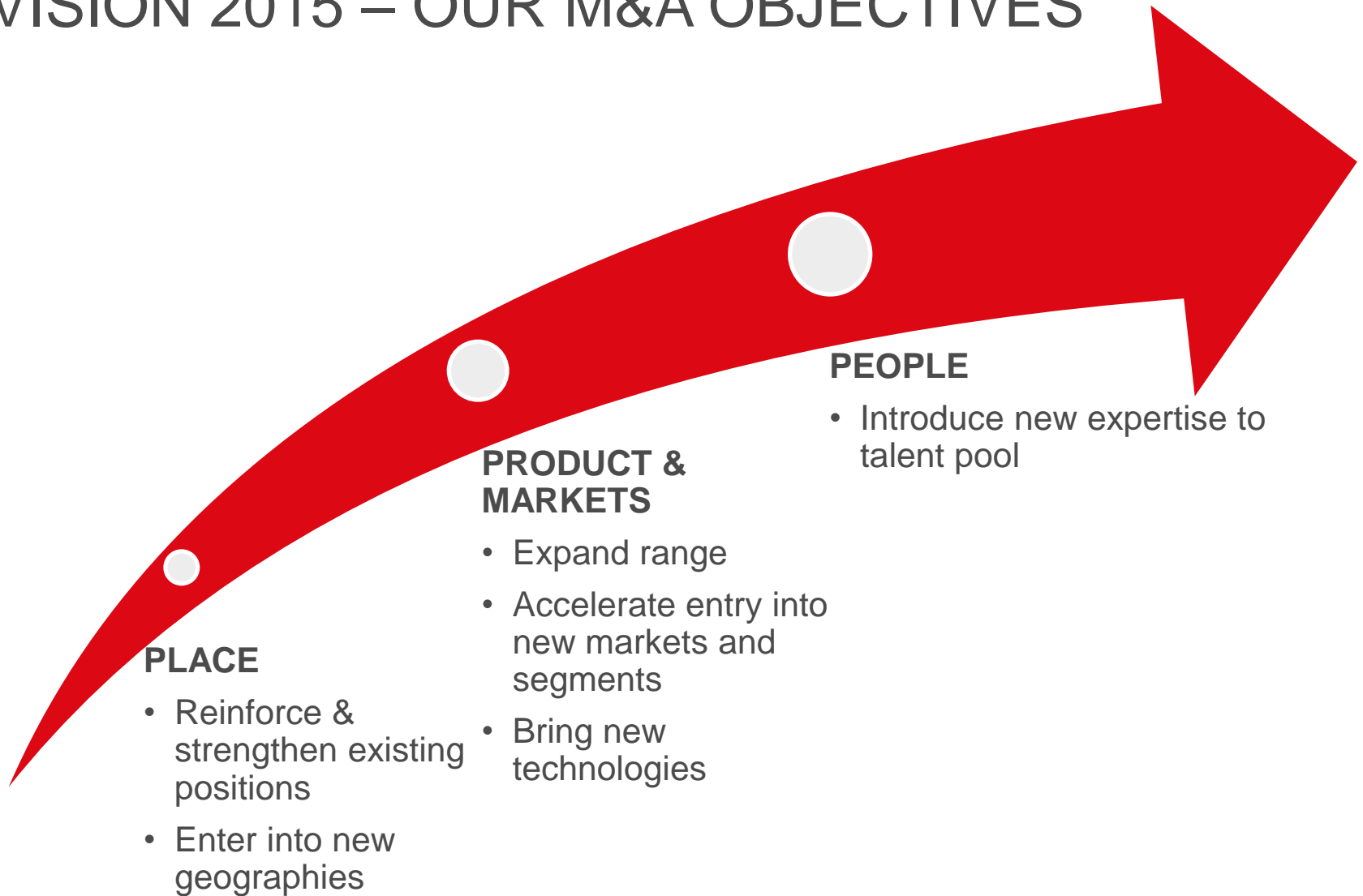
NOTES:

2014E are the latest analyst consensus estimates

Net working capital ratio is as at 31 December 2010 and 31 December 2013A

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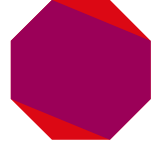
# VISION 2015 – OUR M&A OBJECTIVES



**... complemented by value-creating acquisitions**

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# WE HAVE COMPLEMENTED OUR ORGANIC GROWTH ...



