

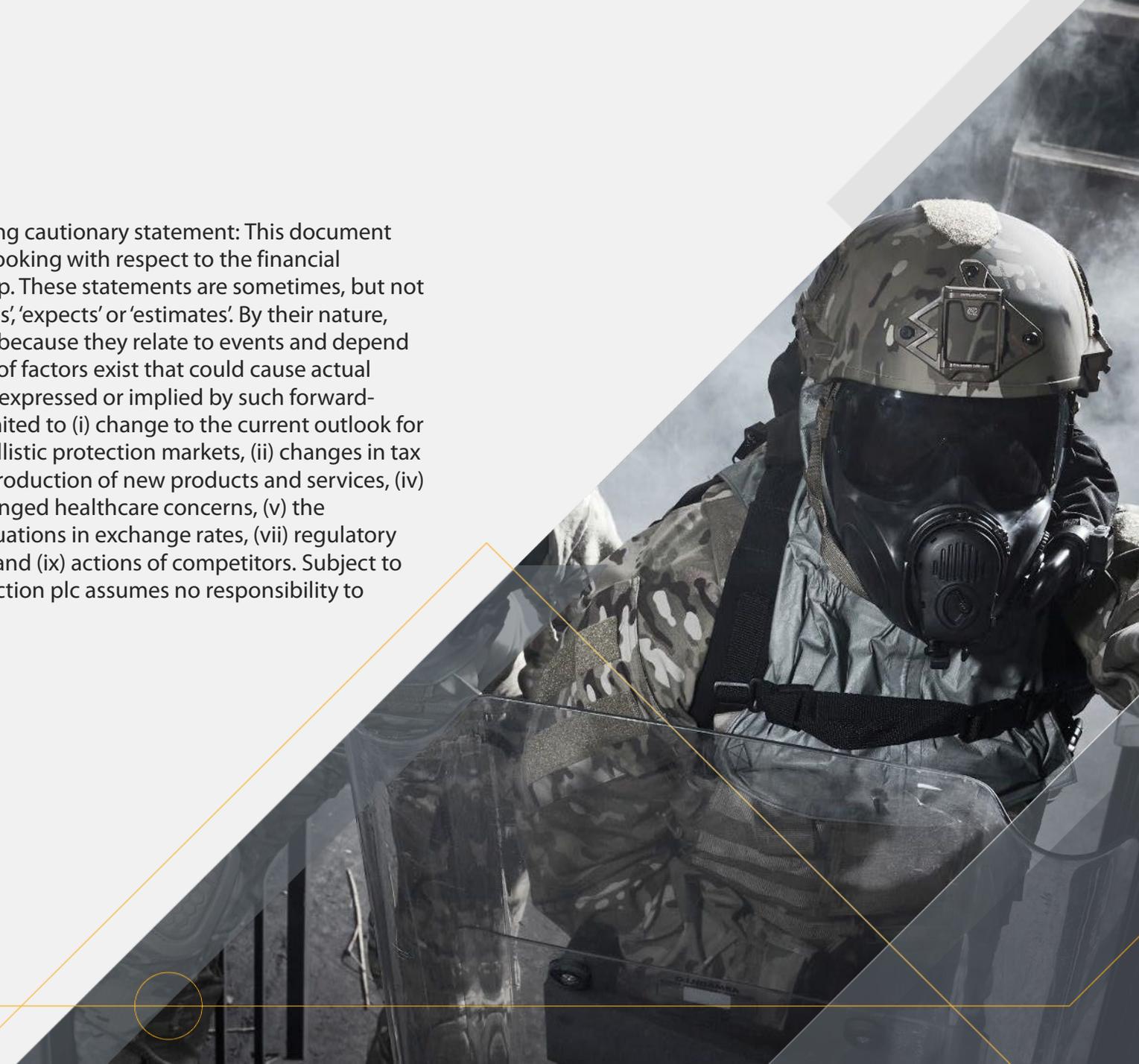
FULL YEAR RESULTS 2023

PROTECTING LIVES



AVON PROTECTION PLC

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Agenda

01

Welcome
Jos Sclater, CEO

02

Financial Review
Rich Cashin, CFO

03

Lots done. Lots to do.
Jos Sclater, CEO



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WELCOME

JOS SCLATER, CEO

Excellent strategic progress . . .

STRENGTHEN

- Exited armour
- Stabilised the businesses, ready for transformation

TRANSFORM

- Transformation programme expected to achieve mid-teens operating margins
 - Focus on Head Protection

ADVANCE

- On track to become the largest supplier of helmets to the U.S. DOD
- Capturing market share in the commercial helmets market
- Exciting pipeline for rebreathers

REVOLUTIONISE

- Increasing customer-funded R&D

. . . setting Avon up for the future

Results in-line with expectations . . .

Revenue

\$243.8m

Adjusted
Operating Profit

\$21.2m

Adjusted
Operating
Profit Margin

8.7%

Cash Conversion

7.0%

Leverage

1.94x

Closing Order Book

\$135.8m

. . . and order book to support growth in 2024

AVON PROTECTION PLC

FINANCIAL REVIEW

RICH CASHIN, CFO

Results in-line with expectations . . .

