3 August 2018

ESSENTRA PLC
("the Company")

A leading global provider of essential components and solutions

RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2018

STRATEGIC MOMENTUM, STABILITY INCREASED, REVENUE & PROFIT GROWTH RESTORED

Summary:

- Profit growth from a stable revenue base restored for the first time since 2015.
  - Revenue unchanged on a like-for-like[1] basis (+1.3%, adjusting for the closure of the Newport IP5 cartons site at the end of 2017).
  - Adjusted operating profit[2, 4] up 4.7% (at constant FX) to £43.5m; adjusted operating margin[2, 4] +30bps to 8.5%.
    - Margin expansion in three out of four divisions.
  - Reported operating profit[4] growth of 7.6% (at constant FX) to £26.0m.
  - Basic adjusted EPS[2, 4] higher by 2.3% (at constant FX) to 11.0p.
- Strong operating cash conversion[3, 4] of c. 84% (HY 2017: 71%), with net debt / EBITDA of 1.9x.
- The three elements of the Group programme all proceeding well and in line with plan:
  - Stability: widespread progress again on all underlying operating metrics.
  - Strategy: key elements of 2017 strategies progressing, strategic plan for Specialist Components now in place.
  - Growth: Return to growth in Packaging - Europe & Asia (ex-Newport IP5 site). Strong performance in Components maintained, Filters more stable.
- Expectations for continued financial improvement and strategic progress in H2.
- Half year dividend maintained at 6.3p per share.

Results at a glance:

	HY 2018	HY 2017	% change Actual FX	% change Constant FX
Revenue – cont.[4]	£513m	£523m	-2	+2
Adjusted[2] operating profit - cont.[4]	£44m	£43m	+2	+5
Adjusted[2] pre-tax profit - cont.[4]	£38m	£37m	+3	+6
Adjusted[2] net income[5] – cont.[4]	£31m	£30m	+3	+6
Adjusted[2] basic earnings per share – cont.[4]	11.0p	11.2p	-2	+2
Dividend per share	6.3p	6.3p	-	n/a
Reported operating profit – cont.[4]	£26m	£25m	+4	+8
Reported pre-tax profit – cont.[4]	£21m	£19m	+7	+11
Reported net income[5] – total	£17m	£127m	-87	-88
Reported basic earnings per share – total	5.7p	48.4p	-88	-89

[1] Excludes the impact of acquisitions, disposals and foreign exchange
[2] Before intangible amortisation and exceptional & other adjusting 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 for the period

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

"I am pleased by the Group's continued transformation and the progress we have made on our strategic objectives in the first half of 2018, returning the Company to profit growth while maintaining widespread stability across the organisation.

Our Components business continued to deliver strong organic growth and has also now completed two acquisitions, in line with our strategy to selectively add high quality, value enhancing businesses to the Group. Filters is improving its focus on innovation and key customer account management capabilities, and continues to make progress with its three potential "game changers", while we have also now developed strategies for each of our six Specialist Components businesses.

Importantly, I believe we have now turned a corner in Packaging, although there is still much to do. The sequential improvement in 2018 in both the revenue trend and profitability is testament to the significant efforts we have made to stabilise the business, to focus on doing the basics better and to become an increasingly valued partner to our customers. As a result, our Europe & Asia Packaging business returned to underlying growth (ie, adjusting for the closure of our Newport cartons site), and we are confident of reaching an inflection point for the entire Packaging division during the second half of this year.

There remains much to do to restore the Group to sustainable, profitable growth. However, together we are delivering against a clear plan and are making significant progress in building a brighter future for Essentra."

Outlook Statement

As previously communicated, with effect from 1 January 2018, and consistent with our strategic review, we are now organised into four divisions: Components, Packaging, Filters and Specialist Components.

In our Components business we expect further broad-based growth and a stable margin versus FY 2017, through ongoing focus on building a consistent and "hassle free" proposition.

With the bias of our Filters business towards innovative special filters, and the exposure of Specialist Components to broad industrial end-markets, the year-on-year revenue outlook for each of these divisions is stable, with a broadly steady margin in Filters versus the prior year and the H2 margin in Specialist Components slightly higher than HY 2018.

Having stabilised our Packaging business, we anticipate improving year-on-year revenue and margin trends as we continue to regain "share of wallet" based on demonstrably improved customer service and operational metrics.

Accordingly, as we continue to drive our divisional strategies while maintaining stability across the organisation, our expectation for the total Group to deliver like-for-like revenue growth and margin expansion in 2018 is unchanged.

Basis of Preparation

Unless otherwise stated, the HY 2018 results and narrative contained herein reflect the performance of the Essentra Group on a continuing operations basis (ie, excluding Porous Technologies, which was divested on 6 March 2017).

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 2018 were:

	Average		Closing	
	HY 2018	**HY 2017**	**HY 2018**	**HY 2017**
US$:£	1.36	1.27	1.32	1.30
€:£	1.13	1.16	1.13	1.14

Re-translating at HY 2018 average exchange rates decreases the prior year revenue and adjusted operating profit by £17.8m and £1.2m 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 2018 LFL results are adjusted for the divestment of the Bristol consumer packaging site on 5 June 2017 and the acquisition of Micro Plastics on 12 December 2017.

Adjusted basis. The term "adjusted" excludes the impact of intangible amortisation and exceptional & other adjusting items, less any associated tax impact. In HY 2018, intangible amortisation was £11.2m (HY 2017: £11.5m), and there was an exceptional & other adjusting items pre-tax charge of £6.3m (HY 2017: £6.4m) relating to costs associated with the strategic review of the Company which has now been completed, as well as certain restructuring of the cost base in the Packaging division.

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 21 of the 2017 Annual Report.

Operating Review

HY 2018 revenue decreased 1.8% (increased 1.7% at constant FX) to £513.1m, with LFL revenue unchanged (+1.3%, adjusting for the closure of the Newport IP5 cartons site at the end of 2017). The underlying result reflected a continued strong result in Components and sequential improvement in the rate of revenue decline in Packaging, with the performance in both Filters and Specialist Components in line with expectations and with a stable FY 2018 outlook.

On an adjusted basis, operating profit was ahead 1.6% (4.7% at constant FX) at £43.5m. The 30bps uplift in the margin (30bps at constant FX) to 8.5% was largely driven by the Components division, supported by an improvement in both Packaging and Filters.

Including intangible amortisation of £11.2m and an exceptional & other adjusting items pre-tax charge of £6.3m - relating to costs associated with the strategic review of the Company which has now been completed, as well as certain restructuring of the cost base in the Packaging division - operating profit as reported was 4.4% higher at £26.0m (+7.6% at constant FX).

Net finance expense was below the prior year at £5.2m (HY 2017: £5.5m), largely due to a reduction in the IAS 19 pension finance cost. The effective tax rate on profit before tax (before exceptional & other adjusting items) was unchanged at c. 20.0% (HY 2017: 20.0%).

On an adjusted basis, net income of £30.6m was up 2.7% (+6.3% at constant FX) and earnings per share decreased by 1.8% (increased 2.3% at constant FX) to 11.0p. On a total reported basis, net income of £16.6m and earnings per share of 5.7p compared to net income of £127.2m and earnings per share of 48.4p in HY 2017, as a result of the exceptional gain resulting from the disposal of Porous Technologies in the prior year period.