**12**

Acquisitions in the last c. three years

**c. £660m**

Total transaction value

**c. £530m**

Incremental revenue

**>4,500**

Employees added

**16**

Divisional business markets entered

**c. 60**

Additional sites

**A complement to our balanced organic growth strategy**



# WE HAVE REBRANDED ...



ESSENTRA



ESSENTRA  
COMPONENTS



ESSENTRA  
FILTER PRODUCTS



ESSENTRA  
PACKAGING



ESSENTRA  
POROUS TECHNOLOGIES



ESSENTRA  
SPECIALITY TAPES



ESSENTRA  
PIPE PROTECTION  
TECHNOLOGIES



ESSENTRA  
EXTRUSION

Essentra: a vibrant single corporate identity

# WE HAVE REORGANISED ...



- 1 Commercial: Category management, KAM, innovation
- 2 Operational: Footprint, best practice, excellence
- 3 HR: Talent development, talent import / export
- 4 Finance & IT: Common platform
- 5 Legal: Policy deployment, risk, compliance

## Specialist Technologies

2014 PF\* revenue:  
£153m

## Health & Personal Care Packaging

2014 PF\* revenue:  
£462m

## Filter Products

2014 PF\* revenue:  
£281m

## Distribution

2014 PF\* revenue:  
£268m

## Americas

2014 PF\* revenue: 35%

## Europe

2014 PF\* revenue: 49%

## Asia Pacific

2014 PF\* revenue: 16%

\* 2014 PF based on latest consensus estimates plus 2014E revenue for Clondalkin SPD and Abric  
Note: Geographic revenue is by origin

# ... AND WE HAVE STRENGTHENED THE BENCH

**Colin Day**  
CEO



**Matthew Gregory**  
Group Finance Director



**Jon Green**  
Company Secretary &  
General Counsel



**Gavin Leathem**  
Group Human Resources  
Director



**Malcolm Waugh**  
Group Commercial Director /  
MD H & PC Packaging



**Alan Richards**  
Group Operations Director



**Joanna Speed**  
Corporate Affairs Director



**Stefan Schellinger**  
Corporate Development  
Director



**Brett York**  
President, Americas



**Hugh Ross**  
Managing Director, Europe



**PT Sreekumar**  
Managing Director Filter  
Products / Asia



**Martin Dallas**  
Managing Director, Specialist  
Technoloaies



**Scott Fawcett**  
Managing Director,  
Distribution



**Han Schootstra**  
Managing Director , Extrusion



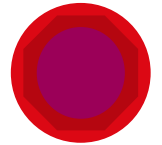
**John Boben**  
President – Pipe Protection  
Technologies



# NEXT STEPS – “DRIVE FOR 2020”

Colin Day  
Chief Executive

# FROM “VISION 2015” TO “DRIVE FOR 2020”



- Essentra plc evolved its 3-year strategic planning process in 2014:
  - Focus on a market and customer-led approach
  - Review of key strategic drivers, market segments and strategic gaps
  - Develop a portfolio of prioritised strategic initiatives, to be implemented and tracked over plan horizon
  - Strategic Business Units drive planning process, supported by regional teams

## **Key Group strategic priorities to deliver shareholder value:**

- Operate as “One Essentra” Group, creating synergies across regions and functions
- Become more relevant to customers and increase market penetration
- Manage and upgrade the portfolio
- Drive operational excellence
- Develop global talent base and high performance culture

**“Drive for 2020” – the next strategic roadmap for continuing to deliver value**

# EVOLVING OUR VISION STATEMENT



## Vision 2015

*“A leading international supplier of speciality plastic, fibre, foam and packaging products”*



## “Drive for 2020”

*“Building a leading global provider of essential components and solutions”*

### Changes to reflect:

- “Building”: we are on a journey, and our objective is to continue to improve
- “Global”: we have a geographic growth ambition, highlights required organisational mindset and resources
- “Solutions provider”: captures the importance of innovation and service across all Essentra’s businesses

