

ROBINSON

Packaging Innovation

21 August 2019

Robinson plc

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

CHAIRMAN'S STATEMENT

Trading Results

Revenues in the first half of 2019 are 9% higher than the same period last year, with an underlying volume increase of 8%. As we indicated in May, volumes in Q2 were lower, most notably as customers unwound Brexit contingency inventory that had been created in Q1.

Gross margin in the period slightly improved to 20% (2018: 19%), mainly as a result of pricing movements whilst operating costs were 9% higher, largely due to recruitment and training.

Operating profits before amortisation have improved by 48% to £0.8m versus the same period last year and profit before tax increased to £0.3m (2018: £0.1m).

Net debt

Net borrowings at the end of the period were £9.1m (December 2018: £8.8m) after investment of £1.0m in plant and equipment and increased inventory of £0.5m to provide Brexit contingency cover. A final dividend, with respect to 2018, of 3p per share was paid to shareholders on 3 June 2019 (2018: 3p).

Outlook and Dividend

Having undertaken a thorough review of customer demand, despite the ongoing Brexit uncertainty, we continue to target circa 10% annual revenue growth and target for future years progress towards a pre-exceptional return on sales in the range of 6-8%.

The Board is pleased to announce an interim dividend of 2.5p (2018: 2.5p) to be paid on 1 October 2019 to shareholders on the register at 30 August 2019 (record date). The ordinary shares ex-dividend date is 29 August 2019.

Alan Raleigh

Chairman

20 August 2019

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Robinson plc

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Note for Editors:

Headquartered in Chesterfield, with manufacturing facilities in Kirkby-in-Ashfield, Stanton Hill (Nottinghamshire), Warsaw and Lodz (Poland), Robinson currently employs around 325 people. It was formerly a family business, with its origins dating back 180 years. Today the Group's main activity is the manufacture and sale of injection and blow moulded plastic packaging. Robinson operates primarily within the food, household, drink, confectionery, cosmetic and toiletry sectors, providing niche or custom manufacture to major players in the fast moving consumer goods market, such as McBride, Proctor & Gamble, Reckitt Benckiser, SC Johnson, and Unilever. The Group also has a substantial property portfolio with development potential.

Income statement and statement of comprehensive income

Income statement	£'000	Six months to 30.06.19	Six months to 30.06.18	Year to 31.12.18
Revenue		17,085	15,622	32,802
Cost of sales		(13,721)	(12,719)	(26,918)
Gross profit		3,364	2,903	5,884
Operating costs		(2,576)	(2,371)	(4,370)
Operating profit before exceptional items and amortisation of intangible asset		788	532	1,514
Exceptional items		-	-	110
Amortisation of intangible assets		(375)	(392)	(783)
Operating profit after exceptional items		413	140	841
Finance income - interest receivable		-	1	-
Finance costs - bank interest payable		(104)	(55)	(156)
Finance income in respect of pension fund		-	-	-
Profit before taxation		309	86	685
Taxation		(86)	(139)	10
Profit/(loss) for the period		223	(53)	695
Earnings per ordinary share (EPS)		p	p	p
Basic earnings per share		1.3	(0.3)	4.2
Diluted earnings per share		1.3	(0.3)	4.2

Statement of comprehensive income	£'000	Six months to 30.06.19	Six months to 30.06.18	Year to 31.12.18
Profit/(loss) after tax for the period		223	(53)	695
Items that will not be reclassified subsequently to the Income Statement:				
Re-measurement of net defined benefit liability		98	96	193
Deferred tax relating to items not reclassified		(19)	(6)	-
		79	90	193
Items that may be reclassified subsequently to the Income Statement:				
Exchange differences on retranslation of foreign currency goodwill and intangibles		428	-	-
Exchange differences on translation of foreign operations		117	(517)	(138)
		545	(517)	(138)
Other comprehensive income/(expense) for the period		624	(427)	55
Total comprehensive income/(expense) for the period		847	(480)	750

