ROBINSON

Robinson plc

30 March 2023

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022.

Financial highlights

- Revenue up 10% to **£50.5m** (2021: £46.0m)
- Gross margin stable at **17%** (2021: 17%)
- Operating profit before amortisation of intangible assets and exceptional items increased to **£2.0m** (2021: £1.2m)
- Profit before tax of **£2.3m** (2021: loss £0.1m)
- Exceptional items of £1.7m profit – including profit on sale of properties of £2.2m (2021: nil)
- Final dividend of **3.0p** per share
- Net debt of **£9.2m** (2021: £13.1m), after net capital expenditure of £2.5m on plant and equipment
- Property proceeds of **£3.5m** received

Operational highlights

- Supported trustees to complete a buy-in of the defined benefit pension scheme liabilities
- Consolidated UK Plastics operations onto one site in Kirkby-in-Ashfield
- Won new business projects which will require substantial capital investment in 2023 and will increase revenues from 2024

Alan Raleigh, Chairman, commented:

"Robinson made good progress in 2022. We were able to improve profits, achieve a surplus property sale, consolidate our UK plastics operations and with the support of the pension trustees, move closer to a full buy-out of the scheme liabilities. I look forward to building on these foundations and delivering sustainable long-term value for our shareholders.

We expect the substantial macroeconomic uncertainty and volatility experienced since the beginning of 2021 to continue throughout 2023.

We are seeing more new business activity with our existing and potential customers, which provides opportunities for growth in 2023 and beyond. We have recently been awarded a significant new contract in Denmark which will require substantial capital expenditure in 2023, funded from existing facilities and will begin to benefit sales and profit from 2024.

As a result of the further cost inflation experienced in 2022, we are seeking substantial price increases from all customers for 2023. Given the ongoing pressure on volumes, input prices and margins, the Board will continue to prioritise the management of costs and cashflow.

Despite the ongoing uncertainty, operating profit[1] in the 2023 financial year is expected to be ahead of 2022 and in line with current expectations. We remain committed in the medium-term to delivering above-market profitable growth and our target of 6-8% adjusted operating margin[2]."

For further information, please contact:

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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 2 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.

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

Chairman's Statement

In common with many businesses across the Fast-Moving Consumer Goods (FMCG) Supply Chain, Robinson continued to experience very challenging conditions through 2022, as the input price inflation already evident was exacerbated by the Russian invasion of Ukraine in February. Customer demand remained volatile with the effects of inflation and the cost-of-living crisis impacting consumers and creating demand uncertainty.

The Group performed strongly in the first half of the year as the strategic supply partnership with Unilever in Denmark had a substantial positive effect on sales. Our actions to recover cost increases through increased selling prices across the Group largely mitigated the impact of increased input costs on margins. Our strategic choice to build a strong base of high-quality Blue-Chip customers with strong brands or market positions also provided some buffer to the effects of the cost-of-living crisis on sales revenues.

In the second half of the year, sales were under increased pressure as the cost-of-living crisis deepened and customer volumes softened as a result. The difficult economic environment coupled with inflation at 11.5% in the twelve months to December, resulted in customers pruning their portfolio and again delaying innovation projects.

Despite these market challenges, Robinson has won significant new business in the year that confirms our investment in capabilities, our responsive culture and our focus on providing cost-effective supply is providing a competitive advantage.

We have continued to progress our sustainability initiatives in the year and have higher ambitions for the future. We have increased the level of recycled material in our packaging, reduced our use of virgin plastic by more than 10% in advance of our 2025 target, and from 2023 will have successfully phased out non-recyclable polymers and colourants.

In these very difficult times, we would like to pay tribute to our employees for their continued commitment and excellent contribution during the year. We will continue to work hard to provide support to our employees as they face the pressures of the current economic climate and increases in the cost-of-living.

Financial and operating performance

Revenues were 10% higher than 2021, including 9% related to the Schela Plast business which was acquired in February 2021. After adjusting for the acquisition, price changes and foreign exchange, sales volumes in the underlying business are 10% below 2021.

Gross margins of 17% (2021: 17%) were in line with 2021 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 excluding exceptional items were 3% higher than in 2021. The effect of the Schela Plast acquisition and inflation were largely offset by cost-saving initiatives, including the restructuring actions taken in the final quarter of 2021 and first quarter of 2022.

Operating profit before amortisation of intangible assets and exceptional items has increased to £2.0m (2021: £1.2m). After taking into account £2.2m profit on disposal from two properties during the year, profit before tax was £2.3m (2021: loss of £0.1m).

Cash generated by operations was £7.6m (2021: £5.4m), benefitting substantially from improved payment terms with suppliers and customers.

Capital investment, financing, and pension

During the year, we invested a net £2.5m in property, plant and equipment, of which £0.3m was related to the relocation of production from Sutton-in-Ashfield to the Kirkby-in-Ashfield site. Property proceeds of £3.5m were received in March and April and deferred consideration of £2.3m was paid to the former owners of Schela Plast in July. With lower working capital, net debt at 31 December 2022 was £9.2m (2021: £13.1m). In March 2023, the Group successfully refinanced a £4.5m commercial mortgage for three years with HSBC Bank UK. With total credit facilities of £19m (2021: £22m), the necessary headroom is available for the Group to operate effectively.