# CONSIDERATIONS FOR “DRIVE FOR 2020”

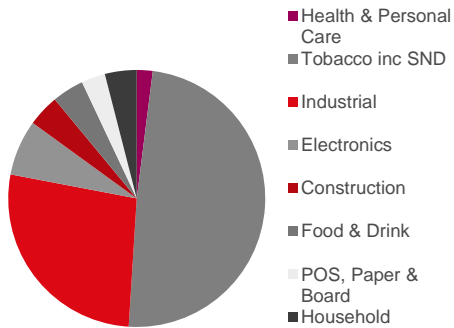


**Priorities for driving continued balanced, profitable growth**

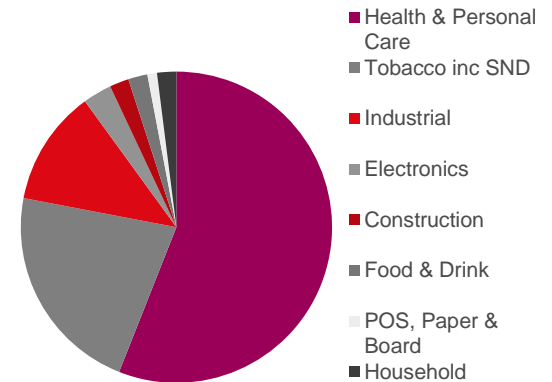
# FROM PRODUCT TO MARKET & CATEGORY FOCUSED GTM



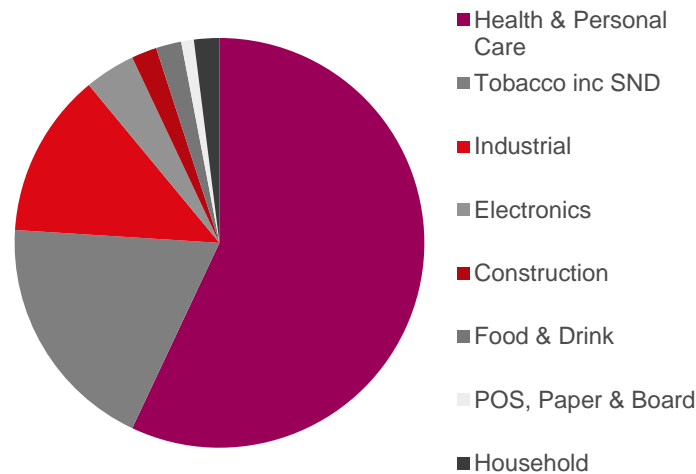
Addressable market by category (2010)



Addressable market by category (2014)



Addressable market by category (2020)

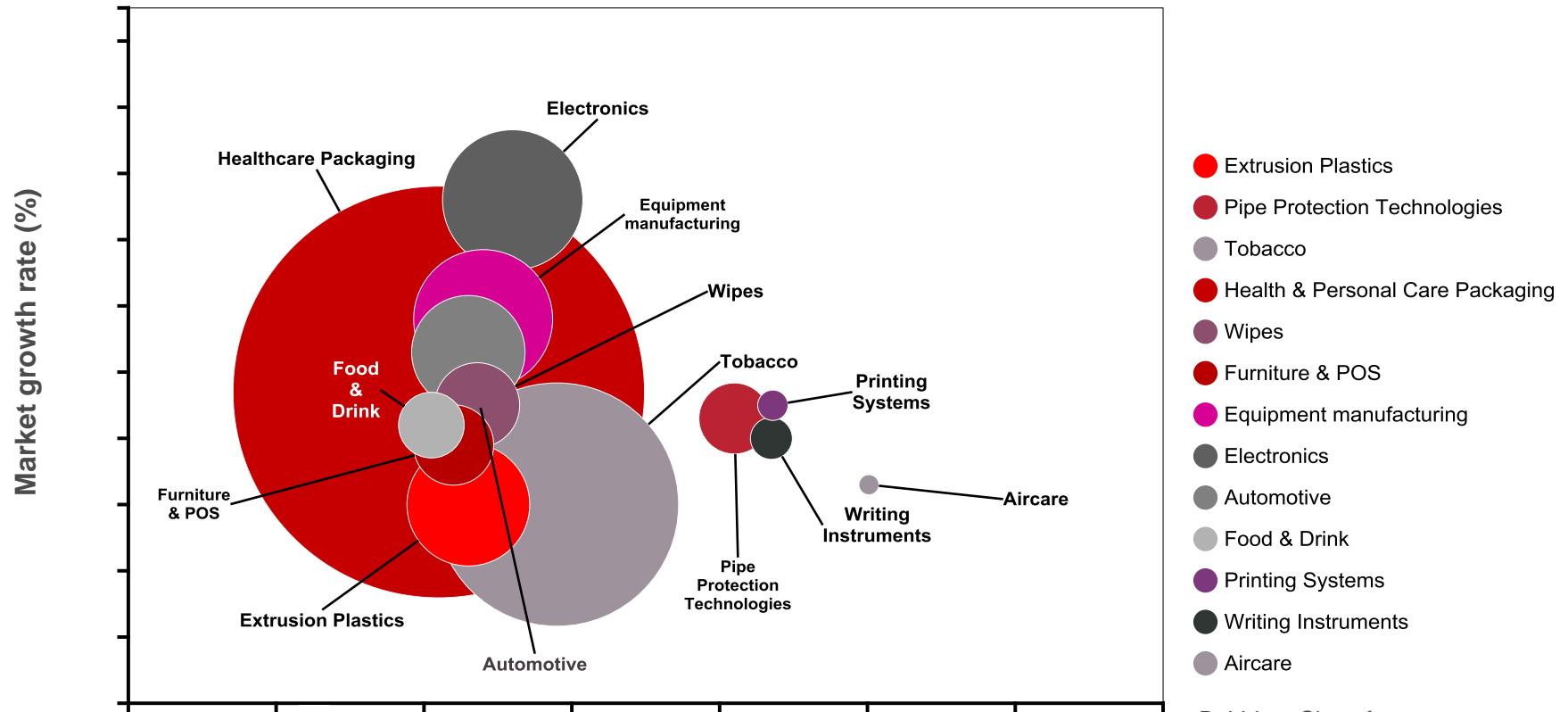
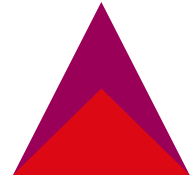


