

JAMES CROPPER ^{PLC}

ESTABLISHED 1845



**TECHNICAL
FIBRE PRODUCTS**

JAMES
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3D
PRODUCTS

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Headlines



REVENUE

(2015: £83.1m)

£87.9m +6%

OPERATING PROFIT BEFORE INTEREST

(excluding IAS 19 impact & exceptional items)

(2015: £3.9m)

£6.3m +61%

PROFIT BEFORE TAX

(after exceptional items but before IAS19 impact) (2015: £3.5m)

£5.2m +48%

PROFIT BEFORE TAX

(2015: £2.6m)

£3.9m +50%

NET BORROWINGS

(2015: £6.1m)

£7.3m +20%

GEARING

After IAS19 deficit

(2015: 32%)

27% -16%

DILUTED EARNINGS PER SHARE

(2015: 20.1p)

31.8p +58%

FULL YEAR DIVIDEND PER SHARE

(2015: 8.5p)

9.3p +9%

Paper Products

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Continued focus on key growth markets including packaging and photo quality papers

Won additional contracts with world-leading brands

Low margin legacy business constantly under review

Investment in additional value-add capability

Embossing

Ream-wrapping

Sustainability

Accreditation in ISO 50001 energy management certification achieved

Paper Products

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Paper £'m	2016	% Sales	2015	% Change
UK	39.9	58%	41.5	(4%)
Europe	14.0	20%	11.8	19%
Americas	7.8	11%	7	11%
Asia	6.1	9%	6.7	(9%)
Other	1.4	2.0%	1.5	(7%)
Total	69.2		68.5	1%

Technical Fibre Products



Record year achieved

Additional production line operational, doubling capacity

Investment in global locations including USA

New technology commercialised:

- Nano coating
- Particle-plating

AS9100 Aerospace accreditation achieved

Technical Fibre Products



TFP £'m	2016 *	% Sales	2015	% Change
UK	3	17%	2.6	15%
Europe	3.7	21%	3.3	12%
Americas	10.5	58%	7.6	38%
Asia	0.4	2%	0.5	(20%)
Other	0.4	2%	0.5	(20%)
Total	18.0		14.5	24%

* Excludes Business Insurance Income of £750,000

3D Products



New business is now live

Capitalises on world leading fibre and colour capabilities

True sustainable alternative to plastic packaging

Full service offering: Design to Pilot to Production

Production equipment is operational

Highlights in Year to 2 April 2016

Highlights	2016	2015	Change
	£'m	£'m	%
Paper Products	69.2	68.5	1%
Technical Fibre Products	18.7	14.5	29%
Revenue	87.9	83.1	6%
Paper Products	2.6	2.4	7%
Technical Fibre Products	5.9	2.7	117%
Other Group expenses	(2.2)	(1.2)	(80%)
Operating Profit	6.3	3.9	61%
Exceptional costs	(0.8)	0.0	-
PBT (prior to IAS 19)	5.2	3.5	48%
Net IAS 19 pension adjustment	(1.3)	(0.9)	(42%)
Profit before tax	3.9	2.6	50%
EBITDA	8.6	6.4	34%

Storm Desmond	£'m
Insurance excesses	(1.0)
Uninsured items	(0.8)
Grant Cumbria LEP and Cumbria CC	1.0
Exceptional items	(0.8)

Underlying Performance	£'m
PBT (prior to IAS 19)	5.2
Exceptional items	0.8
Renewals programme deferred	(0.7)
Sale of PMD online retail	(0.3)
Underlying Profit Performance	5.0

Highlights in Year to 2 April 2016

	2016	2015	
	£'m	£'m	
Capital Investment	4.1	2.6	<ul style="list-style-type: none"> ✓ Complementary technologies established for TFP in the US ✓ Production capacity doubled for TFP UK ✓ Production capabilities extended in Paper ☐ Capital programme hindered immediately after Storm Desmond, 2017 picks up the pace
Net Debt	7.3	6.1	
Leverage ratio (Net Debt/ EBITDA)	0.9	1.0	
Shareholders funds	26.7	18.9	

Movement on Shareholder Funds	
SH funds at 28 March 2015	18.9
Profit after Tax for the period	3.0
Net Actuarial gains on pensions liabilities	5.1
Dividends paid	(0.8)
Other adjustments	0.6
SH funds at 2 April 2016	26.7

Outlook

Growth will be strong in TFP and modest in Paper

Sales in new 3DP business will be realised

Strategic investments planned

- Further capacity planned for 3DP
- Value-add capabilities in Paper
- New product and technologies in TFP

