



Simplify

Strengthen

Grow

## Accrol Group – FY20 Results Presentation

*“Brand Killers adding value to consumers wellbeing every day”  
September 2020*



**TURNAROUND**

complete

**PEOPLE**

*in place and complete by Dec 20*

**FINANCIALS**

*on track and improving*

**OPERATIONS**

*acceptable cost base to build*

**COMMERCIAL**

*complete control driving margin growth*

**FUTURE**

*consolidate, dominate, bolt on and build*

# FINANCIAL RESULTS

## FY20 vs FY19

*“Strong performance – but just the new base line”*

	FY20 £m	FY19 £m	FY18 £m	Change £m	Change %
<b>Underlying Results</b>					
Core revenue	133.6	116.7	115.3	16.9	14.5%
Adjusted gross profit <sup>1</sup>	30.5	21.7	24.5	8.8	40.5%
Adjusted gross margin	22.7%	18.2%	17.5%	4.5%	25%
Adjusted EBITDA <sup>2</sup>	10.6	1.0	(5.8)	9.6	
Adjusted profit	4.7	(2.8)	(9.1)	7.5	

### Reported Results

Total revenue	134.8	119.1	139.7	15.7	13.2%
Gross profit	29.5	17.6	24.5	11.9	68%
Administration expenses	18.8	19.2	33.2	(0.4)	(2%)
Distribution expenses	11.5	11.1	14.7	0.4	3.6%
Operating profit	(0.2)	(12.7)	(23.4)	12.5	98%
Gross margin	21.9%	14.7%	17.5%	7.2%	49%
Loss before tax	(1.9)	(14.0)	(24.1)	12.1	86%
Net debt	(17.9)	(27.1)	(33.8)	9.2	34%

<sup>1</sup> Adjusted gross profit excludes turnaround and operational costs reported in cost of sales

<sup>2</sup> Adjusted EBITDA is defined as profit before finance costs, tax, depreciation, amortisation, turnaround and operational costs and share based payments, is a non-GAAP metric used by management and is not an IFRS disclosure – IFRS 16 impact £2.3m for FY20 only – like for like EBITDA performance £8.3m for FY20

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# WHO WE ARE

“Brand Killers - adding value to consumers every day”

Accrol Group Holdings plc is the **UK's leading independent tissue converter**, producing private label toilet roll, Kitchen roll and facial tissue products for most of the UK's major grocery retailers.



## Vision

Our vision is to deliver the best possible value to the UK consumer on everyday essential tissue products.

We are **shaking up traditional brands** by delivering the **quality** the consumer wants for the **price they want to pay**.

**26%** ↑ Declined 2% YOY  
Private Label Market

**13%** ↑ Grew 7.7% FY20  
Total Tissue Market

**c.£1.7bn** ↑ Accrol grew 14.5% FY20  
Addressable UK market



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# PEOPLE MAKE THE *DIFFERENCE*

*“An experienced board and exceptional leadership team capable of managing dynamic change & growth”*



**Dan Wright**

*Executive Chairman*

Date appointed - 4 February 2018

Key strengths

- 25 years experience in PE backed acquisition 50 transactions, he has a UK wide reputation of delivering exceptional returns
- A dynamic leader who brings great teams together



**Gareth Jenkins**

*Chief Executive Officer*

Date appointed - 11 September 2017

Key strengths

- Extensive strategy, commercial, M&A and operational experience, UK and in Europe
- An extensive track record of delivering industry leading levels of return in manufacturing environments



**Euan Hamilton**

*Independent Non Exec Director*

Date appointed - 27 August 2018

Key strengths

- Restructuring and business turnarounds
- Leverage finance and private equity
- Investment banking worldwide



**Simon Allport**

*Independent Non Exec Director*

Date appointed - 10 October 2018

Key strengths

- Extensive commercial & M&A experience
- Broad strategic experience throughout many industries



**Graham Cox**

*Commercial Director*

Key Strengths

20 years experience at DS Smith in running manufacturing business delivering exceptional returns MD - US operations with 1,200 employees and revenues of £450m – significant multisite turnaround



