Tuesday 13 August 2024

Synthomer plc
Interim results for the six months ended 30 June 2024
Continued strategic and operational progress

Six months ended 30 June	H1 2024	H1 2023	Change	Constant currency[1]
	£m	£m	%	%
Continuing operations[2]				
Revenue	**1,051.1**	1,047.2	+0.4%	+3.5%
Coatings & Construction Solutions (CCS)	**53.0**	54.9	(3.5)%	(0.9)%
Adhesive Solutions (AS)	**21.9**	15.6	+40.4%	+42.9%
Health & Protection and Performance Materials (HPPM)	**14.8**	12.3	+20.3%	+24.4%
Corporate	**(13.7)**	(10.0)		
EBITDA[3]	**76.0**	72.8	+4.4%	+7.6%
EBITDA margin (%)	**7.2%**	7.0%		
Underlying[4] operating profit (EBIT)	**29.0**	25.1	+15.5%	+18.7%
Statutory operating profit/(loss) (EBIT)	**(2.2)**	(7.1)		
Results from continuing and discontinued operations[2]				
Underlying[4] profit/(loss) before tax	**2.5**	(6.7)		
Statutory (loss)/profit before tax	**(33.2)**	16.7		
Underlying[4] EPS* (p)	**1.3**	(8.0)		
Basic EPS* (p)	**(18.8)**	(19.0)		
Free Cash Flow[5]	**(31.2)**	18.8		
Net debt[6]	**560.6**	795.8		

* H1 2023 adjusted for 20 to 1 share consolidation and rights issue adjustment factor of 2.715.

- H1 trading in line with expectations, with revenue, earnings and underlying EPS progression

- Activity levels continued to incrementally improve in the period
  - CCS remained stable and resilient while AS and HPPM divisions recovered some of the substantial volume declines experienced in 2023; specialities across the Group continued to outperform base products
  - Activity levels and capacity utilisation increasing, but still significantly below pre-pandemic levels
  - Revenue +3.5% in constant currency despite pass-through of lower raw material prices vs H1 2023

- EBITDA and margin progress principally from self-help actions
  - Gross profit improved, reflecting benefits of our speciality strategy and higher capacity utilisation
  - £13m benefits from cost savings and reliability improvement programmes in period, partially offset by previously-disclosed operating cost increases

- On track for positive Free Cash Flow for full year; debt maturities extended
  - Net debt increased in period as expected, reflecting EC settlement and net working capital movements (driven by seasonality and higher raw material prices since the start of the period)
  - Net debt: EBITDA ratio of 4.7x well within covenant requirements; more than £500m of committed liquidity
  - €350m bond refinancing completed, next major debt maturity in 2027

- Strategic transformation towards higher margin, more resilient speciality solutions progressing well
  - Compounds divestment completed in April, further focusing Group and reducing site complexity; other non-core divestments and partnership opportunities progressing
  - Continuing to shift resource allocation towards areas of greatest future opportunity
  - Clear evidence the Group is becoming more end-customer focused, innovative and sustainability-led

- Recent trading remains in line with expectations; 2024 outlook reiterated
  - Volumes in a number of businesses continue to improve from historically low levels, but no evidence of sustained end-market demand improvement at this stage
  - As previously indicated, expect some earnings progress (on a continuing Group basis) and to be at least modestly Free Cash Flow positive in 2024, even absent broad-based macroeconomic demand improvement

Commenting, Synthomer CEO Michael Willome said:
"While we remain cautiously encouraged by trading in some end markets since the start of the year, evidence of a broad-based recovery in demand remains limited. Despite this, we have made earnings progress by delivering on our cost and operational efficiency programmes, and we continue to strengthen our strategic positioning for the future by focusing on our speciality businesses, creatively managing our resources and enhancing our operating leverage."

A webcast presentation for analysts and investors will take place at 10:00am BST today, accessible via our website at www.synthomer.com or on https://brrmedia.news/SYNT_IR_24. This will also be available for playback after the event.

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Notes
1. Constant currency revenue and profit measures retranslate current year results using the prior year's average exchange rates.
2. Laminates, Films and Coated Fabrics, North America Paper and Carpet and the Compounds business, which combined contributed revenue of £9.8m and EBITDA of £2.6m in H1 2024 (H1 2023: £56.2m and £1.7m respectively), are classed as discontinued operations throughout this announcement.
3. Operating profit before depreciation, amortisation and Special Items.
4. Underlying performance excludes Special Items unless otherwise stated.
5 Free Cash Flow is defined as the movement in net debt before financing activities, foreign exchange and the cash impact of Special Items, asset disposals and business combinations.
6. Cash and cash equivalents together with short and long-term borrowings.
7. Operating Cash Flow is defined as Total Group EBITDA plus/minus net working capital movement less capital expenditure.

Legal Entity Identifier (LEI): 213800EHT3TI1KPQQJ56. Classification as per DTR 6 Annex 1R: 1.2.

Synthomer plc is a leading supplier of high-performance, highly specialised polymers and ingredients that play vital roles in key sectors such as coatings, construction, adhesives, and health and protection – growing markets that serve billions of end users worldwide. Headquartered in London, UK and listed there since 1971, we employ c.4,200 employees across our five innovation centres of excellence and more than 30 manufacturing sites across Europe, North America, Middle East and Asia. With more than 6,000 blue-chip customers and £2.0bn in continuing revenue in 2023, our business is built around three divisions, serving customers in attractive end markets where demand is driven by global megatrends including urbanisation, demographic change, climate change and sustainability, and shifting economic power. In Coatings & Construction Solutions, our specialist polymers enhance the sustainability and performance of a wide range of coatings and construction products. We serve customers in applications including architectural and masonry coatings, mortar modification, waterproofing and flooring, fibre bonding, and energy solutions. In Adhesive Solutions our products help our customers bond, modify and compatibilise surfaces and components for applications including tapes and labels, packaging, hygiene, tyres and plastic modification, improving permeability, strength, elasticity, damping, dispersion and grip. In Health & Protection and Performance Materials we are a world-leading supplier of water-based polymers for medical gloves, and a major European manufacturer of high-performance binders, foams and other products serving customers in a range of end markets. Our purpose is creating innovative and sustainable solutions for the benefit of customers and society. Around 20% of our sales volumes are from new and patent protected products. At our innovation centres of excellence in the UK, China, Germany, Malaysia and Ohio, USA we collaborate closely with our customers to develop new products and enhance existing ones tailored to their needs, with an increasing range of sustainability benefits. Our 2030 decarbonisation targets have been approved by the Science Based Targets initiative as being in line with what the latest climate science says is necessary to meet the goals of the Paris Agreement, and since 2021 we have held the London Stock Exchange Green Economy Mark, which recognises green technology businesses making a significant contribution to a more sustainable, low-carbon economy. Find us at www.synthomer.com or search for Synthomer on LinkedIn.

CHIEF EXECUTIVE OFFICER'S REVIEW

Trading in the first half of 2024 was in line with expectations, with underlying earnings progress driven mainly by our self-help activities as demand conditions in our end markets have only incrementally improved during the period. While clear evidence of a sustained recovery remains limited, we continue to reposition the organisation to deliver our medium-term strategic and financial ambitions as we aim to become a more focused, more specialised and more global chemicals solutions provider.

Earnings progress driven mainly by self-help

We are encouraged by the Group's progress, with continuing Group revenue and EBITDA increasing by 3.5% and 7.6% respectively in constant currency. Market conditions across the Group were mixed, with a 10.7% increase in volume driven by a recovery of some of the substantial declines experienced in 2023, with our speciality businesses continuing to outperform base products. Our focus remains on staying close to our customers in a volatile market environment, while ensuring we are well-placed for recovery.

In addition to some operating leverage gains, our underlying financial performance benefitted from further progress on our 'self-help' initiatives. As anticipated, these actions to reduce cost and complexity, to improve site reliability (especially of the acquired adhesive resins businesses), and to optimise our procurement and production costs were partially offset by some increases in other operating costs, mainly due to wage inflation and normalisation of bonus accrual in the year.

As our most speciality focused division, Coatings & Construction Solutions (CCS) has been the most resilient over recent periods. Despite limited improvement in overall activity levels in its end markets and a 2.1% revenue reduction in constant currency, our ongoing focus on enhancing our speciality offering for customers drove improved gross profitability, meaning that, despite the higher operating costs previously flagged in the period, the division was able to modestly increase EBITDA margin to 12.3% on the prior year period (H1 2023: 12.1%). CCS generated £53.0m of EBITDA (H1 2023: £54.9m) in the seasonally more significant half of the financial year, 0.9% lower than in H1 2023 in constant currency.

Our Adhesive Solutions (AS) division has made good progress with its performance improvement programme, delivering £8m in benefits during the period through improving efficiency and reliability. Although still some way short of our long-term ambitions, Divisional EBITDA was substantially improved at £21.9m (H1 2023: £15.6m), an EBITDA margin of 7.1% (H1 2023: 5.0%) for the period. Activity levels improved in the period, with market share gains particularly in the base products that had been under significant pressure from global competitors during the second half of 2023. Volumes and especially unit margins also improved in the speciality portion of AS' portfolio (c.60% of divisional revenue) in the period.

Meanwhile, nitrile butadiene latex (NBR) volumes in our Heath & Protection and Performance Materials (HPPM) division continued to improve from their post-pandemic lows, underpinned by the hygiene growth megatrend for end-customer medical glove use, albeit at what remain historically low unit margins. In our Performance Materials portfolio, which includes a number of businesses assessed as non-core to the wider Group strategy, volumes also began to improve in the period. As a predominantly base chemicals division, HPPM's gross profit is highly sensitive to volumes. Divisional EBITDA increased to £14.8m (H1 2023: £12.3m) and EBITDA margin improved to 4.7% compared with the prior year period (H1 2023: 4.3%).

On track for positive Free Cash Flow for full year; debt maturities extended

Net debt of £560.6m (H1 2023: £795.8m, FY 2023: £499.7m) was in line with our expectations, partly reflecting payment of the EC fine settlement amount of £39.1m in January as previously described, partially offset by the £20.6m net cash inflow from the Compounds divestment in April. Our Free Cash Flow performance in the period was consistent with our expectations, recognising that raw material prices and activity levels – and hence net working capital – were all higher at the end of June 2024 than in December 2023 (in part due to seasonal variations). These were partially offset by inflows from the receivables financing facilities and active inventory management during the period.

As a result, the Group's net debt: EBITDA for the purposes of the leverage ratio covenant increased from 4.2x at 31 December 2023 to 4.7x at 30 June 2024, well within the required covenant of not more than 6.0x.