Statement of financial position

Statement of financial position	£'000	30.06.19	30.06.18	31.12.18
Non-current assets				
Goodwill		1,215	1,115	1,115
Other intangible assets		4,261	4,698	4,306
Property, plant and equipment		19,222	17,598	19,039
Deferred tax asset		895	184	868
		25,593	23,595	25,328
Current assets				
Inventories		3,485	3,019	2,972
Trade and other receivables		9,720	9,280	10,699
Cash		1,490	676	1,358
		14,695	12,975	15,029
Total assets		40,288	36,570	40,357
Current liabilities				
Trade and other payables		(5,090)	(6,349)	(5,897)
Corporation tax payable		(122)	(246)	(99)
Bank overdrafts		(5,551)	(7,059)	(6,178)
Obligations under finance lease contracts		(431)	(64)	(276)
		(11,194)	(13,718)	(12,450)
Non-current liabilities				
Bank and other loans		(2,700)	-	(2,700)
Obligations under finance lease contracts		(1,917)	(74)	(1,049)
Deferred tax liabilities		(1,008)	(494)	(1,056)
Provisions		(174)	(181)	(174)
		(5,799)	(749)	(4,979)
Total liabilities		(16,993)	(14,467)	(17,429)
Net assets		23,295	22,103	22,928
Equity				
Share capital		83	83	83
Share premium		732	732	732
Capital redemption reserve		216	216	216
Translation reserve		1,371	447	826
Revaluation reserve		4,122	4,315	4,126
Retained earnings		16,771	16,310	16,945
Equity attributable to shareholders		23,295	22,103	22,928

Statement of cash flows

Statement of cash flows	£'000	Six months to 30.06.19	Six months to 30.06.18	Year to 31.12.18
Cash flows from operating activities				
Profit/(loss) for the period		223	(53)	695
Adjustments for:				
Depreciation of property, plant and equipment		915	850	1,795
Impairment of property, plant and equipment		-	-	189
(Profit) / loss on disposal of other plant and equipment		(16)	-	209
Amortisation of intangible assets		375	392	783
Decrease in provisions		-	-	(7)
Finance income		-	(1)	-
Finance costs		104	55	156
Taxation charged		86	139	(10)
Other non-cash items:				
Pension current service cost and expenses		98	98	193
Charge for share options		5	5	12
Operating cash flows before movements in working capital		1,790	1,485	4,015
Increase in inventories		(513)	(238)	(151)
Decrease/(increase) in trade and other receivables		979	436	(853)
(Decrease)/increase in trade and other payables		(818)	1,158	329
Cash generated by operations		1,438	2,841	3,340
Corporation tax paid		(95)	(228)	(294)
Interest paid		(104)	(55)	(150)
Net cash generated by operating activities		1,239	2,558	2,896
Cash flows from investing activities				
Interest received		-	1	-
Acquisition of plant and equipment		(1,041)	(2,055)	(4,355)
Proceeds on disposal of property, plant and equipment		21	-	15
Net cash used in investing activities		(1,020)	(2,054)	(4,340)
Cash flows from financing activities				
Loans repaid		-	(211)	(221)
Loans drawdown		-	-	2,700
Finance leases drawdown		1,279	-	1,300
Finance lease payments		(256)	(20)	(106)
Dividends paid		(485)	(485)	(890)
Net cash used in financing activities		538	(716)	2,783
Net increase/(decrease) in cash and cash equivalents		756	(212)	1,339
Cash and cash equivalents at 1 January		(4,820)	(6,158)	(6,158)
Effect of foreign exchange rate changes		3	(13)	(1)
Cash and cash equivalents at end of period		(4,061)	(6,383)	(4,820)
Cash		1,490	676	1,358
Overdraft		(5,551)	(7,059)	(6,178)
Cash and cash equivalents at end of period		(4,061)	(6,383)	(4,820)

Notes to the Interim Report

1. Basis of preparation

The interim report for the six month period to 30 June 2019 was approved by the directors on 20 August 2019. The interim financial information is not audited.

The interim financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs). These should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with applicable IFRSs. The information for the year ended 31 December 2018 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under sections 498 (2) or (3) respectively of the Companies Act 2006.

2. Taxation

The taxation charge for the six months to 30 June 2019 has been calculated based on the estimated effective tax rate on profits before tax for the year to 31 December 2019.

3. Dividends

		Six months to 30.06.19	Six months to 30.06.18	Year to 31.12.18
	£'000			
Ordinary dividend paid:				
	2017 final of 3.0p per share	-	485	485
	2018 interim of 2.5p per share	-	-	405
	2018 final of 3.0p per share	485	-	-
		485	485	890

4. Earnings per share

The calculation of basic and diluted earnings per ordinary share for continuing operations shown on the income statement is based on the profit after taxation of £223,000 divided by the weighted average number of shares in issue, net of treasury shares, of 16,613,389 (basic) and 16,754,935 (diluted).

5. Going concern

The directors have considered the cash flow forecasts for the Group and the availability of facilities. As at the date of this report, the directors have a reasonable expectation that the Group has adequate resources to continue in business for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting.

6. Standards effective from 1 January 2019

Robinson plc has adopted IFRS 16 and this introduction has not resulted in a material impact on the statement of financial position or on profit or loss or on retained earnings in the current period.

7. Interim report

Copies of the interim report are available from Robinson plc's registered office: Field House, Wheatbridge, Chesterfield, S40 2AB, UK or from its website at www.robinsonpackaging.com.