



YEAR END RESULTS 2022

STRONG H2 RECOVERY AND SIGNIFICANT LONG-TERM GROWTH OPPORTUNITY

YEAR END RESULTS 2022

FORWARD-LOOKING INFORMATION

Avon Protection plc (the 'Group') is providing the following cautionary statement: This document contains certain statements that are or may be forward-looking with respect to the financial condition, results or operations and business of the Group. These statements are sometimes, but not always, identified by the words 'may', 'anticipates', 'believes', 'expects' or 'estimates'. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. A number of factors exist that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to (i) change to the current outlook for the global military and first responder respiratory and ballistic protection markets, (ii) changes in tax laws and regulations, (iii) the risks associated with the introduction of new products and services, (iv) significant global disturbances such as terrorism or prolonged healthcare concerns, (v) the termination or delay of key contracts, (vi) long term fluctuations in exchange rates, (vii) regulatory and shareholder approvals, (viii) unanticipated liabilities and (ix) actions of competitors. Subject to the Listing Rules of the U.K. Listing Authority, Avon Protection plc assumes no responsibility to update any of the forward-looking statements herein.



YEAR END RESULTS 2022

OUR AGENDA TODAY

1.

STRATEGIC & OPERATIONAL
REVIEW



2.

FINANCIAL REVIEW



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OUTLOOK



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QUESTIONS



YEAR END RESULTS 2022

STRONG H2 RECOVERY AND SIGNIFICANT LONG TERM-GROWTH OPPORTUNITY

- Solid order intake and strong organic revenue growth
- Successes in developing the head protection business and accelerating our growth in international markets
- Profitability impacted by identified issues, with improvement seen in H2 due to corrective actions
- Strong cash generation discipline supported a reduction in leverage
- Final dividend per share of 30.6c, resulting in total dividend of 44.9c, in-line with FY22
- Heightened demand environment underpins confidence in medium and long-term growth
- Appointments of Rich Cashin as CFO and Jos Sclater as CEO





“ WE USE OUR INGENUITY TO DESIGN NEXT GENERATION PROTECTION, CONSTANTLY ANTICIPATING AND ADAPTING TO THE EVER-INCREASING NEEDS OF OUR CUSTOMERS.

STRATEGIC & OPERATIONAL REVIEW

STRATEGIC & OPERATIONAL REVIEW

HEIGHTENED THREAT ENVIRONMENT

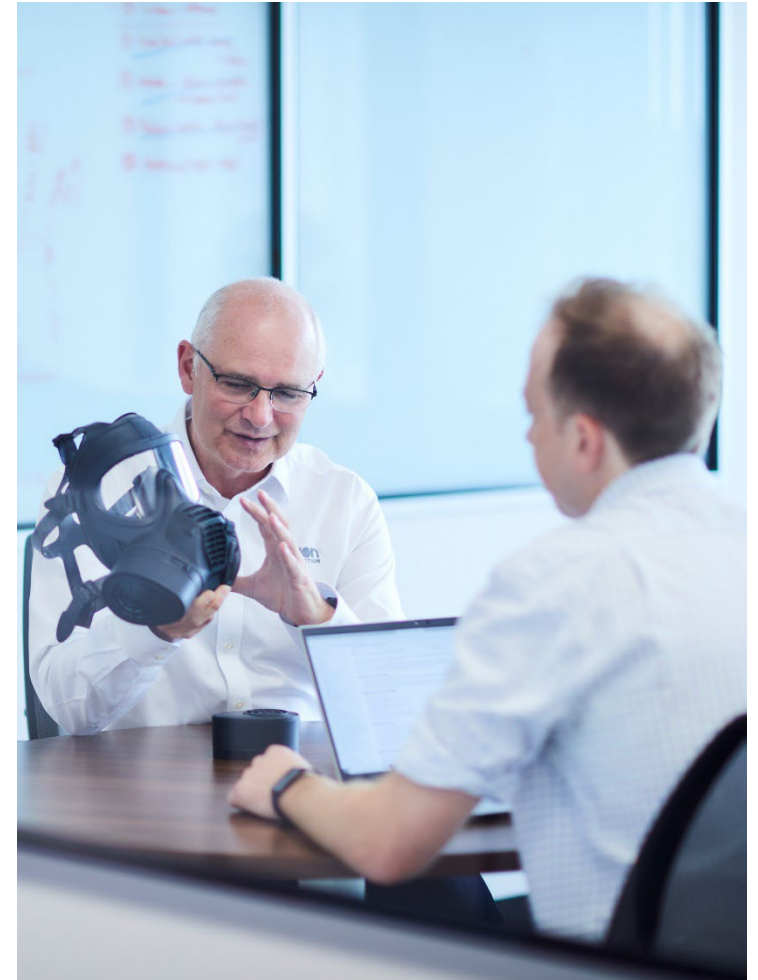
- Current threat environment driving greater focus on protective technologies and capabilities throughout Europe and beyond
- NATO nations continue to safeguard against the threat of adversarial use of CBRN capabilities
- We are well placed with long-term NATO and U.S. framework contracts which allow swift ordering under standard pre-negotiated terms
- Increased opportunity to grow presence beyond current international customer base
- Robust public defence spending environment in the medium-term