Alongside our operational focus on cash, the balance sheet has also been strengthened further. In April, we successfully tendered for €370m of our bonds due 2025, reducing gross debt and extending maturities by issuing €350m of bonds due 2029. Our next significant debt maturity is now in 2027.

Speciality solutions strategy progressing well

We continue to deliver a number of initiatives to support our strategic transformation towards higher margin, more resilient speciality solutions business areas, with allocation of our resources shifting towards our greatest opportunities for our future value creation.

Portfolio management

In April we completed the divestment of our non-core latex compounding business for an EV/standalone trailing EBITDA multiple of 6x and a profit on disposal before the recycling of translation reserves of £1.4m. The divestment included two manufacturing sites in the Netherlands and one in Egypt. Together with other site rationalisations and divestments, our site footprint has reduced from 43 to 32 in two years.

We have a number of other non-core divestments underway which continue to progress, including of our SBR business for European paper and carpet markets. We also continue to explore potential partnership opportunities which would allow us to leverage our intellectual property, technology and manufacturing expertise in certain product areas to grow earnings with no or very limited upfront investment.

While our main focus remains on furthering our non-core divestment programme, we continue to identify and track potential accretive bolt-on acquisition opportunities in strategically attractive end markets and geographies for the future, when our financial circumstances allow.

Innovation and sustainability
Innovation, particularly aligned to our sustainability agenda, remains a priority for the Group. In July our technical teams moved into our new China Innovation Centre (CIC) in the Shanghai Chemical Industry Park. Construction of the CIC was completed in six months, and later this year we expect to commission a synthesis lab, further enhancing the CIC's value to our businesses. The CIC will augment our local innovation capabilities and strengthen our customer reach in the globally significant Chinese market.

We continue to focus on the development of more sustainable products both as a commercial proposition and as integral to our purpose as an organisation. In the period we made good progress towards launching several products with bio-based feedstocks such as a new emulsion polymer platform for coatings in CCS, and adhesives that support debonding for a more circular economy in AS. These are supported by achieving ISCC PLUS certification at seven of our key sites in the period, enabling us to offer a mass balance approach for bio-based and circular raw materials as part of our role at the centre of our value chains.

Our industry-leading Product Sustainability Scorecard continues to guide our innovation strategy – with 69% of new products launched over the last twelve months having defined sustainability benefits – and has received industry recognition, most recently at the UK's Chemical Industry Awards. In April we were named as one of Europe's Climate Leaders by the Financial Times in partnership with data provider Statista. More recently we retained our silver rating in EcoVadis' annual sustainability assessment, which is only awarded to the top-performing 15% of all companies assessed, and with an advanced rating for carbon management.

Meanwhile we were very encouraged by an overall nine-point improvement in our annual Net Promotor Score survey of our customers completed in March 2024. Detailed survey data by business line is being used by our teams to further improve our product offering and enhance the experience of our customers globally.

2024 outlook
Trading since the start of the year has been in line with expectations, reflecting some volume recovery in a number of businesses from historically low levels, but no sustained broad-based end-market demand improvement as yet. Activity levels and capacity utilisation across the Group remain significantly below pre-pandemic levels. As previously indicated the Group therefore continues to focus on delivering our speciality solutions strategy, including portfolio management, alongside our activities to maintain robust cash flow.

For the remainder of the year, we expect to make continued progress with our previously announced actions to reduce cost and complexity and to improve reliability. In the remainder of the year we will also begin to benefit from the procurement and production cost optimisation programmes that were initiated in the first half, and which are expected to deliver £30-40m in annual savings by the end of 2025. As previously indicated, our earnings progress this year is being partially offset by some increases in operating costs, mainly due to wage inflation and normalisation of bonus accrual, compared with 2023. As a result, we continue to expect to make some earnings progress (on a continuing Group basis adjusting for the divested Compounds business) and be at least modestly Free Cash Flow positive in 2024, even absent a broad-based macroeconomic demand improvement.

We remain confident in our ambition to more than double Synthomer's recent earnings over the medium term, through a combination of our near-term self-help actions, end-market volume recovery and strategic delivery.

Michael Willome
Chief Executive Officer
13 August 2024

DIVISIONAL REVIEW – CONTINUING OPERATIONS

Coatings & Construction Solutions (CCS)

Our most speciality-weighted division, CCS continues to demonstrate the resilience and growth potential that reflects its focus on delivering customer solutions that are supported by the sustained alignment of people, capital and strategy.

Six months ended 30 June	H1 2024	H1 2023	Change	Constant currency[1]
	£m	£m	%	%
Revenue	430.4	452.0	(4.8)%	(2.1)%
Volumes (ktes)	271.8	270.0	+0.7%	
EBITDA	53.0	54.9	(3.5)%	(0.9)%
EBITDA % of revenue	12.3%	12.1%		
Operating profit – underlying	40.6	41.7	(2.6)%	-
Operating profit – statutory	31.0	27.6	+12.3%	

1 Underlying constant currency revenue and profit retranslate current year results using the prior year's average exchange rates.

Performance

Divisional revenue decreased by 2.1% in constant currency to £430.4m (H1 2023: £452.0m), with a 0.7% increase in volume compared with H1 2023, offset by lower pricing. The volume growth principally reflects modestly improved buying behaviour from our customers, particularly in the first quarter, reflecting some tactical restocking and market share gains in coatings as we focus on organic growth geographically.

Activity levels in our coatings and consumer end markets have been more robust while construction activity was disappointing in the period, as expected. Our activities for energy end markets continue to deliver strong levels of growth. Geographically, market conditions were relatively undifferentiated in the period.

While reduced raw material costs compared with H1 2023 were reflected in pricing, the division was successful in improving unit margins, reflecting our focus on the speciality nature of our offering for customers. Improved mix and robust cost control produced an encouraging level of operating leverage at the gross profit level, although this was mitigated as expected at the EBITDA level by other operating cost increases compared with the prior period. CCS nevertheless generated £53.0m of EBITDA (H1 2023: £54.9m) in the period, increasing EBITDA margin to 12.3% (H1 2023: 12.1%).

CCS is typically the most seasonally weighted of our divisions, although in 2024 we expect this effect to be partially mitigated by our continued focus on delivering cost actions which are weighted to the second half in the division.

Strategy

CCS continues to focus on enhancing its organic growth capability, including by extending our leading market positions in niche European markets to other markets globally. We are doing this through a more end-market aligned approach, with key account management and a growing focus on value selling, both to our global customers as well as regional leaders in our target markets, particularly in the USA and Middle East.

In the period we have undertaken an intensive review of our approach to innovation, exploring in particular opportunities to become more end-market focused and accelerate time to market. We are also reweighting our efforts, with a particular focus on sustainability, to enhance the differentiation and margin opportunity of our predominantly speciality product portfolio.

All our plans are supported by, and integrated with, our asset optimisation projects and other cost control and capacity management activities. For example, our plans to exit our Fitchburg, Massachusetts site continue to progress at pace with production ceasing in July, ahead of schedule. By reorganising our production activities we aim to improve asset utilisation rates while reducing complexity. As part of these activities we are also making modest new investments to further our strategic focus on organic growth, including by improving the manufacturing flexibility of our key facilities. In the period, we successfully commissioned a small investment which enhances our coatings capacity to support growth in the Middle East. With the recent commissioning of the Group's new innovation centre in Shanghai we are also increasing our focus on growing our customer base in China.

Adhesive Solutions (AS)

We are encouraged by the ongoing progress we are making to improve our cost competitiveness and increase the reliability performance of our business, allowing us to regain market share and deliver improving profits and margins as activity levels modestly recover from Q4 2023 lows.

Six months ended 30 June	H1 2024	H1 2023	Change	Constant currency[1]
	£m	£m	%	%
Revenue	**308.7**	310.0	(0.4)%	+2.2%
Volumes (ktes)	**140.3**	125.6	+11.7%	
EBITDA	**21.9**	**15.6**	**+40.4%**	**+42.9%**
EBITDA % of revenue	**7.1%**	5.0%		
Operating profit – underlying	**5.2**	1.4	+271.4%	+271.4%
Operating loss – statutory	**(8.6)**	(12.3)	(30.1)%	

1 Underlying constant currency revenue and profit retranslate current year results using the prior year's average exchange rates.

Performance

Divisional revenue was £308.7m (H1 2023: £310.0m), an increase of 2.2% in constant currency. Volumes significantly improved, with certain base products regaining market share having been under significant pressure from global competitors during the second half of 2023, and encouraging margin improvement in a number of speciality areas. Volume growth was also supported by some short-term customer restocking at the start of the year. The more muted revenue growth in constant currency reflected the pass-through of lower raw material costs compared with H1 2023.

Within the division, speciality products (such as rosins, amorphous polyolefins (APOs) and polybutadiene polymers) performed well, particularly in unit margin terms, reflecting their greater differentiation for customers, while in our more base chemical products (particularly hydrocarbon resins for the tapes, labels, packaging and plastics markets) we achieved improved gross profit contribution from higher volumes as noted, benefitting from greater reliability and our improved cost position.

Divisional EBITDA was substantially higher than the prior year at £21.9m (H1 2023: £15.6m) with EBITDA margin of 7.1% (H1 2023: 5.0%) for the period. This was largely due to the return to volume growth and the performance improvement programme that was put in place in July 2023 by the new divisional management team, which delivered £8m in benefits in H1 2024, although these were partially offset by other operating cost increases as previously disclosed.

Strategy

The immediate focus of the AS division remains on the delivery of the performance improvement programme to increase operational reliability and cost efficiency of the acquired adhesive resins operations. Good progress has been made in operations, with monitoring systems in place to identify yield and other production efficiency opportunities, and taskforces on-site at our main facilities in the US and the Netherlands to unlock them. More recently we have focused on end-to-end supply optimisation including planning, procurement and logistical enhancements. We continue to target total run rate savings in excess of £25m in 2025 from the programme. The division has also successfully reduced inventory by c.£4m in the period.

In addition to the performance improvement programme, we are increasingly focused on the longer-term development of the AS division, building on our leading positions in a range of speciality adhesive applications and our long-term embedded relationships with many high-quality customers in attractive end markets. Our differentiated strategy also recognises that around 40% of revenues are generated from more volatile and competitive base products. The majority of our investment for future growth is intended to build on the strengths of our speciality portfolio, with for example investments in the period to increase our APO capacity at our Texas facility. We also continue to strengthen customer relationship management and build our portfolio of innovation projects, many of which will benefit from sustainability considerations. Our customers showed increasing interest in collaborating with us in this area during the period and, having now put in place ISCC PLUS certification of our major manufacturing sites, we are well-placed to partner with them to create more sustainable value chains.

