

# 2011/12 INTERIM RESULTS

30 November 2011

RPC – Market Leader in Europe

# AGENDA



Financial Review



Superfos Update



Business Review



Strategy



Outlook

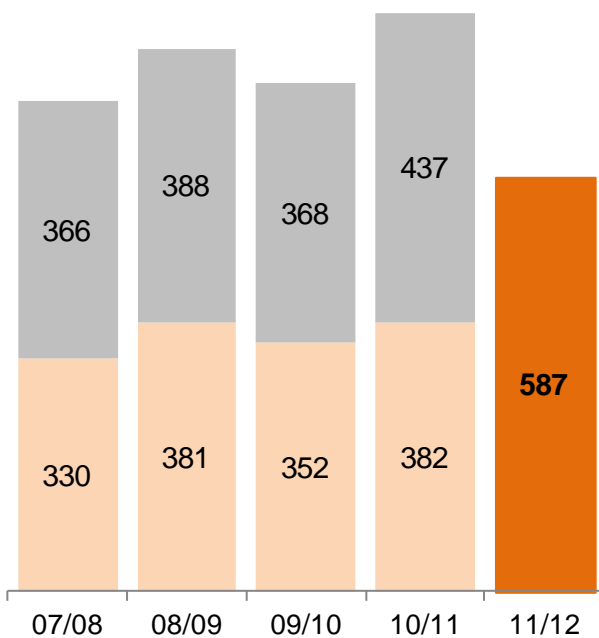


# FINANCIAL REVIEW

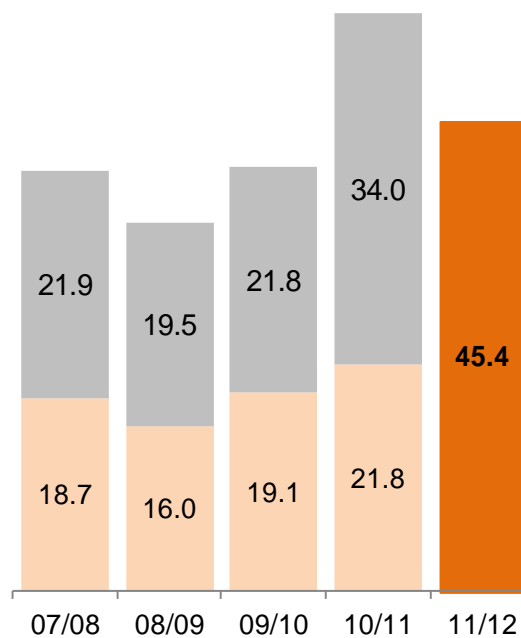
## KEY FIGURES



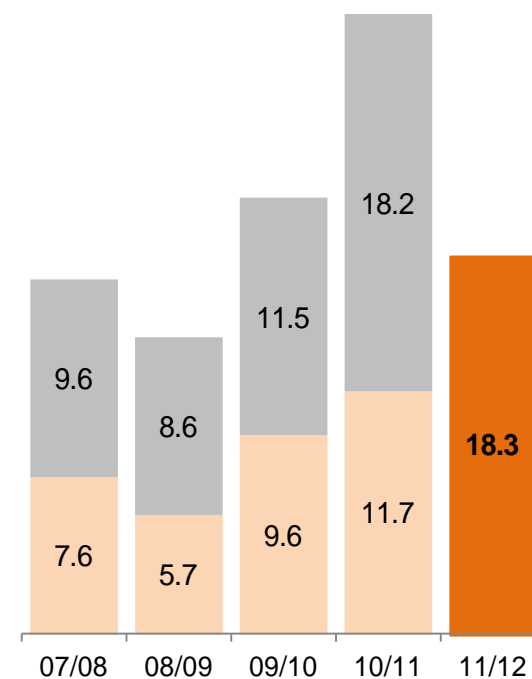
### Revenue



### Adjusted operating profit



### Adjusted basic EPS\*



\* Restated following Rights Issue

All figures (except adjusted basic EPS) in €m  
Adjusted = before restructuring costs, impairment losses and mark to market charges

# FINANCIAL REVIEW

## CONSOLIDATED INCOME STATEMENT



£ million	H1 2011/12	H1 2010/11	FY 2010/11
Revenue	586.7	381.9	819.2
Operating profit – adjusted	45.4	21.8	55.8
Interest charge	(6.1)*	(1.6)	(4.2)
Profit before tax – adjusted	39.3	20.2	51.6
Tax on adjusted profit before tax	(9.8)	(5.6)	(12.4)
Profit after tax – adjusted	29.5	14.6	39.2
Exceptional costs	(4.1)	(3.1)	(18.0)
Tax relief on exceptionals	1.0	0.7	3.4
Mark to market (charges) / credit	(0.1)	0.9	1.0
Profit after tax – reported	26.3	13.1	25.6
Basic earnings per share (p) – adjusted	18.3p	11.7p#	29.9p
Basic earnings per share (p) – reported	16.4p	10.5p#	19.5p

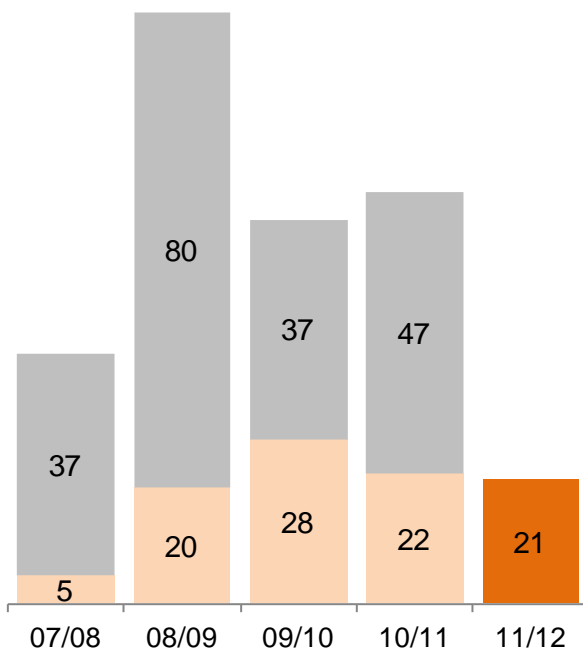
\* Includes £0.9m reclassification of Employee benefit net finance expense from Operating profit to Finance cost