**Identifying the shape of our opportunities and where we need to focus**



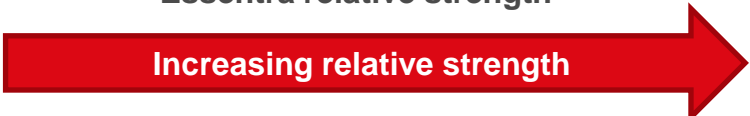
# END-MARKET EXPOSURE

GLOBAL: MARKET GROWTH VS ESSENTRA RELATIVE STRENGTH



PPT = NA, Brazil, CIS & Europe

Extruded Plastics = Europe only



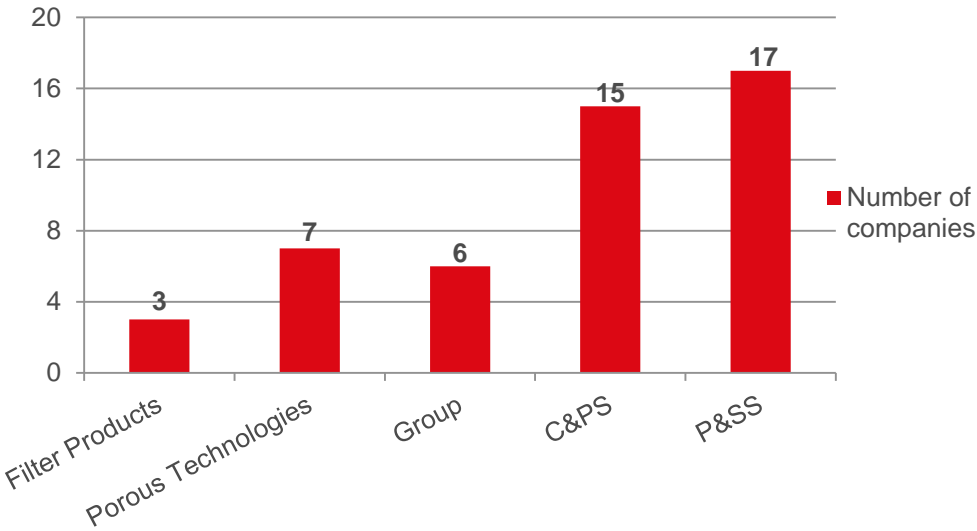
Using categories to better align the Group & facilitate broader thinking

