

ROBINSON

Packaging Innovation

23 March 2018

Robinson plc

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017.

Highlights:

- Revenue increased by 9% to £29.8m (2016: £27.5m)
- Gross margin reduced from 23% to 19%
- Operating costs increased by £0.3m mainly because of investments in people
- Operating profit before exceptional items and amortisation of intangible assets reduced to £1.3m (2016: £2.1m)
- The Board recommends a final dividend for the year of 3.0p per share (2016: 3.0p) - the total dividend per share declared in respect of 2017 is 5.5p (2016: 5.5p)
- Triennial actuarial valuation of pension fund has concluded it remains in surplus

Commenting on the results, Chairman, Richard Clothier said:

"The Board's medium-term plan to strengthen the capabilities of the business by recruitment of people and investing in manufacturing capability coincided in 2016 with the effects of the earlier loss of two major pieces of business. The resulting drop in revenues and increase in expenses has made 2017 a particularly challenging transitional year, however, I am pleased to report that new business has been secured that has offset the previously lost trade and is the basis for growth that has started to come through.

New business now in the pipeline will require more investment in plant and this will use more of our borrowing capacity. Higher earnings to justify this will be essential and we are actively working to achieve the efficiencies that are needed to rebuild margins. This is receiving close attention and will take time but we do expect higher sales in 2018."

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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 310 people. It was formerly a family business, with its origins dating back some 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 Proctor & Gamble, McBride, Sonoco, Bakkavor, Two Sisters and British Pepper & Spice. The Group also has a substantial property portfolio with development potential.

CHAIRMAN'S STATEMENT

The Board's medium-term plan to strengthen the capabilities of the business by recruitment of people and investing in manufacturing capability coincided in 2016 with the effects of the earlier loss of two major pieces of business. The resulting drop in revenues and increase in expenses has made 2017 a particularly challenging transitional year, however, I am pleased to report that new business has been secured that has offset the previously lost trade and is the basis for growth that has started to come through.

Revenues

The 9% increase in revenues to £29.8m is mainly attributable to exchange rate movements and increased resin prices which are passed on to our customers. Nevertheless, there has been some increase in volumes as the new business came into production and this is expected to become more evident in 2018.

Profits

The gross margin reduced from 23% to 19%, partly because of the lag effect of increasing resin prices passed on to our customers but also because of higher input costs, partly driven by the weakness of sterling and adverse product mix. Operating expenses increased by 8% (£0.3m) reflecting the investment in the new people we have recruited to deliver business growth. The result of these two effects is a reduction in operating profit before exceptional items and amortisation of intangible assets from £2.1m to £1.3m.

Cash, finances, dividend and pension

There was a net decrease in cash and cash equivalents of £2.0m in the year as we invested £3.2m (2016: £1.8m) in new plant and equipment to support new business and maintained the dividend at £0.9m (2016: £0.9m). Borrowings ended the year at £6.7m (2016: £5.8m), safely within our £10m facility and shareholders' funds increased from £22.6m to £23.1m. The Board proposes a final dividend of 3.0p per share to be paid on 1 June 2018 (2017: 3.0p) to shareholders on the register at the close of business on 18 May 2018. The ordinary shares become ex-dividend on 17 May 2018. This brings the total dividend declared in respect of 2017 to 5.5p per share (2016: 5.5p). The triennial actuarial valuation of our pension fund as at 5 April 2017 showed a surplus of 2%, whilst the IAS19 valuation at the year end reported a surplus of £8.5m (2016: £5.2m).

Property

Finding suitable buyers for the Boythorpe Works residential site and Walton Works mixed use site has been challenging in the current market. Large retail developments are now in low demand and residential development opportunities in the locality are in good supply.

Outlook

New business now in the pipeline will require more investment in plant and this will use more of our borrowing capacity. Higher earnings to justify this will be essential and we are actively working to achieve the efficiencies that are needed to rebuild margins. This is receiving close attention and will take time but we do expect higher sales in 2018.

