



---

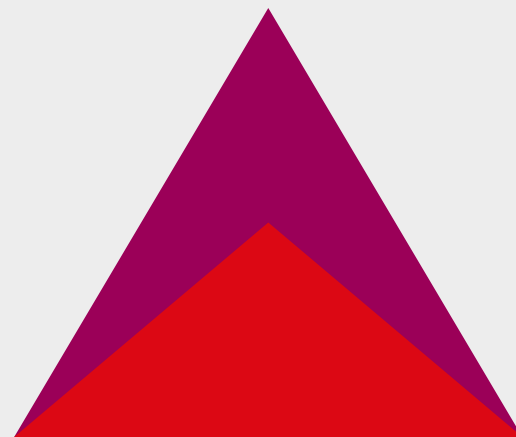
ESSENTRA

# INVESTOR PRESENTATION

Full Year 2013 Results

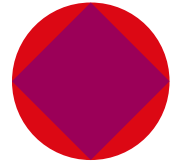
---

20 FEBRUARY 2014



---

# AGENDA



1. Operational Review - Colin Day
2. Financial Review - Matthew Gregory
3. Vision 2015 Update & 2014 Outlook - Colin Day

# OPERATIONAL REVIEW

Colin Day  
Chief Executive

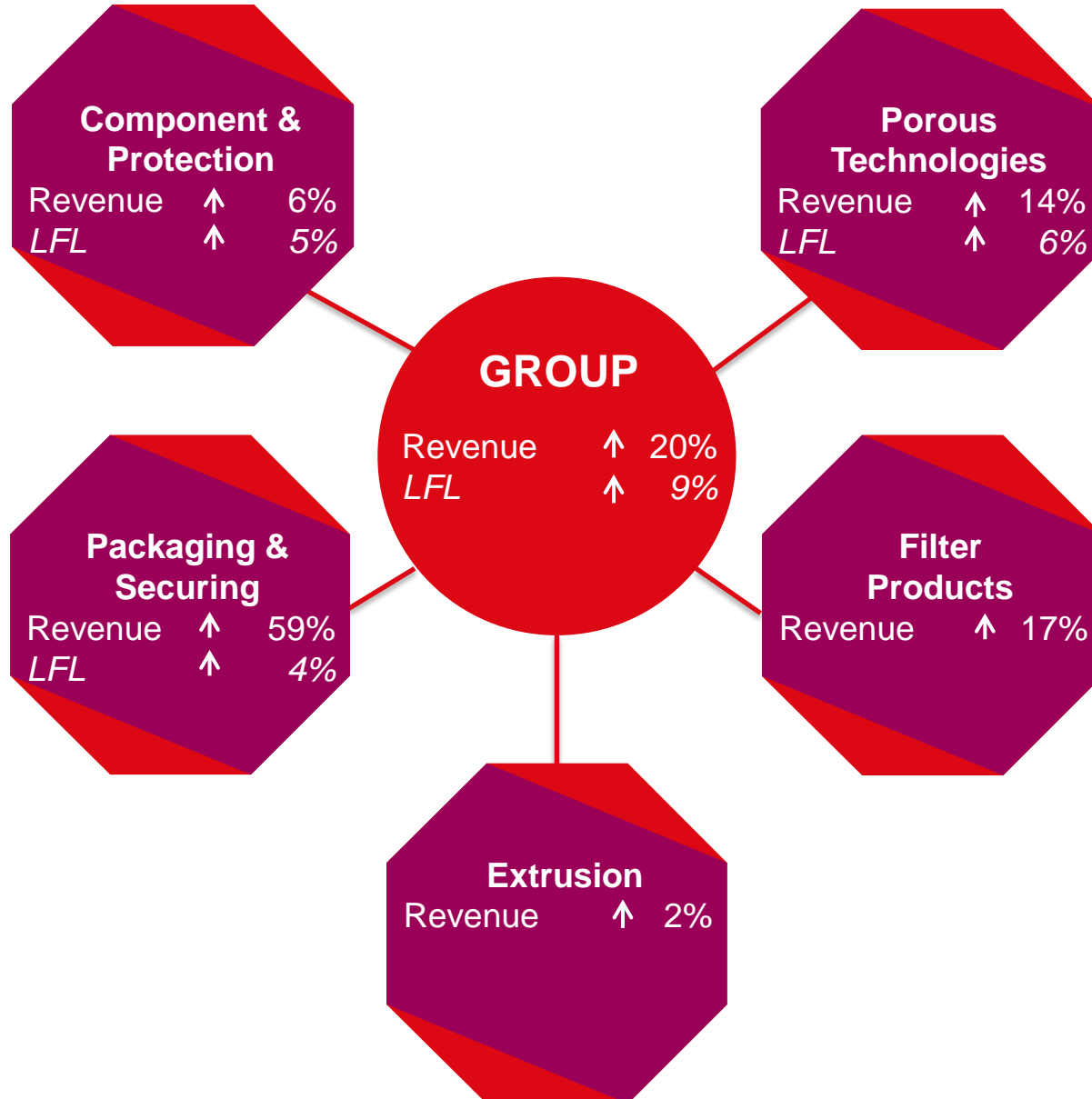
# FY 2013: SUMMARY



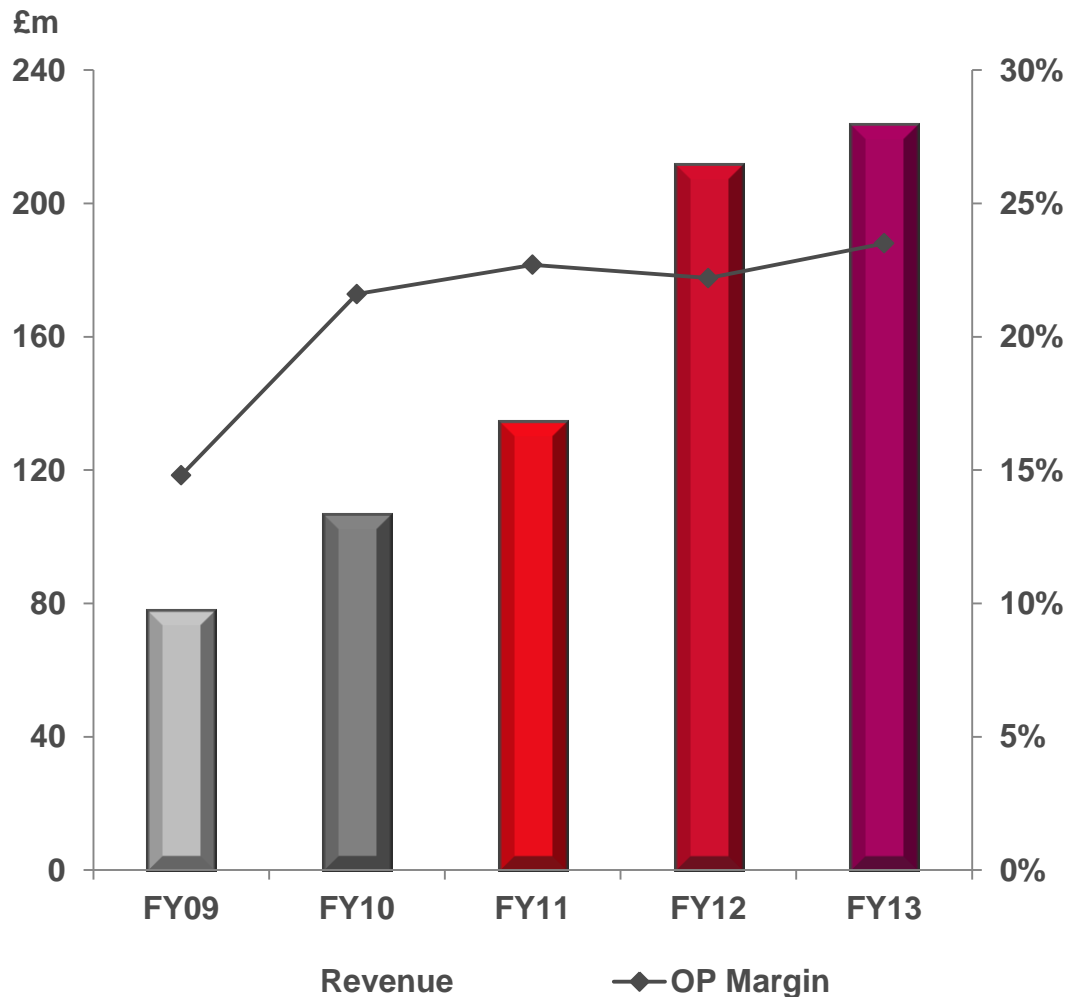
- Revenue growth across all operating divisions
- Operational initiatives & synergy savings → operating margin uplift
- Further improvements in net working capital ratio and tax rate
- Full year dividend per share increased by 23% to 15.4p
- Successful completion of four value-adding acquisitions & re-branding to Essentra plc
- Further investment and organisational change to support future growth opportunities
- Well-positioned to deliver further balanced growth in 2014