Meanwhile in the base product areas, we continue to enhance cost competitiveness and reliability, with good progress for example in our project to strengthen our supply chain for hydrocarbon resin production in Europe during the period.

Health & Protection and Performance Materials (HPPM)

Heath & Protection volumes continue to recover from historically low levels, with signs of improved unit margins towards the end of the second quarter. Compounds was successfully divested in April and our plans for our other Performance Materials businesses are progressing.

Six months ended 30 June (continuing)[1]	H1 2024	H1 2023	Change	Constant currency[2]
	£m	£m	%	%
Revenue	312.0	285.2	+9.4%	+13.8%
Volumes (ktes)	302.5	249.7	+21.1%	
EBITDA	14.8	12.3	+20.3%	+24.4%
EBITDA % of revenue	4.7%	4.3%		
Operating profit/(loss) – underlying	1.2	(4.3)	n/m	n/m
Operating loss – statutory	(4.3)	(5.4)	(20.4)%	

1 North America Paper and Carpet and the Compounds business have been reclassified as discontinued operations.
2 Underlying constant currency revenue and profit retranslate current year results using the prior year's average exchange rates.

Continuing divisional performance

Divisional revenue was £312.0m (H1 2023: £285.2m), driven by a 21.1% increase in volume, partially offset by lower prices compared with H1 2023 reflecting lower raw materials costs.

Volumes for NBR in Heath & Protection improved by 36.5% compared to H1 2023 as the post-pandemic imbalance between supply and demand reduced, driven mainly by continued underlying hygiene demand growth megatrend. However, for context, volumes have only now recovered to 2017 levels. Unit margins and pricing remain low by historical standards but began to improve slightly in the second quarter.

In our Performance Materials portfolio volumes increased by 11.6%, with some businesses benefitting from the disruption to supply chains into Europe from Asian markets in the early part of the year.

As predominantly base chemicals businesses, the division remains highly operationally leveraged to volumes and capacity utilisation, and in aggregate has experienced a significant improvement in profitability at the gross profit level over the period. Performance also benefitted from our self-help cost activities (including the mothballing of our facility in Kluang, Malaysia which completed in the period as planned), partially offset by the other operating cost increases described elsewhere. Divisional EBITDA nonetheless increased to £14.8m (H1 2023: £12.3m), an EBITDA margin of 4.7% (H1 2023: 4.3%).

Strategy

Recognising much of the division has base chemicals characteristics, our differentiated steering approach to our core Health & Protection business is to focus on improving cost efficiency across our value chain while enhancing our overall value proposition to our customers through selective investment in process and product innovation and sustainability. We have also invested in enhancing our understanding of our end-markets and customers, and recently redesignated our Speciality vinyl polymers business as core following a review of its market opportunities.

Given Health & Protection's strengths as a global market leader in NBR manufacturing with significant technology and manufacturing expertise, we are actively exploring a number of potential partnership opportunities to capture growth and value from this business with little or no capital investment. The division's growth potential is also expected to benefit from Synthomer's new China Innovation Centre in Shanghai, which was formally opened as planned in July.

At the end of April 2024 we completed the divestment of our latex compounding operations to Matco Latex Services BV, reducing our manufacturing site footprint by 3 sites (two in the Netherlands and one in Egypt), as described elsewhere.

Our other non-core portfolio rationalisation activities continued to progress during the period, including the process to divest the SBR business for European paper and carpet markets.

Safety

We continue to be proud of our safety performance while recognising that there is always more to do, in particular to complete the process of bringing more recently acquired sites up to the standards of safety achieved elsewhere in the portfolio.

The Recordable Case Rate (RCR) for the Group as a whole remains top quartile for our industry, with two divisions achieving no recordable injuries to employees and contractors during the period. This reflects the hard work being undertaken throughout the Group to continuously embed and strengthen the safety systems and tools we have in place.

Meanwhile, our Process Safety Event Rate (PSER) was slightly higher than the very strong 2023 performance and more in line with 2022 levels. The primary causes of our process safety events are asset integrity issues and human error which together account for 75% of the events. The former are being addressed through our ongoing capital expenditure programmes, while we have a human factor analysis programme in place to address the latter.

We continue to monitor and evolve our approach to drive safety performance improvements, focusing on reducing both our headline 'lagging' indicators RCR and PSER but also increasingly on a number of 'leading' indicators. In the period we have introduced two new leading indicators around major accident hazard barrier effectiveness checks and on internal and external incident learning.

Longer-term trends continue to clearly demonstrate that the longer sites are part of Synthomer and our SHE (safety, health and environment) management system, the better their performance.

Six months ended 30 June (continuing)	H1 2024	H1 2023	Change
RCR per 100,000 hours for employees and contractors			Absolute
CCS	0.29	0.20	+0.09
AS	-	0.30	(0.30)
HPPM	-	-	-
Continuing Group	0.13	0.13	-
PSER per 100,000 hours for employees and contractors			Absolute
CCS	0.19	0.10	+0.09
AS	0.69	0.14	+0.55
HPPM	0.12	0.06	+0.06
Continuing Group	0.24	0.09	+0.15

FINANCIAL REVIEW

Group revenue, EBITDA and operating profit – continuing operations

Revenue for the continuing Group of £1,051.1m (H1 2023: £1,047.2m) increased by 3.5% in constant currency. This principally reflects an 10.7% increase in volume driven by a recovery of some of the substantial volume declines experienced in 2023, offset by pass-through of lower raw material input prices relative to the prior year period.

EBITDA for the continuing Group was £76.0m (H1 2023: £72.8m), benefitting from our self-help cost actions and operating leverage, partially offset by increases in operating costs as expected, mainly due to wage inflation and normalisation of bonus accrual. Corporate costs increased to £13.7m in the period (H1 2022: £10.0m), mainly due to wage inflation, bonus accrual, timing of operating expenditures and higher expenditure in relation to implementing our sustainability objectives. Depreciation and amortisation was £47.0m (H1 2023: £47.7m), resulting in underlying operating profit for the continuing Group of £29.0m (H1 2023: £25.1m).

On a statutory basis, including the Special Items excluded from underlying measures (see below), this resulted in an operating loss for the continuing Group of £(2.2)m (H1 2023: £(7.1)m).

Six months ended 30 June 2024, £m	**CCS**	**AS**	**HPPM**	**Corp.**	**Continuing operations**	**Dis-continued**	**Total Group**
Revenue	**430.4**	**308.7**	**312.0**	**-**	**1,051.1**	**9.7**	**1,060.8**
EBITDA	**53.0**	**21.9**	**14.8**	**(13.7)**	**76.0**	**2.6**	**78.6**
EBITDA % of revenue	**12.3%**	**7.1%**	**4.7%**		**7.2%**		**7.4%**
Operating profit/(loss) – underlying	**40.6**	**5.2**	**1.2**	**(18.0)**	**29.0**	**2.4**	**31.4**
Operating profit/(loss) – statutory	**31.0**	**(8.6)**	**(4.3)**	**(20.3)**	**(2.2)**	**(0.8)**	**(3.0)**

Six months ended 30 June 2023, £m	CCS	AS	HPPM	Corp.	Continuing operations	Dis-continued	Total Group
Revenue	452.0	310.0	285.2	-	1,047.2	56.1	1,103.3
EBITDA	54.9	15.6	12.3	(10.0)	72.8	1.7	74.5
EBITDA % of revenue	12.1%	5.0%	4.3%		7.0%		6.8%
Operating profit – underlying	41.7	1.4	(4.3)	(13.7)	25.1	0.8	25.9
Operating profit – statutory	27.6	(12.3)	(5.4)	(17.0)	(7.1)	62.8	55.7

Full year ended 31 December 2023, £m	CCS	AS	HPPM	Corp.	Continuing operations	Dis-continued	Total Group
Revenue	820.2	581.7	538.7	-	1,940.6	80.6	2,021.2
EBITDA	100.1	31.2	26.3	(20.2)	137.4	1.7	139.1
EBITDA % of revenue	12.2%	5.4%	4.9%		7.1%		6.9%
Operating profit – underlying	74.3	(7.5)	(6.0)	(27.4)	33.4	0.4	33.8
Operating profit – statutory	42.1	(32.7)	(15.3)	(33.6)	(39.5)	57.2	17.7

Special Items – continuing operations

The following items of income and expense have been reported as Special Items – continuing operations and have been excluded from EBITDA and other underlying metrics:

Six months ended 30 June	**H1 2024**	H1 2023	FY 2023
	£m	£m	£m
Amortisation of acquired intangibles	**(22.8)**	(24.3)	(49.3)
Restructuring and site closure costs	**(6.7)**	(6.6)	(14.7)
Acquisition costs and related gains	**(1.2)**	(1.3)	(2.0)
Sale of businesses	**(0.5)**	-	(0.1)
Impairment charge	**-**	-	(5.6)
Regulatory fine	**-**	-	(0.7)
Abortive bond costs	**-**	-	(0.5)
Total impact on operating profit – continuing operations	**(31.2)**	**(32.2)**	**(72.9)**
Fair value movement on unhedged interest rate derivatives	**-**	(1.8)	(1.8)
Loss on extinguishment of financing facilities	**(1.3)**	(4.6)	(4.7)
Total impact on loss/profit before taxation – continuing operations	**(32.5)**	**(38.6)**	**(79.4)**
Taxation Special Items	**-**	-	(1.7)
Taxation on Special Items	**3.0**	(4.9)	4.5
Total impact on loss/profit for the period – continuing operations	**(29.5)**	**(43.5)**	**(76.6)**

Amortisation of acquired intangibles reflects the amortisation on the customer lists, patents, trademarks and trade secrets that arose on historic acquisitions, including the 2022 acquisition of the adhesive resins business. The intangible assets arising on the acquisition are amortised over a period of 8-20 years.

Restructuring and site closure costs in H1 2024 mainly comprised a £1.6m charge in relation to site rationalisation activity in Malaysia, £1.2m costs in relation to the ongoing integration of the acquired adhesive resins business, £1.2m in relation to the onerous contract arising from the earlier divestment of the European tyre cord business, and £2.8m in relation to enacting the new strategy and the alignment of the business into its new divisions.

Acquisition costs of £1.2m relate to the acquisition of the adhesive resins business.

Sale of businesses costs of £0.5m comprise costs incurred associated with potential future divestments.

The Taxation on Special Items for continuing operations in H1 2024 was a tax credit of £3.0m mainly relating to deferred tax arising on the amortisation of acquired tax intangibles.