Richard Clothier

Chairman

22 March 2018

Group income statement

FOR THE YEAR ENDED 31 DECEMBER

	2017 £'000	2016 £'000
Revenue	29,813	27,459
Cost of sales	(24,035)	(21,201)
Gross profit	5,778	6,258
Operating costs	(4,457)	(4,120)
Operating profit before exceptional items and amortisation of intangible assets	1,321	2,138
Exceptional items	65	190
Amortisation of intangible assets	(783)	(783)
Operating profit after exceptional items	603	1,545
Finance income - interest receivable	1	6
Finance costs - bank interest payable	(104)	(122)
Finance income in respect of pension fund	130	189
Profit before taxation	630	1,618
Taxation	(317)	(390)
Profit attributable to the owners of the Company	313	1,228
Basic earnings per share	1.9p	7.5p
Diluted earnings per share	1.9p	7.3p

Statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER

	2017 £'000	2016 £'000
Profit for the year	313	1,228
Items that will not be reclassified subsequently to profit or loss:		
Re-measurement of net defined benefit liability	61	(3,774)
Deferred tax relating to items not reclassified	(11)	683
	50	(3,091)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	818	766
Other comprehensive expense for the year	868	(2,325)
Total comprehensive income for the year attributable to the owners of the Company	1,181	(1,097)

Statement of financial position

AS AT 31 DECEMBER

	2017	2016
	£'000	£'000
Non-current assets		
Goodwill	1,115	1,115
Other intangible assets	5,089	5,872
Property, plant and equipment	17,011	14,834
Deferred tax asset	95	188
	23,310	22,009
Current assets		
Inventories	2,838	2,471
Trade and other receivables	9,905	8,722
Cash	283	881
	13,026	12,074
Total assets	36,336	34,083
Current liabilities		
Trade and other payables	(5,612)	(4,518)
Corporation tax payable	(250)	(234)
Borrowings	(6,662)	(5,570)
	(12,524)	(10,322)
Non-current liabilities		
Borrowings	-	(201)
Other payables	(87)	(78)
Deferred tax liabilities	(488)	(660)
Provisions	(181)	(185)
	(756)	(1,124)
Total liabilities	(13,280)	(11,446)
Net assets	23,056	22,637
Equity		
Share capital	83	82
Share premium	732	610
Capital redemption reserve	216	216
Translation reserve	964	146
Revaluation reserve	4,321	4,402
Retained earnings	16,740	17,181
Equity attributable to shareholders	23,056	22,637

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
At 1 January 2016	82	610	216	(620)	4,510	19,759	24,557
Profit for the year						1,228	1,228
Other comprehensive income/(expense)				766		(3,091)	(2,325)
Transfer from revaluation reserve as a result of property transactions					(123)	123	-
Tax on revaluation					15		15
Credit in respect of share based payments						39	39
Total comprehensive income for the year	-	-	-	766	(108)	(1,701)	(1,043)
Dividends paid						(877)	(877)
Transactions with owners	-	-	-	-	-	(877)	(877)
At 31 December 2016	82	610	216	146	4,402	17,181	22,637
Profit for the year						313	313
Other comprehensive income/(expense)				818		50	868
Transfer to 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

Statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER

	2017 £'000	2016 £'000
Cash flows from operating activities		
Profit for the year	313	1,228
Adjustments for:		
Depreciation of property, plant and equipment	1,492	1,385
Profit on disposal of other plant and equipment	(85)	(189)
Impairment/amortisation of goodwill and customer relationships	783	932
Increase/(decrease) in provisions	(4)	2
Other finance income in respect of Pension Fund	(130)	(189)
Finance costs	104	122
Finance income	(1)	(6)
Taxation charged	317	390
Other non-cash items:		
Pension current service cost and expenses	191	162
Charge for share options	16	39
Operating cash flows before movements in working capital	2,996	3,876
Increase in inventories	(263)	(399)
(Increase)/decrease in trade and other receivables	(875)	222
Increase/(decrease) in trade and other payables	411	(499)
Cash generated by operations	2,269	3,200
Corporation tax paid	(405)	(466)
Interest paid	(104)	(122)
Net cash generated by operating activities	1,760	2,632
Cash flows from investing activities		
Interest received	1	6
Deferred consideration paid on acquisition	-	(4,265)
Acquisition of plant and equipment	(2,614)	(1,782)
Proceeds on disposal of property, plant and equipment	151	481
Net cash used in investing activities	(2,462)	(5,560)
Cash flows from financing activities		
Loans repaid	(531)	(1,226)
Shares issued	123	-
Finance lease payments	(28)	-
Dividends paid	(901)	(877)
Net cash used in financing activities	(1,337)	(2,103)
Net decrease in cash and cash equivalents	(2,039)	(5,031)
Cash and cash equivalents at 1 January	(4,206)	825
Effect of foreign exchange rate changes	87	-
Cash and cash equivalents at 31 December	(6,158)	(4,206)
Cash	283	881
Overdraft	(6,441)	(5,087)
Cash and cash equivalents at 31 December	(6,158)	(4,206)

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 2017 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 2017.

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 are due to be made available on the Company's website (www.robinsonpackaging.com) and posted to shareholders on 17 April 2018. 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 10 May 2018.

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