

JAMES CROPPER ^{PLC}

ESTABLISHED 1845



**TECHNICAL
FIBRE PRODUCTS**

JAMES
CROPPER



3D
PRODUCTS

JAMES
CROPPER

EST. 1845



Financial Headlines



	2019	2018	2017	2016	2015
	£'000	£'000	£'000	£'000	£'000
Revenue	101,095	96,312	92,363	87,920	83,052
Adjusted operating profit (excluding IAS 19 impact)	4,262	6,133	6,849	6,264	3,899
Adjusted profit before tax (excluding IAS 19 impact)	3,962	5,825	6,566	5,173	3,494
Impact of IAS 19	(1,386)	(1,284)	(1,025)	(1,305)	(919)
Profit before tax	2,576	4,541	5,541	3,868	2,575
Earnings per share - diluted	24.3p	43.0p	49.0p	31.8p	20.1p

Balance Sheet Highlights



	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Non-pension assets – excluding cash	64,871	59,899	64,304	57,470	50,810
Non-pension liabilities – excluding borrowings	(16,235)	(15,585)	(19,433)	(17,019)	(14,289)
	48,636	44,314	44,871	40,451	36,521
Net IAS 19 pension deficit (after deferred tax)	(18,798)	(16,192)	(18,421)	(6,453)	(11,554)
	29,838	28,152	26,450	33,998	24,967
Net borrowings	(8,562)	(4,806)	(7,364)	(7,305)	(6,105)
Equity shareholders' funds	21,276	23,346	19,086	26,693	18,862
Gearing % - before IAS 19 deficit	21%	12%	20%	22%	20%
Gearing % - after IAS 19 deficit	40%	21%	39%	27%	32%
Capital expenditure £'000	5,229	1,935	5,315	4,086	2,619

Technical Fibre Products



TFP	2019	2018	% Change
Revenue	26,487	24,909	6%
EBITDA	9,665	8,189	18%
Profit	8,883	7,449	19%



- 6% year on year revenue growth, across all sectors
- Another year of growth in aerospace and defence markets including F35
- New products developed and approved for defence market and related licensing agreement signed
- New contracts agreed for supply of material for resistive heating products into domestic construction market
- Fuel cell product sales grown over two years and the outlook is positive with long term contracts in place for the automotive market
- On schedule to add a further line and facilities adding 50% additional capacity

Paper Products



Paper	2019	2018	% Change
Revenue	74,318	71,237	4%
EBITDA	(533)	2,883	-118%
Profit	(1,992)	1,468	-236%

- 4.3% year on year revenue growth, 11% in luxury packaging sector
- Continued focus on value growth and portfolio rationalisation
- New contracts won for luxury brand packaging paper
- High profile brands now using CupCycling™ by James Cropper in luxury papers
- Pulp prices reached a peak in Q3 with £6.5M increase over past 2 yrs
- Advanced research into use of alternative fibres underway
- Investments underway to support value growth



3D Products (Colourform™)

3DP	2019	2018	% Change
Revenue	290	166	75%
EBITDA	(1,905)	(1,278)	-49%
Profit	(2,462)	(1,639)	-50%

- Major global cosmetics brand business won
- Significant contracts have gone live at the start of the new financial year
- Strong pipeline growth across beauty and wine & spirits
- Targeted on Western Europe environmentally conscious markets in cosmetics, perfumes, wines and spirits
- Further 50% increase in capacity now in place
- Acceleration of pipeline conversion



COLOURFORM™
PLASTIC-FREE PACKAGING

Strategic Investments



	FOCUS	INVESTMENT
TFP	To increase capacity to meet future demand	Build additional production capacity and infrastructure
	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	Extend capacity for processing waste materials to reuse as quality fibre
Colourform	Contracts are Western Europe based for a UK source of supply, seeking strategic partnerships in China for Asia opportunities	

Outlook



- Each business focusing on high value long term growth markets
- TFP will continue to strengthen and grow its market position
- Paper to become more resilient to the pulp market, delivering increasing profitable growth
- Colourform will deliver meaningful growth and convert new higher value contracts
- Investing for growth
- Increasing focus on employee skills and wellbeing
- Ambition to become differentiated through sustainability credentials
- Confident to ensure sustained and sustainable growth for the long term

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Group Revenues

Group £'m	2019	% Sales	2018	% Change
UK	44.2	44%	43.0	3%
Europe	23.3	23%	20.5	14%
Americas	24.4	24%	23.1	6%
Asia	7.8	8%	7.6	2%
Other	1.5	1%	2.1	(30%)
Total	101.1	100%	96.3	5%