Discontinued operations

On 30 April 2024, the Group completed the divestment of its latex compounding operations ('the Compounds business') to Matco Latex Services BV, resulting in a net cash inflow of £20.6m. The profit on disposal before the recycling of translation reserves was £1.4m. The Compounds business is reported as a discontinued operation in these results. In accordance with IFRS 5, discontinued revenues have been reduced by £5.7m, representing the revenue earned to the date of sale by the continuing operations from inter-company sales to the Compounds business. Continuing revenues have been increased by the same amount.

In the period, £2.8m of net losses were recognised in relation to Special Items – discontinued operations (H1 2023: £36.4m gain), comprising the profit on disposal of £1.4m noted above and £(4.4)m of translation losses recycled from reserves on the disposal, as well as £0.2m of gains related to other previous disposals offset by £(0.4)m of costs in relation to the closure of the North America Paper & Carpet business.

Finance costs

Six months ended 30 June	H1 2024	H1 2023	FY 2023
	£m	£m	£m
Interest payable	**(33.8)**	(35.8)	(70.6)
Interest receivable	**6.8**	5.0	10.2
Net interest expense on defined benefit obligation	**(0.9)**	(1.1)	(2.7)
Interest element of lease payments	**(1.0)**	(0.7)	(1.8)
Finance costs – underlying	**(28.9)**	**(32.6)**	**(64.9)**
Fair value movement on unhedged interest rate derivatives	**-**	(1.8)	(1.8)
Loss on extinguishment of financing facilities	**(1.3)**	(4.6)	(4.7)
Finance costs – statutory	**(30.2)**	**(39.0)**	**(71.4)**

Underlying finance costs decreased to £28.9m (H1 2023: £32.6m) and comprise interest on the Group's financing facilities, interest rate swaps, amortisation of associated debt costs and IAS 19 pension interest costs in respect of our defined benefit pension schemes. The reduction in net interest payable mainly reflects increased interest receivable following receipt of the proceeds of the rights issue and lower gross debt, offset by increased bond interest as a result of the bond refinancing (see below).

The Group recognised as Special Items a total of £1.3m in finance costs relating to the write-off of previous issue costs on extinguishment of financing facilities, as a result of the bond refinancing.

Taxation

The Group has calculated its best estimate of the annual effective corporate income tax rate we expect for the full year, resulting in an underlying tax charge of £0.2m for continuing operations for H1 2024. As in the prior year the estimated tax rate is very dependent on the level of underlying profit or loss and the geographical mix of that profit or loss. Therefore, there is some fluctuation in the effective tax rate applied when comparing the relative periods (H1 2024: 200.0%, H1 2023: 22.0%).

Non-controlling interest

The Group continues to hold 70% of Revertex (Malaysia) Sdn Bhd and its subsidiaries. These entities form a relatively minor part of the Group, so the impact on underlying performance from non-controlling interests is not significant.

Earnings per share

Earnings per share is calculated based on the weighted average number of shares in issue during the year. The weighted average number of shares for H1 2024 was 163.5m (H1 2023: 63.4m on a comparable basis), reflecting the 20 to 1 share consolidation and the issuance of new shares at a discount under the rights issue in October 2023. As at 13 August 2024, the Company had 163.6m shares in issue.

Underlying earnings per share is 1.3 pence for the year, up from (8.0) pence in H1 2023 on a comparable basis, reflecting the improved earnings. The statutory earnings per share is (18.8) pence (H1 2023: (19.0) pence on a comparable basis).

Currency

The Group presents its consolidated financial statements in sterling and conducts business in many currencies. As a result, it is subject to foreign currency risk due to exchange rate movements, which affect the Group's translation of the results and underlying net assets of its operations. To manage this risk, the Group uses foreign currency borrowings, forward contracts and currency swaps to hedge non-sterling net assets, which are predominantly denominated in euros, US dollars and Malaysian ringgits.

In H1 2024 the Group experienced a translation headwind of £2.3m on EBITDA, with average FX rates against our three principal currencies of €1.17, $1.28 and MYR 5.99 to the pound.

Given the global nature of our customer and supplier base, the impact of transactional foreign exchange can be very different from translational foreign exchange. We are able to partially mitigate the transaction impact by matching supply and administrative cost currencies with sales currencies. To reduce volatility which might affect the Group's cash or income statement, the Group hedges net currency transaction exposures at the point of confirmed order, using forward foreign exchange contracts. The Group's policy is, where practicable, to hedge all exposures on monetary assets and liabilities.

Cash performance

The following table summarises the movement in net debt and is in the format used by management:

Six months ended 30 June	H1 2024	H1 2023	FY 2023
	£m	£m	£m
Opening net debt	**(499.7)**	**(1,024.9)**	**(1,024.9)**
Underlying operating profit (excluding joint ventures)	**30.5**	25.2	32.4
Movement in working capital	**(28.9)**	11.9	80.6
Depreciation of property, plant and equipment	**41.9**	44.8	96.5
Amortisation of other intangible assets	**5.3**	3.8	8.8
Capital expenditure	**(38.2)**	(33.9)	(84.0)
Operating Cash Flow[1]	**10.6**	**51.8**	**134.3**
Net interest paid	**(26.1)**	(24.7)	(54.3)
Tax received/(paid)	**(6.9)**	(4.5)	9.3
Pension funding	**(9.8)**	(5.7)	(7.3)
Adjustment for share-based payments charge	**0.8**	1.1	1.8
Dividends received from joint ventures	**0.2**	0.8	1.9
Free Cash Flow	**(31.2)**	**18.8**	**85.7**
Cash impact of settlement of interest rate derivative contracts	**-**	12.1	12.1
Cash impact of restructuring and site closure costs	**(10.4)**	(10.8)	(28.0)
Cash impact of acquisition costs	**(0.9)**	(4.4)	(1.9)
Payment of EC fine settlement amount	**(39.1)**	-	-
Proceeds on sale of business	**24.3**	206.1	208.2
Purchase of adhesive resins business	**-**	(8.3)	(18.4)
Rights issue (costs)/proceeds	**(4.7)**	-	265.5
Repayment of principal portion of lease liabilities	**(6.7)**	(5.8)	(12.4)
Dividends paid	**-**	-	-
Foreign exchange and other movements	**7.8**	21.4	14.4
Movement in net debt	**(60.9)**	**229.1**	**525.2**
Closing net debt	**(560.6)**	**(795.8)**	**(499.7)**

1 Operating Cash Flow is defined as Total Group EBITDA plus/minus net working capital movement less capital expenditure.

Underlying operating profit increased to £30.5m reflecting the trading performance described above. The net working capital outflow of £28.9m was a result of increasing activity levels (in part due to seasonal variations between December and June) and higher raw materials prices since the previous year end, offset by inflows from the receivables financing facilities and active inventory management.

In December 2022, the Group put in place two-year, non-recourse receivables financing facilities for a maximum committed amount of €200m. Factored receivables assigned under the facilities amounted to £128.0m net at 30 June 2024 (30 June 2023: £ 139.2m net, 31 December 2023: £110.6m net). Under the facilities, the risks and rewards of ownership are transferred to the assignees. The duration of the committed facilities has been extended to 31 January 2027.

Depreciation reduced reflecting the capital expenditure profile, whilst amortisation of other intangibles increased due to the Pathway business transformation programme. Capital expenditure was £38.2m (H1 2023: £33.9m), principally for Pathway and recurring SHE and sustenance expenditure. The Group continues to anticipate broadly similar levels of capital expenditure to FY 2023 in FY 2024.

Net interest paid increased to £26.1m (H1 2023: £24.7m) reflecting increased and rephased bond interest costs, offset by increased interest receipts from cash raised in the October 2023 rights issue.

Net tax paid was £6.9m (H1 2023: £4.5m) reflecting tax payments on account made in the year.

The cash impact of Special Items including restructuring and site closure costs and acquisition costs was an outflow of £11.3m.

Group debt is denominated in euros and dollars. Both the euro and the dollar weakened relative to sterling during H1 2024, leading to a foreign exchange gain in net debt.

Financing and liquidity

At 30 June 2024, net debt was £560.6m (30 June 2023: £795.8m, 31 December 2023: £499.7m). The increase since the year end principally reflects settlement of the EC fine in January, the divestment proceeds of the Compounds business and the Free Cash Flow movements noted above.

In April, we successfully tendered for €370m of our bonds due 2025 reducing gross debt and extending maturities by issuing €350m of bonds due 2029.

As at 30 June 2024, committed borrowing facilities principally comprised: a €300m RCF maturing in July 2027, €350m of five-year 7.375% senior unsecured loan notes maturing May 2029, the remaining €150m outstanding of five-year 3.875% senior unsecured loan notes maturing July 2025 and the UK Export Finance (UKEF) facilities of €288m and $230m both maturing October 2027. At 30 June 2024, the RCF was undrawn and the UKEF facilities were fully drawn. The Group's net debt: EBITDA for the purposes of the leverage ratio covenant increased from 4.2x at 31 December 2023 to 4.7x at 30 June 2024, principally due to the higher net debt at the period end, as described elsewhere.

The RCF and the UKEF facilities are subject to one leverage ratio covenant. For prudence, the Group agreed in March 2024 to extend the period of temporary covenant relaxation to ensure that appropriate headroom was maintained. Accordingly, the net debt: EBITDA ratios required under the covenant have been set at not more than 6.0x in June 2024, 5.75x in December 2024, 5.0x in June 2025 and 4.75x in December 2025. Reducing leverage further towards our 1-2x medium-term target range remains a key priority for the Group.

The Group expects net financing costs of c.£60-65m in 2024 and c.£65-70m in 2025 as a result of higher interest rates, the recent bond refinancing and other changes to the Group's financing arrangements. The Group's committed liquidity at 30 June 2024 was in excess of £500m.

Balance sheet

Net assets of the Group decreased by 1.9% to £1,140.2m at 30 June 2024, mainly reflecting the loss in the period.

Provisions

The Group provisions balance decreased to £37.6m compared with a balance of £41.5m as at 31 December 2023, mainly reflecting cash utilisation of £4.8m in the period, most notably in relation to onerous contracts and restructuring and site rationalisation activities.

Retirement benefit plans

The Group's principal funded defined benefit pension schemes are in the UK and the USA and are both closed to new entrants and future accrual. The Group also operates an unfunded defined benefit scheme in Germany and various other defined contribution overseas retirement benefit arrangements.

The Group's net retirement obligation decreased by £14.0m to £50.7m at 30 June 2024 (30 June 2023: £62.6m, 31 December 2023: £64.7m), and reflects the market value of assets and the valuation of liabilities in accordance with IAS 19, including an asset of £22.2m for the UK scheme. This reduction largely comprised £9.8m of cash contributions and actuarial gains of £3.7m. During 2024 the Group is committed to making c.£19m in contributions to the UK scheme, a portion of which was deferred from 2023 as agreed with the pension trustees.

