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

Repositioning McBride for a more sustainable future

8 September 2015

McBride plc, Europe's leading provider of Private Label Household and Personal Care products, announces its results for the year ended 30 June 2015 and the outcome of its strategy review to focus on manufacturing excellence and to provide a platform to deliver growth.

£m unless otherwise stated	2015	2014	Change
Revenue	**704.2**	744.2	(5.4%)
Revenue (constant currency) [1]	**704.2**	702.2	+0.3%
Adjusted operating profit [2]	**28.5**	22.0	+29.5%
Adjusted operating profit (constant currency) [1]	**28.5**	19.5	+46.2%
Adjusted operating margin [2]	**4.0%**	3.0%	+1.0ppts
Operating profit/(loss)	**9.7**	(13.9)	
Adjusted Profit before taxation [2]	**21.7**	14.8	+46.6%
Profit/(loss) before taxation	**2.6**	(21.3)	
Diluted earnings per share	**(0.4)p**	(10.5)p	
Adjusted diluted earnings per share [3]	**8.3p**	5.3p	+56.6%
Payment to shareholders (per ordinary share)	**3.6p**	5.0p	(28.0%)
Cash flow from operations (before exceptional items)	**44.2**	40.6	+8.9%
Net debt	**92.4**	84.7	(9.1%)
Return on capital employed [4]	**18.8%**	12.7%	+6.1ppts

- Revenues at £704.2m (2014: £744.2m) were 0.3% higher than prior year at constant currency. On a reported basis revenues 5.4% lower due to the impact of a weaker Euro on translated results.
- Adjusted operating profits up to £28.5m (2014: £22.0m) with operating margin rising to 4.0% (2014: 3.0%).
- UK restructuring project delivers in year savings of £4.9m and remains on track to deliver targeted annual savings of £12.0m by June 2016.
- Successful implementation of new Classification, Labelling and Packaging (CLP) regulations by May 2015.
- Adjusted diluted earnings per share up to 8.3p from 5.3p in the prior year.
- Exceptional items of £17.8m (2014: £34.5m) include £9.8m of non cash asset impairment and £8.0m cash cost associated with CLP and reorganisation.
- Net debt ended the year at £92.4m (2014: 84.7m) with committed headroom of £94.6m (2014: £96.4m).
- Strategy review completed during the second half of the 2015 financial year and findings announced today; outcome is a transformation plan with a three phase approach to be known as "Repair, Prepare, Grow".
- Ambition is for McBride to become the leading European manufacturer and supplier of co-manufactured and private label products for the household and personal care market through selected channels and markets.
- Plan focuses on maximising the benefits of McBride's scale through internal efficiency with significant investment to be undertaken in reducing complexity and upgrading of assets to focus on core strength of manufacturing excellence.

- Three to five year ambition is for adjusted operation profit margin (EBITA %) to grow to 7.5% with return on capital employed targeted at 25%-30%.
- Repair phase commenced with £3m of further annual overhead savings already actioned.
- Dividend policy reset reflecting prudent and sustainable funding approach ahead of transformation plan, with current full year payment to shareholders of 3.6p (2014: 5.0p).

Rik De Vos, Chief Executive Officer commented:

"Despite the extremely tough retail environment, the Group has reported revenues broadly flat and an encouraging improvement in operating profits, achieved primarily through reduced costs. The Group has made a satisfactory start to the new financial year with the benefits of cost reduction programmes evident. The result of our strategy review is being announced today, and we are excited about the opportunities available to the Group to utilise its scale more effectively to seek to deliver growth in operating profit margin. We have commenced our transformation plan and the McBride team is now embarking on a period of change to reposition McBride for a more sustainable future."

Iain Napier, Chairman commented:

"The Board is pleased and encouraged by the way the new Executive team have effectively recommended and concluded on the Group's new strategic direction. Together with the new Executive Leadership team, the Board is confident on the delivery of the new strategy."

McBride plc

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[1] Comparatives translated at 2015 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.

Group operating results

Despite challenging conditions in the Group's main developed markets, full year constant currency revenues were marginally ahead (+0.3%) of the prior year with Private Label sales 0.5% higher. Reported revenues declined by 5.4% primarily as a result of the weaker Euro.

Strong growth in Germany of over 30% was offset by weak sales activity in France, Italy, Spain and Poland and UK revenues which were lower by 4.8%.