56% of revenues are export sales (55% prior year)
Growth in Europe and the US

Paper £'m	2019	% Sales	2018	% Change
UK	41.0	55%	40	2%
Europe	16.3	22%	14.9	9%
Americas	9.1	12%	7.8	16%
Asia	7.0	9%	7.1	(1%)
Other	1.0	1%	1.4	(29%)
Total	74.3		71.2	4%

45% of revenues in Paper are export with strong
growth in Europe and the US this year

TFP £'m	2019	% Sales	2018	% Change
UK	3.1	12%	2.8	9%
Europe	6.9	26%	5.6	24%
Americas	15.3	58%	15.3	(0%)
Asia	0.8	3%	0.5	51%
Other	0.5	2%	0.7	(30%)
Total	26.5		24.9	6%

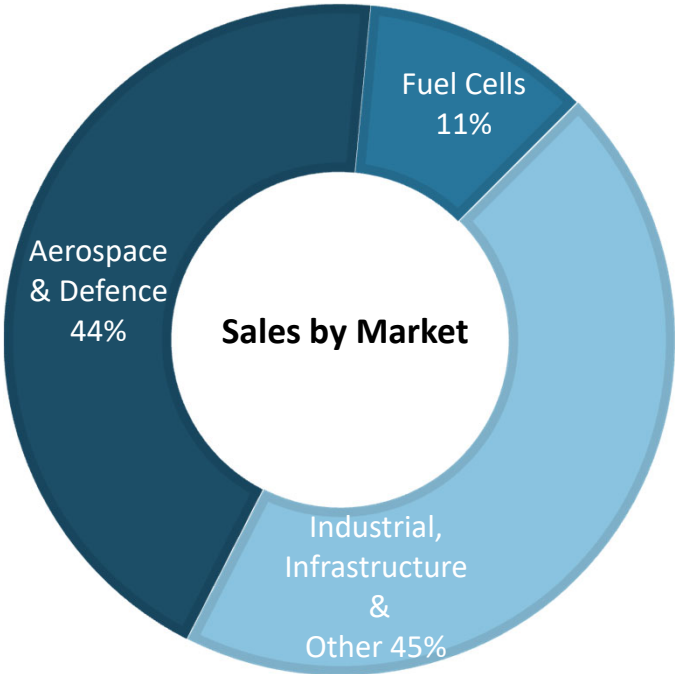
88% of revenues in TFP are export, with strong
growth in Europe this year

3DP £'m	2019	% Sales	2018	% Change
UK	0.2	58%	0.2	(16%)
Europe	0.1	19%	0	-
Total	0.3	100%	0.2	45%

Technical Fibre Products

The broadest range of non-wovens in the world

- Industrial, Infrastructure & Other
- Aerospace & Defence
- Fuel Cells



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

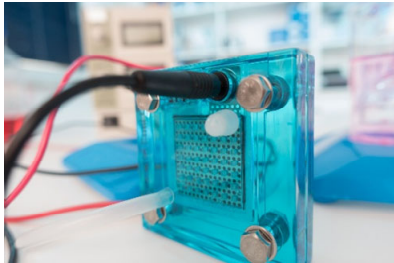
TFP nonwovens enable aerospace engineers to reduce weight by providing materials which are both lightweight and multifunctional



FUEL CELLS

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

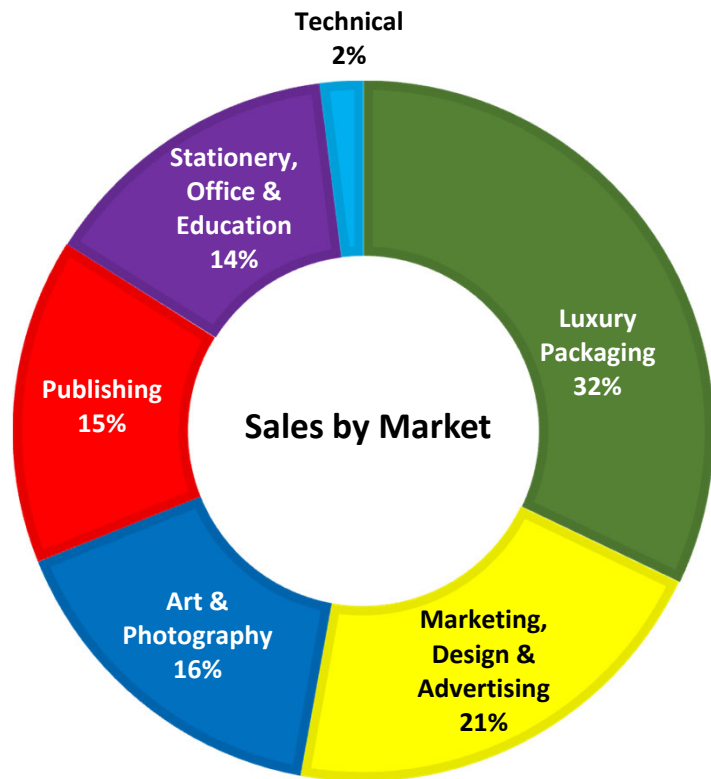
TRANSPORT – Fuel Cells are used to power fuel cell vehicles including forklifts, cars, buses, boats and submarines



