



**HALF YEAR RESULTS 2020**

Delivering Sustainable Growth

# Forward-looking information

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# Agenda



**Highlights**

**Financial  
review**

**Delivering  
sustainable  
growth**



# Highlights

Paul McDonald  
Chief Executive Officer

# Strategy delivering sustainable growth

- 28.7% revenue growth and 330 bps EBITDA improvement
- 9.5% organic constant currency revenue growth driven by strong contributions from both Avon Protection and milkrite | InterPuls
- Completed milestone acquisition of 3M's ballistic protection business - going forward will report as Helmets & Armor
- Helmets & Armor integration into Avon Protection progressing as planned and on track to deliver \$5m of targeted synergies
- New contract awards worth up to \$600m with the U.S. DOD for next generation XSBI and legacy ESAPI body armor products
- Positive dairy market conditions support strong revenue and profit performance for milkrite | InterPuls across all lines of business
- Robust business confident in achieving 2020 expectations and future outlook



# Further progress against our investor proposition



Organic sales  
growth

**+9.5%**

AT ORGANIC  
CONSTANT  
CURRENCY



Value enhancing  
acquisitions

**HELMETS &  
ARMOR**

ACQUISITION  
COMPLETED



Attractive  
EBITDA margins

**21.8%**

+330 BPS  
AT ORGANIC  
CONSTANT  
CURRENCY



Strong cash  
generation

**20.1%**

ORGANIC CASH  
CONVERSION  
102.9%  
EXCLUDING  
ONE-OFFS



Dividend  
growth

**+30%**

INCREASE OVER  
PRIOR YEAR

A person wearing a green hazmat suit and a black respirator mask with two circular filters. The person is standing outdoors in a field with trees and a cloudy sky in the background. The person's face is obscured by the mask.

# Financial Review

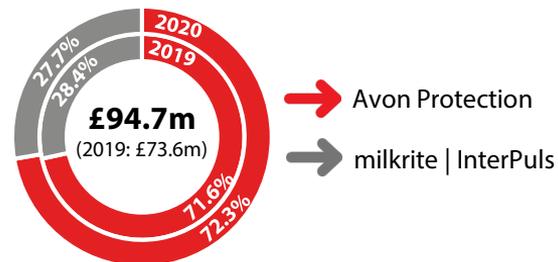
Nick Keveth  
Chief Financial Officer

# Continued strong financial momentum

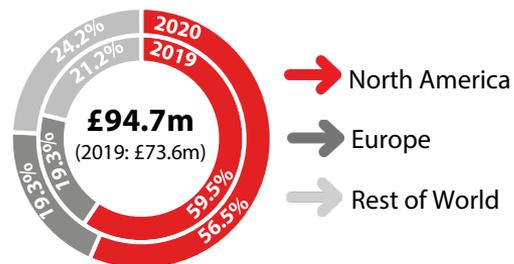
## FINANCIALS

	H1 2020	% Change	% Organic Constant Currency
Orders received	<b>£117.9m</b>	24.2%	(4.7%)
Closing order book	<b>£115.5m</b>	95.4%	(15.6%)
Revenue	<b>£94.7m</b>	28.7%	9.5%
Adjusted EBITDA	<b>£20.6m</b>	50.7%	26.9%
Adjusted EBITDA margin	<b>21.8%</b>	330 bps	330 bps
Adjusted basic earnings per share	<b>38.1p</b>	64.2%	37.5%
Interim dividend per share	<b>9.02p</b>	30.0%	30.0%
Cash conversion	<b>(4.5%)</b>		
Net debt	<b>(£66.9m)</b>		
Return on capital employed	<b>24.2%</b>	400 bps	

