



## HALF YEAR RESULTS 2021

Positioned for growth

# FORWARD-LOOKING INFORMATION

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# AGENDA

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**HIGHLIGHTS**

**FINANCIAL  
REVIEW**

**POSITIONED  
FOR GROWTH**

# Highlights

**Paul McDonald**  
**Chief Executive Officer**



# POSITIONED FOR GROWTH

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- Strong start to 2021 with 47% growth in orders received
- Positive financial performance
  - Revenues up 41%; 17.6% excluding Team Wendy
  - Adjusted EPS up 28%
- Team Wendy performing in line with expectations following completion on 2 November
- Completed the integration of our ballistic protection business. Body armor product approvals on track
- Confident in achieving full year 2021 expectations
- Well positioned for continued growth over the medium-term





PERFORMANCE EVOLVED



Reflecting our transformation into a leading provider of life critical personal protection systems, we plan to change our name to **Avon Protection plc**





# Financial Review

**Nick Keveth**  
**Chief Financial Officer**

# FURTHER PROGRESS AGAINST OUR INVESTOR PROPOSITION



**ORGANIC SALES  
GROWTH**

**+17.6%**

Excluding  
Team Wendy



**VALUE ENHANCING  
ACQUISITIONS**

Team Wendy  
acquisition  
completed

Ballistic protection  
integrated



**ATTRACTIVE EBITDA  
MARGINS**

**19.7%**



**STRONG CASH  
GENERATION**

**58.5%**

Cash conversion



**DIVIDEND  
GROWTH**

**+30%**

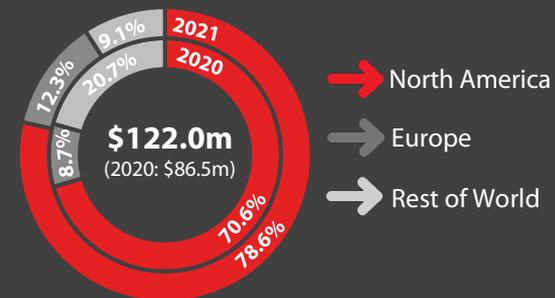
# POSITIVE FINANCIAL PERFORMANCE

	2021	2020	Growth
Orders received	\$167.9m	\$114.6m	46.5%
Closing order book	\$156.6m	\$135.2m	15.8%
Revenue	\$122.0m	\$86.5m	41.0%
Adjusted EBITDA	\$24.1m	\$18.1m	33.1%
Adjusted EBITDA margin	19.7%	20.9%	(120 bps)
Adjusted operating profit	\$17.5m	\$14.0m	25.0%
Adjusted basic earnings per share	41.1c	32.1c	28.0%
Dividend per share	14.3c	11.0c	30.0%
Cash conversion	58.5%	(41.2%)	
Net debt excluding lease liabilities	\$12.9m	\$65.6m	