The IAS 19 valuation of our pension plan at 31 December 2022 reported a surplus of £7.0m (2021: £13.2m). This surplus is deemed to be irrecoverable and so is not included in the Group's assets.

In December, the Robinson & Sons' Limited Pension Fund (the "Scheme") completed a buy-in of all the Group's defined benefit pension scheme liabilities. Following completion, the Scheme's liabilities are matched by an insurance policy and the Group no longer bears any investment longevity, inflation or interest rate risk associated with the Scheme. As the Scheme is in surplus, the Group was already benefitting from a contribution holiday and there is no immediate benefit to cashflow.

The Group and the Scheme trustees have long shared an ambition to achieve a buy-out of the liabilities when market conditions allow. The buy-in is the first step towards this goal, with a full buy-out proposed after a data cleanse exercise, which is expected to be completed by the end of 2023. In line with the Trust deed, any surplus remaining in the Scheme after the full buy-out would be used to augment member benefits.

If a surplus remains following completion of a full buy-out, then it is likely that the funds in the pension escrow account, which are c.£3.2m, of which, £2.7m are loaned to the Group on commercial terms, will be returned to the Group. Any funds returned to the Group would be used to reduce net debt.

Property

The Group completed on the sale of two properties in 2022.

In March, a part of the surplus land and buildings in Chesterfield was sold for consideration of £975,000. The proceeds have been received and were used to reduce bank debt.

In April, an operational property in Sutton-in-Ashfield was sold for consideration of £2,475,000. Following the sale, production was relocated to an existing Robinson premises in Kirkby-in-Ashfield. As planned, £600,000 was invested in the relocation project, the proceeds have been received and after the relocation costs, the remaining cash was used to reduce bank debt. This consolidation of sites will provide opportunities to improve operational efficiency in the UK plastics business in 2023 and beyond.

After undertaking a professional independent valuation, the fair value of the surplus properties is now estimated to be £8.1m. The current net book value is £2.8m.

Subject to the necessary planning approvals, we would expect further sales of surplus property, in Chesterfield, to be achieved within the next 12 months. The intention of the Group remains, over time, to realise value from the disposal of surplus properties and to reinvest the proceeds in developing our packaging business.

Dividend

The Board proposes a final dividend of 3.0p per share to be paid on 21 July 2023 to shareholders on the register at the close of business on 7 July 2023. The ordinary shares become ex-dividend on 6 July 2023. This brings the total dividend declared for 2022 to 5.5p (2021: 5.5p).

Outlook

We expect the substantial macroeconomic uncertainty and volatility experienced since the beginning of 2021 to continue throughout 2023.

We are seeing more new business activity with our existing and potential customers, which provides opportunities for growth in 2023 and beyond. We have recently been awarded a significant new contract in Denmark which will require substantial capital expenditure in 2023, funded from existing facilities and will begin to benefit sales and profit from 2024.

As a result of the further cost inflation experienced in 2022, we are seeking substantial price increases from all customers for 2023. Given the ongoing pressure on volumes, input prices and margins, the Board will continue to prioritise the management of costs and cashflow.

Despite the ongoing uncertainty, operating profit[3] in the 2023 financial year is expected to be ahead of 2022 and in line with current expectations. We remain committed in the medium-term to delivering above-market profitable growth and our target of 6-8% adjusted operating margin[4].

Alan Raleigh
Chairman
29 March 2023

[3] operating profit before amortisation of intangible assets and exceptional items
[4] operating profit margin before amortisation of intangible assets and exceptional items

Group income statement and statement of comprehensive income

Group income statement

Group income statement £'000	2022	2021
Revenue	**50,529**	45,954
Cost of sales	**(41,765)**	(38,204)
Gross profit	**8,764**	7,750
Operating costs	**(5,017)**	(6,568)
Operating profit before amortisation of intangible assets	**3,747**	1,182
Amortisation of intangible assets	**(947)**	(957)
Operating profit	**2,800**	225
Finance income - interest receivable	**-**	1
Finance costs	**(507)**	(374)
Profit/(loss) before taxation	**2,293**	(148)
Taxation	**51**	176
Profit for the period	**2,344**	28
Earnings per ordinary share (EPS)	p	p
Basic earnings per share	**14.0**	0.2
Diluted earnings per share	**14.0**	0.2

All results are from continuing operations.

