27 March 2015

Robinson plc

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

Robinson plc ("Robinson"; stock code: RBN), the custom manufacturer of plastic and paperboard packaging based in Chesterfield, announces its results for the year ended 31 December 2014.

Highlights:

- Madrox acquired on 25 June for £13m contributing £5.1m to revenues and £1.0m to pre-exceptional operating profits in the second half
- Revenue increased by 20% to £28.1m (2013; £23.3m)
    - the increase is attributable to the acquisition of Madrox
    - underlying sales volumes in the pre-existing business remained at last year's level
- Costs relating to the Madrox acquisition:
    - one off costs of £0.4m shown as exceptional
    - £0.4m ongoing amortisation of customer relationships
- Pre-exceptional operating profit excluding customer relationship amortisation up 25% to £2.9m
- Net borrowings increased by £9.4m to stand at £4.1m at the year end
- The Board is recommending an increased final dividend for the year of 2.75p per share (2013: 2.5p), raising the total dividend declared in respect of 2014 by 11% to 5p

Commenting on the results, Chairman, Richard Clothier said:

"I am pleased to report that the Madrox business has performed ahead of expectations since its acquisition in June 2014 reflecting our strategy of growth central Europe. Management is committed to new business development and, with the full year contribution from Madrox, further growth in revenues and earnings is expected."

About Robinson

Headquartered in Chesterfield, with manufacturing facilities in Kirkby-in-Ashfield, Stanton Hill (Nottinghamshire) and Lodz and Warsaw (Poland), Robinson currently employs around 310 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, Two Sisters and British Pepper and Spice. The Group also has a substantial property portfolio with development potential.

For further information, please contact:

Guy Robinson, Finance Director, Robinson plc	**01246 389283**
	www.robinsonpackaging.com
Katy Mitchell, WH Ireland	**0161 832 2174**

CHAIRMAN'S STATEMENT

The highlight for the Group in 2014 was the acquisition of Madrox in Poland. This business fits our stated strategy of growth in the developing central European region and, since the acquisition, we are pleased to report that the business has performed ahead of expectations. Our remaining businesses have shown no net change year on year with stable volumes and material prices.

Madrox

Madrox is based near Warsaw, Poland and is a supplier of blow, stretch-blow and injection moulded plastic packaging primarily to major brands and private label businesses operating in the household, toiletries and cosmetics sectors in Central Europe. The acquisition was completed on 25 June 2014 and is fully in line with our strategy to expand in Central Europe through selective acquisition of local plastic packaging manufacturers who supply the strong brand owners and leading private labels in our sectors .It increases our relevance to existing customers and will allow us to take a more prominent position in the growing plastic packaging markets in this region.

The total consideration, which includes an earnout element payable in 2016, is estimated at £13.0m. The level of the earnout is dependent upon performance of the Madrox business prior to the payment of the earnout. The initial cash element of £10.5m has been funded from cash reserves and property backed bank debt. In the second half of 2014, Madrox contributed £5.1m to revenues and £1.0m to pre-exceptional operating profits.

Revenue and profits

Revenues were £28.1m for the year, which represents a 20% increase on last year. All of the increase is attributable to the acquisition of Madrox. Underlying sales volumes in the pre-existing businesses remained at last year's level. This masks a degree of business churn which has been driven by weakening consumer demand for some premium products, however we are encouraged by the new business secured in 2014 which has offset the losses. The gross profit increased from 22.2% to 22.8% through lower resin prices and the acquisition. Madrox added to the operating costs whilst rental income was reduced (£0.2m) following the sale of Portland in mid-2013. The operating profit before exceptional items increased from £2.3m to 2.5m. Costs relating to the Madrox acquisition included exceptional one off costs of £0.4m and £0.4m ongoing amortisation of customer relationships – in 2013 there was an exceptional gain on the sale of Portland Works of £1.1m. The profit before tax was £2.4m (2013: £3.7m).

Pension fund

The Group's pension fund triennial valuation was performed as at 5 April 2014 and this showed a surplus of 6% on an ongoing valuation basis

Cash, finances and dividend

Net borrowings amounted to £4.1m at the end of the year. The net cash outflow for the year was £8.7m including £10.8m paid in respect of the acquisition of Madrox. Shareholders' funds rose by 2% to £25.6m but were impacted by a £0.5m foreign exchange revaluation adjustment arising from the impact of the strong GBP against our Polish assets. The Board proposes a final dividend of 2.75p per share to be paid on 8 June 2015 to shareholders on the register at the close of business on 14 May 2015. This brings the total dividend declared in respect of 2014 to 5.0p per share – an increase of 11% over the previous year.

Outlook

The current assessment for 2015 suggests a challenging outlook with little help from the market and volatility in foreign exchange and resin prices. However, management is committed to new business development and, with the full year contribution from Madrox, further growth in revenues and earnings is expected.