STRATEGIC & OPERATIONAL REVIEW

ORGANIC GROWTH IN RESPIRATORY PORTFOLIO

- Long-standing relationships with U.S. DOD and U.K. MOD
- NSPA continues to be a strong vehicle for providing our life-critical personal protection to NATO countries
 - Deliveries made to 7 countries within the year; more expected in the future
 - 200,000th mask delivered under NSPA framework contract
 - Targeting opportunities beyond existing relationships
- Decline in U.S. revenue following end of M69 contract, reduced volumes of PAPRs, and high spares & accessories volumes in prior year



STRATEGIC & OPERATIONAL REVIEW

DEVELOPING OUR HEAD PROTECTION PORTFOLIO

- First delivery order worth \$42m received from the U.S. Army in September 2022 for NG IHPS
- Award of ACH GEN II contract in February 2022, with first article testing commencing in the first half of FY23
- Combination of the above two programmes will position Avon Protection as the leading helmet provider to the U.S. DOD
- Integration of our helmet design and manufacturing capability increasing flexibility and capacity
- In-sourcing of helmet shells for legacy Team Wendy products



STRATEGIC & OPERATIONAL REVIEW

SUCCESSFULLY ADDRESSING CHALLENGES

- Buy-forward of long lead-time components to improve ability to react to strong demand environment, enabling greater productivity and efficiency
- Significant progress made against previously announced cost reduction programmes
 - Half of the \$15m announced in December 2021 executed, with the remainder linked to armor closure
 - Incremental \$6m announced in May 2022 also delivered
- Deliveries of DLA ESAPI body armor commenced in H2 following FAT approval. On track to conclude orderly wind-down by end of FY23





“ WE HAVE A HIGHLY SKILLED TEAM, STRONG MARKET POSITIONS AND WORLD-LEADING TECHNOLOGY. COMBINED WITH OUR LONG-TERM STRATEGY TO DRIVE SUSTAINABLE GROWTH.

