

ROBINSON

Robinson plc

Half-year Report Interim Results for the six months ended 30 June 2022

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 2022.

Financial highlights

- Revenue up 19.8% to **£25.4m** (2021: £21.2m)
- Gross margin increased to **18.3%** from 16.7% in H1 2021
- Operating profit before exceptional items and amortisation of intangible assets increased to **£1.5m** (2021: £0.1m)
- Profit before tax of **£2.8m** (2021: loss of £0.6m)
- Exceptional items of £2.0m – including profit on sale of properties of £2.1m (2021: nil)
- Interim dividend of **2.5p** per share announced
- Net debt of **£12.2m** (31/12/2021: £13.1m), after net capital expenditure excluding disposal of properties of **£1.1m**, deferred consideration for the Schela Plast acquisition of **£2.3m** and proceeds on sale of property of **£3.5m**

Operational highlights

- The Danish business operated profitably in the first half as the local markets opened post-pandemic and the major new Unilever business performed to plan. Schela Plast products now include packaging produced from 100% locally recycled plastic waste
- Sutton-in-Ashfield factory sold in April, relocation of production to existing premises in Kirkby-in-Ashfield will complete as planned during the fourth quarter of 2022
- Sale of part of surplus property in Chesterfield completed in March

Alan Raleigh, Chairman, commented:

"We expect the substantial uncertainty and volatility experienced since the beginning of 2021 to continue throughout 2022. Sales volumes will be under further pressure in the second half due to: the effect of inflation, which averaged 11% in June, the cost-of-living crisis, the de-listing of some products by our customers and certain of our customers prioritising existing business over innovation projects during the pandemic. We are now starting to see more new business activity with our existing and potential customers, which provides opportunities for growth in 2023 and beyond.

Whilst resin prices have reduced over the summer from the peak seen during the initial phase of the Ukraine invasion, we have already experienced and expect to see further increases in energy and reduced availability of skilled labour.

We are taking actions to drive business performance and respond as necessary to events across our geographical locations.

Given the ongoing uncertainty, we expect profits in the 2022 financial year (excluding the uplift from the profits on disposal of properties) to be in line with market expectations and comfortably ahead of 2021. We remain committed in the medium-term to delivering above-market profitable growth and our target of 6-8% adjusted operating margin¹."

Robinson plc
Helene Roberts, CEO
Mike Cusick, Finance Director

www.robinsonpackaging.com
Tel: 01246 389280

finnCap Limited
Ed Frisby / Seamus Fricker, Corporate Finance
Tim Redfern / Barney Hayward, ECM

Tel: 020 7220 0500

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 acquired a plant in Denmark in 2021, 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.

Chairman's Statement

Dear Shareholders

I am pleased to report that following a difficult year in 2021, the Group has returned to profitability in the first half of 2022. The prior year was heavily impacted by resin and other cost inflation and we have been largely successful in passing this through to sales prices in 2022.

Revenues were 19.8% higher in the first half of 2022, 5% higher excluding the Schela Plast business acquired in February 2021. After adjusting for price changes and foreign exchange, sales volumes in the underlying business, which have been affected by changes in consumer behaviour and reduced customer demand are 11% below the comparative period in 2021.

As a consequence of the cost inflation experienced in the last 18 months, we agreed substantial sales price increases with our customers in the first quarter of the year. However, following the Russian invasion of Ukraine in February, we have seen further increases in global oil and energy costs flow through to polymer resin and other raw material prices, which in turn has impacted our costs.

Gross margins, at 18.3% (2021: 16.7%) are improved due to the reduced impact of resin lag but remain lower than our historical norm due to the overall weighting of material prices in the sales price, the structurally lower gross margin in Schela Plast and the operational gearing effect of reduced sales volume in the underlying business.

Operating costs are 9.1% lower than the first half of 2021 despite the impact of the Schela Plast acquisition. This reduction includes the effect of previously announced restructuring actions taken in the final quarter of 2021 and first quarter of 2022.

Operating profit before exceptional items and amortisation of intangible assets has increased by £1.4m versus the same period last year, to £1.5m. Including the profit on sale of two properties in the period, the Group made a profit before tax of £2.8m (2021: loss before tax £0.6m).