Group operating results now reflect the benefits of the UK restructuring project that was announced in June 2014. The project remains on track to deliver the annualised benefits of £12.0 million by 30 June 2016 with savings for the full year of £4.9 million, ahead of the £3.0m initial target as a result of actions to accelerate the delivery of benefits.

Margins have improved during the year from a combination of factors including operational efficiency in production, product re-formulation and innovation, improved product sales mix and the net in year effect, after customer price concessions, of softer raw material prices.

On a constant currency basis, total operating costs before adjusting items and the impact of profit based incentives and one off severance costs decreased by £3.3 million. The UK restructuring project and lower depreciation contributed £5.6 million, offset by increased commercial and labour costs.

Adjusted operating profit for the year was £28.5 million (2014: £22.0m) with adjusted operating profit margin increasing to 4.0% (2014: 3.0%) and return on capital employed improving to 18.8% (2014: 12.7%). As a result of a weaker Euro, adjusted operating profit for the year includes a negative foreign exchange translation impact of £2.5 million.

Cash generated from operations before exceptional items was £44.2 million (2014: £40.6m), with a net working capital outflow of £1.3 million. Capital expenditure cash flow increased to £21.9 million (2014: £18.8m), mainly as a result of the investments made to support the UK restructuring announced in 2014. The increase in cash outflow for exceptional items of £10.7 million (2014: £4.2m) reflects primarily the impact of the charge taken at June 2014 for the UK restructuring project. Net cash flow before distributions was £2.3 million (2014: £5.5m). Cash payments made to shareholders during the year amounted to £8.7 million (2014: £8.9m). Consequently, year-end net debt increased to £92.4 million (2014: £84.7m).

The Group's balance sheet remains robust with net assets of £57.5 million (2014: £68.6m) and gearing at 61% (2014: 49%). The Group maintains significant borrowing headroom of £94.6 million (2014: £96.4m) on committed debt facilities. The Group traded throughout the period with ample headroom on its associated covenants.

Segmental performance

UK

In an intensely competitive retail environment and with McBride's key customers all reporting weak trading, McBride's sales levels fell year-on-year.

Reported revenue decreased by 4.8% to £246.5 million (2014: £259.0m). The decline in revenues was a result of price reductions, lower Private Label volumes and a fall in contract manufacturing volume. Market data shows UK household Private Label market share was broadly flat year-on-year, but total volumes of all products were approximately 2% lower. In Personal Care, the market was also influenced by promotional activity with Private Label volume share in our selected Personal Care segments declining to 7.7%.

Trading profits improved from £4.2 million in the prior year to £14.0 million as a result of a net benefit from lower input costs offset by price concessions to customers, foreign exchange benefits from the weaker Euro, lower depreciation (£1.8 million) and the benefits of the UK restructuring project (£4.9 million).

Western Europe
On a constant currency basis, revenues for this region rose by 3.5%, with reported revenues lower by 5.6% at £396.2 million (2014: £419.5m) as a result of the weaker Euro in 2015 compared to the prior year. Private Label revenue at constant currency grew by 3.2%.

The key driver behind the region's growth was increased sales in Germany derived from key business wins in both the prior and current year, delivering a year-on-year growth for the market of 30.6%. Across the other key countries of the region, namely France, Italy and Spain, revenues were lower by between 4% and 9%. The decline in France was due to the effects of increased branded promotional activity and weaker performance in Italy was attributable to generally subdued economic conditions. In Spain, revenues fell as a result of reduced trading at a number of our key customers.

In France, the overall market for household products grew by 1.6% in volume terms. However, Private Label volumes declined in the year by 0.4%, resulting in lower Private Label market share as branded goods promotions saw a steady rise in prominence. A number of McBride's key accounts in France reported weak trading in the past twelve months and with price pressure from discounters as well as branded goods, McBride experienced both volume and price reductions.

In Germany, the largest Private Label market in Europe, Private Label sales were up 0.7%, whilst the overall sector grew 3.0%, resulting in a reduction in Private Label volume share of 1.0%. A major contract win, secured in 2014 delivered substantial sales growth for the region, with some of this new volume falling into the first few months of the new financial year.

The Italian market is still characterised by weak consumer demand, with the overall Household market down 0.2% in volume terms and Private Label volumes down 1.0% in the year. The fragmented nature of the retail environment and the prevalence of niche suppliers means that there are many retailer/supplier relationships and as a result McBride's sales have been impacted by the fortunes of our key customers.

In Spain, the demand for Household products now appears to be returning to growth with the overall market for Household products growing by 0.8% in volume terms and Private Label volumes increasing by 2.5%. As a small player in this market, McBride's revenues declined despite the rising market. However, the exit rate on revenues in the final quarter showed encouraging growth.

