ROBINSON

Robinson plc

24 March 2022

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

Robinson plc ("Robinson" or the "Group" stock code: RBN), the custom manufacturer of plastic and paperboard packaging, is pleased to announce its audited results for the year ended 31 December 2021.

Financial highlights

- Revenue up 24% to **£46.0m** (2020: £37.2m)
- Gross margin decreased to **17%** from 23% in 2020
- Operating profit before amortisation of intangible assets and exceptional costs down 56% to **£1.2m** (2020: £2.7m)
- Loss before tax of **£0.1m** (2020: profit £1.8m)
- Final dividend of **3.0p** per share
- Net debt of **£13.1m** (2020: £6.9m), after net capital expenditure of £3.9m and Schela Plast acquisition

Operational highlights

- Completed acquisition of Schela Plast business in Denmark in February 2021
- Sourced scarce material and labour to continue servicing our customers
- Advanced our health and safety programme
- Modest restructuring programme launched in November, £0.2m of exceptional costs will deliver £0.3m of cost savings annually
- Exchanged contracts on a plot of surplus property in Chesterfield, with gross proceeds of £1m due on completion
- Recently accepted a non-binding offer to sell property in Sutton-in-Ashfield

Alan Raleigh, Chairman, commented:

"The Robinson business has experienced very challenging conditions throughout 2021 across input price inflation, customer demand and the ongoing uncertainty resulting from the Covid-19 pandemic.

The substantial uncertainty and volatility experienced in 2021 is likely to continue through 2022, with further inflation in input costs anticipated.

As a result of the inflation already experienced in 2021, we are seeking substantial price increases from all customers, which will support the improvement of margins in 2022. Given the ongoing pressure on input prices the board will continue to prioritise the management of fixed costs in 2022.

It is likely that the consequences of the Russian invasion of Ukraine will remain for some time. Whilst we cannot foresee or fully quantify the impact, we are closely monitoring the situation, we will drive profitability, conserve cash and respond as necessary across our geographical locations.

Despite the ongoing uncertainty, profits in the 2022 financial year are expected to be ahead of 2021 and we remain committed in the medium-term to delivering above-market profitable growth and our target of 6-8% adjusted operating margin[1]."

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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.

[1] operating profit margin before amortisation of intangible assets and exceptional costs

Chairman's Statement

The Robinson business experienced very challenging conditions throughout 2021 across input price inflation, customer demand and the ongoing uncertainty resulting from the Covid-19 pandemic.

The first half of the year was dominated by constraints on resin availability and a consequential sharp increase in prices. In the first six months, the market price of resins used by the Group increased on average by 60% and remained high for the full year. The second half saw significant input price inflation across secondary packaging, energy, and transport. In the UK specifically, limited labour availability led to increased costs and impacted production volumes and supply to customers.

Throughout the year, customer demand has been extremely volatile due to a varying pace of recovery from the pandemic and the consequential uncertainty in Fast Moving Consumer Goods (FMCG) markets. The ramp up in demand, normally evident from the beginning of the third quarter, did not begin until mid-September and remained volatile, with an overall reduction in volume for the year as a result. Finally, market conditions have led many of our customers to delay plans for new business projects, instead focusing on reducing costs and preserving cash.

Financial and operating performance

Revenues were 24% higher than 2020, including 21% growth from the acquisition of Schela Plast which completed during the year. After adjusting for the acquisition, price changes and foreign exchange, sales volumes in the underlying business are 5% lower than 2020, which included additional demand due to the Covid-19 pandemic.

Gross margins of 17% (2020: 23%) were severely impacted by structural input cost inflation, across resin, energy, transport and labour costs, exacerbated by high demand volatility and market uncertainty.

Operating costs were 12% higher than 2020, due to the effect of the Schela Plast acquisition in the year. In the underlying business, we were able to offset the impact of investments made in 2020 by reducing other discretionary expenditure. In response to the lower gross margins across the business, we implemented an initial manufacturing site restructuring programme in November, which resulted in £0.2m of exceptional costs and will deliver £0.3m of cost savings annually.

Operating profit before amortisation of intangible assets and exceptional costs has reduced to £1.2m (2020: £2.7m), with a loss before tax of £0.1m (2020: profit of £1.8m).