Schela Plast

After a challenging 2021 which included suppressed sales volumes due to Covid-19 related lockdowns, the core business in Schela Plast has stabilised in 2022. The strategic supply partnership with Unilever is at full run rate and had a substantial positive effect on sales in the first half. However, input costs, particularly those relating to energy and labour, continue to increase significantly.

Following successful participation in a consortium to create a circular economy for plastics in Denmark, Schela Plast is now producing HDPE packaging from 100% Danish household sorted plastic waste. We are excited about the opportunities for both existing business and future growth this will provide.

Deferred consideration of £2.3m was paid to the former owners of Schela Plast in June 2022.

Property

As previously announced, the Group has completed on the sale of two properties in the period. The first was a sale of surplus land and buildings in Chesterfield on 31 March 2022, for consideration of £975,000. The second an operational property in Sutton-in-Ashfield which completed on 27 April 2022, for consideration of £2,475,000. The proceeds have been used to reduce bank debt. The Group will continue to leaseback the operational property until the end of 2022 and during this period, production will be relocated to existing Robinson premises in Kirkby-in-Ashfield. As previously announced, it is expected that the relocation will require investment of approximately £600,000.

Subject to the necessary planning approvals, we would expect further sales of surplus property, in Chesterfield, to be achieved in the next 15 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.

Net debt and capital expenditure

Net debt has decreased to £12.2m (31/12/2021: £13.1m) following the payment of £2.3m deferred consideration on the Schela Plast acquisition and the receipt of £3.5m proceeds on sale of two properties in the period. With total credit facilities of £20.9m, the Group considers it has comfortable headroom for the foreseeable future. Net capital expenditure (excluding disposal of properties) in the first half was £1.1m (2021: £2.0m).

Dividend

Despite the short-term market challenges we face, the Board has confidence in the medium-term prospects for the business and therefore announces that it intends to pay an interim dividend of 2.5p per share to be paid on 14 October 2022 to shareholders on the register at 23 September 2022 (record date). The ordinary shares ex-dividend date is 22 September 2022.

The current intention of the Board is to pay a total dividend of 5.5p (2021: 5.5p) per share for the year ending 31 December 2022.

Outlook

We expect the substantial uncertainty and volatility experienced since the beginning of 2021 to continue throughout 2022. Sales volumes will be under further pressure in the second half due to: the effect of inflation, which averaged 11% in June, the cost-of-living crisis, the de-listing of some products by our customers and certain of our customers prioritising existing business over innovation projects during the pandemic. We are now starting to see more new business activity with our existing and potential customers, which provides opportunities for growth in 2023 and beyond.

Whilst resin prices have reduced over the summer from the peak seen during the initial phase of the Ukraine invasion, we have already experienced and expect to see further increases in energy and reduced availability of skilled labour.

We are taking actions to drive business performance and respond as necessary to events across our geographical locations.

Given the ongoing uncertainty, at this stage we expect profits in the 2022 financial year (excluding the uplift from the profits on disposal of properties) to be in line with market expectations and comfortably ahead of 2021. We remain committed in the medium-term to delivering above-market profitable growth and our target of 6-8% adjusted operating margin¹.

Alan Raleigh

Chairman

7 September 2022

Condensed consolidated income statement and statement of comprehensive income

Condensed consolidated income statement	£'000	Six months to 30.06.22	Six months to 30.06.21	Year to 31.12.21
Revenue		25,444	21,231	45,954
Cost of sales		(20,781)	(17,689)	(38,204)
Gross profit		4,663	3,542	7,750
Operating costs		(3,172)	(3,491)	(6,568)
Operating profit before amortisation of intangible assets		1,491	51	1,182
Exceptional items		1,967	-	-
Amortisation of intangible assets		(472)	(479)	(957)
Operating profit/(loss)		2,986	(428)	225
Finance income - interest receivable		-	12	1
Finance costs		(232)	(165)	(374)
Profit/(loss) before taxation		2,754	(581)	(148)
Taxation		(25)	44	176
Profit/(loss) for the period		2,729	(537)	28
Earnings per ordinary share (EPS)		p	p	p
Basic and Diluted earnings per share		16.3	(3.2)	0.2

