ROBINSON
Packaging Innovation

22 March 2019

Robinson plc

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

Robinson plc ("Robinson" or the "Group" stock code: RBN), the custom manufacturer of rigid plastic and paperboard packaging based in Chesterfield, announces its audited results for the year ended 31 December 2018.

Highlights:

- Revenue increased by 10% to £32.8m (2017: £29.8m)
- Gross margin reduced from 19% to 18%. Operating costs reduced by 2%
- Operating profit before exceptional items and amortisation of intangible assets increased to £1.5m (2017: £1.3m)
- Net borrowings increased to £8.8m (2017: £6.5m)
- Capital expenditure was £4.4m (2017: £3.2m)
- The Board recommends a final dividend for the year of 3.0p per share (2017: 3.0p) - the total dividend per share declared in respect of 2018 is 5.5p (2017: 5.5p)

Commenting on the results, Chairman, Alan Raleigh said:

"I am pleased to report improved revenues and profits for 2018. This was achieved through greater focus on improved service to our customers, controlling material costs and managing overheads.

We also agreed to a change in leadership to drive this even harder in 2019 and to engage more effectively in shaping the plastics sustainability agenda through our contribution to the circular economy.

Consequently, we feel the business is in a much stronger position to face the challenges in front of us and we expect to achieve double-digit sales growth again in 2019. We also expect a marked step-up in profitability, ahead of market expectations, arising from our "Strategy into Action" program which will drive faster, better execution of our plans. Central Europe will continue to play an important role in driving profitable growth.

Underpinning this progress is a strong commitment to the highest standards of corporate governance, including strengthening the Board through the appointment of Sara Halton as a new independent non-executive Director."

For further information, please contact:

Robinson plc www.robinsonpackaging.com
Guy Robinson, Finance Director Tel: 01246 389283

finnCap Limited
Ed Frisby / Giles Rolls, corporate finance Tel: 020 7220 0500
Tim Redfern / Tim Harper, ECM

Note for Editors:

Headquartered in Chesterfield, with manufacturing facilities in Kirkby-in-Ashfield, Stanton Hill (Nottinghamshire), Warsaw and Lodz (Poland), Robinson currently employs around 310 people. It was formerly a family business, with its origins dating back 179 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.

CHAIRMAN'S REPORT

This is my first Chairman's report since I was appointed Chairman after the AGM in May 2018. I heard a loud and clear message that shareholders want improved performance and clear plans to address margin erosion, sustainability and future cash generation.

With this in mind, the Board has spent considerable time reviewing the strategy and operating plans of the business, with a particular emphasis on customer relationship management, input material costs, operating costs and sustainability. We have also reviewed our key capabilities, including innovation, technology and people.

As a result of this review, we have concluded that our core strategy of partnering with winning customers in attractive markets and geographies remains correct. However, the execution of our strategy needs to be sharpened and our key capabilities can be improved to provide further competitive advantage.

It was agreed that changes were necessary to ensure the Group's future development and success. At the end of November, the Chief Executive resigned, and Martin McGee was appointed as an interim CEO to lead a "Strategy into Action" agenda that will deliver improved shareholder value.

This plan, which is already underway, will take time to fully implement but we expect progress during 2019.

Governance
During the year a great deal of emphasis has been placed on corporate governance. The Board has adopted the Quoted Companies Alliance Corporate Governance Code. The roles, relationships and responsibilities of the Board and its committees have been reviewed and updated to ensure we have a team working openly and effectively to deliver the agreed strategy and operational improvements.

Additionally, as a result of the Board changes following the AGM and implementation of the new governance code, a new independent non-executive director was required. After an extensive search process, I am delighted that Sara Halton agreed to join the Board from 1 January 2019.

Sustainability
In a world where consumers are correctly challenging the impact of plastic waste on the environment, we must play our part to ensure the lowest possible impact from the design, manufacture and use of the plastic products we produce.

To achieve this, we participate in an emerging plastics circular economy. We are committed to using the lowest quantity of total plastic and highest-level of post-consumer recycled plastics in our bespoke products without compromising either aesthetics or functional properties. We will ensure that in future all our products are recyclable and can be responsibly collected, cleaned and then supplied again in a form we can reuse.

We may be a small part of this at the moment, but we are growing and take our responsibilities seriously. We have an important role to play in the development of a fully functioning plastics circular economy. In partnership with our suppliers, industry partners and customers we commit to taking practical, measurable steps which we will report transparently as we progress on this journey.

Revenues, gross margins and operating costs
It is pleasing to report that revenues increased by 10% to £32.8m in 2018. Underlying volumes were 7% higher.

We have passed on some, but not all, input price increases to customers in a very challenging retail environment. This has led to a reduction in gross margin from 19% to 18% in the year.

In 2018 operating costs reduced by 2% and, whilst we expect to make further investments in personnel to strengthen the business, we recognise that the shape of the profit and loss account needs to be addressed as a key part of delivering adequate returns for our shareholders. Growing revenues whilst maintaining efficient levels of operating costs is part of the planned solution.