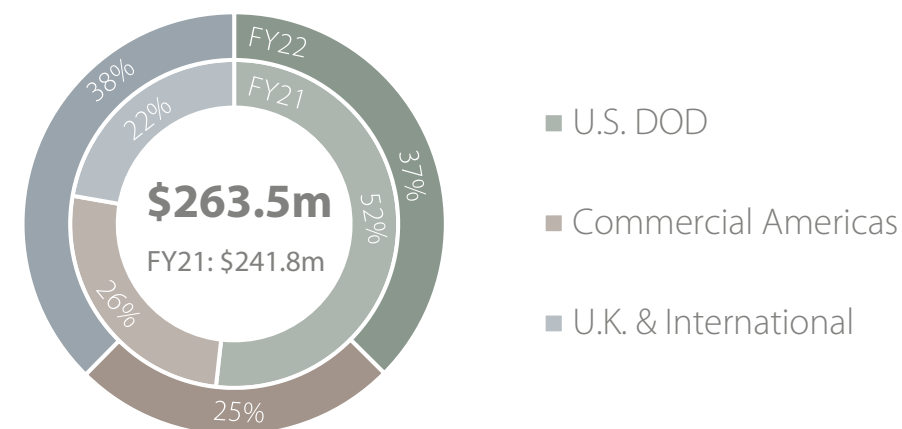
FINANCIAL REVIEW

FINANCIAL REVIEW

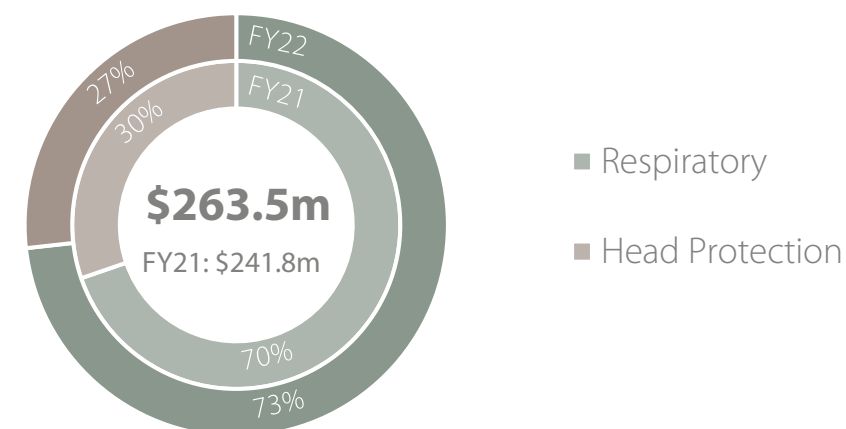
FY22 SUMMARY

	Group		Excluding armor	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m
Orders received	280.1	282.7	267.9	281.0
Closing order book	151.3	143.1	120.9	116.5
Revenue	271.9	248.3	263.5	241.8
Adjusted EBITDA	25.5	37.6	38.8	46.0
<i>Adjusted EBITDA margin</i>	<i>9.4%</i>	<i>15.1%</i>	<i>14.7%</i>	<i>19.0%</i>
Adjusted operating profit	10.1	22.0	23.4	32.5
Adjusted basic earnings per share	20.4c	60.6c	54.7c	88.3c
Dividends per share	44.9c	44.9c		
Cash conversion	142.7%	83.2%		
Net debt excluding lease liabilities	44.2	26.8		

REVENUE SPLIT BY MARKET (EXCL. ARMOR)



REVENUE SPLIT BY PRODUCT CATEGORY (EXCL. ARMOR)



