

7 September 2016

McBride plc
("McBride", the "Company" or the "Group")

Significant progress in first year of strategy underpins profit growth

McBride plc, the leading European manufacturer and supplier of Co-manufactured and Private Label products for the Household and Personal Care market, announces its results for the year ended 30 June 2016.

£m unless otherwise stated	2016	2015	Change
Revenue	680.9	704.2	(3.3%)
Revenue (constant currency) ¹	680.9	694.4	(1.9%)
Adjusted operating profit ²	36.2	28.5	+27.0%
Adjusted operating profit (constant currency) ¹	36.2	28.0	+29.3%
Adjusted operating margin ²	5.3%	4.0%	+1.3ppts
Operating profit	32.9	9.7	
Adjusted profit before taxation ³	29.4	21.7	+35.5%
Profit before taxation	25.8	2.6	
Diluted earnings per share	9.3p	(0.4)p	
Adjusted diluted earnings per share ³	11.1p	8.3p	+33.7%
Payment to shareholders (per ordinary share)	3.6p	3.6p	-
Cash flow from operations (before exceptional items)	52.5	44.2	+18.8%
Net debt	90.9	92.4	(1.6%)
Return on capital employed ⁴	23.4%	18.8%	+4.6ppts

- Significant progress on Repair phase of our strategy
- Project to focus on the top 25% of our customers completed
- Strategic purchasing initiatives launched, over £5m benefit realised in year
- Underperforming business being addressed, with good traction in Asia and new dedicated team for Personal Care & Aerosols
- Savings programmes executed in line with plans
- Asset improvement plan launched with structural investment initiatives in UK, Poland, and Belgium
- UK Defined Benefit Plan closed to future service accrual
- Operating margin up to 5.3% (2015: 4.0%) with adjusted operating profit up by 27%
- Strong cash generation with underlying net cash inflow of £13.9m

- Net debt cover ratio improved to 1.7x from 1.9x in 2015
- Full year payment to shareholders 3.6p per share (2015: 3.6p)

Rik De Vos, Chief Executive Officer commented:

"I am delighted to report on the significant progress we have made in the implementation of the Group's strategy, only one year since it was launched. The encouraging financial results for the last year are an early demonstration of what this strategy can achieve and the Board remains confident in the opportunity ahead as we now move into the "Prepare" phase. The commitment and focus of the McBride team on the execution and delivery of our "Repair" objectives has been outstanding and this remains critical for our future success. Trading in the first few month of the new financial year has been in line with expectations and we look forward to delivering further good progress in the current year.

Trading in the first few months of the new financial year has been in line with expectations. Our margin and cost initiatives, implemented as part of our strategy, continue to deliver the expected benefits to our profitability levels. Despite uncertainty in raw material pricing and foreign exchange rates, we look forward to delivering further good progress in our financial performance in the current year, consistent with our 3-5 year ambition."

McBride plc

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¹ Comparatives translated at 2016 exchange rates.

² Adjustments were made for the amortisation of intangible assets and exceptional items.

³ Adjustments were made for the amortisation of intangible assets, exceptional items, non-cash financing costs from unwind of discount on initial recognition of contingent consideration; unwind of discount on provisions and any related tax.

⁴ Adjusted operating profit as a percentage of average year-end net assets excluding net debt.

Strategy Progress

A year ago, the Group presented the 'Manufacturing Our Future' strategy, with its three phases - 'Repair, Prepare, Grow', defining a clear roadmap to restore McBride to its core capability of manufacturing excellence with a three to five year ambition for adjusted operating margin (EBITA %) of 7.5% and ROCE targeted at 25-30%.

The three key considerations for our actions in the past year have been clarity, simplification and focus. The Repair phase has been established and translated into a number of specific and tangible projects, being a subset of 17 key projects in total, representing our action plan of the Repair, Prepare, Grow strategy.

In last year's annual report, we set five clear objectives that were to be delivered upon during the first year. These were;

- delivery of the early overhead cost reduction plan; reduction in customer and SKU complexity;
- implementing the cost reduction resulting from customer and product simplification;

- identifying and addressing the under-performing segments of the group; and
- accelerating purchasing efficiency initiatives.

Overall, progress in the delivery of our key Repair objectives has been very satisfactory and has been a key contributor to our improved results along with promoting more clarity, simplification and focus in operational execution.

In parallel to the UK restructuring project, a £3 million overhead, reduction plan was initiated in June 2015. This plan aimed to simplify the organisational structure, enhancing clarity of responsibility and to promote accelerated decision making. This plan has been fully implemented and delivered on an annualised basis the targeted savings.

As we approach the end of the calendar year 2016, we exit the Repair phase and start to Prepare the company for the future, by creating clarity on the markets, products and segments where we will sell in the future, whilst identifying and approving investment programmes for our key assets to support this ambition. Additionally we are developing our new organisational structure and culture, and setting plans to address improvements needed in our under-performing businesses.

Group operating results

Full year Group revenues at £680.9 million were £23.3 million (-3.3%) lower than the revenues reported for the prior year. The translation impact of a weak Euro for most of the financial year was responsible for approximately half of this headline reduction. On a constant currency basis, sales were lower by £13.5 million (-1.9%), with Household sales lower by 1.9% and Personal Care & Aerosols ("PCA") lower by 2.1%.

