

# ROBINSON

## Packaging Innovation

Robinson plc

### Half-year Report Interim Results for the six months ended 30 June 2020

Robinson plc ("Robinson" or the "Group" stock code: RBN), the custom manufacturer of plastic and paperboard packaging based in Chesterfield, announces its interim results for the six months ended 30 June 2020.

#### Financial highlights

- Revenue up 5% to **£17.9m** (2019: £17.1m)
- Gross margin increased to **23.6%** from 19.7% in 2019
- Operating profit before amortisation of intangible assets up 100% to **£1.6m** (2019: £0.8m)
- Profit before tax of **£1.1m** (2019: £0.3m)
- Second interim dividend of **2.0p** per share announced
- Net debt of **£5.6m** (31/12/2019: £6.9m), after capital expenditure of £2.1m

#### Operational highlights

- All sites have continued to trade safely throughout the period
- Successfully installed 6 new production lines in the UK to increase the efficiency and capacity of the operation
- Refurbishment of a manufacturing building in Kirkby-in-Ashfield to support future growth ambitions

Alan Raleigh, Chairman, commented:

*"We are very happy with this continued progress in the first half, despite the challenging conditions arising from the Covid-19 pandemic. The main market sectors for which we supply packaging have shown resilience throughout the pandemic, with notable increases in demand for our products used in liquid hand soap, sanitiser and household cleaning.*

*All our sites have continued to trade throughout the period, operating in line with local hygiene and social distancing requirements to ensure the safety and wellbeing of our colleagues. The majority of our sales and administration activities are being very effectively carried out by staff working from home.*

*Despite the uncertain economic environment, we expect to report mid to high single digit revenue growth in the full year, whilst continuing to drive further efficiencies across all aspects of our operations in order to compete and win in the market.*

*We are committed to investing in new production equipment and additional capabilities to grow the business in the second half of 2020, including developing our go-to-market approach and reinforcing our sustainability proposition. As a result, operating costs will be significantly higher than the same period in 2019. Notwithstanding this increase and subject to any disruption to trading that may arise from the ongoing pandemic, we expect full year earnings to be slightly higher than last year and remain committed to ongoing delivery of our target of 6-8% return on sales\*."*

\* operating profit margin before exceptional items and amortisation of intangible assets

*The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014.*

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**Note for Editors:**

Headquartered in Chesterfield, with manufacturing facilities in Kirkby-in-Ashfield, Stanton Hill (Nottinghamshire), Chesterfield, Warsaw and Lodz (Poland), Robinson currently employs around 320 people. It was formerly a family business, with its origins dating back over 181 years. Today the Group's main activity is the manufacture and sale of injection and blow moulded plastic packaging as well as rigid paperboard premium gift packaging. Robinson operates primarily within the food, household, drink, confectionery, cosmetic and toiletry sectors, providing niche or custom manufacture to major brands in the fast-moving consumer goods market, such as Unilever, Proctor & Gamble, Reckitt Benckiser, SC Johnson, and McBride. The Group also has a substantial property portfolio with development potential.

Robinson plc, Chesterfield, S40 2AB, UK. Registered number 39811 (England)

AIM code "RBN"

## Chairman's Statement

Dear Shareholders

I am pleased to report a 5% increase in revenues for the first half of 2020, compared to the prior year comparative, with growth in all divisions. We are very happy with this continued progress in the first half, despite the challenging conditions arising from the Covid-19 pandemic. The main market sectors for which we supply packaging have shown resilience throughout the pandemic, with notable increases in demand for our products used in liquid hand soap, sanitiser and household cleaning.

Gross margins, at 23.6% (2019: 19.7%), have continued the positive trend experienced in the second half of 2019 due to further reductions in resin prices and increased efficiency in operations. Operating costs were 2% higher than the previous year.

Operating profit before amortisation of intangible assets has doubled to £1.6m versus the same period last year and profit before tax increased to £1.1m (2019: £0.3m).