Consolidated income statement
for the six months ended 30 June 2024

	30 June 2024 (unaudited)			30 June 2023 (unaudited)		
	Underlying performance £m	Special Items £m	IFRS £m	Underlying performance £m	Special Items £m	IFRS £m
Continuing operations						
Revenue	1,051.1	-	1,051.1	1,047.2	-	1,047.2
Company and subsidiaries operating profit before Special Items	28.1	-	28.1	24.3	-	24.3
Amortisation of acquired intangibles	-	(22.8)	(22.8)	-	(24.3)	(24.3)
Restructuring and site closure costs	-	(6.7)	(6.7)	-	(6.6)	(6.6)
Acquisition costs and related gains	-	(1.2)	(1.2)	-	(1.3)	(1.3)
Sale of businesses	-	(0.5)	(0.5)	-	-	-
Regulatory Fine	-	-	-	-	-	-
Abortive bond costs	-	-	-	-	-	-
Impairment charge	-	-	-	-	-	-
Company and subsidiaries operating profit	28.1	(31.2)	(3.1)	24.4	(32.2)	(7.8)
Share of joint ventures	0.9	-	0.9	0.7	-	0.7
Operating profit / (loss)	29.0	(31.2)	(2.2)	25.1	(32.2)	(7.1)
Interest payable	(33.8)	-	(33.8)	(35.8)	-	(35.8)
Interest receivable	6.8	-	6.8	5.0	-	5.0
Fair value (loss) / gain on unhedged interest rate derivatives	-	-	-	-	(1.8)	(1.8)
Loss on extinguishment of financing facilities	-	(1.3)	(1.3)	-	(4.6)	(4.6)
Net interest expense on defined benefit obligations	(0.9)	-	(0.9)	(1.1)	-	(1.1)
Interest element of lease payments	(1.0)	-	(1.0)	(0.7)	-	(0.7)
Finance costs	(28.9)	(1.3)	(30.2)	(32.6)	(6.4)	(39.0)
Profit / (Loss) before taxation	0.1	(32.5)	(32.4)	(7.5)	(38.6)	(46.1)
Taxation	(0.2)	3.0	2.8	2.2	(4.9)	(2.7)
(Loss) / profit for the period from continuing operations	(0.1)	(29.5)	(29.6)	(5.3)	(43.5)	(48.8)
Profit / (loss) for the period from discontinued operations attributable to the equity holders of the parent	1.8	(3.2)	(1.4)	0.1	36.3	36.4
(Loss) / profit for the period	1.7	(32.7)	(31.0)	(5.2)	(7.2)	(12.4)
(Loss) / profit attributable to non-controlling interests	(0.4)	0.1	(0.3)	(0.1)	(0.2)	(0.3)
(Loss) / profit attributable to equity holders of the parent	2.1	(32.8)	(30.7)	(5.1)	(7.0)	(12.1)
	1.7	(32.7)	(31.0)	(5.2)	(7.2)	(12.4)
Earnings per share						
– Basic from continuing operations	(0.1)p	(18.0)p	(18.1)p	(8.4)p	(68.5)p	(76.9)p
– Diluted from continuing operations	(0.1)p	(18.0)p	(18.1)p	(8.4)p	(68.5)p	(76.9)p
– Basic	1.3p	(20.1)p	(18.8)p	(8.0)p	(11.0)p	(19.0)p
– Diluted	1.3p	(20.1)p	(18.8)p	(8.0)p	(11.0)p	(19.0)p

Consolidated income statement
for the six months ended 30 June 2024 (continued)

	Year ended 31 December 2023 (audited)		
	Underlying performance £m	Special Items £m	IFRS £m
Continuing operations			
Revenue	1,940.6	-	1,940.6
Company and subsidiaries operating profit before Special Items	32.0	-	32.0
Amortisation of acquired intangibles	-	(49.3)	(49.3)
Restructuring and site closure costs	-	(14.7)	(14.7)
Acquisition costs and related gains	-	(2.0)	(2.0)
Sale of businesses	-	(0.1)	(0.1)
Regulatory Fine	-	(0.7)	(0.7)
Abortive bond costs	-	(0.5)	(0.5)
Impairment charge	-	(5.6)	(5.6)
Company and subsidiaries operating profit	32.0	(72.9)	(40.9)
Share of joint ventures	1.4	-	1.4
Operating profit / (loss)	33.4	(72.9)	(39.5)
Interest payable	(70.6)	-	(70.6)
Interest receivable	10.2	-	10.2
Fair value gain on unhedged interest rate derivatives	-	(1.8)	(1.8)
Loss on extinguishment of financing facilities		(4.7)	(4.7)
Net interest expense on defined benefit obligations	(2.7)	-	(2.7)
Interest element of lease payments	(1.8)	-	(1.8)
Finance costs	(64.9)	(6.5)	(71.4)
Profit / (loss) before taxation	(31.5)	(79.4)	(110.9)
Taxation	3.5	2.8	6.3
Profit / (loss) for the year from continuing operations	(28.0)	(76.6)	(104.6)
Profit / (loss) for the year from discontinued operations attributable to the equity holders of the parent	(1.6)	39.4	37.8
(Loss) for the year	(29.6)	(37.2)	(66.8)
Profit / (loss) attributable to non-controlling interests	0.4	(0.2)	0.2
Profit / (loss) attributable to equity holders of the parent	(30.0)	(37.0)	(67.0)
	(29.6)	(37.2)	(66.8)
Earnings per share			
– Basic from continuing operations	(33.4)p	(89.4)p	(122.8)p
– Diluted from continuing operations	(33.4)p	(89.4)p	(122.8)p
– Basic	(35.3)p	(43.2)p	(78.5)p
– Diluted	(35.3)p	(43.2)p	(78.5)p

Consolidated statement of comprehensive income

for the six months ended 30 June 2024

	30 June 2024 (unaudited)			30 June 2023 (unaudited)		
	Equity holders of the parent £m	Non-controlling interests £m	Total £m	Equity holders of the parent £m	Non-controlling interests £m	Total £m
(Loss) / profit for the period	(30.7)	(0.3)	(31.0)	(12.1)	(0.3)	(12.4)
Actuarial gains	3.5	-	3.5	3.3	-	3.3
Tax relating to components of other comprehensive income	1.9	-	1.9	(0.7)	-	(0.7)
Total items that will not be reclassified to profit or loss	5.4	-	5.4	2.6	-	2.6
Exchange differences on translation of foreign operations	(8.1)	(0.7)	(8.8)	(53.5)	(0.8)	(54.3)
Exchange differences recycled on sale of business	4.4	-	4.4	(0.5)	-	(0.5)
Fair value gain / (loss) on hedged interest derivatives	1.2	-	1.2	(0.1)	-	(0.1)
Gain / (loss) on net investment hedges taken to equity	5.7	-	5.7	(2.2)	-	(2.2)
Total items that may be reclassified subsequently to profit or loss	3.2	(0.7)	2.5	(56.3)	(0.8)	(57.1)
Other comprehensive (expense) / income for the period	8.6	(0.7)	7.9	(53.7)	(0.8)	(54.5)
Total comprehensive (expense) / income for the period	(22.1)	(1.0)	(23.1)	(65.8)	(1.1)	(66.9)

	Year ended 31 December 2023 (audited)		
	Equity holders of the parent £m	Non-controlling interests £m	Total £m
(Loss) / gain for the year	(67.0)	0.2	(66.8)
Actuarial gains	2.9	-	2.9
Tax relating to components of other comprehensive income	(1.0)	-	(1.0)
Total items that will not be reclassified to profit or loss	1.9	-	1.9
Exchange differences on translation of foreign operations	(58.3)	(0.8)	(59.1)
Exchange differences recycled on sale of business	(0.5)	-	(0.5)
Fair value gain on hedged interest derivatives	(7.7)	-	(7.7)
Gains on net investment hedges taken to equity	1.0	-	1.0
Total items that may be reclassified subsequently to profit or loss	(65.5)	(0.8)	(66.3)
Other comprehensive expense for the year	(63.6)	(0.8)	(64.4)
Total comprehensive expense for the year	(130.6)	(0.6)	(131.2)

Consolidated statement of changes in equity
for the six months ended 30 June 2024

	Share capital £m	Share premium £m	Capital redemption reserve £m	Hedging & translation reserve £m	Retained earnings £m	Total equity holdings of the parent £m	Non-controlling interests £m	Total Equity £m
At 1 January 2024	**1.6**	**925.9**	**0.9**	**10.4**	**209.8**	**1,148.6**	**13.4**	**1,162.0**
Loss for the period	-	-	-	-	(30.7)	(30.7)	(0.3)	(31.0)
Other comprehensive (expense) / income for the period	-	-	-	3.2	5.4	8.6	(0.7)	7.9
Total comprehensive expense for the period	**-**	**-**	**-**	**3.2**	**(25.3)**	**(22.1)**	**(1.0)**	**(23.1)**
Share-based payments	-	-	-	-	1.3	1.3	-	1.3
At 30 June 2024 (unaudited)	**1.6**	**925.9**	**0.9**	**13.6**	**185.8**	**1,127.8**	**12.4**	**1,140.2**

	Share capital £m	Share premium £m	Capital redemption reserve £m	Hedging & translation reserve £m	Retained earnings £m	Total equity holdings of the parent £m	Non-controlling interests £m	Total Equity £m
At 1 January 2023	46.7	620.0	0.9	75.9	273.5	1,017.0	14.0	1,031.0
Loss for the period	-	-	-	-	(12.1)	(12.1)	(0.3)	(12.4)
Other comprehensive (expense) / income for the period	-	-	-	(56.3)	2.6	(53.7)	(0.8)	(54.5)
Total comprehensive income for the period	-	-	-	(56.3)	(9.5)	(65.8)	(1.1)	(66.9)
Share-based payments	-	-	-	-	(0.8)	(0.8)	-	(0.8)
At 30 June 2023 (unaudited)	46.7	620.0	0.9	19.6	263.2	950.4	12.9	963.3

	Share capital £m	Share premium £m	Capital redemption reserve £m	Hedging & translation reserve £m	Retained earnings £m	Total equity holdings of the parent £m	Non-controlling interests £m	Total Equity £m
At 1 January 2023	46.7	620.0	0.9	75.9	273.5	1,017.0	14.0	1,031.0
Loss for the year	-	-	-	-	(67.0)	(67.0)	0.2	(66.8)
Other comprehensive income for the year	-	-	-	(65.5)	1.9	(63.6)	(0.8)	(64.4)
Total comprehensive income / (expense) for the year	-	-	-	(65.5)	(65.1)	(130.6)	(0.6)	(131.2)
Share consolidation	(46.5)	46.5	-	-	-	-	-	-
Issue of shares	1.4	259.4	-	-	-	260.8	-	260.8
Share-based payments	-	-	-	-	1.4	1.4	-	1.4
At 31 December 2023 (audited)	1.6	925.9	0.9	10.4	209.8	1,148.6	13.4	1,162.0

