

ROBINSON

Robinson plc

22 March 2024

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

Robinson plc ("Robinson", the "Company" 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 2023.

Financial highlights

- Operating profit before exceptional items and amortisation of intangible assets increased to **£2.2m** (2022: £2.0m)
- Revenue down 2% to **£49.7m** (2022: £50.5m)
- Gross margin increased to **19%** (2022: 17%)
- Exceptional items of £1.1m including £0.7m of restructuring and rationalisation costs (2022: £1.7m profit)
- Loss before tax of **£0.7m** (2022: profit £2.3m)
- Net debt of **£6.3m** (2022: £9.2m), after receipt of **£0.7m** proceeds on sale of surplus property and **£3.3m** return of pension escrow funds
- Final dividend retained at **3.0p** per share

Operational highlights

- Implemented a restructuring program in June with exceptional costs of £0.4m and annual savings of £0.7m, of which £0.4m benefitted 2023
- Paperbox operations and Group head office impacted by flooding in October
- Achieved important new business wins with leading FMCG customers

Alan Raleigh, Chairman, commented:

"Robinson ended 2023 with a much stronger business. We improved adjusted operating profits, achieved surplus property sales, and secured the return of the pension escrow account funds to reduce gearing and strengthen our balance sheet.*

We have largely renewed our manufacturing asset base, won important new business with leading FMCG customers and are now seeing sales volumes recover.

We have taken the necessary actions to make Robinson more resilient, more competitive, and more responsive. As market conditions begin to improve, we are well placed to generate sustainable long-term value for our shareholders.

*Following improved momentum in the second half of 2023, and reflecting the effect of new customer projects and the full year impact of cost savings, the Company expects revenue, and operating profit (before amortisation of intangible assets and any exceptional items), for the 2024 financial year to be ahead of 2023. We remain committed in the medium-term to delivering above-market profitable growth and our target of 6-8% adjusted operating margin**."*

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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 Procter & Gamble, Reckitt Benckiser, SC Johnson and Unilever.

Headquartered in Chesterfield, UK, Robinson has plants in the UK, Poland and Denmark. 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.

*Operating profit before exceptional items and amortisation of intangible assets

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

Chairman's Statement

Market conditions remained difficult in 2023 with persistent high inflation and sharp increases in central bank interest rates across our countries of operation. The continuing cost-of-living crisis has impacted consumer buying habits and consequentially created volatility and uncertainty in customer demand.

Performance in the first half of the year was impacted by lower sales volumes. Demand notably reduced across the premium products in our customers' portfolio because of inflation and the cost-of-living crisis. In addition to this general trend, a large UK customer experienced issues after making supply chain changes, which caused a substantial in-year reduction in sales with them.

Our strong customer relationships allowed us to increase sales prices to recover the majority of input cost increases and therefore protect gross margins, however, those increases were not sufficient to cover all the fixed operating cost increases.

In the second half of the year, plastics sales volumes recovered as large new projects came on stream. With a strong pipeline of further projects, we believe we have now passed the worst of the downturn.

To secure competitive operating costs, we implemented a restructuring program in June which, together with increased sales volumes, helped to increase underlying profits in the second half.

We suffered flooding at our Chesterfield site in October and despite the substantial efforts of our employees, some damage was caused to facilities, materials and equipment. The flood halted production in our Paperbox business and impacted premises that are let to tenants whilst the clean-up and reinstatement of production equipment were carried out.

We have made important progress on raising our level of recycled material content in recent years, but at 18% in 2023, we have not yet achieved our target of 30%. Our pipeline of new projects will support a further increase in this ratio and, excluding products for food, where there is restrictive legislation, we expect to achieve our goal in 2024.

We would like to thank our employees for their continued commitment and excellent contribution during the year, with a special mention for those in the Paperbox business that have expertly dealt with the aftermath of a serious flood event.

Financial and operating performance

Revenues were 2% lower than 2022. After adjusting for price changes and foreign exchange, sales volumes were 6% lower than 2022.

Gross margins of 19% (2022: 17%) were 2% above 2022, despite the operational gearing effect of 6% lower sales volumes and continued inflation in input costs.

Operating costs excluding exceptional items were 10% higher than in 2022. The restructuring program implemented in June resulted in exceptional costs of c.£0.4m and annual savings of c.£0.7m, of which £0.4m benefited 2023.

Operating profit before amortisation of intangible assets and exceptional items has increased to £2.2m (2022: £2.0m). After £0.7m restructuring and rationalisation costs and £0.1m of uninsured costs related to the flood in Chesterfield, loss before tax was £0.7m (2022: profit £2.3m). Income of £3.3m from the return of the escrow account funds has gone through the statement of comprehensive income.

Finance costs increased to £0.8m (2022: £0.5m) as a result of the sharp increases in market interest rates across our countries of operation, partially offset by the lower net debt during the year.

