



Simplify

Strengthen

Grow

Accrol Group Holdings Plc
Results Presentation FY19
September 2019



FOUNDATIONS LAID FOR SUSTAINABLE GROWTH

-29%

COST BASE
REDUCTION

+64%

OUTPUT PER
HEAD

+12%

TOILET TISSUE
REVENUE

+£6.8M

ADJUSTED
EBITDA GROWTH

+£10.8M

HEADWINDS
MANAGED

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CONTINUED IMPROVEMENTS

+4%

*GROSS
MARGIN

-£6.7m

NET DEBT
REDUCED

+1%

CORE
REVENUE

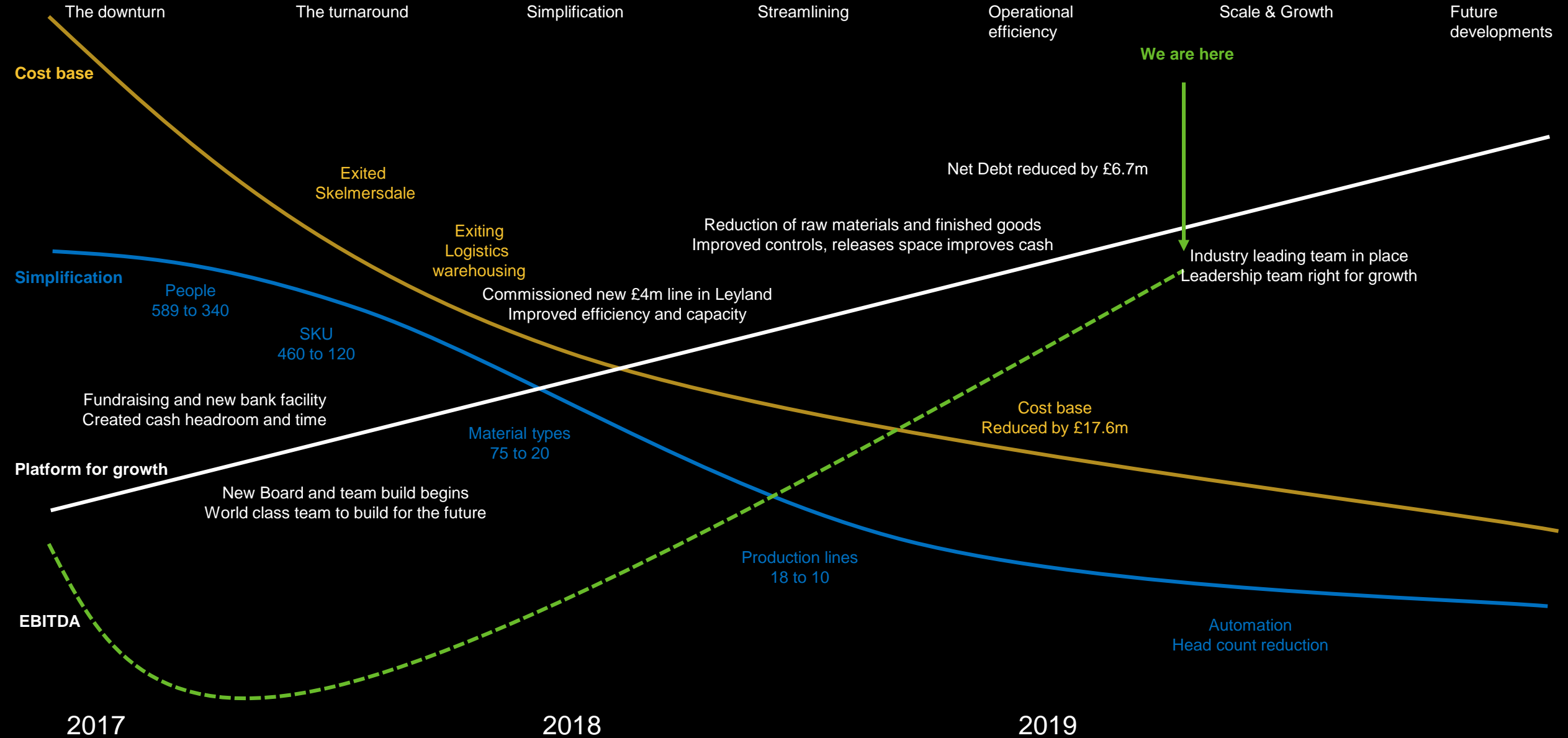
-£17.6m

COST BASE
REDUCTION

FY20

GUIDANCE
UNCHANGED

THE MOST COMPLEX TURNAROUND: DELIVERED



The *turnaround* costs

	Cost of sales £'000	Administration £'000	2019 Total £'000
Turnaround costs	3,756	3,452	7,208
A – Management reorganisation and restructure	-	724	724
B – Skelmersdale exit	605	2,569	3,174
C – Operational reorganisation and restructure	854	18	872
D – Raw material and finished goods stock waste	2,298	10	2,308
E – Impairment of property and equipment	-	130	130
Other non-recurring financial instruments	408	290	698
F – Loss on derivative financial instruments	-	-	-
G - other	408	290	698
Total “turnaround costs”	4,164	3,742	7,906

“Accrol is now a fundamentally different organisation, operationally, to that which floated on AIM in June 2016. **Every part** of the organisation has been **restructured** or **changed** in some way, since February 2018.”