Consolidated balance sheet
as at 30 June 2024

	30 June 2024 (unaudited) £m	30 June 2023 (unaudited) £m	31 December 2023 (audited) £m
Non-current assets			
Goodwill	454.9	464.5	465.7
Acquired intangible assets	429.1	476.6	452.5
Other intangible assets	70.4	66.7	71.1
Property, plant and equipment	680.5	722.0	705.7
Deferred tax assets	46.7	25.0	36.8
Defined benefit asset	22.2	11.5	16.5
Investment in joint ventures	7.7	7.6	7.5
Total non-current assets	1,711.5	1,773.9	1,755.8
Current assets			
Inventories	342.7	374.5	344.1
Trade and other receivables	271.7	262.7	213.0
Current tax assets	5.2	26.4	8.8
Cash and cash equivalents	273.3	232.9	371.3
Derivative financial instruments	6.1	11.4	12.2
Assets classified as held for sale	5.5	-	1.5
Total current assets	904.5	907.9	950.9
Total assets	2,616.0	2,681.8	2,706.7
Current liabilities			
Borrowings	(0.4)	(33.9)	(0.7)
Trade and other payables	(424.1)	(442.9)	(431.3)
Lease liabilities	(12.5)	(11.1)	(13.8)
Current tax liabilities	(25.9)	(24.7)	(28.0)
Provisions for other liabilities and charges	(11.2)	(15.2)	(11.9)
Derivative financial instruments	(2.0)	-	(2.4)
Total current liabilities	(476.1)	(527.8)	(488.1)
Non-current liabilities			
Borrowings	(833.5)	(994.8)	(870.3)
Trade and other payables	(0.2)	(0.4)	(0.2)
Lease liabilities	(36.3)	(47.0)	(41.5)
Deferred tax liabilities	(30.4)	(42.7)	(33.8)
Retirement benefit obligations	(72.9)	(74.1)	(81.2)
Provisions for other liabilities and charges	(26.4)	(31.7)	(29.6)
Total non-current liabilities	(999.7)	(1,190.7)	(1,056.6)
Total liabilities	(1,475.8)	(1,718.5)	(1,544.7)
Net assets	1,140.2	963.3	1,162.0
Equity			
Share capital	1.6	46.7	1.6
Share premium	925.9	620.0	925.9
Capital redemption reserve	0.9	0.9	0.9
Hedging and translation reserve	13.6	19.6	10.4
Retained earnings	185.8	263.2	209.8
Equity attributable to equity holders of the parent	1,127.8	950.4	1,148.6
Non-controlling interests	12.4	12.9	13.4
Total equity	1,140.2	963.3	1,162.0

Consolidated cash flow statement

for the six months ended 30 June 2024

		Six months ended 30 June 2024 (unaudited) £m		Six months ended 30 June 2023 (unaudited) £m		Year ended 31 December 2023 (audited) £m
Operating						
Cash generated from operations (Note 5)		(10.6)		78.0		195.0
– Interest received	6.8		5.0		10.2	
– Interest paid	(31.9)		(29.0)		(62.7)	
– Interest element of lease payments	(1.0)		(0.7)		(1.8)	
Net interest paid		(26.1)		(24.7)		(54.3)
– UK corporation tax paid	-		(3.0)		(2.9)	
– Overseas corporate tax paid	(6.9)		(1.5)		12.2	
Total tax paid		(6.9)		(4.5)		9.3
Net cash inflow / (outflow) from operating activities		(43.6)		48.8		150.0
Investing						
Dividends received from joint ventures		0.2		0.8		1.9
Purchase of property, plant and equipment and other intangible assets		(38.2)		(33.9)		(84.0)
Purchase of business		-		(8.3)		(18.4)
Proceeds from sale of businesses		24.3		206.1		208.2
Net cash inflow / (outflow) from investing activities		(13.7)		164.7		107.7
Financing						
Dividends paid to non-controlling interests		(0.2)		-		-
Proceeds on issue of shares		(4.7)		-		265.5
Settlement of equity-settled share-based payments		(0.1)		(0.3)		(0.4)
Repayment of principal portion of lease liabilities		(6.7)		(5.8)		(12.4)
Repayment of borrowings		(315.9)		(556.3)		(892.0)
Proceeds of borrowings		298.8		345.4		548.4
Net cash (outflow) from financing activities		(28.8)		(217.0)		(90.9)
Increase/ (Decrease) in cash, cash equivalents and bank overdrafts during the period		(86.1)		(3.5)		166.8
Cash and cash equivalents and bank overdrafts at 1 January		370.6		209.2		209.2
Foreign exchange		(11.6)		(6.7)		(5.4)
Cash and cash equivalents and bank overdrafts at period end		272.9		199.0		370.6

See note 10 for further details of cash flows from discontinued operations

Notes to the consolidated financial statements
for the six months ended 30 June 2024

1 Basis of preparation

Synthomer plc is a public company limited company incorporated in the United Kingdom and registered in England under the Companies Act. The Company is listed on the London Stock Exchange and the address of the registered office is Temple Fields, Harlow, Essex CM20 2BH. These interim financial statements for the six month period ended 30 June 2024 have been prepared on the basis of the policies set out in the 2023 annual financial statements and in accordance with UK adopted International Accounting Standard 34 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the UK's Financial Conduct Authority. These interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006 and do not include all the notes normally included in annual financial statements. Statutory accounts for the year ended 31 December 2023 were approved by the Board of Directors on 12 March 2024 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

These interim financial statements have been reviewed, not audited.

Going concern

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty, particularly over the level of demand for the Group's products. The Group's forecasts and projections take account of reasonably possible changes in trading performance and a severe but plausible downside scenario has been prepared, linked to our principal risks. Various mitigating actions have been identified so that, should such a scenario crystallise, the Group could take action quickly to significantly reduce costs and cash outflows as demonstrated during the course of the COVID-19 pandemic in 2020.

As at 30 June 2024, the consolidated balance sheet reflects a net asset position of £1,140m and the liquidity of the Group had headroom of more than £500m of cash and undrawn committed facilities. The earliest maturity date of our facilities is July 2025. Debt leverage covenant limits for the term loans and revolving credit facility are set at a ratio of 6.0x at 30 June 2024, reducing to 5.75x at 31 December 2024, 5.00x at June 2025, 4.75x at 31 December 2025, 3.50x at June 2026 and 3.25x thereafter. At the half year, the net debt position was £560.6m and our covenant ratio was 4.7x. The Group continues to deliver on reducing net debt and strengthening the balance sheet. Our severe but plausible downside scenario, offset by mitigation actions as required, does not indicate a debt leverage covenant break on any of the dates through to September 2025. Having considered the outcome of these assessments, the Directors have, at the time of approving the interim report and financial statements, a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Goodwill and acquired intangible assets

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. In the six months to 30 June 2024 no such indications were identified.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out in the 2023 Annual Report. Estimates and underlying assumptions are reviewed on an ongoing basis and at 30 June 2024 there were no changes to existing estimates and assumptions and no new sources of estimation uncertainty were identified.

2. Accounting policies

The annual financial statements of Synthomer plc are prepared in accordance with UK-adopted International Accounting Standards and the requirements of the Companies Act 2006. The same accounting policies and methods of computations are followed in these financial statements as in the most recent audited annual financial statements. Effective from 1 January 2024, no updates to IFRSs have been made that would affect the Group.

3 Special Items

IFRS and Underlying performance

The IFRS profit measures show the performance of the Group as a whole and as such include all sources of income and expense, including both one-off items and those that do not relate to the Group's ongoing businesses. To provide additional clarity on the ongoing trading performance of the Group's businesses, management uses 'Underlying' performance as an Alternative Performance Measure to plan for, control and assess the performance of the segments. Underlying performance differs from the IFRS measures as it excludes Special Items.

Special Items

Special Items are disclosed separately in order to provide a clearer indication of the Group's Underlying performance.

Special Items are either irregular, and therefore including them in the assessment of a segment's performance would lead to a distortion of trends, or are technical adjustments which ensure the Group's financial statements are in compliance with IFRS but do not reflect the operating performance of a segment in the year, or both. An example of the latter is the amortisation of acquired intangibles, which principally relates to acquired customer relationships. The Group incurs costs, which are recognised as an expense in the income statement, in maintaining these customer relationships. The Group considers that the exclusion of the amortisation charge on acquired intangibles from Underlying performance avoids the potential double counting of such costs and therefore excludes it as a Special Item from Underlying performance.

The following are consistently disclosed separately as Special Items in order to provide a clearer indication of the Group's Underlying performance:

- Restructuring and site closure costs;
- Sale of business or significant asset;
- Acquisition costs and related gains;
- Amortisation of acquired intangible assets;
- Impairment of non-current assets;
- Fair value adjustments in respect of derivative financial instruments where hedge accounting is not applied;
- Items of income and expense that are considered material, either by their size and / or nature;
- Tax impact of above items; and
- Settlement of prior period tax issues.

Special Items comprise:

	Six months ended June 2024 (unaudited) £m	Six months ended June 2023 (unaudited) £m	Year ended 31 December 2023 (audited) £m
Amortisation of acquired intangibles	(22.8)	(24.3)	(49.3)
Restructuring and site closure costs	(6.7)	(6.6)	(14.7)
Acquisition costs and related gains	(1.2)	(1.3)	(2.0)
Sale of businesses	(0.5)	-	(0.1)
Regulatory Fine	-	-	(0.7)
Abortive bond costs	-	-	(0.5)
Impairment charge	-	-	(5.6)
Total impact on operating loss	**(31.2)**	(32.2)	(72.9)
Finance costs			
Fair value gain on unhedged interest derivatives	-	(1.8)	(1.8)
Loss on extinguishment of financing facilities	(1.3)	(4.6)	(4.7)
Total impact on profit before taxation	**(32.5)**	(38.6)	(79.4)
Taxation Special Items	-	-	(1.7)
Taxation on Special Items	3.0	(4.9)	4.5
Total impact on profit for the period– continuing operations	**(29.5)**	(43.5)	(76.6)
Discontinued Operations			
Restructuring and site closure costs	(0.4)	-	(3.7)
Sale of businesses	(2.8)	62.0	61.3
Impairment charge	-	-	(0.8)
Taxation on Special Items	-	(25.7)	(17.4)
Total impact on profit for the period– discontinued operations	**(3.2)**	36.3	39.4
Total impact on profit for the period	(32.7)	(7.2)	(37.2)

3 Special Items (continued)

Amortisation of acquired intangibles reflects the amortisation on the customer lists, patents, trademarks and trade secrets that arose on historic acquisitions, including the 2022 acquisition of the adhesive resins business. The intangible assets arising on the acquisition are amortised over a period of 8-20 years.