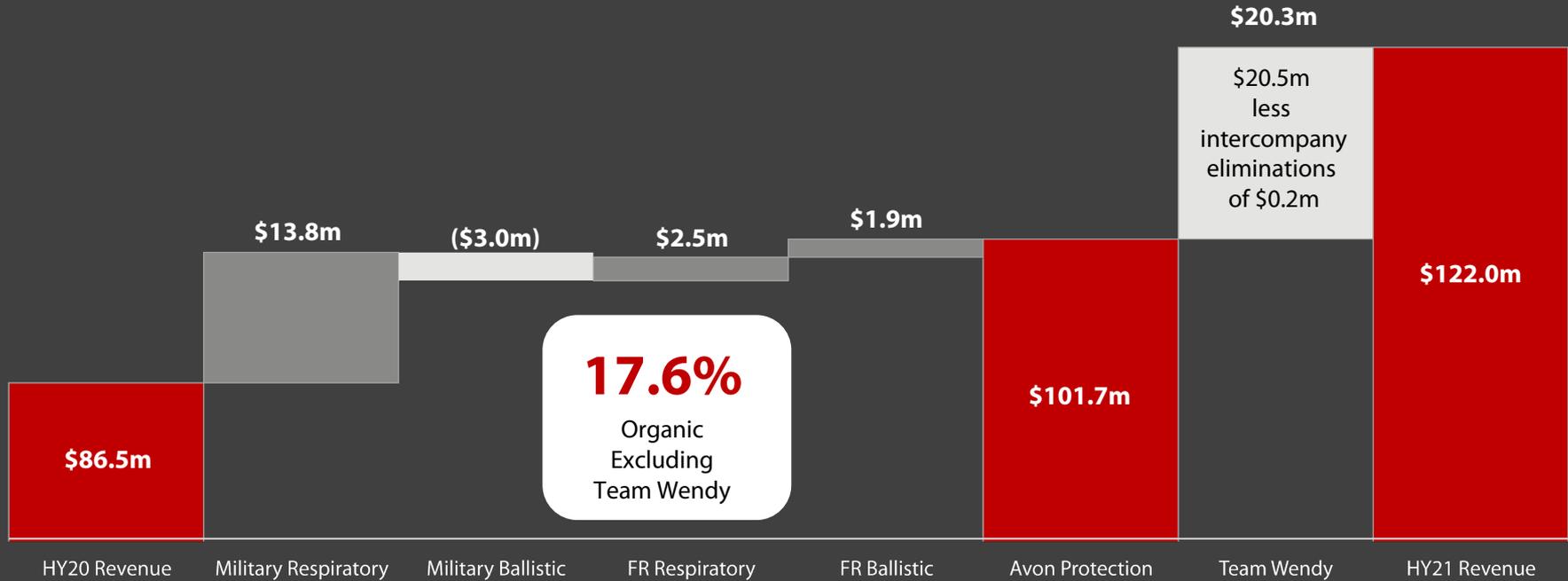
## REVENUE SPLIT BY BUSINESS



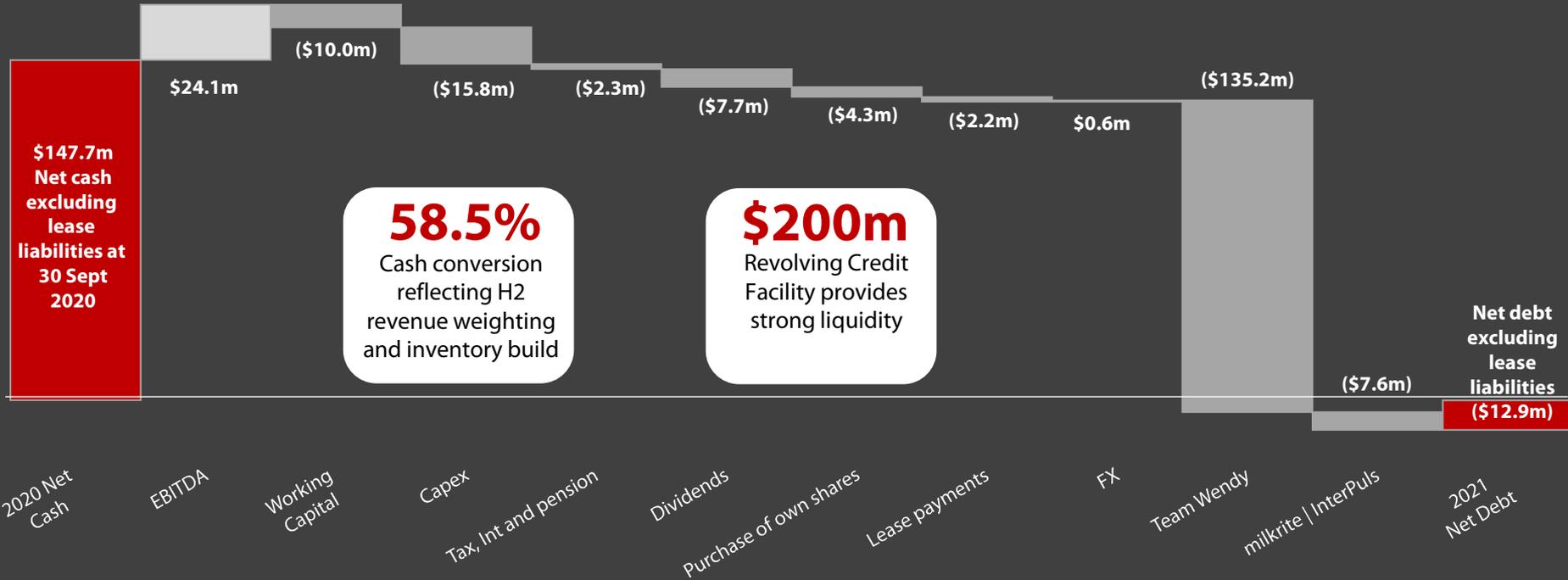
## REVENUE SPLIT BY DESTINATION



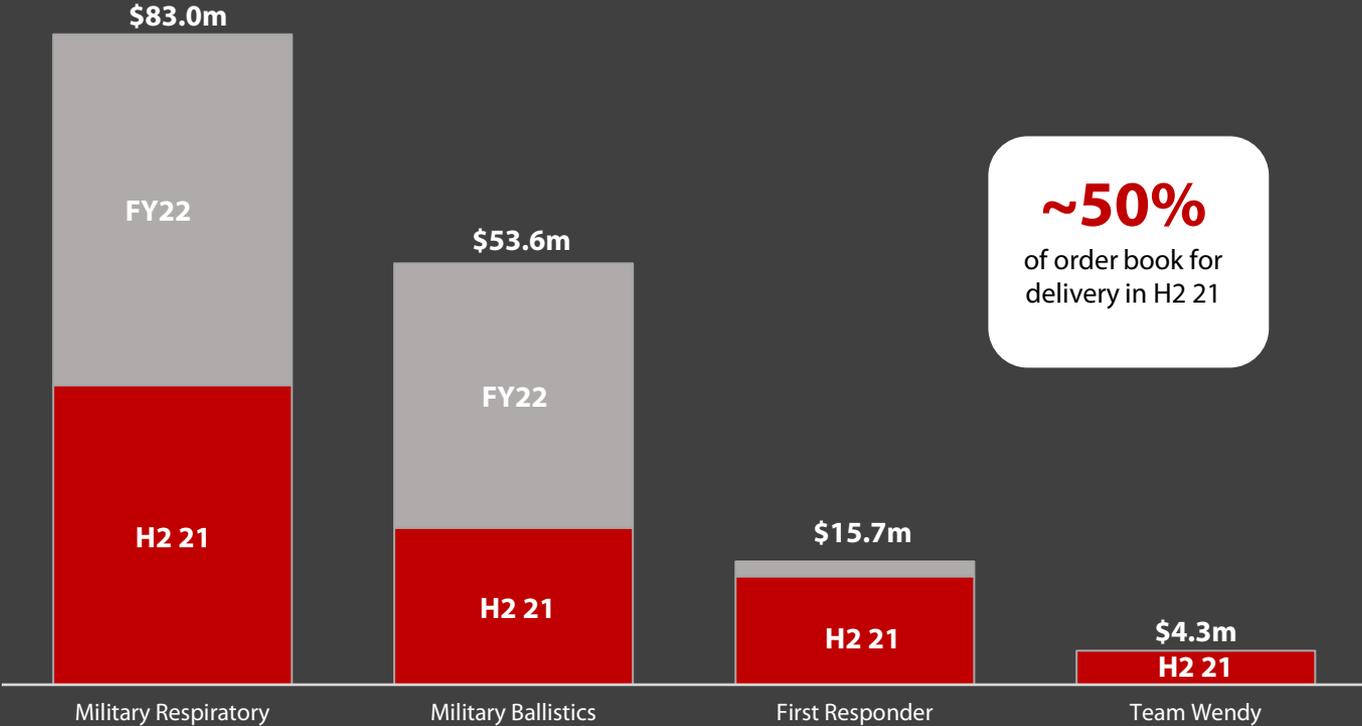
# 41% REVENUE GROWTH



# STRONG FINANCIAL POSITION

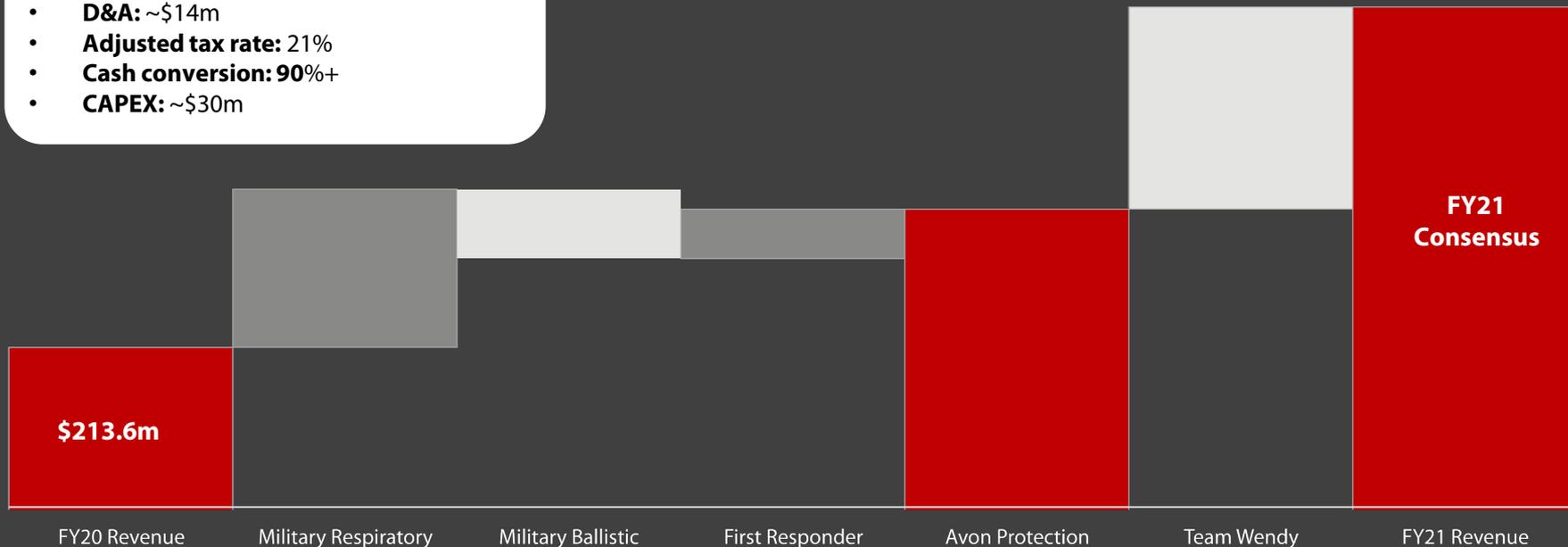


# \$157M ORDER BOOK PROVIDES VISIBILITY FOR H2 & BEYOND



# FY21 BUILDING BLOCKS

- **1c FX** ~ \$160,000 profit impact
- **EBITDA margin:** ~100 bps reduction
- **D&A:** ~\$14m
- **Adjusted tax rate:** 21%
- **Cash conversion:** 90%+
- **CAPEX:** ~\$30m



# CONFIDENT IN FULL YEAR EXPECTATIONS

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- Excellent revenue visibility going into the second half
  - Opening order book of \$156.6m
  - Strong pipeline of opportunities
- Discussions ongoing with additional countries under the NATO NSPA contract
- Actively pursuing several identified opportunities with the DOD and Rest of World Military customers
- Strong demand in our First Responder markets for respiratory protection systems and ballistic helmets
- Team Wendy momentum expected to continue in line with expectations
- Board remains confident in achieving full year expectations