# DRIVE FOR 2020 M&A STRATEGY

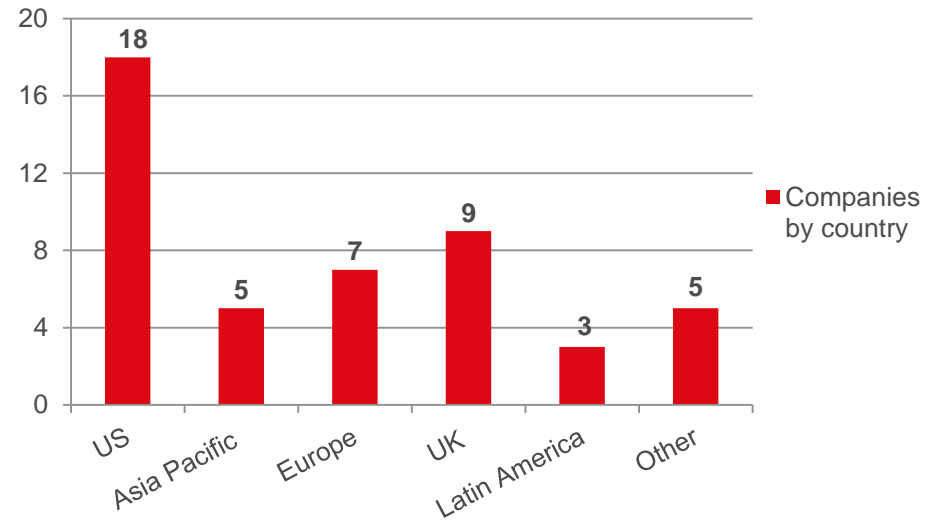
Stefan Schellinger  
Corporate Development Director