# Restated following Rights Issue

# FINANCIAL REVIEW

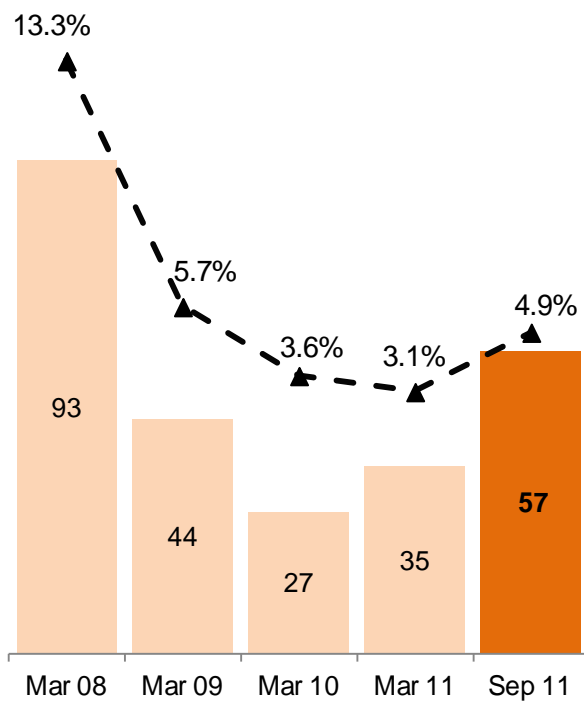
## KEY FIGURES

### Net cash from operating activities



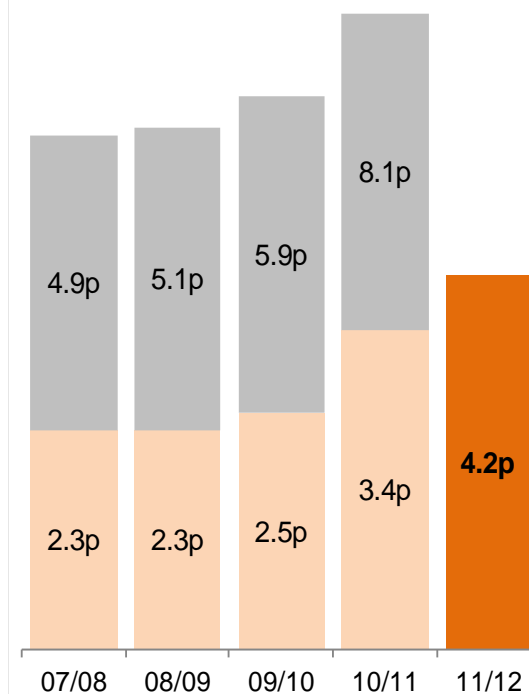
Net cash from operating activities in £m

### Working capital



■ Working capital (£m)  
-▲- Working capital % of revenue

### Dividend per share\*



\* Restated following Rights Issue

# FINANCIAL REVIEW

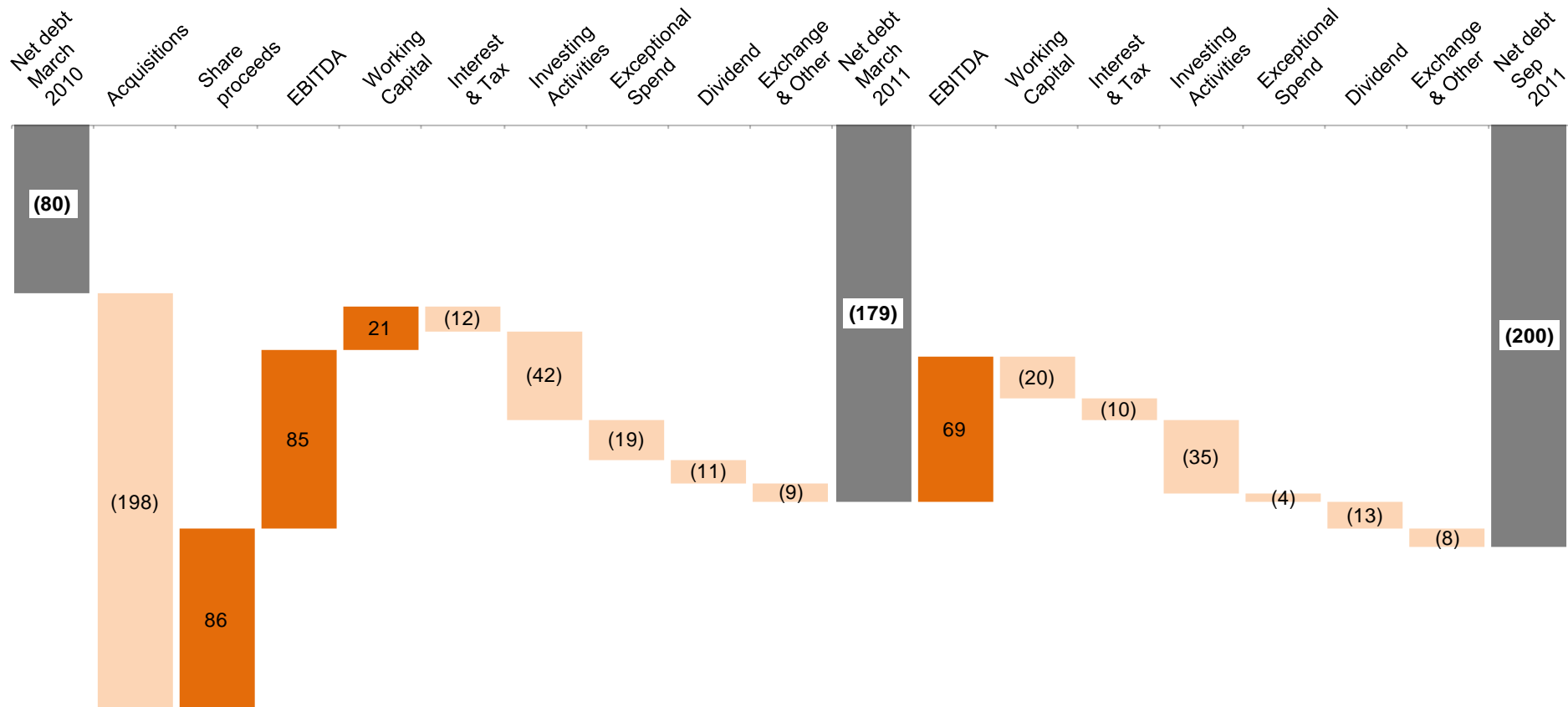
## CONSOLIDATED BALANCE SHEET



£ million	SEP 2011	MAR 2011	SEP 2010
Property, plant and equipment	381.8	380.9	249.0
Goodwill	100.9	102.9	22.5
Other non-current assets	32.0	33.8	20.4
Working capital	56.7	35.2	23.2
Employee benefit liabilities (LT)	(48.8)	(51.0)	(53.2)
Other liabilities	(53.8)	(59.1)	(31.9)
Net debt	(200.1)	(178.7)	(74.2)
Equity shareholder funds	268.7	264.0	155.8