Continuing operations ¹	FY23 \$m	FY22 \$m	▲	▲ ²
Orders received	258.7	267.9	(3.4%)	(2.9%)
Closing order book	135.8	120.9	12.3%	10.9%
Revenue	243.8	263.5	(7.5%)	(7.5%)
Adjusted EBITDA	35.7	38.8	(8.0%)	(13.6%)
<i>Adjusted EBITDA margin</i>	<i>14.6%</i>	<i>14.7%</i>	<i>(10bps)</i>	<i>(110bps)</i>
Adjusted depreciation and amortization	(14.5)	(15.4)	(5.8%)	(5.2%)
Adjusted operating profit	21.2	23.4	(9.4%)	(18.5%)
<i>Adjusted operating profit margin</i>	<i>8.7%</i>	<i>8.9%</i>	<i>(20bps)</i>	<i>(120bps)</i>
Adjusted net finance costs	(7.2)	(3.7)	94.6%	100.0%
Adjusted profit/(loss) before taxation	14.0	19.7	(28.9%)	(37.5%)
Adjusted taxation	(1.9)	(3.1)	(38.7%)	
Adjusted profit/(loss)	12.1	16.6	(27.1%)	
Adjusted basic earnings per share	40.3c	54.7c	(26.3%)	(35.2%)
Total dividend per share	29.6c	44.9c	(34.1%)	
Return on invested capital	8.7%	9.0%	(30bps)	

¹ Armour has now moved to discontinued operations

² Constant currency change

- Armour now moved to discontinued operations.
- Strong order book growth, with increase in Head Protection offsetting decrease in Respiratory Protection.
- Revenue reduction reflects demand weakness in Respiratory partially offset by ramp-up in key helmet programmes.
- Reported operating margin broadly flat with higher proportion of lower margin Head Protection sales offset by SG&A reductions and favourable product mix in Respiratory.
- Increase in finance costs due to higher net debt and step-up in unhedged interest rate.
- Dividend rebased in line with new capital allocation policy focused on organic investment and debt reduction. Rebasing to apply equally for H1 '24.

. . . with resilient margins supported by self-help

Lower demand in Respiratory Protection . . .

Respiratory Protection	FY23 \$m	FY22 \$m	▲
Orders received	132.6	164.2	(19.2%)
Closing order book	35.8	60.1	(40.4%)
Revenue	156.9	193.0	(18.7%)
Adjusted EBITDA	36.6	42.4	(13.7%)
<i>Adjusted EBITDA margin</i>	<i>23.3%</i>	<i>22.0%</i>	<i>130bps</i>
Adjusted depreciation and amortization	(7.3)	(8.9)	(18.0%)
Adjusted operating profit	29.3	33.5	(12.5%)
<i>Adjusted operating profit margin</i>	<i>18.7%</i>	<i>17.4%</i>	<i>130bps</i>

- > Decrease in orders and revenue from softer demand environment and strong prior year with NSPA and Ukraine support
- > Improvement on already strong margins due to positive product mix effects and decisive action to right-size capacity

. . . but still delivering strong margins

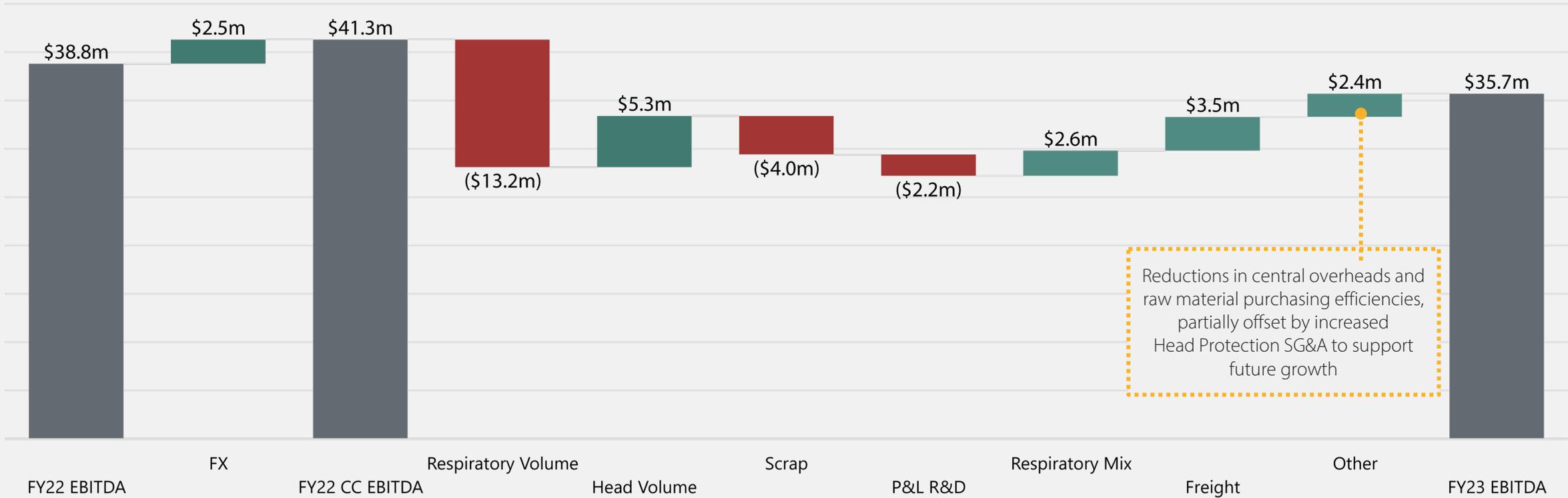
Strong growth in Head Protection . . .

