

JAMES CROPPER ^{PLC}

ESTABLISHED 1845



**TECHNICAL
FIBRE PRODUCTS**

JAMES
CROPPER



3D
PRODUCTS

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Headlines



Revenue

(Sept 2015: £42.1m)

£45.4m +8%

Operating profit before interest

(excluding IAS 19 impact)
(Sept 2015: £1.8m)

£2.6m +42%

Profit before tax

(before IAS19 impact)
(Sept 2015: £1.7m)

£2.4m +46%

Profit before tax

(Sept 2015: £1.0m)

£2.0m +100%

Net borrowings

(Sept 2015: £8.9m)

£6.6m -26%

Gearing

(After IAS19 deficit)
(Sept 2015: 45%)

41% -9%

Diluted Earnings per share

(Sept 2015: 8.3p)

17.2p +107%

Dividend per share declared

(Sept 2015: 2.2p)

2.5p +14%

Highlights

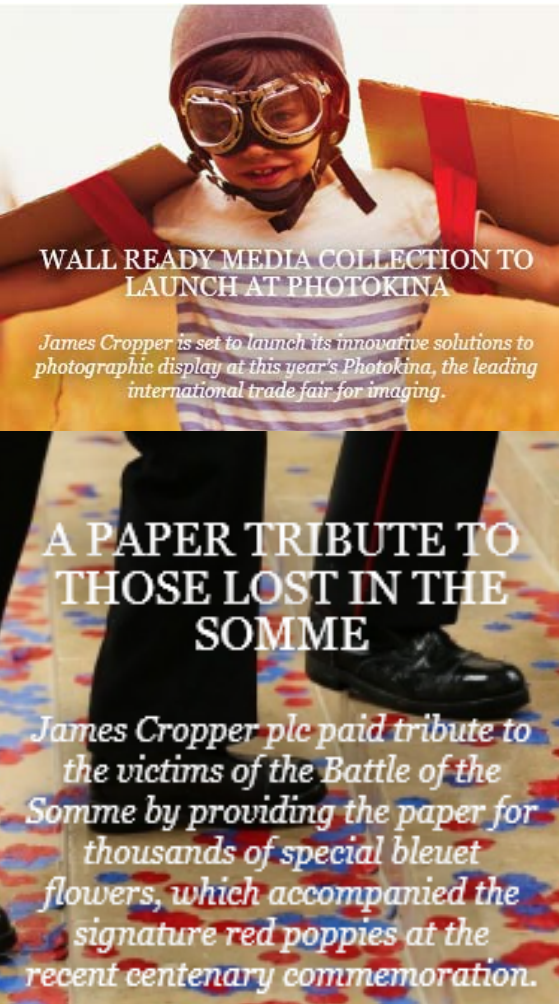
| | Half Year 01-Oct-16 | Half Year 26-Sep-15 | Full Year 02-Apr-16 |
|------------------------------------|------------------------|------------------------|------------------------|
| | £'m | £'m | £'m |
| Capital Investment | 2.12 | 2.17 | 4.09 |
| Net Debt | 6.62 | 8.91 | 7.31 |
| Leverage ratio (Net Debt/ EBITDA) | 0.71 | 1.33 | 0.85 |
| Shareholders funds | 16.00 | 20.00 | 26.70 |

Movement on Shareholder Funds

| | |
|---|--------|
| SH funds at 2 April 2016 | 26.7 |
| Profit after Tax for the period | 1.6 |
| Net Actuarial losses on pension liabilities | (11.9) |
| Dividends paid | (0.6) |
| Other adjustments | 0.2 |
| SH funds at 1 October 2016 | 16.0 |



Paper Products



Sales 5% up on prior year 1st half with growth in domestic and export markets

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

Bringing new products and solutions to market:-

Dolcelicious – advanced food grade papers

Tailor-Made – provide bespoke paper solutions for packaging

Wall Ready Media – inkjet photographic media

Positive growth with both new and existing customers

Paper Products

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| Paper £'m | Sept 2016 | % Sales | Sept 2015 | % Change |
|-----------|-----------|---------|-----------|----------|
| UK | 21.0 | 60% | 20.2 | 4% |
| Europe | 7.4 | 21% | 6.6 | 12% |
| Americas | 3.4 | 10% | 3.6 | (6%) |
| Asia | 2.7 | 8% | 2.5 | 8% |
| Other | 0.8 | 1% | 0.8 | 0% |
| Total | 35.3 | | 33.7 | 5% |