Trading profits for the region at constant currency declined by 1.1% to £17.9 million due to sales mix and overhead cost increases.

Rest of the World
Reported revenues decreased by 6.4% to £61.5 million (2014: £65.7m) however, on a constant currency basis, revenues for this region rose 1.7%. Our key market in this segment, Poland, disappointingly reported a decline of 1.5% in its growing domestic market due to price deflation. The overall market for household products grew by 0.4% in volume terms, while demand for Private Label products in Poland demonstrated robust growth with volumes up 9.2%. In Asia Pacific, continued growth in Australia was offset by flat sales performance in the rest of the region.

Other financial information

Exceptional items
Exceptional items of £17.8 million (2014: £34.5m) mostly comprise of the following four components.

Following the strategic review of our UK operations in 2014, follow-on redundancy and consultancy costs have been recognised in the year in respect to this project of £0.8 million.

As outlined at the time of our 2014 full year results, the past financial year has seen substantial levels of engagement of the Group's technical, operations and commercial teams in the significant change process related to CLP regulations that came into effect on 1 June 2015.

Costs of £3.7 million in the year ended 30 June 2015, comprising temporary labour and inventory disposal costs associated with this programme have been classified as exceptional costs.

Following the change in the Executive team, the Board has performed a detailed review of the Group's strategic priorities and direction. As a result, we are today announcing our strategy to transform and simplify the business and to return it to a sustainable growth path. As part of this transformation plan, action has already taken place and reorganisation costs of £3.1 million primarily for redundancy have been recognised in relation to this initial phase of the plan. Overhead savings of £3 million are expected to be delivered during the next financial year as a result of this early action.

In addition, the Group has recognised goodwill and asset impairments amounting to a total of £9.8 million with regard to the Italian Household liquid businesses and the French and Chinese Aircare businesses.

Net finance costs

Net finance costs which amounted to £7.1 million (2014: £7.4m) included the first full year borrowing costs of the long term US Private Placements with these increased costs offset by foreign exchange gains on financing activities. The comparative 2014 costs included an additional £0.4m of pre-paid facility fees associated with the previous debt facilities renegotiated during 2014.

Profit before tax and tax rate

Reported profit before tax was £2.6 million (2014: £21.3m loss) with adjusted profit before tax totalling £21.7 million (2014: £14.8m). The tax charge on adjusted profit before tax for year of £6.5 million(2014: £5.1m) represents a 30% effective tax rate. This compares to the 34% effective tax rate for the year ended 30 June 2014, the decrease being due to a change in the jurisdictions in which Group profits arise, derived mainly from an improvement in UK profitability.

Earnings per share

On an adjusted basis, diluted earnings per share (EPS) increased by 57% to 8.3 pence (2014: 5.3p) with basic EPS at (0.4) pence (2014: (10.5p)).

Payments to shareholders

The Board's policy on payments to shareholders has been reset following the review of strategy and a prudent view of ongoing funding requirements associated with the new strategy. As a result, the Group expects to distribute adjusted earnings to shareholders based on a dividend cover range of 2x-3x. The Board will look to increase these payments as the earnings of the Group improve ensuring that payments are progressive with earnings growth, taking into account funding availability.

This policy reset will result in a full year payment to shareholders of 3.6 pence (2014: 5.0p) which reflects a dividend cover of 2.3x (2014: 0.9x). Following the interim payment of 1.7 pence declared in February 2015 (2014: 1.7p), the Board recommends a final payment to shareholders in October 2015 of 1.9 pence (2014: 3.3p) and it is intended this will be issued using the Company's B Share scheme. Going forward we expect the interim payment to be approximately one third of the full year payment.

Following final publication of the Finance Bill 2015, the Group can confirm that the provisions of the new legislation do not impact the operation of our 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 EBITDA) may not exceed 3:1 and Interest Cover (the ratio of 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
The Group operates a defined benefit pension plan in the UK. At 30 June 2015, the Group recognised a deficit on its UK plan of £29.8 million (2014: £28.4m); the increase during the period is principally due to a fall in the applied discount rate slightly offset by a reduction in expectations of long-term inflation.

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 2015, committed undrawn facilities amounted to £94.6 million. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, 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 two new Executive Officers were appointed to the Board. Chris Smith was appointed on 7 January 2015 as Chief Finance Officer replacing Richard Armitage who left the Company last year to pursue an alternative career. On 2 February 2015, Rik De Vos was appointed as the new Chief Executive Officer replacing Chris Bull who left the Board in December 2014.