A key objective of the "Repair" phase of our strategy implementation was to reduce the levels of complexity in our customer and product portfolio. This action will see Group revenues on an annualised basis reduce by approximately £20.0 million. This initiative commenced in the second half year such that in the 12 months to 30 June 2016, the impact lowered revenues by £6.0 million, equating to approximately half of the year on year reduction in Group sales (at constant currency).

Overall volume levels were unchanged across the total Group but the impact of ongoing price pressures in most of the Group's markets continued to drive the revenue line lower. This was most evident in the UK business, which saw pricing lower overall by approximately 4% offset by implemented efficiency and raw material changes.

Full year adjusted operating profit was £36.2 million (2015: £28.5m) with adjusted operating profit margin increasing to 5.3% (2015: 4.0%), slightly ahead of the projected 1% per annum improvement outlined in our 3-5 year progress towards our 7.5% ambition. Excluding the impact of translation exchange rates, adjusted operating profits improved by 29.3% or £8.2 million. Full year operating profit increased by £23.2 million to £32.9 million (2015: £9.7m). Based on adjusted operating profit, the improved profitability levels led to an improved return on capital employed ratio, with the measure rising to 23.4% (2015: 18.8%).

A significant proportion of the year on year profit improvement related to cost savings initiatives, either in overheads or from structural buying improvements.

During the year to 30 June 2016 all remaining actions under the UK restructuring project, announced in 2014 were completed. As anticipated, the project is delivering an annualised benefit of £12.0 million. In June 2015, we announced a cost savings' project affecting our sales and finance administration with savings of £2.9 million delivered in the year. Additionally, a consequence of the initiative to decrease customer and product complexity

has been to reduce the burden of managing these activities facilitating further overhead reductions. In the past financial year, savings amounted to £2.2 million with the ongoing annualised benefit expected to amount to £4.7 million, more than balancing the margin lost from reducing customer and product ranges.

A further benefit of the business simplification actions is being generated through purchasing efficiency. Our purchasing teams are active in driving scale benefits in many aspects of our procurement activities. The significant effort to drive technically led formulation simplification and thorough reviews of how and what we buy has led to a steep fall in the number of components and chemicals used by the Group, which realised a benefit of over £5 million in the year. These purchasing benefits and a range of efficiency initiatives in the factories have delivered improved gross margins, which rose 1.2 percentage points to 35.8%. (2015: 34.6%) despite the effect of lower customer pricing.

The year was a strong one for cash management with cash generated from operations before exceptional items of £52.5 million (2015: £44.2m). Capital expenditure cash flow slowed to £12.8 million (2015: £21.9m) as the new investment strategy outlined in the "Prepare" phase was under development for much of the year, impacting short term investment decisions.

Cash outflow for exceptional items of £4.2 million (2015: £10.7m) reflects primarily the impact of the charge taken at June 2015 for central overhead restructuring and the remaining cash costs associated with the UK restructuring project announced in June 2014.

Net cash flow before payments to shareholders was £19.7 million (2015: £2.3m). Cash payments made to shareholders during the year amounted to £5.8 million (2015: £8.7m), the reduction a reflection of the reset of the dividend policy announced in September 2015. Reported year-end net debt reduced by £1.5 million to £90.9 million (2015: £92.4m), comprising a strong net cash flow of £13.9 million reduced by £12.4 million of translation impact as a result of the weaker sterling exchange rates on Euro and USD denominated borrowings. Financial instruments to hedge this exposure saw an equivalent rise, but are included in balance sheet but not recorded within net debt.

The Group's balance sheet strengthened through the year with net assets rising by £11.6 million to £69.1 million (2015: £57.5m). Gearing improved further to 59% (2015: 61%) and the debt cover ratio fell to 1:7 (2015: 1:9). The Group has significant borrowing capacity with headroom of £127.5 million (2015: £94.6m) on committed debt facilities. The Group traded throughout the period with ample headroom on its banking covenants.

Segmental performance

In line with our announcement at the interim stage, as a consequence of the decision to separately manage the Group's Household and PCA activities, our segmental reporting has been amended to accommodate this change. In addition, we separately report corporate costs, which include the costs associated with the Board and the Executive Leadership team, governance and listed company costs and certain central functions, mostly associated with financial disciplines such as treasury.

Household

The Household activities are managed by four regional teams, a key organisational responsibility that has been established as part of the re-design of the management structure and implemented in our "Repair" phase. Whilst revenues for the four regions are split, trading profits are only measured and reported at the total segment level.

Reported revenues decreased by 3.1% to £535.0 million (2015: £552.4m) but at constant currency revenues were lower by only 1.9%. Of this sales decrease, £4.7 million related to the in-year effect of our "customer choice" project, the balance of the shortfall relating to the effect of pricing deflation with volumes broadly flat.

Headline profits increased in Household by 13.0% (13.9% at constant currency), broadly matching the improvements seen in the Group overall. In spite of slightly lower revenues, the benefits of improved buying of raw materials and the effect of the cost management initiatives resulted in trading profit margins in this sector rising from 6.8% to 8.0%.

In the UK, revenues of £164.9 million compared to £180.5 million in 2015, a decline of 8.6%. The decrease reflected lower volumes due to a number of UK retailers reducing their SKU ranges in store and the effect of the deflationary pricing environment as noted earlier. Lower contract manufacturing volumes were also a key contributor to the reduction in the UK as a 2 year contract ended and was not replaced in the period.

