

JAMES CROPPER ^{PLC}

ESTABLISHED 1845



**TECHNICAL
FIBRE PRODUCTS**

**JAMES
CROPPER**

EST. 1845



COLOURFORM™

PLASTIC-FREE PACKAGING

Financial Headlines



SUMMARY OF RESULTS	Half Year 28-Sep-19 £'000	Half Year 29-Sep-18 £'000	Full Year 30-Mar-19 £'000
Revenue	52,792	50,300	101,095
Adjusted operating profit (excluding IAS 19 Impact)	2,826	2,054	4,262
Adjusted profit before tax (excluding IAS 19 Impact)	2,557	1,956	3,962
Impact of IAS 19	(548)	(542)	(1,386)
Profit before tax	2,009	1,414	2,576
Earnings per share – diluted	17.0p	12.9p	24.3p

Balance Sheet Highlights



Balance Sheet	Half Year 28-Sep-19 £'000	Half Year 29-Sep-18 £'000	Full Year 30-Mar-19 £'000
Non-pension assets - excluding cash	67,304	61,820	64,871
Right of use assets - net book value	4,016	-	-
Non-pension liabilities - excluding borrowings	(15,704)	(15,709)	(16,236)
Right of use leases	(4,506)	-	-
	51,110	46,111	48,635
Net IAS 19 pension deficit (after deferred tax)	(18,351)	(16,447)	(18,798)
	32,759	29,664	29,837
Net borrowings (excluding right of use leases)	(10,817)	(6,626)	(8,561)
Equity shareholders' funds	21,942	23,038	21,276
Gearing % - before IAS 19 deficit and IFRS 16	27%	17%	21%
Gearing % - after IAS 19 deficit and IFRS 16	70%	29%	40%
Capital Expenditure	3,284	1,944	5,229

Technical Fibre Products



- 5% year-on-year revenue growth
- Continued growth in aerospace & defence markets, including F-35
- Good progress in sales for hydrogen fuel cells with a key supply agreement extended out to 2024
- Business continues to grow in resistive heating for buildings
- Working with a partner for the end of pipeline carbon capture market
- The additional non-woven line, adding 50% to capacity, and additional warehousing is on track
- A new warehouse was completed on schedule and is now in use
- In order to safeguard current production requirements, TFP is incurring some temporary additional logistic costs while this work is underway

Paper Products

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- 2.1% year-on-year revenue growth
- 27% growth in luxury packaging sector, especially beauty & cosmetics, consumer technology and fashion & clothing
- Price increases aiding improved profits
- New contracts won for luxury brand packaging paper
- Coffee cup recycling (CupCycling™) continues to grow – Hallmark cards now live and in-store
- Additional CupCycling™ capacity to come on stream during Q4
- Continued drive for 50% of total fibres to come from recycled sources
- Softening pulp price trend is supporting recovery



- 800% year on year revenue growth
- Growth from beauty & cosmetics markets
- Target markets in Western Europe: beauty and high end wine & spirits
- Launch of new marketing samples and collateral
- Ongoing significant market interest
- Market move away from 'single use plastics' remains strong
- New tooling solution provides lower cost and quicker response to opportunities
- Competition in coloured moulded fibre remains weak

Strategic Investments



	FOCUS	INVESTMENT UPDATE
TFP	To increase capacity to meet future demand	Additional production capacity and infrastructure is underway
	Market expansion in related technologies	Develop strategic partnerships with other organisations
Paper	To enable a higher value product mix	Add increased capability to improve textures and finishes to further penetrate higher margin markets
	To increase the use of alternatives to virgin pulp to provide independence to commodity prices	Increased CupCycling™ capacity is now underway. New sources of recycled materials are currently being researched
Colourform	Speed up the process of commercialisation of new opportunities	Further tooling investment allowing a reduced cycle time for sample products

Outlook



- Pulp price trending down facilitating increased investment
- Continued growth from TFP and Colourform™ reduces overall impact from pulp on the group
- Capacity expansion for TFP remains on track
- Increased focus on Environmental, Social and Corporate Governance (ESG) building from solid foundations
- Investing in people and training to support our long term growth plans
- Strategic directions remains unchanged following assessment of potential Brexit outcomes
- Confident in achieving year end management expectations