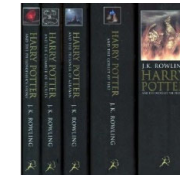
James Cropper Paper

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

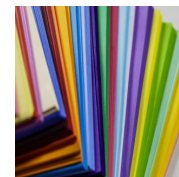
- Luxury Packaging
- Marketing, Design & Advertising
- Art & Photography
- Publishing
- Stationery, Office & Education
- Technical



LUXURY PACKAGING
 FASHION & CLOTHING
 BEAUTY & COSMETICS
 JEWELLERY & WATCHES
 CONSUMER TECHNOLOGY
 ALCOHOLIC DRINKS



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

Profit and Loss Summary

	2019	2018	Change	
	£'m	£'m	£'m	%
Paper Products	(2.0)	1.5	(3.5)	(236%)
Technical Fibre Products	8.9	7.4	1.4	19%
3D Products	(2.5)	(1.6)	(0.8)	(50%)
Other Group expenses	(0.2)	(1.1)	1.0	85%
Operating profit before interest prior to IAS 19	4.3	6.1	(1.9)	(31%)
Net interest prior to IAS 19 finance costs	(0.3)	(0.3)	0.0	(3%)
Profit before tax prior to IAS 19	4.0	5.8	(1.9)	(32%)
Net IAS 19 pension adjustments	(1.4)	(1.3)	(0.1)	8%
Profit before tax	2.6	4.5	(2.0)	(43%)

Balance Sheet

Balance sheet	2019	2018
	£'m	£'m
Non-pension assets - excluding cash	64.9	59.9
Non-pension liabilities - excluding borrowings	(16.2)	(15.6)
	48.6	44.3
Net IAS 19 pension deficit (after deferred tax)	(18.8)	(16.2)
	29.8	28.2
Net borrowings	(8.6)	(4.8)
Equity shareholders' funds	21.3	23.3
Gearing % - before IAS 19 deficit	21%	12%
Gearing % - after IAS 19 deficit	40%	21%
Capital expenditure £'m	5.2	1.9

Cash Flow

	2019	2018
	£'m	£'m
EBITDA (excluding IAS 19 impact)	7.2	8.8
Pension deficit payments	(1.5)	(1.4)
Increase in working capital	(1.9)	(0.4)
Other	(0.4)	(1.1)
Net cash generated from operations	3.4	5.8
Capital expenditure	(5.2)	(1.9)
Dividends	(1.3)	(1.1)
(Decrease) / increase in loans	0.3	1.7
Other	(0.3)	(0.8)
Increase/(decrease) in cash	(3.2)	3.6
Opening cash	5.6	1.9
Closing cash	2.4	5.6

Facility Profile

	2019 £'m	2018 £'m	Change £'m
Cash and cash equivalents	2.4	5.6	(3.2)
Borrowings: repayable within one year	(1.5)	(1.6)	0.1
Borrowings: non-current	(9.4)	(8.8)	(0.6)
Net debt	(8.6)	(4.8)	(3.8)
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Borrowings: repayable within one year	1.5	1.6	(0.1)
Borrowings: non-current	9.4	8.8	0.6
Facilities drawn down	10.9	10.4	0.6
Undrawn facilities	8.1	8.9	(0.8)
Facilities	19.0	19.3	(0.3)
<hr/>			
Cash and cash equivalents	2.4	5.6	(3.2)
Undrawn facilities	8.1	8.9	(0.8)
Funds available at year end	10.5	14.5	(4.0)
Borrowings: repayable within one year	(1.5)	(1.6)	0.1
Funds available in excess of one year	8.9	12.9	(4.0)

The Pension Deficit

The IAS 19 pension valuation 2019

	Staff Scheme £'m	Works Scheme £'m	Both Schemes £'m
<i>Discount rate</i>	2.45%	2.45%	2.45%
Assets	53.0	57.0	110.0
Liabilities	(60.7)	(72.0)	(132.6)
Deficit	(7.7)	(15.0)	(22.6)
<i>Funding level - %</i>	87.4%	79.2%	82.9%

IAS 19 Valuation

The combined increase in the schemes' overall deficit is principally caused by falling corporate bond yields pushing up liabilities, mitigated to an extent by reductions in life expectancy (which reduces liabilities) and strong asset returns.

