

JAMES CROPPER ^{PLC}

ESTABLISHED 1845



**TECHNICAL
FIBRE PRODUCTS**

JAMES
CROPPER



3D
PRODUCTS

JAMES
CROPPER

EST. 1845



Headlines



Revenue	Adjusted operating profit (excluding IAS 19 impact)
(sept 2016: £45.4m)	(sept 2016: £2.6m)
£47.4m +4%	£3.0m +16%
Adjusted profit before tax (excluding IAS 19 impact)	Profit before tax
(sept 2016: £2.4m)	(sept 2016: £2.0m)
£2.8m +17%	£2.3m +14%
Net borrowings	
(sept 2016: £6.6m)	
£4.7m -29%	
Diluted earnings per share	Dividend per share declared
(sept 2016: 17.2p)	(sept 2016: 2.5p)
22.9p +33%	2.5p No change

Balance Sheet Highlights



	Half Year 30-Sep-17	Half Year 01-Oct-16	Full Year 01-Apr-17
Capital investment £'m	1.3	2.1	5.3
Net debt £'m	(4.7)	(6.6)	(7.3)
Leverage ratio (Net debt/EBITDA)	0.5	0.7	0.8
Shareholders funds £'m	23.4	16.0	21.9

Paper Products

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Continued development of the product portfolio:

- Increase in value-add contracts e.g. packaging & photo quality paper

- Exit of low margin business

No change to revenue with a focus on margin development

Significant pulp prices in 2017. As a result of our strategy the Paper business has remained resilient

Sustainability credentials developed and marketed

CupCycling™ launched. Further commercialisation of recycled coffee cups and independence from virgin fibre

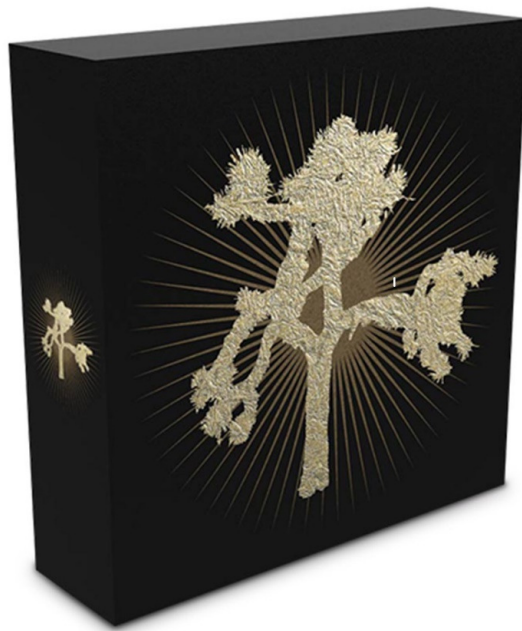
Integrated Business Planning driving improved customer service and internal efficiencies



Paper Products

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Paper £'m	Half Year Sep-17		Half Year Sep-16	
	£'m	% Sales	£'m	% Change
UK	20.1	56.9%	21.0	(4.3%)
Europe	7.2	20.4%	7.4	(2.7%)
Americas	4.0	11.3%	3.4	17.6%
Asia	3.3	9.3%	2.7	22.2%
Other	0.7	2.0%	0.7	0.0%
Total	35.3		35.2	

Technical Fibre Products



Continued strong growth resulting in a record half year

Revenues up 20% and set to continue growth in the second half

Main growth sectors include:

Aerospace

- Organic growth from existing projects

- Added sales from new and developing projects

Defence

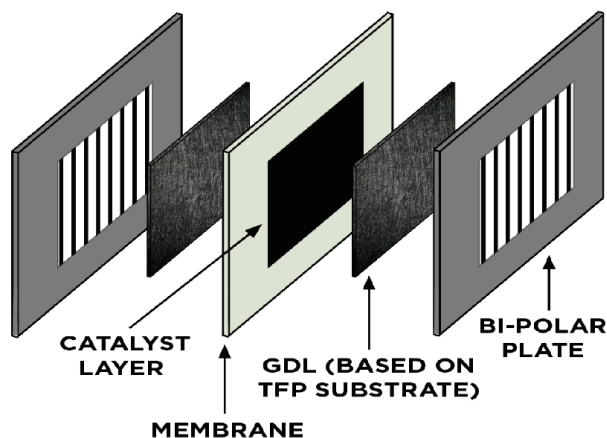
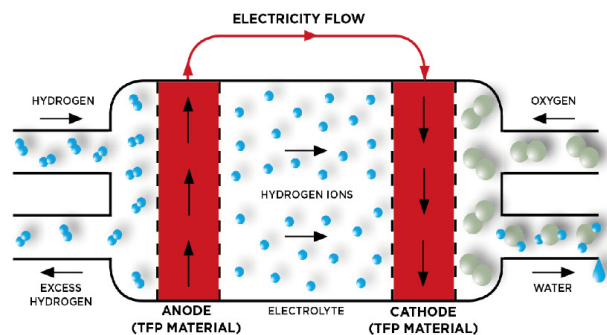
- Fourth consecutive year of growth in sales of products for the F-35 Joint Strike Fighter program

Fuel cells

- Increased activity in mainland Europe and USA

- Suppling the carbon fibre substrate for GDL (Gas Diffusion Layer) production

Technical Fibre Products



TFP £'m	Half Year Sep-17		Half Year Sep-16	
	£'m	% Sales	£'m	% Change
UK	1.4	11.6%	1.2	16.7%
Europe	2.4	19.8%	2.5	(4.0%)
Americas	7.7	63.6%	5.6	37.5%
Asia	0.3	2.5%	0.4	(25.0%)
Other	0.3	2.5%	0.4	(25.0%)
Total	12.1		10.1	



Colourform™ launched – high quality coloured sustainable packaging

Commercial contracts have now started with modest sales

New contracts from the consumer electronics, perfumes and drink sectors

Publically shared contracts include:

- Lush, global packaging launch for bath fragrance products

- Floral Street Fragrances, full box perfume packaging

Publicity and brand building leading to an increased pipeline

All production lines are now operational

Independently assessed sustainability credentials demonstrate less than half the global warming impact vs plastic

COLOURFORM™
STAND OUT. SUSTAINABLY.

Outlook



R&D and innovation focus across each business

Continued investment in people at all levels in the organisation

TFP forecast to continue strong revenue growth

Pulp prices are expected to remain high, dampening paper profit growth, but resilience is being demonstrated and cost control managed

New contracts to go live for 3DP as the sales pipeline is realised

The full year is expected to deliver in line with the Board's expectations

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Supplementary Information

Profit and Loss Summary

	Half Year Sep-17	Half Year Sep-16	Full Year Apr-17
	£'m	£'m	£'m
Paper Products	35.3	35.3	71.0
Technical Fibre Products (TFP)	12.1	10.1	21.3
3D Products (3DP)	-	-	-
Revenue	47.4	45.4	92.4
Adjusted profit before tax (excluding IAS19 impact)	2.8	2.4	6.5
Net IAS 19 pension adjustments	(0.5)	(0.4)	(0.9)
Profit before tax	2.3	2.0	5.6
EBITDA (excluding IAS19 impact)	4.3	3.7	9.2

Balance Sheet

Balance Sheet	Half Year 30-Sep-17 £'m	Half Year 01-Oct-16 £'m	Full Year 01-Apr-17 £'m
Non-pension assets - excluding cash	63.33	56.02	63.37
Non-pension liabilities - excluding borrowings	(20.52)	(15.29)	(18.50)
	42.81	40.73	44.87
Net IAS 19 pension deficit (after deferred tax)	(14.73)	(18.07)	(15.62)
	28.08	22.66	29.25
Net borrowings	(4.69)	(6.62)	(7.36)
Equity shareholders' funds	23.40	16.04	21.89
Gearing % - before IAS 19 deficit	12%	19%	20%
Gearing % - after IAS 19 deficit	20%	41%	34%
Capital Expenditure	1.25	2.12	5.32