Cash generated by operations was £5.4m (2020: £6.6m), suffering from lower profitability and the effect of higher resin prices on working capital, partially offset by improved payment terms with customers.

Acquisition of Schela Plast

On 10 February 2021, we completed the acquisition of Schela Plast, a specialist in the design and manufacture of blow moulded containers, based in Denmark. The business experienced a difficult period under its first six months of Robinson ownership due to Covid-19 pandemic induced lockdowns in Scandinavia, material availability issues and significant inflation in input costs. Following the planned implementation of a major new contract with a leading FMCG brand owner, the final quarter of the year showed improvement. Overall, the business made an operating loss of £0.2m in the period to 31 December 2021. With the annual effect of the new contract, we have planned for a substantial increase in revenue and associated profitability in 2022, subject to the current uncertainty driven by the Russian invasion of Ukraine and subsequent sharp increase in energy and polymer prices.

Capital investment, financing, and pension

We are committed to developing and maintaining a competitive manufacturing infrastructure. During the year, we invested a net £3.9m in plant and equipment, of which £1.7m was invested as anticipated as part of the post-acquisition plan at Schela Plast, to replace outdated presses and add additional capacity. This investment was funded by increased borrowings resulting in net debt at 31 December

2021 of £13.1m (2020: £6.9m). In addition, deferred consideration of £2.3m is payable to the former owners of Schela Plast in 2022, and this is provided for in Trade and Other Payables.

To fund the Schela Plast acquisition, new facilities totalling £12m were agreed with HSBC Bank UK in February 2021. With total credit facilities of £22m (2020: £18m), including those acquired with Schela Plast, the necessary headroom is available for the Group to operate effectively.

The IAS 19 valuation of our pension plan at 31 December 2021 reported a surplus of £13.2m (2020: £9.3m). This surplus is deemed to be irrecoverable and so is not included in the Group's assets.

Property

As notified in the 9 December 2021 Trading Statement, we expected to dispose of two plots of land in 2021. We are now pleased to report the sale of the first plot to Norpap Property 2019 Limited ("Norpap"), with exchange of contracts on 23 March 2022 and formal completion expected in the coming weeks. The Property was formerly used by the Group for manufacturing but has been mainly let to an associated company of Norpap for several years. The consideration payable at completion is £975,000 in cash and these monies will be used by the Company to reduce current bank debt. The Property currently attracts annual rental income of £60,000 and the book value was £238,000 at 31 December 2021. Planning approval is required for the second plot, which will result in potential completion at the end of 2022 or in the first half 2023. The gross proceeds are expected to be marginally in excess of £2.4m for the second site which has a book value of less than £0.8m.

In addition, the Company has very recently accepted a non-binding offer to sell an operational property in Sutton-in-Ashfield, with a gross value of £2.5m. The total book value of the property was £1.0m at 31 December 2021. In the event that the sale does proceed, production will be relocated to a recently refurbished building on existing Robinson premises in Kirkby-in-Ashfield. The relocation will require investment of approximately £0.6m and will provide future opportunities to further improve operational efficiency in the UK plastics business.

Subject to the necessary planning approvals, we would expect further sales of surplus property, in Chesterfield, to be achieved in the next 18 months. 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.

Board

At the June 2021 AGM, Anthony Glossop stood down after 26 years' service as a Non-Executive Director. Guy Robinson stepped down as Finance Director on 1 January 2021 to become the Property Director and subsequently became a Non-Executive Director in June following Anthony's retirement. Mike Cusick was appointed Finance Director on 1 January 2021.

Dividend

The Board proposes a final dividend of 3.0p per share to be paid on 15 July 2022 to shareholders on the register at the close of business on 1 July 2022. The ordinary shares become ex-dividend on 30 June 2022. This brings the total dividend declared for 2021 to 5.5p (2020: 8.5p including the deferred final dividend for 2019).

Our people

On behalf of the Board, I would like to thank all colleagues across the Group for their efforts during a year that saw major challenges and huge uncertainty. I am proud of the many inspiring examples of resilience and commitment demonstrated in the past 12 months and I look forward to working with our high performance, expert, and diverse team in 2022 to deliver sustainable value to our customers and other stakeholders.