**Mark Dewhurst**

*Chief Operating Officer*

Key Strengths

Extensive Operational experience across sectors and geographies Significant experience in M&A and business integration across multiple geographies



**Kathryn Robinson**

*HR Director*

Key Strengths

Significant experience in people restructure programmes across a wide range of manufacturing environments



**John Pilkington**

*Finance Director*

Key Strengths

Consistent delivery throughout demanding and challenging reporting changes. Solid Finance professional



**Lyndsey Marsh**

*Head of Finance*

Key Strengths

Supports operational leaders and teams to make good commercial decisions as transformational change happens at a rapid pace.

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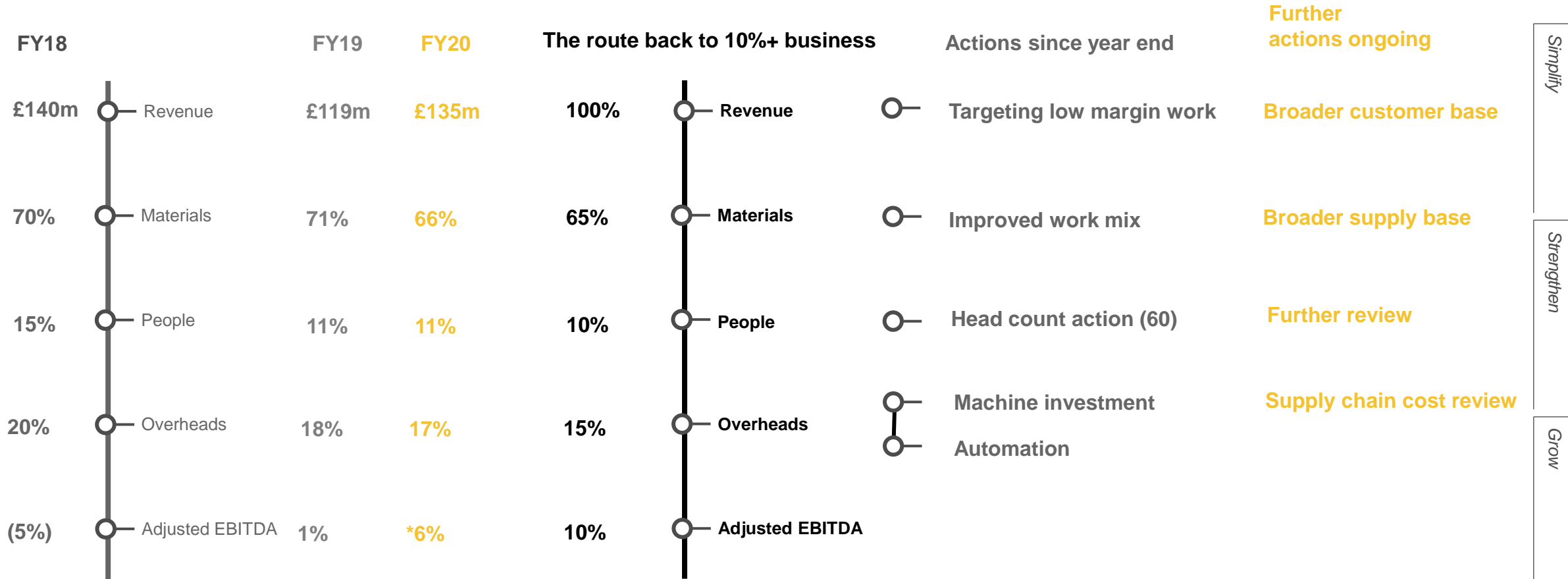
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# A SIMPLE BUSINESS

Building back the gross margin

“Three key areas of focus drive our gross margin: materials, people and overhead cost”



\*Like for like comparison pre IFRS impact

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# Turnaround & Brand Killers