FINANCIAL REVIEW

INCOME STATEMENT

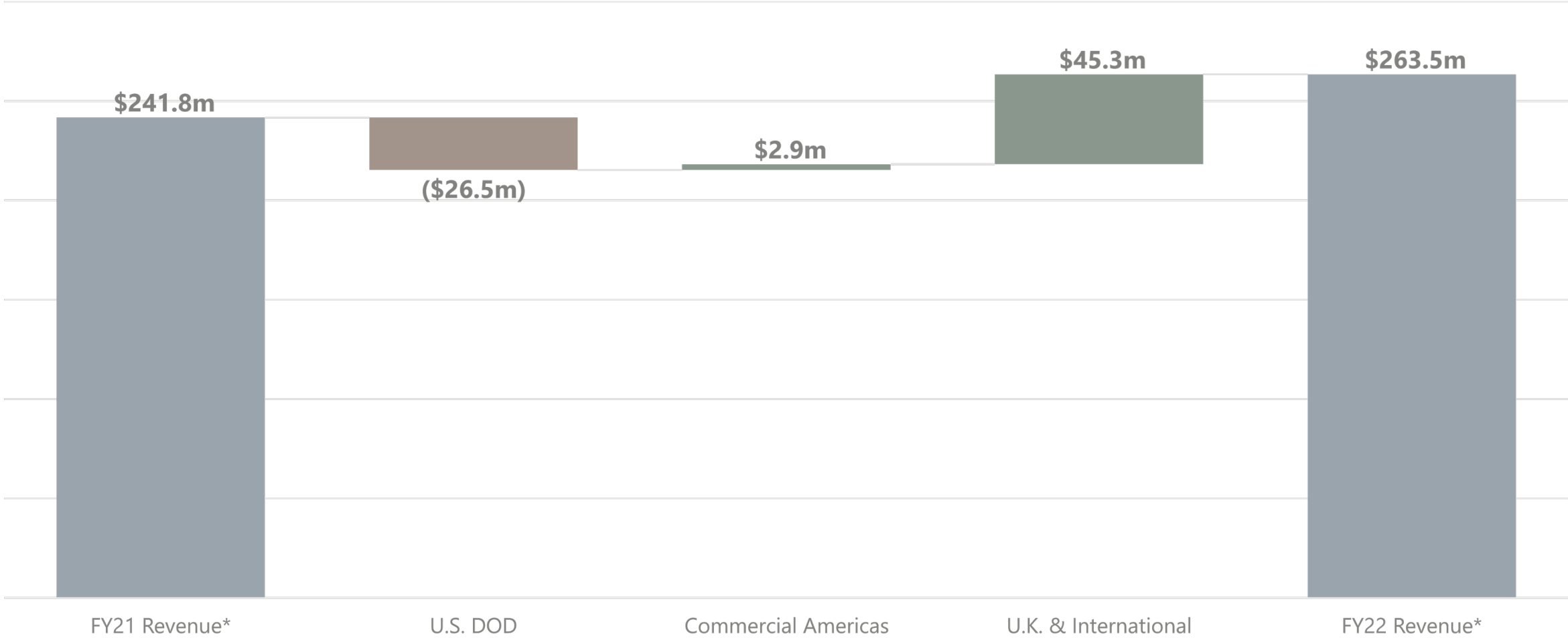
	Excluding armor \$m	Armor \$m	2022 Total \$m	2021 \$m
Revenue	263.5	8.4	271.9	248.3
Adjusted EBITDA	38.8	(13.3)	25.5	37.6
<i>Adjusted EBITDA margin</i>	<i>14.7%</i>	<i>(158.3%)</i>	<i>9.4%</i>	<i>15.1%</i>
Adjusted depreciation and amortization	(15.0)	-	(15.0)	(15.2)
Impairment charges	(0.4)	-	(0.4)	(0.4)
Adjusted operating (loss)/profit	23.4	(13.3)	10.1	22.0
Adjusted net finance costs	(3.7)	(0.3)	(4.0)	(3.1)
Adjusted (loss)/profit before taxation	19.7	(13.6)	6.1	18.9
Adjusted taxation	(3.1)	3.2	0.1	(0.3)
Adjusted (loss)/profit	16.6	(10.4)	6.2	18.6
Adjusted basic earnings per share	54.7c	(34.3c)	20.4c	60.6c
Dividend per share	-	-	44.9c	44.9c