Profits

With tighter control of operating costs compensating for the slight gross margin erosion, operating profit has improved in 2018 by 15% to £1.5m whilst EBITDA rose 19% to £3.4m. Basic earnings per share have risen from 1.9p to 4.2p.

Capital investment, financing, dividend and pension

There was an increase in net borrowings of £2.3m in the year as we invested £4.4m (2017: £3.2m) in new plant and equipment and maintained the dividend at £0.9m (2017: £0.9m). Of this capital investment, £3.1m in 2018 related to new business growth and we will continue to invest during 2019 to upgrade current capabilities and accelerate new business growth. Net borrowings ended the year at £8.8m (2017: £6.5m), safely within our £13m of facilities and shareholders' funds reduced slightly from £23.1m to £22.9m.

The Board proposes an unchanged final dividend of 3.0p per share to be paid on 3 June 2019 to shareholders on the register at the close of business on 17 May 2019. The ordinary shares become ex-dividend on 16 May 2019. This brings the total dividend declared in respect of 2018 to 5.5p per share (2017: 5.5p). The IAS19 valuation at the yearend of our pension fund reported a surplus of £6.5m (2017: £8.5m). This surplus is deemed to be irrecoverable and not included in the Company's assets.

Property

The current market for both retail and, locally, residential developments remains challenging, but we continue to explore all opportunities to find suitable schemes for our surplus sites at Walton Works and Boythorpe Works in Chesterfield. We remain confident that buyers will be found but do not expect significant income from the sale of these sites in 2019.

Outlook

Our pipeline of future business is now much stronger and more advanced than in previous years. This, together with even stronger customer partnerships, gives us confidence that we will see double-digit sales growth again in 2019. We also expect a marked step-up in profitability, ahead of market expectations, arising from our "Strategy into Action" program which will drive faster, better execution of our plans. Central Europe will continue to play an important role in driving profitable growth.

Alan Raleigh
Chairman
21 March 2019

Group income statement
FOR THE YEAR ENDED 31 DECEMBER

	2018 £'000	2017 £'000
Revenue	**32,802**	29,813
Cost of sales	**(26,918)**	(24,035)
Gross profit	**5,884**	5,778
Operating costs	**(4,370)**	(4,457)
Operating profit before exceptional items and amortisation of intangible assets	**1,514**	1,321
Exceptional items	**110**	65
Amortisation of intangible assets	**(783)**	(783)
Operating profit after exceptional items	**841**	603
Finance income - interest receivable	**-**	1
Finance costs - bank interest payable	**(156)**	(104)
Finance income in respect of pension fund	**-**	130
Profit before taxation	**685**	630
Taxation	**10**	(317)
Profit attributable to the owners of the Company	**695**	313
Basic earnings per share	**4.2p**	1.9p
Diluted earnings per share	**4.2p**	1.9p

Statement of comprehensive income
FOR THE YEAR ENDED 31 DECEMBER

	2018 £'000	2017 £'000
Profit for the year	**695**	313
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of net defined benefit liability	**193**	61
Deferred tax relating to items not reclassified	**-**	(11)
	193	50
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(138)**	818
Other comprehensive income for the year	**55**	868
Total comprehensive income for the year attributable to the owners of the Company	**750**	1,181

Statement of financial position
AS AT 31 DECEMBER

	Group	
	2018	2017
	£'000	£'000
Non-current assets		
Goodwill	**1,115**	1,115
Other intangible assets	**4,306**	5,089
Property, plant and equipment	**19,039**	17,011
Investments in subsidiaries	**-**	-
Deferred tax asset	**868**	95
	25,328	23,310
Current assets		
Inventories	**2,972**	2,838
Trade and other receivables	**10,699**	9,905
Deferred tax asset	**-**	-
Cash	**1,358**	283
	15,029	13,026
Total assets	**40,357**	36,336
Current liabilities		
Trade and other payables	**(5,897)**	(5,568)
Corporation tax payable	**(99)**	(250)
Bank overdrafts	**(6,178)**	(6,441)
Bank and other loans	**-**	(221)
Obligations under finance lease contracts	**(276)**	(44)
	(12,450)	(12,524)
Non-current liabilities		
Bank and other loans	**(2,700)**	-
Obligations under finance lease contracts	**(1,049)**	(87)
Deferred tax liabilities	**(1,056)**	(488)
Amounts due to group undertakings	**-**	-
Provisions	**(174)**	(181)
	(4,979)	(756)
Total liabilities	**(17,429)**	(13,280)
Net assets	**22,928**	23,056
Equity		
Share capital	**83**	83
Share premium	**732**	732
Capital redemption reserve	**216**	216
Translation reserve	**826**	964
Revaluation reserve	**4,126**	4,321
Retained earnings	**16,945**	16,740
Equity attributable to shareholders	**22,928**	23,056

Statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER

	Share capital	Share premium	Capital redemption reserve	Translation reserve	Revaluation reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Group							
At 1 January 2017	82	610	216	146	4,402	17,181	22,637
Profit for the year						313	313
Other comprehensive income/(expense)				818		50	868
Transfer from revaluation reserve as a result of property transactions					(81)	81	-
Credit in respect of share based payments						16	16
Total comprehensive income for the year	-	-	-	818	(81)	460	1,197
Shares issued	1	122					123
Dividends paid						(901)	(901)
Transactions with owners	1	122	-	-	-	(901)	(778)
At 31 December 2017	83	732	216	964	4,321	16,740	23,056
Profit for the year						695	695
Other comprehensive income/(expense)				(138)		193	55
Transfer from revaluation reserve as a result of property transactions					(195)	195	-
Credit in respect of share based payments						12	12
Total comprehensive income for the year	-	-	-	(138)	(195)	1,095	762
Shares issued							-
Dividends paid						(890)	(890)
Transactions with owners	-	-	-	-	-	(890)	(890)
At 31 December 2018	83	732	216	826	4,126	16,945	22,928

Statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER

	Group	
	2018	2017
	£'000	£'000
Cash flows from operating activities		
Profit/(loss) for the year	**695**	313
Adjustments for:		
Depreciation of property, plant and equipment	**1,795**	1,492
Impairment of property, plant and equipment	**189**	-
Loss/(profit) on disposal of other plant and equipment	**209**	(85)
Impairment/amortisation of goodwill and customer relationships	**783**	783
Decrease in provisions	**(7)**	(4)
Other finance income in respect of Pension Fund	**-**	(130)
Finance costs	**156**	104
Finance income	**-**	(1)
Taxation (credited) / charged	**(10)**	317
Other non-cash items:		
Pension current service cost and expenses	**193**	191
Charge for share options	**12**	16
Operating cash flows before movements in working capital	**4,015**	2,996
Increase in inventories	**(151)**	(263)
(Increase)/decrease in trade and other receivables	**(853)**	(875)
Increase/(decrease) in trade and other payables	**329**	411
Cash generated by/(used in) operations	**3,340**	2,269
Corporation tax paid	**(294)**	(405)
Interest paid	**(150)**	(104)
Net cash generated by/(used in) operating activities	**2,896**	1,760
Cash flows from investing activities		
Interest received	**-**	1
Acquisition of plant and equipment	**(4,355)**	(2,614)
Proceeds on disposal of property, plant and equipment	**15**	151
Net cash (used in)/generated from investing activities	**(4,340)**	(2,462)
Cash flows from financing activities		
Loans repaid	**(221)**	(531)
Loans drawndown	**2,700**	-
Shares issued	**-**	123
Finance leases drawndown	**1,300**	-
Finance lease payments	**(106)**	(28)
Dividends paid	**(890)**	(901)
Net cash generated from/(used in) financing activities	**2,783**	(1,337)
Net decrease in cash and cash equivalents	**1,339**	(2,039)
Cash and cash equivalents at 1 January	**(6,158)**	(4,206)
Effect of foreign exchange rate changes	**(1)**	87
Cash and cash equivalents at 31 December	**(4,820)**	(6,158)

Notes to the financial statements

1. Basis of preparation

Robinson prepares its financial statements on a historical cost basis, unless accounting standards require an alternate measurement basis. Where there are assets and liabilities calculated on a different basis, this fact is disclosed either in the relevant accounting policy or in the notes to the financial statements. The financial statements comply with the Companies Act 2006 as applicable to companies using International Financial Reporting Standards ("IFRS"). The Group's financial statements are prepared on a going concern basis. The financial information contained in this announcement does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. However, the financial statements contained in this announcement are extracted from audited statutory accounts for the financial year ended 31 December 2018 which will be delivered to the Registrar of Companies. Those accounts have an unqualified audit opinion.

2. Accounting Standards

Robinson prepares its financial statements in accordance with applicable IFRS, issued by the International Accounting Standards Board ("IASB") as adopted by the EU, and interpretations issued by the IFRS Interpretations Committee, and Companies Act 2006 applicable to companies reporting under IFRS. The Group's financial statements are also consistent with IFRS as issued by the IASB as they apply to accounting periods ended 31 December 2018.

3. Going Concern

The Directors have considered the factors relevant to support a statement of going concern. In assessing whether the going concern assumption is appropriate, the Board and audit committee considered the Group cash flow forecasts under various scenarios, identifying risks and mitigants and ensuring the Group has sufficient funding to meet its current commitments as and when they fall due for a period of at least 12 months from the date of signing these financial statements. The Directors have a reasonable expectation that the Group will continue in operational existence for this 12 month period and have therefore used the going concern basis in preparing the financial statements.

4. Publication of statutory financial statements

The Company's financial statements, including the Notice of Annual General Meeting, are due to be made available on the Company's website (www.robinsonpackaging.com) and posted to shareholders on 17 April 2019. Copies will also be available at the Company's registered office, Field House, Wheatbridge, Chesterfield, S40 2AB. The Annual General Meeting is due to be held at 11.30am at Chesterfield Football Club on 9 May 2019.

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