**Continued delivery of Vision 2015 objectives**

# REVENUE GROWTH ACROSS ALL DIVISIONS



# COMPONENT & PROTECTION SOLUTIONS

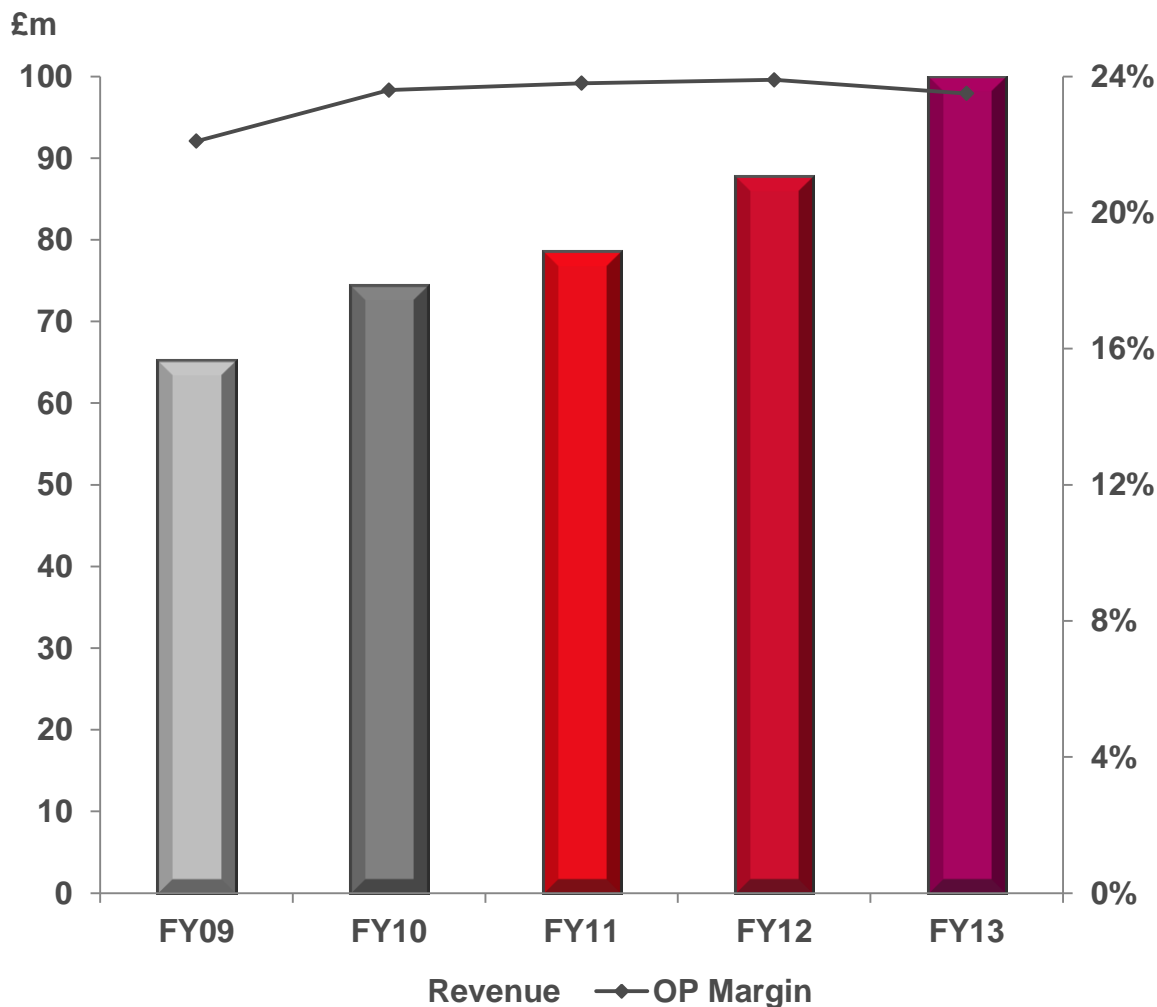


- Balanced revenue growth in Components and PPT
- Improved marketing effectiveness and continued range development
  - Additional 5,000 products introduced
  - First consolidated catalogues launched
- Benefit from new site openings:
  - Memphis & Greensboro, US
  - Market entry into Mexico
- Better market backdrop, customer wins and product development in PPT
- Synergy delivery and ongoing operating & process efficiencies
- Successful completion of Ulinco Components and Mesan acquisitions

Note:

At constant exchange rates, and adjusted to exclude intangible amortisation and exceptional operating items

# POROUS TECHNOLOGIES

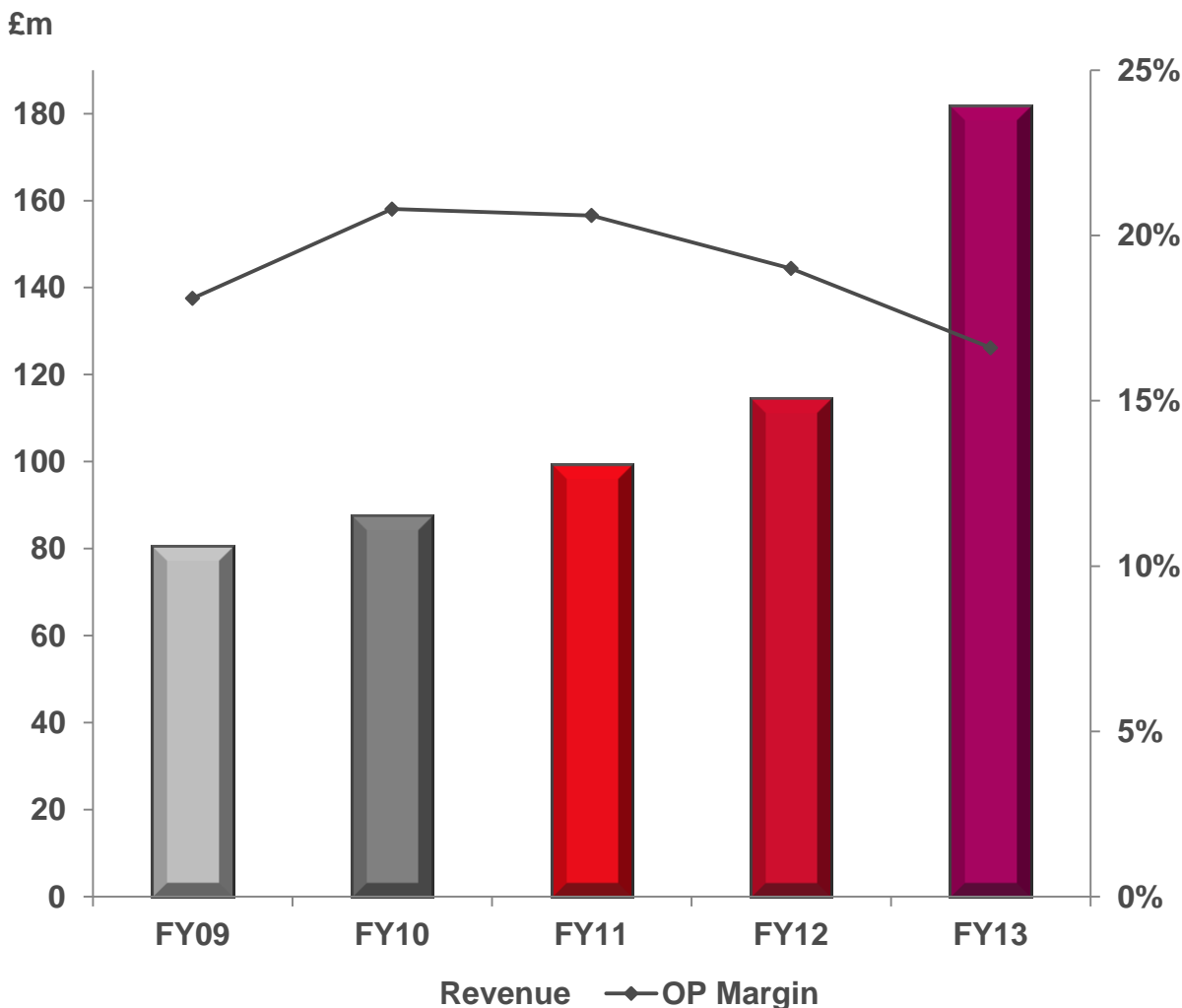
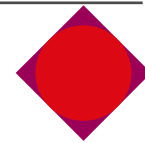


- Growth led by writing instruments and printer systems
  - Strong growth in nibs and ink reservoirs
  - Continued growth with a large global OEM
- Supported by H&PC
  - Business wins in air care with multinational customers
- Successful new product development in healthcare more than offset by a customer insourcing
- Progress towards globalising cleanroom wipes business
- Productivity & cost initiatives more than offset by short-term dilution from investment at Lymtech

Note:

At constant exchange rates, and adjusted to exclude intangible amortisation and exceptional operating items