Condensed consolidated statement of comprehensive income	£'000	Six months to 30.06.22	Six months to 30.06.21	Year to 31.12.21
Profit/(loss) for the period		2,729	(537)	28
Items that will not be reclassified subsequently to the Income Statement:				
Remeasurement of net defined benefit liability		96	98	192
Deferred tax relating to items not reclassified		(18)	(19)	(36)
		78	79	156
Items that may be reclassified subsequently to the Income Statement:				
Exchange differences on translation of foreign currency goodwill and intangibles		52	(221)	(367)
Exchange differences on translation of foreign currency deferred tax balances		(9)	31	54
Exchange differences on translation of foreign operations		45	(397)	(846)
		88	(587)	(1,159)
Other comprehensive income/(expense) for the period		166	(508)	(1,003)
Total comprehensive income/(expense) for the period		2,895	(1,045)	(975)

Condensed consolidated statement of financial position

	£'000	30.06.22	30.06.21	31.12.21
Non-current assets				
Goodwill		1,526	1,694	1,514
Other intangible assets		3,320	4,945	3,751
Property, plant and equipment		23,467	24,356	24,892
Deferred tax asset		1,145	984	1,188
		29,458	31,979	31,345
Current assets				
Inventories		5,458	5,918	5,067
Trade and other receivables		10,972	10,699	10,033
Cash at bank and on hand		2,148	2,471	2,775
Assets classified as held for sale		-	-	238
		18,578	19,088	18,113
Total assets		48,036	51,067	49,458
Current liabilities				
Trade and other payables		7,652	10,377	10,273
Borrowings		1,530	5,504	1,681
Current tax liabilities		115	126	109
		9,297	16,007	12,063
Non-current liabilities				
Borrowings		12,782	10,899	14,221
Deferred tax liabilities		1,235	1,516	1,376
Provisions		128	173	128
		14,145	12,588	15,725
Total liabilities		23,442	28,595	27,788
Net assets		24,594	22,472	21,670
Equity				
Share capital		84	84	84
Share premium		828	828	828
Capital redemption reserve		216	216	216
Translation reserve		(910)	(426)	(998)
Revaluation reserve		3,865	4,118	4,107
Retained earnings		20,511	17,652	17,433
Equity attributable to shareholders		24,594	22,472	21,670

Condensed consolidated statement of changes in equity

	£'000	Share capital	Share premium	Capital redemption reserve	Translation reserve	Revaluation reserve	Retained earnings	Total
At 31 December 2020		83	732	216	161	4,133	18,079	23,404
Loss for the period		-	-	-	-	-	(537)	(537)
Other comprehensive (expense)/income		-	-	-	(587)	-	79	(508)
Total comprehensive expense 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)
At 30 June 2021		84	828	216	(426)	4,118	17,652	22,472
Profit for the period		-	-	-	-	-	565	565
Other comprehensive income/(expense)		-	-	-	(572)	-	77	(495)
Total comprehensive (expense)/income for the period		-	-	-	(572)	-	642	70
Dividends paid		-	-	-	-	-	(898)	(898)
Credit in respect of share based payments		-	-	-	-	-	25	25
Transactions with owners		-	-	-	-	-	(873)	(873)
Transfer from revaluation reserve as a result of property transactions		-	-	-	-	(11)	12	1
At 31 December 2021		84	828	216	(998)	4,107	17,433	21,670
Profit for the period		-	-	-	-	-	2,729	2,729
Other comprehensive income		-	-	-	88	-	78	166
Total comprehensive income for the period		-	-	-	88	-	2,807	2,895
Credit in respect of share based payments		-	-	-	-	-	25	25
Transactions with owners		-	-	-	-	-	25	25
Transfer from revaluation reserve as a result of property transactions		-	-	-	-	(246)	246	-
Tax on revaluation		-	-	-	-	4	-	4
At 30 June 2022		84	828	216	(910)	3,865	20,511	24,594