Cash generated by operations was £5.0m (2022: £7.6m). Working capital inflows normalised after a very strong year in 2022, which included improved payment terms with suppliers and customers.

Capital investment, financing, and pension

During the year, we invested a net £4.0m in property, plant and equipment, of which £2.3m was related to a previously communicated large new project in Denmark. Surplus property sales proceeds of £0.7m were received in May and £3.3m was received from the return of the pension escrow account in August. Consequently, net debt at 31 December 2023 was £6.3m (2022: £9.2m). With total credit facilities of £15m (2022: £19m), the necessary headroom is available for the Group to operate effectively.

The IAS 19 valuation of our pension plan at 31 December 2023 reported a surplus of £3.6m (2022: £7.0m). This surplus is not recoverable and so is not included in the Group's assets.

In December 2022, the Robinson & Sons' Limited Pension Fund (the "Scheme") completed a buy-in of all the Group's defined benefit pension scheme liabilities with a plan to complete a full buy-out within 12 months. A data cleanse exercise was completed, the administration and payroll functions were handed over to Legal and General Assurance Society Limited ("L&G") from 1 August 2023 and a final balancing payment of £0.1m, was made by L&G to the Scheme on 19 February 2024, completing the buy-in process. The surplus remaining in the Scheme, currently £3.6m, will be used to augment member benefits. We are pleased that this important buy-in transaction has de-risked the Group's defined benefit pension obligations and we expect the final buy-out to be completed shortly.

Non-cash exceptional costs of £0.3m were incurred in 2023, including the costs of enhancing the benefits of active members and the expenses of moving towards buy-out. These costs are payable by the Scheme but accounted for in the Company under IAS19.

During the year, the Company reached agreement with the trustees of the Scheme for the funds held in the pension escrow account, totalling c.£3.3m, to be returned to the Group of which, £2.7m was already loaned to the Company. These funds have been received and used to reduce net indebtedness.

CEO position

Dr Helene Roberts resigned as CEO and a Director of the Company on 1 September 2023, at which point Sara Halton assumed responsibility as the Interim CEO for a transitional period whilst the Board conducts a search for a new CEO. We thank Helene again for her enormous contribution to the business.

The selection process for the new CEO is underway, and the Directors expect to make an announcement on the appointment of a permanent CEO in due course.

Property

We have continued to progress our surplus property disposal agenda during the year, with movement on two sites.

In May, the Group completed on the sale of part of the Walton Works surplus property, known as "Mill Lane". Consideration of £0.7m was received in cash and used to reduce bank debt.

In August, the Group exchanged contracts for the sale of a further c.1.3 acres of the Walton Works surplus property. Completion is subject to satisfactory planning approval and is currently expected to take up to 18 months. The consideration payable on completion would be £1.5m in cash, with estimated Group costs of £0.4m. The net proceeds of £1.1m would be used by the Group to reduce current bank debt or to invest in the listed Walton Mill buildings to enhance their saleability.

Based on professional independent valuations and including the property transaction which is not yet completed, the Directors estimate that the current market value of the remaining surplus properties held by the Group is approximately £7.4m.

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

Dividend

The Board proposes a final dividend of 3.0p per share to be paid on 21 June 2024 to shareholders on the register at the close of business on 7 June 2024. The ordinary shares become ex-dividend on 6 June 2024. This brings the total dividend declared for 2023 to 5.5p (2022: 5.5p).

Outlook

Following improved momentum in the second half of 2023, and reflecting the effect of new customer projects and the full year impact of cost savings, the Company expects revenue, and operating profit (before amortisation of intangible assets and any exceptional items), for the 2024 financial year to be ahead of 2023. We remain committed in the medium-term to delivering above-market profitable growth and our target of 6-8% adjusted operating margin*.

Alan Raleigh

Chairman

21 March 2024

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

Group income statement and statement of comprehensive income

Group income statement	£'000	2023	2022
Revenue		49,670	50,529
Cost of sales		(40,039)	(41,765)
Gross profit		9,631	8,764
Operating costs		(8,536)	(5,017)
Operating profit before amortisation of intangible assets		1,095	3,747
Amortisation of intangible assets		(990)	(947)
Operating profit		105	2,800
Finance income - interest receivable		40	-
Finance costs		(805)	(507)
(Loss)/profit before taxation		(660)	2,293
Taxation		(160)	51
(Loss)/profit for the period		(820)	2,344
(Loss)/earnings per ordinary share (EPS)		p	p
Basic (loss)/earnings per share		(4.9)	14.0
Diluted (loss)/earnings per share		(4.9)	14.0

All results are from continuing operations.