In the North region, which covers France, Belgium, Netherlands and Scandinavia, overall sales benefited from improved contract volumes balanced by slightly lower private label sales. Like the UK, price deflation is also a feature in the revenue development, although volumes are showing good growth, especially in Belgium and the Netherlands.

Our South region which primarily represents Italy and Iberia reported underlying sales growth of 2.4% at constant currency. Volume growth was strong with both contract gains and growth in private label. Pricing pressures however held back overall growth in an ongoing competitive environment. Iberia in particular showed significant improvement with volumes up 11.4% following new business wins.

Our East region, covering Germany, Poland and other East European countries, saw growth continue in the German market with a range of key customer supply relationships expanding further in scope during the year. In Poland, sales were weaker as a result of certain key retailers shifting their business model towards higher levels of branded goods in store. Sales developed satisfactorily in the growing markets of Russia, Hungary and the Baltics.

Personal Care & Aerosols (PCA)

The PCA division comprises the Personal Care liquids, Skincare and Aerosols businesses of McBride's European operations and also the activities of McBride in Asia.

On a reported basis, revenues for this division fell by 3.9% to £145.9 million (2015: £151.8m). At constant currency revenues were lower by only 2.1%. Within this segment revenues were significantly higher in both Asia and at our skincare business in Europe, up 18.1% and 23% respectively at constant currency. Our European Aerosols and Personal Care Liquids businesses saw volumes lower by 4% overall at constant currency with the main markets for these products, UK and France, both seeing private label volumes under pressure from branders and high levels of in-store promotional activity.

Overall reported profitability for this segment improved significantly by £4.1 million to £2.7 million (2015: -£1.4m). In addition to the significantly improved performances of both our Asian and European skincare businesses, our European Aerosols and Personal Care Liquids businesses saw profits improve in spite of lower revenues as a result of improved margins, driven by better buying and improved factory efficiencies. The businesses also benefited from lower overall overheads costs, achieved in part from the Group's central cost saving initiatives.

The new management team for PCA in Europe, in position for over 6 months now, has provided focus and dedicated support to this segment, its customers and factory operations. Progress so far is pleasing and further progress on simplifying this segment will be required in the coming year to ensure this segment is achieving acceptable margins to support re-investment.

In Asia, the local teams have successfully turned a break-even operation to one that now makes underlying profits close to the Group average. The closure of the loss making Chinese operation was achieved to plan in December 2015. Revenues have seen promising growth in Australia, Vietnam and Malaysia with a range of new private label and contract business.

Corporate Costs

Costs increased by £1.3 million compared to last year (2015: £7.9m). This increase relates primarily to incentive payments, especially LTIP costs, which as a result of the improved profits for the business are now considered more likely to vest, incurring charges for not just this year but also catch up charges from prior years.

Other financial information

Exceptional items

Exceptional items of £2.4 million were recorded during the year (2015: £17.8m), comprising the following four components:

- As previously outlined, the Group has implemented a new strategy to lower complexity through the rationalisation of our customer base down to 25% of our previous customer portfolio. This strategy is substantially complete as at 30 June 2016 with re-organisation costs of £2.2 million charged to exceptional items.
- Following our review of the contingent consideration payable arising from the acquisition of the Czech Republic based skincare business at Brno, an additional provision of £1.7 million has been recorded to reflect the increase in performance and our increased liability. This charge is materially offset by a reversal of the impairment charges previously made in relation to the assets at Brno of £1.7 million.
- Exceptional provisions were made in the two prior financial years with regard to the UK restructuring project and the creation of a functional structure with centralised support services. Work is now substantially complete on both projects resulting in the release of unused provisions of £0.3 million and £0.7 million respectively.
- In late June 2016, the Group's Italian business lost a long running legal case surrounding costs of reparation to a property vacated by the Group in 2011. In consideration of the advised worst case position, an existing provision has been increased by £1.2 million as at 30 June 2016.

Net finance costs

Net finance costs amounted to £7.1 million (2015: £7.1m) with a small reduction in pensions interest costs offset by an increase in costs associated with net profit hedge instruments.

Profit before tax and tax rate

Reported profit before tax was £25.8 million (2015: £2.6m) with adjusted profit before tax totalling £29.4 million (2015: £21.7m). The tax charge on adjusted profit before tax for year of £9.2 million (2015: £6.5m) represents a 31% effective tax rate. This compares to the 30% effective tax rate for the year ended 30 June 2015, the increase being due to a change in the mix between jurisdictions in which Group profits arise.

Earnings per share

On an adjusted basis, diluted earnings per share (EPS) increased by 34% to 11.1 pence (2015: 8.3p) with basic EPS at 9.3 pence (2015: (0.4p)).

Payments to shareholders

In September 2015, the Board's policy on payments to shareholders was reset following its strategy review. As a consequence, the full year payment relating to the year ended 30 June 2015 was reset to 3.6 pence. For the year to 30 June 2016, the Board will recommend the same level as the prior year and hence a payment to shareholders of 3.6 pence. Going forward, in line with the new policy, the Group expects to distribute adjusted earnings to shareholders based on a dividend cover range of 2x-3x, progressive with earnings of the Group, taking into account funding availability.