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Group Revenues

Group £'m	Sept 2019	% Sales	Sept 2018	% change
UK	20.9	39.5%	23.1	(10%)
Europe	14.2	26.9%	10.7	33%
Americas	12.6	23.9%	12.1	4%
Asia	4.3	8.1%	3.7	16%
Other	0.8	1.5%	0.7	18%
Total	52.8	100.0%	50.3	5%

61% of revenues came from exports in period April - Sept 2019 compared to 54% in the comparative period

Paper £'m	Sept 2019	% Sales	Sept 2018	% change
UK	19.2	50.5%	21.3	(10%)
Europe	8.9	23.4%	7.8	14%
Americas	5.2	13.7%	4.2	24%
Asia	4.1	10.8%	3.3	24%
Other	0.6	1.6%	0.6	0%
Total	38.0	100.0%	37.2	2%

50% of revenues came from exports in period April - Sept 2019 compared to 43% in the comparative period

TFP £'m	Sept 2019	% Sales	Sept 2018	% change
UK	1.6	13.1%	1.7	(6%)
Europe	4.2	22.3%	2.9	45%
Americas	7.4	60.9%	7.9	(6%)
Asia	0.2	3.1%	0.4	(50%)
Other	0.2	0.6%	0.1	150%
Total	13.6	100.0%	13.0	5%

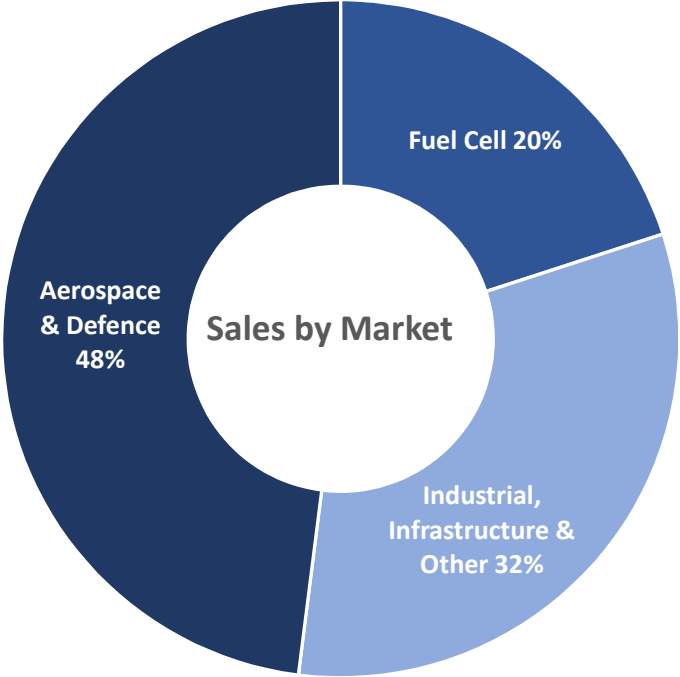
87% of revenues came from exports in period April - Sept 2019 compared to 87% in the comparative period

3DP £'m	Sept 2019	% Sales	Sept 2018	% change
UK	0.1	5.7%	0.1	(31%)
Europe	1.1	90.5%	0.0	27300%
Americas	0.0	3.8%	0.0	48%
Total	1.2	100.0%	0.1	798%

94% of revenues came from exports in period April - Sept 2019 compared to nil in the comparative period

Technical Fibre Products

The broadest range of non-wovens in the world



INDUSTRIAL, INFRASTRUCTURE & OTHER

- WIND TURBINES
- BUSES & TRAINS
- CONSTRUCTION
- MEDICAL DEVICES

TFP's performance materials are designed to create a solution to high temperature insulation and fire protection



AEROSPACE & DEFENCE

- COMMERCIAL AIRCRAFT
- SATELLITES
- HELICOPTERS
- UAV'S

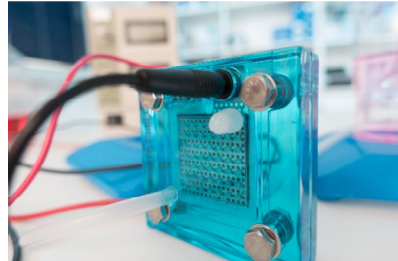
TFP nonwovens enable aerospace engineers to reduce weight by providing materials which are both lightweight and multifunctional