Strategy
Today, McBride is the leading European provider of Private Label Household products to major retailers. Our ambition is for McBride to become the leading European manufacturer and supplier of Co-manufactured and Private Label products for the Household and Personal Care market through selected channels and markets.

After a number of years of disappointing returns, the Group has entered into a transformation phase under a new management team driving a new strategic direction. This transformation aims to optimise McBride activities maximising the leverage of its scale to deliver our growth ambition and value creation. This will be based on four building blocks:

Customer oriented service agreements aligned with channel requirements
We will have a tailored offering aligned with the respective channel characteristics and the supporting customer service levels and agreements clear on content and commitment.

Manufacturing excellence with customer integrated supply chain networks
An investment programme targeted at an optimised asset configuration supporting our market and growth ambitions. Continued investment in existing assets will further improve our operational cost and will be extended to additional investments, upgrading our five key assets, Middleton, Ieper, Estaimpuis, Foetz and Strzelce to world class manufacturing sites. This will give us a combined cost and efficiency leadership. Through simplification, our supply and distribution capability will be further strengthened.

Maximising our manufacturing efficiencies through structural supply agreements
Our strong asset base creates the opportunity to further develop manufacturing agreements with other industry players, as we have done in the past. There is a clear visible trend that demand for such agreements is increasing. By developing contracts of a longer and more structured nature, McBride will be able to generate further structural value by more effectively utilising our asset base.

Focus on the development of our people, organisational capabilities and skills
Whatever we do, whatever organisation we build, we will not deliver upon our ambition and promise if our people are not engaged, developed and positively challenged. McBride has launched a series of structural initiatives further supporting the development of our people through a reinforced HR team and its activities.

The totality of actions and initiatives we will undertake to deliver this strategy will be known as "Repair, Prepare, Grow", a transformation plan with a three to five year ambition for adjusted operating profit margin (EBITA %) of 7.5% and ROCE targeted at 25%‐30%.

Repair
McBride will substantially simplify its activities, covering customers, products, processes and organisation. We will launch a broad range of purchasing driven saving initiatives, in further support of the simplification and right-size the overhead base to reflect better the new way of working.

During the year, we have:

- actioned overhead cost reduction opportunities of £3m;
- defined targets supporting simplification of the business which will result in a 30% reduction in SKUs and a focus on the top 20% of our customers;
- set targets for overhead reductions resulting from the lower complexity;
- commenced reviews of under-performing segments of the Group, implementing the closure of the loss making Chinese activities; and
- accelerated purchasing cost initiatives deriving from the simplification of our SKU base.

Prepare
McBride will invest into its manufacturing assets and optimise its warehousing & distribution network. We will align the new organisational set-up aiming to institutionalise our new way of working with our people. We will provide a clear way forward for identified sub-optimal customers/categories and products.

During the year, we have:

- completed the installation and commissioning of the high speed line in the UK;
- reinforced the local sales and marketing organisation, supported by the aligned R&D structure, ensuring fast response times to market developments and demands;
- investigated with customers opportunities for structural co-manufacturing cooperation; and
- authorised further investment in Strzelce, Poland, with design work in progress to complete this investment in alignment with the new business model.

As we transform the business in line with the new strategic direction, shareholders should expect exceptional restructuring costs in the coming two years of approximately £15m and additional capital investment above recent run rate of 25% over the transformation period, to be funded from operating cash flow and existing facilities.

Grow
McBride will seek to drive a sustainable and profitable growth path based upon a greatly improved cost position and more efficient manufacturing and distribution. This will focus on fewer markets, categories and customers. McBride will develop customer specific value propositions depending on their individual requirements and the channel in which they are active.

Current trading and outlook
The Group has made a satisfactory start to the new financial year with the benefits of cost reduction programmes evident. We have commenced our transformation plan and the McBride team is now embarking on a period of change to reposition McBride for a more sustainable future.

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 compliance;
- Asset utilisation; and
- Financial risk.