Outlook

The substantial uncertainty and volatility experienced in 2021 is likely to continue through 2022, with further inflation in input costs anticipated.

As a result of the inflation already experienced in 2021, we are seeking substantial price increases from all customers, which will support the improvement of margins in 2022. Given the ongoing pressure on input prices, the board will continue to prioritise the management of fixed costs in 2022.

Despite the ongoing uncertainty, profits in the 2022 financial year are expected to be ahead of 2021 and we remain committed in the medium-term to delivering above-market profitable growth and our target of 6-8% adjusted operating margin[1].

Russian invasion of Ukraine

The Russian invasion of Ukraine in recent weeks has created substantial additional market uncertainty. We have a very small sales exposure to Russia and Belarus which we have chosen to stop supplying. This will not have a material effect on the business.

We have seen sharp increases in global oil and energy costs which will flow through to polymer resin and other raw material prices and impact our costs. To the extent that this cannot be passed on to customers through sales price increases, we may see a reduction in profitability. This inflation in input costs may change consumer confidence and impact customer demand, but our current assessment is that we would expect the largely essential nature of our market sectors to make them relatively robust.

It is likely that the consequences of the Russian invasion of Ukraine will remain for some time. Whilst we cannot foresee or fully quantify the impact, we are closely monitoring the situation, we will drive profitability, conserve cash and respond as necessary across our geographical locations.

Alan Raleigh
Chairman
23 March 2022

[1] operating profit margin before amortisation of intangible assets and exceptional costs

Group income statement and statement of comprehensive income

Group income statement	£'000	2021	2020
Revenue		**45,954**	37,203
Cost of sales		**(38,204)**	(28,637)
Gross profit		**7,750**	8,566
Operating costs		**(6,568)**	(5,878)
Operating profit before amortisation of intangible assets		**1,182**	2,688
Amortisation of intangible assets		**(957)**	(809)
Operating profit		**225**	1,879
Finance income – interest receivable		**1**	1
Finance costs		**(374)**	(128)
(Loss)/Profit before taxation		**(148)**	1,752
Taxation		**176**	(343)
Profit for the period		**28**	1,409
Earnings per ordinary share (EPS)		P	P
Basic earnings per share		**0.2**	8.5
Diluted earnings per share		**0.2**	8.4

Group statement of comprehensive income	£'000	2021	2020
Profit for the period		**28**	1,409
Items that will not be reclassified subsequently to the income statement:			
Remeasurement of net defined benefit liability		**192**	180
Deferred tax relating to items not reclassified		**(36)**	(34)
		156	146
Items that may be reclassified subsequently to the income statement:			
Exchange differences on translation of foreign currency goodwill and intangibles		**(367)**	(55)
Exchange differences on translation of foreign currency deferred tax balances		**54**	7
Exchange differences on translation of foreign operations		**(846)**	(163)
		(1,159)	(211)
Other comprehensive (loss)/income for the period		**(1,003)**	(65)
Total comprehensive (loss)/income for the period		**(975)**	1,344

Group statement of financial position

£'000	2021	2020
Non-current assets		
Goodwill	**1,514**	1,127
Other intangible assets	**3,751**	2,769
Property, plant and equipment	**24,892**	20,873
Deferred tax asset	**1,188**	978
	31,345	25,747
Current assets		
Inventories	**5,067**	3,110
Trade and other receivables	**10,033**	9,185
Cash at bank and on hand	**2,775**	1,386
Assets classified as held for sale	**238**	-
	18,113	13,681
Total assets	**49,458**	39,428
Current liabilities		
Trade and other payables	**10,273**	6,489
Borrowings	**1,681**	3,260
Current tax liabilities	**109**	69
	12,063	9,818
Non-current liabilities		
Borrowings	**14,221**	4,991
Deferred tax liabilities	**1,376**	1,042
Provisions	**128**	173
	15,725	6,206
Total liabilities	**27,788**	16,024
Net assets	**21,670**	23,404
Equity		
Share capital	**84**	83
Share premium	**828**	732
Capital redemption reserve	**216**	216
Translation reserve	**(998)**	161
Revaluation reserve	**4,107**	4,133
Retained earnings	**17,433**	18,079
Equity attributable to shareholders	**21,670**	23,404