Group statement of comprehensive income	£'000	2023	2022
(Loss)/profit for the period		(820)	2,344
Items that will not be reclassified subsequently to the income statement:			
Remeasurement of net defined benefit liability		289	180
Deferred tax relating to items not reclassified		(68)	(34)
Return of pension escrow		3,290	-
Deferred tax on pension escrow		(774)	-
		2,737	146
Items that may be reclassified subsequently to the income statement:			
Exchange differences on translation of foreign currency goodwill and intangibles		44	176
Exchange differences on translation of foreign currency deferred tax balances		3	(26)
Exchange differences on translation of foreign operations		527	481
		574	631
Other comprehensive income for the period		3,311	777
Total comprehensive income for the period		2,491	3,121

Group statement of financial position

	£'000	2023	2022
Non-current assets			
Goodwill		1,621	1,570
Other intangible assets		1,927	2,924
Property, plant and equipment		23,920	22,960
Deferred tax assets		508	1,294
		27,976	28,748
Current assets			
Inventories		4,747	5,155
Trade and other receivables		10,635	9,522
Cash at bank and on hand		3,576	5,097
Current tax asset		-	110
Assets classified as held for sale		-	642
		18,958	20,526
Total assets		46,934	49,274
Current liabilities			
Trade and other payables		10,114	9,543
Borrowings		3,527	5,535

Current tax liabilities	172	-
	13,813	15,078
Non-current liabilities		
Borrowings	6,350	8,743
Deferred tax liabilities	1,119	1,395
Provisions	98	116
	7,567	10,254
Total liabilities	21,380	25,332
Net assets	25,554	23,942
Equity		
Share capital	84	84
Share premium	828	828
Capital redemption reserve	216	216
Translation reserve	207	(367)
Revaluation reserve	3,487	3,856
Retained earnings	20,732	19,325
Equity attributable to shareholders	25,554	23,942

Group statement of changes in equity

Group	£'000	Share capital	Share premium	Capital redemption reserve	Translation reserve	Revaluation reserve
At 1 January 2022		84	828	216	(998)	-
Profit for the year		-	-	-	-	-
Other comprehensive income		-	-	-	631	-
Total comprehensive income for the year		-	-	-	631	-
Transfer from revaluation reserve as a result of property transactions		-	-	-	-	-
Credit in respect of share-based payments		-	-	-	-	-
Dividends paid		-	-	-	-	-
At 31 December 2022		84	828	216	(367)	-
Loss for the year		-	-	-	-	-
Other comprehensive income		-	-	-	574	-
Total comprehensive income for the year		-	-	-	574	-
Transfer from revaluation reserve as a result of property transactions		-	-	-	-	-
Credit in respect of share-based payments		-	-	-	-	-
Dividends paid		-	-	-	-	-
At 31 December 2023		84	828	216	207	-

Group cash flow statement

	£'000	2023	2022
Cash flows from operating activities			
(Loss)/profit for the period		(820)	2,344
Adjustments for:			
Depreciation of property, plant and equipment		3,280	3,151
Impairment of property, plant and equipment		51	-
Loss/(profit) on disposal of property, plant and equipment		11	(1,454)
(Profit)/loss on disposal of assets held for sale		(58)	(737)
Amortisation of intangible assets		990	947
Finance income		(40)	-
Finance costs		805	507
Taxation charged/(credited)		160	(51)
Other non-cash items:			
Pension current service cost and expenses		289	180
Charge for share options		19	45
Operating cash flows before movements in working capital		4,687	4,932
Decrease in inventories		472	36
(Increase)/decrease in trade and other receivables		(938)	671
Increase in trade and other payables		835	1,951
Decrease in provisions		(18)	(12)
Cash generated by operations		5,038	7,578
Corporation tax paid		(210)	(317)
Interest paid		(826)	(492)
Net cash generated by operating activities		4,002	6,769
Cash flows from investing activities			
Interest received		40	-
Acquisition of property, plant and equipment		(4,034)	(2,584)
Proceeds on disposal of property, plant and equipment		26	2,600
Proceeds on disposal of assets held for sale		700	975
Deferred consideration paid		-	(2,261)
Net cash used in investing activities		(3,268)	(1,270)
Cash flows from financing activities			
Loans repaid		(1,578)	(1,501)
Loans drawn down		1,359	440
Net proceeds from sale and leaseback transactions		-	439
Proceeds from return of escrow		585	-
Capital element of lease payments		(1,828)	(1,714)
Dividends paid		(898)	(898)
Net cash used in financing activities		(2,360)	(3,234)
Net (decrease)/increase in cash and cash equivalents		(1,626)	2,265
Cash and cash equivalents at 1 January		5,097	2,775
Effect of foreign exchange rate changes		105	57
Cash and cash equivalents at end of period		3,576	5,097
Cash at bank and on hand		3,576	5,097
Cash and cash equivalents at end of period		3,576	5,097

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 2023 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

compliance with IFRS, 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 2023.

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 22 March 2024 and posted to shareholders with the Notice of Annual General Meeting on 10 April 2024, 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 9 May 2024 at the Peak Edge Hotel, Darley Road, Chesterfield S45 0LW.



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