Hence, following the interim payment of 1.2 pence declared in February 2016 (2015: 1.7p), the Board recommends a final payment to shareholders in November 2016 of 2.4 pence (2015: 1.9p) and it is intended this will be issued using the Company's B Share scheme.

Covenants

The Group's funding arrangements are subject to covenants, representations and warranties that are customary for unsecured borrowing facilities, including two financial covenants: Debt Cover (the ratio of net debt to adjusted EBITDA) may not exceed 3:1 and Interest Cover (the ratio of adjusted EBITDA to net interest) may not be less than 4:1. For the purpose of these calculations, net debt excludes amounts drawn under the invoice discounting facilities. The Group remains comfortably within these covenants.

Pensions

At 30 June 2016, the Group recognised a deficit on its UK Defined Benefit pension plan of £31.1 million (30 June 2015: £29.8m).

Following consultation with staff and the UK plan's Trustees, the UK Defined Benefit was closed to future service accrual from 29 February 2016.

Employees affected by this change were offered a new defined contribution scheme from that date. The closure of this plan is one of the actions in the "Repair" phase to limit the growth of fund liabilities, reducing the risks and uncertainty over future cash costs associated with providing an active Defined Benefit pension scheme.

Following the March 2015 triennial valuation, the Company and Trustees agreed a new deficit reduction plan based on the scheme funding deficit of £44.2 million. This gave rise to an increase in the deficit cash funding requirements of £0.4 million to £3.0 million per annum which took effect from 31 March 2015.

Going concern

The Group meets its funding requirements through internal cash generation and bank credit facilities, most of which are committed until April 2019.

At 30 June 2016, committed undrawn facilities amounted to £127.5 million. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, including the possible effect of the UK's decision to withdraw from the EU, show that the Group will be able to operate comfortably within its current bank facilities. The Group has a relatively conservative level of debt to earnings. As a result, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in the preparation of the financial statements.

Board changes

During the year, our Chairman, Iain Napier, advised the Board of his intention to retire. John Coleman was appointed as a non executive director and as Chairman Elect on 22 April 2016 and became Chairman on 1 July 2016.

UK Referendum on EU membership

As a European business, with 70% of the Group's activities outside the UK, the outcome of the British referendum on EU membership is clearly a significant issue for the Group to understand. With so little information on the likely shape of future relationships between the UK, the EU and beyond, we are engaged in developing a deeper understanding of the implications of changes as they emerge.

In the short term, currency volatility has been the most significant issue for the Group to contend with. Much of the Group's debt is USD or Euro denominated, the former being hedged for its full term and the latter naturally hedged by Euro denominated assets. The UK business imports significant quantities of raw materials used for manufacturing, for which the Group is hedged at rates consistent with prior year averages for part of the next financial year. Beyond this point, the UK business, along with our competitors, will face some imported inflation and will look to mitigate this from pricing to customers.

Current trading and outlook

Trading in the first few months of the new financial year has been in line with expectations. Our margin and cost initiatives, implemented as part of our strategy, continue to deliver the expected benefits to our profitability levels. Despite uncertainty in raw material pricing and foreign exchange rates, we look forward to delivering further good progress in our financial performance in the current year, consistent with our 3-5 year ambition.

Principal risks and uncertainties

The Group is subject to risk factors both internal and external to its business, and has a well established set of risk management procedures. The following risks and uncertainties are those that the directors believe could have the most significant impact on the Group's business:

- Market competitiveness;
- Change agenda;
- Input costs;
- Legislative and consumer trends;
- Financial risk; and
- Breach of IT security.

Cautionary statement

This announcement contains forward-looking statements that are subject to risk factors associated with, among other things the economic and business circumstances occurring

from time to time in the countries, sectors and markets in which the Group operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated. No assurances can be given that the forward-looking statements in this announcement will be realised.

The forward-looking statements reflect the knowledge and information available at the date of preparation of this announcement and the Company undertakes no obligation to update these forward-looking statements. Nothing in this announcement should be construed as a profit forecast.

Consolidated income statement

For the year ended 30 June 2016

	Note	2016			2015		
		Adjusted £m	Adjusting items (see note 5) £m	Total £m	Adjusted £m	Adjusting items (see note 5) £m	Total £m
Revenue	2	680.9	-	680.9	704.2	-	704.2
Cost of sales		(437.1)	-	(437.1)	(460.5)	-	(460.5)
Gross profit		243.8	-	243.8	243.7	-	243.7
Distribution costs		(46.5)	-	(46.5)	(48.0)	-	(48.0)
Administrative costs		(161.1)	(3.3)	(164.4)	(167.2)	(18.8)	(186.0)
Operating profit	2	36.2	(3.3)	32.9	28.5	(18.8)	9.7
Finance costs		(6.8)	(0.3)	(7.1)	(6.8)	(0.3)	(7.1)
Profit before taxation		29.4	(3.6)	25.8	21.7	(19.1)	2.6
Taxation	4	(9.2)	0.4	(8.8)	(6.5)	3.2	(3.3)
Profit/(loss) for the year attributable to the owners of the Parent		20.2	(3.2)	17.0	15.2	(15.9)	(0.7)
Earnings per ordinary share	5						
Basic				9.3p			(0.4)p
Diluted				9.3p			(0.4)p

Operating profit		32.9	9.7
<i>Adjusted for:</i>			
<i>Amortisation of intangible assets</i>		0.9	1.0
<i>Exceptional items</i>	3	2.4	17.8
Adjusted operating profit	2	36.2	28.5