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 2015

	Note	2015 Adjusted £m	2015 Adjusting items (see note 5) £m	2015 Total £m	2014 Adjusted £m	2014 Adjusting items (see note 5) £m	2014 Total £m
Revenue	2	**704.2**	**–**	**704.2**	744.2	–	744.2
Cost of sales		**(460.5)**	**–**	**(460.5)**	(499.6)	–	(499.6)
Gross profit		**243.7**	**–**	**243.7**	244.6	–	244.6
Distribution costs		**(48.0)**	**–**	**(48.0)**	(49.0)	–	(49.0)
Administrative costs		**(167.2)**	**(18.8)**	**(186.0)**	(173.6)	(35.9)	(209.5)
Operating profit/(loss)	2	**28.5**	**(18.8)**	**9.7**	22.0	(35.9)	(13.9)
Finance costs		**(6.8)**	**(0.3)**	**(7.1)**	(7.2)	(0.2)	(7.4)
Profit/(loss) before taxation		**21.7**	**(19.1)**	**2.6**	14.8	(36.1)	(21.3)
Taxation	4	**(6.5)**	**3.2**	**(3.3)**	(5.1)	7.3	2.2
Loss for the year attributable the owners of the Company		**15.2**	**(15.9)**	**(0.7)**	9.7	(28.8)	(19.1)
Earnings per ordinary share	5						
Basic				**(0.4)p**			(10.5)p
Diluted				**(0.4)p**			(10.5)p

	Note	2015 £m	2014 £m
Operating profit/(loss)		**9.7**	*(13.9)*
Adjusted for:			
Amortisation of intangible assets		**1.0**	*1.4*
Exceptional items	3	**17.8**	*34.5*
Adjusted operating profit	2	**28.5**	*22.0*

Consolidated statement of comprehensive income

For the year ended 30 June 2015

	2015 £m	2014 £m
Loss for the year attributable to owners of the Company	**(0.7)**	(19.1)
Other comprehensive (expense)/income		
Items that may be reclassified to profit or loss:		
Currency translation differences on foreign subsidiaries	**(17.6)**	(10.7)
Gain on net investment hedges	**16.4**	10.3
Gain/(loss) on cash flow hedges in the year	**11.2**	(4.6)
Loss on cash flow hedges transferred to profit or loss	**(6.7)**	(0.3)
Taxation relating to items above	**(3.0)**	0.5
	0.3	(4.8)
Items that will not be reclassified to profit or loss:		
Net actuarial loss on post-employment benefits	**(2.1)**	(5.2)
Taxation relating to items above	**0.4**	0.1
	(1.7)	(5.1)
Total other comprehensive expense	**(1.4)**	(9.9)
Total comprehensive expense	**(2.1)**	(29.0)

Consolidated balance sheet
As at 30 June 2015

	Note	**2015 £m**	2014 £m
Non-current assets			
Goodwill		**17.7**	23.9
Other intangible assets		**2.0**	2.4
Property, plant and equipment		**129.8**	143.4
Derivative financial instruments		**9.9**	–
Deferred tax assets		**11.1**	14.1
Other non-current assets		**0.5**	0.5
		171.0	184.3
Current assets			
Inventories		**66.8**	66.6
Trade and other receivables		**132.5**	142.5
Derivative financial instruments		**1.7**	0.2
Cash and cash equivalents		**23.3**	35.3
Assets classified as held for sale		**1.1**	1.2
		225.4	245.8
Total assets		**396.4**	430.1
Current liabilities			
Trade and other payables		**172.6**	180.6
Borrowings		**35.1**	33.1
Derivative financial instruments		**1.8**	0.8
Current tax liabilities		**3.7**	6.4
Provisions	9	**4.8**	8.9
		218.0	229.8
Non-current liabilities			
Trade and other payables		**0.4**	0.4
Borrowings		**80.6**	86.9
Derivative financial instruments		**0.1**	3.9
Pensions and other post-employment benefits	8	**31.4**	30.4
Provisions	9	**3.2**	2.5
Deferred tax liabilities		**5.2**	7.6
		120.9	131.7
Total liabilities		**338.9**	361.5
Net assets		**57.5**	68.6
Equity			
Issued share capital		**18.3**	18.3
Share premium account		**102.4**	111.5
Other reserves		**35.5**	26.5
Accumulated loss		**(99.3)**	(88.3)
Equity attributable to owners of the Company		**56.9**	68.0
Non-controlling interests		**0.6**	0.6
Total equity		**57.5**	68.6