The IAS 19 valuation includes 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.

Triennial "on-going" valuation - 2016

	Staff Scheme £'m	Works Scheme £'m	Both Schemes £'m
<i>Discount rate</i>	3.55%	3.55%	3.55%
Assets	44.4	47.9	92.3
Liabilities	(48.1)	(60.0)	(108.1)
Deficit	(3.7)	(12.1)	(15.8)
<i>Funding level - %</i>	92.35%	79.78%	85.37%

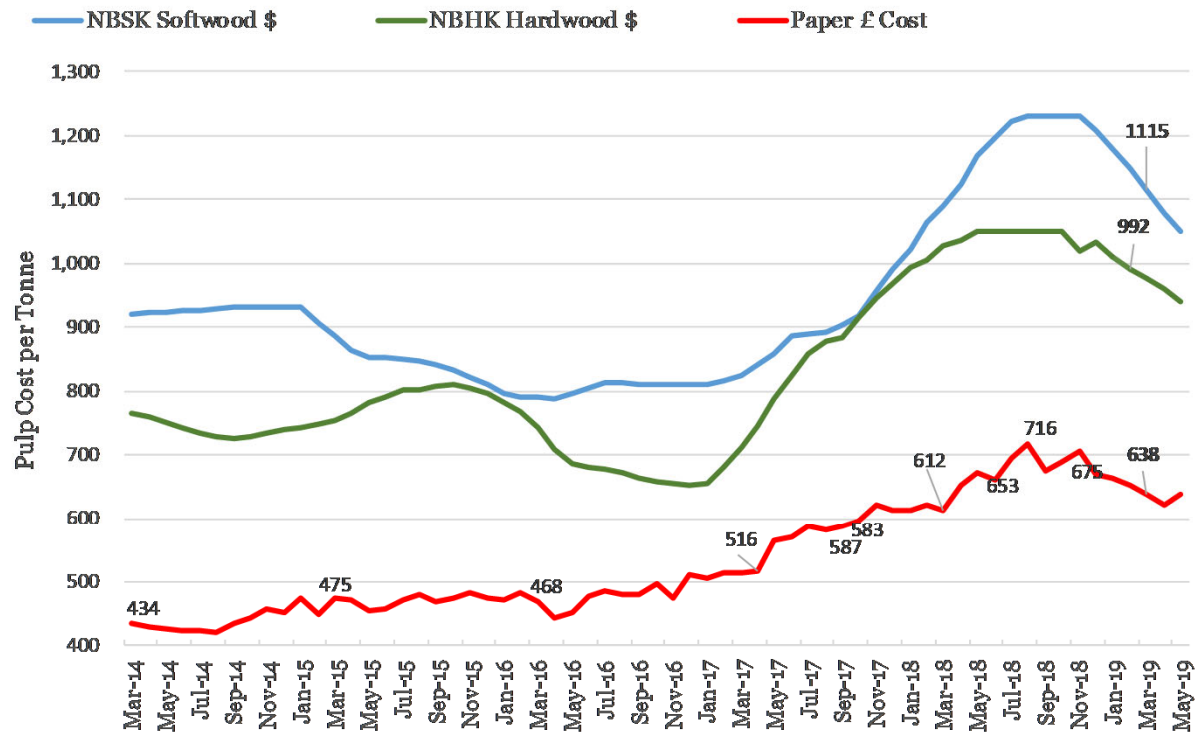
Ongoing Valuation

Work has commenced on the next – triennial “on-going” valuation set for April 2019.

The on-going triennial valuations are important to align the latest position on route 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



Severe headwinds from the Pulp price.

The cost of Northern Bleached Softwood Kraft (“NBSK”) wood-pulp opened at \$1,123/tonne in April 18 and steadily rose to \$1,230/tonne for a number of months, these were new highs. Importantly the price started to turn downwards at the start of the calendar year and has continued downwards in recent months.

Northern Bleached Hardwood Kraft (“NBHK”) wood-pulp opened at \$1,036/tonne, in April 2018 and steadily rose to a high of \$1,050 during the year.

Importantly the price has fallen below \$1,000 in recent months.