Consolidated statement of comprehensive income

For the year ended 30 June 2016

	2016	2015
	£m	£m
Profit/(loss) for the year attributable to owners of the Parent	17.0	(0.7)
Other comprehensive income/(expense)		
Items that may be reclassified to profit or loss:		
Currency translation differences on foreign subsidiaries	12.0	(17.6)
(Loss)/gain on net investment hedges	(10.4)	16.4
Gain on cash flow hedges in the year	12.4	11.2
Loss on cash flow hedges transferred to profit or loss	(10.3)	(6.7)
Taxation relating to items above	(0.6)	(3.0)
	3.1	0.3
Items that will not be reclassified to profit or loss:		
Net actuarial loss on post-employment benefits	(2.6)	(2.1)
Taxation relating to items above	(0.4)	0.4
	(3.0)	(1.7)
Total other comprehensive income/(expense)	0.1	(1.4)
Total comprehensive income/(expense)	17.1	(2.1)

Consolidated balance sheet

As at 30 June 2016

	2016	2015
	£m	£m
	Note	
Non-current assets		
Goodwill	17.5	17.7
Other intangible assets	2.5	2.0
Property, plant and equipment	136.2	129.8
Derivative financial instruments	12.7	9.9
Deferred tax assets	9.3	11.1
Other non-current assets	0.5	0.5
	178.7	171.0
Current assets		
Inventories	75.7	66.8
Trade and other receivables	135.7	132.5
Derivative financial instruments	2.6	1.7
Cash and cash equivalents	24.8	23.3
Assets classified as held for sale	1.2	1.1
	240.0	225.4
Total assets	418.7	396.4
Current liabilities		
Trade and other payables	181.7	172.6
Borrowings	30.3	35.1
Derivative financial instruments	1.2	1.8

Current tax liabilities		2.9	3.7
Provisions	8	3.5	4.8
		219.6	218.0
Non-current liabilities			
Trade and other payables		2.3	0.4
Borrowings		85.4	80.6
Derivative financial instruments		-	0.1
Pensions and other post-employment benefits	7	32.9	31.4
Provisions	8	2.9	3.2
Deferred tax liabilities		6.5	5.2
		130.0	120.9
Total liabilities		349.6	338.9
Net assets		69.1	57.5
Equity			
Issued share capital		18.3	18.3
Share premium account		96.7	102.4
Other reserves		44.4	35.5
Accumulated loss		(90.9)	(99.3)
Equity attributable to owners of the Parent		68.5	56.9
Non-controlling interests		0.6	0.6
Total equity		69.1	57.5

Consolidated cash flow statement

For the year ended 30 June 2016

	Note	2016 £m	2015 £m
Operating activities			
Profit before tax		25.8	2.6
Net finance costs		7.1	7.1
Exceptional items	3	2.4	17.8
Share based payments charge		1.8	-
Depreciation of property, plant and equipment		18.2	19.6
Amortisation of intangible assets		0.9	1.0
Operating cash flow before changes in working capital		56.2	48.1
Decrease/(increase) in receivables		11.0	(3.6)
Increase in inventories		(1.5)	(5.5)
(Decrease)/increase in payables		(10.1)	7.8
Operating cash flow after changes in working capital		55.6	46.8
Additional cash funding of pension schemes		(3.1)	(2.6)
Cash generated from operations before exceptional items		52.5	44.2
Cash outflow in respect of exceptional items		(4.2)	(10.7)
Cash generated from operations		48.3	33.5
Interest paid		(5.2)	(5.7)
Taxation paid		(8.2)	(6.9)

Net cash generated from operating activities	34.9	20.9
Investing activities		
Proceeds from sale of non-current assets	0.1	0.2
Purchase of property, plant and equipment	(11.5)	(21.2)
Purchase of intangible assets	(1.3)	(0.7)
Settlement of derivatives used in net investment hedges	(2.5)	3.1
Net cash used in investing activities	(15.2)	(18.6)
Financing activities		
Redemption of B Shares	(5.8)	(8.7)
Drawdown of borrowings	131.2	103.4
Repayment of borrowings	(145.3)	(107.7)
Capital element of finance lease rentals	(0.1)	(0.1)
Net cash used in financing activities	(20.0)	(13.1)
Decrease in net cash and cash equivalents	(0.3)	(10.8)
Net cash and cash equivalents at the start of the year	23.3	35.3
Currency translation differences	1.8	(1.2)
Net cash and cash equivalents at the end of the year	24.8	23.3

Reconciliation of net cash flow to movement in net debt

For the year ended 30 June 2016

	2016	2015
	£m	£m
Decrease in net cash and cash equivalents	(0.3)	(10.8)
Net repayment of bank loans and overdrafts	14.1	4.3
Capital element of finance lease rentals	0.1	0.1
Change in net debt resulting from cash flows	13.9	(6.4)
Inception of finance lease rentals	-	(0.4)
Currency translation differences	(12.4)	(0.9)
Movement in net debt in the year	1.5	(7.7)
Net debt at the beginning of the year	(92.4)	(84.7)
Net debt at the end of the year	(90.9)	(92.4)