Group statement of comprehensive income

Group statement of comprehensive income £'000	2022	2021
Profit for the period	**2,344**	28
Items that will not be reclassified subsequently to the income statement:		
Remeasurement of net defined benefit liability	**180**	192
Deferred tax relating to items not reclassified	**(34)**	(36)
	146	156
Items that may be reclassified subsequently to the income statement:		
Exchange differences on translation of foreign currency goodwill and intangibles	**176**	(367)
Exchange differences on translation of foreign currency deferred tax balances	**(26)**	54
Exchange differences on translation of foreign operations	**481**	(846)
	631	(1,159)
Other comprehensive income/(expense) for the period	**777**	(1,003)
Total comprehensive income/(expense) for the period	**3,121**	(975)

Group Statement of financial position

£'000	2022	2021
Non-current assets		
Goodwill	**1,570**	1,514
Other intangible assets	**2,924**	3,751
Property, plant and equipment	**22,960**	24,892
Deferred tax assets	**1,294**	1,188
	28,748	31,345
Current assets		
Inventories	**5,155**	5,067
Trade and other receivables	**9,522**	10,033
Cash at bank and on hand	**5,097**	2,775
Current tax asset	**110**	-
Assets classified as held for sale	**642**	238
	20,526	18,113
Total assets	**49,274**	49,458
Current liabilities		
Trade and other payables	**9,543**	10,273
Borrowings	**5,535**	1,681
Current tax liabilities	**-**	109
	15,078	12,063
Non-current liabilities		
Borrowings	**8,743**	14,221
Deferred tax liabilities	**1,395**	1,376
Provisions	**116**	128
	10,254	15,725
Total liabilities	**25,332**	27,788
Net assets	**23,942**	21,670
Equity		
Share capital	**84**	84
Share premium	**828**	828
Capital redemption reserve	**216**	216
Translation reserve	**(367)**	(998)
Revaluation reserve	**3,856**	4,107
Retained earnings	**19,325**	17,433
Equity attributable to shareholders	**23,942**	21,670

Group statement of changes in equity

£'000	Share capital	Share premium	Capital redemption reserve	Translation reserve	Revaluation reserve	Retained earnings	Total
Group							
At 1 January 2021	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**
Profit for the year	-	-	-	-	-	2,344	**2,344**
Other comprehensive income	-	-	-	631	-	146	**777**
Transfer from revaluation reserve as a result of property transactions	-	-	-	-	(251)	255	**4**
Credit in respect of share-based payments	-	-	-	-	-	45	**45**
Total comprehensive income for the year	-	-	-	631	(251)	2,790	**3,170**
Dividends paid	-	-	-	-	-	(898)	**(898)**
Transactions with owners	-	-	-	-	-	(898)	**(898)**
At 31 December 2022	84	828	216	(367)	3,856	19,325	**23,942**

Group Cash flow statement

£'000	2022	2021
Cash flows from operating activities		
Profit for the period	**2,344**	28
Adjustments for:		
Depreciation of property, plant and equipment	**3,151**	2,963
Profit on disposal of property, plant and equipment	**(1,454)**	(87)
Profit on disposal of assets held for sale	**(737)**	-
Amortisation of intangible assets	**947**	957
Decrease in provisions	**(12)**	(45)
Finance income	**-**	(1)
Finance costs	**507**	374
Taxation credited	**(51)**	(176)
Other non-cash items:		
Pension current service cost and expenses	**180**	192
Charge for share options	**45**	50
Operating cash flows before movements in working capital	**4,920**	4,255
Decrease/(Increase) in inventories	**36**	(1,237)
Decrease in trade and other receivables	**671**	511
Increase in trade and other payables	**1,951**	1,868
Cash generated by operations	**7,578**	5,397
Corporation tax paid	**(317)**	(99)
Interest paid	**(492)**	(349)
Net cash generated by operating activities	**6,769**	4,949
Cash flows from investing activities		
Interest received	**-**	1
Acquisition of property, plant and equipment	**(2,584)**	(3,991)
Proceeds on disposal of property, plant and equipment	**2,600**	128
Proceeds on disposal of assets held for sale	**975**	-
Cash outflow on acquisition of subsidiary	**-**	(1,832)
Deferred consideration paid	**(2,261)**	**-**
Net cash used in investing activities	**(1,270)**	**(5,694)**
Cash flows from financing activities		
Loans repaid	**(1,501)**	(468)
Loans drawn down	**440**	6,000
Net proceeds from sale and leaseback transactions	**439**	1,721
Proceeds from issue of ordinary shares	**-**	97
Capital element of lease payments	**(1,714)**	(1,987)
Dividends paid	**(898)**	(898)
Net cash used in financing activities	**(3,234)**	4,465
Net increase in cash and cash equivalents	**2,265**	3,720
Cash and cash equivalents at 1 January	**2,775**	(896)
Effect of foreign exchange rate changes	**57**	(49)
Cash and cash equivalents at end of period	**5,097**	2,775
Cash at bank and on hand	**5,097**	2,775
Cash and cash equivalents at end of period	**5,097**	2,775

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 2022 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 2022.

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 are due to be made available on the Company's website (www.robinsonpackaging.com) on 30 March 2023 and posted to shareholders with the Notice of Annual General Meeting on 28 April 2023, at which time the Notice of Annual General Meeting will be made available on the Company's website. 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 22 June 2023 at the Peak Edge Hotel, Darley Road, Chesterfield S45 0LW.