Restructuring and site closure costs in 2024 comprise:

- A £1.6m charge in relation to site closure costs associated with mothballing our NBR plant in Kluang, Malaysia;
- A £1.2m charge in relation to the ongoing integration of the adhesive resins business acquired in 2022;
- A £1.2m charge in relation to the onerous contract arising from the earlier divestment of the European tyre cord business
- A further £2.8m, in relation to enacting the new the strategy and the alignment of the business into its new divisions.

Restructuring and site closure costs in 2023 comprised £2.4m integration costs for the adhesive resins business and £4.2m in relation to enacting the new the strategy and the alignment of the business into its new divisions which became effective in 2023.

Acquisition costs and related gains of £1.2m are for the acquisition of the adhesive resins business. Acquisition costs in 2023 also related to the adhesive resins acquisition.

Sale of businesses (continuing operations) costs of £0.5m comprise costs incurred associated with potential future divestments.

Sale of businesses (discontinued operations) represents the loss recognised on the sale of the latex compounding (“Compounds”) operations after recycling of FX reserves, which completed on 30 April 2024. Refer to note 11 for further details. In the prior year sale of businesses principally comprised of the gain on sale of the Laminates, Films and Coated Fabrics business.

The tax on Special Items for continuing operations was £3.0m (H1 2023: £4.9m tax credit; FY 2023: £4.6m tax credit). This mainly relates to deferred tax arising on the amortisation of acquired tax intangibles.

4 Segmental analysis

The Group's Executive Committee, chaired by the Chief Executive Officer, examines the Group's performance.
The Group's reportable segments are as follows:

Coatings & Construction Solutions (CCS)
Our specialist polymers enhance the sustainable performance of a wide range of coatings and construction products. We work across architectural and masonry coatings, mortar modification, waterproofing and flooring, fibre bonding, and energy solutions.

Adhesive Solutions (AS)
Our adhesive solutions bond, modify and compatibilise surfaces and components for products including tapes and labels, packaging, hygiene, tyres and plastic modification, helping improve permeability, strength, elasticity, damping, dispersion and grip.

Health & Protection and Performance Materials (HPPM)
We help enhance protection and performance in a wide range of industries including medical glove manufacture, speciality paper, food packaging, carpet and artificial turf, gel foam elastomers, and vinyl-coated seating fabrics.

The Group's Executive Committee is the chief operating decision maker and primarily uses a measure of earnings before interest, tax, depreciation and amortisation (EBITDA) to assess the performance of the operating segments. No information is provided to the Group's Executive Committee at the segment level concerning interest income, interest expense, income tax or other material non-cash items.

No single customer accounts for more than 10% of the Group's revenue.

A segmental analysis of Underlying performance and Special Items is shown below.

	Six months ended 30 June 2024 (unaudited)						
	Continuing Operations					Discontinued Operations	Total
2024	Coatings & Construction Solutions £m	Adhesive Solutions £m	Health & Protection and Performance Materials £m	Corporate £m	Total £m	£m	Total £m
Revenue							
Total revenue	430.4	308.7	313.7	-	1,052.8	9.7	1,062.5
Inter-segmental revenue	-	-	(1.7)	-	(1.7)	-	(1.7)
	430.4	**308.7**	**312.0**	**-**	**1,051.1**	**9.7**	**1,060.8**
EBITDA	**53.0**	**21.9**	**14.8**	**(13.7)**	**76.0**	**2.6**	**78.6**
Depreciation and amortisation	(12.4)	(16.7)	(13.6)	(4.3)	(47.0)	(0.2)	(47.2)
Operating profit / (loss) before Special Items	**40.6**	**5.2**	**1.2**	**(18.0)**	**29.0**	**2.4**	**31.4**
Special Items	(9.6)	(13.8)	(5.5)	(2.3)	(31.2)	(3.2)	(34.4)
Operating profit / (loss)	**31.0**	**(8.6)**	**(4.3)**	**(20.3)**	**(2.2)**	**(0.8)**	**(3.0)**
Finance costs							(30.2)
Profit/ (loss) before taxation							**(33.2)**

4 Segmental analysis (continued)

	Six months ended 30 June 2023 (unaudited)						
	Continuing Operations					Discontinued Operations	Total
2023	Coatings & Construction Solutions £m	Adhesive Solutions £m	Health & Protection and Performance Materials £m	Corporate £m	Total £m	£m	Total £m
Revenue							
Total revenue	452.0	310.0	291.4	-	1,053.4	56.1	1,109.5
Inter-segmental revenue	-	-	(6.2)	-	(6.2)	-	(6.2)
	452.0	310.0	285.2	-	1,047.2	56.1	1,103.3
EBITDA	54.9	15.6	12.3	(10.0)	72.8	1.7	74.5
Depreciation and amortisation	(13.2)	(14.2)	(16.6)	(3.7)	(47.7)	(0.9)	(48.6)
Operating profit / (loss) before Special Items	41.7	1.4	(4.3)	(13.7)	25.1	0.8	25.9
Special Items	(14.1)	(13.7)	(1.1)	(3.3)	(32.2)	62.0	29.8
Operating profit	27.6	(12.3)	(5.4)	(17.0)	(7.1)	62.8	55.7
Finance costs							(39.0)
Profit/ (loss) before taxation							16.7

	Year ended 31 December 2023 (audited)						
	Continuing Operations					Discontinued Operations	Total
2023	Coatings & Construction Solutions £m	Adhesive Solutions £m	Health & Protection and Performance Materials £m	Corporate £m	Total £m	£m	Total £m
Revenue							
Total revenue	820.2	581.7	549.3	-	1,951.2	80.6	2,031.8
Inter-segmental revenue	-	-	(10.6)	-	(10.6)	-	(10.6)
	820.2	581.7	538.7	-	1,940.6	80.6	2,021.2
EBITDA	100.1	31.2	26.3	(20.2)	137.4	1.7	139.1
Depreciation and amortisation	(25.8)	(38.7)	(32.3)	(7.2)	(104.0)	(1.3)	(105.3)
Operating profit / (loss) before Special Items	74.3	(7.5)	(6.0)	(27.4)	33.4	0.4	33.8
Special Items	(32.2)	(25.2)	(9.3)	(6.2)	(72.9)	56.8	(16.1)
Operating profit / (loss)	42.1	(32.7)	(15.3)	(33.6)	(39.5)	57.2	17.7
Finance costs							(71.4)
Profit/ (loss) before taxation							(53.7)

5 Reconciliation of operating profit / (loss) to cash generated from operations

Continuing and discontinued operations:	Six months ended 30 June 2024 (unaudited) £m	Six months ended 30 June 2023 (unaudited) £m	Year ended 31 December 2023 (audited) £m
Operating (loss) / profit	(3.0)	55.7	17.7
Less: share of profits of joint ventures	(0.9)	(0.7)	(1.4)
	(3.9)	55.0	16.3
Adjustments for:			
– Depreciation of property, plant and equipment	35.8	39.2	85.0
– Depreciation of right of use assets	6.1	5.6	11.5
– Amortisation of other intangibles	5.3	3.8	8.8
– Share-based payments	0.8	1.1	1.8
– Special Items	34.4	(29.8)	16.1
Cash impact of restructuring and site closure costs	(10.4)	(10.8)	(28.0)
Cash impact of acquisition costs and related gains	(0.9)	(4.4)	(1.9)
Cash impact of settlement of interest rate derivative contracts	-	12.1	12.1
Pension funding in excess of service cost	(9.8)	(5.7)	(7.3)
(Increase) / decrease in inventories	(8.1)	13.7	45.7
Decrease / (increase) in trade and other receivables	(69.7)	1.6	52.7
(Decrease) / increase in trade and other payables	48.9	(3.4)	(17.8)
Payment of EC fine settlement amount	(39.1)	-	-
Cash generated from operations	(10.6)	78.0	195.0

6 Taxation

The group has calculated its best estimate of the annual effective corporate income tax rate we expect for the full year, resulting in a half year underlying tax charge of £0.2m for continuing operations. We estimate the rate by applying the expected corporate income tax rates for each tax jurisdiction in which we operate. As in the prior year the estimated tax rate is very dependent on the level of underlying profit or loss and the geographical mix of that profit or loss. Therefore, there is some fluctuation in the effective tax rate applied when comparing the relative periods: H1 2024 200.0%, H1 2023: 22.0%; FY 2023: 5.9%.

The tax on Special Items for continuing operations was £3.0m (H1 2023: £4.9m tax credit; FY 2023: £4.6m tax credit). This mainly relates to deferred tax arising on the amortisation of acquired tax intangibles.

The group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in the United Kingdom, the jurisdiction in which the parent company is incorporated, and is effective from 1 January 2024. The group applies the IAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Under the legislation, the group is liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate. The group has estimated weighted average effective tax rates that exceed 15% in all jurisdictions in which it operates and therefore does not expect to be subject to the global minimum top-up tax in the year ending 31 December 2024.