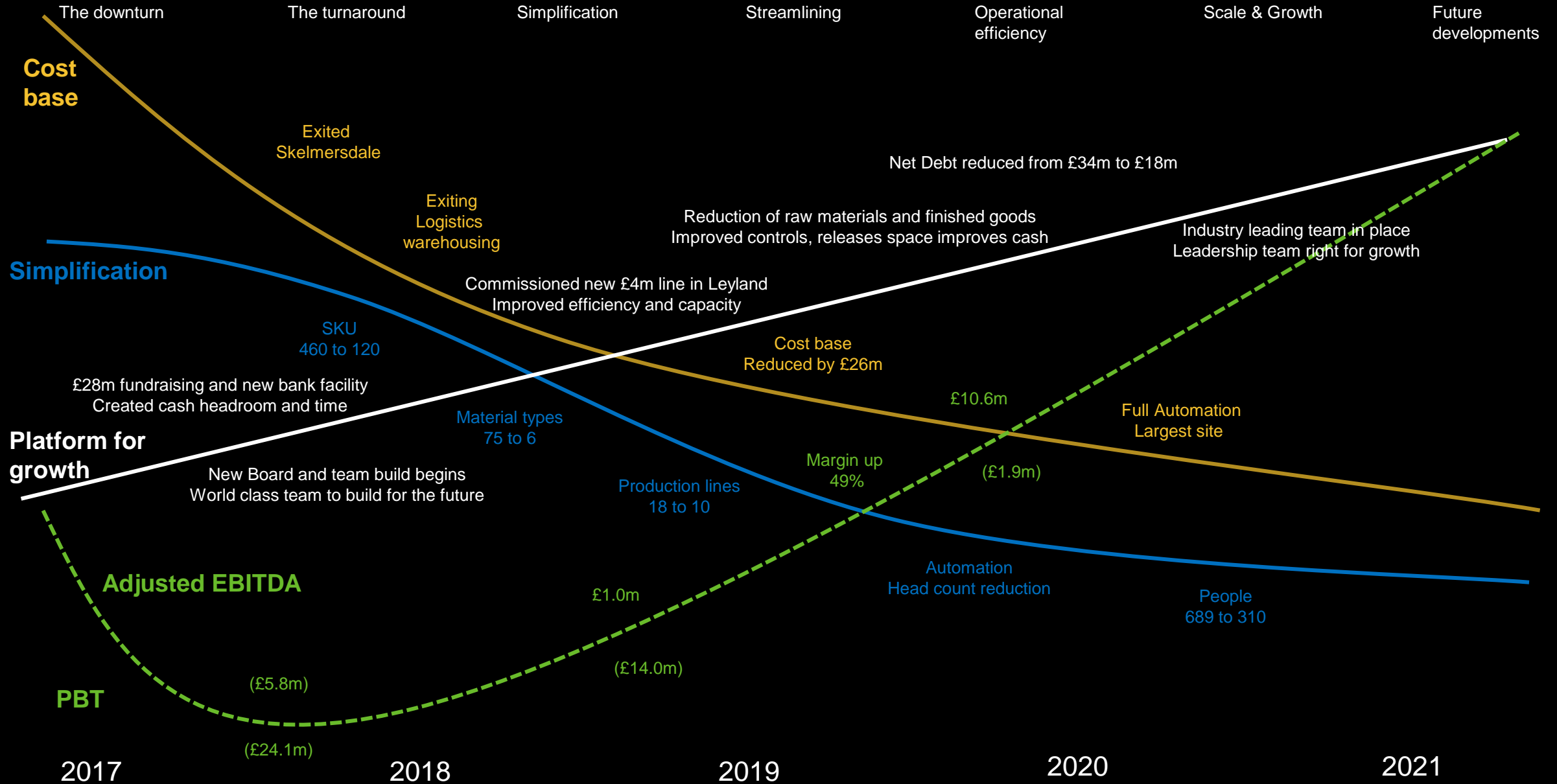
*Track Record of Delivery*

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# THE MOST COMPLEX TURNAROUND: *DELIVERED*