Continued global organisational expansion & development

Aligned to achieve market PBT expectations



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Supplementary information

Balance Sheet

	Full Year 02-Apr-16	Full Year 28-Mar-15
	£'m	£'m
Non-pension assets - excluding cash	57.5	50.8
Non-pension liabilities - excluding borrowings	(17.0)	(14.3)
	40.5	36.5
Net IAS 19 pension deficit (after deferred tax)	(6.5)	(11.6)
	34.0	25.0
Net borrowings	(7.3)	(6.1)
Equity shareholders' funds	26.7	18.9
Gearing % - before IAS 19 deficit	22%	20%
Gearing % - after IAS 19 deficit	27%	32%
Capital Expenditure	4.1	2.6

Cash Flow

	Full Year 02-Apr-16	Full Year 28-Mar-15
	£'m	£'m
EBITDA (excluding IAS 19 impact)	8.6	6.4
Pension deficit payments	(1.4)	(1.4)
Decrease/(increase) in working capital	(2.1)	3.5
Other	(1.4)	(0.7)
Net cash generated from operations	3.70	7.85
Capital expenditure	(4.1)	(2.6)
Dividends	(0.7)	(0.7)
Increase / (decrease) in loans	1.5	(2.5)
Other	0.1	0.0
Increase/(decrease) in cash	0.50	2.03
Opening cash	2.7	0.7
Closing cash	3.2	2.7

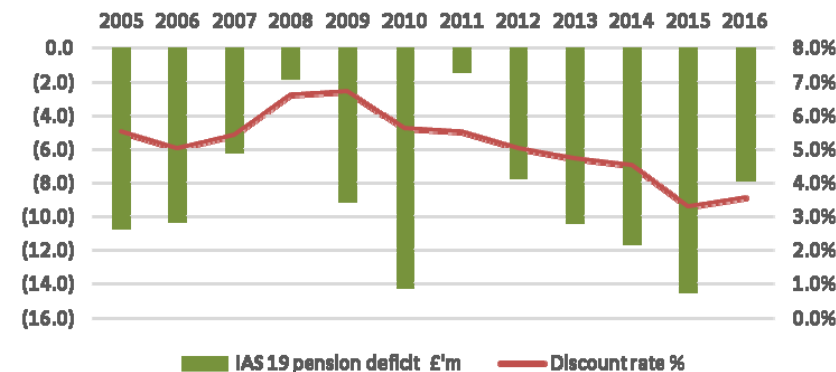
Facility Profile

	Full Year 02-Apr-16 £'m	Full Year 28-Mar-15 £'m
Overdraft facility	3.5	4.7
Loans	9.2	5.2
Leases	2.7	3.6
Total Facilities	15.4	13.5
Drawn	10.4	8.8
Undrawn	5.0	4.7
Undrawn facilities	5.0	4.7
Cash	3.2	2.7
ST Borrowings	(3.9)	(2.7)
Funds available in excess of 1 year	4.3	4.7

Pension Deficit – IAS 19

IAS 19 valuation - 2016	Staff Scheme	Works Scheme	Both schemes		Change %
			2016	2015	
Discount rate	3.55%	3.55%	3.55%	3.30%	
	£000s	£000s	£000s	£'000	
Assets	46,345	47,926	94,271	92,346	2%
Liabilities	(46,375)	(55,766)	(102,141)	(106,788)	(4%)
(Deficit)/Surplus	(30)	(7,840)	(7,870)	(14,442)	(46%)
Funding level - %	100%	86%	92%	86%	

Scheme Discount rates and pension deficit under IAS 19



IAS 19 Pension

The discount rate rose from 3.3% to 3.55% since the 28 March 2015 year end position.

The overall deficit has reduced by £6.6m.

Under IAS 19 the pension deficit is likely to be volatile and may in the future be very different from this current year end position. An indication of the potential variability of the scheme deficits under IAS 19 is set out in the chart to the right. The Group's IAS 19 deficit has fluctuated markedly since 2005. The large declines in the combined deficit in 2008 and 2011 were as a result of significant reductions in future service benefits introduced in April of those years.

Pulp price

The cost of Northern Bleached Softwood Kraft (“NBSK”) wood-pulp opened at \$886/tonne falling progressively to US\$790/tonne by Mar 2016. Northern Bleached Hardwood Kraft (“NBHK”) wood-pulp opened at \$755/tonne, rose to \$810 in November 15 and dropped to \$744 by the end of the year. In the year to 2 April 2016 the Company’s sterling cost of Pulp was on average £29/tonne higher than the prior year.