### People

All our sites have continued to trade throughout the period, operating in line with local hygiene and social distancing requirements to ensure the safety and wellbeing of our colleagues. The majority of our sales and administration activities are being very effectively carried out by staff working from home.

A small number of UK staff, principally those most vulnerable and some in our Paperbox division, were furloughed through the Coronavirus Job Retention Scheme. Considering the better than expected trading performance, we do not intend to make any further claims under the scheme and in the second half of the year we will repay sums already received.

On behalf of the Board, I would like to express again my thanks to all our staff for their continued dedication during these challenging times.

### Property

Negotiations are progressing for disposal of parts of the surplus property in Chesterfield. Subject to the necessary planning approvals, we would expect sales to be achieved in the latter part of 2021 or early 2022. The intention of the Group remains, over time, to realise the maximum value from the disposal of surplus properties and to reinvest the proceeds in developing our packaging business.

### Net debt and capital expenditure

Improved profitability and working capital management has resulted in net borrowings reducing to £5.6m (31/12/2019: £6.9m), albeit with the benefit of government support schemes, and dividend and senior management bonus deferrals, which have now been re-instated. With available credit facilities of £13.5m and no formal covenants, the Group considers it has sufficient headroom for the foreseeable future.

The Group continues to invest in property, plant and equipment to improve efficiency and support our future growth ambitions. Expenditure of £2.1m in the first six months of the year included refurbishment of a manufacturing building in Kirkby-in-Ashfield, and the installation of 6 new production lines to improve efficiency and expand capacity. We expect to invest a larger amount in the second half of the year.

### Dividend

A first interim dividend of 3.5p (2019: 2.5p) per share was paid to shareholders on 30 July 2020. The Board is pleased to announce a second interim dividend of 2.0p (2019: nil) per share to be paid on 1 October 2020 to shareholders on the register at 4 September 2020 (record date). The ordinary shares ex-dividend date is 3 September 2020.

Subject to any negative impact on trading in the second half of the year, the intention of the Board is to pay a total dividend of 8.5p (2019: 2.5p) per share for the year ended 31 December 2020.

### Outlook

Despite the uncertain economic environment, we expect to report mid to high single digit revenue growth in the full year, whilst continuing to drive further efficiencies across all aspects of our operations in order to compete and win.

We are committed to investing in new production equipment and additional capabilities to grow the business in the second half of 2020, including developing our go-to-market approach and reinforcing our sustainability proposition. As a result, operating costs will be significantly higher than the same period in 2019. Notwithstanding this increase and subject to any disruption to trading that may arise from the ongoing pandemic, we expect full year earnings to be slightly higher than last year and remain committed to ongoing delivery of our target of 6-8% return on sales\*.

*\* operating profit margin before exceptional items and amortisation of intangible assets*

Alan Raleigh  
Chairman  
17 August 2020

## Condensed consolidated income statement and statement of comprehensive income

<b>Condensed consolidated income statement</b>	<b>£'000</b>	<b>Six months to 30.06.20</b>	<b>Six months to 30.06.19</b>	<b>Year to 31.12.19</b>
Revenue		17,860	17,085	35,085
Cost of sales		(13,648)	(13,721)	(27,593)
<b>Gross profit</b>		<b>4,212</b>	<b>3,364</b>	<b>7,492</b>
Operating costs		(2,633)	(2,576)	(4,971)
<b>Operating profit before amortisation of intangible assets</b>		<b>1,579</b>	<b>788</b>	<b>2,521</b>
Amortisation of intangible assets		(400)	(375)	(810)
<b>Operating profit</b>		<b>1,179</b>	<b>413</b>	<b>1,711</b>
Finance costs		(63)	(104)	(205)
<b>Profit before taxation</b>		<b>1,116</b>	<b>309</b>	<b>1,506</b>
Taxation		(263)	(86)	(296)
<b>Profit for the period</b>		<b>853</b>	<b>223</b>	<b>1,210</b>
<b>Earnings per ordinary share (EPS)</b>		<b>p</b>	<b>p</b>	<b>p</b>
Basic earnings per share		5.1	1.3	7.3
Diluted earnings per share		5.1	1.3	7.3