# OPERATIONAL *IMPROVEMENT* is relentless (2 year performance)

*“Simplification in all we do”*

## THE RIGHT PEOPLE

**55%**  
reduction in people

**100%** new leadership  
**Head count from 689 to 310 (Q3 FY21)**  
**19 out of 21** managers replaced

**77%**  
employee engagement

**74%** response rate  
**99%** on line response  
**76%** management support  
**72%** believe in team work culture

**51%**  
*reduction in accidents*

**17%** reduction in LTA  
**366%** improvement in safety observations

## STRONG FOUNDATIONS

**£26m**  
cost base reduction

**55%** reduction in cost base  
**74%** reduction in SKU's  
**92%** reduction in material types

**80%**  
increase in Output per head

**45%** reduction machinery  
**£10m** investment in machinery and automation  
**£1.5m** invested in training throughout the operational workforce

**+183%**  
*AV per £ total labour*

**44%** cost improvement per roll  
**30%** reduction in direct labour cost

## GENERATE SHAREHOLDER RETURNS

**47%**  
*reduction in Net Debt*

**£33.8m** to **£17.9m**  
**2.2x** net debt

**£14.0m**  
adjusted EBITDA growth *(like for like before IFRS positive impact of £2.3m)*

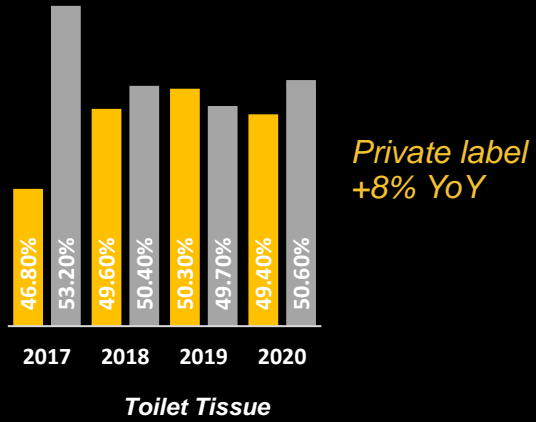
**£25m** improvement in PBT + **£15m** headwinds managed

**22%**  
*growth with top customers*

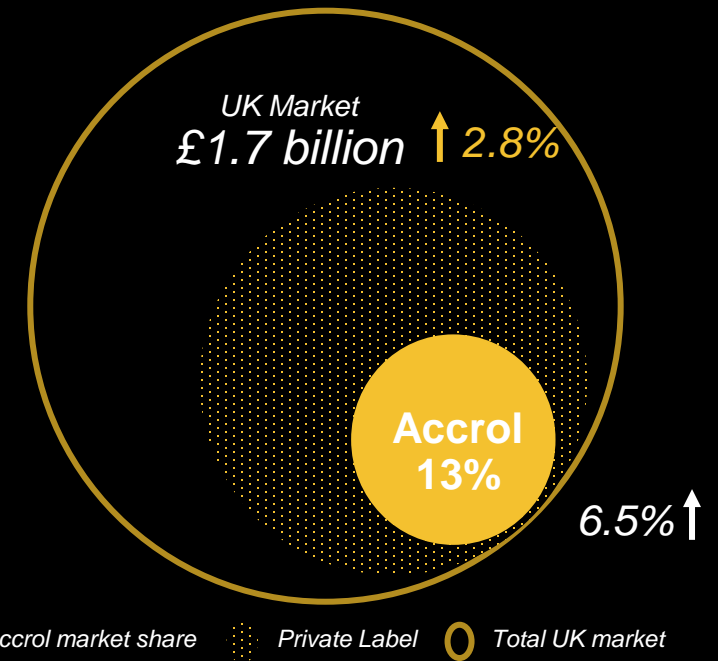
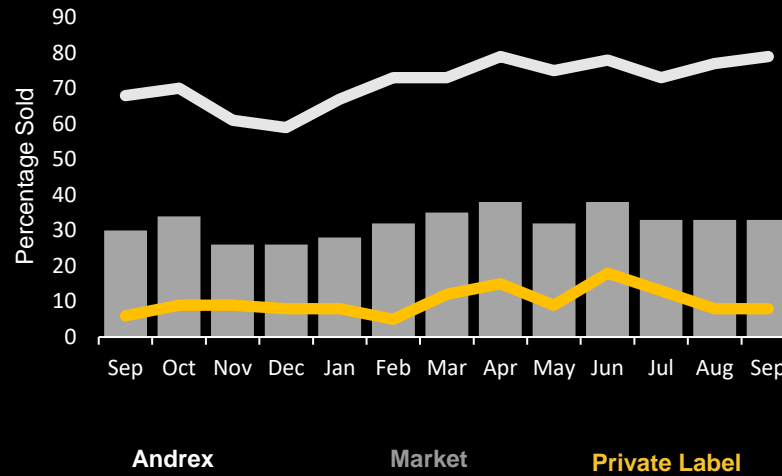
No one customer equates to more than **20%\*** of our total revenues *(one exception this year!)*