# Positioned for growth

**Paul McDonald**  
**Chief Executive Officer**



# WELL POSITIONED IN A GROWING MARKET

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- Global security threats are on the rise
  - Increasing geopolitical tension from China, Russia and asymmetric threats
  - Proliferation of chemical weapons
  - COVID-19 raising awareness of biological risks
  - Growing civil unrest and political tension
  - Increasing violent crime
- Increasing product technology requirements for
  - Higher protection levels
  - Modular and integrated systems
  - Size and weight reductions
- Driving increased spending on next generation respiratory and ballistic protection



# ACQUISITION INTEGRATION

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- Completed integration of ballistic business
  - Fully aligned management structure
  - Customer relationships managed through our Military and First Responder lines of business
  - Global operations organisation responsible for all products
  - Business transitioned to our IT platforms and infrastructure
  - U.S. DOD contracts novated to Avon Protection Ceradyne LLC
  - Exited transitional service arrangements with 3M
  - Avon Protection R&D processes implemented
- Team Wendy operating on standalone basis
  - Avon Protection governance and performance management processes rolled out
  - Commercial sales collaboration for major tenders
  - R&D collaboration on IHPS liner pads and new commercial helmet
  - Procurement benefits from Avon Protection's buying power and supplier relationships



# OUR STRATEGY

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**GROWING  
THE CORE**



**SELECTIVE PRODUCT  
DEVELOPMENT**



**VALUE ENHANCING  
ACQUISITIONS**

# GROWING THE CORE

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- Current framework contracts underpin our medium-term outlook
- Leading position in Military respiratory market consolidated by securing NATO NSPA contract
- Actively pursuing several identified opportunities with the DOD and Rest of World Military customers
- DOD is current focus for our ballistic protection business
- Combined Ceradyne and Team Wendy helmet portfolio provides enhanced competitiveness in international markets
- Strong continued demand from First Responders for respiratory protection systems and ballistic helmets
- Margin upside from operational leverage and manufacturing efficiencies



# DEVELOPING PRODUCTS IN PARTNERSHIP

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- Pipeline of new products and enhancements being developed in partnership with our customers ensures
  - products are designed to customer requirements; and
  - we maintain and broaden our technological leadership in respiratory and ballistic protection
- Current areas of focus include:
  - Body Armor product approval process on track for deliveries to commence in FY22
  - Shell and liner pad designs for the next generation IHPS
  - Continued trials of the MCM100 with the U.S. Navy, with growing Rest of World interest
  - Avon Protection and Team Wendy collaboration on new commercial helmet
  - CH15 next generation escape hood launched in Europe in first half. North American launch planned for H2
- Longer term focus on systems integration

**HALF YEAR RESULTS 2021**

Positioned for growth



# VALUE ENHANCING ACQUISITIONS

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- Strong balance sheet, free cash flow and \$200m bank debt facility provides significant capacity and flexibility to execute on acquisition opportunities to accelerate growth
- Continuing to target acquisitions which are complementary and broaden our product portfolio
- Clear strategic, commercial and financial criteria in place
- Acquisitions must contribute to revenue, margin and cash conversion growth objectives
- Actively tracking multiple opportunities across a range of technologies and geographies



# CONFIDENT IN THE MEDIUM-TERM OUTLOOK

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- We continue to focus on delivering against our three strategic priorities of
  - growing the core
  - selective product development; and
  - value enhancing acquisitions
- Business performing well delivering strong organic growth with significant further growth opportunities across our portfolio in all our markets
- Pipeline of new products and enhancements being developed in partnership with customers
- Balance sheet strength provides capacity for further acquisitions to accelerate growth
- Board remains confident that the business is well positioned for continued growth over the medium-term