FUEL CELLS

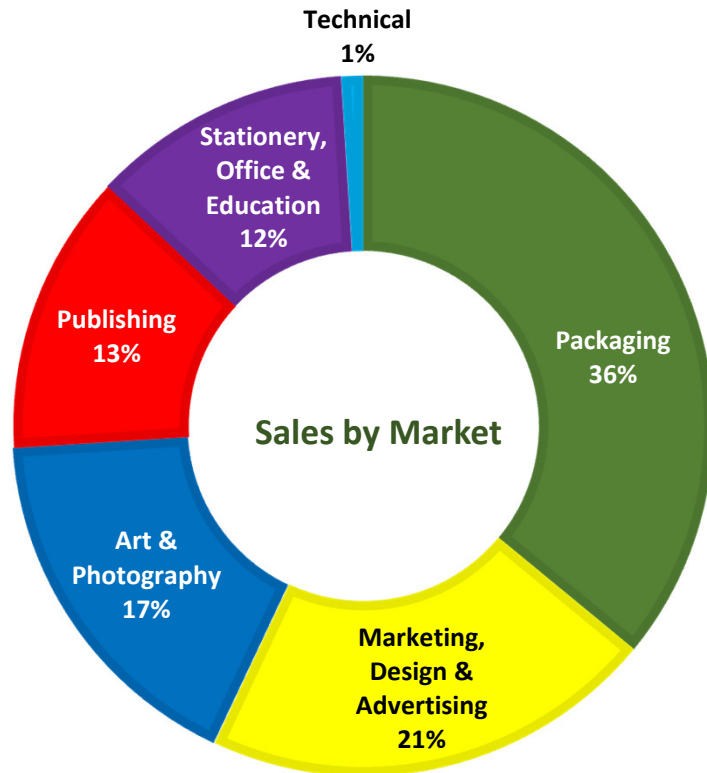
STATIC – Fuel Cells are used for primary and backup power for commercial, industrial and residential buildings and in remote or inaccessible areas

TRANSPORT – Fuel Cells are used to power fuel cell vehicles including forklifts, cars, buses, boats and submarines



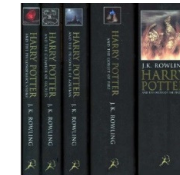
James Cropper Paper

Leading speciality papermaker, producing premium, bespoke, coloured papers for many of the world's leading brands



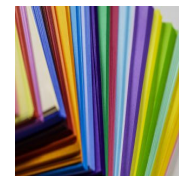
PACKAGING

FASHION & CLOTHING
BEAUTY & COSMETICS
PHARMACEUTICALS
JEWELLERY & WATCHES
CONSUMER TECHNOLOGY
ALCOHOLIC DRINKS
GENERAL RETAIL



PUBLISHING

BOOKBINDERS
PUBLISHERS
GREETING CARDS
MAPS & CHARTS



MARKETING, DESIGN & ADVERTISING

COMMERCIAL PRINTERS
MARKETING AGENCIES
COMPANY REPORTS



STATIONERY, OFFICE & EDUCATION

SCHOOLS
RETAIL
OFFICE SUPPLIERS



ART & PHOTOGRAPHY

FRAMING & ALBUMS
FINE ART REPRODUCTION
ARCHIVAL



TECHNICAL

CONSTRUCTION
LAUNDRY
MEDICAL

Accelerating our Commitment to Sustainable Development

Water Management

Over 91% of water abstracted is returned to the catchment

- Water managed in partnership with the Environment Agency
 - Water is continually recycled during production processes
 - Waste water is sent directly to our local treatment facility
 - Over 91% of water abstracted is returned to catchment
-

Climate Change

Hydro and solar energy – generating 400 MWh renewable electricity per annum

- An active investor in low-carbon energy solutions
 - A highly efficient combined heat and power plant
 - Heat exchange and recovery systems in manufacturing processes
 - Hydro and solar energy – generating 400 MWh renewable electricity per annum
-

Improving Health & Wellbeing

Our better health at work programme has a dedicated team of 22 health advocates and 46 mental health first aiders within James Cropper