Richard Clothier
Chairman
27 March 2015

Group income statement

FOR THE YEAR ENDED 31 DECEMBER

	2014 £'000	2013 £'000
Continuing operations		
Revenue	**28,071**	23,329
Cost of sales	**(21,669)**	(18,148)
Gross profit	**6,402**	5,181
Operating costs	**(3,490)**	(2,859)
Amortisation of intangible asset	**(392)**	-
Operating profit before exceptional items	**2,520**	2,322
Exceptional items	**(364)**	1,054
Operating profit after exceptional items	**2,156**	3,376
Finance income - interest receivable	**27**	11
Finance costs - bank interest payable	**(106)**	(1)
Finance income in respect of pension fund	**342**	307
Profit before taxation	**2,419**	3,693
Taxation	**(418)**	(599)
Profit for year attributable to the owners of the Company	**2,001**	3,094
Basic earnings per share		
EPS from continuing operations	**12.2p**	19.2p
EPS from continuing operations excluding exceptional items	**14.4p**	12.6p
Diluted earnings per share		
EPS from continuing operations	**11.7p**	18.5p
EPS from continuing operations excluding exceptional items	**13.9p**	12.2p

Statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER

	2014 £'000	2013 £'000
Profit for the year	**2,001**	3,094
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of net defined benefit liability	**(402)**	(308)
Deferred tax relating to items not reclassified	**122**	152
	(280)	(156)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(544)**	3
Other comprehensive expense for the year	**(824)**	(153)
Total comprehensive income for the year attributable to the owners of the Company	**1,177**	2,941

Statement of financial position

AS AT 31 DECEMBER

	Group	
	2014	2013
	£'000	£'000
Non-current assets		
Goodwill	**1,413**	-
Other intangible assets	**7,438**	-
Property, plant and equipment	**14,761**	10,802
Deferred tax asset	**132**	160
Pension asset	**3,825**	4,053
	27,569	15,015
Current assets		
Inventories	**2,635**	2,150
Trade and other receivables	**8,919**	6,565
Cash	**710**	5,375
	12,264	14,090
Non-current assets held for sale	**-**	1,250
Total assets	**39,833**	30,355
Current liabilities		
Trade and other payables	**(4,919)**	(4,527)
Corporation tax payable	**(44)**	(130)
Borrowings	**(2,856)**	-
	(7,819)	(4,657)
Non-current liabilities		
Borrowings	**(2,002)**	-
Other payables	**(2,520)**	-
Deferred tax liabilities	**(1,728)**	(407)
Provisions	**(184)**	(187)
	(6,434)	(711)
Total liabilities	**(14,253)**	(5,251)
Net assets	**25,580**	25,104
Equity		
Share capital	**82**	82
Share premium	**610**	610
Capital redemption reserve	**216**	216
Translation reserve	**(245)**	299
Revaluation reserve	**4,463**	4,416
Retained earnings	**20,454**	19,481
Equity attributable to shareholders	**25,580**	25,104

Statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER

Group	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Translation reserve £'000	Revaluation reserve £'000	Retained earnings £'000	**Total £'000**
At 1 January 2013	**80**	**419**	**216**	**296**	**4,580**	**16,991**	**22,582**
Profit for the year						3,094	**3,094**
Other comprehensive income/(expense)				3		(153)	**(150)**
Transfer to revaluation reserves as a result of property transactions					(168)	168	**-**
Tax on revaluation					4		**4**
Total comprehensive income for the year				3	(164)	3,109	**2,948**
Credit in respect of share based payments						43	**43**
Issue of ordinary shares under employee share option scheme	2	191					**193**
Dividends paid						(662)	**(662)**
Transactions with owners	2	191				(619)	**(426)**
At 31 December 2013	**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**

Statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER

	Group	
	2014	2013
	£'000	£'000
Cash flows from operating activities		
Profit for the year	**2,001**	3,094
Adjustments for:		
Depreciation of property, plant and equipment	**1,176**	969
Profit on disposal of other plant and equipment	**(7)**	(20)
Profit on sale of non-current asset	**-**	(1,054)
Amortisation of goodwill and customer relationships	**466**	-
Decrease in provisions	**(3)**	-
Other finance income in respect of Pension Fund	**(342)**	(307)
Finance costs	**106**	1
Finance income	**(27)**	(11)
Taxation charged	**418**	599
Other non-cash items:		
Pension current service cost and expenses	**184**	170
Charge for share options	**42**	43
Operating cash flows before movements in working capital	**4,014**	3,484
Increase in inventories	**(485)**	(542)
Increase in trade and other receivables	**(2,354)**	(641)
Increase/(decrease) in trade and other payables	**2,840**	(25)
Cash generated by operations	**4,015**	2,276
Corporation tax paid	**(632)**	(769)
Interest paid	**(101)**	(3)
Net cash generated from operating activities	**3,282**	1,504
Cash flows from investing activities		
Interest received	**26**	11
Acquisition of plant & equipment	**(993)**	(1,402)
Proceeds on disposal of plant & equipment	**41**	45
Proceeds on disposal of non-current assets	**-**	4,250
Acquisition of subsidiary	**(10,346)**	-
Net cash (used in)/generated from investing activities	**(11,272)**	2,904
Cash flows from financing activities		
Loans received/(repaid)	**2,040**	(307)
Proceeds on issue of shares	**-**	193
Dividends paid	**(755)**	(662)
Net cash generated from/(used in) financing activities	**1,285**	(776)
Net (decrease)/increase in cash and cash equivalents	**(6,705)**	3,632
Cash and cash equivalents at 1 January	**5,375**	1,743
Cash and cash equivalents at 31 December	**(1,330)**	5,375
Cash	**710**	5,375
Overdraft	**(2,040)**	-
Cash and cash equivalents at 31 December	**(1,330)**	5,375

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 2014 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 2014 have had any effect on the financial statements.

In determining whether the Group's 2014 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 2013 or 2014, but is derived from those financial statements. The statutory financial statements for the year ended 31 December 2013 have been delivered to the Registrar of Companies and those for 2014 are expected to be posted to shareholders on 20 April 2015 and will be delivered to the Registrar of Companies after they have been laid before the Company at the Annual General Meeting planned for 14 May 2015. 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 20 April 2015. 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).

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