

# ROBINSON

Robinson plc

## Half-year Report Interim Results for the six months ended 30 June 2021

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 2021.

### Financial highlights

- Revenue up 19% to **£21.2m** (2020: £17.9m)
- Gross margin decreased to **16.7%** from 23.6% in 2020
- Operating profit before amortisation of intangible assets reduced to **£0.1m** (2020: £1.6m)
- Loss before tax of **£0.6m** (2020: profit of £1.1m)
- Interim dividend of **2.5p** per share announced
- Net debt<sup>1</sup> of **£13.7m** (31/12/2020: £6.6m), after net capital expenditure of **£2.0m**, consideration for the Schela Plast acquisition of **£1.4m** and net debt acquired of **£3.5m**

### Operational highlights

- Successfully secured resin supply to allow continued operations in a very tight market
- Acquisition of Schela Plast A/S completed on 10 February, with integration progressing to plan
- Recent business wins in the UK and Denmark with major FMCG brand owners provide confidence for the future
- "Packaging with purpose" sustainability pledge launched in February based on five pillars and 15 ambitious commitments
- Continued progress with the sale of surplus properties

Alan Raleigh, Chairman, commented:

*"Resin prices have now stabilised and shown the first signs of a reduction in July, however, we are not expecting a significant reduction before the end of the year. We are also experiencing price inflation in other areas including secondary packaging and transport which will continue to impact on the second half of the year."*

*Across our markets we are seeing a lower-than-normal level of demand in the third quarter due to the ongoing uncertainty across FMCG supply networks and a varying pace of recovery following the pandemic. We are now expecting this to continue for the second half, so we are accelerating our plans to improve our operations for additional cost savings and profitability.*

*We expect full year operating profit before amortisation of intangible assets to be in the region of £2.0m (2020: £2.7m).*

*We remain committed in the medium term to delivering above-market profitable growth and our target of 6-8% of adjusted operating margin<sup>2</sup>."*

**Robinson plc**  
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## About Robinson:

Being a purpose-led business, Robinson specialises in custom packaging with technical and value-added solutions for food and consumer product hygiene, safety, protection, and convenience; going above and beyond to create a sustainable future for our people and our planet. Its main activity is in injection and blow moulded plastic packaging and rigid paperboard luxury packaging, operating within the food and beverage, homecare, personal care and beauty, and luxury gift sectors. Robinson provides products and services to major players in the fast-moving consumer goods market including McBride, Procter & Gamble, Reckitt Benckiser, SC Johnson and Unilever.

Headquartered in Chesterfield, UK, Robinson has 3 plants in the UK, 2 in Poland and recently acquired a plant in Denmark, Schela Plast. Schela Plast specialises in the design and manufacture of plastic blow moulded containers, serving a number of the major FMCG brands in Denmark and neighbouring countries.

Robinson was formerly a family business with its origins dating back to 1839, currently employing nearly 400 people. The Group also has a substantial property portfolio with development potential.

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<sup>1</sup> cash less borrowings (excludes IFRS 16 lease liabilities)

<sup>2</sup> operating profit margin before exceptional items and amortisation of intangible assets

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU No. 596/2014) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

## Chairman's Statement

Dear Shareholders

The interim results we report today reflect the very challenging circumstances we are continuing to experience in 2021 across materials price inflation, customer demand and the ongoing uncertainty resulting from the Covid-19 pandemic.

We indicated in March that a lack of resin availability and consequential sharp increase in prices were likely to create volatility in 2021. Since 1 January the market price of resins used in the Group have increased on average by 60% and we have experienced substantial challenge to secure raw materials in a market where resin unavailability has caused some competitors to shut down production lines.

The dedication of the Robinson team in acting decisively to procure resin supply and, where possible, to agree price increases with customers has mitigated some of the impact of these extreme market conditions.

Whilst over the medium-term the Group is protected from resin price movements through contractual arrangements with most customers, there is a short-term lag of typically three months before prices can be changed. Largely as a result of this lag impact, gross margins were 16.7% (2020: 23.6%) in the first half of 2021.

The pandemic has also created significant operational challenges. Whilst we have had a small number of positive Covid-19 cases amongst our employees, the controls that we've implemented have prevented onward transmission and no severe illness has resulted. This has enabled us to continue to operate the business safely and to service our customers effectively.

Revenues were 19% higher in the first half of 2021, 3% higher excluding the Schela Plast business acquired in February. After adjusting for price changes and foreign exchange, sales volumes in the underlying<sup>1</sup> business, which have been affected by changes in consumer behaviour and intermittent lockdowns, are in line with 2020, which included additional demand due to the Covid-19 pandemic.