Technical Fibre Products



Sales 21% up on prior year 1st half with growth in all regions

Strong growth in targeted aerospace, green and defence markets

Good progress made in sales of fuel cell materials

Further projects initiated in aircraft primary structure solutions

Funded development work continues on key defence technologies for the future

R&D continuing to play a key role in new product growth

Technical Fibre Products



| TFP £'m | Sept 2016 | % Sales | Sept 2015 | % Change |
|----------|-----------|---------|-----------|----------|
| UK | 1.2 | 12% | 1.7 | (29%) |
| Europe | 2.5 | 25% | 1.7 | 47% |
| Americas | 5.6 | 55% | 4.7 | 19% |
| Asia | 0.4 | 4% | 0.1 | 300% |
| Other | 0.4 | 4% | 0.2 | 100% |
| Total | 10.1 | | 8.4 | 21% |

3D Products



Business offering launched at 'Packaging Innovations', Olympia in September 16

New customer projects now underway

Developing products with global blue chip organisations

Additional capacity investments approved and ready early 2017

Outlook



Continued growth in TFP and Paper businesses

Additional aerospace commercial developments in TFP

Key focus on export markets for Paper

Increased business development and sales activity in 3DP

Further 3DP capacity to come online in early 2017

R&D and innovation focus across each business

Aligned to achieve market PBT expectation

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Supplementary information

Profit and Loss Summary

| | Half Year 02-Oct-16 | Half Year 26-Sep-15 | Full Year 02-Apr-16 |
|-------------------------------|------------------------|------------------------|------------------------|
| | £'m | £'m | £'m |
| Paper Products | 35.3 | 33.7 | 69.2 |
| Technical Fibre Products | 10.1 | 8.4 | 18.7 |
| Revenue | 45.4 | 42.1 | 87.9 |
| Operating Profit | 2.4 | 1.6 | 6.3 |
| Exceptional costs | 0.0 | 0.0 | (0.8) |
| PBT (prior to IAS 19) | 2.4 | 1.6 | 5.2 |
| Net IAS 19 pension adjustment | (0.4) | (0.6) | (1.3) |
| Profit before tax | 2.0 | 1.0 | 3.9 |
| EBITDA | 3.7 | 3.0 | 8.6 |

Balance Sheet

| | Half Year 01-Oct-16 £'M | Half Year 26-Sep-15 £'M | Full Year 02-Apr-16 £'M |
|---|-------------------------------|-------------------------------|-------------------------------|
| Non-pension assets - excluding cash | 56.02 | 54.17 | 57.47 |
| Non-pension liabilities - excluding borrowings | (15.29) | (14.53) | (17.02) |
| | 40.73 | 39.64 | 40.45 |
| Net IAS 19 pension deficit (after deferred tax) | (18.07) | (10.73) | (6.45) |
| | 22.66 | 28.91 | 34.00 |
| Net borrowings | (6.62) | (8.91) | (7.31) |
| Equity shareholders' funds | 16.04 | 20.00 | 26.69 |
| Gearing % - before IAS 19 deficit | 19% | 29% | 22% |
| Gearing % - after IAS 19 deficit | 41% | 45% | 27% |
| Capital Expenditure | 2.12 | 2.17 | 4.09 |