Group statement of changes in equity

£'000	Share capital	Share premium	Capital redemption reserve	Translation reserve	Revaluation reserve	Retained earnings	Total
At 1 January 2020	**83**	**732**	**216**	**372**	**4,134**	**17,386**	**22,923**
Profit for the year	-	-	-	-	-	1,409	1,409
Other comprehensive income/(expense)	-	-	-	(211)	-	146	(65)
Transfer from revaluation reserve as a result of property transactions	-	-	-	-	(1)	(3)	(4)
Credit in respect of share-based payments	-	-	-	-	-	31	31
Total comprehensive income for the year	-	-	-	(211)	(1)	1,583	1,371
Dividends paid	-	-	-	-	-	(890)	(890)
Transactions with owners	-	-	-	-	-	(890)	(890)
At 31 December 2020	**83**	**732**	**216**	**161**	**4,133**	**18,079**	**23,404**
Profit for the year	-	-	-	-	-	28	28
Other comprehensive income/(expense)	-	-	-	(1,159)	-	156	(1,003)
Transfer from revaluation reserve as a result of property transactions	-	-	-	-	(26)	18	(8)
Credit in respect of share-based payments	-	-	-	-	-	50	50
Total comprehensive income for the year	-	-	-	(1,159)	(26)	252	(933)
Shares issued	1	96	-	-	-	-	97
Dividends paid	-	-	-	-	-	(898)	(898)
Transactions with owners	1	96	-	-	-	(898)	(801)
At 31 December 2021	**84**	**828**	**216**	**(998)**	**4,107**	**17,433**	**21,670**

Group cash flow statement

£'000	2021	2020
Cash flows from operating activities		
Profit for the period	**28**	1,409
Adjustments for:		
Depreciation of property, plant and equipment	**2,963**	2,164
Impairment of property, plant and equipment	**-**	98
Profit on disposal of property, plant and equipment	**(87)**	(24)
Amortisation of intangible assets	**957**	809
(Decrease)/increase in provisions	**(45)**	4
Finance income	**(1)**	(1)
Finance costs	**374**	128
Taxation (credited)/charged	**(176)**	343
Other non-cash items:		
- Pension current service cost and expenses	**192**	180
- Charge for share options	**50**	31
Operating cash flows before movements in working capital	**4,255**	5,141
Increase in inventories	**(1,237)**	(363)
Decrease in trade and other receivables	**511**	296
Increase in trade and other payables	**1,868**	1,512
Cash generated by operations	**5,397**	6,586
Corporation tax paid	**(99)**	(529)
Interest paid	**(349)**	(128)
Net cash generated by operating activities	**4,949**	5,929
Cash flows from investing activities		
Interest received	**1**	1
Acquisition of property, plant and equipment	**(3,991)**	(4,673)
Proceeds on disposal of property, plant, and equipment	**128**	81
Cash outflow on acquisition of subsidiary	**(1,832)**	-
Net cash used in investing activities	**(5,694)**	(4,591)
Cash flows from financing activities		
Loans repaid	**(468)**	-
Loans drawndown	**6,000**	-
Net proceeds from sale and leaseback transactions	**1,721**	1,061
Proceeds from issue of ordinary shares	**97**	-
Capital element of lease payments	**(1,987)**	(710)
Dividends paid	**(898)**	(890)
Net cash used in financing activities	**4,465**	(539)
Net increase in cash and cash equivalents	**3,720**	799
Cash and cash equivalents at 1 January	**(896)**	(1,678)
Effect of foreign exchange rate changes	**(49)**	(17)
Cash and cash equivalents at end of period	**2,775**	(896)
Cash at bank and on hand	**2,775**	1,386
Bank overdrafts	**-**	(2,282)
Cash and cash equivalents at end of period	**2,775**	(896)

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 2021 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") in conformity with the requirements of the Companies Act 2006, and interpretations issued by the IFRS Interpretations Committee. The Group's financial statements are also consistent with IFRS as issued by the IASB as they apply to accounting periods ended 31 December 2021.

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 the Audit and Risk 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) on 22 April 2022 and posted to shareholders on 22 April 2022. 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 on 26 May 2022 at Casa Hotel, Lockoford Lane, Chesterfield S41 7JB.

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.