Operating costs are in line with the second half of 2020, during which we added resources to partner with key customers and accelerate our sustainability agenda. Following this investment, underlying<sup>1</sup> operating costs are 22% higher than the same period in 2020.

Operating profit before amortisation of intangible assets has reduced by £1.5m versus the same period last year, to £0.1m. The Group made a loss before tax of £0.6m (2020: profit before tax £1.1m).

### Property

Work has continued on the potential disposals that we announced had reached heads of agreement in March. We expect completion in the second half of 2021, for a gross value of £3.4m for two plots of land with a book value of less than £1m.

Subject to the necessary planning approvals, we would expect further 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

Net debt<sup>2</sup> has increased to £13.7m (31/12/2020: £6.6m) following the acquisition of Schela Plast and the resin price impact on profitability and working capital. In addition, deferred consideration of £2.3m is payable to the former owners of Schela Plast in 2022, this is provided for in Trade and Other Payables. With total credit facilities of £22.6m, the Group considers it has comfortable headroom for the foreseeable future.

The Group continues to invest in its property, plant and equipment to improve efficiency and support our future growth ambitions. Net capital expenditure in the first half year was £2.0m (2020: £2.1m) including new production equipment, previously announced, and now installed in Schela Plast to service a major FMCG brand owner.

### Dividend

Despite the short-term market challenges we face, the Board has confidence in the medium term prospects for the business and therefore announces an interim dividend of 2.5p per share to be paid on 8 October 2021 to shareholders on the register at 10 September 2021 (record date). The ordinary shares ex-dividend date is 9 September 2021.

The current intention of the Board is to pay a total dividend of 5.5p (2020: 8.5p including the 3.0p deferred 2019 final dividend) per share for the year ended 31 December 2021.

### Outlook

Resin prices have now stabilised and shown the first signs of a reduction in July, however, we are not expecting a significant reduction before the end of the year. We are also experiencing price inflation in other areas including secondary packaging and transport which will continue to impact on the second half of the year.

Across our markets we are seeing a lower-than-normal level of demand in the third quarter due to the ongoing uncertainty across FMCG supply networks and a varying pace of recovery following the pandemic. We are now expecting this to continue for the second half, so we are accelerating our plans to improve our operations for additional cost savings and profitability.

We expect full year operating profit before amortisation of intangible assets to be in the region of £2.0m (2020: £2.7m).

We remain committed in the medium term to delivering above-market profitable growth and our target of 6-8% of adjusted operating margin<sup>3</sup>.

### **Alan Raleigh**

Chairman

18 August 2021

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<sup>1</sup> excluding the results from the Schela Plast business acquired on 10 February

<sup>2</sup> cash less borrowings (excludes IFRS 16 lease liabilities)

<sup>3</sup> operating profit margin before exceptional items and amortisation of intangible assets

## Condensed consolidated income statement and statement of comprehensive income

<b>Condensed consolidated income statement</b>	<b>£'000</b>	<b>Six months to 30.06.21</b>	<b>Six months to 30.06.20</b>	<b>Year to 31.12.20</b>
Revenue		21,231	17,860	37,203
Cost of sales		(17,689)	(13,648)	(28,637)
<b>Gross profit</b>		<b>3,542</b>	<b>4,212</b>	<b>8,566</b>
Operating costs		(3,491)	(2,633)	(5,878)
<b>Operating profit before amortisation of intangible assets</b>		<b>51</b>	<b>1,579</b>	<b>2,688</b>
Amortisation of intangible assets		(479)	(400)	(809)
<b>Operating (loss)/profit</b>		<b>(428)</b>	<b>1,179</b>	<b>1,879</b>
Finance income - interest receivable		12	-	1
Finance costs		(165)	(63)	(128)
<b>(Loss)/profit before taxation</b>		<b>(581)</b>	<b>1,116</b>	<b>1,752</b>
Taxation		44	(263)	(343)
<b>(Loss)/profit for the period</b>		<b>(537)</b>	<b>853</b>	<b>1,409</b>
<b>Earnings per ordinary share (EPS)</b>		<b>p</b>	<b>p</b>	<b>p</b>
Basic earnings per share		(3.2)	5.1	8.5
Diluted earnings per share		(3.2)	5.1	8.4

  