# FINANCIAL REVIEW

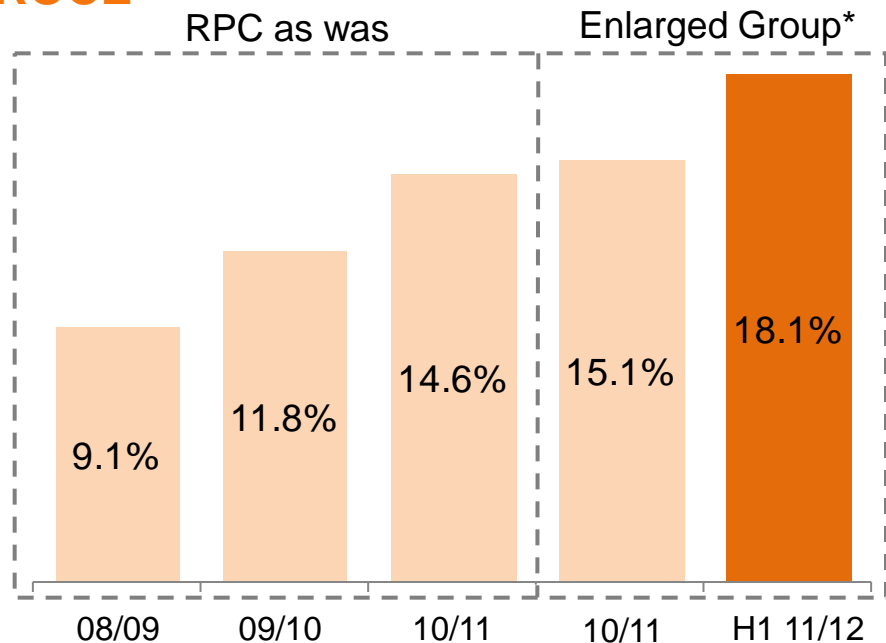
## CASH FLOW BRIDGE



# FINANCIAL REVIEW

## ROCE

### ROCE



Enlarged Group	HY 11/12	FY 10/11
Adjusted operating profit (£m)	45.4	74.3
Capital employed (£m)	500	493
ROCE*	18.1%	15.1%



Group target to achieve a ROCE of 20% by March 2014 following the realisation of the steady state Superfos synergies #

\* ROCE Enlarged Group based on new definition with 2010/11 incorporating proforma financial information of Superfos

# Assuming a non-recessionary economic environment with no significant volatility in raw material prices

# FINANCIAL REVIEW

## FINANCIAL POSITION



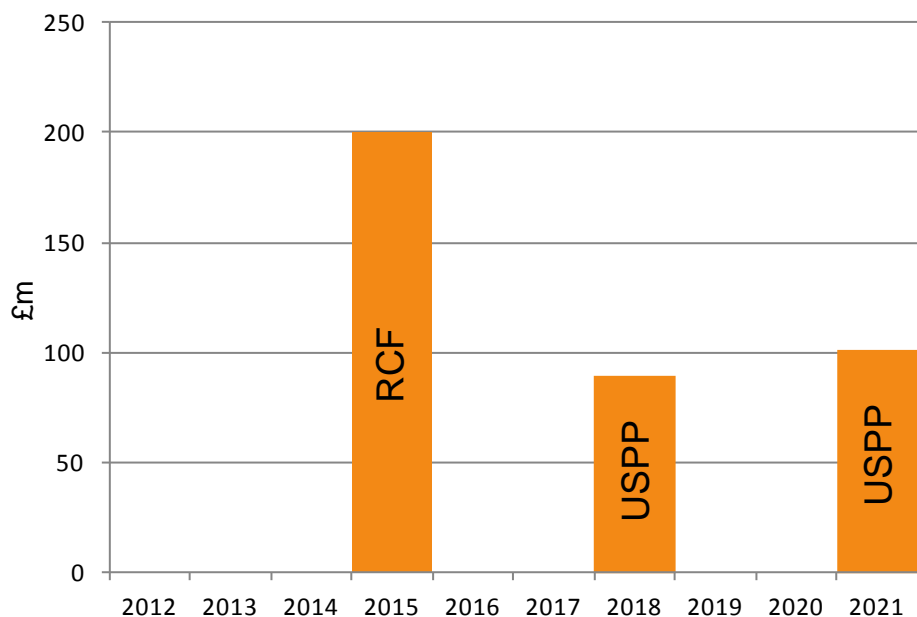
KPIs	SEP 2011	MAR 2011
Gearing	74%	68%
Net debt (£m)	200	179
Undrawn facilities (£m)	239	260
Net debt to EBITDA ratio	1.54x	1.46x
EBITDA to Net Interest ratio	15.0x	19.9x
Tangible net worth (£m)	269	264

- Existing financing facilities of £442m consisting of:
  - RCF of £200m
  - Term loan of €130m
  - Floating notes €35m and \$40m
  - Overdraft / other facilities
- Main banking covenants:
  - Net debt to EBITDA ratio < 3.00x
  - EBITDA to Net Interest ratio > 5.0x
  - Tangible net worth > £180m

# FINANCIAL REVIEW

## FINANCIAL POSITION – NEW FINANCING FACILITIES

### Renewal date main facilities\*



RPC successfully concluded its initial US Private Placement in November 2011



7 year and 10 year notes issued for a total of \$216m at US Treasury +250 bps



7 year and 10 year notes issued for a total of €60m at MS +189 bps and MS +207 bps



Proceeds to be used to repay term loan (December 2011) and floating rate notes (March 2012)