It now has the right **foundation** to grow strongly

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A YEAR OF GREAT CHANGE



OUR BUSINESS

340 **Employees** ↓ 42%
 Reduction driven by business simplification and increased Automation (589 to 340 like for like)

4 **Sites** ↓ 20%
 Closure of the Skelmersdale distribution centre

27 **Core Customers** ↓ 73%
 Simplification as we exited none profitable customers and the AFH sector

120 **Stock Keeping Units (SKUs)** ↓ 74%
 Simplification of the business

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Cash and debt

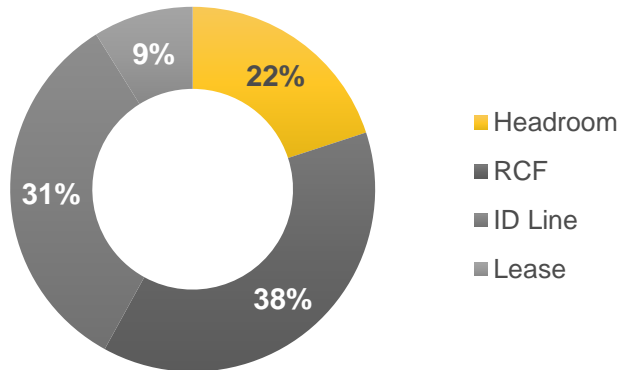
FY19/FY18

“Our goal in the mid-term is to return the business to satisfactory profitability levels and normalised debt. It remains the Board’s intention to return to the dividend list at the earliest appropriate opportunity”

Financial results

	FY 19	FY 18	Target
Revenue	£119.1m	£139.7m	Grow ahead of the market
Core revenue	£116.3m	£115.2m	
Adjusted EBITDA	£1.0m	(£5.8m)	
Net debt	£27.1m	£33.8m	
EBITDA % Sales	0.9%	-4.2%	>10%
Net debt/EBITDA	27.1x	-5.8x	<2x

Credit facility



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People Make the *Difference*

“Industry leading team now in place”



“I help Accrol turn our vision into reality in terms of our people, our equipment and our product offering.”

Mark Dewhurst
Chief Operating Officer

Previous Experience

Ten years at DS Smith as UK & Northern Europe Operations Director. Ten years with Crown Packaging in senior Operational & Commercial roles. Extensive operational leadership driving manufacturing excellence across multiple businesses. An inspirational leader of people and businesses, who understand the complexity of driving strategy throughout organisations at every level. A hands on leader who has delivered significant EBITDA improvements over the last six years.



“I am passionate about maximising the potential of our people to deliver profitable growth through setting aspiration targets in both operational and commercial”

Graham Cox
Commercial Director

Previous Experience

24 years at DS Smith PLC covering sales, commercial and operations. Last two years as Managing Director, North America Packaging Division. Previous three years as Sector Director UK Packaging. Extensive experience in delivering industry leading levels of return, personally leading commercial improvement programmes delivering significant margin improvements. Delivered industry leading EBITDA improvements over the last six years.



“Engagement across the workforce has significantly improved following the completion of the turnaround – and the teams throughout our organisation remain key”

Kathryn Robinson
HR Director

Previous Experience

11 years spent in private label manufacturing supplying the UK Grocery Sector. 9 years BBF Ltd (previously McCambridge Group) 4 & 2 years at Sodexo Healthcare and Alfred McAlpine respectively. A dynamic individual with a clear understanding of how people at all levels within an organisation make a difference to the success of the wider business.



“With the tough job of turnaround behind us, I look forward to championing the continuous improvement culture throughout the organisation”

John Pilkington
Finance Director

Previous Experience

ACA, trained at KPMG. 14 years at technology company Promethean leading teams through complex and challenging reporting environments giving clarity to the key drivers of a manufacturing business. Supports operational leaders and teams to make good commercial decisions as transformational change happens at a rapid pace. An excellent understanding of the business and great fit with the team.