<b>Condensed consolidated statement of comprehensive income</b>	<b>£'000</b>	<b>Six months to 30.06.20</b>	<b>Six months to 30.06.19</b>	<b>Year to 31.12.19</b>
<b>Profit after tax for the period</b>		<b>853</b>	<b>223</b>	<b>1,210</b>
<b>Items that will not be reclassified subsequently to the Income Statement:</b>				
Re-measurement of net defined benefit liability		79	98	145
Deferred tax relating to items not reclassified		(15)	(19)	(28)
		<b>64</b>	<b>79</b>	<b>117</b>
<b>Items that may be reclassified subsequently to the Income Statement:</b>				
Exchange differences on retranslation of foreign currency goodwill and intangibles		116	428	148
Exchange differences on retranslation of foreign currency deferred tax balances		(16)	-	(23)
Exchange differences on translation of foreign operations		339	117	(579)
		<b>439</b>	<b>545</b>	<b>(454)</b>
Other comprehensive income/(expense) for the period		503	624	(337)
<b>Total comprehensive income/(expense) for the period</b>		<b>1,356</b>	<b>847</b>	<b>873</b>

## Condensed consolidated statement of financial position

	£'000	30.06.20	30.06.19	31.12.19
<b>Non-current assets</b>				
Goodwill		1,175	1,215	1,144
Other intangible assets		3,301	4,261	3,616
Property, plant and equipment		19,893	19,222	18,338
Deferred tax asset		1,001	895	937
		<b>25,370</b>	25,593	24,035
<b>Current assets</b>				
Inventories		3,287	3,485	2,765
Trade and other receivables		9,454	9,720	9,646
Cash at bank and on hand		2,093	1,490	1,403
		<b>14,834</b>	14,695	13,814
<b>Total assets</b>		<b>40,204</b>	40,288	37,849
<b>Current liabilities</b>				
Trade and other payables		6,794	5,090	5,063
Borrowings		5,539	5,982	3,710
Current tax liabilities		78	122	255
		<b>12,411</b>	11,194	9,028
<b>Non-current liabilities</b>				
Borrowings		2,110	4,617	4,639
Deferred tax liabilities		1,232	1,008	1,090
Provisions		169	174	169
		<b>3,511</b>	5,799	5,898
<b>Total liabilities</b>		<b>15,922</b>	16,993	14,926
<b>Net assets</b>		<b>24,282</b>	23,295	22,923
<b>Equity</b>				
Share capital		83	83	83
Share premium		732	732	732
Capital redemption reserve		216	216	216
Translation reserve		811	1,371	372
Revaluation reserve		4,145	4,122	4,134
Retained earnings		18,295	16,771	17,386
<b>Equity attributable to shareholders</b>		<b>24,282</b>	23,295	22,923

## Condensed consolidated statement of changes in equity

	£'000	Share capital	Share premium	Capital redemption reserve	Translation reserve	Revaluation reserve	Retained earnings	Total
<b>At 31 December 2018</b>		<b>83</b>	<b>732</b>	<b>216</b>	<b>826</b>	<b>4,126</b>	<b>16,945</b>	<b>22,928</b>
Profit for the period							223	223
Other comprehensive income					545		79	624
Total comprehensive income for the period		-	-	-	545	-	302	847
Dividends paid							(485)	(485)
Credit in respect of share based payments							5	5
Transactions with owners		-	-	-	-	-	(480)	(480)
Transfer from revaluation reserve as a result of property transactions						(4)	4	-
<b>At 30 June 2019</b>		<b>83</b>	<b>732</b>	<b>216</b>	<b>1,371</b>	<b>4,122</b>	<b>16,771</b>	<b>23,295</b>
Profit for the period							987	987
Other comprehensive income/(expense)					(999)		38	(961)
Total comprehensive income for the period		-	-	-	(999)	-	1,025	26
Dividends paid							(405)	(405)
Credit in respect of share based payments							7	7
Transactions with owners		-	-	-	-	-	(398)	(398)
Transfer from revaluation reserve as a result of property transactions						12	(12)	-
<b>At 31 December 2019</b>		<b>83</b>	<b>732</b>	<b>216</b>	<b>372</b>	<b>4,134</b>	<b>17,386</b>	<b>22,923</b>
Profit for the period							853	853
Other comprehensive income					439		64	503
Total comprehensive income for the period		-	-	-	439	-	917	1,356
Credit in respect of share based payments							5	5
Transactions with owners		-	-	-	-	-	5	5
Transfer from revaluation reserve as a result of property transactions						13	(13)	-
Tax on revaluation						(2)		(2)
<b>At 30 June 2020</b>		<b>83</b>	<b>732</b>	<b>216</b>	<b>811</b>	<b>4,145</b>	<b>18,295</b>	<b>24,282</b>