Increase in U.K. & International partially offset by decline in U.S. DOD

2021 includes (\$8.4m) EBITDA loss attributed to armor

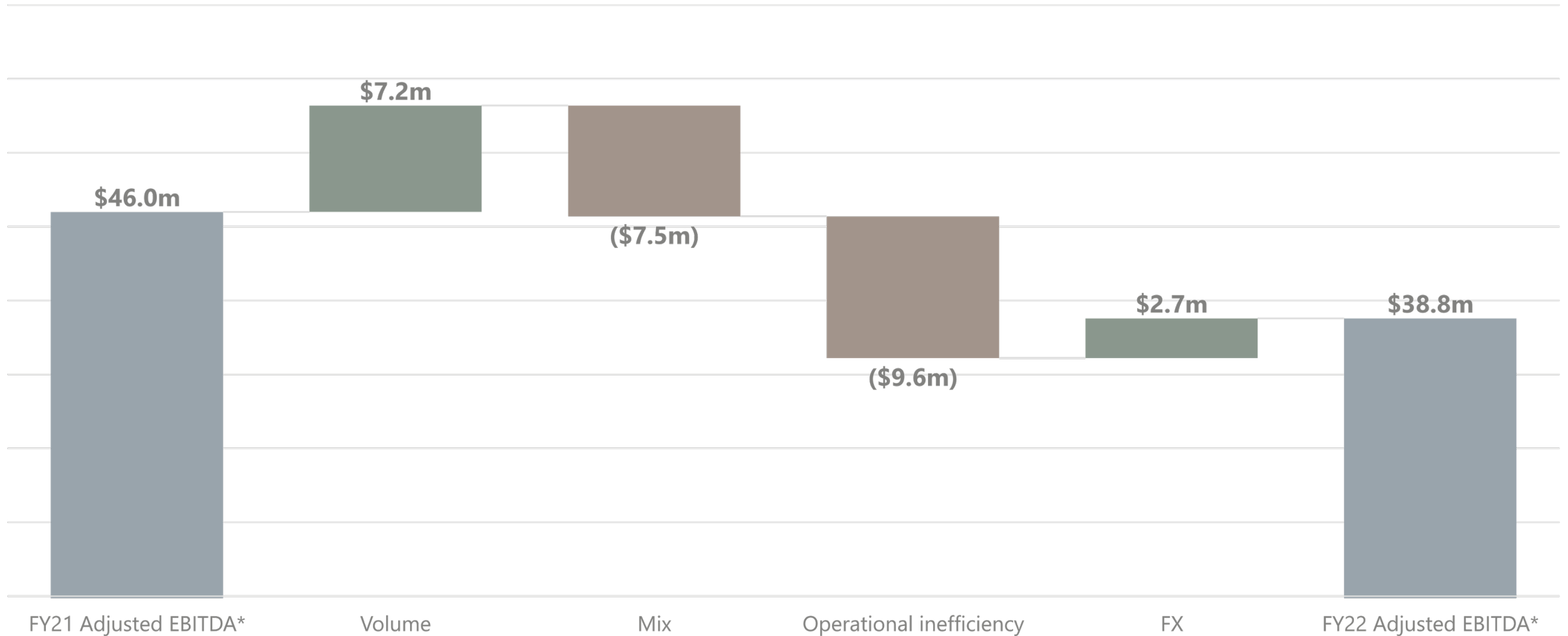
FINANCIAL REVIEW

REVENUE GROWTH IN U.K. & INTERNATIONAL OFFSETS DECLINE IN U.S. DOD



FINANCIAL REVIEW

INCREASED REVENUE OFFSET BY MIX AND OPERATIONAL INEFFICIENCIES



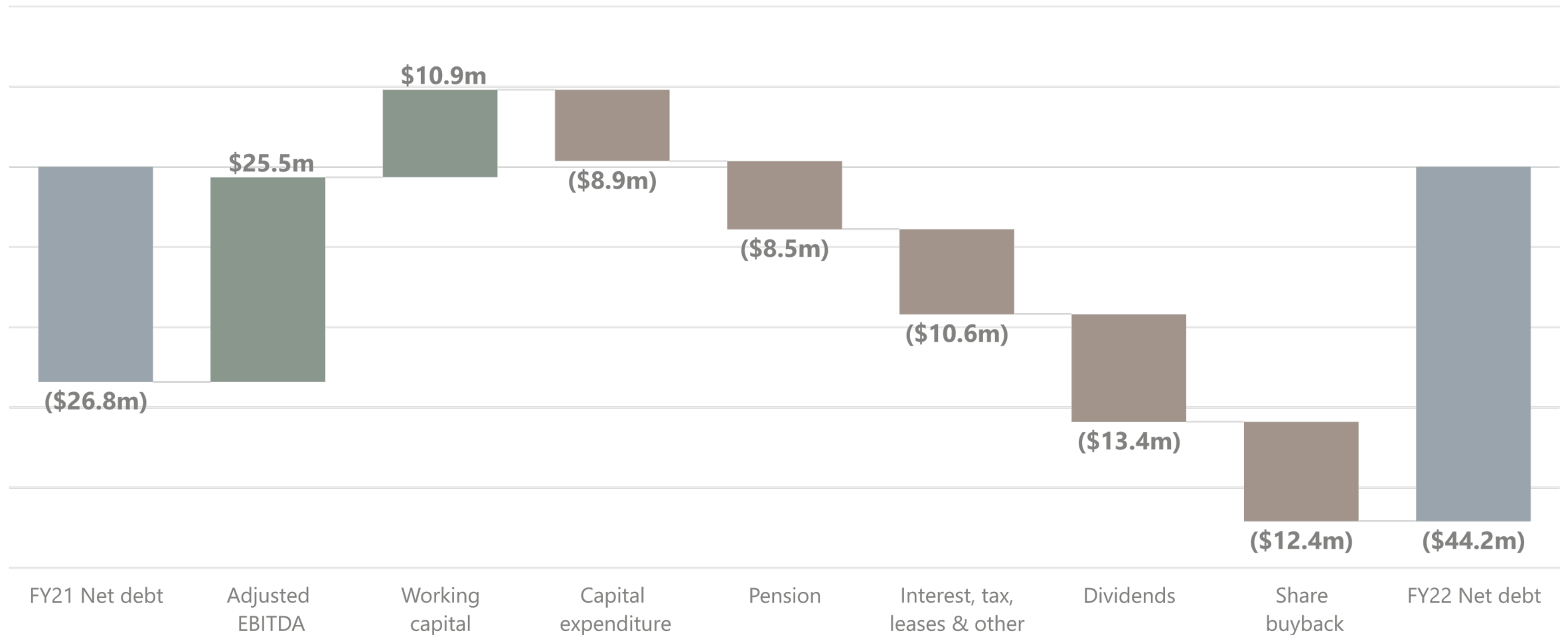
FINANCIAL REVIEW

CASH CONVERSION >140% REFLECTS TIGHT CONTROL OF WORKING CAPITAL

	2022 \$m	2021 \$m	
Adjusted EBITDA	25.5	37.6	
Working capital and other adjustments	10.9	(6.3)	
Cash flows from continuing operations before exceptional items	36.4	31.3	
Exceptional costs paid and cash flows from discounted operations	(2.9)	(7.7)	
Cash flow from operations	33.5	23.6	
Payments to pension plan	(8.5)	(2.9)	Includes \$4.0m prepayment covering FY23 contributions
Finance costs and foreign exchange on cash	(4.1)	(2.1)	
Repayment of lease liability	(4.1)	(3.7)	Decrease in IT software programmes and armor development
Tax received/(paid) excluding capital gains tax on divestment	3.7	(4.3)	
Capital expenditure	(8.9)	(31.6)	Share buyback programme paused in May
Acquisitions and divestments	(3.2)	(137.1)	
Purchase of own shares – LTIP and share buyback	(12.4)	(4.3)	
Dividends to shareholders	(13.4)	(12.1)	
Change in net debt	(17.4)	(174.5)	
Opening net debt, excluding lease liabilities	(26.8)	147.7	
Closing net debt, excluding lease liabilities	(44.2)	(26.8)	
Cash Conversion	143%	83%	