Adjusted operating cash flow for the total Group was 12.3% higher than the previous year at £36.4m (HY 2017: £32.4m), largely due to further improvements in working capital management: this equated to operating cash conversion of 84% (HY 2017: 71%). Adjusted free cash flow of £22.6m compared to £9.0m in HY 2017, an increase of 151%.

With effect from 1 January 2018, the Company is now organised into four divisions. A restatement of the HY 2017 revenue and adjusted operating profit on this basis is set out in note 2 to the Consolidated Financial Statements.

Business Review

Summary growth in revenue by Division

% growth	LFL	Acquisitions / Disposals	Foreign Exchange	Total Reported
Components	+10	+9	-3	+16
Packaging	-5	-1	-2	-8
Filters	-3	-	-5	-8
Specialist Components	+1	-	-4	-3
Total Company	**-**	**+2**	**-4**	**-2**

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

Components

	HY 2018 £m	% growth Actual FX	% growth Constant FX
Revenue	139.6	+15.7	+18.8
Operating profit	31.6	+20.2	+21.4
Operating margin	22.6%	+80bps	+50bps

Revenue increased 18.8% to £139.6m. Adjusting for the acquisition of Micro Plastics on 12 December 2017, like-for-like growth was 9.6%.

The result was driven by continued broad-based growth across geographic regions and - consistent with the division’s strategic objectives - was underpinned by renewed focus on mid-sized enterprises, refinement of the product offer and service proposition and an improved customer experience.

The range of access hardware maintained its strong performance, supported by investment in additional injection moulding equipment in Turkey and the launch of a number of new lock, hinge and handle solutions, as well as the extension of the business into a second facility in Istanbul in the prior year. Cable management solutions and the general protection range of caps and plugs also performed well, while components aimed at the consumer electronics sector boosted the result in Asia. In addition - and reinforcing its strength in the division’s core ranges - catalogues were relaunched in both the Americas and Asia featuring c. 1,000 – 2,000 new products, particularly in the specialist fastener and hardware segments.

In line with its commitment to providing customers with a “hassle-free” experience and reliable and timely delivery, further commercial and operational initiatives commenced during the period. Supported by a selective investment in talent, these included the implementation of standardised product; manufacturing and supply chain processes; ongoing customer service improvement initiatives; and the upgrading of digital capability, with a new platform scheduled for initial launch in Q4 2018.

Having acquired Micro Plastics at the end of last year, the business performed in line with expectations and the integration to date has proceeded well, with the cross-selling of Essentra products in Mexico and of Micro Plastics’ components to the US customer base on track to roll out during the second half.

Operating profit increased 21.4% to £31.6m, equating to a margin of 22.6%. This 50bps improvement was largely driven by the strong revenue growth as well as site footprint cost savings, partially offset by continued measured investment in divisional capabilities and the dilutive impact of the currently lower Micro Plastics’ margin.

In July 2018, the acquisition of Nolato Hertila (“Hertila”) was announced for a cash consideration of approximately SEK 58m (c. £4.9m), subject to customary purchase price adjustments. Based in Sweden, Hertila is a leading manufacturer and distributor of caps and plugs and other plastic components for a wide range of industrial end markets – including automotive, mining, coating, hydraulics and medical – and the acquisition not only expands the division’s product range but also adds manufacturing capacity in Scandinavia, complementing Essentra’s existing business in Sweden.

Packaging

	HY 2018 £m	**% growth Actual FX**	**% growth Constant FX**
Revenue	170.2	-7.8	-5.9
Operating profit	1.6	+128.6	+76.4
Operating margin	0.9%	+50bps	+50bps

Revenue decreased 5.9% to £170.2m. Excluding the divestment of the Bristol consumer packaging facility on 5 June 2017, like-for-like revenue reduced 4.7% (-1.0% adjusting for both Bristol and the closure of the Newport IP5 cartons site at the end of 2017).

As expected, the rate of revenue decline showed sequential quarterly improvement, with the Europe & Asia Packaging business returning to underlying growth in HY 2018 (ie, excluding Bristol and Newport IP5). Indeed, the ongoing focus on key service and quality metrics in both Europe and the US – which improved progressively over the course of the prior year and were at least maintained during HY 2018 – continues to strengthen the dialogue about how Essentra can collaborate with customers to help them meet a range of needs and business objectives, and hence underscores the confidence of the senior management team in reaching an inflection point for the entire Packaging division during H2 2018.

This enhanced customer sentiment was reinforced by encouraging new business wins during the period, building on certain multiyear, multiproduct global framework agreements with international blue-chip healthcare companies which were signed towards the end of the prior year. Over and above maintaining service and quality standards at least at industry levels, in HY 2018 these commercial efforts were also enhanced by the establishment of a clear Key Account Management structure and the embedding of new global, European and Americas leadership teams.

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 of products through the supply chain. Complex folded literature performed well across all geographies, with an increase also in both booklet and freshness labels; at the same time, the successful transfer of certain beauty cartons activity from Newport IP5 to the Bradford, UK and Lublin, Poland sites improved their respective business mix. In addition, the Design Hub continued to leverage its capabilities in providing value-added solutions, with a second facility established in Moorestown, US, to better serve customers in the Americas.

As previously communicated, significant investment in equipment continued to rebuild operational capability across the division. This incremental investment included complex literature folding equipment in the UK, Ireland, Germany and Puerto Rico; cut-and-crease carton equipment in the UK and the US; new presses with superior colour management in the UK, Ireland, the US and Puerto Rico; a new gluing line in Spain; and an improved quality management tool across all facilities.

Operating profit increased 76.4% to £1.6m, with a margin uplift of 50bps to 0.9%; on a like-for-like basis, the improvement was 30bps to 1.0% (-180bps to 1.0%, adjusting for both Bristol and Newport IP5). This was largely driven by the closure of the loss-making Newport IP5 facility and the receipt of an additional £1.2m of insurance proceeds in respect of hurricane-related disruption to the Puerto Rico sites in 2017, which were partly offset by the ongoing (but weakening) volume gearing effect of the revenue decline, continued investment in rebuilding divisional capability and higher raw material costs not being fully recouped during the period through price increases.

In July 2018, the divestment of the trade and assets of Swiftbrook, Ireland was announced, for an undisclosed consideration. Swiftbrook is a paper merchant based in Dublin, that serves customers in end-markets such as office supplies, commercial print and pharmaceutical. For the year ended 31 December 2017, the business generated revenue of EUR 4.4m.

Filters

	HY 2018 £m	**% growth Actual FX**	**% growth Constant FX**
Revenue	125.8	-8.0	-2.5
Operating profit	15.3	-5.0	-0.9
Operating margin	12.2%	+40bps	+20bps

Revenue decreased 2.5% to £125.8m, largely reflecting the timing of projects versus the prior year period, and which is characteristic of the volatile nature of projects in the tobacco industry. In addition, discussions regarding each of the division’s potential “game changers” – being further outsourcing, a joint venture in China and Next Generation Products (“NGP”) – were further progressed.