# Questions

# SUCCESSFUL EXECUTION OF OUR STRATEGY...

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**GROWING  
THE CORE**



**SELECTIVE PRODUCT  
DEVELOPMENT**



**VALUE ENHANCING  
ACQUISITIONS**

# ... HAS TRANSFORMED THE BUSINESS

## RESPIRATORY PROTECTION



**RESPIRATORS**



**POWERED AIR**



**SUPPLIED AIR**

## BALLISTIC PROTECTION



**HELMETS**



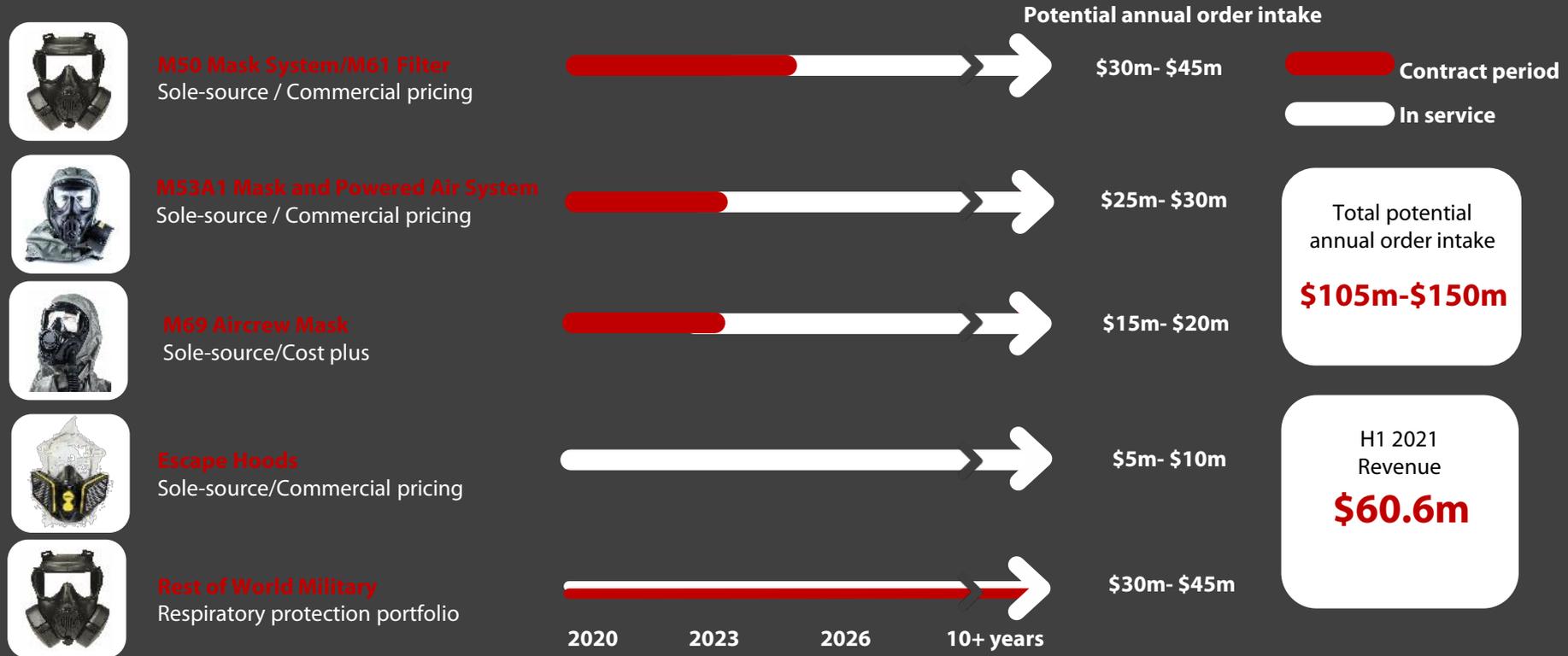
**LINER &  
RETENTION  
SYSTEMS**



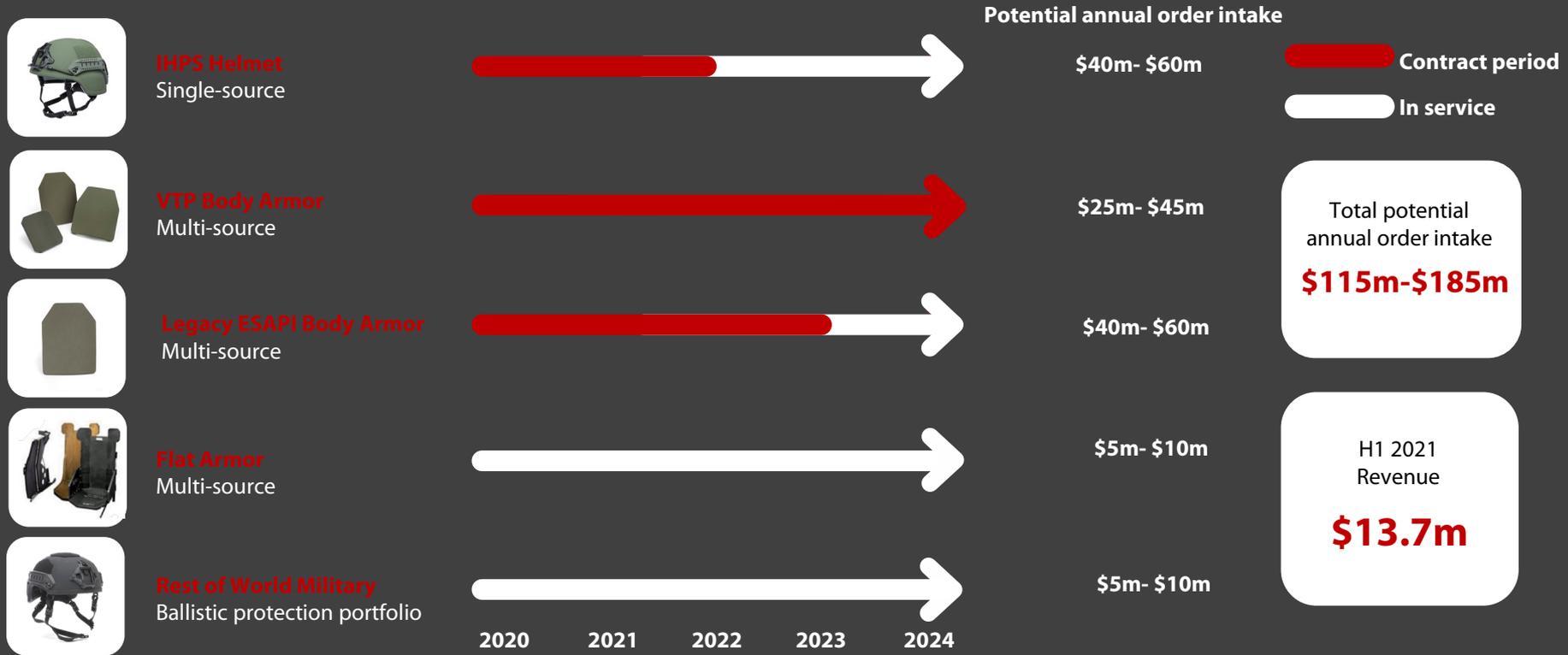
**BODY  
ARMOR**

**A LEADING  
PROVIDER OF  
LIFE CRITICAL  
PERSONAL  
PROTECTION**

# MILITARY – RESPIRATORY OUTLOOK UNDERPINNED



# MILITARY – BALLISTIC OUTLOOK UNDERPINNED



# FIRST RESPONDER OUTLOOK



**RESPIRATORS**



**POWERED AIR**



**SUPPLIED AIR**



**HELMETS**

Potential annual order intake

**Respiratory  
Protection  
\$50-70m**

Total potential  
annual order intake

**\$55m-\$80m**

**Ballistic  
Protection  
\$5-10m**

H1 2021  
Revenue

**\$27.4m**

# TEAM WENDY OUTLOOK



**Ballistic Helmets**



**Non-Ballistic Helmets**



**Liners and Retentions**



**Other**

Total potential annual order intake

**\$40-60m**

H1 2021 Revenue

**\$20.5m**

# Income statement

	HY21 \$m	HY20 \$m (Restated)
Revenue	122.0	86.5
Adjusted EBITDA	24.1	18.1
Adjusted depreciation and amortisation	(6.6)	(4.1)
Adjusted operating profit	17.5	14.0
Adjusted net finance costs	(1.5)	(1.0)
<b>Adjusted profit before taxation</b>	<b>16.0</b>	13.0
Adjusted taxation	(3.4)	(3.2)
<b>Adjusted profit for the period</b>	<b>12.6</b>	9.8
<b>Adjusted basic earnings per share</b>	<b>41.1c</b>	32.1c
<b>Dividend per share</b>	<b>14.3c</b>	11.0c