\* After repayment of term loan and floating rate notes

# FINANCIAL REVIEW

## SUMMARY



Good first half year profit performance with ROCE improving from 15% to 18%



EPS (adjusted) improved by 56% to 18.3p



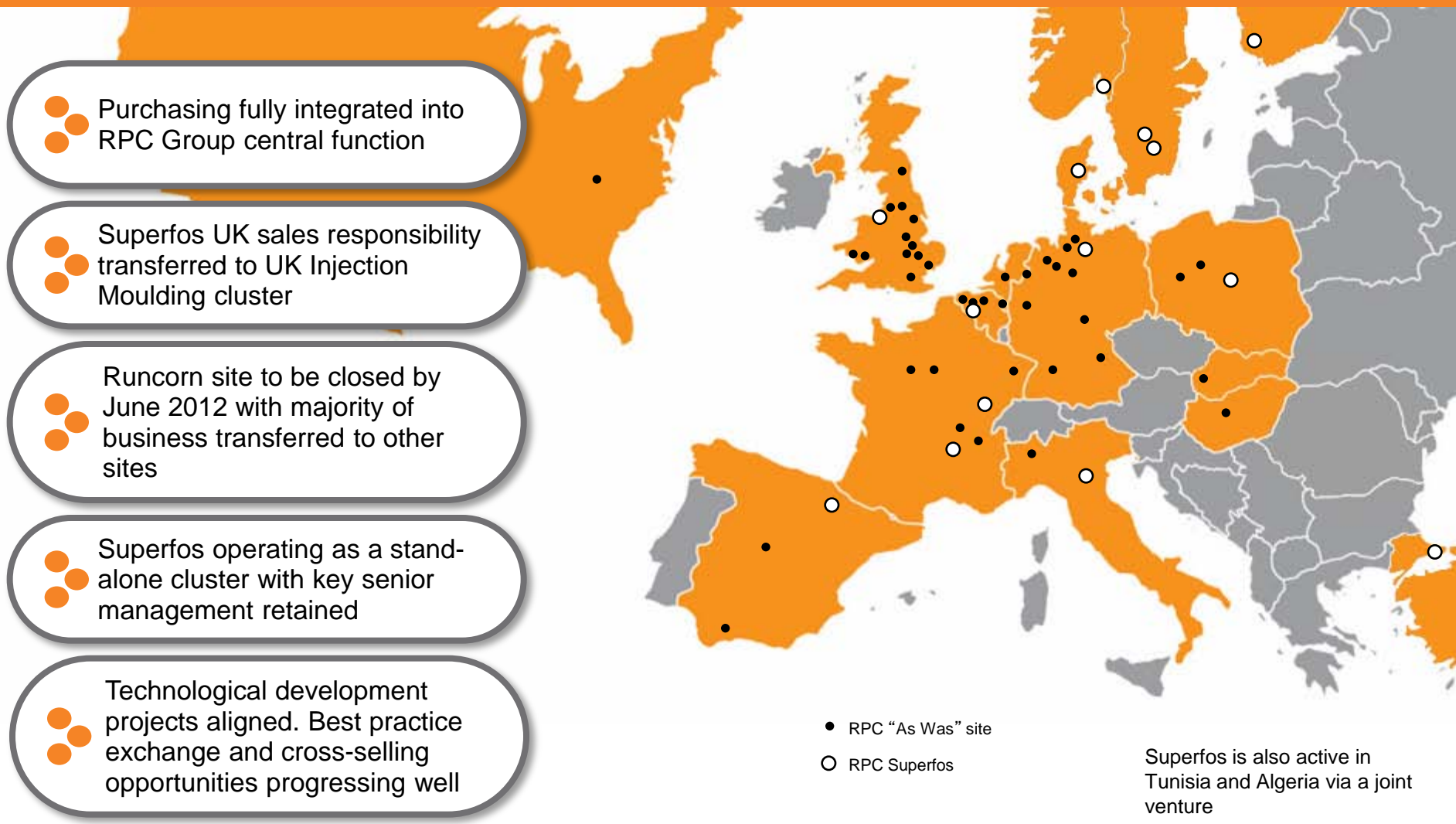
Satisfactory cash flow generation with growth related capital expenditure increasing



Financial position continues to be robust with new long term financing facilities in place