FINANCIAL REVIEW

CASH CONVERSION >140% REFLECTS TIGHT CONTROL OF WORKING CAPITAL



FINANCIAL REVIEW

BALANCE SHEET

	2022 \$m	2021 \$m	
Intangible assets	171.0	181.0	Reduction in capital assets as total statutory depreciation, amortisation and impairment of \$26.4m higher than capital expenditure of \$8.9m
Property, plant and equipment	39.9	48.6	
Net other non-current assets	16.3	28.7	Increase driven by \$6.7m higher armor inventory for FY23 DLA ESAPI orders
Inventories	65.6	62.3	
Other current assets	35.0	52.5	Tight control of receivables collections
Current liabilities	(43.0)	(43.5)	
Net debt, excluding lease liabilities	(44.2)	(26.8)	
Lease liabilities	(23.8)	(29.1)	
Retirement benefit scheme	(6.3)	(68.3)	Reduced due to a higher discount rate being applied to liabilities, partially offset by a fall in asset values
Net assets	210.5	205.4	



“ WE ARE LEADERS IN OUR FIELD,
PUSHING THE BOUNDARIES OF WHAT
OTHERS THINK IS POSSIBLE.

OUTLOOK

OUTLOOK

FY23 EXPECTATIONS

- Q1 performance to date has been in line with expectations
- Opening order book of \$151.3m provides good visibility into FY23
- Mid-single-digit revenue growth (excluding armor) with increase in head protection more than offsetting modest decline in respiratory
 - Armor revenue expected to total \$28m-\$30m
- Adjusted EBITDA margin consistent with FY22 on an excluding armor basis
 - New product introduction costs and inflationary pressures largely offsetting implemented efficiency improvements and overhead savings.
- Continued but reduced headwind from armor, with expectation of being fully withdrawn by the end of FY23
 - EBITDA margin including armor above FY22
- Revenue and profits expected to be H2 weighted as is customary
- Further improvement of the leverage position expected



OUTLOOK

CONFIDENT IN THE MEDIUM & LONG-TERM OUTLOOK

- Greater focus on protective technologies and capabilities throughout Europe and beyond, resulting in a higher-demand environment and a greater awareness of threat capabilities
- Ongoing proliferation of CBRN offensive capabilities in hostile nation states
- Anticipated increase in public defence spending on personal protective equipment over the medium-long term, including long-term upgrade programmes
- Significant long-term growth opportunity underpinned by our world-leading technology positions and a heightened threat environment





Q&A

THANK YOU



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APPENDIX

APPENDIX

TECHNICAL GUIDANCE FY23

	2021 \$m	2022 \$m	2023 guidance \$m
Research and development expenditure	19.1	10.9	11-14
Of which customer funded	2.3	1.4	2-3
Group expenditure	16.8	9.5	9-11
Capitalised development costs	15.0	5.8	5-7
Expensed development costs	1.8	3.7	3-5
Other capital expenditure	16.6	3.1	8-10
Total capital expenditure	31.6	8.9	13-17
Operating exceptional items (excl. amortization of acquired intangibles)	36.8	5.4	-
Amortization of acquired intangibles	14.2	6.8	6
Adjusted depreciation, amortisation and impairment	15.6	15.4	16-18
Adjusted interest	3.1	4.0	6-7
Cash pension contribution	2.9	8.5	-
Cash conversion	83.2%	142.7%	>80%
1 cent increase in £:\$ FX rate increases revenue by			~\$0.2m
1 cent increase in £:\$ FX rate decreases operating profit by			~\$0.2m

APPENDIX

INCOME STATEMENT BY LINE OF BUSINESS

FY22	Armor \$m	Excluding Armor \$m	Total \$m
Orders received	12.2	267.9	280.1
Closing order book	30.4	120.9	151.3
Revenue	8.4	263.5	271.9
Adjusted EBITDA	(13.3)	38.8	25.5
Adjusted EBITDA margin	(158.3%)	14.7%	9.4%
Adjusting operation profit/(loss)	(13.3)	23.4	10.1