## Condensed consolidated cash flow statement

	£'000	Six months to 30.06.20	Six months to 30.06.19	Year to 31.12.19
<b>Cash flows from operating activities</b>				
Profit for the period		853	223	1,210
<b>Adjustments for:</b>				
Depreciation of property, plant and equipment		988	915	1,959
Impairment of property, plant and equipment		-	-	43
Profit on disposal of other plant and equipment		(5)	(16)	(31)
Amortisation of intangible assets		400	375	810
Decrease in provisions		-	-	(5)
Finance costs		63	104	205
Taxation charged		263	86	296
Other non-cash items:				
Pension current service cost and expenses		79	98	145
Charge for share options		5	5	12
Operating cash flows before movements in working capital		2,646	1,790	4,644
(Increase)/decrease in inventories		(488)	(513)	144
Decrease in trade and other receivables		316	979	807
Increase in trade and other payables		1,601	(819)	(744)
Cash generated by operations		4,075	1,437	4,851
Corporation tax paid		(285)	(95)	(127)
Interest paid		(63)	(104)	(205)
<b>Net cash generated by operating activities</b>		<b>3,727</b>	<b>1,238</b>	<b>4,519</b>
<b>Cash flows from investing activities</b>				
Acquisition of plant and equipment		(2,085)	(1,041)	(1,726)
Proceeds on disposal of property, plant and equipment		18	21	62
<b>Net cash used in investing activities</b>		<b>(2,067)</b>	<b>(1,020)</b>	<b>(1,664)</b>
<b>Cash flows from financing activities</b>				
Net proceeds from sale and leaseback transactions		245	1,279	1,697
Finance lease capital repayments		(302)	(256)	(506)
Dividends paid		-	(485)	(890)
<b>Net cash used in financing activities</b>		<b>(57)</b>	<b>538</b>	<b>301</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,603</b>	<b>756</b>	<b>3,156</b>
Cash and cash equivalents at 1 January		(1,678)	(4,820)	(4,820)
Effect of foreign exchange rate changes		29	3	(14)
<b>Cash and cash equivalents at end of period</b>		<b>(46)</b>	<b>(4,061)</b>	<b>(1,678)</b>
Cash		2,093	1,490	1,403
Overdraft		(2,139)	(5,551)	(3,081)
<b>Cash and cash equivalents at end of period</b>		<b>(46)</b>	<b>(4,061)</b>	<b>(1,678)</b>

## Notes to the condensed consolidated financial statements

### 1. Basis of preparation

Robinson plc (the Company) is a public limited company incorporated and domiciled in the United Kingdom and its ordinary shares are admitted to trading on the AIM market of the London Stock Exchange. For the year ended 31 December 2019, the Group prepared consolidated financial statements under International Financial Reporting Standards ('IFRS') as adopted by the European Union (EU). These condensed consolidated interim financial statements (the interim financial statements) have been prepared under the historical cost convention adjusted for the revaluation of certain properties. They are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) which are effective from 1 January 2020.