# M&A – WE HAVE LOOKED AT 48 PROJECTS

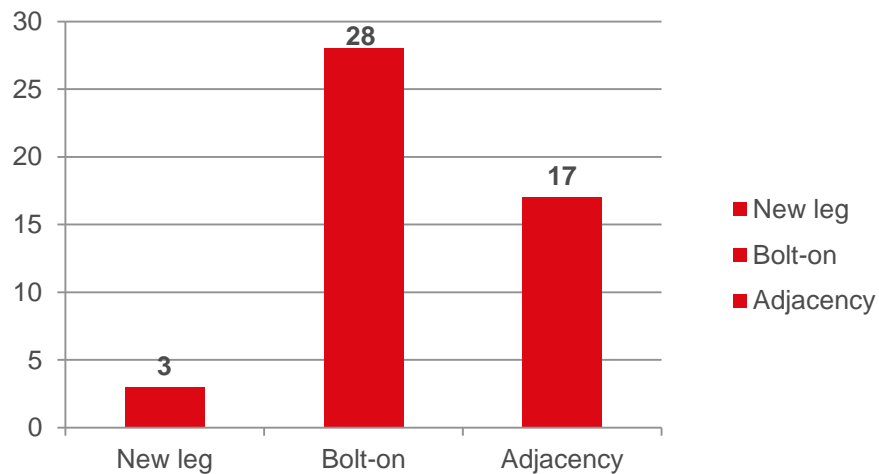
## Targets by business



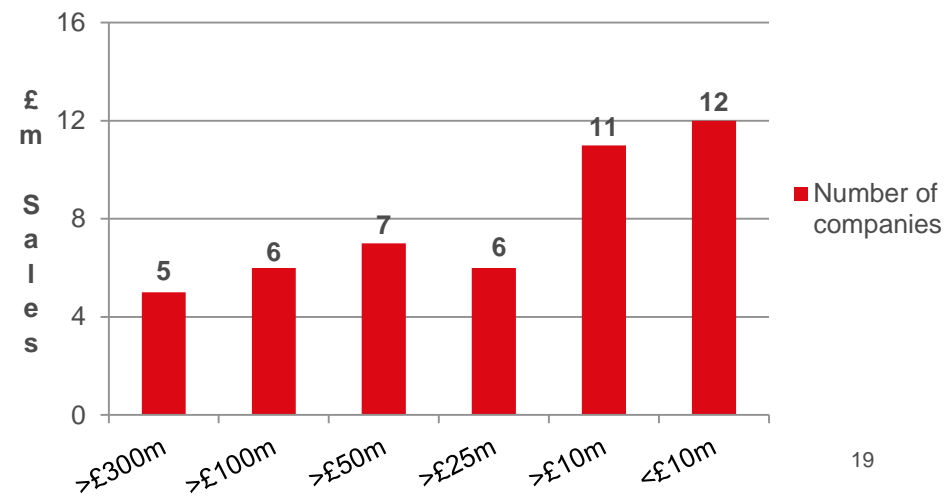
## Targets by country



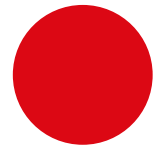
## Targets by type of acquisition



## Targets by size (sales)



# “DRIVE FOR 2020” – THE ROLE OF M&A



## COMMENTS

### LARGER SCALE M&A TO BUILD LEADING STRATEGIC PLATFORMS

- Build sizeable, globally leading businesses in attractive markets
- Larger acquisitions in the “core” of our activity, or sizeable adjacencies to complement existing businesses that form the building blocks for our strategic platforms
- Strategically and financially “move the needle”

### BOLT ONS

- Complement strategic acquisitions
- Helpful to build emerging markets footprint and to fill product and technology gaps
- Potential to deliver high ROIC through available synergy
- Need to be disciplined and prioritise

### PORTFOLIO MANAGEMENT

- Ongoing assessment of long term fit and contribution to Essentra
- Prioritisation from a capital allocation standpoint



ESSENTRA

PACKAGING



# ESSENTRA'S MARKET DRIVEN M&A APPROACH

## Essentra perspective



### MARKET

- Sizeable attractive market
- Robust sustainable growth drivers
- Ability to differentiate
- M&A runway
- Multi £bn global market, growing low to mid-single digit
- Growing aging population; regulation
- Customer service, technical skills, quality, innovation, efficiency, global footprint capacity
- Fragmented space; emerging markets

### COMPANY

- Market position
- Product portfolio and capability
- Strong, experienced management
- Essentra ability to add value
- Leading position in secondary packaging for pharma / healthcare in North America and personal care in Europe
- Labels; digital printing; etc.
- Long-standing industry experience and track record
- Drive global expansion; \$16m synergy for year 2

### VALUATION

- ROIC > WACC year 3
- EPS enhancing
- Within target frame



# “DRIVE FOR 2020” – THE ROLE OF M&A



**M&A remains a strategic priority to improve the portfolio over time and to complement organic strategy in regards to building leading global strategic platforms**



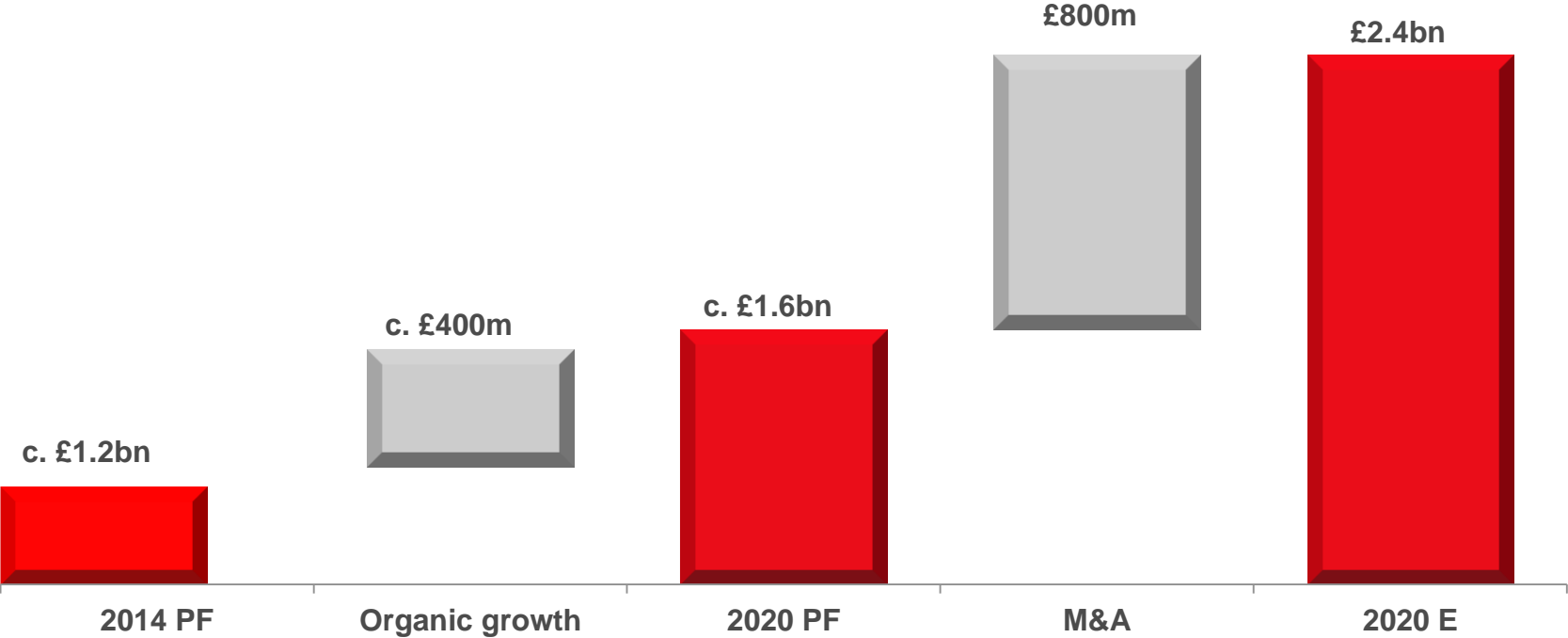
- Create and prioritise the M&A opportunities across the Group and the regions
- Ensure disciplined process in regards to strategic evaluation, origination, execution and valuation
  - M&A pipeline is generated on the back of Strategic Planning Process
  - Standard due diligence and integration planning
  - Clearly stated financial criteria
- M&A to involve all areas of the organisation
  - Regular reviews with Group Management Committee and Board
  - Strategic Business Units support strategic evaluation and pipeline generation
  - Regional Areas and corporate functions support diligence and drive integration