Waste Reduction

60 million disposable cups upcycled into paper products and packaging

- CupCycling™ - 60 million disposable cups upcycled into paper products and packaging
 - James Cropper paper products are inherently recyclable and recycled (record European high 85.8%* recycling rate for paper and cardboard)
 - Dried waste approved by Environment Agency as a fertiliser on local farms
 - Continued investment in Colourform™ plastic free packaging
 - TFP non-woven materials improve end-use efficiency
-

Responsible Fibre Sourcing

100% fresh fibre sources certified to FSC¹ or PEFC² chain of custody

- 18% recycled fibre input, given a second life as paper products and packaging.
- 100% fresh fibre sources certified to FSC or PEFC chain of custody
- Sustainable forest management is driving Europe's forest growth

¹Forest Stewardship Council

²Programme for the Endorsement of Forest Certification

Cash Flow

Cash	Half Year 28-Sep-19 £'M	Half Year 29-Sep-18 £'M	Full Year 30-Mar-19 £'M
EBITDA (excluding IAS 19 impact)	4.5	3.4	7.2
Pension deficit payments	(0.7)	(0.7)	(1.5)
Decrease/ (increase) in working capital	(1.1)	(1.1)	(1.9)
Other	0.1	(0.1)	(0.4)
Net cash generated from operations	2.7	1.6	3.4
Capital expenditure	(3.3)	(1.9)	(5.2)
Dividends	(1.0)	(1.0)	(1.3)
Increase in loans	-	0.3	0.3
Other	(0.3)	(0.2)	(0.3)
Decrease in cash	(1.9)	(1.2)	(3.2)
Opening cash	2.3	5.6	5.6
Closing cash	0.4	4.4	2.4

Facility Profile

	Sept 2019 £'m	Sept 2018 £'m	March 2019 £'m
Cash and cash equivalents	0.4	4.4	2.4
Borrowings*: repayable within one year	(1.3)	(1.7)	(1.5)
Borrowings*: non-current	(10.0)	(9.3)	(9.4)
Net debt	(10.8)	(6.6)	(8.6)
Borrowings*: repayable within one year	1.3	1.7	1.5
Borrowings*: non-current	10.0	9.3	9.4
Facilities drawn down	11.3	11.0	10.9
Undrawn facilities	10.1	8.1	8.1
Facilities	21.4	19.2	19.0
Cash and cash equivalents	0.4	4.4	2.4
Undrawn facilities	10.1	8.1	8.1
Funds available at year end	10.6	12.5	10.5
Borrowings*: repayable within one year	(1.3)	(1.7)	(1.5)
Funds available in excess of one year	9.3	10.9	8.9

*Borrowings – Loans and Leases excluding Right of Use Leases

The Pension Deficit

The IAS 19 pension valuation September 2019

	Staff Scheme Sep-19	Works Scheme Sep-19	Both Schemes Sep-19	Change % Mar-19	
Discount rate	1.90%	1.90%	1.90%	2.45%	
	£'m	£'m	£'m	£'m	
Assets	58.9	65.6	124.5	110.0	13%
Liabilities	(66.0)	(80.7)	(146.6)	(132.6)	11%
Deficit	(7.1)	(15.0)	(22.1)	(22.7)	(2%)
Funding level - %	89.3%	81.4%	84.9%	82.9%	2%

IAS 19 Valuation

Under IAS 19 the pension deficit is likely to be volatile and may in the future be very different from this current half year position. **The combined decrease in the schemes' overall deficit of £0.6m in the 6 months is principally caused by strong asset performance offsetting the increasing liabilities driven by the falling discount rate.** The discount rate is based on AA rated corporate bonds which moved downwards from 2.45% to 1.9% since the year end position.

The IAS 19 valuation does include a correction for sex-inequalities inherent in Guaranteed Minimum Pensions (GMPs).

The bi-annual IAS 19 valuations are applied for statutory reporting purposes only and hold no other value to the Company as IAS 19 requires the Group's actuaries to make a number of assumptions on a very different basis to the on-going valuations.