# PACKAGING & SECURING SOLUTIONS

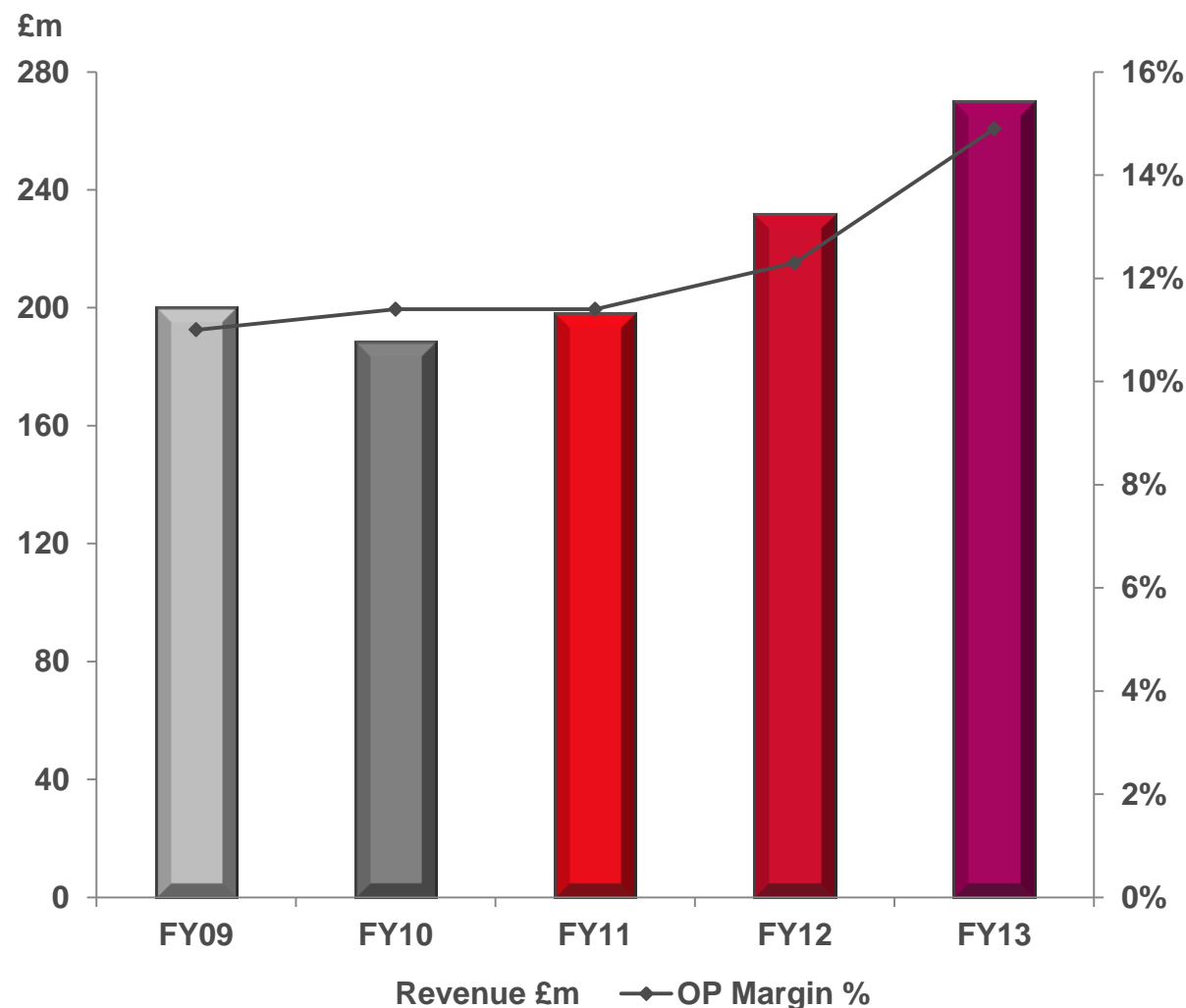


- Packaging led by promotional solutions in wrapped food and growth in tobacco
- Sales from Blue Badge contract and ID products offset by certain non-core Security activities
- Strong, broad-based growth in Speciality Tapes
- Successful completion of Contego and Dakota acquisitions
  - Integration to date in line with expectations
- Successful integration initiatives and restructuring of non-core activities to underpin future margin expansion

Note:

At constant exchange rates, and adjusted to exclude intangible amortisation and exceptional operating items

# FILTER PRODUCTS



- Underlying volumes > FY 2012
  - Strong growth esp. in Asia (61% FY13 volumes)
- Successful product launches & development initiatives
  - Significant contract wins
  - Distinctive shaped and reduced tow filter variants (eg, Groove Core, BiTech™)
  - Future innovation supported by new patent & trademark filings
  - Further increase in joint development activity
- Additional offerings introduced in Scientific Services
  - Fully accredited for proposed US FDA testing methods
  - Award of 3-year UK government contract for testing
- Continued cost, quality and efficiency improvements

Note:

At constant exchange rates, and adjusted to exclude intangible amortisation and exceptional operating items

# KEY OPERATIONAL DEVELOPMENTS

## Component & Protection Solutions



Investment in new purpose-built Components distribution centre

## Packaging & Securing Solutions



Investment in hot melt coating and converting equipment

## Porous Technologies



Investment in sterile alcohol bottling production capability

## Filter Products



Continued investment in high speed flexible machinery

# KEY COMMERCIAL DEVELOPMENTS

## Component & Protection Solutions



Integrated catalogues launched in Europe, North America and Asia

## Porous Technologies



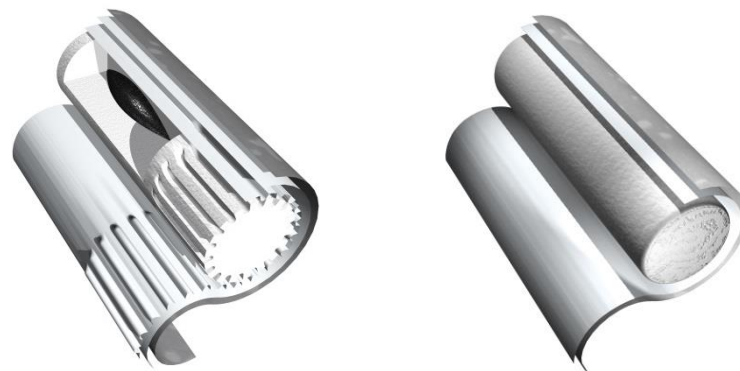
Launch of dual technology, patented porous plastic filter valve

## Packaging & Securing Solutions



Innovative new solutions under the “Packaging Resolved” commercial positioning

## Filter Products



New additions to meet demand for visually differentiated and cost effective filters

# KEY ORGANISATIONAL DEVELOPMENTS



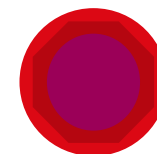
- Appointed dedicated General Managers in India, China and Latin America
- Adopted a more co-ordinated approach in faster-growing opportunity markets
  - New, standalone “One Essentra” facility opened in Bangalore
- Started the transition to a more “matrix” organisational structure from divisional silos
  - Logical next step of “horizontality”
  - Three geographical regions, to manage “today’s business”
    - Europe, Americas, Asia
  - Two Strategic Business Units (“SBUs”), to manage “tomorrow’s business”
  - Appointed Managing Directors / Presidents as leaders of the new structure
  - 2014 will be a transition year

**Greater in-market accountability and responsibility**

# FINANCIAL REVIEW

Matthew Gregory  
Group Finance Director

# INCOME STATEMENT - SUMMARY



	<b>FY 13</b>	<b>FY 12*</b>	<b>Growth</b>	
	<b>£m</b>	<b>£m</b>	<b>Actual FX</b>	<b>Constant FX</b>
<b>Revenue</b>	<b>798.1</b>	<b>663.4</b>	<b>+20%</b>	<b>+20%</b>
<i>Like-for-like<sup>1</sup></i>				<b>+9%</b>
<b>Gross margin</b>	<b>34.9%</b>	<b>35.9%</b>	<b>-100bps</b>	<b>-120bps</b>
<b>Operating profit<sup>2</sup></b>	<b>130.4</b>	<b>104.5</b>	<b>+25%</b>	<b>+23%</b>
<b>Operating margin</b>	<b>16.3%</b>	<b>15.8%</b>	<b>+50bps</b>	<b>+40bps</b>
<b>Profit before tax<sup>2</sup></b>	<b>119.8</b>	<b>93.8</b>	<b>+28%</b>	<b>+26%</b>
<b>Adjusted earnings<sup>2</sup></b>	<b>86.7</b>	<b>64.9</b>	<b>+34%</b>	<b>+31%</b>
<b>Adjusted earnings per share<sup>2</sup></b>	<b>38.0p</b>	<b>31.1p</b>	<b>+22%</b>	<b>+20%</b>

\* FY 2012 restated to reflect the adoption of IAS 19 (Revised 2011)

<sup>1</sup> At constant exchange rates, excluding the acquisitions of Contego, Lymtech Scientific, Ulinco Components and Dakota

<sup>2</sup> Adjusted to exclude intangible amortisation and exceptional operating items

# REVENUE GROWTH – VOLUME / MIX / PRICE



	%
Volume / mix	+7
Price	+2
<b>Like-for-like</b>	<b>+9</b>
Acquisitions	+11
<b>Constant FX growth</b>	<b>+20</b>
Exchange	-
<b>Reported growth</b>	<b>+20</b>

**High quality revenue growth, driven by volume**

# REVENUE GROWTH – BY DIVISION

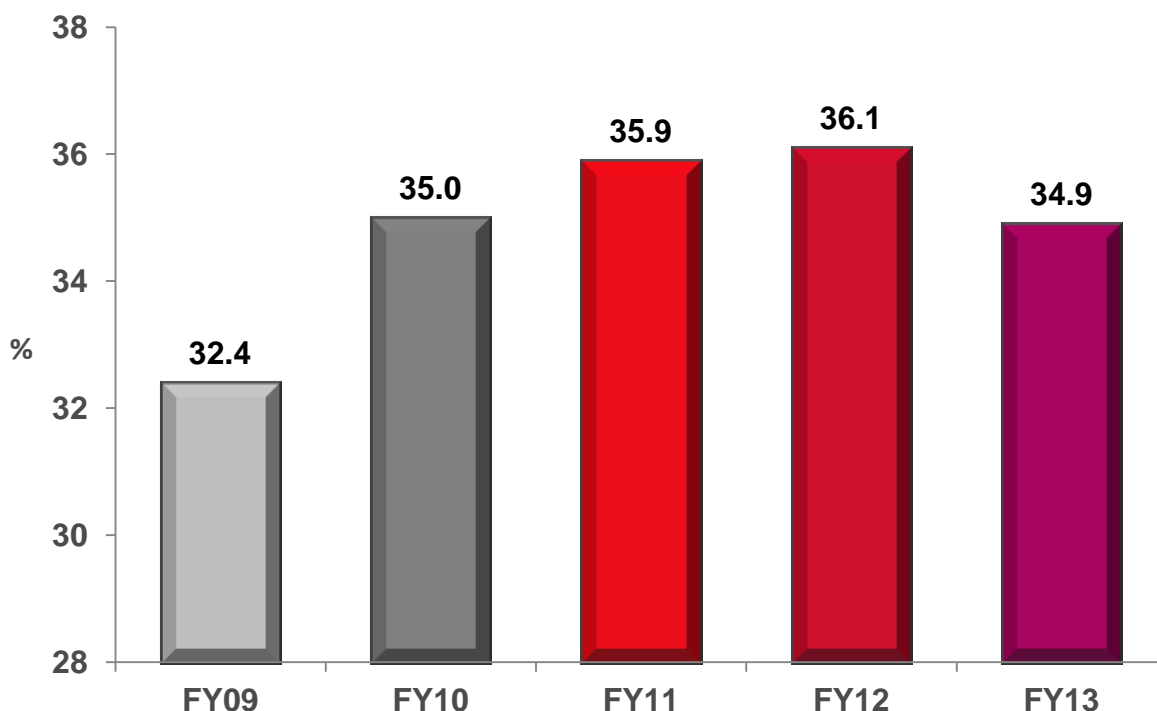


	<b>FY 13 £m</b>	<b>Growth Constant FX</b>		
Component & Protection Solutions	223.7	+6%	—————>	LFL <sup>1</sup> growth +5%
Porous Technologies	100.0	+14%	—————>	LFL <sup>1</sup> growth +6%
Packaging & Securing Solutions	181.8	+59%	—————>	LFL <sup>1</sup> growth +4%
Filter Products	269.9	+17%	—————>	LFL <sup>1</sup> growth +17%
Extrusion	24.8	+2%		
Eliminations	(2.1)			
<b>Group</b>	<b>798.1</b>	<b>+20%</b>	—————>	<b>LFL<sup>1</sup> growth +9%</b>
<b>Group – at actual FX</b>		<b>+20%</b>		

**Revenue growth in all divisions**

<sup>1</sup> At constant exchange rates, excluding the acquisitions of Contego, Lymtech Scientific, Ulinco Components, and Dakota

# GROSS MARGIN<sup>1</sup>



Continued operational improvements → **+70bps**

- Higher volume leading to operational gearing
- Further cost improvement / efficiency initiatives
- Productivity gains from ongoing upgrade of machinery

Mix impact from higher growth in Filters → **-60bps**

**Like-for-like** → **+10bps**

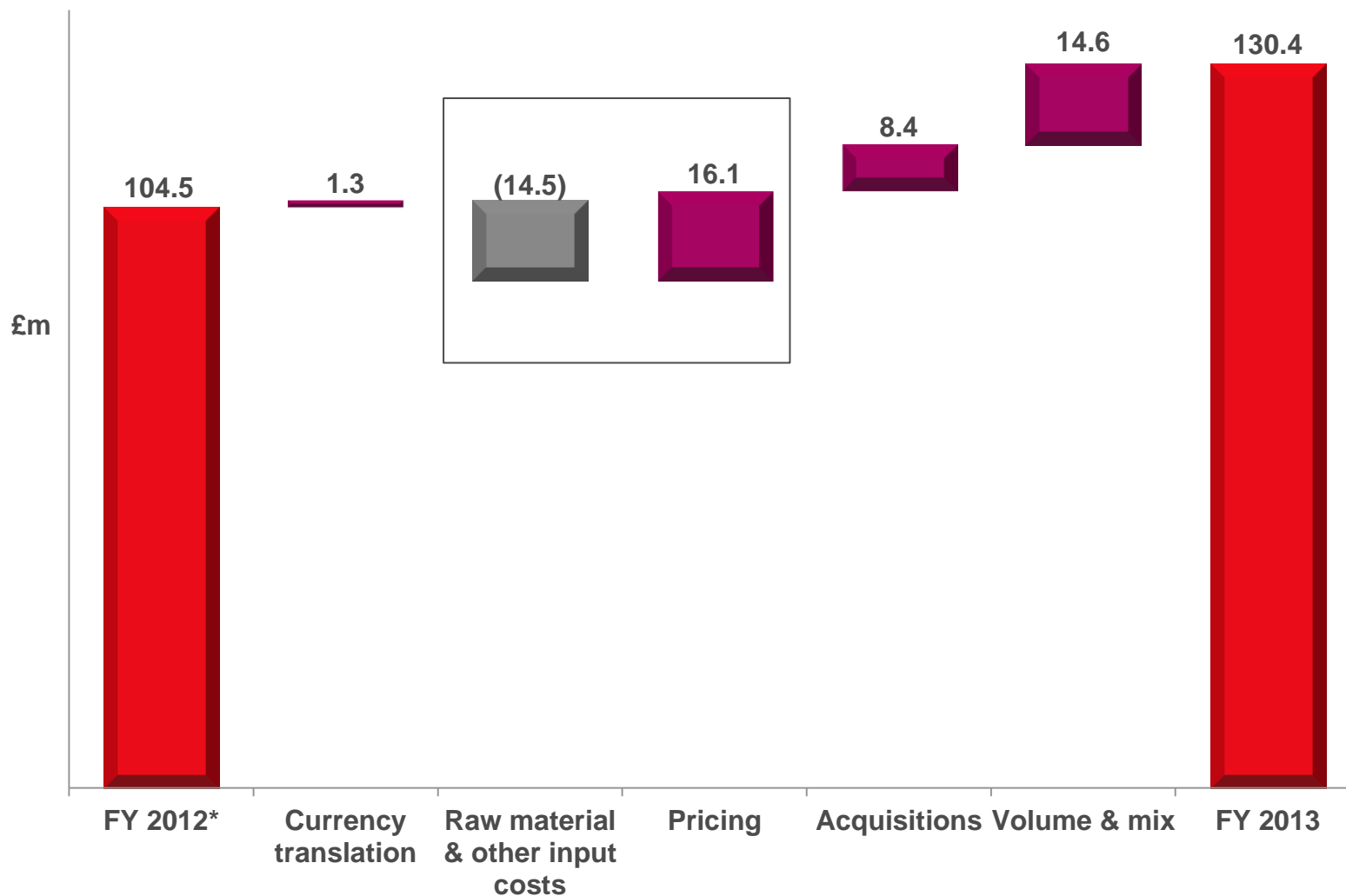
Dilution from acquisitions → **-130bps**

**Total** → **-120bps**

**Improving LFL gross margin trend**

<sup>1</sup> At constant exchange rates

# OPERATING PROFIT<sup>1</sup> – KEY MOVEMENTS



**Pricing offsets higher raw material & other input costs**

<sup>1</sup>Adjusted to exclude intangible amortisation and exceptional operating items

\*FY 2012 restated to reflect the adoption of IAS 19 (Revised 2011)

# OPERATING PROFIT<sup>1</sup> BY DIVISION



## Adjusted<sup>1</sup> operating profit

	FY 13 £m	Growth Constant FX	Margin
Component & Protection Solutions	52.6	+12%	23.5%
Porous Technologies	23.5	+12%	23.5%
Packaging & Securing Solutions	30.2	+39%	16.6%
Filter Products	40.1	+41%	14.9%
Extrusion	1.5	-10%	6.0%
Central Services	(17.5)		
Group	130.4	+23%	16.3%
Group – at actual FX		+25%	

<sup>1</sup> Adjusted to exclude intangible amortisation and exceptional operating items

# INCOME STATEMENT – CONTINUED



	FY 13	Growth	
	£m	Actual FX	Constant FX
Operating profit <sup>1</sup>	130.4	+25%	+23%
Net finance charge	(10.6)	(1)%	(1)%
Profit before tax <sup>1</sup>	119.8	+28%	+26%
<i>Underlying tax rate</i>	27.4%		
Net income <sup>1</sup>	86.9	+31%	+29%
Adjusted earnings <sup>1</sup>	86.7		
EPS - adjusted <sup>1</sup>	38.0p	+22%	+20%
EPS – diluted, adjusted <sup>1</sup>	37.0p	+23%	+21%

→ Tax rate down 200bps

→ Impact of share placing

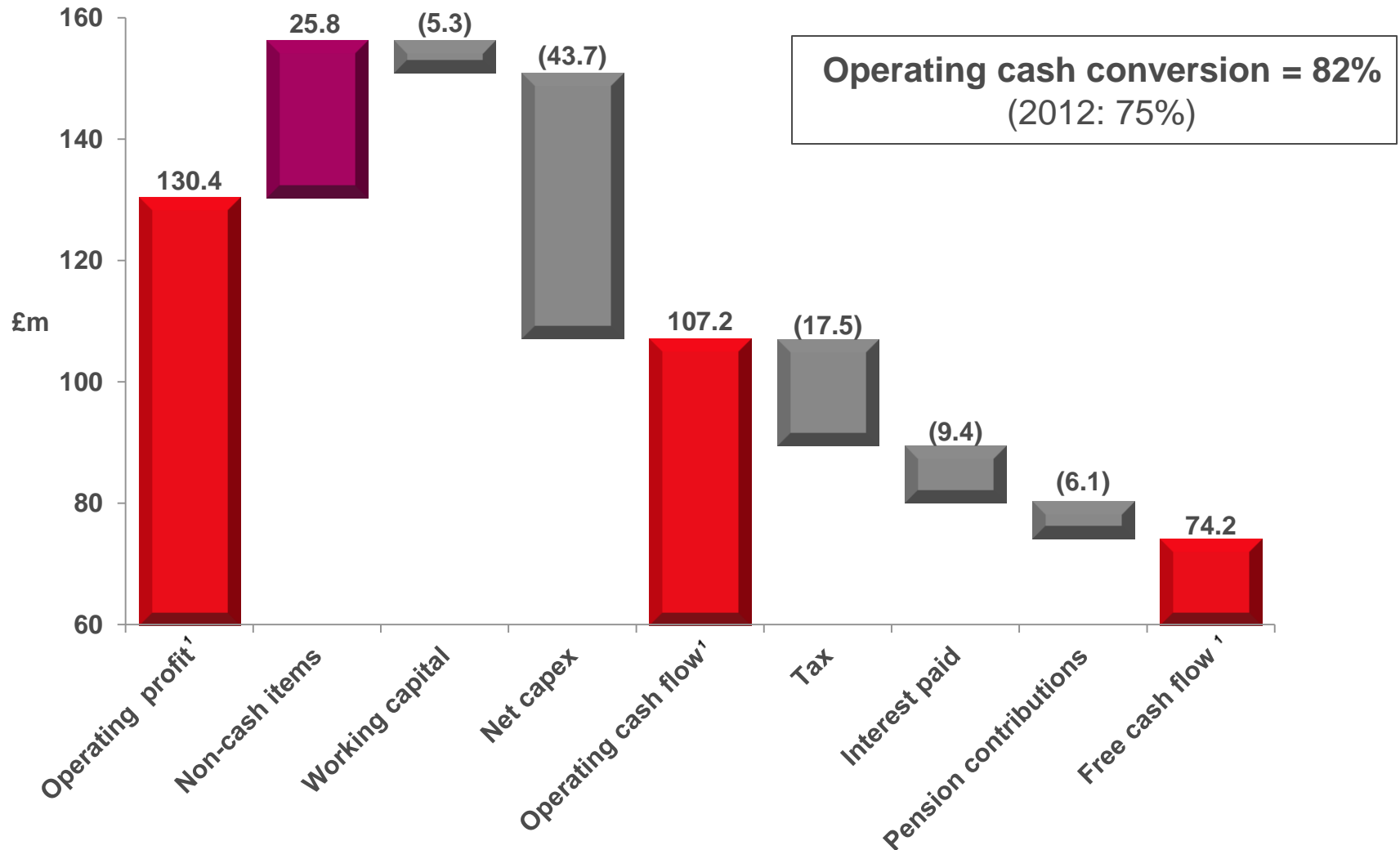
<sup>1</sup> Adjusted to exclude intangible amortisation and exceptional operating items

# EXCEPTIONAL OPERATING ITEMS



	<b>FY 13 £m</b>
<b>Acquisition fees</b>	<b>4.7</b>
<b>Acquisition integration &amp; restructuring costs</b>	<b>12.6</b>
<b>Other</b>	<b>1.9</b>
<b>Total exceptional operating items</b>	<b>19.2</b>

# CASH FLOW<sup>1</sup>



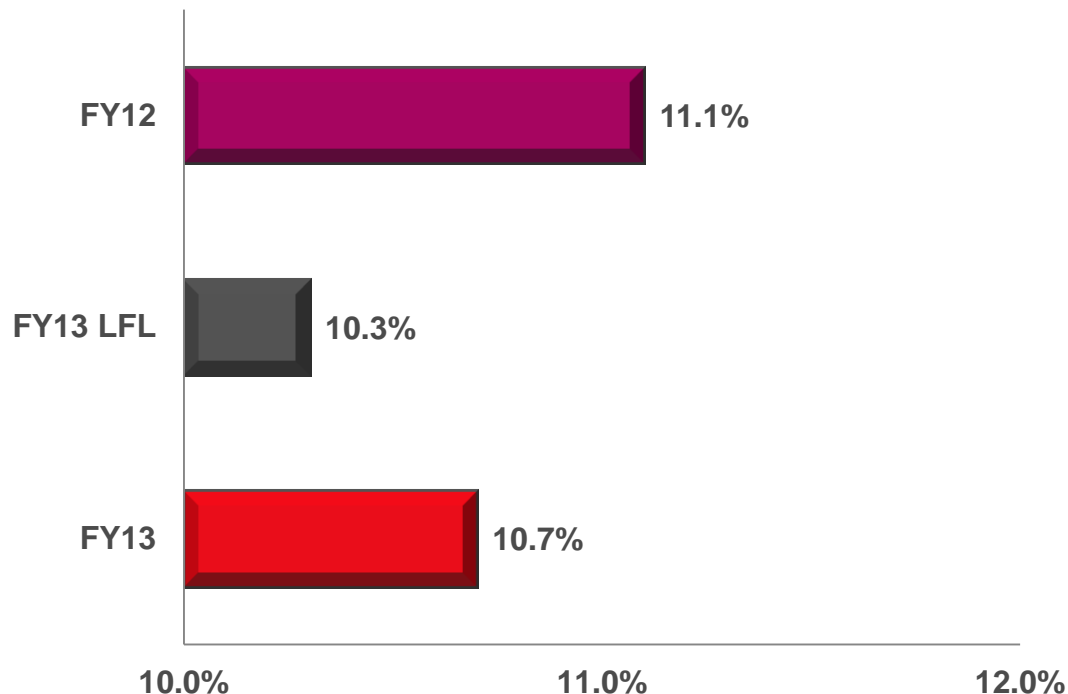
**Continued strong cash generation**

<sup>1</sup> Adjusted to exclude intangible amortisation and exceptional operating items

# WORKING CAPITAL



Working capital / revenue<sup>1</sup> (WCR)



**Improved WCR ratio, notwithstanding acquisition impact**

<sup>1</sup> Constant exchange rates, based on last 12 month revenue

# NET DEBT RECONCILIATION

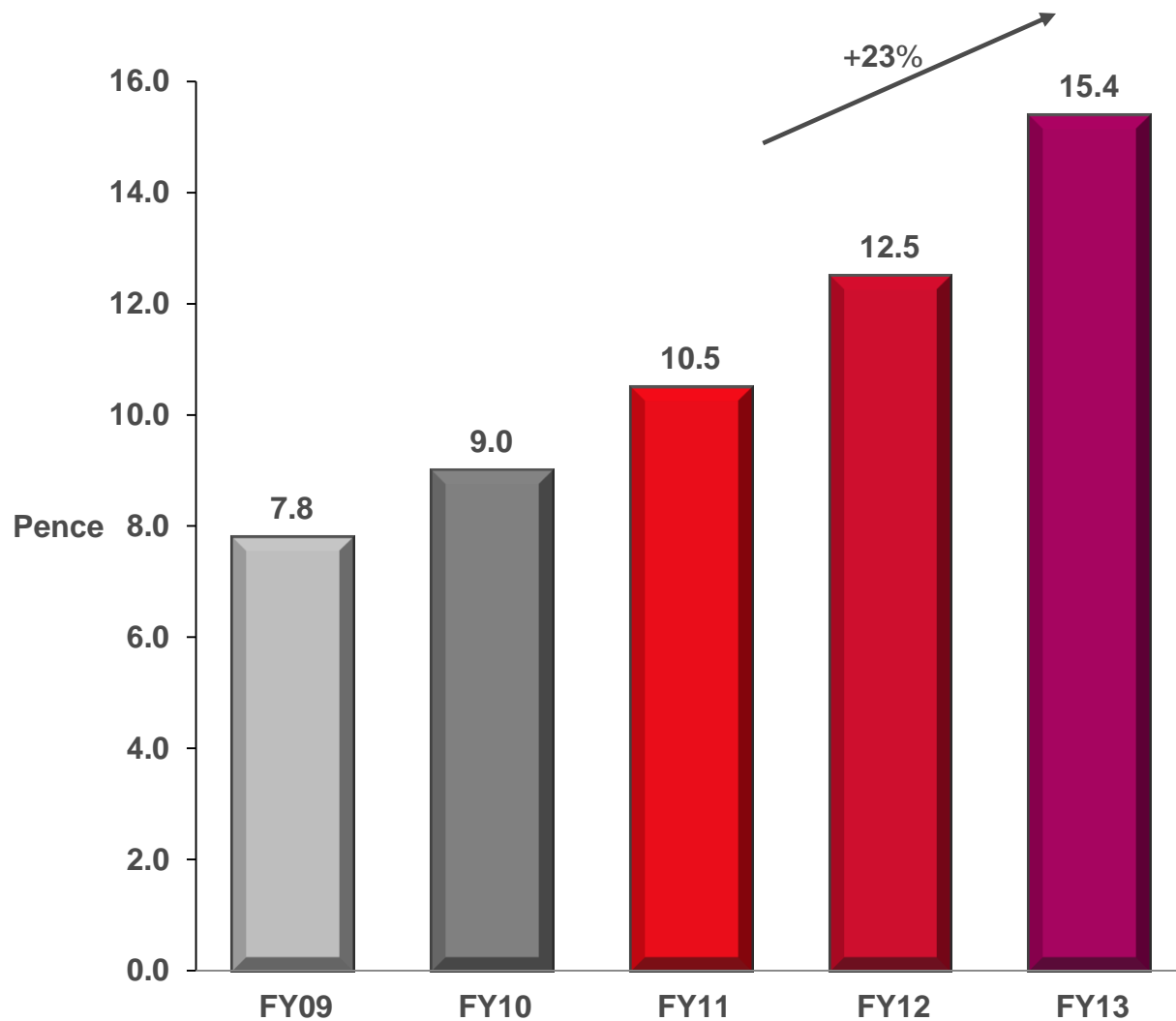


	£m
As at 1 January 2013	164
FX	(1)
As at 31 December 2013	217
<b>Change in net debt after FX</b>	<b>54</b>
Of which:	
Free cash flow	(74)
Acquisitions (net of share placing)	66
Dividends	31
Exceptionals	17
Net cashflow from employee trust shares	12
Other	2
	<b>54</b>

**Net debt / EBITDA ratio of 1.3x**

NOTE:  
Negative numbers denote a cash inflow, positive numbers a cash outflow

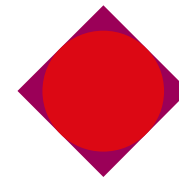
# DIVIDEND



**Progressive dividend**

<sup>1</sup> Adjusted to exclude intangible amortisation and exceptional operating items

# 2014 OUTLOOK



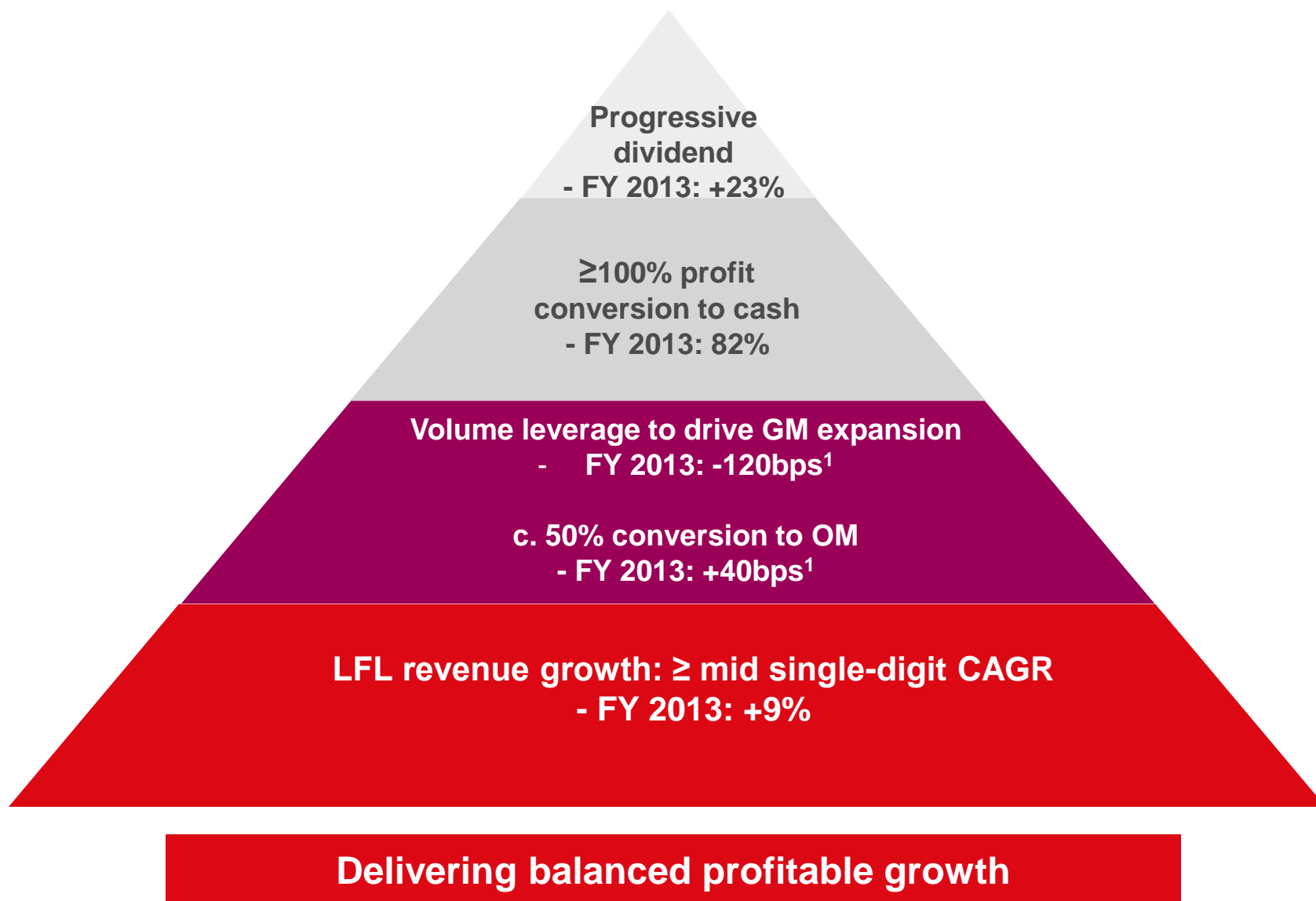
- Well-positioned to deliver further balanced, profitable growth
  - Potential FX impact
  - H2 > H1 owing to:
    - Headwind in Porous Technologies
    - Possible closure costs in Filter Products
- At least 100bps improvement in the tax rate vs FY 2013
- Further strong free cash flow generation
  - Capex of c. £46m (subject to timing of key projects)
  - c. £150m firepower for acquisitions from current facilities

**Continued delivery of Vision 2015 objectives**

# VISION 2015 UPDATE & 2014 OUTLOOK

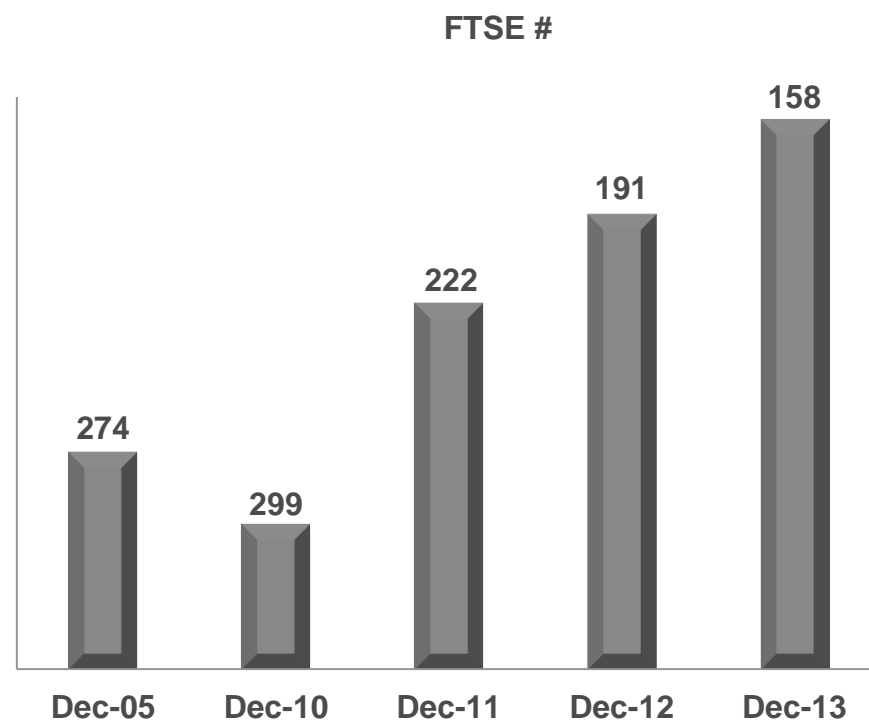
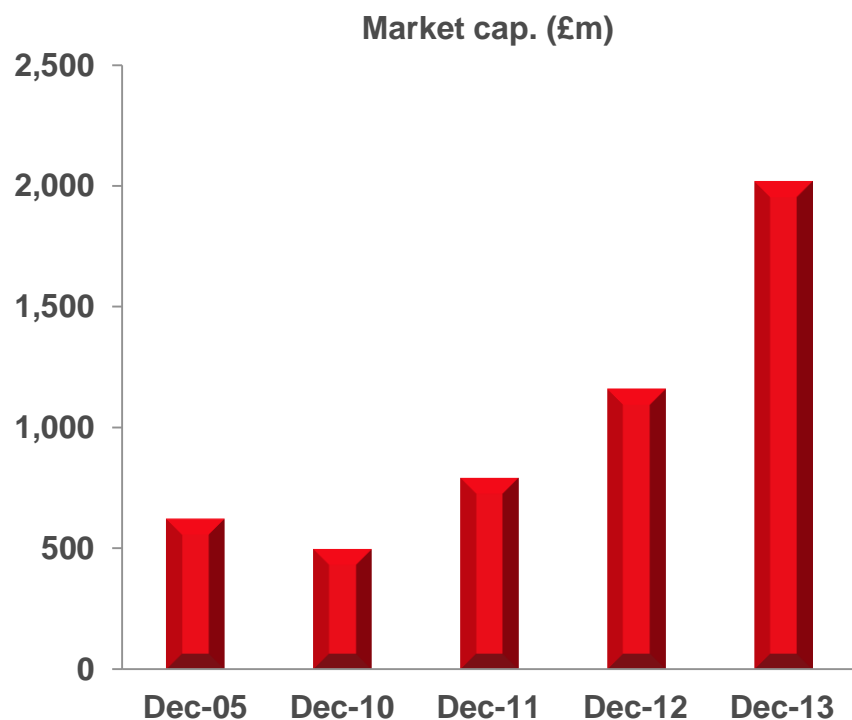
Colin Day  
Chief Executive

# VISION 2015 – OUR PROGRESS IN 2013



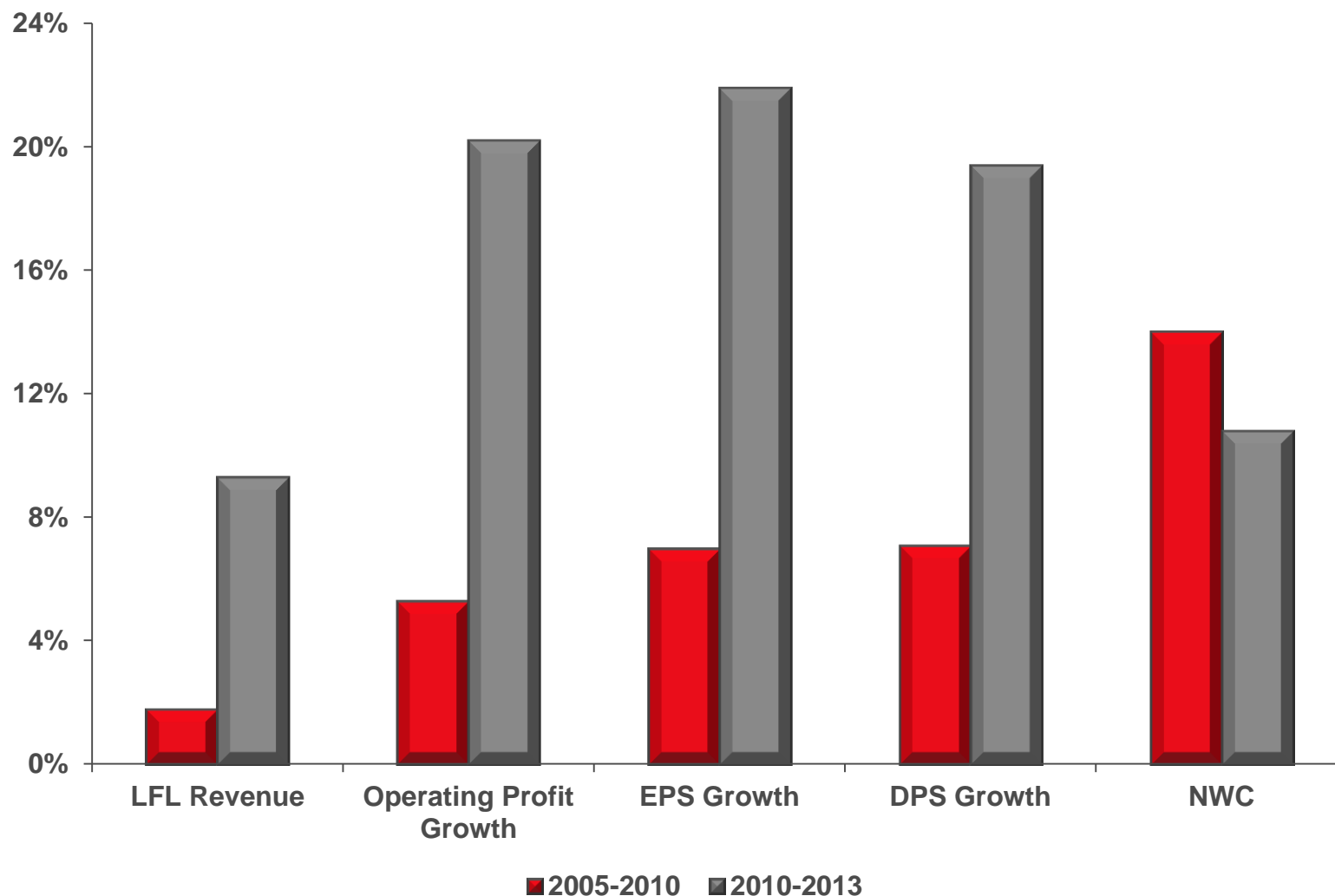
<sup>1</sup> At constant exchange rates and adjusted to exclude intangible amortisation and exceptional operating items

# VISION 2015 – OUR PROGRESS TO DATE

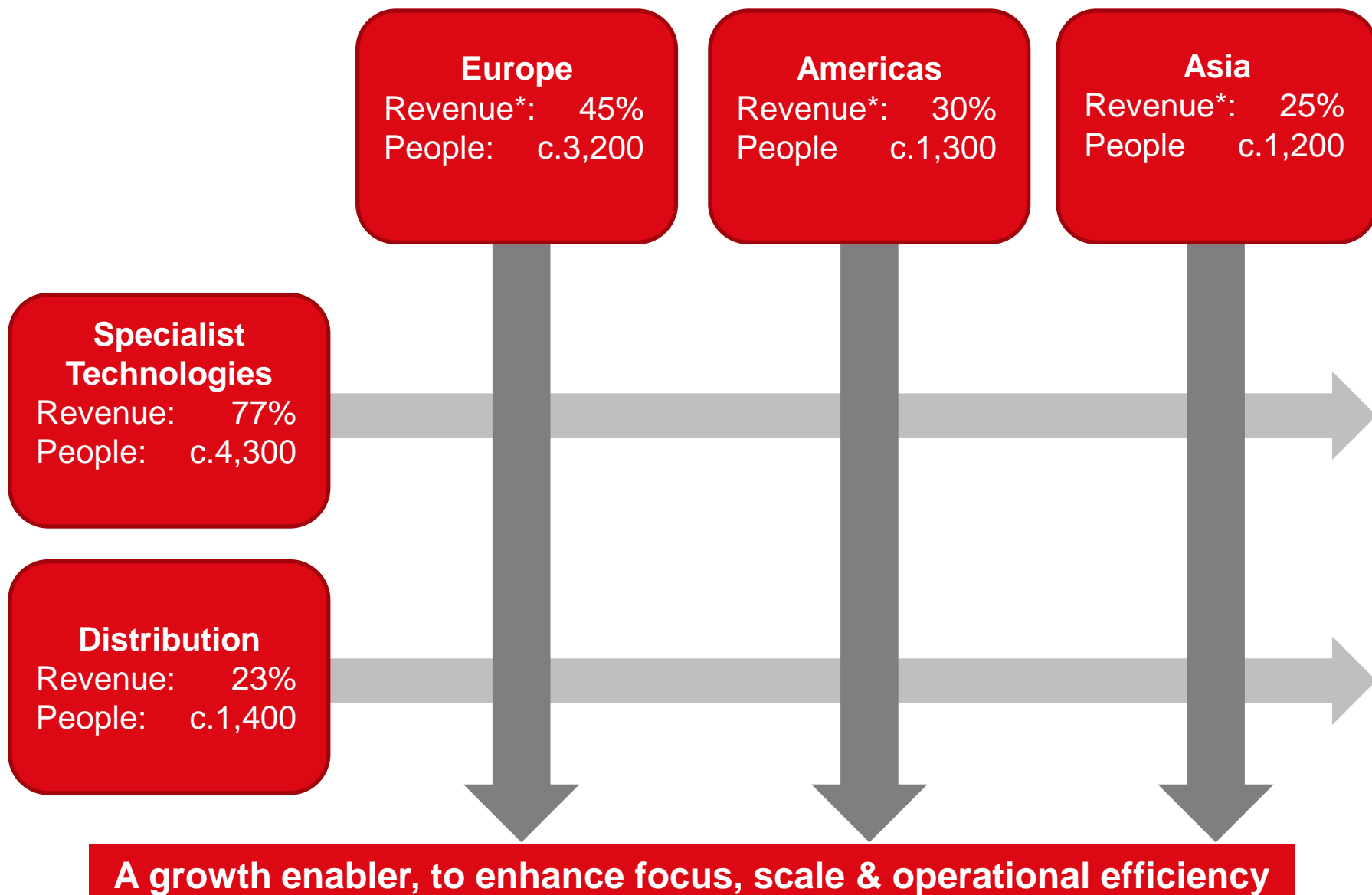


**Four-fold increase in market cap. since end-2010**

# VISION 2015 – OUR PROGRESS TO DATE



# REGIONALISATION: 2014



# OUR NEXT KEY MILESTONE: £1BN REVENUE

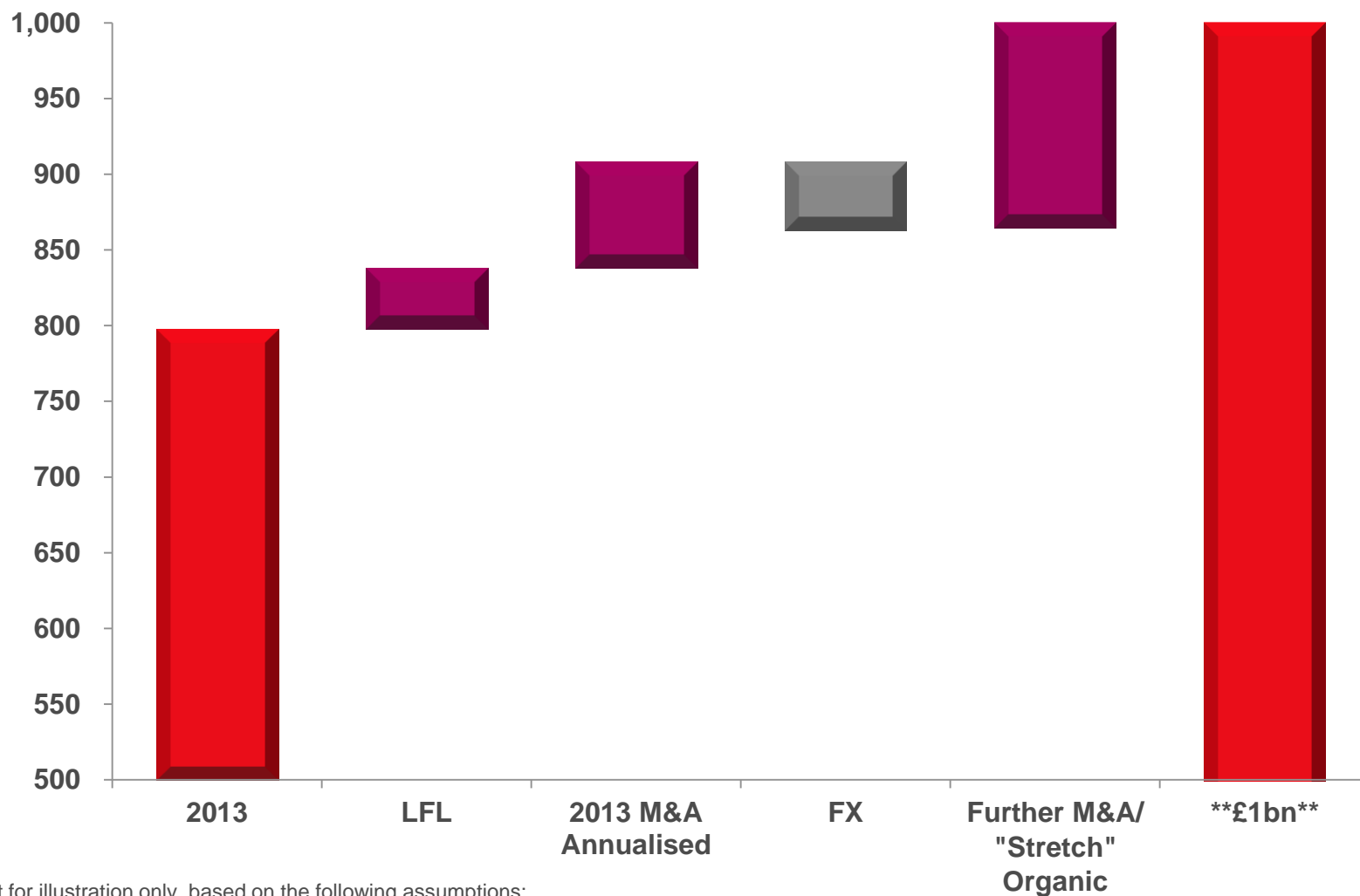
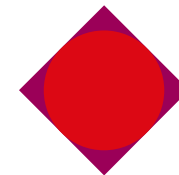


Chart for illustration only, based on the following assumptions:

- Mid single-digit LFL revenue growth of 5%
- Estimated FY 2014 FX impact, based on current spot rates

# 2014: SUMMARY



- Well positioned for continued balanced, profitable growth
  - Improving economic backdrop
  - Pipeline of new project wins
  - Ongoing initiatives to drive further margin expansion
- Focus on successful integration of recent acquisitions and further pipeline development
- Continued strong cash flow generation
- Further investment to support future revenue growth opportunities
- Transition to a more matrix organisational structure to maximise the available opportunities

**Continued delivery of Vision 2015 objectives:  
> mid single-digit LFL revenue growth and double-digit adj. EPS growth<sup>1</sup>**

<sup>1</sup> At constant exchange rates

# BEYOND VISION 2015 ...?



**... to be unveiled end-2014**

# APPENDICES

# INCOME STATEMENT – REPORTED BASIS



	FY 13	Growth	
	£m	Actual FX	Constant FX
Adjusted operating profit	130.4	+25%	+23%
Intangible amortisation	(14.2)		
Exceptional operating items	(19.2)		
Reported operating profit	97.0	+13%	+12%
Net finance charge	(10.6)		
Profit before tax	86.4	+15%	+14%
Taxation	(26.1)		
- <i>Underlying tax rate</i>	27.4%		
Net income	60.3	+16%	+13%
EPS	26.3p	+8%	+6%
EPS - diluted	25.7p	+9%	+7%

# EXCHANGE RATES



Year ended 31 December 2013	Average	Closing
US \$/£	1.57	1.66
Euro €/£	1.18	1.20

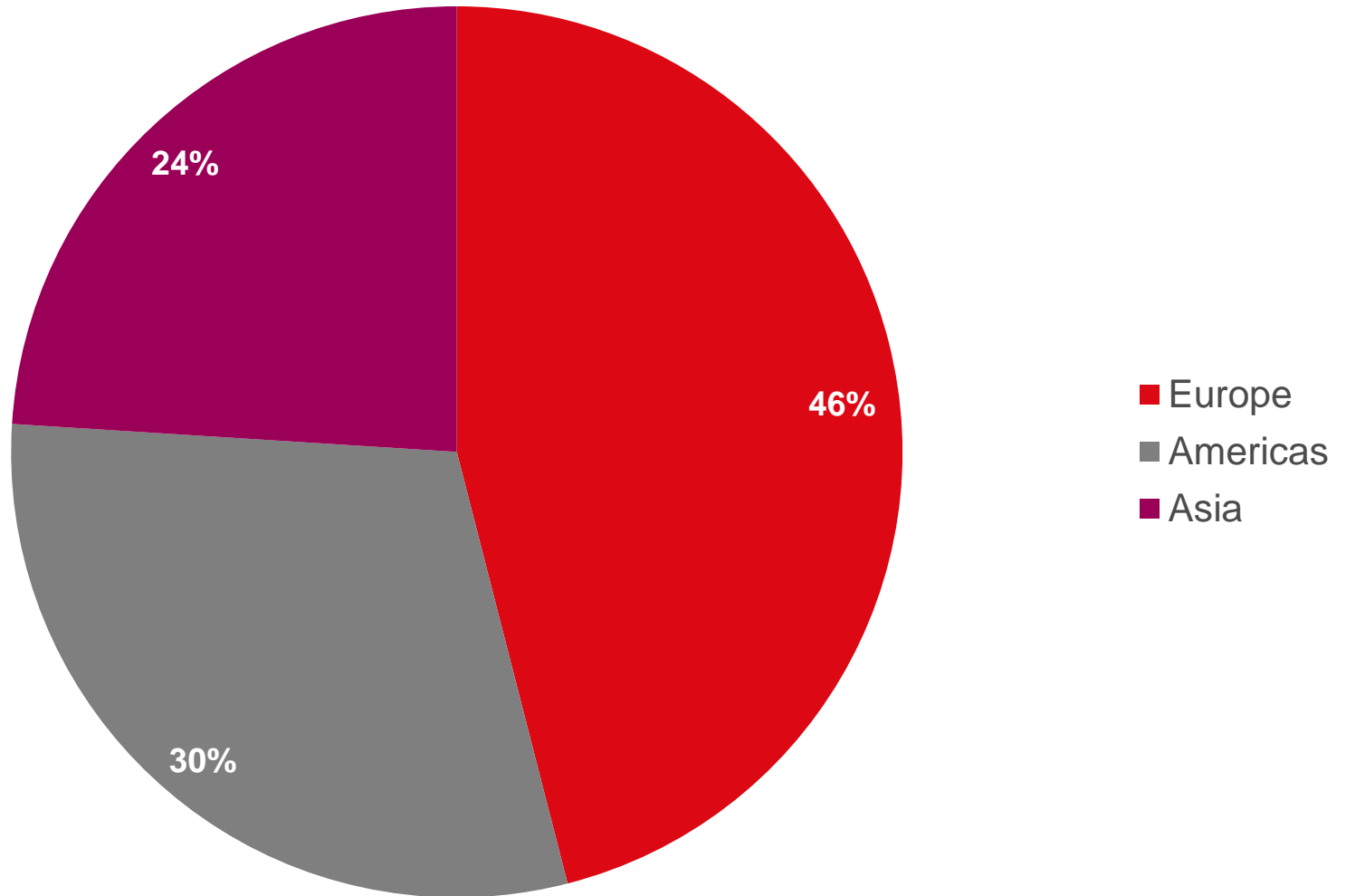
  

Impact of a one cent change per annum	Op. Profit (£m)
US \$/£	0.4
Euro €/£	0.2

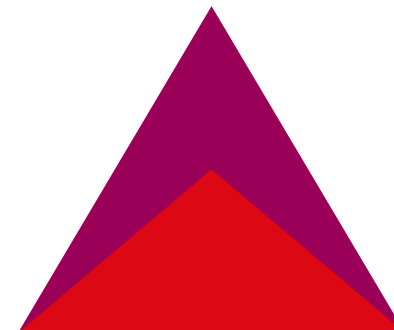
Year ended 31 December 2012	Average	Closing
US \$/£	1.59	1.63
Euro €/£	1.23	1.23

# REVENUE BY DESTINATION – FY 2013



---

# DISCLAIMER



## IMPORTANT LEGAL NOTICE

**THIS DOCUMENT IS STRICTLY CONFIDENTIAL TO THE RECIPIENT AND HAS BEEN SUBMITTED TO YOU SOLELY FOR YOUR INFORMATION. THE RECIPIENT MAY NOT REPRODUCE OR REDISTRIBUTE ANY PART OF THIS DOCUMENT TO ANY PERSON IN ANY FORM.**

THIS DOCUMENT AND THE PRESENTATION TO WHICH IT RELATES ("**PRESENTATION**") NEITHER CONSTITUTES, NOR FORMS PART OF, AN ISSUE FOR SALE OR SUBSCRIPTION OF, OR SOLICITATION OF ANY OFFER OR INVITATION TO SUBSCRIBE FOR, UNDERWRITE OR OTHERWISE ACQUIRE OR DISPOSE OF ANY SECURITIES OF ESSENTRA PLC (THE "**COMPANY**") NOR SHOULD IT OR ANY PART OF IT FORM THE BASIS OF, OR BE RELIED ON IN CONNECTION WITH, ANY CONTRACT OR COMMITMENT WHATSOEVER WHICH MAY AT ANY TIME BE ENTERED INTO BY THE RECIPIENT OR ANY OTHER PERSON, NOR DOES IT CONSTITUTE AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY UNDER SECTION 21 OF THE UK FINANCIAL SERVICES AND MARKETS ACT 2000, NOR DOES IT CONSTITUTE AN INVITATION TO EFFECT ANY TRANSACTION WITH THE COMPANY OR TO MAKE USE OF ANY SERVICES PROVIDED BY THE COMPANY.

THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW AND PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS.

WHILE THE INFORMATION IN THIS DOCUMENT AND THE OPINIONS ARE BASED ON SOURCES BELIEVED TO BE RELIABLE THE COMPANY HAS NOT INDEPENDENTLY VERIFIED THE CONTENTS OF THIS DOCUMENT. ACCORDINGLY, NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IS MADE AS TO AND NO RELIANCE SHOULD BE PLACED ON THE FAIRNESS, ACCURACY, COMPLETENESS OR CORRECTNESS OF THE INFORMATION OR OPINIONS CONTAINED IN THIS DOCUMENT OR IN ANY PRESENTATION OR OTHER COMMUNICATION (WHETHER WRITTEN OR ORAL) ACCOMPANYING THIS DOCUMENT. THE INFORMATION AND OPINIONS CONTAINED IN THIS DOCUMENT OR THE PRESENTATION ARE PROVIDED AS AT THE DATE OF THIS PRESENTATION AND ARE SUBJECT TO CHANGE WITHOUT NOTICE. NEITHER THE COMPANY NOR ITS SHAREHOLDERS NOR ANY OF THEIR ASSOCIATES OR AFFILIATES NOR ANY OF THEIR RESPECTIVE DIRECTORS, MEMBERS, OFFICERS OR EMPLOYEES SHALL HAVE ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING DIRECTLY OR INDIRECTLY FROM ANY USE OF THIS DOCUMENT OR ITS CONTENTS OR OTHERWISE ARISING IN CONNECTION THEREWITH.

NEITHER THE INFORMATION IN THIS DOCUMENT NOR THE PRESENTATION SHOULD NOT BE INTERPRETED AS A PROFIT FORECAST NOR SHOULD ANY INFORMATION CONTAINED HEREIN BE INTERPRETED TO MEAN THAT THE FUTURE EARNINGS PER SHARE OF THE COMPANY WILL NECESSARILY MATCH OR EXCEED THE HISTORICAL PUBLISHED EARNINGS PER SHARE. PAST PERFORMANCE CANNOT BE RELIED ON AS A GUIDE TO FUTURE PERFORMANCE.

ALL STATEMENTS OTHER THAN STATEMENTS OF HISTORICAL FACTS INCLUDED IN THIS PRESENTATION, INCLUDING, WITHOUT LIMITATION, THOSE REGARDING THE COMPANY'S FINANCIAL POSITION, BUSINESS STRATEGY, PLANS AND OBJECTIVES OF MANAGEMENT FOR FUTURE OPERATIONS (INCLUDING DEVELOPMENT PLANS AND OBJECTIVES RELATING TO THE COMPANY'S SERVICES) ARE 'FORWARD-LOOKING STATEMENTS'. FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE COMPANY OR THOSE MARKETS AND ECONOMIES TO BE MATERIALLY DIFFERENT FROM FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THESE RISKS AND UNCERTAINTIES INCLUDE INTERNATIONAL, NATIONAL AND LOCAL CONDITIONS AND OTHER FACTORS INCLUDING THOSE DESCRIBED UNDER "MANAGEMENT OF PRINCIPAL RISKS" IN THE COMPANY'S ANNUAL REPORT AND ACCOUNTS. SUCH FORWARD-LOOKING STATEMENTS ARE BASED ON NUMEROUS ASSUMPTIONS REGARDING THE COMPANY'S PRESENT AND FUTURE BUSINESS STRATEGIES AND THE ENVIRONMENT IN WHICH THE COMPANY WILL OPERATE IN THE FUTURE AND SUCH ASSUMPTIONS MAY OR MAY NOT PROVE TO BE CORRECT. THESE FORWARD-LOOKING STATEMENTS SPEAK ONLY AS AT THE DATE OF THIS PRESENTATION. THE COMPANY EXPRESSLY DISCLAIMS ANY OBLIGATION (OTHER THAN PURSUANT TO LAW) OR UNDERTAKING TO DISSEMINATE ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN TO REFLECT ANY CHANGE IN THE COMPANY'S EXPECTATIONS WITH REGARD THERETO OR ANY CHANGE IN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED.



---

ESSENTRA

# INVESTOR PRESENTATION

Full Year 2013 Results

---

20 FEBRUARY 2014