**New organisation structure provides greater runway for M&A**

# DRIVE FOR 2020 SUMMARY

Colin Day  
Chief Executive

# DRIVE FOR 2020 – THE DIRECTION OF TRAVEL



**Double the size of the business in five years**

NOTE: Chart for illustrative purposes only, does not represent a financial forecast  
2014PF based on latest consensus estimates plus 2014E revenue for Clondalkin SPD and Abric



# DRIVE FOR 2020 – PRIORITIES & OBJECTIVES



## OUR STRATEGIC PRIORITIES

### INTEGRATION

Operate a global, integrated Essentra group generating synergy across all regions, functions and business activities

### RELEVANCE

Increase relevance to customers and market penetration

### ACTIVE MANAGEMENT

Actively manage and upgrade the portfolio

### EXCELLENCE

Driving operational excellence

### HIGH PERFORMANCE

Building a high performing, diverse and global talent base

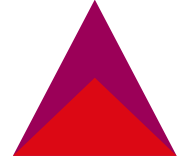
## OUR FINANCIAL OBJECTIVES

- **Like-for-like revenue of at least mid-single digit %**
  - Consistent outperformance of our underlying markets
- Operating leverage and continued cost efficiency → operating margin expansion
- NWC discipline to underpin strong cash flow generation
- **Adjusted EPS growth at least double-digit %, at constant FX**
- Progressive dividend

**Evolving the business model to deliver the next phase of growth**

# Q&A

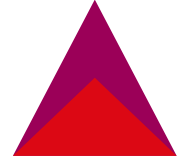
# APPENDIX



## **Colin Day – Chief Executive**

Colin Day was appointed Chief Executive Officer of Essentra plc on 1 April 2011, prior to which he was Chief Financial Officer of Reckitt Benckiser Group plc. Before joining Reckitt Benckiser he was Group Finance Director of Aegis Group plc, and previously held a number of senior finance positions with ABB Group plc and De La Rue Group plc.

Colin is currently a Non-Executive Director of WPP Group Plc, of AMEC plc and of FM Global Worldwide.



## **Stefan Schellinger – Corporate Development Director**

Stefan Schellinger joined Essentra as Corporate Development Director in 2013, before which he was Finance Director - Emerging Markets at Gilbarco Veeder Root from 2011, having initially joined the Danaher Corporation as Director, Corporate Development - Europe in 2005. Prior to this, Stefan worked as Vice President in investment banking at JP Morgan and in accountancy at Arthur Andersen.



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**ESSENTRA**



# CAPITAL MARKETS DAY

Vision 2015 and “Drive for 2020”

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20 NOVEMBER 2014