7 Earnings per share

		Six months ended 30 June 2024 (unaudited)			Six months ended 30 June 2023 (unaudited)		
		Underlying performance	Special Items	IFRS	Underlying performance	Special Items	IFRS
Profit / (loss) attributable to equity holders of the parent							
- continuing	£m	(0.1)	(29.5)	(29.6)	(5.3)	(43.5)	(48.8)
- total	£m	2.7	(32.8)	(30.7)	(5.1)	(7.0)	(12.1)
Number of shares							
Weighted average number of ordinary shares – basic	'000			163,474			63,433
Effect of dilutive potential ordinary shares	'000			852			202
Weighted average number of ordinary shares – diluted	'000			164,326			63,635
Earnings per share for profit from continuing operations							
Basic earnings per share	pence	(0.1)	(18.0)	(18.1)	(8.4)	(68.5)	(76.9)
Diluted earnings per share	pence	(0.1)	(18.0)	(18.1)	(8.4)	(68.5)	(76.9)
Earnings per share for profit from discontinued operations							
Basic earnings per share	pence	1.3	(2.0)	(0.7)	0.4	57.5	57.9
Diluted earnings per share	pence	1.3	(2.0)	(0.7)	0.4	57.5	57.9
Earnings per share for profit attributable to equity holders of the parent							
Basic earnings per share	pence	1.3	(20.1)	(18.8)	(8.0)	(11.0)	(19.0)
Diluted earnings per share	pence	1.3	(20.1)	(18.8)	(8.0)	(11.0)	(19.0)

		Year ended 31 December 2023 (audited)		
		Underlying performance	Special Items	IFRS
Profit / (loss) attributable to equity holders of the parent				
- continuing	£m	(28.4)	(76.4)	(104.8)
- total	£m	(30.0)	(37.0)	(67.0)
Number of shares				
Weighted average number of ordinary shares – basic	'000			85,382
Effect of dilutive potential ordinary shares	'000			251
Weighted average number of ordinary shares – diluted	'000			85,633
Earnings per share for profit from continuing operations				
Basic earnings per share	pence	(33.4)	(89.4)	(122.8)
Diluted earnings per share	pence	(33.4)	(89.4)	(122.8)
Earnings per share for profit from discontinued operations				
Basic earnings per share	pence	(1.9)	46.2	44.3
Diluted earnings per share	pence	(1.9)	46.2	44.3
Earnings per share for profit attributable to equity holders of the parent				
Basic earnings per share	pence	(35.3)	(43.2)	(78.5)
Diluted earnings per share	pence	(35.3)	(43.2)	(78.5)

8 Analysis of net debt

	30 June 2024 (unaudited) £m	30 June 2023 (unaudited) £m	31 December 2023 (audited) £m
Bank overdrafts	(0.4)	(33.9)	(0.7)
Current liabilities	(0.4)	(33.9)	(0.7)
Bank loans	(416.0)	(551.1)	(421.9)
€520m 3.875% senior unsecured loan notes due 2025	(126.7)	(443.7)	(448.4)
€350m 7.375% senior unsecured loan notes due 2029	(290.8)	-	-
Non–current liabilities	(833.5)	(994.8)	(870.3)
Total borrowings	(833.9)	(1,028.7)	(871.0)
Cash and cash equivalents	273.3	232.9	371.3
Net Debt	(560.6)	(795.8)	(499.7)

Net debt is defined in the glossary of terms. Capitalised debt costs which have been recognised as a reduction in borrowings in the financial statements, amounted to £15.7m at 30 June 2024 (30 June 2023: £10.2m, 31 December 2023: £10.5m).

9 Defined benefit schemes

We have updated the value of the defined benefit plan assets to reflect their market value as at 30 June 2024. Actuarial gains or losses are recognised in the Consolidated Statement of Comprehensive Income in accordance with the Group's accounting policy. We have updated the liabilities to reflect the change in the discount rate and other assumptions. The Group's net pension liability decreased by £14.0m to £50.7m, which includes an asset of £22.2m for the UK scheme. This £14.0m reduction largely comprised £9.8m of cash contributions and actuarial gains of £3.7m.

10 Discontinued operations

On 30 April 2024, the Group sold its Compounds business to Matco Latex Services BV.

A summary of the proceeds and disposed assets is set out below:

	Total £m
Consideration	
Cash Consideration	24.5
Total	**24.5**
Net assets sold:	
Goodwill	7.5
Property Plant and equipment	5.4
Inventory	5.5
Cash and cash equivalents	3.4
Trade and other receivables	7.3
Trade and other payables	(7.4)
Total	**21.7**
Transaction costs in the period	(1.4)
Gain on sale before recycling of translation reserve and tax	**1.4**
Reclassification of foreign currency translation reserve	(4.4)
Tax expense on sale	-
Gain on sale after recycling of translation reserve and tax	**(3.0)**

	Total £m
Cash Inflow of sale of business	
Cash Consideration	24.5
Transaction costs paid in the period	(0.5)
Cash consideration after transaction costs	24.0
Cash outflow with business	(3.4)
Total	**20.6**

Including prior period transaction costs, the total proceeds were £24.5m (€28.6m) and the total transaction costs were £1.5m (€1.8m), giving total proceeds after transaction costs of £23.0m (€26.8m).

10 Discontinued operations (continued)

Financial performance and cash flow information

Financial information in respect of the discontinued operation during the period and the impact of the transaction is set out below:

The Compounds businesses formed part of the Health & Protection and Performance Materials division.

	Six months ended 30 June 2024 (unaudited)				Six months ended 30 June 2023 (unaudited)			
	Compounds £m	Laminates, Films and Coated Fabrics £m	NA Paper and Carpet £m	Total £m	Compounds £m	Laminates, Films and Coated Fabrics £m	NA Paper and Carpet £m	Total £m
Revenue	9.8	-	-	9.8	15.5	28.0	12.7	56.2
EBITDA	2.6	-	-	2.6	2.9	2.5	(3.7)	1.7
Depreciation and amortisation – Underlying performance	(0.2)	-	-	(0.2)	(0.2)	-	(0.7)	(0.9)
Operating Profit / (loss) – Underlying performance	2.4	-	-	2.4	2.7	2.5	(4.4)	0.8
Special Items	(3.0)	0.2	(0.4)	(3.2)	-	62.0	-	62.0
Operating Profit / (loss) - IFRS	(0.6)	0.2	(0.4)	(0.8)	2.7	64.5	(4.4)	62.8
Financial costs	-	-	-	-	-	-	-	-
Profit / (loss) before taxation	(0.6)	0.2	(0.4)	(0.8)	2.7	64.5	(4.4)	62.8
Taxation	(0.6)	-	-	(0.6)	(0.7)	(25.7)	-	(26.4)
Profit / (loss) for the period	(1.2)	0.2	(0.4)	(1.4)	2.0	38.8	(4.4)	36.4

	Year ended 31 December 2023 (audited)			
	Compounds £m	Laminates, Films and Coated Fabrics £m	NA Paper and Carpet £m	Total £m
Revenue	30.3	28.0	22.3	80.6
EBITDA	4.7	2.5	(5.5)	1.7
Depreciation and amortisation – Underlying performance	(0.4)	-	(0.9)	(1.3)
Operating Profit / (loss) – Underlying performance	4.3	2.5	(6.4)	0.4
Special Items	(0.2)	61.5	(4.5)	56.8
Operating Profit / (loss) - IFRS	4.1	64.0	(10.9)	57.2
Financial costs	-	-	-	-
Profit / (loss) before taxation	4.1	64.0	(10.9)	57.2
Taxation	(1.8)	(17.6)	-	(19.4)
Profit / (loss) for the period	2.3	46.4	(10.9)	37.8

The prior-year comparatives of the consolidated income statement and the consolidated statement of cash flows have been adjusted in accordance with IFRS 5 to report the discontinued operations separately from continuing operations.

10 Discontinued operations (continued)

Cash flows from discontinued operations

	Six months ended 30 June 2024 (unaudited)				Six months ended 30 June 2023 (unaudited)			
	Compounds £m	Laminates, Films and Coated Fabrics £m	NA Paper and Carpet £m	Total £m	Compounds £m	Laminates, Films and Coated Fabrics £m	NA Paper and Carpet £m	Total £m
Net cash (outflow) / inflow from operating activities	(3.6)	-	(0.4)	(4.0)	3.1	(2.8)	(4.4)	(4.1)
Net cash (outflow) / inflow from investing activities	18.5	(0.1)	-	18.4	(0.1)	206.1	-	206.0

	Year ended 30 December 2023 (audited)			
	Compounds £m	Laminates, Films and Coated Fabrics £m	NA Paper and Carpet £m	Total £m
Net cash (outflow) / inflow from operating activities	7.5	(0.1)	(7.8)	(0.4)
Net cash (outflow) / inflow from investing activities	(0.6)	208.2	-	207.6

11 Capital commitments

The capital expenditure authorised but not provided for in the interim financial statements as at 30 June 2024 was £15.7m (30 June 2023: £25.4m; 31 December 2023: £8.8m).

12 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not included in this note. Other than the relationships with defined benefit pension schemes as disclosed in note 29 of the 2023 Annual Report, there were no other related party transactions requiring disclosure.

Kuala Lumpur Kepong Berhad holds 27% of the Company's shares and is considered to be a related party.

13 Seasonality

Historically, there has been no visible fixed pattern to seasonality in H1 compared to H2 performance in the Group, but the seasonality of the business is more significantly impacted by macroeconomic conditions which remain uncertain.

14 Risks and uncertainties

The Group faces a number of risks which, if they arise, could affect our ability to achieve our strategic objectives. As with any business, risk assessment and the implementation of mitigating actions and controls are vital to successfully achieving the strategy. The Directors are responsible for determining the nature of these risks and ensuring appropriate mitigating actions are in place to manage them.

These principal risks are categorised into the following types:
- Strategic
- Operational
- Compliance
- Financial

These risks are detailed on pages 48 to 55 of the 2023 Annual Report which is available on our website at www.synthomer.com/investor-relations.

The Directors continuously monitor the Group's risk environment and have not identified any significant new or emerging risks or uncertainties which would have a material impact on the Group's performance in the remaining part of the year.

We continue to mitigate these risks by following, at a minimum, any government mandated health and safety requirements at our sites, by ensuring that we have multiple sources of raw materials, and by maintaining a diverse customer base.

15 Glossary of terms

EBITDA	EBITDA is calculated as operating profit from continuing operations before depreciation, amortisation and Special Items.
Operating profit	Operating profit represents profit from continuing activities before finance costs and taxation.
Special Items	Special Items are irregular items, whose inclusion could lead to a distortion of trends, or technical adjustments which ensure the Group's financial statements are in compliance with IFRS, but do not reflect the operating performance of the segment in the year, or both. These include the following, inter alia, which are disclosed separately as Special Items in order to provide a clearer indication of the Group's Underlying performance: • Restructure and site closure costs; • Sale of a business or significant asset; • Acquisition costs and related gains; • Amortisation of acquired intangible assets; • Impairment of non-current assets; • Fair value adjustments in respect of derivative financial instruments where hedge accounting is not applied; • Items of income and expense that are considered material, either by their size and / or nature; • Tax impact of above items; and • Settlement of prior period tax issues.
Underlying performance	This represents the statutory performance of the Group under IFRS, excluding Special Items.
Free Cash Flow	The movement in net debt before financing activities, foreign exchange and the cash impact of Special Items, asset disposals and business combinations.
Net debt	Net debt represents cash and cash equivalents less short- and long-term borrowings.
Leverage	Net debt divided by EBITDA. The Group's financial covenants are calculated using the accounting standards adopted by the Group at 31 December 2018 and accordingly, leverage excludes the impact of IFRS 16 Leases.
Ktes	Kilotonnes or 1,000 tonnes (metric).