Head Protection	FY23 \$m	FY22 \$m	▲
Orders received	126.1	103.7	21.6%
Closing order book	100.0	60.8	64.5%
Revenue	86.9	70.5	23.3%
Adjusted EBITDA	(0.9)	(3.6)	(75.0%)
<i>Adjusted EBITDA margin</i>	<i>(1.0%)</i>	<i>(5.1%)</i>	<i>410bps</i>
Adjusted depreciation and amortization	(7.2)	(6.5)	(10.8%)
Adjusted operating profit	(8.1)	(10.1)	(19.8%)
<i>Adjusted operating profit margin</i>	<i>(9.3%)</i>	<i>(14.3%)</i>	<i>500bps</i>

- Strong closing order book provides good coverage for 2024
- Revenue growth from successful ramp-up of NG IHPS
- Margin improvement from operational leverage and initial benefits of STAR strategy
- Transformation activities will drive structural margin improvement

. . . with initial stages of margin improvement

Lower Respiratory revenue and ramp-up scrap costs . . .



- > Largest movements from impact of revenue changes detailed on previous slides
- > Increased scrap from NG IHPS ramp-up offset by reduced freight costs
- > Increase in P&L R&D costs from lower levels of capitalisation

. . . offset by favourable mix and freight

Increased net debt due to high receivables . . .

	FY23 \$m	FY22 \$m	
Adjusted EBITDA	35.7	38.8	
Working capital and other adjustments	(33.2)	19.9	Working capital outflow includes \$26m receivables increase due to sales phasing in H2
Cash flows from continuing operations before exceptional items	2.5	58.7	
Exceptional costs and cash flows from discontinued operations	0.9	(25.2)	Reduced Armour losses and working capital inflows
Cash flow from operations	3.4	33.5	
Payments to pension plan	-	(8.5)	FY23 pension contributions fully prepaid in FY22
Net finance costs	(6.6)	(3.4)	
Net lease payments	(3.0)	(3.2)	
Tax	3.7	3.7	Historic tax refunds received
Capital expenditure	(11.0)	(8.9)	
Armour disposal and other discontinued cash flows	6.6	(4.4)	Sale of Armour assets
FX on cash	-	(0.4)	
Share buyback	-	(12.4)	Buyback programme cancelled
Dividends to shareholders	(13.4)	(13.4)	
Change in net debt	(20.3)	(17.4)	
Opening net debt, excluding lease liabilities	(44.2)	(26.8)	
Closing net debt, excluding lease liabilities	(64.5)	(44.2)	

. . . unwinding in Q1

Balance sheet stabilised . . .

	FY23 \$m	HY23 \$m	FY22 \$m	
Intangible assets	139.2	168.1	171.0	Reduction due to impairment of goodwill
Property, plant and equipment	35.8	37.1	39.9	
Net other non-current assets	32.7	21.6	16.3	
Inventories	54.4	82.3	65.6	Reduction due to Armour closure and unwind of build for H2
Other current assets	58.6	36.3	35.0	
Current liabilities	(35.7)	(41.1)	(43.0)	Receivables up by \$27.7m due to high Q4 deliveries
Net debt, excluding lease liabilities	(64.5)	(71.8)	(44.2)	
Lease liabilities	(20.9)	(23.2)	(23.8)	
Retirement benefit scheme	(40.2)	(16.5)	(6.3)	Increase due to actuarial experience adjustments
Net assets	159.4	192.8	210.5	
Leverage	1.94x	2.58x	1.99x	

. . . with ROIC focus driving future deleveraging

Capital allocation focused on earnings recovery . . .



. . . and driving sustainable top-line growth

FY24 Outlook - Revenue growth and margin progression . . .

- High-single-digit revenue growth for the Group
 - Strong growth in Head Protection revenue– growing commercial helmet sales, full year of NG IHPS and H2 ramp in ACH GEN II deliveries, supported by strong orders
 - Continued soft demand for respiratory products, opportunities for growth in rebreather revenue
 - Revenue expected to be H2-weighted
- Solid adjusted operating margin progression – expected outturn close to 10%
 - Strong recovery in Head Protection margin from operational leverage and efficiency improvements
 - Margin improvement from transformation expected to start from H2 .
- Net debt position expected to reduce, with strong operating cash flows and rebased dividend partially offset by pension contributions and transformation costs.