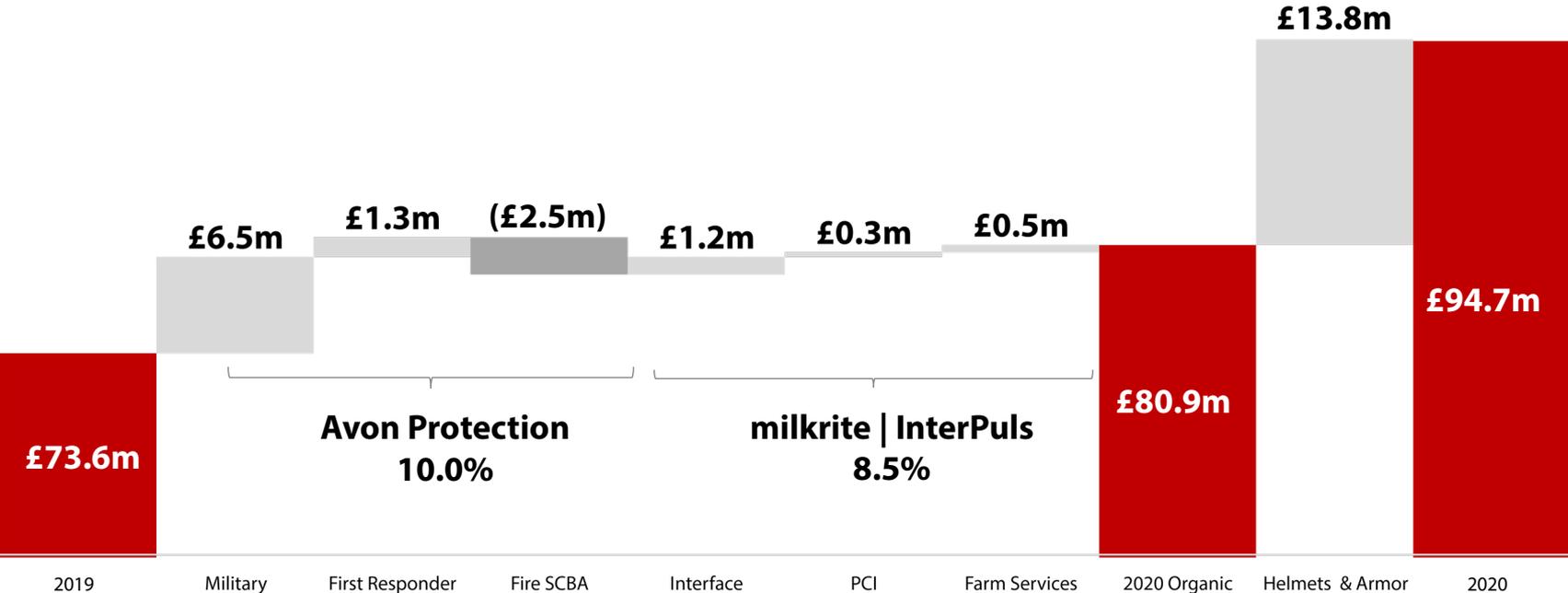
## REVENUE SPLIT BY BUSINESS



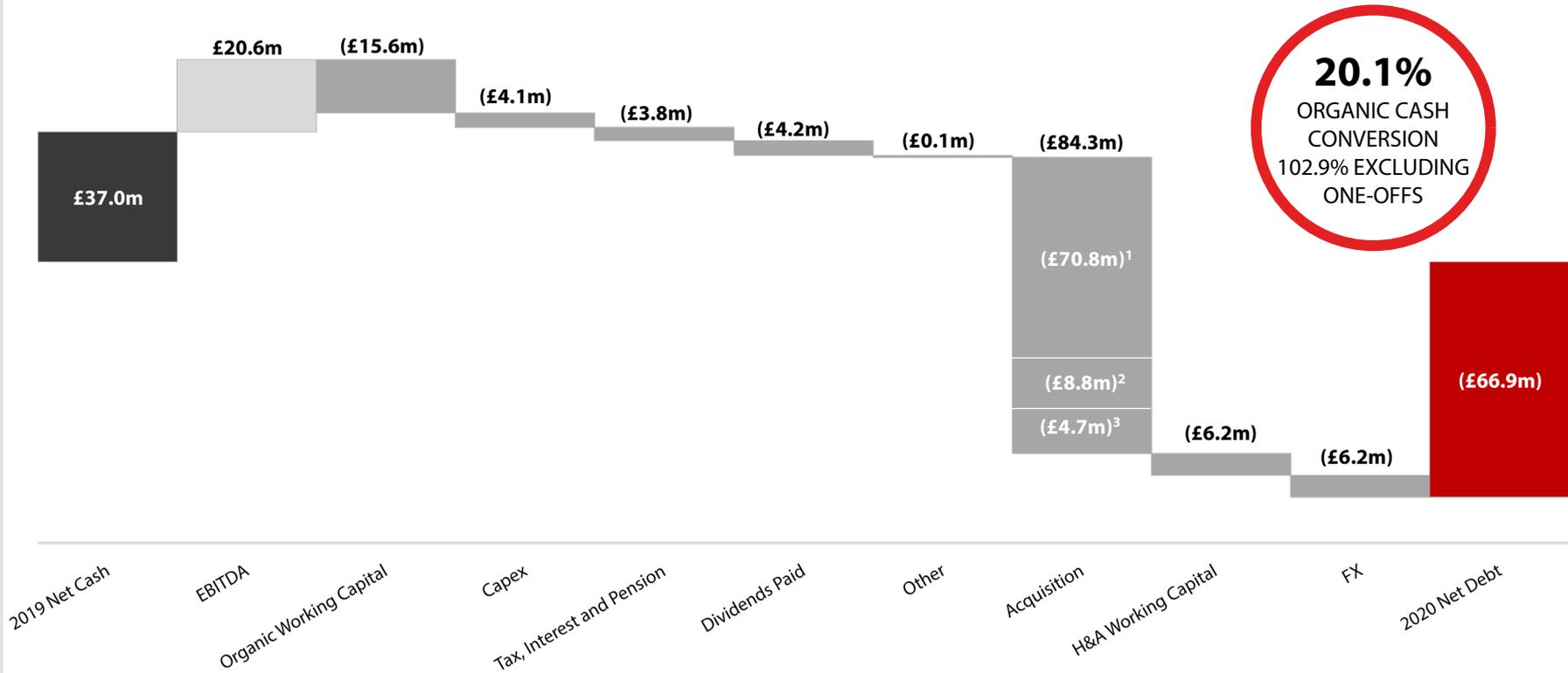
## REVENUE SPLIT BY DESTINATION



# 9.5% organic revenue growth



# Net debt reflects H&A acquisition and IFRS16 adoption



**20.1%**  
ORGANIC CASH  
CONVERSION  
102.9% EXCLUDING  
ONE-OFFS

<sup>1</sup> Initial consideration of Helmets & Armor  
<sup>2</sup> Acquired Lease liabilities  
<sup>3</sup> Acquisition completion and transition costs

# Avon Protection

## FINANCIALS

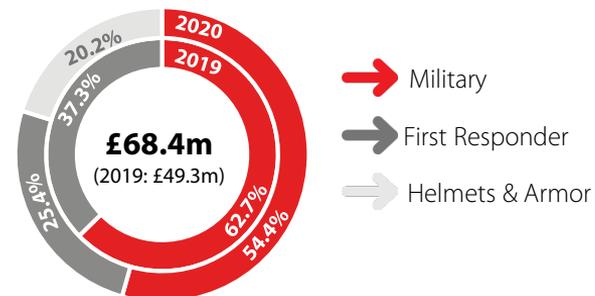
	H1 2020	% Change	% Organic Constant Currency
Orders received	£90.5m	30.6%	(9.2%)
Closing order book	£110.6m	99.6%	(18.8%)
Revenue	£68.4m	38.7%	10.0%
Adjusted EBITDA	£16.1m	67.7%	34.3%
Adjusted EBITDA margin	23.5%	400 bps	420 bps
Adjusted operating profit	£12.8m	91.0%	55.1%

## ADJUSTED OPERATING PROFIT

H1 H2

2020	£12.8m	
2019	£6.5m	£19.7m
2018	£9.2m	£12.3m
2017	£8.3m	£11.8m
2016	£6.5m	£8.2m

## REVENUE SPLIT BY MARKET



## COMMENTS

### H1 2020

- Strong organic Military and First Responder revenues
- EBITDA margin improvement reflecting improved product mix
- Helmets & Armor contributed £13.8m of revenue and £2.6m of adjusted operating profit

### H2 2020 outlook

- Record order book supports visibility for FY20 and beyond
- Strong pipeline of opportunities across all lines of business
- Helmets & Armor order delays offset by earlier synergy delivery