Cash Flow

Cash	Half Year 30-Sep-17	Half Year 01-Oct-16	Full Year 02-Apr-16
	£'m	£'m	£'m
EBITDA (excluding IAS 19 impact)	4.3	3.7	9.2
Pension deficit payments	(0.7)	(0.7)	(1.4)
Decrease/ (increase) in working capital	1.4	1.3	(0.1)
Other	(0.3)	(0.7)	(1.0)
Net cash generated from operations	4.7	3.6	6.7
Capital expenditure	(1.3)	(2.1)	(5.3)
Dividends	(0.9)	(0.6)	(0.9)
Increase/(decrease) in loans	1.6	(0.7)	(1.7)
Other	(0.2)	0.1	(0.1)
Increase/(decrease) in cash	4.0	0.2	(1.3)
Opening cash	1.9	3.2	3.2
Closing cash	5.9	3.4	1.9

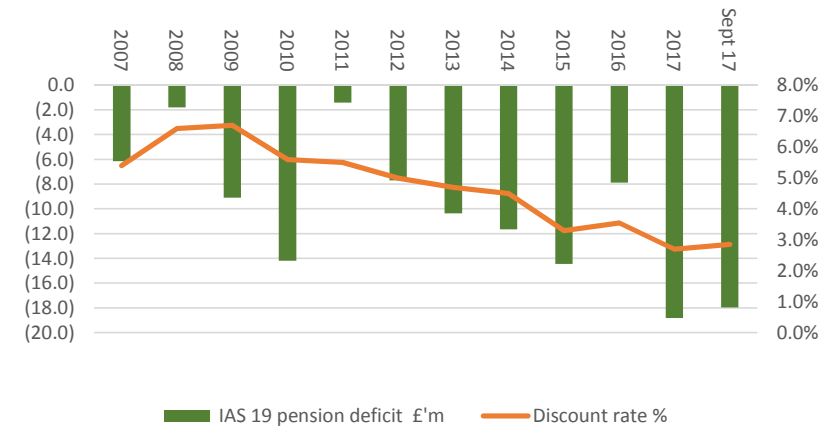
Facility Profile

Facilities Profile	Half Year 30-Sep-17	Half Year 01-Oct-16	Full Year 01-Apr-17
	£'m	£'m	£'m
Overdraft facility	3.7	3.7	3.7
Loans	10.8	11.8	13.7
Leases	1.8	2.5	2.1
Total Facilities	16.3	17.9	19.4
Drawn	10.6	10.1	11.7
Undrawn	5.7	7.8	7.8
Undrawn facilities	5.7	7.8	7.8
Cash	5.9	3.4	1.9
ST Borrowings	(1.0)	(0.8)	(1.6)
Funds available in excess of 1 year	10.6	10.4	8.1

Pension Deficit – IAS 19

	STAFF	WORKS	TOTAL	BOTH SCHEMES TOTAL	CHANGE
<u>IAS 19 valuation - Sept 2017</u>	SCHEME	SCHEME	30-Sep-17	01-Apr-17	%
Discount rate	2.85%	2.85%	2.85%	2.70%	
	£'m	£'m	£'m	£'m	
Assets	51	53	104	106	(2%)
Liabilities	(55)	(67)	(122)	(125)	2%
(Deficit)/Surplus	(4)	(14)	(18)	(19)	5%
Funding level - %	93%	79%	85%	85%	

Scheme Discount rates and pension deficit under IAS 19



IAS 19 Pension

The discount rate rose from 2.7% to 2.85% since the 1 April 2017 year end position.

After deferred taxation the net deficit has decreased £0.9m to £14.7m at September 2017.

Under IAS 19 the pension deficit is likely to be volatile and may in the future be very different from this current period. An indication of the potential variability of the scheme deficits under IAS 19 is set out in the chart to the right.

Pulp price

Severe headwinds from the Pulp price

The cost of Northern Bleached Softwood Kraft (“NBSK”) wood-pulp opened at \$840/tonne in April and hit \$903/tonne in Sept 17

Northern Bleached Hardwood Kraft (“NBHK”) wood-pulp opened at \$746/tonne, in April 2017 hit \$885/tonne in Sept 17

The average sterling cost per tonne was £568/tonne in the first half of this year, this is £98/tonne greater than the comparative period last year and presents a challenge

Profits are sustained through

- ✓ Deferment of expenditure
- ✓ Price increases
- ✓ Mix improvement
- ✓ Stronger efficiencies