Consolidated cash flow statement

For the year ended 30 June 2015

	Note	**2015 £m**	2014 £m
Operating activities			
Profit/(loss) before tax		**2.6**	(21.3)
Net finance costs		**7.1**	7.4
Exceptional items	3	**17.8**	34.5
Depreciation of property, plant and equipment		**19.6**	23.5
Amortisation of intangible assets		**1.0**	1.4
Operating cash flow before changes in working capital		**48.1**	45.5
Increase in receivables		**(3.6)**	(3.2)
(Increase)/decrease in inventories		**(5.5)**	15.3
Increase/(decrease) in payables		**7.8**	(14.5)
Operating cash flow after changes in working capital		**46.8**	43.1
Additional cash funding of pension schemes		**(2.6)**	(2.5)
Cash generated from operations before exceptional items		**44.2**	40.6
Cash outflow in respect of exceptional items		**(10.7)**	(4.2)
Cash generated from operations		**33.5**	36.4
Interest paid		**(5.7)**	(5.6)
Taxation paid		**(6.9)**	(8.3)
Net cash from operating activities		**20.9**	22.5
Investing activities			
Proceeds from sale of non-current assets		**0.2**	0.5
Purchase of property, plant and equipment		**(21.2)**	(18.2)
Purchase of intangible assets		**(0.7)**	(0.6)
Settlement of derivatives used in net investment hedges		**3.1**	1.3
Net cash used in investing activities		**(18.6)**	(17.0)
Financing activities			
Redemption of B Shares		**(8.7)**	(8.9)
Drawdown of borrowings		**103.4**	134.7
Repayment of borrowings		**(107.7)**	(95.5)
Capital element of finance lease rentals		**(0.1)**	–
Net cash used in financing activities		**(13.1)**	30.3
(Decrease)/increase in net cash and cash equivalents		**(10.8)**	35.8
Net cash and cash equivalents at the start of the year		**35.3**	–
Currency translation differences		**(1.2)**	(0.5)
Net cash and cash equivalents at the end of the year		**23.3**	35.3

Reconciliation of net cash flow to movement in net debt

For the year ended 30 June 2015

	2015 £m	2014 £m
(Decrease)/increase in net cash and cash equivalents	**(10.8)**	35.8
Net repayment/(drawdown) of bank loans	**4.3**	(39.2)
Capital element of finance lease rentals	**0.1**	–
Change in net debt resulting from cash flows	**(6.4)**	(3.4)
Inception of finance lease rentals	**(0.4)**	–
Currency translation differences	**(0.9)**	5.5
Movement in net debt in the year	**(7.7)**	2.1
Net debt at the beginning of the year	**(84.7)**	(86.8)
Net debt at the end of the year	**(92.4)**	(84.7)

Consolidated statement of changes in equity

For the year ended 30 June 2015

			Other reserves						
	Issued share capital £m	Share premium account £m	Cash flow hedge reserve £m	Currency translation reserve £m	Capital redemption reserve £m	Accumulated loss £m	Equity attributable to owners of the Company £m	Non-controlling interests £m	Total equity £m
At 30 June 2013	18.3	120.6	(1.4)	(0.7)	24.5	(55.2)	106.1	0.6	106.7
Year ended 30 June 2014									
Loss for the year	-	-	-	-	-	(19.1)	(19.1)	-	(19.1)
Other comprehensive (expense)/income									
Items that may be reclassified to profit or loss:									
Currency translation differences on foreign subsidiaries		-	-	(10.7)	-	-	(10.7)	-	(10.7)
Gain on net investment hedges	-	-	-	10.3	-	-	10.3	-	10.3
Loss on cash flow hedges in the year	-	-	(4.6)	-	-	-	(4.6)	-	(4.6)
Loss on cash flow hedges transferred to profit or loss	-	-	(0.3)	-	-	-	(0.3)	-	(0.3)
Taxation relating to items above	-	-	0.5	-	-	-	0.5	-	0.5
	-	-	(4.4)	(0.4)	-	-	(4.8)	-	(4.8)
Items that will not be reclassified to profit or loss:									
Net actuarial loss on post-employment benefits				-	-	(5.2)	(5.2)	-	(5.2)
Taxation relating to item above	-	-	-	-	-	0.1	0.1	-	0.1
	-	-	-	-	-	(5.1)	(5.1)	-	(5.1)
Total other comprehensive expense	-	-	(4.4)	(0.4)	-	(5.1)	(9.9)	-	(9.9)
Total comprehensive expense	-	-	(4.4)	(0.4)	-	(24.2)	(29.0)	-	(29.0)
Transactions with owners of the Company									
Issue of B shares	-	(9.1)	-	-	-	-	(9.1)	-	(9.1)
Redemption of B shares	-	-	-	-	8.9	(8.9)	-	-	-
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 2015									
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 Company									
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**