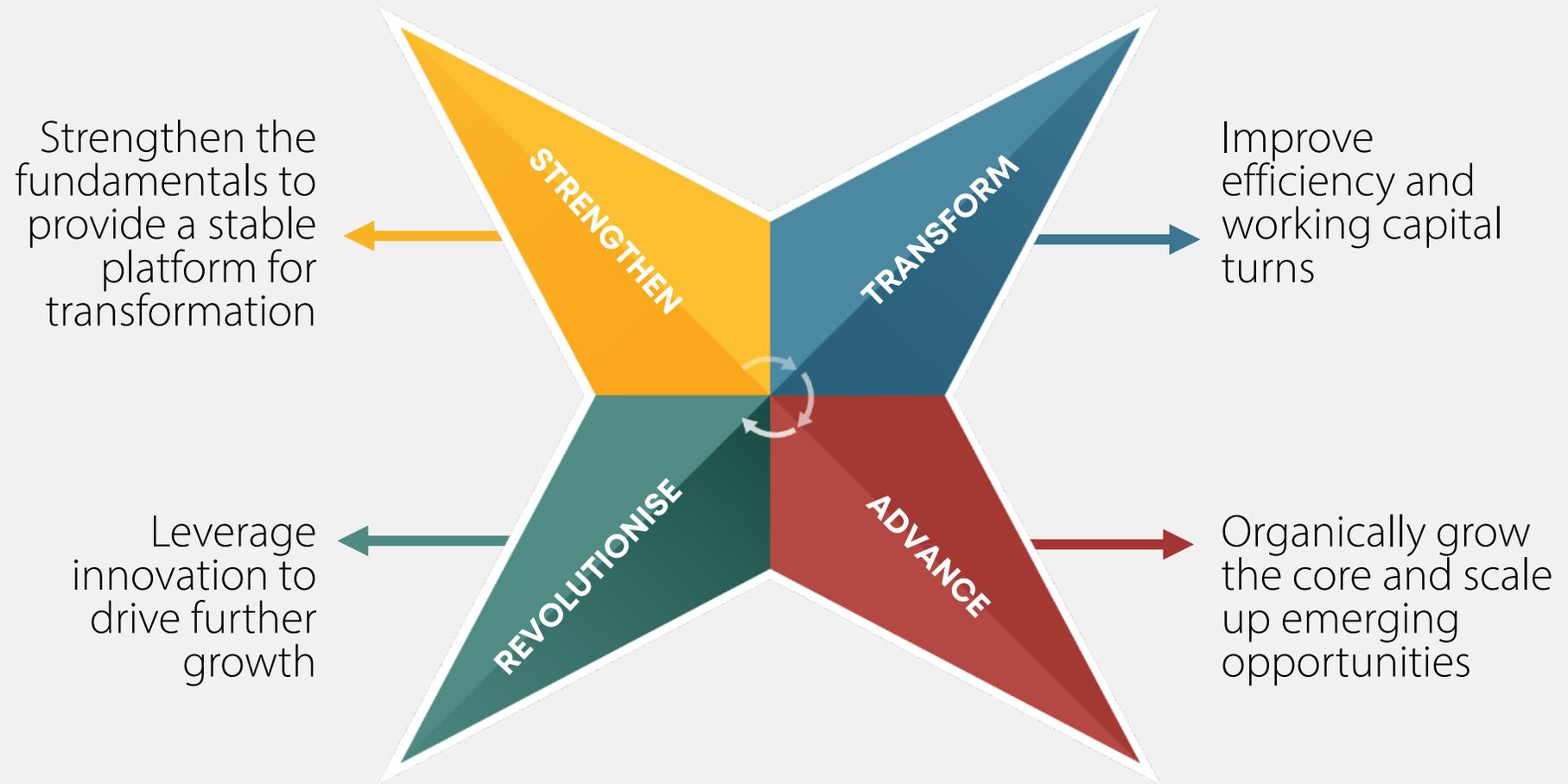
. . . in a year of solid cash conversion

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**LOTS DONE.
LOTS TO DO.**

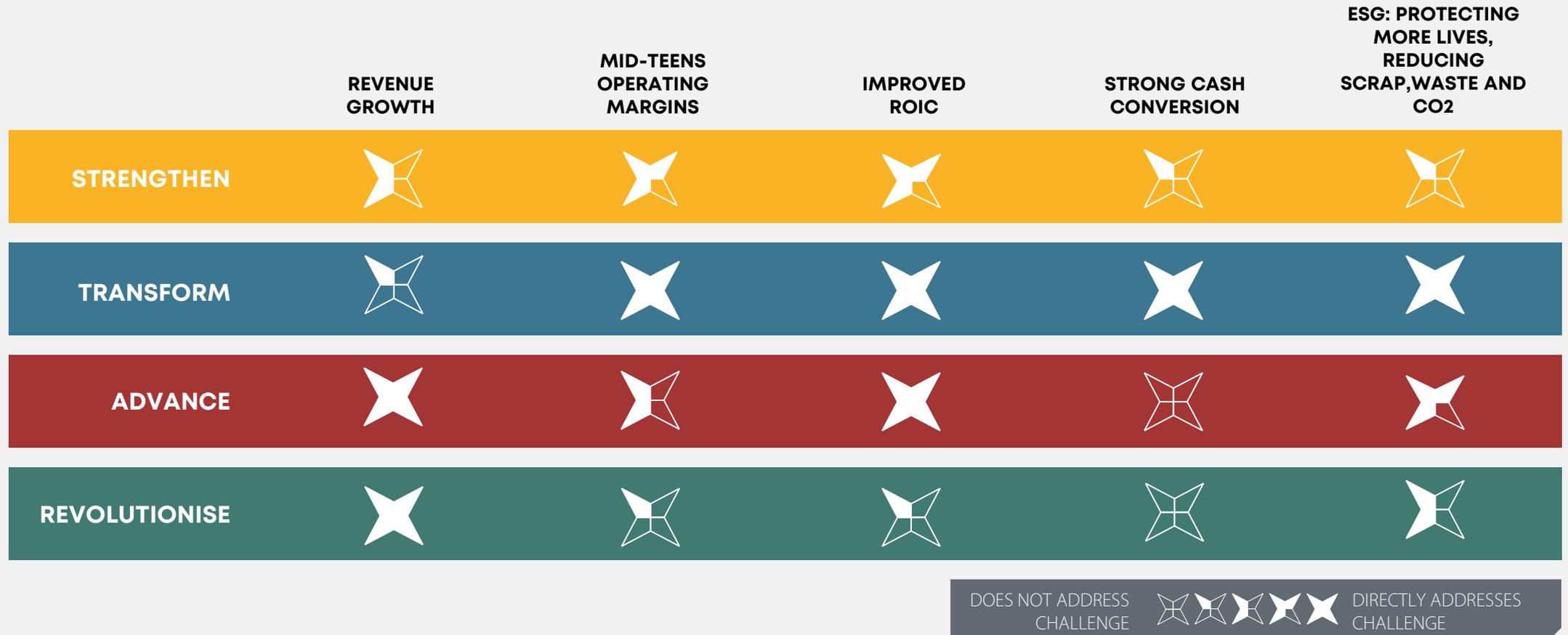
JOS SCLATER, CEO

The implementation of the strategy . . .



. . . has radically improved pace and focus

STAR is designed to deliver improved performance . . .



. . . with focus now moving to margin expansion

Strengthen: stabilise the platform . . .

Progress so far

- Effective operating model
- Clear strategy with resources aligned to strategic initiatives
- Strong management team
- Initial right sizing complete
- High impact performance management implemented
- Successfully exited the Armour business

. . . from which we can transform

Strengthen: creating a culture of accountability . . .

Who we are

Our purpose is **Protecting Lives**. It's something everyone in this business cares passionately about.

What we do

Our mission is to provide unparalleled **protection for those who protect us**, giving them the confidence to tackle challenging situations and helping them get home safe.

How we do it



Fearlessness

We seize opportunities and take calculated risks.



Integrity

We do what's right; using good judgement to ensure we always do things we can be proud of.



Excellence

We passionately strive to protect life through innovative solutions, people and processes.



Resilience

No matter the circumstances, we exhibit a will to win.



Collaboration

We believe in the power of teams, across the business and with our customers, to become stronger.



Execution

We have fun, are high impact and are empowered to make a difference.

. . . to accelerate our strategy

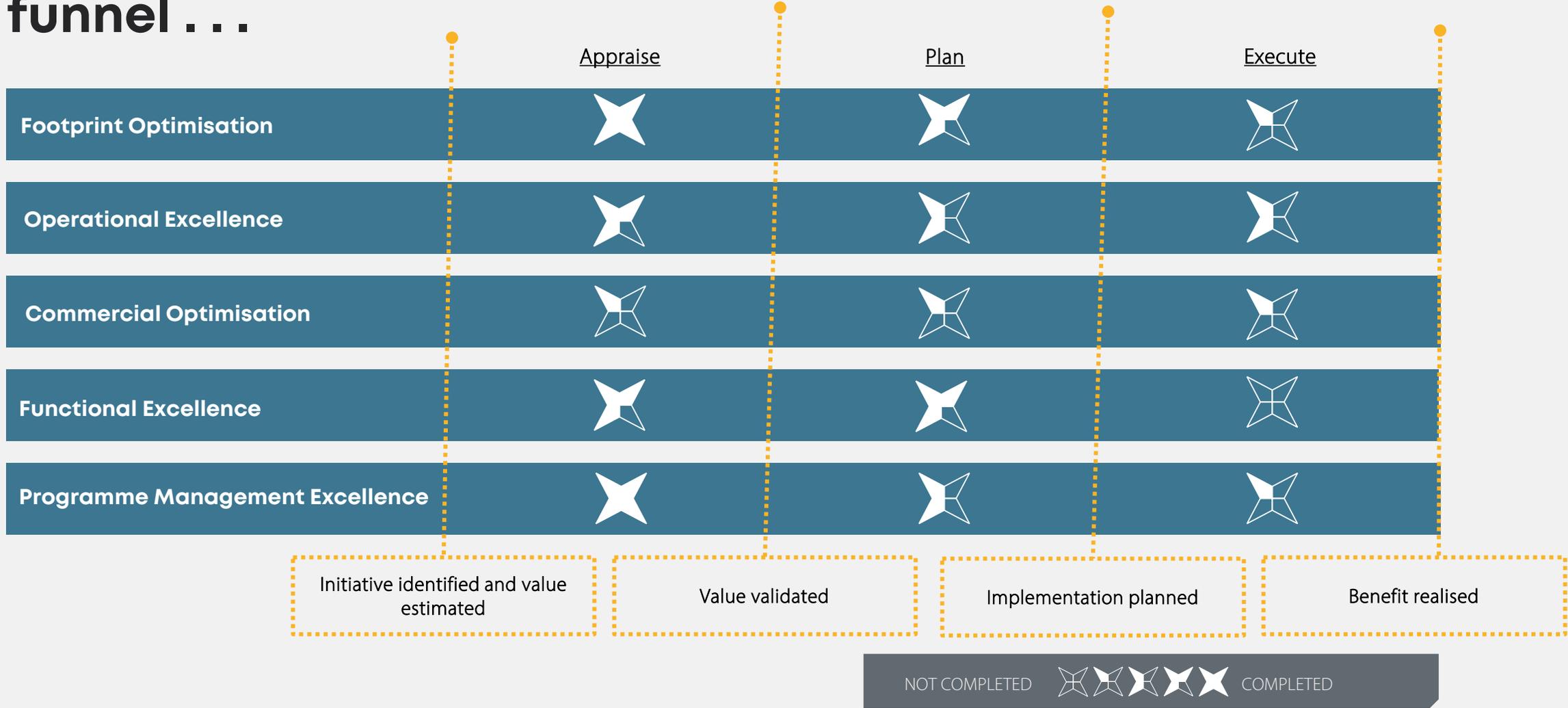
Transform: ambitious transformation programme . . .

