ROBINSON
Packaging Innovation

17 March 2016

Robinson plc

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

Robinson plc ("Robinson" or the “Group” stock code: RBN), the custom manufacturer of plastic and paperboard packaging based in Chesterfield, announces its results for the year ended 31 December 2015.

Highlights:

- Revenue increased by 4% to £29.1 m (2014: £28.1m)
    - £2.4m reduction in underlying revenue due to foreign exchange movements and reduction in resin prices
- Madrox performance exceeded expectations adding £2.2m to pre tax profits
- Exceptional cost of £1.7m for enhanced Madrox earn out
- Net borrowings reduced by £3.0m to stand at £1.1m at the year end
- The Board is recommending an increased final dividend for the year of 3.00p per share (2014: 2.75p), raising the total dividend declared in respect of 2015 by 10% to 5.5p

Commenting on the results, Chairman, Richard Clothier said:

“I am pleased to report that the Madrox business has performed ahead of expectations during the year resulting in an enhanced earn out. Management is committed to both organic growth in sales and operational efficiency and through these we expect to deliver further growth in revenue and earnings.”

About Robinson
Headquartered in Chesterfield, with manufacturing facilities in Kirkby-in-Ashfield, Stanton Hill (Nottinghamshire) and Lodz and Warsaw (Poland), Robinson currently employs around 300 people. It was formerly a family business, with its origins dating back some 176 years. Today the Group's main activity is the manufacture and sale of injection moulded plastic packaging. Robinson operates primarily within the food, drink, confectionery, cosmetic and toiletry sectors, providing niche or custom manufacture to major players in the fast moving consumer goods market, such as Proctor & Gamble, McBride, SC Johnson, Sonoco, Bakkavor, British Pepper and Spice, Heinz, Two Sisters, Nestle, Avon, Reckitt Benckiser, Kraft, Quaker oats, Mars, Dr Oetker, Fiddes Payne, Tomil, Kosmet and Gold Drop. The Group also has a substantial property portfolio with development potential.

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CHAIRMAN'S STATEMENT

The results for 2015 include the first full year since the business of Madrox in Poland was acquired in July 2014. This business has performed ahead of expectations adding £8.9m to revenues and £2.2m to pre-amortisation and pre-exceptional operating profits. This very satisfactory result of our latest acquisition has been offset by the loss of an important customer at Lodz and the effect of reduced resin prices and exchange rate movements.

Revenues

Revenues were £29.1m for the year, which represents a 3.8% increase on last year. The full year effect of the acquisition of Madrox added 18% to full year sales volumes whilst underlying sales volumes in the pre-existing businesses reduced by 6%. Two factors have significantly reduced reported revenues. Firstly, lower resin prices, which are passed on to customers, have resulted in lower product prices and, secondly, the weaker Polish zloty in relation to the pound has reduced the value of our Polish earnings when converted to sterling. The combined effect of these two is to reduce reported revenues by £2.4m. The lower volumes in the existing businesses are mainly attributable to the previously reported lost contracts in our Lodz business in Poland which have now been replaced with new contracts, but these did not come on stream until towards the end of 2015.

Profits

The gross profit increased from 22.8% to 24.0% through lower resin prices and higher margins in the acquired Madrox business. The acquisition added to the operating costs which increased from £3.5m to £3.8m. The operating profit before amortisation and exceptional items, with the addition of the full year effect of Madrox, partly offset by the lost sales at Lodz, increased from £2.9m to £3.2m. The charge relating to ongoing amortization of the value attributed to acquired customer relationships amounted to £0.8m bringing the operating profit before exceptional items to £2.4m.

As a result of the improved results of the business in 2015, the earn-out element in the acquisition of Madrox has increased by an estimated £1.7m and this has been treated as an exceptional cost in the 2015 financial statements. This final element is due to be paid in April 2016 and brings the total estimated earn-out to £4.2m which would bring the total consideration to £14.7m. The profit before tax was £0.8m (2014: £2.4m).

Operations

The expansion of our Polish business has allowed us to significantly strengthen our management team and they will be seeking to use the additional blow moulding capability to develop sales in the region. In the UK the focus is on improving operational efficiency in the plastics factories and growing the paper box business out of Chesterfield which, after a slow start, is now contributing to Group profits.