Cash Flow

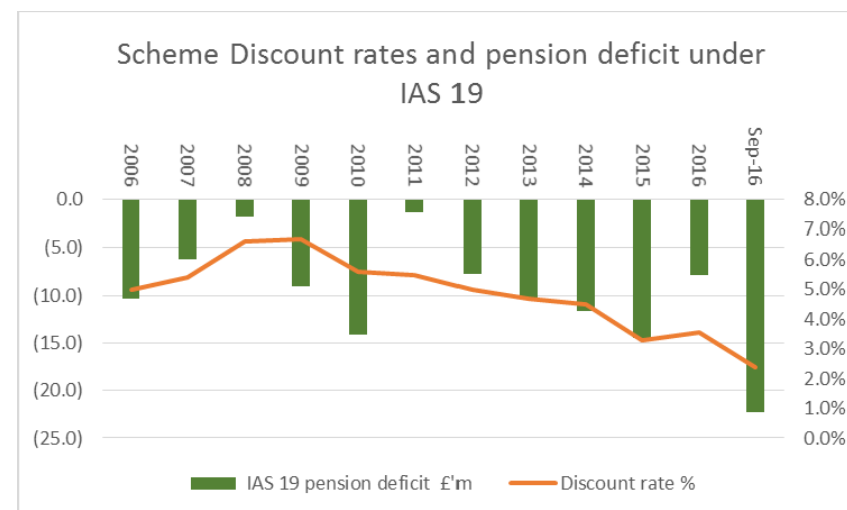
| | Half Year 01-Oct-16 £'M | Half Year 26-Sep-15 £'M | Full Year 02-Apr-16 £'M |
|---|-------------------------------|-------------------------------|-------------------------------|
| EBITDA (excluding IAS 19 impact) | 3.7 | 3.0 | 8.6 |
| Pension deficit payments | (0.7) | (0.6) | (1.4) |
| Decrease/ (increase) in working capital | 1.3 | (2.1) | (2.1) |
| Other | (0.7) | (0.4) | (1.4) |
| Net cash generated from operations | 3.6 | (0.1) | 3.7 |
| Capital expenditure | (2.1) | (2.2) | (4.1) |
| Dividends | (0.6) | (0.6) | (0.7) |
| (Decrease) in loans | (0.7) | (0.7) | 1.5 |
| Other | 0.1 | 0.0 | 0.1 |
| Increase/(decrease) in cash | 0.2 | (3.6) | 0.5 |
| Opening cash | 3.2 | 2.7 | 2.7 |
| Closing cash | 3.4 | (0.9) | 3.2 |

Facility Profile

| | Half Year 01-Oct-16 £'M | Half Year 26-Sep-15 £'M | Full Year 02-Apr-16 £'M |
|--|-------------------------------|-------------------------------|-------------------------------|
| Overdraft facility | 3.7 | 4.6 | 3.5 |
| Loans | 11.7 | 4.8 | 9.2 |
| Leases | 2.5 | 3.2 | 2.7 |
| Total Facilities | 17.9 | 12.6 | 15.4 |
| Drawn | 10.1 | 8.0 | 10.4 |
| Undrawn | 7.8 | 4.6 | 5.0 |
| Undrawn facilities | 7.8 | 4.6 | 5.0 |
| Cash | 3.4 | (0.9) | 3.2 |
| ST Borrowings | (0.8) | (1.1) | (3.9) |
| Funds available in excess of 1 year | 10.4 | 2.6 | 4.3 |

Pension Deficit – IAS 19

| | STAFF SCHEME | WORKS SCHEME | BOTH SCHEMES | | CHANGE % |
|-------------------------------------|-----------------|-----------------|--------------------|--------------------|-------------|
| | | | TOTAL 01-Oct-16 | TOTAL 02-Apr-16 | |
| IAS 19 valuation - Sept 2016 | | | | | |
| Discount rate | 2.40% | 2.40% | 2.40% | 3.55% | |
| | £'M | £'M | £'M | £'M | |
| Assets | 54 | 55 | 109 | 94 | 15% |
| Liabilities | (58) | (73) | (131) | (102) | 28% |
| (Deficit)/Surplus | (4) | (18) | (22) | (8) | 183% |
| Funding level - % | 93% | 75% | 83% | 92% | |



IAS 19 Pension

The discount rate dropped from 3.55% to 2.40% since the 2 April 2016 year end position.

The overall deficit has increased by £14.4m, after deferred taxation the net deficit movement is £11.6m.

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 \$790/tonne in April 2016 rising slowly to US\$810/tonne by Sept 2016. Northern Bleached Hardwood Kraft (“NBHK”) wood-pulp opened at \$744/tonne, falling progressively to \$664 in Sept 2016. In the six months to 1 October 2016 the Company’s sterling cost of Pulp was on average £6/tonne lower than the previous 6 months.