<b>Condensed consolidated statement of comprehensive income</b>	<b>£'000</b>	<b>Six months to 30.06.21</b>	<b>Six months to 30.06.20</b>	<b>Year to 31.12.20</b>
<b>(Loss)/profit after tax for the period</b>		<b>(537)</b>	<b>853</b>	<b>1,409</b>
<b>Items that will not be reclassified subsequently to the Income Statement:</b>				
Re-measurement of net defined benefit liability		98	79	180
Deferred tax relating to items not reclassified		(19)	(15)	(34)
		<b>79</b>	<b>64</b>	<b>146</b>
<b>Items that may be reclassified subsequently to the Income Statement:</b>				
Exchange differences on retranslation of foreign currency goodwill and intangibles		(221)	116	(55)
Exchange differences on retranslation of foreign currency deferred tax balances		31	(16)	7
Exchange differences on translation of foreign operations		(397)	339	(163)
		<b>(587)</b>	<b>439</b>	<b>(211)</b>
Other comprehensive (expense)/income for the period		(508)	503	(65)
<b>Total comprehensive (expense)/income for the period</b>		<b>(1,045)</b>	<b>1,356</b>	<b>1,344</b>

## Condensed consolidated statement of financial position

	£'000	30.06.21	30.06.20	31.12.20
<b>Non-current assets</b>				
Goodwill		1,694	1,175	1,127
Other intangible assets		4,945	3,301	2,769
Property, plant and equipment		24,356	19,893	20,873
Deferred tax asset		984	1,001	978
		<b>31,979</b>	<b>25,370</b>	<b>25,747</b>
<b>Current assets</b>				
Inventories		5,918	3,287	3,110
Trade and other receivables		10,699	9,454	9,185
Cash at bank and on hand		2,471	2,093	1,386
		<b>19,088</b>	<b>14,834</b>	<b>13,681</b>
<b>Total assets</b>		<b>51,067</b>	<b>40,204</b>	<b>39,428</b>
<b>Current liabilities</b>				
Trade and other payables		10,377	6,794	6,489
Borrowings		5,504	5,539	3,260
Current tax liabilities		126	78	69
		<b>16,007</b>	<b>12,411</b>	<b>9,818</b>
<b>Non-current liabilities</b>				
Borrowings		10,899	2,110	4,991
Deferred tax liabilities		1,516	1,232	1,042
Provisions		173	169	173
		<b>12,588</b>	<b>3,511</b>	<b>6,206</b>
<b>Total liabilities</b>		<b>28,595</b>	<b>15,922</b>	<b>16,024</b>
<b>Net assets</b>		<b>22,472</b>	<b>24,282</b>	<b>23,404</b>
<b>Equity</b>				
Share capital		84	83	83
Share premium		828	732	732
Capital redemption reserve		216	216	216
Translation reserve		(426)	811	161
Revaluation reserve		4,118	4,145	4,133
Retained earnings		17,652	18,295	18,079
<b>Equity attributable to shareholders</b>		<b>22,472</b>	<b>24,282</b>	<b>23,404</b>

## 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 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>
Profit for the period							556	556
Other comprehensive income/(expense)					(650)		82	(568)
Total comprehensive income for the period		-	-	-	(650)	-	638	(12)
Dividends paid							(890)	(890)
Credit in respect of share-based payments							26	26
Transactions with owners		-	-	-	-	-	(864)	(864)
Transfer from revaluation reserve as a result of property transactions						(12)	10	(2)
<b>At 31 December 2020</b>		<b>83</b>	<b>732</b>	<b>216</b>	<b>161</b>	<b>4,133</b>	<b>18,079</b>	<b>23,404</b>
Loss for the period							(537)	(537)
Other comprehensive income					(587)		79	(508)
Total comprehensive income for the period		-	-	-	(587)	-	(458)	(1,045)
Issue of ordinary shares under employee share option scheme		1	96					97
Credit in respect of share-based payments							25	25
Transactions with owners		1	96	-	-	-	25	122
Transfer from revaluation reserve as a result of property transactions						(6)	6	-
Tax on revaluation						(9)		(9)
<b>At 30 June 2021</b>		<b>84</b>	<b>828</b>	<b>216</b>	<b>(426)</b>	<b>4,118</b>	<b>17,652</b>	<b>22,472</b>