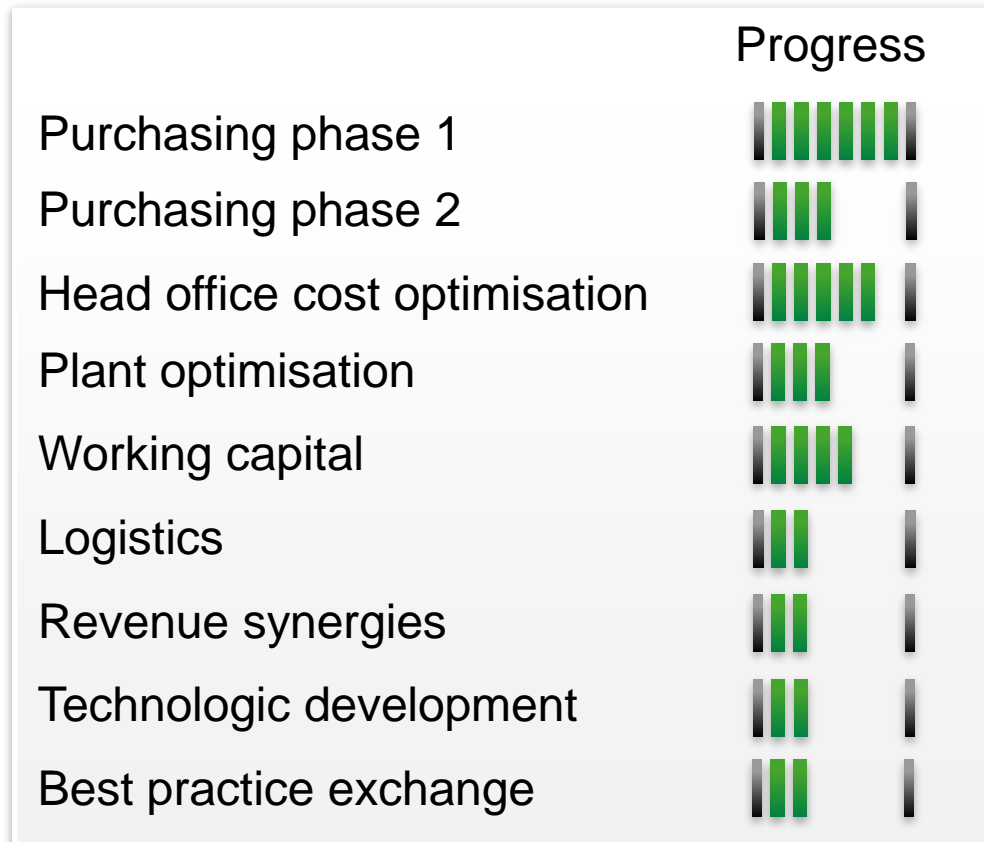
# SUPERFOS UPDATE

## INTEGRATION



# SUPERFOS UPDATE

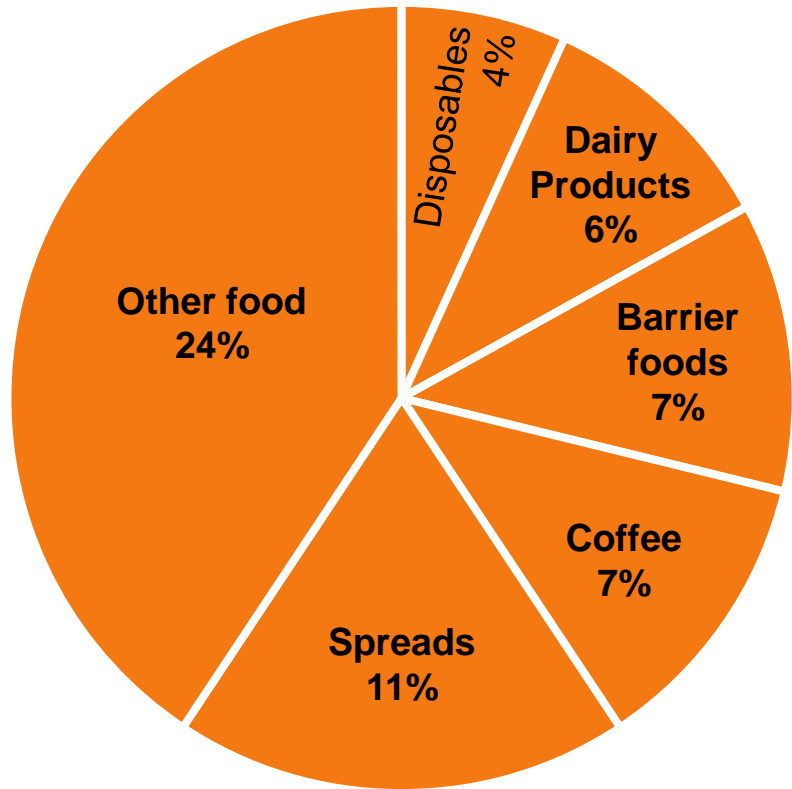
## SYNERGIES



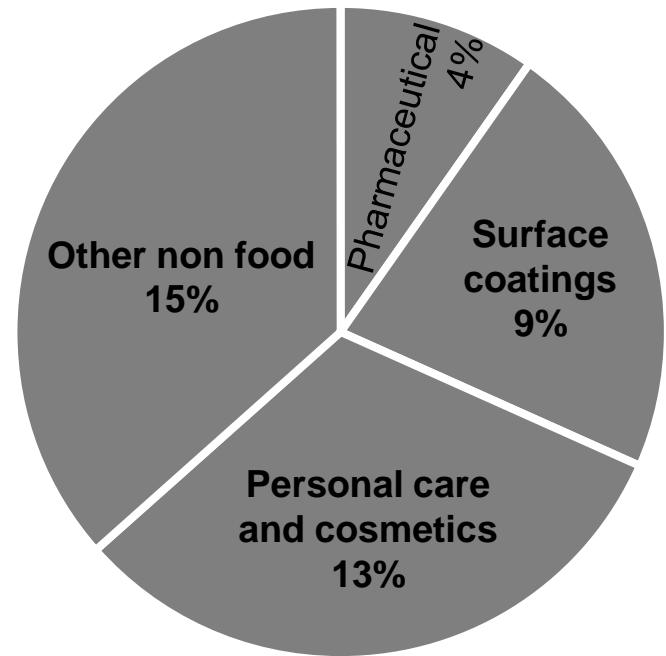
Synergies accelerated with £4m realised in H1 and £9m anticipated for the full year. Steady state synergies projected to be in the range £15m to £25m

# BUSINESS REVIEW

## MARKET SECTORS



**Food 59%**



**Non-Food 41%**

# BUSINESS REVIEW

## MARKET DEVELOPMENTS



Turnover increased by £205m to £587m due to 11% growth on a like-for-like basis and the inclusion of Superfos

Like-for-like increase due to exchange rate movements and increased sales prices as higher polymer prices were passed through

Overall like-for-like volumes were similar to last year whilst Superfos volumes were impacted by macro-economic weakness in Southern Europe



# BUSINESS REVIEW

## MARKET DEVELOPMENTS



Again growth realised in higher added value products which is expected to continue



Sectors showing good growth are pharmaceutical, long shelf life, personal care and coffee capsules



Based on its technological capabilities, the Group remains well positioned to benefit from light weighting trends in packaging



# BUSINESS REVIEW

## SUBSTITUTION REPRESENTS A MAJOR OPPORTUNITY

We aim to reduce the average weight of product packaging by a third in ten years...



Unilever

### Weight reduction helps reduce carbon footprint

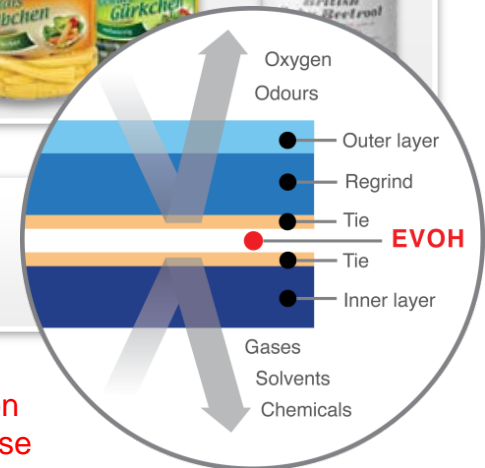
From **glass** to plastic



From **metal** to plastic



RPC industry leading **high barrier** technology delivers long shelf life



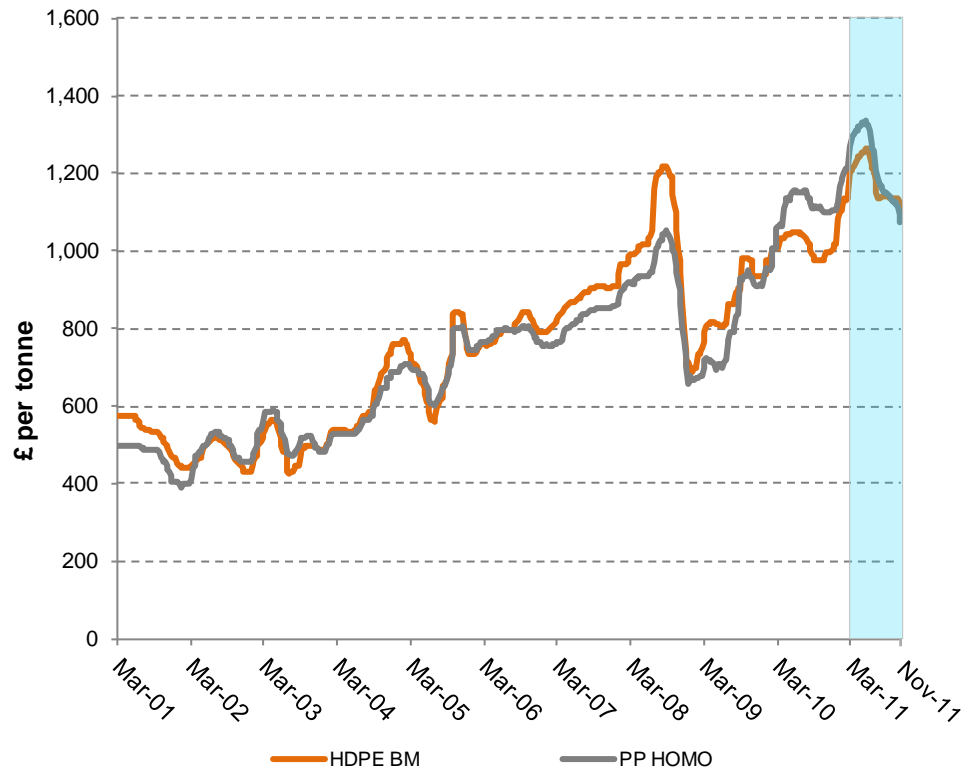
Key Sustainability Goals – Packaging - 15% reduction by the introduction of alternative packaging materials and reduction of existing packaging use