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COMMITTED TO **SUPERIOR** PERFORMANCE

THE **RIGHT** PEOPLE

5

Lost time accidents

*30% reduction on prior year
48% reduction in All accidents
15% reduction in near misses*

75%

Employee Engagement

*74% feel that management support them in their roles
64% of employees feel there are opportunities to grow
86% feel they have everything they need to full fill their roles
72% feel there is a clear common goal*

64%

Increase in Output per head

*42% reduction in head count on a like for like basis
£5m investment in machinery and simple automation
£0.8m invested in training throughout the operational workforce*

STRONG **CUSTOMER** RELATIONSHIP

96%

On time delivery

Percentage of deliveries on time and in full over a calendar months

12%

Toilet Tissue Growth

*Represents 70% of our total revenue
Up from 11% growth FY18*

22%

Growth with top customers

No one customer equates to more than 20% of our total revenues

GENERATE **SHAREHOLDER** RETURNS

Down £6.7m

Net Debt

Down £6.7m to £27.1m

£1.0m

Adjusted EBITDA

An improvement of £6.8m on FY18

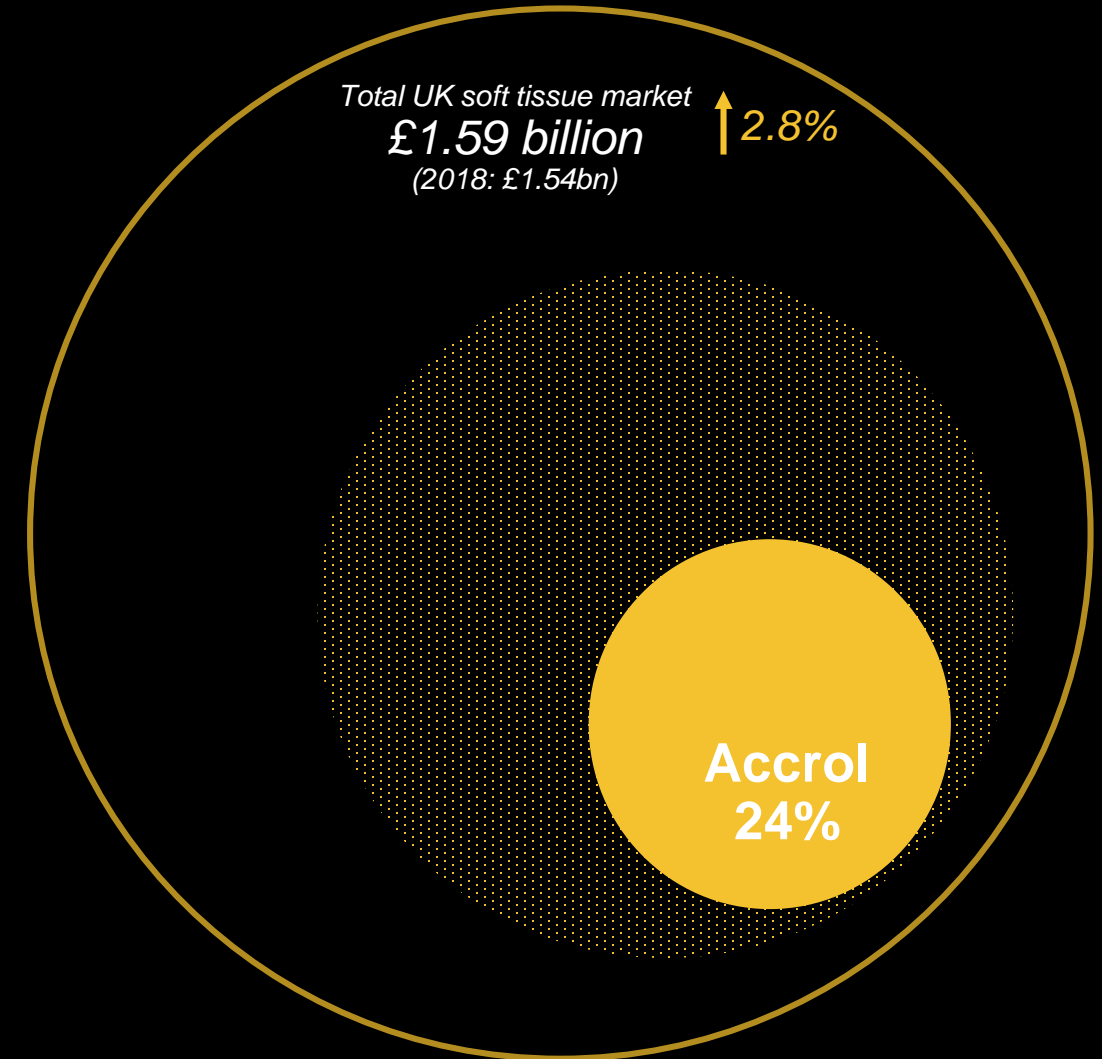
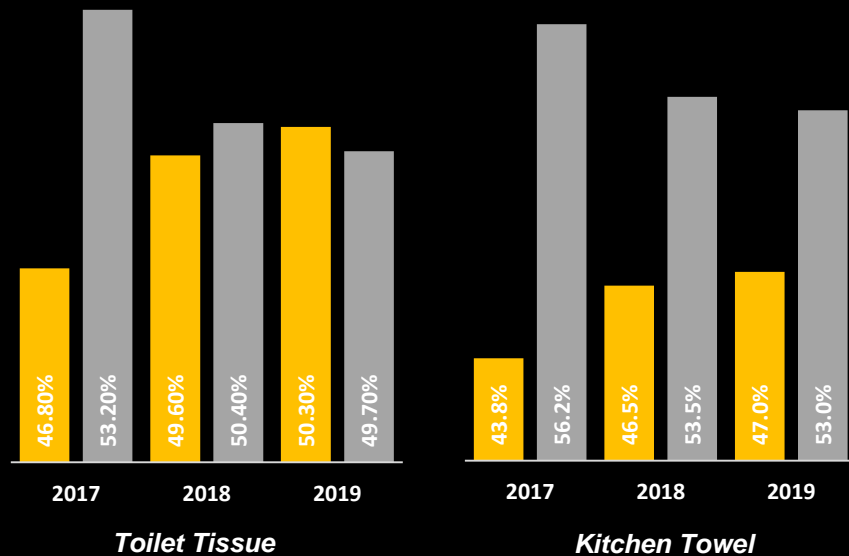
up 4%