Notes to the consolidated financial information
For the year ended 30 June 2015

1. Basis of preparation

The financial information is derived from the Group's consolidated financial statements for the year ended 30 June 2015, 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 8 September 2015.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 June 2014, except for:

- IFRS 10, 'Consolidated financial statements'
- IFRS 11, 'Joint arrangements'
- IFRS 12, 'Disclosures of interests in other entities'
- IAS 27 (revised 2011), 'Separate financial statements'
- IAS 28 (revised 2011), 'Associates and joint ventures'
- Amendments to IAS 32 on financial instruments asset and liability offsetting
- Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures
- Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on novation of derivatives and hedge accounting
- Annual improvement projects 2012 and 2013

All of the above changes to accounting policies had no financial effect on the consolidated financial statements for the year ended 30 June 2015.

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 2015, 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 20 October 2015.

2. Segment information

Background

Financial information is presented to the Board on a geographical basis for the purposes of allocating resources within the Group and assessing the performance of the Group's businesses. Accordingly, the Group's operating segments are determined on a geographical basis.

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 year-on-year 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 intangible assets and exceptional items.

Analysis by reportable segment

	2015					
	UK £m	**Western Europe £m**	**Rest of the World £m**	**Total segments £m**	**Corporate £m**	**Total Group £m**
Segment revenue	**246.5**	**396.2**	**61.5**	**704.2**	**-**	**704.2**
Adjusted operating profit/(loss)	**14.0**	**17.9**	**2.2**	**34.1**	**(5.6)**	**28.5**
Amortisation of intangible assets	**(0.8)**	**-**	**(0.2)**	**(1.0)**	**-**	**(1.0)**
Exceptional items (see note 3)	**(2.1)**	**(13.4)**	**(0.2)**	**(15.7)**	**(2.1)**	**(17.8)**
Operating profit/(loss)	**11.1**	**4.5**	**1.8**	**17.4**	**(7.7)**	**9.7**
Net finance costs						**(7.1)**
Profit before taxation						**2.6**

	2014					
	UK £m	**Western Europe £m**	**Rest of the World £m**	**Total segments £m**	**Corporate £m**	**Total Group £m**
Segment revenue	259.0	419.5	65.7	744.2	–	744.2
Adjusted operating profit/(loss)	4.2	19.8	4.2	28.2	(6.2)	22.0
Amortisation of intangible assets	(1.2)	–	(0.2)	(1.4)	–	(1.4)
Exceptional items (see note 3)	(27.6)	(3.8)	(0.6)	(32.0)	(2.5)	(34.5)
Operating (loss)/profit	(24.6)	16.0	3.4	(5.2)	(8.7)	(13.9)
Net finance costs						(7.4)
Loss before taxation						(21.3)

3. Exceptional items

Analysis of exceptional items

	2015 £m	2014 £m
Reorganisation and restructuring costs:		
– Functional reorganisation	**(0.4)**	(2.6)
– UK restructuring	**(0.8)**	(7.9)
– Group reorganisation	**(3.1)**	-
	(4.3)	(10.5)
Impairment of long-lived assets and inventory:		
– Brno, Czech Republic	**-**	(4.9)
– Head Office	**-**	(0.4)
– UK restructuring	**-**	(20.7)
– Western Europe	**(9.7)**	-
– Rest of the World	**(0.1)**	-
	(9.8)	(26.0)
Environmental remediation	**-**	(2.5)
Classification, Labelling and Packaging (CLP)	**(3.7)**	(0.2)
Change in contingent consideration	**-**	4.7
Total charged to operating profit	**(17.8)**	(34.5)

During 2015, the Group recognised further functional reorganisation and UK restructuring exceptional costs of £0.4 million (2014: £2.6m) and £0.8 million (2014: £7.9m) respectively in relation to redundancies and consultancy costs.

Also during the year, the Group recognised costs with regards to a Group reorganisation of £3.1 million in relation to redundancies and consultancy costs.

Following a detailed review by new management, the Group has reorganised impairments to long lived assets as follows:

- goodwill of £5.6 million allocated to its Italian Household liquids business; and
- fixed assets of £4.2 million in relation to its French and Chinese Aircare businesses.

Further exceptional costs were incurred with regards to CLP of £3.7 million (2014: £0.2m) in relation to incremental staff, artwork and packaging costs.

In the prior year, the following costs were charged:

- £21.1 million in relation to Impairment of long-lived assets and inventory within the UK and Head Office;
- £2.5 million in relation to a long-term environmental remediation plan at a site in Belgium; and
- £4.9 million impairment charge on property, plant and equipment in relation to its Skincare business at Brno, Czech Republic, which was materially offset by the change in contingent consideration payable on the Dermacol acquisition of £4.7 million.