The acknowledged capabilities of the Filters division – in terms of delivering value-added products which meet the evolving requirements of customers – continued to be successfully developed during the period. Within the combustible market, the trends towards products including one or more capsules and / or that demonstrate visual differentiation (such as hollow acetate tube filters) continued. With many years' experience in both these segments, the division continued to support its customers in key launches both of new products and expansion into new territories. The business in China also maintained its strong performance, with further good growth in Superslim and shaped filters which meet the rising consumer trend for smaller diameter and increasingly complex formats. In addition - and consistent with the objective of further upgrading the division's innovative capabilities - a number of workshops with suppliers were held with key suppliers, which have resulted in certain strategic development projects already being launched.

Beyond traditional combustible filters, progress in NGP was encouraging during HY 2018. Although currently a relatively modest contributor to divisional revenue and operating profit, the business successfully commercialised a Heat Not Burn ("HNB") solution for a Chinese independent customer, as well as continued to work with various multinationals and Asian independents with regard to their respective potential HNB offers.

Operating profit decreased 0.9% to £15.3m, owing to the reduction in revenue. However, the margin was 20bps higher at 12.2%, largely driven by further operational initiatives, which resulted in enhanced service and quality and reduced waste levels, as well as a material improvement in health and safety performance.

Specialist Components

	HY 2018 £m	% growth Actual FX	% growth Constant FX
Revenue	80.8	-3.2	+0.8
Operating profit	5.5	-26.7	-21.4
Operating margin	6.8%	-220bps	-190bps

Revenue increased 0.8% to £80.8m, with the division benefiting from the six constituent business activities being run separately and on a more entrepreneurial basis under the stewardship of a recently-appointed divisional President since 1 January 2018.

Pipe Protection Technologies delivered good growth – albeit at a significantly reduced rate of improvement compared to HY 2017 – and continued to benefit from the ongoing strength in the oil price and increase in the North American rig count, with the consequent impact on drilling activity and demand from the pipe mills, oil & gas service companies and pipe processors.

Revenue in Extrusion was higher than the prior year. Continuing to benefit from its expertise in complex, technical profiles, the business made further progress with its products which are used in the purification of drinking and processed water in both industrial and municipal installations, as well in the construction industry for swimming pool covers.

The result in Industrial Supply – which serves the Maintenance, Repair and Overhaul ("MRO") segment - was supported by industrial manufacturing growth in the US Mid-West, as well as the expansion of core product lines and the introduction of new branded ranges.

The performance in Tear Tapes was impacted by volume trends, as well as lower demand for certain value-added consumer / tobacco lines in Asia and Europe and macro economic weakness in Latin America.

The result in Speciality Tapes reflected demand trends in the key end-markets served, with a steady outturn in the appliance segment offset by a decline in tapes serving the point of sale market as consumers continue to migrate to online shopping.

The Card Solutions business made a solid start, consolidating business in the University and Healthcare sectors, as well as successfully developing ID solutions for major sporting events and some of the largest English Premier League football clubs.

Operating profit decreased 21.4% to £5.5m, due to a margin decline of 190bps to 6.8%; this was largely driven by business mix, owing to revenue reduction in the relatively high margin Tapes businesses.

Financial Review

Net finance expense. Net finance expense of £5.2m was below the prior year period, and is broken down as follows:

£m	HY 2018	HY 2017
Net interest charged on net debt	4.5	4.5
Amortisation of bank fees	0.4	0.5
IAS 19 pension finance expense	0.3	0.5
Total net interest expense	**5.2**	**5.5**

Tax. The effective tax rate on profit before tax (before exceptional operating items) was c. 20.0% (HY 2017: 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 2018	HY 2017
Inventories	115.7	119.9
Trade & other receivables	199.6	218.7
Trade & other payables	(198.6)	(200.6)
Adjustments	8.8	6.1
Net working capital	**125.5**	**144.1**

The decrease in net working capital was driven by a further improvement in Trade & other receivables, supported by a moderate reduction in Inventories. The net working capital / revenue ratio was 14.1% (HY 2017: 15.5%, at constant FX), or 13.8% including the transition adjustment for IFRS 9, which led to an increase in the receivables provision at 1 January 2018 of £2.7m.

Cash flow. Adjusted operating cash flow for the total Group was £4.0m higher than versus the prior year period (ie, including Porous Technologies until 6 March 2017), at £36.4m. Adjusted free cash flow of £22.6m was £13.6m higher than HY 2017 (+151%), mainly driven by improved working capital management and a lower cash tax outflow due to cash taxes of £9.2m relating to the disposal of Porous Technologies in HY 2017.

£m	**HY 2018**	**HY 2017**
Operating profit – adjusted	**43.5**	**45.6**
Depreciation & amortisation of non-acquired intangible assets	17.9	18.2
Share option expense / other movements	1.7	(1.7)
Change in working capital	(3.5)	(12.1)
Net capital expenditure	(23.2)	(17.6)
Operating cash flow – adjusted	**36.4**	**32.4**
Tax	(9.2)	(17.9)
Exceptional & other adjusting items	(10.3)	(14.9)
Pension obligations	-	-
Other	0.8	(1.0)
Add back: net capital expenditure	23.2	17.6
Net cash inflow from operating activities	**40.9**	**16.2**
Operating cash flow - adjusted	**36.4**	**32.4**
Tax	(9.2)	(17.9)
Net interest paid	(4.6)	(5.5)
Pension obligations	-	-
Free cash flow – adjusted	**22.6**	**9.0**

Net debt. Net debt at the end of the period was £238.7m, a £28.1m increase from 1 January 2018, primarily due to the payment of the FY 2017 dividend and cash exceptional & other adjusting items.

£m	**HY 2018**
Net debt as at 1 January 2018	210.6
Free cash flow	(22.6)
Dividends	37.7
Disposals	-
Foreign exchange	3.1
Exceptional & other adjusting items	10.3
Employee trust shares	-
Other	(0.4)
Net debt as at 30 June 2018	**238.7**

The Company's financial ratios remain strong. The ratio of net debt to EBITDA as at 30 June 2018 was 1.9x (31 December 2017: 1.7x) and interest cover was 9.5x (31 December 2017: 9.0x).

Pensions. As at 30 June 2018, the net liability of the Group's retirement obligations was £2.4m (HY 2017: £17.8m). The net liability has been calculated after updating the asset values and certain assumptions as at 30 June 2018.

Dividends. The Board of Directors has approved an interim dividend of 6.3 pence per 25 pence ordinary share (HY 2017: 6.3 pence). The interim dividend will be paid on 31 October 2018 to equity holders on the share register on 28 September 2018: the ex-dividend date will be 27 September 2018. 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 10 October 2018.

Board changes. Following the Company's Annual General Meeting on 19 April 2018, Terry Twigger retired from the Board. Further to Terry's retirement, Tommy Breen was appointed as Senior Independent Non-Executive Director and Mary Reilly assumed the role of Chairman of the Audit Committee.

On 30 May 2018, the Board announced the appointment of Lily Liu to the Board of Essentra with effect from 15 November 2018, to succeed Stefan Schellinger as Chief Financial Officer. Stefan will retire from the Board on 15 November 2018 and leave the Company on 30 November 2018.

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 2018, Essentra's US dollar-denominated assets were approximately 31% hedged by its US dollar-denominated borrowings, while its euro-denominated assets were approximately 58% hedged by its euro-denominated borrowings.