- Programme workstreams defined
- Chief Transformation Officer appointed
- Aligned incentives to the strategy
- Costs and benefits now defined
 - Benefits in-line with our initial expectations

. . . expected to deliver mid-teens operating margins



Transformation initiatives are progressing through our funnel . . .



. . . in line with our expectations

Transform: lots of opportunity . . .

Progress so far	Next steps
<p>Footprint optimisation</p> <ul style="list-style-type: none"> • EPIC finishing and assembly moved to Cleveland • ACH GEN II capacity ramp to move to Cleveland, in addition to Salem 	<p>Footprint optimisation</p> <ul style="list-style-type: none"> • Further steps to improve gross margin
<p>Operational excellence</p> <ul style="list-style-type: none"> • Continuous improvement culture and capability • Standard operating metrics implemented 	<p>Operational excellence</p> <ul style="list-style-type: none"> • Implement funnel of improvement initiatives targeting scrap reduction and productivity improvement
<p>Commercial optimisation</p> <ul style="list-style-type: none"> • EPIC good, better, best strategy implemented • Identified pricing optimisation opportunities 	<p>Commercial optimisation</p> <ul style="list-style-type: none"> • Improved pricing on priority low-margin SKUs and optimised route to market
<p>Functional excellence</p> <ul style="list-style-type: none"> • Detailed plan created for finance excellence 	<p>Functional excellence</p> <ul style="list-style-type: none"> • Implement identified opportunities
	<p>Programme management excellence</p> <ul style="list-style-type: none"> • Transformation governance and control embedded

. . . to reduce costs and improve cash flow

Transformation requires disciplined investment . . .

	FY24 Transformation cost (\$m)	FY24 CapEx (\$m)	Project duration (months)	
Footprint Optimisation	5-6	1-2	30	} Payback within 3 years
Operational Excellence	1		24	
Commercial Optimisation	1		24	
Functional Excellence	1		24	
Programme Management Excellence	1		24	
Total FY24 investment	9-10*	1-2		

Transformation costs are expected to be recognised as exceptional with 2025 costs expected to be similar to 2024 and then a sharp drop in 2026

. . . and will generate strong returns

Respiratory Advance: re-building the sales pipeline . . .

Progress so far	Next steps
<p>Boots and Gloves</p> <ul style="list-style-type: none">• Won the NSPA contract and received first major order from a NATO customer	<p>Launch MiTR (Modular Integrated Tactical Respirator)</p> <ul style="list-style-type: none">• Use our Quick Launch process to launch revolutionary new respiratory and eye protection system
<p>U.S. DOD</p> <ul style="list-style-type: none">• High levels of collaboration on future product development	<p>Rebreathers</p> <ul style="list-style-type: none">• Convert pipeline into profitable growth
<p>Rebreathers</p> <ul style="list-style-type: none">• Strong pipeline	<p>Complete CBRN solution</p> <ul style="list-style-type: none">• Sell ensemble through existing channel

. . . to drive future growth

Head Protection Advance: ramping up production . . .

Progress so far

NG IHPS

- Signed 5 year IDIQ with contract ceiling of \$676m
- FAT approval well ahead of competition

ACH GEN II

- IDIQ with 5 years remaining and a contract ceiling of \$204m
- FAT approval, ahead of the competition

EPIC

- Strong demand for new EPIC helmet with ACH GEN II technology
- Successful production ramp-up

Next steps

NG IHPS

- Productivity and scrap improvements

ACH GEN II

- Ramp up production to meet customer demand

EPIC/EXFIL

- Increase production capacity further with lower cycle time
- Refresh EXFIL range and embed Ceradyne shell technology

Pads

- Increase production to meet higher demand
- Improve productivity and reduce scrap

. . . to meet strong demand

Revolutionise: securing our long-term future . . .

Progress so far	Next steps
<p>Rebreathers</p> <ul style="list-style-type: none">• Secured MOD funding for new underwater masks• Secured MOD funding to develop shallow water rebreather	<p>Next Gen Helmet Technology</p> <ul style="list-style-type: none">• Funding to further advance ballistic protection and prevent traumatic brain injury
<p>Next Gen Helmet Technology</p> <ul style="list-style-type: none">• NG Bump helmet developed and in evaluation• Increasing customer funding for next generation traumatic brain injury mitigation (TBIM) technology	<p>Non-Ballistic Offerings</p> <ul style="list-style-type: none">• Introduce Next Generation Bump Helmet• Broaden SAR helmet into adjacent markets <p>High Performance Rifle Rated Helmets</p> <ul style="list-style-type: none">• Gain momentum with portfolio expansion

. . . by leveraging our core capabilities to launch new products

We are focused on mitigating our risks . . .