#### **Standards effective from 1 January 2020**

None of the standards, interpretations and amendments effective for the first time from 1 January 2020 have had a material effect on the financial statements.

There are no standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

#### **Accounting policies**

The interim report is unaudited and has been prepared on the basis of IFRS accounting policies. The accounting policies adopted in the preparation of this unaudited interim financial report are consistent with the most recent annual financial statements, being those for the year ended 31 December 2019.

The financial information for the six months ended 30 June 2020 and 30 June 2019 has not been audited and does not constitute full financial statements within the meaning of Section 434 of the Companies Act 2006.

The financial information relating to the year ended 31 December 2019 does not constitute full financial statements within the meaning of Section 434 of the Companies Act 2006. This information is based on the Group's statutory accounts for that period. The statutory accounts were prepared in accordance with International Financial Reporting Standards ("IFRS") and received an unqualified audit report and did not contain statements under Section 498(2) or (3) of the Companies Act 2006. These financial statements have been filed with the Registrar of Companies, a copy is available upon request from the Company's registered office: Field House, Wheatbridge, Chesterfield, S40 2AB, UK or from its website at [www.robinsonpackaging.com](http://www.robinsonpackaging.com).

#### **Going concern**

The Directors have performed a robust assessment, including review of the forecast for the 12 month period ending 31 December 2020 and longer term strategic forecasts and plans, including consideration of the principal risks faced by the Group and the Covid-19 related stress testing of the business, as detailed in the 2019 Annual Report (page 57). Following this review, 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 in preparing the condensed consolidated financial statements.

### 2. Accounting estimates and judgements

The preparation of half year financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2019.

## Notes to the condensed consolidated financial statements (continued)

### 3. Risks and uncertainties

The principal risks and uncertainties which may have the largest impact on performance in the second half of the year are the same as disclosed in the 2019 Annual Report on pages 8-9. The principal risks set out in the 2019 Annual Report were: Covid-19 coronavirus pandemic; Customer relationships; Fluctuations in input prices; Foreign currency risk; Unavailability of raw materials; Brexit and People.

The Board considers that the principal risks and uncertainties set out in the 2019 Annual Report have not changed and remain relevant for the second half of the financial year.

### 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 for the period divided by the weighted average number of shares in issue, net of treasury shares. The potentially dilutive effect of further shares issued through share options is also applied to the number of shares to calculate the diluted earnings per share.

	<b>Six months to 30.06.20</b>	Six months to 30.06.19	Year to 31.12.19
Profit for the period (£'000)	<b>853,000</b>	223,000	1,210,000
Weighted average number of ordinary shares in issue	<b>16,613,389</b>	16,613,389	16,613,389
Effect of dilutive share option awards	<b>59,799</b>	58,213	61,159
Weighted average number of ordinary shares for calculating diluted earnings per share	<b>16,673,188</b>	16,671,602	16,674,548
Basic earnings per share (pence)	<b>5.1</b>	1.3	7.3
Diluted earnings per share (pence)	<b>5.1</b>	1.3	7.3

### 5. Dividends

	<b>£'000</b>	<b>Six months to 30.06.20</b>	Six months to 30.06.19	Year to 31.12.19
Ordinary dividend paid:				
2018 final of 3.0p per share		-	485	485
2019 interim of 2.5p per share		-	-	405
		<b>-</b>	<b>485</b>	<b>890</b>

A first interim dividend of 3.5p (2019: 2.5p) per share was paid to shareholders on 30 July 2020. A second interim dividend of 2p (2019: nil) is proposed to be paid on 1 October 2020. Neither the first nor second interim dividend have been included as a liability in the financial statements.

### 6. Related parties

There have been no significant changes in the nature of related party transactions in the period ended 30 June 2020 from that disclosed in the 2019 Annual report.

### 7. Interim report

Electronic copies of this interim report will shortly be sent to those shareholders who have requested such copies and this interim report is also available from Robinson plc's website at [www.robinsontpackaging.com](http://www.robinsontpackaging.com).