The majority of Essentra's transactions are carried out in the functional currencies of its operations, and 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 Board considers risk assessment, identification of mitigating actions and internal controls to be fundamental to achieving Essentra's strategic objectives. There have been no significant changes in the material risks faced by the Essentra Group since the publication of the 2017 Annual Report. The processes by which the Board safeguards shareholder value and the assets of the Group, and the risks and uncertainties that would have a significant impact on long-term value generation, are set out in the 2017 Annual Report and detailed on pages 40 to 49.

2018 Outlook

In our Components business we expect further broad-based growth and a stable margin versus FY 2017, through ongoing focus on building a consistent and "hassle free" proposition.

With the bias of our Filters business towards innovative special filters, and the exposure of Specialist Components to broad industrial end-markets, the year-on-year revenue outlook for each of these divisions is stable, with a broadly steady margin in Filters versus the prior year and the H2 margin in Specialist Components slightly higher than HY 2018.

Having stabilised our Packaging business, we anticipate improving year-on-year revenue and margin trends as we continue to regain "share of wallet" based on demonstrably improved customer service and operational metrics.

Accordingly, as we continue to drive our divisional strategies while maintaining stability across the organisation, our expectation for the total Group to deliver like-for-like revenue growth and margin expansion in 2018 is unchanged.

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 https://www.essentraplc.com/investors/company-information/webcasts-and-presentations
- Dial in to the live webcast of the presentation, using the following details:

Dial-in number:	+44 (0)330 336 9126 (UK / international participants) +1 929 477 9324 (US participants)
Toll-free number:	0800 358 6377 (UK participants) +1 800 458 4121 (US participants)
PIN code:	9781972

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 7660 0134 (UK / international participants) +1 719 457 0820 (US participants)
Toll-free number:	0808 101 1153 (UK participants) +1 888 203 1112 (US participants)
Replay access code:	9781972
Replay available:	For 7 days

Following the HY 2018 results presentation, there will be a presentation of the strategies for each of Essentra's six Specialist Components businesses, further to the review which the Company has been undertaking since the beginning of the year. The live webcast of the strategy presentation 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. Organised into four divisions from the start of 2018 - reflecting the Company's strategic review - 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.

Essentra Components

Essentra Components is a global market leading manufacturer and distributor of plastic injection moulded, vinyl dip moulded and metal items. Operating in 27 countries worldwide, ten manufacturing facilities and 24 logistics centres serve more than 90,000 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.

Essentra Packaging

Essentra Packaging is one of only two multi-continental suppliers of a full secondary packaging range to the health and personal care sectors, with 25 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 nine worldwide locations, including 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.

Essentra Specialist Components

Essentra Specialist Components comprises the Company's six smaller businesses. These activities largely have strong positions in the markets in which they operate, although they have little overlap with each other or with Essentra's larger three global divisions.

The *Extrusion* business 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, Essentra is now one of Europe's most advanced suppliers of co-extrusion and tri-extrusion to all branches of industry.

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

The *Speciality Tapes* business has expertise in coating multiple adhesive systems in numerous technologies, with close to 3,000 tape products available for same-day shipping and predominantly for point of purchase and white goods applications.

The *Tear Tapes* business is globally recognised as the leading manufacturer and supplier of pressure-sensitive tear tapes, which are largely used in the tobacco, food and drink and specialist packaging sectors.

The *Industrial Supply* business provides a wide range of branded hardware supplies to a broad base of industrial customers, largely located in the US Mid-West.

The *Card Solutions* business is a leading European provider of ID card printers, systems and accessories to direct and trade customers.

Headquartered in the United Kingdom, Essentra's global network extends to 33 countries and includes c. 8,000 employees, 50 principal manufacturing facilities, 66 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 2018 £m**	Six months ended 30 Jun 2017 £m	Year ended 31 Dec 2017 £m
Revenue	2	**513.1**	522.6	1,027.3
Operating profit before intangible amortisation and exceptional and other adjusting items		**43.5**	42.8	84.6
Amortisation of acquired intangible assets		**(11.2)**	(11.5)	(22.9)
Exceptional and other adjusting items	3	**(6.3)**	(6.4)	(56.2)
Operating profit		**26.0**	24.9	5.5
Finance income		**0.8**	0.3	0.8
Finance expense		**(6.0)**	(5.8)	(11.2)
Profit / (loss) before tax		**20.8**	19.4	(4.9)
Income tax (expense) / credit		**(4.2)**	(4.2)	10.4
Profit from continuing operations		**16.6**	15.2	5.5
Profit from discontinued operations	8	**-**	112.0	110.3
Profit for the period		**16.6**	127.2	115.8
Attributable to:				
Equity holders of Essentra plc		**14.9**	126.6	114.3
Non-controlling interests		**1.7**	0.6	1.5
Profit for the period		**16.6**	127.2	115.8
Earnings per share attributable to equity holders of Essentra plc:				
Basic	4	**5.7p**	48.4p	43.7p
Diluted	4	**5.6p**	48.2p	43.4p
Earnings per share from continuing operations attributable to equity holders of Essentra plc:				
Basic	4	**5.7p**	5.6p	1.5p
Diluted	4	**5.6p**	5.6p	1.5p

Condensed consolidated statement of comprehensive income

	Six months ended 30 Jun 2018 £m	Six months ended 30 Jun 2017 £m	Year ended 31 Dec 2017 £m
Profit for the period	**16.6**	127.2	115.8
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension schemes	**11.8**	4.4	8.3
Deferred tax expense on remeasurement of defined benefit pension schemes	**(2.5)**	(0.9)	(2.8)
	9.3	3.5	5.5
Items that may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges:			
Net change in fair value of cash flow hedges transferred to the income statement	**(0.1)**	-	(0.6)
Effective portion of changes in fair value of cash flow hedges	**0.5**	(0.2)	0.6
Foreign exchange translation differences:			
Attributable to equity holders of Essentra plc:			
Arising on translation of foreign operations	**(2.0)**	(37.3)	(51.6)
Arising on effective net investment hedges	**(1.6)**	0.1	1.7
Income tax credit / (expense)	**0.1**	-	(0.2)
Attributable to non-controlling interests	**(0.1)**	(0.1)	(0.5)
	(3.2)	(37.5)	(50.6)
Other comprehensive income for the period, net of tax	**6.1**	(34.0)	(45.1)
Total comprehensive income for the period	**22.7**	93.2	70.7
Attributable to:			
Equity holders of Essentra plc	**21.1**	92.7	69.7
Non-controlling interests	**1.6**	0.5	1.0
	22.7	93.2	70.7

Condensed consolidated balance sheet

	Note	**30 Jun 2018 £m**	30 Jun 2017 £m	31 Dec 2017 £m
Assets				
Property, plant and equipment	5	**292.8**	285.5	283.1
Intangible assets		**537.6**	562.3	547.7
Long-term receivables		**9.5**	8.6	8.6
Deferred tax assets		**8.5**	2.6	10.4
Retirement benefit assets	6	**25.6**	15.2	18.3
Total non-current assets		**874.0**	874.2	868.1
Inventories		**115.7**	119.9	114.3
Income tax receivable		**2.8**	6.7	3.9
Trade and other receivables		**199.6**	218.7	201.0
Derivative assets	11	**0.8**	0.3	0.4
Cash and cash equivalents	7	**59.6**	58.1	52.0
Total current assets		**378.5**	403.7	371.6
Total assets		**1,252.5**	1,277.9	1,239.7
Equity				
Issued share 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		**0.1**	(0.5)	(0.3)
Translation reserve		**15.0**	31.4	18.5
Retained earnings		**348.9**	389.2	362.7
Attributable to equity holders of Essentra plc		**595.4**	651.5	612.3
Non-controlling interests		**9.6**	7.8	8.1
Total equity		**605.0**	659.3	620.4
Liabilities				
Interest bearing loans and borrowings	7	**303.0**	269.7	267.1
Retirement benefit obligations	6	**28.0**	33.0	31.7
Provisions		**17.7**	8.1	20.0
Other financial liabilities		**3.6**	-	3.7
Deferred tax liabilities		**51.5**	64.4	50.0
Total non-current liabilities		**403.8**	375.2	372.5
Interest bearing loans and borrowings	7	**0.3**	0.6	0.5
Derivative liabilities	11	**0.5**	1.0	0.9
Income tax payable		**39.0**	40.4	43.1
Trade and other payables		**198.6**	200.6	197.5
Provisions		**5.3**	0.8	4.8
Total current liabilities		**243.7**	243.4	246.8
Total liabilities		**647.5**	618.6	619.3
Total equity and liabilities		**1,252.5**	1,277.9	1,239.7

Condensed consolidated statement of changes in equity

Six months ended 30 June 2018

	Note	**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 2018		**66.0**	**298.1**	**0.1**	**(132.8)**	**(0.3)**	**18.5**	**362.7**	**8.1**	**620.4**
Change in accounting policy	1							(2.2)	(0.1)	**(2.3)**
Restated total equity at the beginning of the financial year		**66.0**	**298.1**	**0.1**	**(132.8)**	**(0.3)**	**18.5**	**360.5**	**8.0**	**618.1**
Profit for the period								14.9	1.7	**16.6**
Other comprehensive income						0.4	(3.5)	9.3	(0.1)	**6.1**
Total comprehensive income for the period		-	-	-	-	0.4	(3.5)	24.2	1.6	**22.7**
Share option expense								2.4		**2.4**
Tax relating to share-based incentives								(0.5)		**(0.5)**
Dividends paid								(37.7)		**(37.7)**
At 30 June 2018		**66.0**	**298.1**	**0.1**	**(132.8)**	**0.1**	**15.0**	**348.9**	**9.6**	**605.0**

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

Year ended 31 December 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							114.3	1.5	115.8
Other comprehensive income					-	(50.1)	5.5	(0.5)	(45.1)
Total comprehensive income for the period	-	-	-	-	-	(50.1)	119.8	1.0	70.7
Share options exercised							0.3		0.3
Share option expense							1.3		1.3
Tax relating to share-based incentives							(0.3)		(0.3)
Dividends paid							(54.1)	(0.2)	(54.3)
At 31 December 2017	66.0	298.1	0.1	(132.8)	(0.3)	18.5	362.7	8.1	620.4

Condensed consolidated statement of cash flows

	Note	**Six months ended 30 Jun 2018 £m**	Six months ended 30 Jun 2017 £m	Year ended 31 Dec 2017 £m
Operating activities				
Profit for the period		**16.6**	127.2	115.8
Adjustments for:				
Income tax expense		**4.2**	29.7	14.5
Net finance expense		**5.2**	5.5	10.4
Intangible amortisation		**11.2**	11.5	23.9
Exceptional and other adjusting items		**6.3**	(128.3)	(76.2)
Depreciation		**17.9**	18.2	35.3
Share option expense		**2.2**	-	0.7
Hedging activities and other movements		**0.9**	(1.7)	(1.6)
Increase in inventories		**(2.3)**	(9.0)	(2.4)
(Increase)/decrease in trade and other receivables		**(2.6)**	(0.8)	15.5
Increase/(decrease) in trade and other payables		**1.4**	(2.3)	(7.5)
Cash outflow in respect of exceptional and other adjusting items		**(10.3)**	(14.9)	(28.9)
Adjustment for pension contributions		**-**	-	(0.1)
Movement in provisions		**(0.6)**	(1.0)	(1.6)
Cash inflow from operating activities		**50.1**	34.1	97.8
Income tax paid		**(9.2)**	(17.9)	(20.4)
Net cash inflow from operating activities		**40.9**	16.2	77.4
Investing activities				
Interest received		**0.6**	0.2	0.5
Acquisition of property, plant and equipment		**(26.8)**	(18.6)	(47.2)
Proceeds from sale of property, plant and equipment		**3.6**	1.0	1.8
Payments for intangible assets		**-**	-	(0.2)
Acquisition of businesses net of cash acquired		**-**	-	(15.4)
Proceeds from sale of businesses net of cash disposed		**-**	211.9	210.8
Net cash (outflow)/inflow from investing activities		**(22.6)**	194.5	150.3
Financing activities				
Interest paid		**(5.2)**	(5.7)	(13.0)
Dividends paid to equity holders		**(37.7)**	(37.7)	(54.1)
Dividends paid to non-controlling interests		**-**	-	(0.2)
Repayments of short-term loans		**(0.3)**	(64.5)	(64.6)
Repayments of long-term loans		**(29.0)**	(233.1)	(305.6)
Proceeds from long-term loans		**62.0**	128.0	201.8
Proceeds from sale of employee trust shares		**-**	0.3	0.3
Net cash outflow from financing activities		**(10.2)**	(212.7)	(235.4)
Net increase/(decrease) in cash and cash equivalents		**8.1**	(2.0)	(7.7)
Net cash and cash equivalents at the beginning of the period		**52.0**	60.7	60.7
Net increase/(decrease) in cash and cash equivalents		**8.1**	(2.0)	(7.7)
Net effect of currency translation on cash and cash equivalents		**(0.5)**	(0.6)	(1.0)
Net cash and cash equivalents at the end of the period	7	**59.6**	58.1	52.0

1. Basis of preparation

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2017 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 Group has adopted IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* from 1 January 2018. The adoption of these standards does not have a material effect on the Group’s financial statements, as disclosed in the Group’s 2017 consolidated financial statements. There is no quantitative impact of adopting IFRS 15. The quantitative impact of IFRS 9 on the group’s retained earnings at 1 January 2018 relating to the increase in provision for trade receivables is £2.7m. The loss allowance at 31 December 2017 under IAS 39 was £4.5m.

As at 31 December 2017, financial assets were assessed for impairment using the IAS 39 incurred loss model. Following the adoption of IFRS 9, this was replaced with the expected credit loss model which requires expected credit losses and changes to expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. Financial assets measured at amortised cost or fair value to other comprehensive income (‘FVOCI’) will be subject to the impairment provisions of IFRS 9. The Group applies the simplified model to recognise lifetime expected credit losses for its trade receivables and other receivables, including those due in greater than 12 months, by making an accounting policy election. The expected loss rate estimated for each ageing period is as follows: Current: 0.5%, Overdue 1-30 days: 1%, Overdue 31-60 days: 5%, Overdue 61-90 days: 10%, Overdue 91-180 days: 25%, Overdue 181-360 days: 50% and Overdue over 360 days: 100%.