Consolidated statement of changes in equity

For the year ended 30 June 2016

	Other reserves					Accumulated loss £m	Equity attributable to owners of the Parent £m	Non-controlling interests £m	Total equity £m
	Issued share capital £m	Share premium account £m	Cash flow hedge reserve £m	Currency translation reserve £m	Capital redemption reserve £m				
At 30 June 2014	18.3	111.5	(5.8)	(1.1)	33.4	(88.3)	68.0	0.6	68.6
Year ended 30 June 2014									
Loss for the year	-	-	-	-	-	(0.7)	(0.7)	-	(0.7)
Other comprehensive (expense)/income									
Items that may be reclassified to profit or loss:									
Currency translation differences on foreign subsidiaries	-	-	-	(17.6)	-	-	(17.6)	-	(17.6)
Gain on net investment hedges	-	-	-	16.4	-	-	16.4	-	16.4
Gain on cash flow hedges in the year	-	-	11.2	-	-	-	11.2	-	11.2
Loss on cash flow hedges transferred to profit or loss	-	-	(6.7)	-	-	-	(6.7)	-	(6.7)
Taxation relating to items above	-	-	(0.7)	(2.3)	-	-	(3.0)	-	(3.0)
	-	-	3.8	(3.5)	-	-	0.3	-	0.3
Items that will not be reclassified to profit or loss:									
Net actuarial loss on post-employment benefits	-	-	-	-	-	(2.1)	(2.1)	-	(2.1)
Taxation relating to item above	-	-	-	-	-	0.4	0.4	-	0.4
	-	-	-	-	-	(1.7)	(1.7)	-	(1.7)
Total other comprehensive expense	-	-	3.8	(3.5)	-	(1.7)	(1.4)	-	(1.4)
Total comprehensive expense	-	-	3.8	(3.5)	-	(2.4)	(2.1)	-	(2.1)
Transactions with owners of the Parent									
Issue of B shares	-	(9.1)	-	-	-	-	(9.1)	-	(9.1)
Redemption of B shares	-	-	-	-	8.7	(8.7)	-	-	-
Share-based payments	-	-	-	-	-	0.1	0.1	-	0.1
At 30 June 2015	18.3	102.4	(2.0)	(4.6)	42.1	(99.3)	56.9	0.6	57.5
Year ended 30 June 2015									
Profit for the year	-	-	-	-	-	17.0	17.0	-	17.0
Other comprehensive (expense)/income									
Items that may be reclassified to profit or loss:									
Currency translation differences on foreign subsidiaries	-	-	-	12.0	-	-	12.0	-	12.0
Loss on net investment hedges	-	-	-	(10.4)	-	-	(10.4)	-	(10.4)
Gain on cash flow hedges in the year	-	-	12.4	-	-	-	12.4	-	12.4
Loss on cash flow hedges transferred to profit or loss	-	-	(10.3)	-	-	-	(10.3)	-	(10.3)
Taxation relating to items above	-	-	(0.6)	-	-	-	(0.6)	-	(0.6)
	-	-	1.5	1.6	-	-	3.1	-	3.1
Items that will not be reclassified to profit or loss:									
Net actuarial loss on post-employment benefits	-	-	-	-	-	(2.6)	(2.6)	-	(2.6)
Taxation relating to item above	-	-	-	-	-	(0.4)	(0.4)	-	(0.4)
	-	-	-	-	-	(3.0)	(3.0)	-	(3.0)
Total other comprehensive expense	-	-	1.5	1.6	-	(3.0)	0.1	-	0.1
Total comprehensive expense	-	-	1.5	1.6	-	14.0	17.1	-	17.1
Transactions with owners of the Parent									
Issue of B shares	-	(5.7)	-	-	-	-	(5.7)	-	(5.7)
Redemption of B shares	-	-	-	-	5.8	(5.8)	-	-	-
Share-based payments	-	-	-	-	-	0.2	0.2	-	0.2
At 30 June 2016	18.3	96.7	(0.5)	(3.0)	47.9	(90.9)	68.5	0.6	69.1

Notes to the consolidated financial information

For the year ended 30 June 2016

1. Basis of preparation

The financial information is derived from the Group's consolidated financial statements for the year ended 30 June 2016, which have been prepared on the going concern basis in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union, IFRS Interpretations Committee and those parts of the Companies Act 2006 ('the Act') applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, modified in respect of the revaluation to fair value of contingent consideration, financial assets and liabilities (derivative financial instruments) at fair value through profit or loss and assets held for sale.

The consolidated financial statements were approved by the Directors on 7 September 2016.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 June 2015, except for:

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19); and
- Annual Improvements Projects 2012.

All of the above changes to accounting policies had no financial effect on the consolidated financial statements for the year ended 30 June 2016.

The financial information does not constitute statutory accounts within the meaning section 435 of the Companies Act 2006 or contain sufficient information to comply with the disclosure requirements of IFRS.

The Company's auditors, PricewaterhouseCoopers LLP, have given an unqualified report on the consolidated financial statements for the year ended 30 June 2016, which did not include reference to any matters to which the auditors drew attention without qualifying their report and did not contain any statement under section 498 of the Companies Act 2006.

Subject to approval by the Company's shareholders, the consolidated financial statements will be filed with the Registrar of Companies following the Company's Annual General Meeting on 24 October 2016.