Adjusted Gross Margin

Up to 18.2% from 17.5%

STRONG POTENTIAL WITH A CONFIDENT MARKET SHARE

Private Label
Branded Products



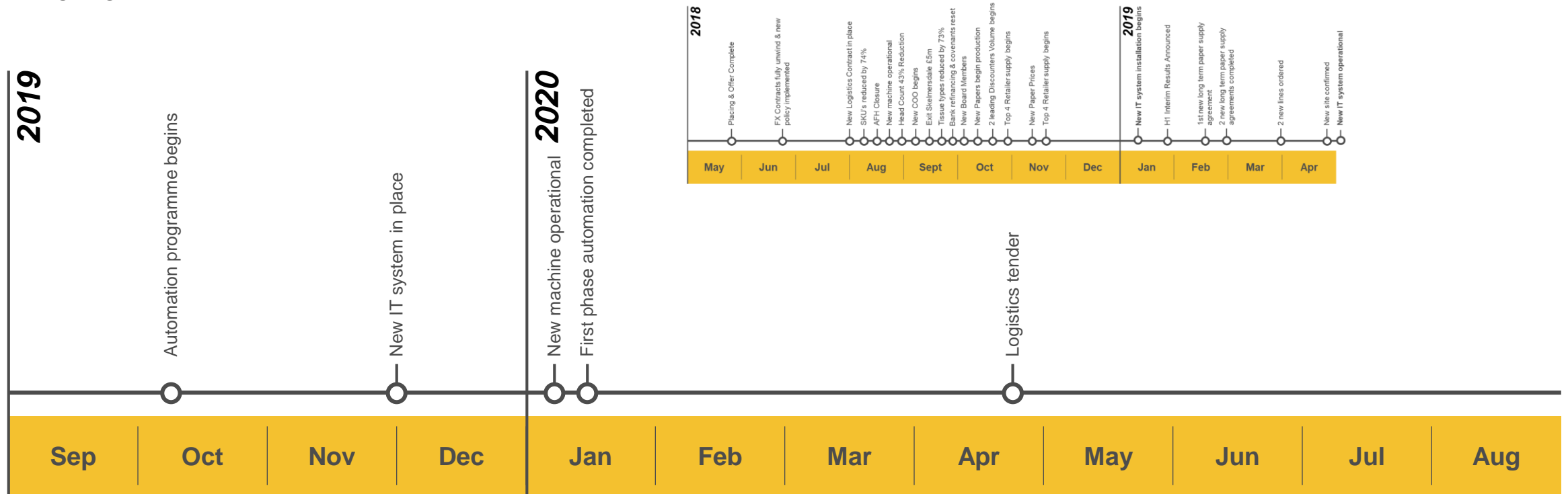
- Largest Independent supplier growing at 12% (Toilet Tissue)
- Largest range of customers (27 core customers)
- Market grows at 8% per year
- Market insight
- First to offer a plastic free range

● Accrol market share ● Private Label penetration ○ Total UK market

Our progress

Timeline

“The turnaround work is behind us”



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1

Right people
Right roles

Grow our people

2

Quality, service, innovation
Delight our customers

Grow our customers

3

Relentless on costs
Consistent returns

Grow our returns

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