The hedge accounting requirements of IFRS 9 align hedge accounting relationships with the Group’s risk management objectives and strategy and lead to the application of a more qualitative and forward-looking approach to assessing hedge effectiveness. The Group uses derivatives to manage currency arising from underlying business activities. The Group’s hedge relationships under the previous IAS 39 continue to qualify as accounting hedges upon the adoption of IFRS 9.

The Group has taken advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes under IFRS 9. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are therefore recognised in retained earnings and reserves as at 1 January 2018.

These changes in accounting policies will also be reflected in the Group’s consolidated financial statements for the year ending 31 December 2018.

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 2018. 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 2017 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.

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

2. Segment analysis

In accordance with IFRS 8, Essentra has determined its operating segments based upon the information reported to the Group Management Committee. With effect from 1 January 2018, Essentra has implemented a new organisational structure, comprising four divisions. The scope of central services remains the same.

The operating segments are as follows:

Components is a global market leading manufacturer and distributor of plastic injection moulded, vinyl dip moulded and metal items.

Packaging is one of only two multi-continental suppliers of a full secondary packaging range to the health and personal care sectors.

Filters is the only global independent supplier of innovative cigarette filters and related solutions to the tobacco industry.

Specialist Components is a new division, created with effect from 1 January 2018 further to the Company's strategic review, and comprises the following six smaller businesses of Essentra:

- 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 the oil & gas industry.
- The **Speciality Tapes** business has expertise in coating multiple adhesive systems in numerous technologies, and its products range from foam, magnetic, finger lift and acrylic high bond tapes to hook and loop and non-skid foam.
- The **Tear Tapes** business is globally recognised as the leading manufacturer and supplier of pressure-sensitive tear tapes, which are largely used in the tobacco, food & drink and specialist packaging sectors.
- The **Industrial Supply** business provides a wide range of branded hardware supplies to a broad base of industrial customers, largely located in the US mid-west.
- The **Card Solutions** business is a leading European provider of ID card printers, systems and accessories to direct and trade customers.

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 £nil (2017 HY: £25.5m; 2017 FY: £24.9m).

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 on an internal management methodology. Therefore the adjusted operating profit presented below of £43.1m for the half year ended 30 June 2017 (2017 FY: £84.9m) differs by £0.3m from the amount presented as operating profit before intangible amortisation and exceptional and other adjusting items of £42.8m (2017 FY: £84.6m), as a result of costs allocated to Porous Technologies of £0.3m under the internal management methodology.

									June 2018
	Components £m	**Packaging £m**	**Filters £m**	**Specialist Components £m**	**Eliminations £m**	**Central Services[1] £m**	**Continuing Operations £m**	**Discontinued Operations £m**	**Total £m**
External revenue	139.4	170.1	125.8	77.8	-	-	513.1	-	**513.1**
Intersegment revenue	0.2	0.1	-	3.0	(3.3)	-	-	-	**-**
Total revenue	139.6	170.2	125.8	80.8	(3.3)	-	513.1	-	**513.1**
Adjusted operating profit/(loss)[2]	31.6	1.6	15.3	5.5	-	(10.5)	43.5	-	**43.5**
Segment assets	142.0	182.4	156.7	108.0	-	23.4	612.5	-	**612.5**
Intangible assets	144.8	342.3	0.1	50.4	-	-	537.6	-	**537.6**
Unallocated items [3]	-	-	-	-	-	102.4	102.4	-	**102.4**
Total assets	**286.8**	**524.7**	**156.8**	**158.4**	**-**	**125.8**	**1,252.5**	**-**	**1,252.5**
Segment liabilities	40.4	90.3	45.2	24.0	-	25.3	225.2	-	**225.2**
Unallocated items [3]	-	-	-	-	-	422.3	422.3	-	**422.3**
Total liabilities	**40.4**	**90.3**	**45.2**	**24.0**	**-**	**447.6**	**647.5**	**-**	**647.5**

2. Segment analysis (continued)

	Components £m	Packaging £m	Filters £m	Specialist Components £m	Eliminations £m	Central Services[1] £m	Continuing Operations £m	Discontinued Operations £m	Total £m
									June 2017
External revenue	120.3	184.0	136.7	81.6	-	-	522.6	15.7	**538.3**
Intersegment revenue	0.4	0.6	-	1.9	(2.9)	-	-	-	**-**
Total revenue	120.7	184.6	136.7	83.5	(2.9)	-	522.6	15.7	**538.3**
Adjusted operating profit/(loss)[2]	26.3	0.7	16.1	7.5	-	(7.5)	43.1	2.5	**45.6**
Segment assets	132.7	193.4	172.7	118.2	-	10.7	627.7	-	**627.7**
Intangible assets	154.1	316.8	0.1	91.3	-	-	562.3	-	**562.3**
Unallocated items [3]	-	-	-	-	-	87.9	87.9	-	**87.9**
Total assets	**286.8**	**510.2**	**172.8**	**209.5**	**-**	**98.6**	**1,277.9**	**-**	**1,277.9**
Segment liabilities	32.7	77.0	49.8	25.8	-	17.6	202.9	6.6	**209.5**
Unallocated items [3]	-	-	-	-	-	409.1	409.1	-	**409.1**
Total liabilities	**32.7**	**77.0**	**49.8**	**25.8**	**-**	**426.7**	**612.0**	**6.6**	**618.6**

	Components £m	Packaging £m	Filters £m	Specialist Components £m	Eliminations £m	Central Services[1] £m	Continuing Operations £m	Discontinued Operations £m	Total £m
									December 2017
External revenue	241.1	348.8	277.5	159.9	-	-	1,027.3	15.7	**1,043.0**
Intersegment revenue	0.7	1.7	-	3.7	(6.1)	-	-	-	**-**
Total revenue	241.8	350.5	277.5	163.6	(6.1)	-	1,027.3	15.7	**1,043.0**
Adjusted operating profit/(loss)[2]	53.6	(1.8)	34.8	14.1	-	(15.8)	84.9	2.5	**87.4**
Segment assets	139.8	175.6	162.8	108.1	-	15.7	602.0	-	**602.0**
Intangible assets	151.6	307.2	0.1	88.8	-	-	547.7	-	**547.7**
Unallocated items [3]	-	-	-	-	-	90.0	90.0	-	**90.0**
Total assets	**291.4**	**482.8**	**162.9**	**196.9**	**-**	**105.7**	**1,239.7**	**-**	**1,239.7**
Segment liabilities	40.9	88.2	48.8	24.4	-	23.7	226.0	-	**226.0**
Unallocated items [3]	-	-	-	-	-	393.3	393.3	-	**393.3**
Total liabilities	**40.9**	**88.2**	**48.8**	**24.4**	**-**	**417.0**	**619.3**	**-**	**619.3**

[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 acquired intangible amortisation and exceptional and other adjusting 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 and other adjusting items

	Six months ended 30 Jun 2018 £m	Six months ended 30 Jun 2017 £m	Year ended 31 Dec 2017 £m
(Gains)/losses and transaction costs relating to acquisitions and disposals of businesses[1]:			
- continuing operations	**1.5**	1.2	1.6
- discontinued operations (Porous Technologies)	**-**	(134.7)	(132.4)
Acquisition integration and restructuring costs[2] – continuing operations	**0.2**	-	-
Other[3] – continuing operations	**4.6**	5.2	54.6
Exceptional and other adjusting items (including discontinued operations)	**6.3**	(128.3)	(76.2)
Exceptional tax items[4]	**-**	-	11.4

The exceptional and other adjusting items are separately presented from other items by virtue of their nature, size and/or incidence (considered for each operating segment). They are shown as a separate line item within operating profit on the face of the income statement in order for the reader to obtain a clearer understanding of the underlying results of the ongoing Group's operations, by excluding the impact of items which, in management's view, do not form part of the Group's underlying operating results, such as gains, losses or costs arising from business acquisition and disposal activities, significant restructuring and closure costs and other items which are non-recurring or one-off in nature (such as the costs of fundamental strategic review and reorganisation). Operating profit before exceptional and other adjusting items and acquired intangible amortisation is called adjusted operating profit, which forms the primary basis of management's review and assessment of operational performance of the Group's businesses.