## Condensed consolidated cash flow statement

	£'000	Six months to 30.06.21	Six months to 30.06.20	Year to 31.12.20
<b>Cash flows from operating activities</b>				
(Loss)/profit for the period		(537)	853	1,409
<b>Adjustments for:</b>				
Depreciation of property, plant and equipment		1,361	988	2,164
Impairment of property, plant and equipment		-	-	98
Profit on disposal of other plant and equipment		(24)	(5)	(24)
Amortisation of intangible assets		479	400	809
Decrease in provisions		-	-	4
Finance income		(12)	-	(1)
Finance costs		165	63	128
Taxation charged		(44)	263	343
Other non-cash items:				
Pension current service cost and expenses		98	79	180
Charge for share options		25	5	31
Operating cash flows before movements in working capital		1,511	2,646	5,141
Increase in inventories		(1,834)	(488)	(363)
(Increase)/decrease in trade and other receivables		(50)	316	296
Increase in trade and other payables		351	1,601	1,512
Cash (used in)/generated by operations		(22)	4,075	6,586
Corporation tax paid		(93)	(285)	(529)
Interest paid		(165)	(63)	(128)
<b>Net cash (used in)/generated by operating activities</b>		<b>(280)</b>	<b>3,727</b>	<b>5,929</b>
<b>Cash flows from investing activities</b>				
Interest received		12	-	1
Acquisition of plant and equipment		(2,014)	(2,085)	(4,673)
Proceeds on disposal of property, plant and equipment		47	18	81
Cash outflow on acquisition of subsidiary net of cash acquired		(1,832)	-	-
<b>Net cash used in investing activities</b>		<b>(3,787)</b>	<b>(2,067)</b>	<b>(4,591)</b>
<b>Cash flows from financing activities</b>				
Loans repaid		(57)	-	-
Loans drawdown		6,633	-	-
Net proceeds from sale and leaseback transactions		1,481	245	1,061
Finance lease capital repayments		(859)	(302)	(710)
Proceeds from issue of ordinary shares		97	-	-
Dividends paid		-	-	(890)
<b>Net cash generated by/(used in) financing activities</b>		<b>7,295</b>	<b>(57)</b>	<b>(539)</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,228</b>	<b>1,603</b>	<b>799</b>
Cash and cash equivalents at 1 January		(896)	(1,678)	(1,678)
Effect of foreign exchange rate changes		(23)	29	(17)
<b>Cash and cash equivalents at end of period</b>		<b>2,309</b>	<b>(46)</b>	<b>(896)</b>
Cash		2,471	2,093	1,386
Overdraft		(162)	(2,139)	(2,282)
<b>Cash and cash equivalents at end of period</b>		<b>2,309</b>	<b>(46)</b>	<b>(896)</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 2020, the Group prepared consolidated financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

#### **Standards effective from 1 January 2021**

None of the standards, interpretations and amendments effective for the first time from 1 January 2021 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 2020.

The financial information for the six months ended 30 June 2021 and 30 June 2020 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 2020 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 [robinsonpackaging.com](http://robinsonpackaging.com).

#### **Going concern**

The Directors have performed a robust assessment, including a review of the forecast for the 12 month period ending 31 December 2021 and longer term strategic forecasts and plans, including consideration of the principal risks faced by the Group including stress testing of the business, as detailed in the 2020 Annual Report (page 68). 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 2020.

### 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 2020 Annual Report on pages 16-17. The principal risks set out in the 2020 Annual Report were: Acquisition integration; Customer relationships; Fluctuations in input prices; Raw material supply; IT and digital security; Environment; Plastics legislations; Market competitiveness; People; Debt leverage and Foreign currency risk.

The Board considers that the principal risks and uncertainties set out in the 2020 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 30.06.21</b>	Six months to 30.06.20	Year to 31.12.20
(Loss)/profit for the period (£'000)	<b>(537,000)</b>	853,000	1,409,000
Weighted average number of ordinary shares in issue	<b>16,673,745</b>	16,613,389	16,613,389
Effect of dilutive share option awards*	-	59,799	168,505
Weighted average number of ordinary shares for calculating diluted earnings per share	<b>16,673,745</b>	16,673,188	16,781,894
Basic earnings per share (pence)	<b>(3.2)</b>	5.1	8.5
Diluted earnings per share (pence)	<b>(3.2)</b>	5.1	8.4

\*In the six months to 30.06.21, there was no difference in the weighted average number of shares used for the calculation of basic and diluted loss per share as the effect of potentially dilutive shares outstanding was antidilutive.

### 5. Dividends

	<b>£'000</b>	<b>Six months to 30.06.21</b>	Six months to 30.06.20	Year to 31.12.20
Ordinary dividend paid:				
2020 interim of 3.5p per share		-	-	566
2020 interim of 2.0p per share		-	-	324
		-	-	<b>890</b>

The 2020 final dividend of 3.0p (2019: nil) per share was paid to shareholders on 16 July 2021. An interim dividend of 2.5p (2020: total interim dividends 5.5p) is proposed to be paid on 8 October 2021. Neither the final nor interim dividend have been included as a liability in the financial statements.

### 6. 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 [robinsonpackaging.com](http://robinsonpackaging.com)