Risks

- UK GSR competitive tender process
- Rebreather timing

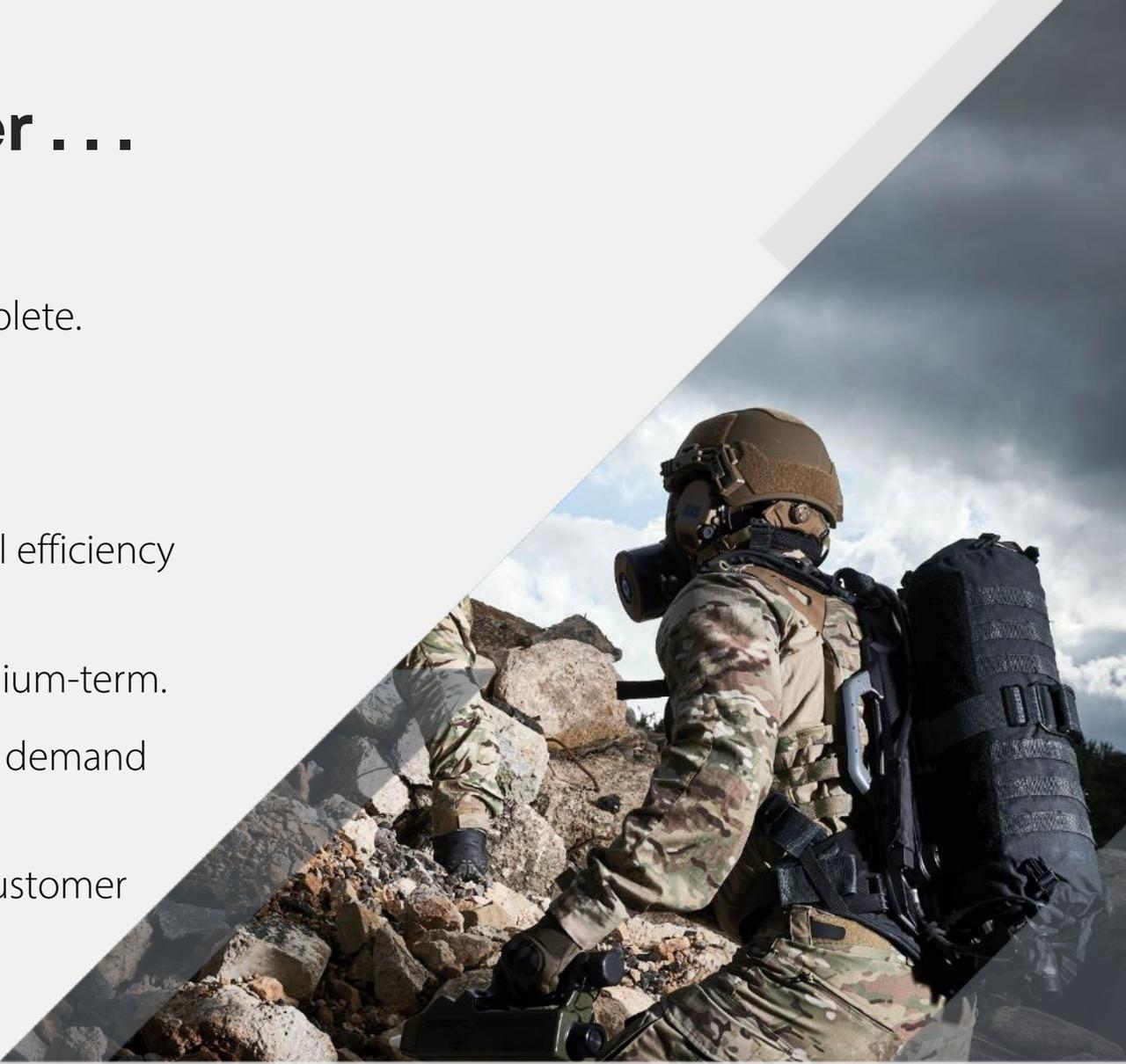
Opportunities

- Rebreather pipeline
- Increasing global demand for EPIC
- Growing demand for pads
- Further process optimisation and scrap reduction

. . . whilst making the most of our opportunities

Avon is simpler and stronger . . .

- Strengthen phase of the STAR strategy largely complete.
 - Platform for strategic progress in place.
- Transformation gaining momentum.
 - Significant opportunity to optimise operational efficiency and footprint.
 - Mid-teens operating profit margins in the medium-term.
- Demand for helmets is high. Respiratory Protection demand stabilising.
- Innovation pipeline reinvigorated with increasing customer funding.



. . . with increasing confidence about the medium-term outlook

**We look forward to welcoming you to our upcoming
Capital Markets Day on 8th February 2024**

QUESTIONS

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APPENDIX



Technical Guidance FY24

Continuing operations ¹	FY22 \$m	FY23 \$m	FY24 guidance \$m
Research and development expenditure	10.9	10.2	13-15
Of which customer funded	1.4	1.2	2-3
Group expenditure	9.5	9.0	11-13
Capitalised development costs	5.8	3.1	2-3
Expensed research & development costs	3.7	5.9	9-11
Other capital expenditure	3.1	7.9	12-14
Total capital expenditure	8.9	11.0	14-17
Amortization of acquired intangibles	6.8	6.3	6-7
Adjusted depreciation, amortisation and impairment	15.4	14.5	11-14
Adjusted interest	3.7	7.2	6-8
1 cent increase in £:\$ FX rate increases revenue by			~\$0.2m
1 cent increase in £:\$ FX rate decreases operating profit by			~\$0.2m