[1] Gains/losses and transaction costs relating to acquisitions and disposals of businesses are made up of £0.1m of costs in relation to the acquisition of Micro Plastics and Nolato Hertila, an acquisition which completed on 5 July 2018 (not material to the Group), £0.9m relating to the effect of unwinding the fair value adjustment on inventory in relation to the acquisition of Micro Plastics and £0.5m of transaction costs relating to ongoing acquisition and disposal projects. In June 2017 there was a £134.7m net gain on disposal of the Porous Technologies business and £1.2m net loss on disposal of the Packaging business in Bristol.

[2] Acquisition integration and restructuring costs relate to the integration of the Micro Plastics UK business following the acquisition of Micro Plastics.

[3] Other exceptional items to June 2018 of £4.6m relate to:

- £2.5m in respect of the strategic review undertaken during the period, including £0.4m in relation to divisional and Central management team restructuring. The remaining costs relate to external consultancy and project costs attributable to reviews into the various aspects of the Group's operations, systems and processes under the strategic review;

- £1.7m relating to the Packaging restructuring programme. The restructuring programme represents a division-wide programme across multiple sites to streamline and align cost structures following the strategic review, including £1.0m in relation to review and improvement of manufacturing capability and business portfolio, and £0.7m costs relating to strategic management upgrade and other structural changes within the division;

- £0.8m associated with the replacement of the Group Finance Director;

- £0.3m relating to the Filters restructuring to align the division's operational structure with the division strategy; and

- Release of £0.7m of deferred consideration relating to a prior acquisition.

[4] Exceptional tax items of £11.4m in 2017 primarily related to the revaluation of deferred tax balances as a result of tax reform in the US.

The tax effect of the exceptional items is a credit of £1.1m

4. Earnings per share

	Six months ended 30 Jun 2018 £m	Six months ended 30 Jun 2017 £m	Year ended 31 Dec 2017 £m
Earnings: Continuing operations			
Earnings attributable to equity holders of Essentra plc	**14.9**	14.6	4.0
Adjustments			
Amortisation of acquired intangible assets	**11.2**	11.5	22.9
Exceptional and other adjusting items	**6.3**	6.4	56.2
	17.5	17.9	79.1
Tax relief on adjustments	**(3.5)**	(3.3)	(14.0)
Exceptional tax item	**-**	-	(11.4)
Adjusted earnings	**28.9**	29.2	57.7
Earnings: Discontinued operations			
Earnings attributable to equity holders of Essentra plc	**-**	112.0	110.3
Adjustments			
Exceptional and other adjusting items	**-**	(134.7)	(132.4)
	-	(134.7)	(132.4)
Tax charge on adjustments	**-**	25.0	24.1
Adjusted earnings	**-**	2.3	2.0
Weighted average number of shares			
Basic weighted average ordinary shares outstanding (million)	**261.8**	261.5	261.6
Dilutive effect of employee share option plans (million)	**2.2**	1.4	2.0
Diluted weighted average ordinary shares (million)	**264.0**	262.9	263.6
Earnings per share: Continuing operations (pence)			
Basic earnings per share	**5.7p**	5.6p	1.5p
Adjustment	**5.3p**	5.6p	20.6p
Basic adjusted earnings per share	**11.0p**	11.2p	22.1p
Diluted earnings per share	**5.6p**	5.6p	1.5p
Diluted adjusted earnings per share	**10.9p**	11.1p	21.9p
Earnings per share: Discontinued operations (pence)			
Basic earnings per share	**-**	42.8p	42.2p
Adjustment	**-**	(41.9)p	(41.5)p
Basic adjusted earnings per share	**-**	0.9p	0.7p
Diluted earnings per share	**-**	42.6p	41.9p
Diluted adjusted earnings per share	**-**	0.9p	0.7p
Earnings per share: Total Group (pence)			
Basic earnings per share	**5.7p**	48.4p	43.7p
Adjustment	**5.3p**	(36.3)p	(20.9)p
Basic adjusted earnings per share	**11.0p**	12.1p	22.8p
Diluted earnings per share	**5.6p**	48.2p	43.4p
Diluted adjusted earnings per share	**10.9p**	12.0p	22.6p

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

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

5. Property, plant and equipment

During the period, the additions of land and buildings, plant and machinery and fixtures, fittings and equipment amounted to £30.2m (six months ended 30 June 2017: £17.2m; year ended 31 December 2017: £48.6m).

Land and buildings, plant and machinery and fixtures, fittings and equipment with a net book value of £3.3m (six months ended 30 June 2017: £0.2m; year ended 31 December 2017: £3.9m) were disposed of for proceeds of £3.6m (six months ended 30 June 2017: £1.0m; year ended 31 December 2017: £1.8m).

6. Retirement benefit obligations

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

	Six months ended 30 Jun 2018 £m	Six months ended 30 Jun 2017 £m	Year ended 31 Dec 2017 £m
Movements			
Beginning of period	**(13.4)**	(23.4)	(23.4)
Service cost and administrative expense	**(0.9)**	(0.7)	(1.7)
Employer contributions	**0.9**	0.7	1.3
Return on plan assets excluding amounts in net finance income	**(4.1)**	4.9	11.2
Actuarial gains/ (losses) arising from changes in financial assumptions	**14.0**	(2.8)	(9.5)
Actuarial gains arising from change in demographic assumptions	**1.4**	-	4.4
Actuarial gains arising from experience adjustment	**0.5**	2.3	2.2
Net finance cost	**(0.3)**	(0.5)	(1.0)
Curtailments	**-**	-	0.1
Business disposals	**-**	0.3	0.3
Currency translation	**(0.5)**	1.4	2.7
End of period	**(2.4)**	(17.8)	(13.4)

The principal defined benefit schemes were reviewed by independent qualified actuaries as at 30 June 2018. 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-18	30-Jun-17	31-Dec-17
Rate of increase in pensions			
At RPI capped at 5%	**3.00%**	3.10%	3.10%
At CPI capped at 5%	**2.10%**	2.20%	2.20%
At CPI minimum 3%, capped at 5%	**3.10%**	3.10%	3.10%
At CPI capped at 2.5%	**1.90%**	1.90%	1.90%
Discount rate	**2.70%**	2.60%	2.50%
Inflation rate – RPI	**3.10%**	3.20%	3.20%
Inflation rate – CPI	**2.10%**	2.20%	2.20%