# SALES & MARGIN GROWTH

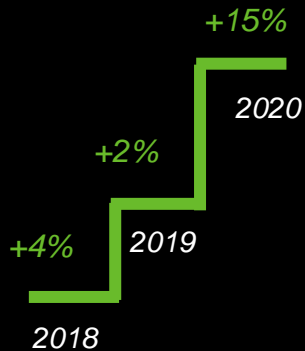
Private Label  
Branded Products



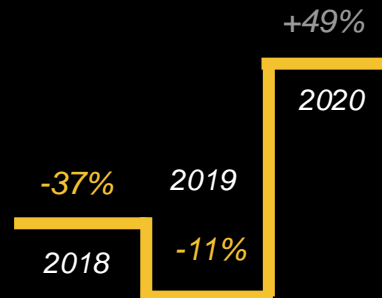
Product Sold on Promotion 2018/19



Accrol Group  
Revenue Growth



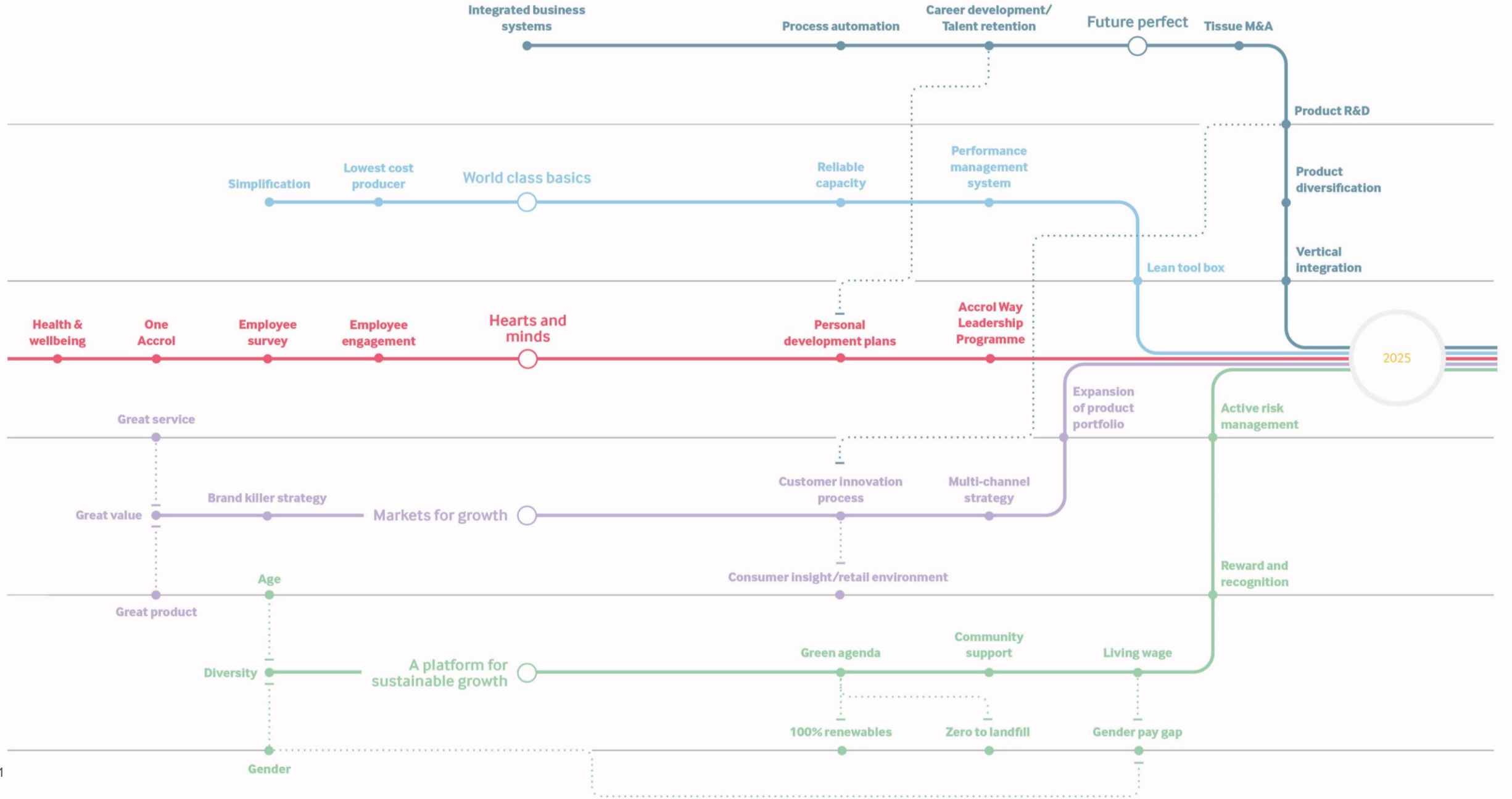
Accrol Group  
Margin Growth



Accrol Group  
Adjusted EBITDA Growth



# JUST THE **START** - LOOKING FORWARD – 2018 to 2025



# 5-year Strategy

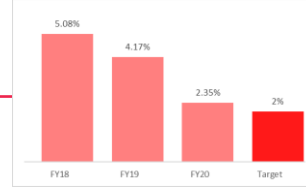
## Key KPI's and Targets

*"measure what we want to improve"*

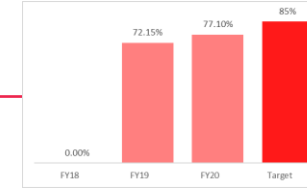
Hearts & Minds



Lost time accidents

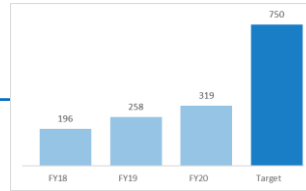