APPENDIX

REPORTED TO ADJUSTED RECONCILIATION

	2022 \$m	2021 \$m
Statutory operating loss	(2.1)	(29.0)
Amortisation of acquired intangibles	6.8	14.2
Impairments and provisions related to armor assets	1.8	46.8
Release of contingent consideration	(3.9)	(15.7)
Impairment of non-current assets	3.6	0.7
Restructuring costs	3.3	-
Acquisition and transaction costs	0.6	2.6
Inventory fair value adjustments	-	2.4
Adjusted operating profit	10.1	22.0

APPENDIX

REVENUE BY LINE OF BUSINESS

Revenue \$m	2022				2021			
	Respiratory	Head Protection	Armor	Total	Respiratory	Head Protection	Armor	Total
U.S. DOD	63.2	35.5	-	98.7	86.1	39.1	-	125.2
Commercial Americas	40.5	25.2	-	65.7	40.4	22.4	-	62.8
U.K. & International	89.3	9.8	-	99.1	42.1	11.7	-	53.8
Total Excluding Armor	193.0	70.5	-	263.5	168.6	73.2	-	241.8
Armor	-	-	8.4	8.4	-	-	6.5	6.5
Total	193.0	70.5	8.4	271.9	168.6	73.2	6.5	248.3

APPENDIX

ABBREVIATIONS

Term	Explanation
50 Series	A range of masks based on the proven technology of the M50 mask system
AGM	Annual General Meeting
APAC	Asia-Pacific
APC	Avon Protection Ceradyne
BPS	Basis points
CBRN	Chemical, Biological, Radiological, Nuclear
DLA	Defense Logistics Agency
DOD	Department of Defense
ESAPI	Enhanced small arms protective inserts
ESG	Environmental, social and governance
ESPP	Employee Stock Purchase Plan
FAT	First article testing
FX	Foreign exchange
FY	Financial year
GHG	Greenhouse gas
H1/H2	First half of the financial year (October – March) / Second half of financial year (April – September)
ITAR	International Traffic in Arms Regulation
JSGPM	Joint service general protection mask

Term	Explanation
KPIs	Key Performance Indicators
LTIP	Long Term Incentive Plan
MENA	Middle East and North Africa
MOD	Ministry of Defence
NATO	North Atlantic Treaty Organization
NG IHPS	Next Generation Integrated Head Protection System
NSPA	NATO Support and Procurement Agency
PAPR	Powered Air Purifying Respirator
PSP	Performance Share Plan
SCBA	Self-contained breathing apparatus
SIP	Share Incentive Plan
SSA	Special Security Agreement
TBI	Traumatic Brain Injury
TFCD	Task Force for Climate Related Financial Disclosures
UN SDGs	United Nations Sustainable Development Goals
VTP	Vital Torso Protection

APPENDIX

SUSTAINABILITY AGENDA HIGHLIGHTS

1. We have **concentrated our efforts into 3 areas**: Identified key sustainability areas, Assessing our existing greenhouse gas (GHG) data and building an action plan for delivering net zero, Governance of our sustainability agenda and TCFD reporting.
2. We have **put in place a high-level sustainability agenda**. Through a materiality assessment we defined a list of sustainability areas that are most material to our business. The results have underpinned the creation of the four key pillars that make up our impact plan.
3. We have put in place a **new governance framework** to deliver the sustainability agenda, which includes a Sustainability Committee chaired by CFO, Rich Cashin.
4. We are **building an action plan for delivering net zero** which includes 7 actions for the group to focus on to reduce scope 1 and 2 GHG emissions.
5. We have **developed our understanding of the Group's exposure to climate change risk** and completed a 'gap analysis' to full TCFD alignment.