The 2016 Ongoing Valuation (the on-going 2019 is underway)

	Staff Scheme	Works Scheme	Both schemes
Discount rate	3.55%	3.55%	3.55%
	£'m	£'m	£'m
Assets	44.4	47.9	92.3
Liabilities	(48.1)	(60.0)	(108.1)
Deficit	(3.7)	(12.1)	(15.8)
Funding level - %	92.4%	79.8%	85.4%

Ongoing Valuation

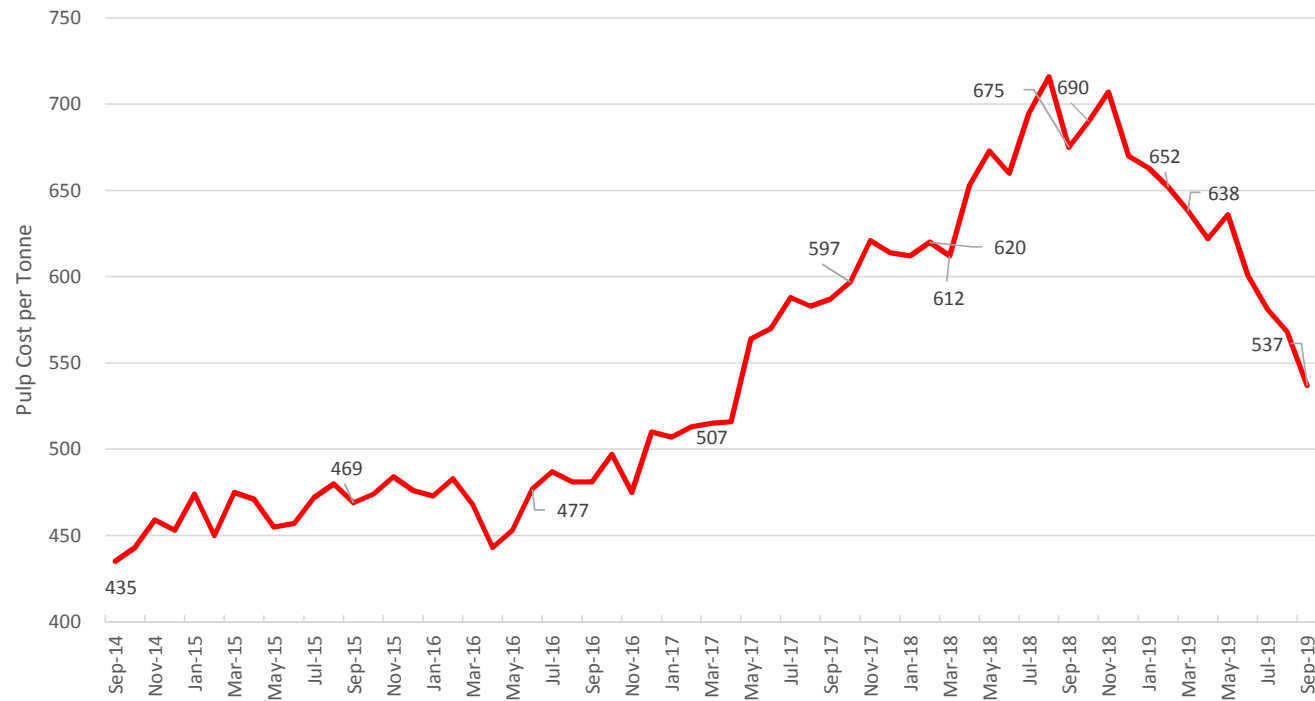
Work is underway to finalise the triennial "on-going" valuation set for April 2019.

The on-going triennial valuations determine the latest position and allow re-alignment to the longer term target.

The April 2016 "on-going" valuation resulted in contributions of £1.3m per annum to reduce the past service deficits and a further £0.16m per annum to meet pension protection levy payments, a total of £1.46m each year.

The Scheme Trustees are supportive of the Group's planned investment and capital expenditure programme to grow the business, which the Trustees see as key to ensuring the Group is capable of supporting the schemes in the future.

Pulp price



Pulp opened at £622/te in April, rose to £636/te and has been gradually declining since. The average sterling price in the first 6 months of this year is £591/te.

In the prior period comparative the sterling price opened at £653/te, peaked at £716/te and averaged at £679/te for the 6 month period.