Source: <http://www.sustainable-living.unilever.com/the-plan/waste/reduce/>

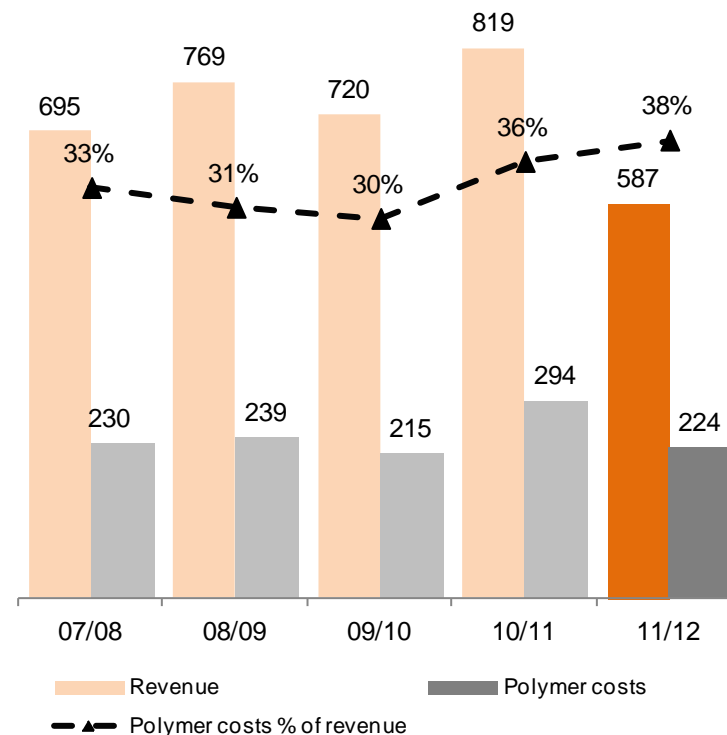
Source: <http://www.heinz.com/sustainability.aspx>

# BUSINESS REVIEW

## INPUT COST DEVELOPMENTS



Source: Platts / ICIS

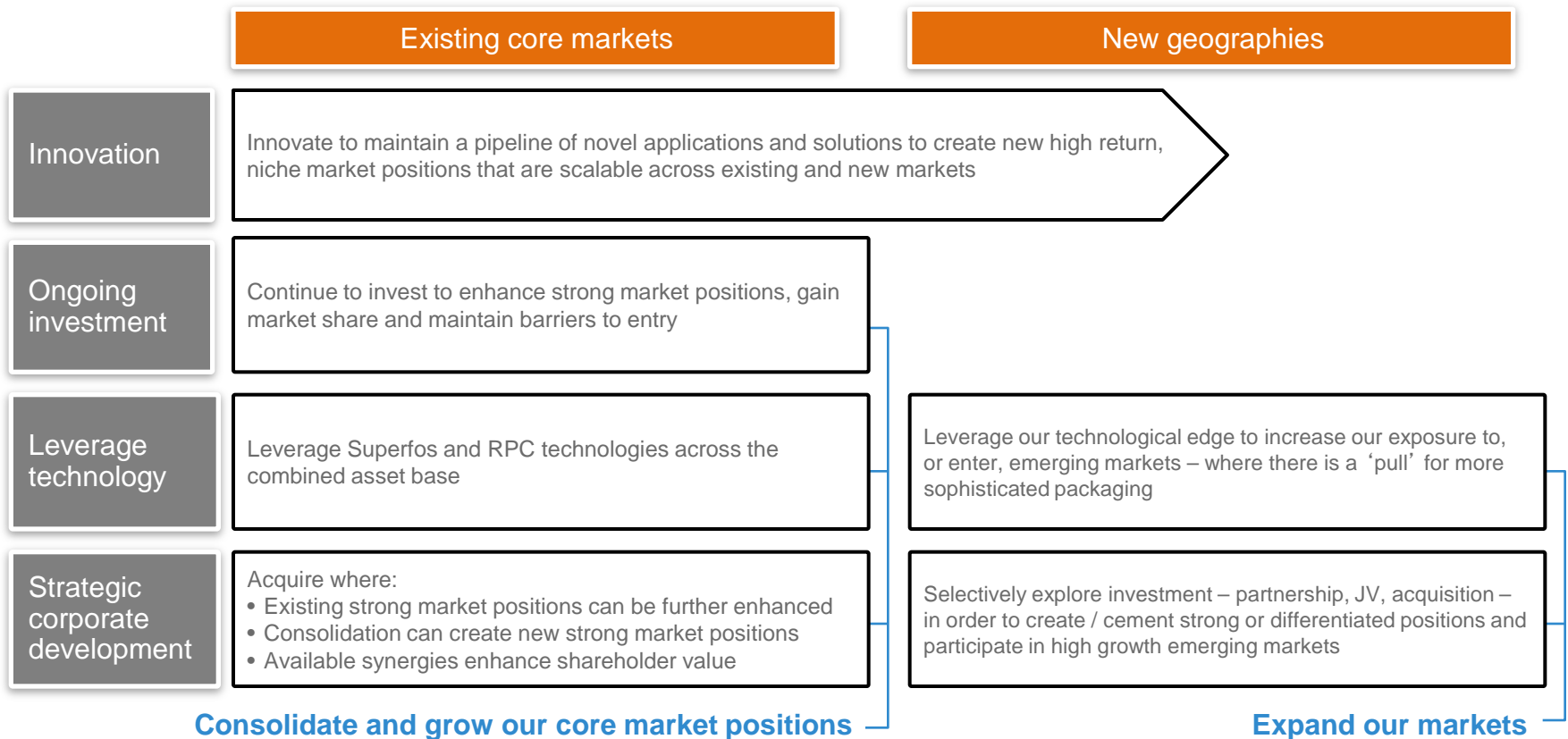


**Polymer prices rose to record levels in Q1 before trending downwards**

# STRATEGY



Following the completion of RPC 2010 the business has returned to a strategy of growth. Our strategy will be achieved by continued innovation and investment, leveraging our leading technological capability and through strategic corporate development



# OUTLOOK



Broader macro-economic weakness is giving rise to some slowdown in demand across certain product areas



Growth in higher added value products is however anticipated to continue, thereby enhancing the sales mix



Group is well positioned to weather any general economic downturn through its strong market positions and circa 60% exposure to food related packaging



Board remains confident that the stated aim of achieving 20% ROCE by March 2014 will be achieved

# FORWARD LOOKING STATEMENTS



This presentation contains forward-looking statements, which:

- have been made by the directors in good faith based on the information available to them up to the time of their approval of this presentation; and
- should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward-looking information.