2. Segment information

Background

Financial information is presented to the Board by product category for the purposes of allocating resources within the Group and assessing the performance of the Group's businesses. It is considered that Household Products have different market characteristics to Personal Care & Aerosols in terms of volumes, market share and production requirements. Accordingly, the Group's operating segments are determined by product category.

The Board uses adjusted operating profit to measure the profitability of the Group's businesses. Adjusted operating profit is, therefore, the measure of segment profit presented in the Group's segment disclosures. Adjusted operating profit represents operating profit before specific items that are considered to hinder comparison of the trading performance of the Group's businesses either period-on-period or with other businesses. During the periods under review, the items excluded from operating profit in arriving at adjusted operating profit

were the amortisation of intangibles assets and exceptional items.

Analysis by reportable segment

	Household				Household £m	Personal Care & Aerosols ⁽⁴⁾ £m	Total Segments £m	Corporate ⁽⁵⁾ £m	Total Group £m
	UK £m	North ⁽¹⁾ £m	South ⁽²⁾ £m	East ⁽³⁾ £m					
2016									
Segment revenue	164.9	179.0	69.2	121.9	535.0	145.9	680.9	-	680.9
Adjusted operating profit/(loss)					42.7	2.7	45.4	(9.2)	36.2
Amortisation of intangible assets									(0.9)
Exceptional items (see note 3)									(2.4)
Operating profit									32.9
Net finance costs									(7.1)
Profit before taxation									25.8
Inventories					56.9	18.8	75.7	-	75.7
Capital expenditure					10.6	2.2	12.8	-	12.8
Amortisation and depreciation					16.0	3.1	19.1	-	19.1

	Household				Household £m	Personal Care & Aerosols ⁽⁴⁾ £m	Total Segments £m	Corporate ⁽⁵⁾ £m	Total Group £m
	UK £m	North ⁽¹⁾ £m	South ⁽²⁾ £m	East ⁽³⁾ £m					
2015									
Segment revenue	180.5	183.9	68.7	119.3	552.4	151.8	704.2	-	704.2
Adjusted operating profit/(loss)					37.8	(1.4)	36.4	(7.9)	28.5
Amortisation of intangible assets									(1.0)
Exceptional items (see note 3)									(17.8)
Operating profit									9.7
Net finance costs									(7.1)
Profit before taxation									2.6
Inventories					50.9	15.9	66.8	-	66.8
Capital expenditure					18.9	3.0	21.9	-	21.9
Amortisation and depreciation					17.3	3.3	20.6	-	20.6

(1) France, Belgium, Holland and Scandinavia

(2) Italy and Spain

(3) Germany, Poland, Luxembourg and other Eastern Europe

(4) Includes Asia

(5) Corporate represents costs related to the Board, the Executive Leadership team and key supporting functions.

3. Exceptional items

Analysis of exceptional items

	2016 £m	2015 £m
Reorganisation and restructuring costs:		
- Functional reorganisation	-	0.4
- UK restructuring	(0.3)	0.8
- Group reorganisation	(0.7)	3.1
- Customer choices	2.2	-
- Legal case	1.2	-
	2.4	4.3
(Write back)/impairment of long-lived assets and inventory:		
- Brno, Czech Republic	(1.7)	-
- Western Europe	-	9.7
- Rest of the World	-	0.1
	(1.7)	9.8
Classification, Labelling and Packaging (CLP)	-	3.7
Change in contingent consideration	1.7	-
Total charged to operating profit	2.4	17.8

As previously outlined, the Group has implemented a new strategy to lower complexity through the rationalisation of our customer base down to 25% of our previous customer portfolio. This strategy is substantially complete as at 30 June 2016 with re-organisation costs of £2.2 million charged to exceptional items.

Following our review of the contingent consideration payable arising from the acquisition of the Czech Republic based skincare business at Brno, an additional provision of £1.7 million has been recorded to reflect the increase in performance and our increased liability. This charge is materially offset by a reversal of the impairment charges previously made in relation to the assets at Brno of £1.7 million.

Exceptional provisions were made in the two prior financial years with regard to the UK restructuring project and the creation of a functional structure with centralised support services. Work is now substantially complete on both projects resulting in the release of unused provisions of £0.3 million and £0.7 million respectively.

In late June 2016, the Group's Italian business lost a long running legal case surrounding costs of reparation to a property vacated by the Group in 2011. In consideration of the advised worst case position, an existing provision has been increased by £1.2 million as at 30 June 2016.

In the prior year, the following costs were charged:

- £5.6 million impairment of goodwill allocated to its Italian Household liquids business;
- impairment of £4.2 million in relation to fixed assets of its French and Chinese Aircare businesses.
- £3.1 million of redundancy and consultancy costs in relation to Group reorganisation; and
- £3.7 million of incremental staff, artwork and packaging costs to comply with the EU's Classification, Labelling and Packaging directive (CLP).

4. Taxation

Income tax expense

	2016			2015		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Current tax expense:						
Current year	-	7.9	7.9	-	4.9	4.9
Adjustment for prior years	-	(0.7)	(0.7)	-	(0.2)	(0.2)
	-	7.2	7.2	-	4.7	4.7
Deferred tax expense:						
Origination and reversal of temporary differences	1.1	0.2	1.3	0.7	(2.7)	(2.0)
Adjustment for prior years	(0.1)	0.6	0.5	0.7	(0.3)	0.4
Impact of change in tax rate	(0.2)	-	(0.2)	-	0.2	0.2
	0.8	0.8	1.6	1.4	(2.8)	(1.4)
Total tax expense	0.8	8.0	8.8	1.4	1.9	3.3

5. Earnings per share

Basic earnings per ordinary share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of the Company's ordinary shares in issue during the financial year. The weighted average number of the Company's ordinary shares in issue excludes 0.6 million shares (2015: 0.6m shares), being the weighted average number of own shares held during the year in relation to employee share schemes.