US

	30-Jun-18	30-Jun-17	31-Dec-17
Rate of increase in salaries	**n/a**	n/a	n/a
Discount rate	**4.20%**	3.84%	3.60%

7. Analysis of net debt

	30 Jun 2018 £m	31 Dec 2017 £m
Cash at bank and in hand	**53.8**	48.0
Short-term deposits and investments	**5.8**	4.0
Cash and cash equivalents	**59.6**	52.0
Debt due within one year	**(0.3)**	(0.5)
Debt due after one year	**(303.0)**	(267.1)
Loan receivable (arising from the disposal of Porous Technologies)	**5.0**	5.0
Net debt	**(238.7)**	(210.6)

At 30 June 2018, the Group's committed facilities primarily comprised a series of US Private Placement Loan Notes from various financial institutions totalling US$155.0m and syndicated multi-currency 5-year revolving credit facilities of £285.0m and €100.8m from its banks. At 30 June 2018, the available bank facilities totalled £374.2m (31 December 2017: £374.2m) of which £188.9m (31 December 2017: £155.9m) was drawn down and £185.3m (31 December 2017: £218.3m) was undrawn.

8. Acquisitions and Disposals

Acquisition of Micro Plastics

On 12 December 2017, Essentra acquired 100% of the share capital of Micro Plastics Inc ("Micro Plastics"). Due to the timing of the transaction, the purchase price allocations including the split between goodwill and intangible assets and fair value adjustments included in the financial statements for the year ended 31 December 2017 were provisional.

During 2018 Essentra reassessed the fair value adjustments and made changes to certain accruals, payables and provisions, inventories, prepayments and deferred tax balances. The impact on goodwill is an increase of £0.7m. Separately, customer relationship intangible assets were valued at £5.2m leading to a transfer between the goodwill and other intangible asset categories of £5.2m.

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.

Included within exceptional and other adjusting items is a profit arising from the movement in foreign exchange reserve of £26.3m, reclassified and reported in the Condensed consolidated income statement. The results of continuing and discontinued operations are as follows:

		Period ended 30 June 2018	
	Continuing Operations £m	Discontinued Operations £m	Total Group £m
External revenue	513.1	-	513.1
External expenses	(469.6)	-	(469.6)
Operating profit before intangible amortisation and exceptional and other adjusting items	43.5	-	43.5
Amortisation of acquired intangible assets	(11.2)	-	(11.2)
Exceptional and other adjusting items	(6.3)	-	(6.3)
Operating profit	26.0	-	26.0
Finance income	0.8	-	0.8
Finance expense	(6.0)	-	(6.0)
Profit before tax	20.8	-	20.8
Income tax expense	(4.2)	-	(4.2)
Profit after tax	16.6	-	16.6
Basic earnings per share	5.7p	-	5.7p
Basic adjusted earnings per share	11.0p	-	11.0p
Diluted earnings per share	5.6p	-	5.6p
Diluted adjusted earnings per share	10.9p	-	10.9p

8. Acquisitions and Disposals (continued)

	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 and other adjusting items	42.8	2.8	45.6
Amortisation of acquired intangible assets	(11.5)	-	(11.5)
Exceptional and other adjusting 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

	Year ended 31 December 2017		
	Continuing Operations £m	Discontinued Operations £m	Total Group £m
External revenue	1,027.3	15.7	1,043.0
External expenses	(942.7)	(12.9)	(955.6)
Operating profit before intangible amortisation and exceptional and other adjusting items	84.6	2.8	87.4
Amortisation of acquired intangible assets	(22.9)	-	(22.9)
Exceptional and other adjusting items	(56.2)	132.4	76.2
Operating profit	5.5	135.2	140.7
Finance income	0.8	-	0.8
Finance expense	(11.2)	-	(11.2)
(Loss)/profit before tax	(4.9)	135.2	130.3
Income tax credit/(expense)	10.4	(24.9)	(14.5)
Profit after tax	5.5	110.3	115.8
Basic earnings per share	1.5p	42.2p	43.7p
Basic adjusted earnings per share	22.1p	0.7p	22.8p
Diluted earnings per share	1.5p	41.9p	43.4p
Diluted adjusted earnings per share	21.9p	0.7p	22.6p

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.

8. Acquisitions and Disposals (continued)

Cash flows of discontinued operations are as follows:

	Six months ended 30 Jun 2018 £m	Six months ended 30 Jun 2017 £m	Year ended 31 Dec 2017 £m
Net cash outflow from operating activities	-	(16.7)	(19.1)
Net cash inflow from investing activities	-	211.3	210.5
Net cash flows for the year	-	194.6	191.4

For the half year ended 30 June 2017 the cumulative income or expenses included in other comprehensive income relating to Porous Technologies amounted to a net loss of £25.1m (2017 FY: £26.3m). The £211.3m (2017 FY: £210.5m) net cash from investing activities is made up of disposal proceeds of £215.3m (2017 FY: £214.7m) less cash disposed of £3.9m (2017 FY: £3.9m), and £0.1m (2017 FY: £0.3m) cash outflow relating to acquisition of property, plant and equipment.

9. Dividends

			Per share			**Total**
	Six months ended 30 Jun 2018 p	Six months ended 30 Jun 2017 p	Year ended 31 Dec 2017 p	**Six months ended 30 Jun 2018 £m**	Six months ended 30 Jun 2017 £m	Year ended 31 Dec 2017 £m
2017 interim:						
paid 30 October 2017		6.3	6.3		16.5	16.5
2017 final:						
paid 01 May 2018			14.4			37.7
2018 interim:						
payable 31 October 2018	6.3			16.5		
	6.3	6.3	20.7	16.5	16.5	54.2

The interim dividend for 2018 of 6.3p per 25p ordinary share will be paid on 31 October 2018 to equity holders on the share register on 28 September 2018.

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 2018. 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 £3.6m relating to the acquisition of Micro Plastics (31 December 2017: deferred contingent consideration of £4.5m primarily relating to the acquisition of Micro Plastics and a previous acquisition. During H1 2018 £0.7m of deferred consideration relating to a prior acquisition was released to the income statement. The other movement in deferred consideration related to the fair value adjustments made as part of the acquisition accounting for Micro Plastics (note 8) and related foreign exchange movements.). 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 2018 £m	31 Dec 2017 £m
Financial assets		
Derivatives	**0.8**	0.4
Financial liabilities		
Derivatives	**(0.5)**	(0.9)
Deferred contingent consideration	**(3.6)**	(4.5)
Total	**(3.3)**	(5.0)

Essentra had US dollar and euro denominated borrowings which it designated as hedges of its net investments in subsidiary undertakings. The exchange losses of £2.6m (2017: £7.4m gain) on the US dollar borrowings and the gains of £nil (2017: £4.4m loss) on the euro borrowings were recognised in other comprehensive income.

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
Chief Executive

Stefan Schellinger
Group Finance Director

3 August 2018

Independent review report to Essentra plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Essentra plc's condensed consolidated interim financial statements (the "interim financial statements") in the half-yearly report of Essentra plc for the 6 month period ended 30 June 2018. 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 2018;

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 Results for the half year ended 30 June 2018 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
3 August 2018