The Company undertakes no obligation to update these forward-looking statements and nothing in this presentation should be construed as a profit forecast.

# APPENDICES



# FINANCIAL REVIEW

## SEGMENTAL ANALYSIS - IFRS 8 BASIS



£ million	H1 2011/12	H1 2010/11	FY 2010/11
<b>Injection Moulding</b>			
Revenue*	342.3	163.6	369.0
Operating profit **	31.9	11.6	30.9
Return on sales **	9.3%	7.1%	8.4%
<b>Thermoforming</b>			
Revenue*	150.8	136.4	281.4
Operating profit **	7.1	6.0	14.7
Return on sales **	4.7%	4.4%	5.2%
<b>Blow Moulding</b>			
Revenue*	93.6	81.9	168.8
Operating profit **	6.4	4.2	10.2
Return on sales **	6.8%	5.1%	6.0%

\* External sales only

\*\* Based on adjusted operating profit before restructuring costs and impairment losses

# FINANCIAL REVIEW

## SEGMENTAL ANALYSIS - GEOGRAPHICAL



£ million	H1 2011/12	H1 2010/11	FY 2010/11
<b>UK</b>			
Revenue	121.9	100.7	207.0
Operating profit *	9.3	9.1	19.7
Return on sales	7.6%	9.0%	9.5%
<b>Mainland Europe (including USA)</b>			
Revenue	464.8	281.2	612.2
Operating profit *	36.1	12.7	36.1
Return on sales	7.8%	4.5%	5.9%

\* Based on adjusted operating profit before restructuring costs and impairment losses

# FINANCIAL REVIEW

## PENSIONS UPDATE



£ million	SEP 2011	MAR 2011	SEP 2010
Retirement benefit liability UK DB	(22.6)	(25.7)	(29.6)
Other retirement benefit obligations	(20.8)	(19.8)	(18.1)
Termination benefits	(2.0)	(2.1)	(2.4)
Other employee benefit liabilities	(3.4)	(3.4)	(3.1)
<b>Total employee benefit liability (LT)</b>	<b>(48.8)</b>	<b>(51.0)</b>	<b>(53.2)</b>

# BUSINESS REVIEW

## GROUP STRUCTURE / MANAGEMENT TEAM



### Executive Board Members

#### Chief Executive

**Ron Marsh**

British  
24 years

#### Finance Director

**Pim Vervaat**

Dutch  
4 years

#### Group Purchasing

**Darin Evans**

British  
14 years

#### Business Improvement

**Frank  
Doorenbosch**

Dutch  
22 years

### Cluster Managers

**Superfos**  
11 sites

**UK Injection  
Moulding**  
6 sites

**Bramlage Wiko**  
9 sites

**Blow Moulding**  
12 sites

**Bebo**  
7 sites

**Tedeco-Gizeh**  
3 sites

**Cobelplast**  
2 sites

**René Valentin**  
Danish  
20 years

**Philip Jones**  
British  
33 years

**Alfons  
Böckmann**  
German  
36 years

**Stephan Bühl**  
German  
17 years

**Thomas  
Wahlmeyer**  
German  
30 years

**Albert de  
Bruin**  
Dutch  
19 years

**Attilia  
Menghini**  
Italian  
36 years

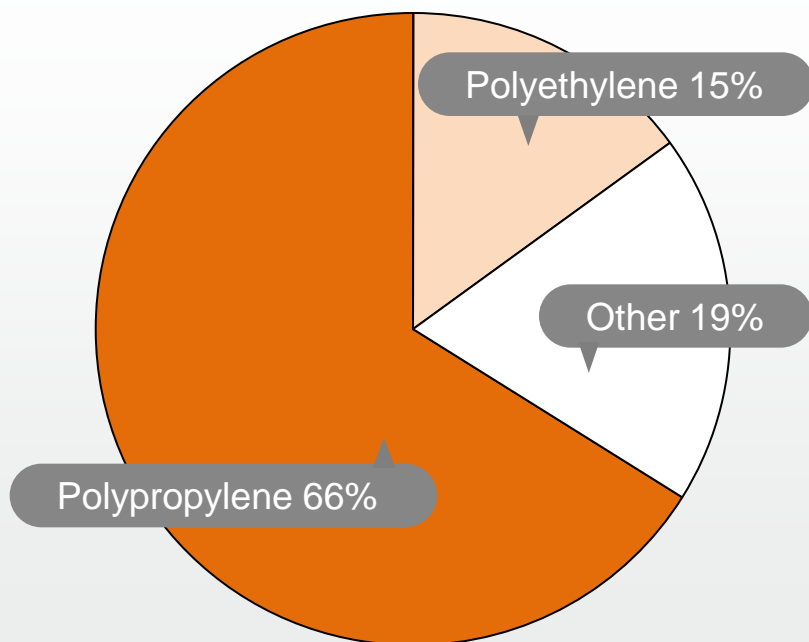
**Philippe  
Van Troost**  
Belgian  
21 years