Absence

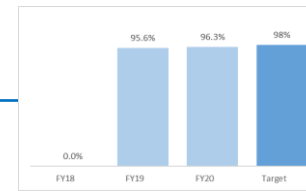


Employee Engagement

World class basics

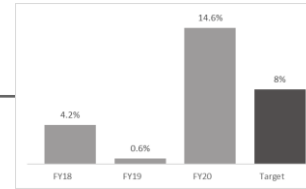


Revenue per employee



On Time in Full

Markets for growth

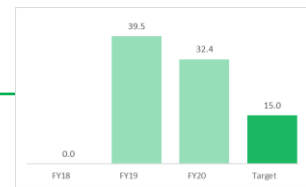


Growth rate

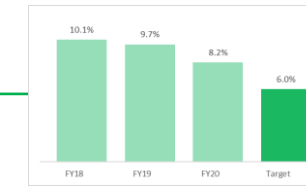


Market share

Platform for sustainable growth



CO2 per tonne produced



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# CASH & DEBT

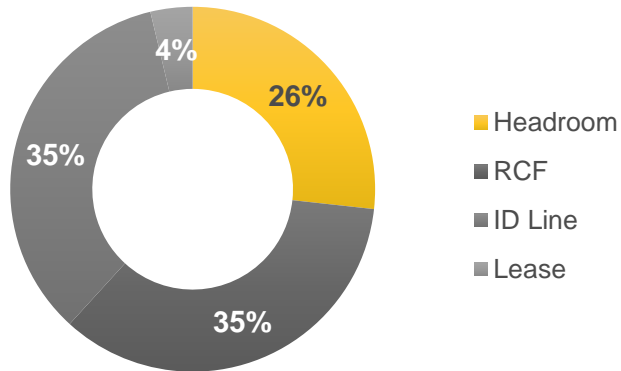
## FY20/FY19

“It remains the Board’s intention to return to the dividend list at the earliest appropriate opportunity”