# milkrite | InterPuls

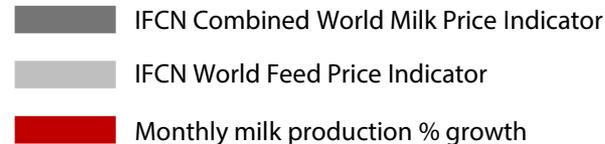
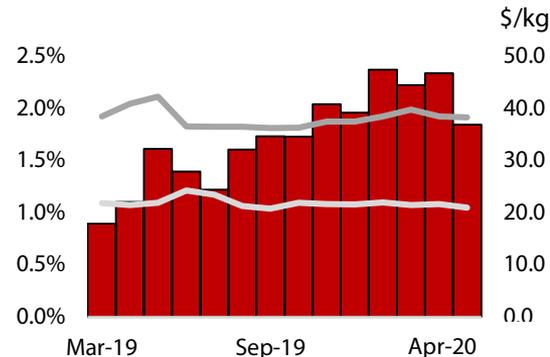
## FINANCIALS

	H1 2020	% Change	% Organic Constant Currency
Orders received	£27.4m	7.0%	7.5%
Closing order book	£4.9m	32.4%	33.1%
Revenue	£26.3m	8.2%	8.5%
Adjusted EBITDA	£5.8m	13.7%	11.5%
Adjusted EBITDA margin	22.0%	100 bps	60 bps
Adjusted operating profit	£4.1m	20.6%	17.5%

## ADJUSTED OPERATING PROFIT

H1 H2

2020	£4.1m	
2019	£3.3m	£4.2m
2018	£3.6m	£4.4m
2017	£4.0m	£4.0m
2016	£3.4m	£3.8m



Source: International Farm Comparison Network (IFCN) April 2020

## COMMENTS

### H1 2020

- Strong performance in all lines of business and across all geographies reflecting positive dairy market

### H2 2020 outlook

- Strong order book provides good visibility for Q3
- Order intake and trading has continued in line with expectations in the second half to date
- Global dairy market conditions remained stable In April

## Employees



- The wellbeing of our employees and customers is our top priority
- We have implemented measures to ensure our people are safe and well during this time
- We have not reduced headcount or used the Government furlough scheme



## Operations

- Both Avon Protection and milkrite | InterPuls have continued to operate with only minor disruption, playing a crucial role in supporting our customers ongoing requirements
- Supply chains remain robust and we have continued to deliver high level of service to customers

## Impact of COVID-19

## Liquidity

- \$29.0m + available liquidity
- Significant head room under leverage covenant of 3.0x
- Expect liquidity and leverage position to improve further in H2

**1.0x**  
NET DEBT TO  
EBITDA

## Outlook

- No significant disruption to our trading and no material impact on our financial performance to date
- We continue to manage the situation closely and follow Government and health authorities advice to help prevent the spread of the virus
- Board remains confident in achieving full year expectations

# Excellent opening order book visibility for H2

**MILITARY**  
**£36.5m**

The receipt of the follow-on M69 delivery order, strong RoW demand and significant spares and accessories orders in the first half has provided us with excellent visibility

**FIRST  
RESPONDER**  
**£9.3m**

Increased demand for masks, filters and accessories

**HELMETS &  
ARMOR**  
**£64.8m**

Strong order book visibility under existing helmet and flat armor contracts plus recently awarded body armor contracts with the U.S. DOD

# Confident in full year expectations

- Opening order book provides strong visibility going into the second half
- Full year of delivery against new M69 aircrew mask and M53A1 mask and powered air system contracts
- Discussions with the DOD for the M50 mask system sustainment contract are in advanced stages
- We continue to actively pursue a number of other identified opportunities with RoW Military customers
- Strong demand in our First Responder markets for masks, filters and accessories
- Strong order book provides excellent visibility for Helmets & Armor with synergy delivery on track
- milkrite | InterPuls continues to trade in line with expectations, with a strong order book going into H2
- Board remains confident in achieving full year expectations

**HALF YEAR RESULTS 2020**

Delivering Sustainable Growth





# Delivering Sustainable Growth

Paul McDonald  
Chief Executive Officer

# Focus on our strategy delivering sustainable growth



# System supplier for life critical protection portfolio



**Respirators**



**Powered  
Air**



**Supplied  
Air**



**Helmets**

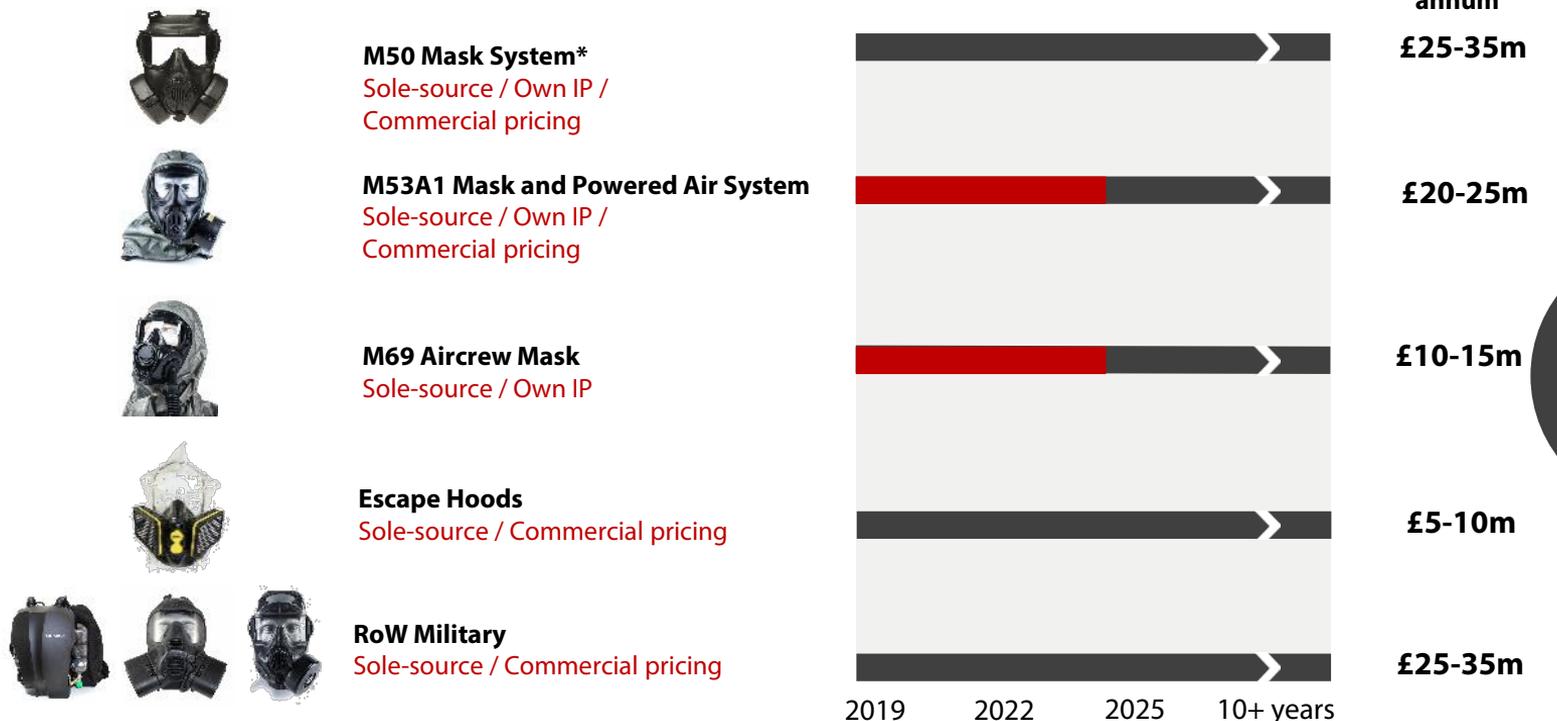


**Body  
Armour**

**Broad portfolio to  
meet the needs of  
our growing  
Military and First  
Responder  
customer base**

# Military outlook underpinned

█ Current contract period
 █ In service
 Potential medium-term order intake per annum



H1 2020 organic military revenue:  
**£37.2m**  
 DOD: £17.5m  
 RoW: £19.7m

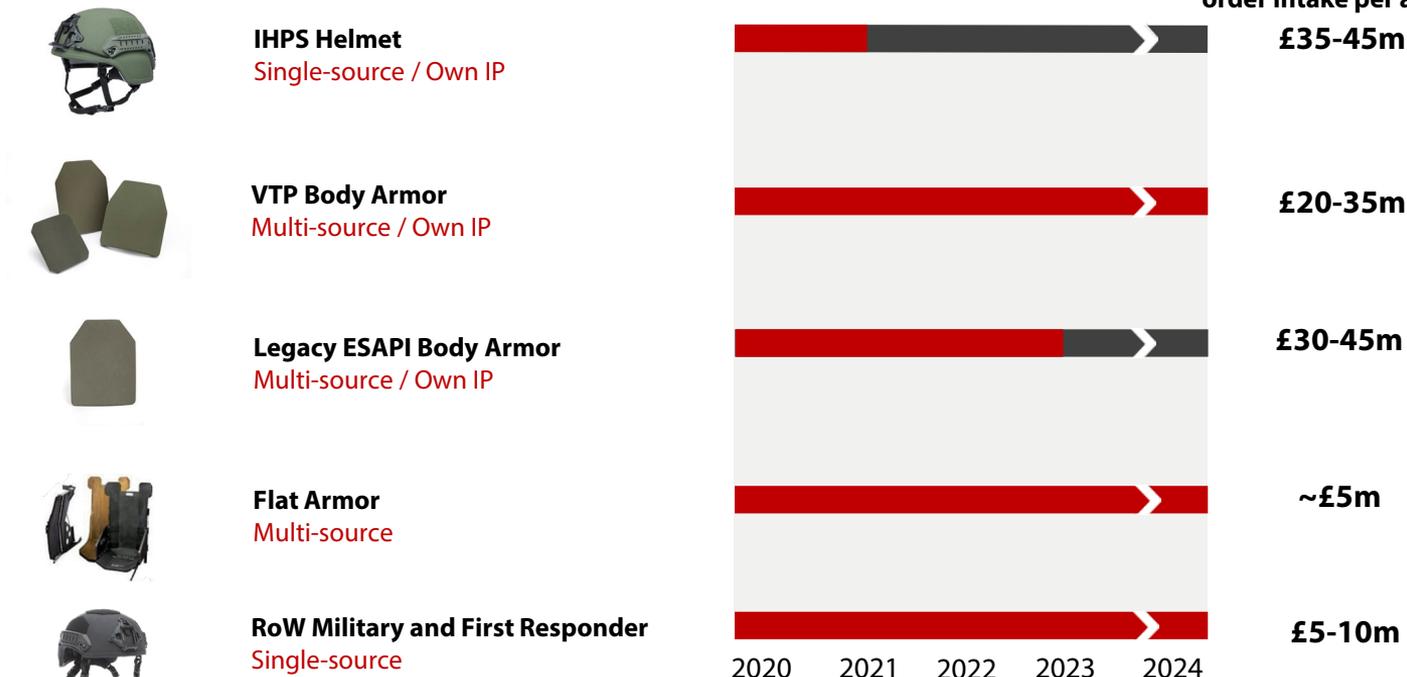
**Total:**  
**£85-120m**

\*Includes filters, spares and accessories of £10-15m per annum

# Helmets & Armor outlook underpinned

█ Current contract period  
█ In service

Potential medium-term order intake per annum



H1 2020 revenue:  
**£13.8m**  
 DOD: £13.0m  
 Other: £0.8m

**Total:**  
**£95-140m**

# Strategic focus on First Responder market

- We are seeing the benefits of focusing our resources on our strong customer relationships within the core First Responder market
- We are focused on taking our leading personal protection product portfolio to our commercial customers at enhanced margins
- Our modular product portfolio meets the diverse needs of a broad selection of customers enabling them to respond to constant changing threat levels
- As the Helmet & Armor acquisition beds in, we will explore the potential to extend our leading ballistic protection offering to the wider Avon Protection customer base



# Selected product development update

- We have continued our investment in research and development projects, particularly in Avon Protection as we focus on both next generation products and enhancing the capability of our existing range
- The most significant expenditure has been on the next generation of escape hoods programme, continuing the development of the next generation IHPS helmet and VTP body armor
- There has also been a focus on enhancements to the U.K. GSR programme and ongoing improvements in the capabilities of the MCM100 underwater rebreather following a full dive test programme with the U.S. Navy



**£4.6m**

**INVESTMENT IN  
PRODUCT  
DEVELOPMENT  
IN H1 2020**

# Helmets & Armor acquisition update

- We have enhanced the growth prospects for Avon Protection with the completion of the Helmets & Armor acquisition on 2 January
- The acquired business is high quality, with a strong incumbent management team, backed by leading proprietary technology, established contract platforms and well invested manufacturing operations
- Strong and capable management team who have integrated well into the wider business
- Integration has progressed well with First Responder customers migrated to Avon Protection, HR and Finance complete, and IT progressing as planned
- We are firmly on track to deliver the targeted synergies of \$5m and see potential for further efficiencies in the long term



# Confident in the medium-term outlook

- We continue to focus on delivering against our three strategic priorities of growing the core, selective product development and value enhancing acquisitions
- Existing contracts underpin our medium-term outlook with significant growth opportunities in all our markets
- Pipeline of new products and enhancements being developed in partnership with customers
- Both businesses performing well and equipped to manage uncertainty ahead
- Balance sheet strength ensures resilience and supports further acquisition opportunities over the medium-term
- Board remains confident that the business is well placed to continue to deliver sustainable growth in the medium-term





# Questions

# Group income statement

	2020 £m	2019 £m (Restated)
Revenue	94.7	73.6
Adjusted EBITDA	20.6	13.6
Depreciation and amortisation	(5.0)	(4.6)
<b>Operating profit before amortisation of acquired intangibles, exceptional items and defined benefit pension costs</b>	<b>15.6</b>	9.0
Amortisation of acquired intangibles, exceptional items and defined benefit pension costs	(12.6)	(4.9)
Operating profit	3.0	4.1
Interest income	-	0.2
Finance costs	(0.9)	(0.4)
Other finance expense	(0.4)	(0.5)
<b>Profit before taxation</b>	<b>1.7</b>	3.4
Taxation	(0.4)	(0.6)
<b>Profit for the period</b>	<b>1.3</b>	2.8
<b>Adjusted basic earnings per share</b>	<b>38.1</b>	23.2

# Reported to adjusted reconciliation

	2020 £m	2019 £m (Restated)
Operating profit	3.0	4.1
Amortisation of acquired intangible assets	3.6	1.8
Defined benefit pension administration costs	0.4	0.2
Defined benefit scheme past service costs	-	2.9
Acquisition costs and accounting adjustments	8.6	-
Adjusted operating profit	15.6	9.0

# Revenue by line of business

	2020 £m	2019 £m
Military	37.2	30.9
First Responder <sup>1</sup>	17.4	18.4
Helmets & Armor	13.8	-
<b>Avon Protection</b>	<b>68.4</b>	49.3
Interface	18.7	17.4
Precision, Control & Intelligence	4.5	4.3
Farm Services	3.1	2.6
<b>milkrite   InterPuls</b>	<b>26.3</b>	24.3
<b>Group total</b>	<b>94.7</b>	73.6

<sup>1</sup> Following the exit from the U.S. Fire SCBA market in 2019, the Law Enforcement and Fire lines of business have been combined and presented as First Responders

# Balance sheet

	2020 £m	2019 £m (Restated)
Intangible assets	<b>84.1</b>	39.2
Property, plant and equipment	<b>42.7</b>	22.3
Current assets	<b>94.8</b>	43.9
Current liabilities	<b>(46.7)</b>	(35.1)
Non-current assets	<b>22.1</b>	11.1
	<b>197.0</b>	81.4
Net (debt) / cash	<b>(66.9)</b>	34.9
	<b>130.1</b>	116.3
Retirement benefit scheme	<b>(49.7)</b>	(46.5)
Net assets	<b>80.4</b>	69.8

# Cash flow

	2020 £m	2019 £m (Restated)
Cash flows before exceptionals	(0.9)	12.6
Cash impact of exceptionals	(4.7)	(0.2)
Cash flows from operations	(5.6)	12.4
Interest paid/received	(1.4)	(0.8)
Payments to pension scheme	(1.0)	(0.8)
Tax paid	(1.4)	(1.9)
Purchase of property, plant and equipment	(1.8)	(2.3)
Capitalised development costs and purchased software	(2.3)	(1.8)
Dividends paid to shareholders	(4.2)	(3.3)
Purchase of own shares	-	(1.3)
Acquisition of business	(70.8)	-
Non cash movement in debt	(9.2)	-
Exchange and other	(6.2)	0.1
Movement in net (debt)/cash	(103.9)	0.3
Opening net (debt)/cash	37.0	46.5
<b>Closing net (debt)/cash</b>	<b>(66.9)</b>	46.8
% Cash conversion from EBITDA	(4.5%)	92.6%

# Foreign exchange and sensitivities

	<b>Average rate</b> 2020	<b>Closing rate</b> 2020	Average rate 2019	Closing rate 2019
U.S. Dollar	<b>1.283</b>	<b>1.223</b>	1.294	1.309
Euro	<b>1.162</b>	<b>1.114</b>	1.135	1.165

	<b>1\$ cent</b> <b>movement</b> £m	<b>1€ cent</b> <b>movement</b> £m
Revenue	<b>1.1</b>	<b>0.2</b>
Operating profit	<b>0.2</b>	-
Net assets	<b>0.3</b>	<b>0.2</b>

# IFRS 16 Leases Impact

	Organic	Helmets & Armor	Total
Adjusted EBITDA	1.0	0.3	1.3
Adjusted operating profit	0.3	-	0.3
Adjusted earnings	-	(0.1)	(0.1)

	Organic	Helmets & Armor	Total
Right of use asset	8.9	8.5	17.4
Lease liability	(12.6)	(8.5)	(21.1)
Accruals	1.2	-	1.2
Deferred tax asset	0.5	-	0.5
Net assets	(2.0)	-	(2.0)

# Glossary of financial terms

Term	Explanation
Adjusted basic earnings per share	Adjusted profit for the period divided by the weighted average number of shares in issue
Adjusted EBITDA	Adjusted EBITDA is defined as operating profit before depreciation, amortisation, exceptional items and defined benefit pension scheme costs. It excludes any effect of discontinued operations
Adjusted EBITDA margin	The ratio of Adjusted EBITDA to revenue
Adjusted operating profit	Operating profit adjusted to exclude amortisation of acquired intangibles, pension administration costs and any exceptional items
Cash conversion	The ratio of cash generated from operations before the effect of exceptional items, as a percentage of adjusted EBITDA
Closing order book	Orders held by the Group at the end of the period which are not yet fulfilled
Constant currency	Comparative performance measures are retranslated at current year exchange rates to present a comparison unaffected by currency movements
Continuing operations	The segments of the Group that are expected to still be operating in the future
Discontinued operations	The segments of the Group that no longer function within the core business and which are separately disclosed within the Income Statement

# Glossary of financial terms (continued)

<b>Term</b>	<b>Explanation</b>
Dividend per share	Dividends paid / proposed, divided by the weighted average number of shares in issue
EBITDA	The Group's earnings before charging interest, tax, depreciation and amortisation
Intellectual Property	Intangible property created by the Group through research and development, that is protected through patents, copyrights or trademarks
Net cash/debt	Net cash is the Group's cash net of any drawn debt or overdraft. Net debt is the Group's drawn debt and overdrafts net of any cash balance
Orders received	The orders received throughout the period and recognised as revenue together with orders in the closing order book
Return on capital employed	Adjusted operating profit as a percentage of average capital employed. Capital employed is the sum of shareholders' funds adjusted for non-current liabilities and current borrowings

# Abbreviations

<b>Term</b>	<b>Explanation</b>
50 Series	A range of masks based on the proven technology of the M50 mask system
BPS	Basis points
CBRN	Chemical, Biological, Radiological, Nuclear
CE	CE markings indicate conformity to health and safety standards sold within the European Economic area
CES	Cluster Exchange Service
DOD	Department of Defense
ESAPI	Enhanced small arms protective inserts
FX	Foreign exchange
FY	Financial year
GSR	General Service Respirator
H1/H2	First half of the financial year (October – March) / Second half of financial year (April – September)
H&A	Helmets & Armor

# Abbreviations (continued)

<b>Term</b>	<b>Explanation</b>
IFCN	International Farm Comparison Network
IHPS	Integrated Head Protection System
MOD	Ministry of Defence
PAPR	Powered air breathing apparatus
PCI	Precision, Control and Intelligence
PES	Pulsator Exchange Service
RoW	Rest of world
SCBA	Self-contained breathing apparatus
TES	Tag Exchange Service
VTP	Vital Torso Protection
XSBI	X-Side Ballistic Insert
XSAPI	X-Small Arms Protective Insert