Cash, finances and dividend

Because a major part of the fall in profit before tax was caused by non-cash items, the net cash generated from operating activities actually increased to £4.9m (2014 £2.5m). After payment of the dividend of £0.8m and the translation adjustment to foreign asset values, shareholders' funds reduced by £1.1m to £24.6m but net borrowings were reduced to £1.1m at the end of the year (2014: £4.1m). Taking these factors into account along with our view of the outlook, the Board proposes a final dividend of 3.0p per share to be paid on 1 June 2016 to shareholders on the register at the close of business on 13 May 2016. This brings the total dividend declared in respect of 2015 to 5.5p per share – an increase of 10% over the previous year.

Outlook

As we reported in our year-end update, the general economic conditions suggest a challenging year ahead with particular pressure on the major brands and the UK grocery sector. However, we have new business coming on stream and management is committed to both organic growth in sales and operational efficiency and through these we expect to deliver further growth in revenue and earnings.

Richard Clothier
Chairman
17 March 2016

Group income statement

FOR THE YEAR ENDED 31 DECEMBER

	2015 £'000	2014 £'000
Continuing operations		
Revenue	**29,138**	28,071
Cost of sales	**(22,143)**	(21,669)
Gross profit	**6,995**	6,402
Operating costs	**(3,805)**	(3,490)
Amortisation of intangible asset	**(783)**	(392)
Operating profit before exceptional items	**2,407**	2,520
Exceptional items	**(1,694)**	(364)
Operating profit after exceptional items	**713**	2,156
Finance income - interest receivable	**12**	27
Finance costs - bank interest payable	**(104)**	(106)
Finance income in respect of pension fund	**153**	342
Profit before taxation	**774**	2,419
Taxation	**(679)**	(418)
Profit for year attributable to the owners of the Company	**95**	2,001
Basic earnings per share		
EPS from continuing operations	**0.6p**	12.2p
EPS from continuing operations excluding exceptional items	**10.9p**	14.4p
Diluted earnings per share		
EPS from continuing operations	**0.6p**	11.7p
EPS from continuing operations excluding exceptional items	**10.5p**	13.9p

Statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER

	2015 £'000	2014 £'000
Profit for the year	**95**	2,001
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of net defined benefit liability	**(33)**	(402)
Deferred tax relating to items not reclassified	**85**	122
	52	(280)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(375)**	(544)
Other comprehensive expense for the year	**(323)**	(824)
Total comprehensive (expense)/ income for the year attributable to the owners of the Company	**(228)**	1,177

Statement of financial position

AS AT 31 DECEMBER

	Group	
	2015	2014
	£'000	£'000
Non-current assets		
Goodwill	**1,264**	1,413
Other intangible assets	**6,655**	7,438
Property, plant and equipment	**14,152**	14,761
Deferred tax asset	**133**	132
Pension asset	**3,747**	3,825
	25,951	27,569
Current assets		
Inventories	**2,072**	2,635
Trade and other receivables	**8,882**	8,919
Corporation tax receivable	**3**	-
Cash	**4,688**	710
	15,645	12,264
Total assets	**41,596**	39,833
Current liabilities		
Trade and other payables	**(9,365)**	(4,919)
Corporation tax payable	**(153)**	(44)
Borrowings	**(4,641)**	(2,856)
	(14,159)	(7,819)
Non-current liabilities		
Borrowings	**(1,132)**	(2,002)
Other payables	**(62)**	(2,520)
Deferred tax liabilities	**(1,503)**	(1,728)
Provisions	**(183)**	(184)
	(2,880)	(6,434)
Total liabilities	**(17,039)**	(14,253)
Net assets	**24,557**	25,580
Equity		
Share capital	**82**	82
Share premium	**610**	610
Capital redemption reserve	**216**	216
Translation reserve	**(620)**	(245)
Revaluation reserve	**4,510**	4,463
Retained earnings	**19,759**	20,454
Equity attributable to shareholders	**24,557**	25,580

Statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER

Group	Share capital	Share premium account	Capital redemption reserve	Translation reserve	Revaluation reserve	Retained earnings	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
At 1 January 2014	**82**	**610**	**216**	**299**	**4,416**	**19,481**	**25,104**
Profit for the year						2,001	**2,001**
Other comprehensive expense				(544)		(266)	**(810)**
Transfer to revaluation reserves as a result of property transactions					49	(49)	**-**
Tax on revaluation					(2)		**(2)**
Total comprehensive income for the year				(544)	47	1,686	**1,189**
Credit in respect of share based payments						42	**42**
Dividends paid						(755)	**(755)**
Transactions with owners						(713)	**(713)**
At 31 December 2014	**82**	**610**	**216**	**(245)**	**4,463**	**20,454**	**25,580**
Profit for the year						95	**95**
Other comprehensive income/(expense)				(375)		52	**(323)**
Transfer to revaluation reserves as a result of property transactions					43	(43)	**-**
Tax on revaluation					4		**4**
Total comprehensive income for the year				(375)	47	104	**(224)**
Credit in respect of share based payments						38	**38**
Dividends paid						(837)	**(837)**
Transactions with owners						(799)	**(799)**
At 31 December 2015	**82**	**610**	**216**	**(620)**	**4,510**	**19,759**	**24,557**

Statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER

	Group	
	2015	2014
	£'000	£'000
Cash flows from operating activities		
Profit for the year	**95**	2,001
Adjustments for:		
Depreciation of property, plant and equipment	**1,423**	1,176
Profit on disposal of other plant and equipment	**(16)**	(7)
Amortisation of goodwill and customer relationships	**932**	466
Decrease in provisions	**(1)**	(3)
Other finance income in respect of Pension Fund	**(153)**	(342)
Finance costs	**104**	106
Finance income	**(12)**	(27)
Taxation charged	**679**	418
Other non-cash items:		
Pension current service cost and expenses	**200**	184
Charge for share options	**38**	42
Operating cash flows before movements in working capital	**3,289**	4,014
Decrease in inventories	**563**	133
Decrease/(increase) in trade and other receivables	**37**	(238)
Increase/(decrease) in trade and other payables	**1,873**	(672)
Cash generated by operations	**5,762**	3,237
Corporation tax paid	**(714)**	(632)
Interest paid	**(104)**	(101)
Net cash generated from operating activities	**4,944**	2,504
Cash flows from investing activities		
Interest received	**12**	26
Acquisition of plant & equipment	**(1,072)**	(993)
Proceeds on disposal of plant & equipment	**16**	41
Acquisition of subsidiary	**-**	(10,346)
Net cash used in investing activities	**(1,044)**	(11,272)
Cash flows from financing activities		
Loans (repaid)/received	**(908)**	2,818
Dividends paid	**(837)**	(755)
Net cash (used in)/generated from financing activities	**(1,745)**	2,063
Net increase/(decrease) in cash and cash equivalents	**2,155**	(6,705)
Cash and cash equivalents at 1 January	**(1,330)**	5,375
Cash and cash equivalents at 31 December	**825**	(1,330)
Cash	**4,688**	710
Overdraft	**(3,863)**	(2,040)
Cash and cash equivalents at 31 December	**825**	(1,330)

Notes to the financial statements

1. Basis of preparation

Whilst this financial information has been prepared in accordance with the recognition and measurement criteria of IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The consolidated and Company financial statements have been prepared under International Financial Reporting Standards (IFRS) as adopted by the European Union. All standards and interpretations that have been issued and are effective at 31 December 2015 have been applied in the financial statements. The financial statements have been prepared under the historical cost convention. No accounting standards coming into effect in 2015 have had any effect on the financial statements.

In determining whether the Group's 2015 financial statements can be prepared on a going concern basis, the Directors considered all factors likely to affect its future development, performance and its financial position, including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to its business activities. As at the date of this report, the directors have a reasonable expectation that the Company and Group have adequate resources to continue in business for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. Publication of statutory financial statements

The financial information set out above does not constitute the company's statutory financial statements for the years ended 31 December 2014 or 2015, but is derived from those financial statements. The statutory financial statements for the year ended 31 December 2014 have been delivered to the Registrar of Companies and those for 2015 are expected to be posted to shareholders on 11 April 2016 and will be delivered to the Registrar of Companies after they have been laid before the Company at the Annual General Meeting to be held at 11.30am on Chesterfield Football Club 5 May 2016. Copies will also be available from Robinson plc's registered office: Field House, Wheatbridge, Chesterfield, S40 2AB and on the Group's website at www.robinsonpackaging.com from 11 April 2016. The auditor has reported on those financial statements; their reports were unqualified and did not contain statements under the Companies Act 2006, section 498 (2) or (3).