# Reported to adjusted reconciliation

	<b>HY21</b> <b>\$m</b>	HY20 \$m (Restated)
Operating profit	<b>6.2</b>	(0.3)
Amortisation of acquired intangible assets	<b>7.0</b>	3.0
Acquisition costs and accounting adjustments	<b>4.3</b>	11.3
Adjusted operating profit	<b>17.5</b>	14.0

# Revenue by line of business

	<b>HY21</b> <b>\$m</b>	HY20 \$m
Military	<b>74.3</b>	63.5
First Responder	<b>27.4</b>	23.0
Avon Protection	<b>101.7</b>	86.5
Team Wendy	<b>20.5</b>	-
Eliminations	<b>(0.2)</b>	-
<b>Total</b>	<b>122.0</b>	86.5

# Balance sheet

	HY21 \$m	HY20 \$m (Restated)
Intangible assets	<b>206.6</b>	102.9
Property, plant and equipment	<b>74.6</b>	73.5
Current assets	<b>109.4</b>	115.9
Current liabilities	<b>(52.9)</b>	(57.1)
Non-current assets	<b>16.7</b>	8.1
	<b>354.4</b>	243.3
Net debt	<b>(44.1)</b>	(82.0)
	<b>(95.7)</b>	(73.1)
Retirement benefit scheme	<b>(95.7)</b>	(73.1)
Net assets	<b>214.6</b>	88.2

# Cash flow

	HY21 \$m	HY20 \$m (Restated)
Cash flows from continuing operations before exceptional items	14.1	(7.5)
Cash impact of discontinued operations and exceptional items	(1.6)	(0.1)
Cash flows from operations	12.5	(7.6)
Net interest	(2.5)	(1.2)
Payments to pension plan	-	(1.3)
Tax	(11.0)	(1.8)
Purchase of property, plant and equipment	(2.1)	(1.7)
Capitalised development costs and purchased software	(13.7)	(2.1)
Acquisitions	(135.2)	(93.4)
Divestments, investing and financing activities used in divestments	2.8	(2.3)
Purchase of own shares	(4.3)	-
Dividends to shareholders	(7.7)	(5.2)
Net (repayments) / proceeds from loan drawdowns	(28.5)	69.3
Foreign exchange and other items	0.6	(2.8)
Decrease in net cash	(189.1)	(50.1)
% Cash conversion from EBITDA	58.5%	(41.2%)

# Foreign exchange and sensitivities

	Average rate HY21	Closing rate HY21	Average rate HY20	Closing rate HY20
Sterling - £1 = \$	1.347	1.378	1.283	1.223

	1 cent increase \$ thousand
Revenue	100 increase
Operating profit	160 decrease
Net assets	320 increase

# Glossary of financial terms

<b>Term</b>	<b>Explanation</b>
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
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)

Term	Explanation
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
Exceptional items	Significant non-recurring items such as acquisition costs, restructuring and project cancellation costs
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
Organic	Results are excluding the impact of acquisitions
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
Product development as % of revenue	Total expenditure on research and development expressed as a percentage of revenue

# 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
DLA	Defense Logistics Agency
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)
IHPS	Integrated Head Protection System

# Abbreviations (continued)

<b>Term</b>	<b>Explanation</b>
MOD	Ministry of Defence
NATO	North Atlantic Treaty Organization
NSPA	NATO Support and Procurement Agency
PAPR	Powered Air Purifying Respirator
ROW	Rest of World
SCBA	Self-contained breathing apparatus
VTP	Vital Torso Protection
XSAPI	X-Small Arms Protective Insert
XSBI	X-Side Ballistic Insert