Condensed consolidated cash flow statement

	£'000	Six months to 30.06.22	Six months to 30.06.21	Year to 31.12.21
Cash flows from operating activities				
Profit/(loss) for the period		2,729	(537)	28
Adjustments for:				
Depreciation of property, plant and equipment		1,576	1,361	2,963
Profit on disposal of property, plant and equipment		(2,275)	(24)	(87)
Amortisation of intangible assets		472	479	957
Decrease in provisions		-	-	(45)
Finance income		-	(12)	(1)
Finance costs		232	165	374
Taxation charged/(credited)		25	(44)	(176)
Other non-cash items:				
Pension current service cost and expenses		96	98	192
Charge for share options		25	25	50
Operating cash flows before movements in working capital		2,880	1,511	4,255
Increase in inventories		(362)	(1,834)	(1,237)
(Increase)/decrease in trade and other receivables		(826)	(50)	511
(Decrease)/increase in trade and other payables		(168)	351	1,868
Cash generated by/(used in) operations		1,524	(22)	5,397
Corporation tax paid		(136)	(93)	(99)
Interest paid		(232)	(165)	(349)
Net cash generated/(used in) by operating activities		1,156	(280)	4,949
Cash flows from investing activities				
Interest received		-	12	1
Acquisition of property, plant and equipment		(1,132)	(2,014)	(3,991)
Proceeds on disposal of property, plant and equipment		3,516	47	128
Deferred consideration paid on acquisition		(2,311)	-	-
Cash outflow on acquisition of subsidiary		-	(1,832)	(1,832)
Net cash generated/(used in) investing activities		73	(3,787)	(5,694)
Cash flows from financing activities				
Loans repaid		(1,474)	(57)	(468)
Loans drawdown		-	6,633	6,000
Net proceeds from sale and leaseback transactions		439	1,481	1,721
Proceeds from issue of ordinary shares		-	97	97
Capital element of lease payments		(830)	(859)	(1,987)
Dividends paid		-	-	(898)
Net cash (used in)/generated by financing activities		(1,865)	7,295	4,465
Net (decrease)/increase in cash and cash equivalents		(636)	3,228	3,720
Cash and cash equivalents at 1 January		2,775	(896)	(896)
Effect of foreign exchange rate changes		9	(23)	(49)
Cash and cash equivalents at end of period		2,148	2,309	2,775
Cash at bank and on hand		2,148	2,471	2,775
Bank overdrafts		-	(162)	-
Cash and cash equivalents at end of period		2,148	2,309	2,775

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 2021, the Group prepared consolidated financial statements in accordance with UK-adopted 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 2022

None of the standards, interpretations, and amendments effective for the first time from 1 January 2022 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 2021. The financial information for the six months ended 30 June 2022 and 30 June 2021 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 2021 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 UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 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.

Going concern

The Directors have performed a robust assessment, including a review of the forecast for the 12-month period ending 31 December 2022 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 2021 Annual Report (page 72). 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 2021.

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 2021 Annual Report on pages 18-19. The principal risks set out in the 2021 Annual Report were: Acquisition performance; Customer relationships; Raw material supply and input prices; IT and digital security; Environment; Debt leverage; Operational gearing; Foreign currency; Market competitiveness; and People.

The Board considers that the principal risks and uncertainties set out in the 2021 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.

	Six months to 30.06.22	Six months to 30.06.21	Year to 31.12.21
Profit/(loss) for the period (£'000)	2,729,000	(537,000)	28,000
Weighted average number of ordinary shares in issue	16,753,445	16,673,745	16,713,589
Effect of dilutive share option awards*	-	-	35,885
Weighted average number of ordinary shares for calculating diluted earnings per share	16,753,445	16,673,745	16,749,474
Basic earnings per share (pence)	16.3	(3.2)	0.2
Diluted earnings per share (pence)	16.3	(3.2)	0.2

*In the six months to 30.06.22 there was no difference in the weighted average number of shares used for the calculation of basic and diluted earnings per share as all the share options outstanding were out-of-the-money and not dilutive. 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 earnings per share as the effect of potentially dilutive shares outstanding was antidilutive.

5. Dividends

	£'000	Six months to 30.06.22	Six months to 30.06.21	Year to 31.12.21
Ordinary dividend paid:				
2020 final of 3.0p per share		-	-	490
2021 interim of 2.5p per share		-	-	408
		-	-	898

The 2021 final dividend of 3.0p (2020: 3.0p) per share was paid to shareholders on 15 July 2022. An interim dividend of 2.5p (2021: 2.5p) is proposed to be paid on 14 October 2022. 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.

¹ Operating profit margin before amortisation of intangible assets and exceptional items