Years experience in the plastic packaging industry

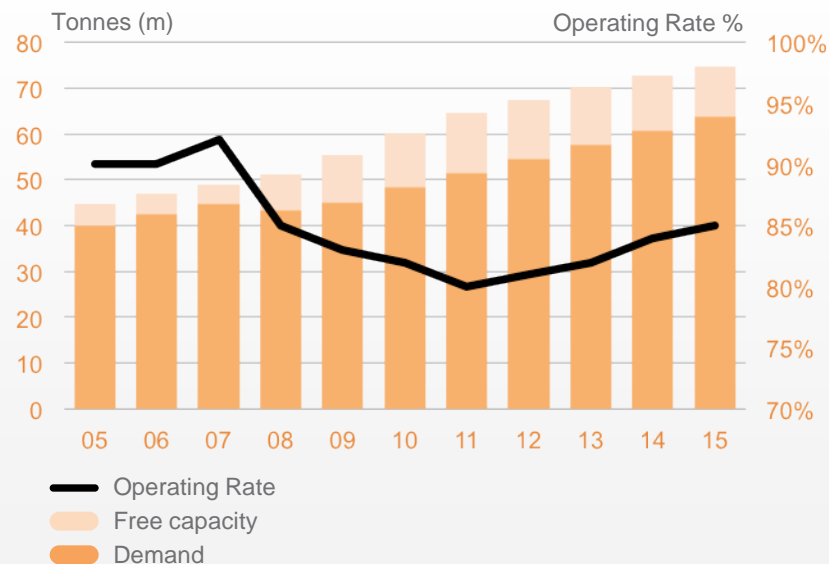
# BUSINESS REVIEW

## POLYMER MARKET FUNDAMENTALS

### Key polymers used by RPC



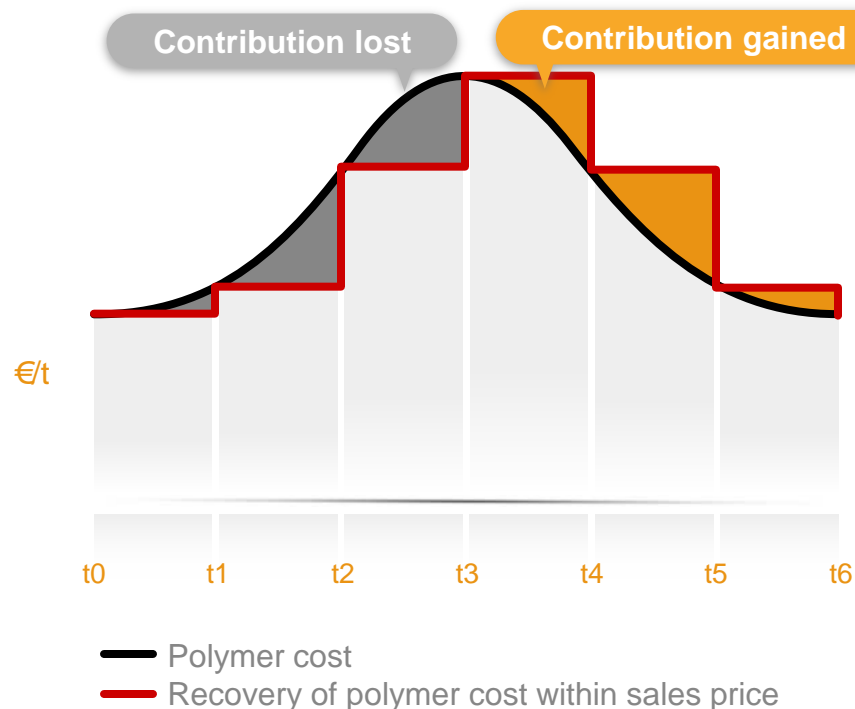
### Global PP Supply/Demand Outlook



Source: Chemical Market Associates, Inc.

# BUSINESS REVIEW

## PASS-THROUGH AND THE TIME LAG EFFECT



- Contracts with a 'pass-through' clause provide for the regular re-set of sales prices according to movements in polymer prices, based on defined measurement periods
- Sales prices will 'catch up' with polymer price movements, but with a time lag
- In times of rising prices, there will be a loss due to this time lag effect
- In times of falling prices, there will be a gain
- The majority of RPC's turnover is subject to pass-through, with re-set taking place typically every 3-4 months



# BUSINESS REVIEW

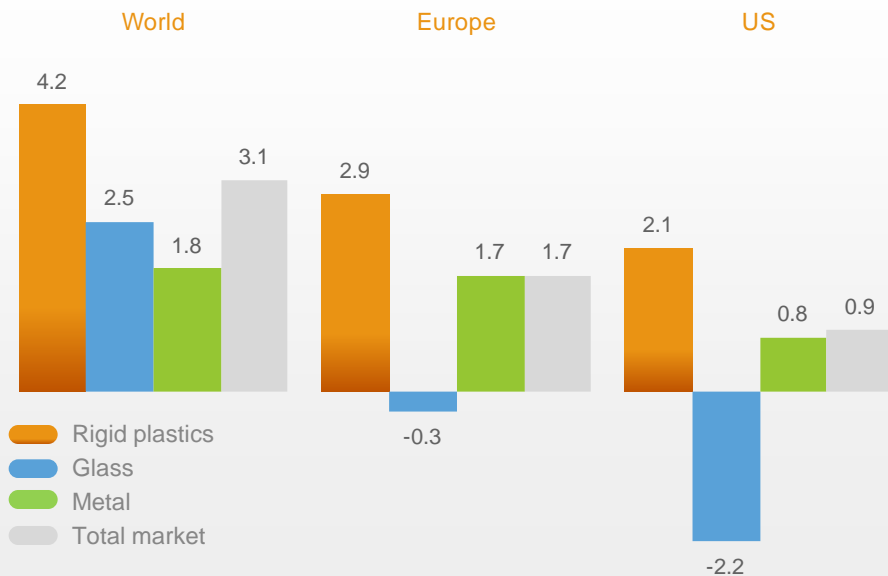
## SUBSTITUTION REPRESENTS A MAJOR OPPORTUNITY

### Forecast growth in packaging markets, by material: 2009-14 CAGR (%)

In both Western markets and the emerging economies growth in rigid plastic packaging is forecast to outstrip growth in both glass and metal packaging and the total packaging market as substitution takes effect

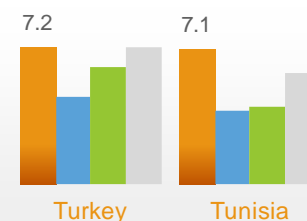
#### Western markets

Rigid plastic packaging is forecast to grow significantly ahead of metal and in Europe and the US the market for glass packaging is forecast to contract, reflecting brand owners' desire to reduce the weight of their packaging



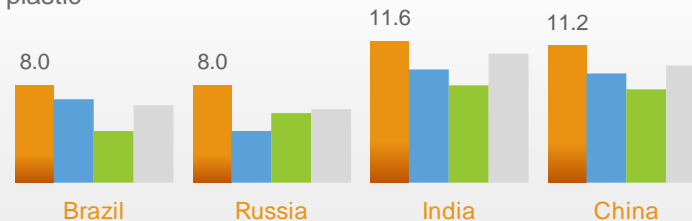
#### Turkey and North African hotspots

The acquisition of Superfos has opened up Turkey and the North African market to RPC. Here too growth in rigid plastic packaging will outstrip the market



#### BRIC region

The 'BRIC' countries show heightened growth rates across all packaging types, but across the entire 'region' the forecast trend in packaging mix significantly favours rigid plastic



Source: Pira International, 2009

# BUSINESS REVIEW

## DRIVERS OF VALUE – SOURCES OF EARNINGS GROWTH

Growth in earnings will be delivered in a number of key areas:

