

ESSENTRA PLC
FILTERS JOINT VENTURE IN CHINA

Essentra plc (“Essentra” or the “Company”) today announces it has signed an agreement for the establishment of a new joint venture (JV) company in China, China Tobacco Essentra (Xiamen) Filters Co., Ltd.

Shareholders in the JV will be Essentra Pte Ltd (which will own a 49% shareholding), China Tobacco Fujian Industrial Co., Ltd (which will own a 21% shareholding), Shanghai Haiyan Investment Management Co., Ltd (which will own a 10% shareholding), China Tobacco Hunan Investment Management Co., Ltd (which will own a 10% shareholding) and China Tobacco Guangxi Tiancheng Management Co., Ltd (which will own a 10% shareholding).

The JV shall produce specialist and next generation filters, which the JV plans to manufacture locally in a new facility in Xiamen, and will incorporate a state-of-the-art development and testing centre.

The associated equity investment for this opportunity in aggregate is c.£16m (Essentra’s share of which will be in line with our respective shareholding in the JV). Establishment of the JV is subject to formal approval from the relevant regulatory authorities in accordance with the Tobacco Monopoly Law of the People’s Republic of China and completion of various ancillary documents. Essentra and China Tobacco Fujian will cooperate closely to obtain the necessary regulatory approvals as soon as possible. It is anticipated that the JV will commence construction and fit out of the new plant and machinery in Q1 2020. We expect the JV to ship first production volumes to local customers in November 2020, at the earliest.

This transaction delivers another key strategic ‘game changer’ for the Filters division, and closely follows the recent announcement of a significant outsourcing deal. This alliance will open up Essentra’s access so that it can further tap into the market in China.

Commenting on today’s announcement, Paul Forman, Chief Executive said:

“I am very pleased to secure this particular strategic ‘game changer’ for Filters. The JV’s onshore development and testing facility, together with local production, will enable us to work ever more closely with our partners in China to provide innovative special filter solutions”.

This announcement contains inside information.

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Notes to Editors

About Essentra plc

Essentra plc is a FTSE 250 company and a leading global provider of essential components and solutions. Organised into three global divisions, 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.

Headquartered in the United Kingdom, Essentra's global network extends to 34 countries and includes c. 8,000 employees, c. 45 principal manufacturing facilities, c. 30 sales & distribution operations and 4 research & development centres. For further information, please visit www.essentraplc.com.

Essentra Components

Essentra Components is a global market leading manufacturer and distributor of plastic injection moulded, vinyl dip moulded and metal items. Operating in 29 countries worldwide, 14 manufacturing facilities and 29 logistics centres serve more than 85,000 customers with a rapid supply of low cost but essential products for a variety of applications in industries such as equipment manufacturing, automotive, fabrication, electronics and construction. The division also includes the Industrial Supply business (Reid), which provides a wide range of branded hardware supplies to a broad base of industrial customers, largely located in the US Mid-West.

Essentra Packaging

Essentra Packaging is one of only two multicontinental suppliers of a full secondary packaging range to the health and personal care sectors, with 24 facilities across four geographic regions. The division's innovative products include cartons, leaflets, self-adhesive labels and printed foils used in blister packs, which help customers to meet the rapidly-changing requirements of these end-markets and can also be combined with Essentra's authentication solutions to help the fight against counterfeiting.

Essentra Filters

Essentra Filters is the only global independent cigarette filter supplier. The seven worldwide locations, plus a dedicated Technology Centre supported by three regional development facilities, provide a flexible infrastructure strategically positioned to serve the tobacco sector. The business supplies a wide range of value-adding high quality innovative filters, packaging solutions to the roll your own segment and analytical laboratory services for ingredient measurement to the industry: Essentra's offering also includes e-cigarette and Heat Not Burn solutions to the rapidly evolving market for Next Generation Products. The division now also includes the Tear Tapes business, which is globally recognised as the leading manufacturer and supplier of pressure-sensitive tear tapes, that are largely used in the tobacco, food and drink and specialist packaging sectors.