	Reference	2016	2015
Weighted average number of ordinary shares in issue (million)	a	182.2	182.2
Effect of dilutive LTIP awards (million)		0.4	0.2
Weighted average number of ordinary shares for calculating diluted earnings per share (million)	b	182.6	182.4

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue assuming the conversion of all potentially dilutive ordinary shares.

During the year, the Company had equity-settled LTIP awards with a nil exercise price that are potentially dilutive ordinary shares.

Adjusted earnings per share measures are calculated based on profit for the year attributable to owners of the Company before adjusting items as follows:

	Reference	2016 £m	2015 £m
Earnings for calculating basic and diluted earnings per share	c	17.0	(0.7)
Adjusted for:			
Amortisation of intangible assets		0.9	1.0
Exceptional items (see note 3)		2.4	17.8
Unwind of discount on contingent consideration		0.1	0.1
Unwind of discount on provisions (see note 8)		0.2	0.2
Taxation relating to the above items		(0.4)	(3.2)
Earnings for calculating adjusted earnings per share	d	20.2	15.2

		2016 pence	2015 pence
Basic earnings per share	c/a	9.3	(0.4)
Diluted earnings per share	c/b	9.3	(0.4)
Adjusted basic earnings per share	d/a	11.1	8.3
Adjusted diluted earnings per share	d/b	11.1	8.3

6. Payments to shareholders

Payments to ordinary shareholders are made by way of the issue of B Shares in place of income distributions. Ordinary shareholders are able to redeem any number of the B Shares issued to them for cash. Any B Shares that they retain attract a dividend of 75 per cent of LIBOR on the 0.1 pence nominal value of each share, paid on a twice-yearly basis.

Payments to ordinary shareholders made or proposed in respect of the year were as follows:

	2016		2015	
	Pence per share	£m	Pence per share	£m
Interim	1.2	2.2	1.7	3.1
Final	2.4	4.4	1.9	3.5
Total for the year	3.6	6.6	3.6	6.6

The proposed final payment in respect of 2016 of 2.4 pence per ordinary share is subject to approval by shareholders at the Company's AGM and has therefore not been recognised in this financial information.

7. Pensions and post-employment benefits

The Group operates a number of post-employment benefit arrangements. In the UK, the Group operates a defined benefit pension scheme and defined contribution pension schemes.

Following consultation with staff and the UK plan's Trustees, the UK Defined Benefit plan was closed to future service accrual from 29 February 2016. Staff affected by this change were offered a new defined contribution scheme from that date. The closure of this plan is one of the key actions in the "Repair" phase to limit the growth of fund liabilities, reducing the risks and uncertainty over future cash costs associated with providing an active Defined Benefit pension scheme. The defined benefit pension scheme deficit as at 30 June 2016 amounted to £31.1 million (2014: £29.8m).

Elsewhere in Europe, the Group has a number of smaller unfunded post-employment benefit arrangements that are structured to accord with local conditions and practices in the countries concerned. At 30 June 2016, the Group's post-employment benefit obligations outside the UK amounted to £1.8 million (2015: £1.6m).

8. Provisions

	Reorganisation and restructuring £m	Leasehold dilapidations £m	Environmental remediation £m	Other £m	Total £m
At 30 June 2015	4.5	0.7	2.2	0.6	8.0
Charged/(released) to profit or loss	2.4	-	-	(0.5)	1.9
Unwind of discount	-	-	0.2	-	0.2
Utilisation	(3.7)	-	(0.3)	-	(4.0)
Currency translation differences	0.2	-	0.2	(0.1)	0.3
At 30 June 2016	3.4	0.7	2.3	-	6.4

Analysis of provisions:

	2016 £m	2015 £m
Current	3.5	4.8
Non-Current	2.9	3.2
Total	6.4	8.0

Reorganisation and restructuring provisions as at 30 June 2016 principally comprise of redundancies in relation to the Group reorganisation and UK restructuring.

Environmental remediation provision relates to historical environmental contamination at a site in Belgium.

Other provisions mainly relating to trading costs in France, have been released during the year due to changes in local legal requirements.

9. Exchange rates

	Average rate		Closing rate	
	2016	2015	2016	2015
Euro	1.34	1.31	1.21	1.41
US Dollar	1.48	1.58	1.34	1.57
Polish Zloty	5.74	5.48	5.37	5.89
Czech Koruna	36.19	36.24	32.83	38.31
Hungarian Forint	418.05	406.07	383.62	442.69
Malaysian Ringgit	6.14	5.44	5.36	5.93
Australian Dollar	2.04	1.89	1.81	2.05
Chinese Yuan	9.55	9.75	8.92	9.75

10. Date of payments to shareholders

Subject to shareholder approval at the Annual General Meeting, payment to shareholders by means of the allotment of B Shares will be made on 25 November 2016 to ordinary shareholders on the register on 21 October 2016.