### Financial results

	FY20	FY 19	FY 18	Target
Revenue	£134.8m	£119.1m	£139.7m	Grow ahead of the market
Core revenue	£133.6m	£116.3m	£115.2m	
Adjusted EBITDA (before IFRS positive impact)	£8.3m	£1.0m	(£5.8m)	
Net debt	£17.9m	£27.1m	£33.8m	
EBITDA % Sales	6.2%	0.9%	-4.2%	>10%
Net debt/adjusted EBITDA	2.2x	27.1x	-5.8x	<2x

### Credit facility



18% improvement in headroom

#### We said

Creditor days 30

Debtor days 60

Improve supplier terms

Exert cost pressure on suppliers

#### We did

Improved terms with a number of suppliers

All accounts at 35 days or better

Long term agreement and more suppliers

Supplier partnerships

#### What next

Credit insurance returning

All at 30 days

90 day terms for all

Buy or make review

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# OUTCOMES *in 2 years*

REVENUE	£115.3m to <b>£133.6m</b>	<b>16%</b>	↑	<i>650 customers to 50</i>
COSTS	(£47.9m) to <b>(£22.0m)</b>	<b>41%</b>	↓	<i>689 people to 410 then to 310 (FY21)</i>
PBT	(£24.1m) to <b>(£1.9m)</b>	<b>£22m</b>	↑	<i>Input costs headwinds of £15m negated</i>
Adjusted EBITDA	(£5.8m) to <b>£8.3m</b> (£10.6m post IFRS)	<b>£14m</b>	↑	<i>Platform for growth to +10% returns</i>
NET DEBT	(£33.8m) to <b>(£17.9m)</b>	<b>47%</b>	↓	<i>Credit insurance still to return fully</i>
SHARE PRICE	0.07p to <b>0.53p</b>	<b>7.6x</b>	↑	<i>Consistent delivery</i>
SUPPORT	<b>£28m</b> fundraise			<i>Strong supportive &amp; improving shareholder base</i>

# Transformational Change but what next.....

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## Our Strategy

*Brand Killers adding value to consumers well being everyday*

*“Ruthless approach to non-core and its divestment – good products grow in good markets”*

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# ACCROL GROUP 2020 & BEYOND *"Brand killers adding value to consumers wellbeing every day"*

## Accrol Expansion Target £250m FY24

*Growth through Acquisition and or Investment/Build*

- PRODUCTS
- Feminine Hygiene B to C
- Adult Incontinent B to C
- Medical Wet Wipes B to B
- Environmental Wet Wipes B to B

### SECTORS

- Household Products
- Sub Medical Sector
- Hygiene & Personal well being

### ROUTES TO CONSUMER

- eCommerce B2C
- B2B

We add:  
Operational expertise  
Simplification  
World class team

We want:  
Complexity  
Private label  
Stagnation  
Investor/customer case

## Accrol Tissue Division

*Double our size  
Triple our profitability*

Accrol  
£135m FY20  
↑ 14% YoY

Accrol Papers  
Division  
Make or Buy

M&A  
Value enhancing



# TRANSFORMATIONAL DELIVERY....WORLD CLASS TEAM .... WHAT NEXT.....

**Market growth** *as PL displaces Brands driven by product development and positioning outstrip the market*

**Operational Transformation** *a proven track record to execute across multiple sites and geographies*

**Capital discipline** *controlling leverage whilst growing sales and investing in efficiencies*

**World class team** *that delivered again and again*

**Strong Financial Outcomes** *revenue per head, added value per £ total labour, EBITDA, PBT all transformed*

**Shareholder Returns** *the primary focus*



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## Accrol Group – FY20 Presentation

*“Brand Killers adding value to consumers wellbeing every day”  
September 2020*



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