¹ Armour excluded as a discontinued operation following closure

Cash pension contributions forecast

Pension contributions	Pre-triennial valuation	Post-triennial valuation
	£m	£m
2024	3.95	6.95
2025	4.30	4.30
2026	4.70	4.70
2027	5.10	5.10
2028	5.55	5.55
2029	3.27	5.20

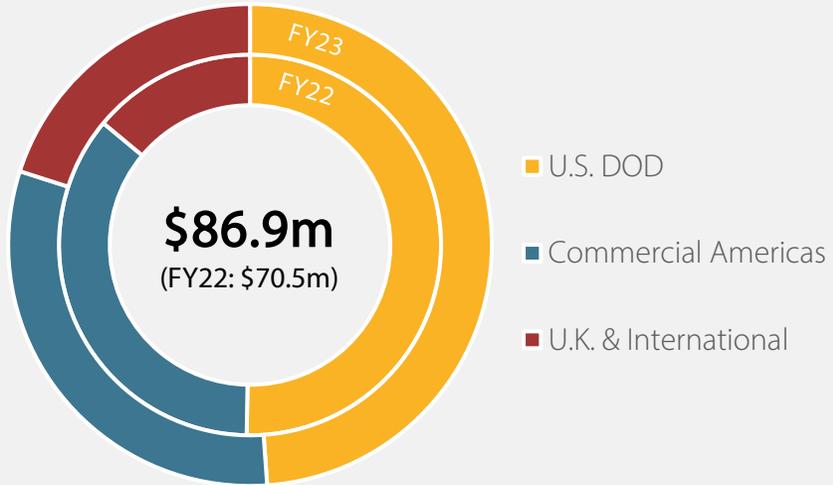
Reported to adjusted reconciliation

Continuing operations ¹	FY23 \$m	FY22 \$m
Statutory operating (loss)/profit	(12.6)	11.0
Amortisation of acquired intangibles	6.3	6.8
Impairment of goodwill and other non-current assets	24.6	4.0
Restructuring costs	1.4	1.6
Transition costs	1.5	-
Adjusted operating profit	21.2	23.4

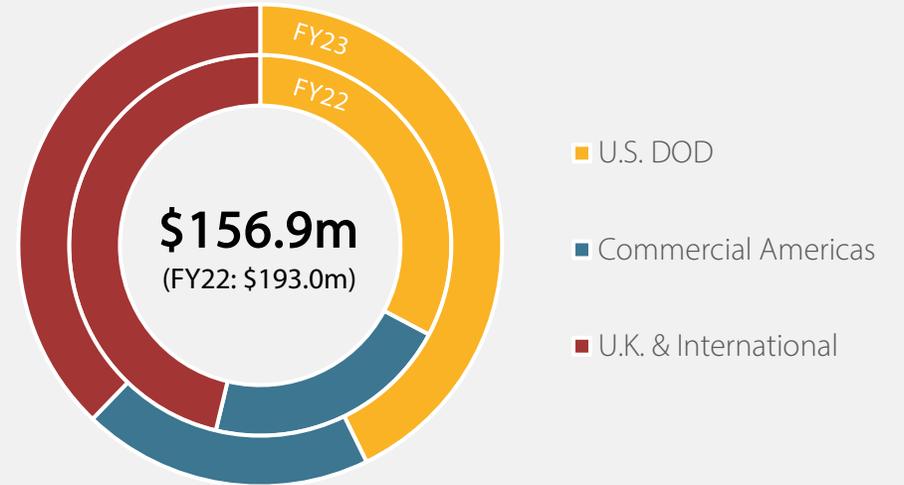
¹ Armour excluded as a discontinued operation following closure

SBU revenue by market

Head Protection



Respiratory Protection



Abbreviations

Term	Explanation
50 Series	A range of masks based on the proven technology of the M50 mask system
ACH GEN II	Second-generation Advanced Combat Helmet
AGM	Annual General Meeting
APC	Avon Protection Ceradyne
CBRN	Chemical, Biological, Radiological, Nuclear
CGU	Cash-generating unit
DOD	U.S. Department of Defense
EMEA	Europe, Middle East, and Africa
ESG	Environmental, social and governance
ESPP	Employee Stock Purchase Plan
FTSE	Financial Times Stock Exchange
FX	Foreign exchange
FY	Financial year
GHG	Greenhouse gas
GSR	General Service Respirator
H1/H2	First half of the financial year (October – March) / Second half of financial year (April – September)
ITAR	International Traffic in Arms Regulation
KPIs	Key Performance Indicators
LTIP	Long Term Incentive Plan

Term	Explanation
MiTR	Modular Integrated Tactical Respirator
MOD	Ministry of Defence
NATO	North Atlantic Treaty Organization
NFPA	National Fire Protection Association
NG IHPS	Next Generation Integrated Head Protection System
NSPA	NATO Support and Procurement Agency
PAPR	Powered Air Purifying Respirator
PSP	Performance Share Plan
SBU	Strategic Business Unit
SCBA	Self-contained breathing apparatus
SIP	Share Incentive Plan
SSA	Special Security Agreement
tCO ₂ e	The amount of greenhouse gases emitted during a given period, measured in metric tons of carbon dioxide equivalent
TFCD	Task Force for Climate Related Financial Disclosures
TW	Team Wendy
TSR	Total shareholder return
UN SDGs	United Nations Sustainable Development Goals