4. Taxation

Income tax expense

	2015 UK £m	2015 Overseas £m	2015 Total £m	2014 UK £m	2014 Overseas £m	2014 Total £m
Current tax expense:						
Current year	**–**	**4.9**	**4.9**	–	6.4	6.4
Adjustment for prior years	**–**	**(0.2)**	**(0.2)**	–	0.1	0.1
	–	**4.7**	**4.7**	–	6.5	6.5
Deferred tax expense:						
Origination and reversal of temporary differences	**0.7**	**(2.7)**	**(2.0)**	(8.0)	(0.2)	(8.2)
Adjustment for prior years	**0.7**	**(0.3)**	**0.4**	(0.5)	0.2	(0.3)
Impact of change in tax rate	–	**0.2**	**0.2**	–	(0.2)	(0.2)
	1.4	**(2.8)**	**(1.4)**	(8.5)	(0.2)	(8.7)
Total tax expense/(credit)	**1.4**	**1.9**	**3.3**	(8.5)	6.3	(2.2)

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 (2014: 0.6 million shares), being the weighted average number of own shares held during the year in relation to employee share schemes.

	Reference	2015	2014
Weighted average number of ordinary shares in issue (million)	a	**182.2**	182.2
Effect of dilutive LTIP awards (million)		**0.2**	–
Weighted average number of ordinary shares for calculating diluted earnings per share (million)	b	**182.4**	182.2

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	2015 £m	2014 £m
Earnings for calculating basic and diluted earnings per share	c	**(0.7)**	(19.1)
Adjusted for:			
Amortisation of intangible assets		**1.0**	1.4
Exceptional items (see note 3)		**17.8**	34.5
Unwind of discount on contingent consideration		**0.1**	0.2
Unwind of discount on provisions (see note 9)		**0.2**	–
Taxation relating to the above items		**(3.2)**	(7.3)
Earnings for calculating adjusted earnings per share	d	**15.2**	9.7

		2015 pence	2014 pence
Basic earnings per share	c/a	**(0.4)**	(10.5)
Diluted earnings per share	c/b	**(0.4)**	(10.5)
Adjusted basic earnings per share	d/a	**8.3**	5.3
Adjusted diluted earnings per share	d/b	**8.3**	5.3

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:

	2015		2014	
	Pence per share	**£m**	Pence per share	£m
Interim	**1.7**	**3.1**	1.7	3.1
Final	**1.9**	**3.5**	3.3	6.0
Total for the year	**3.6**	**6.6**	5.0	9.1

The proposed final payment in respect of 2015 of 1.9 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. Goodwill

During the year, an impairment of £5.6 million was recognised in relation to the Italian Household liquid business.

8. 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. Together, these schemes cover most of the Group's UK employees. The defined benefit pension scheme deficit as at 30 June 2015 amounted to £29.8m (2014: £28.4m).

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 2015, the Group's post-employment benefit obligations outside the UK amounted to £1.6 million (2014: £2.0m).

9 Provisions

	Reorganisation and restructuring £m	Leasehold dilapidations £m	Environmental remediation £m	Other £m	Total £m
At 30 June 2014	8.4	-	2.5	0.5	11.4
Charged to profit or loss	3.0	0.7	-	0.2	3.9
Unwind of discount	-	-	0.2	-	0.2
Utilisation	(6.9)	-	(0.2)	-	(7.1)
Currency translation differences	-	-	(0.3)	(0.1)	(0.4)
At 30 June 2015	**4.5**	**0.7**	**2.2**	**0.6**	**8.0**

Analysis of provisions:

	2015 £m	2014 £m
Current	**4.8**	8.9
Non-Current	**3.2**	2.5
Total	**8.0**	11.4

Reorganisation and restructuring provisions as at 30 June 2015 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 are mainly in respect of training costs in France.

10. Exchange rates

	Average rate		Closing rate	
	2015	2014	**2015**	2014
Euro	**1.31**	1.20	**1.41**	1.25
US Dollar	**1.58**	1.63	**1.57**	1.70
Polish Zloty	**5.48**	5.03	**5.89**	5.19
Czech Koruna	**36.24**	32.22	**38.31**	34.25
Hungarian Forint	**406.07**	362.67	**442.69**	385.90
Malaysian Ringgit	**5.44**	5.28	**5.93**	5.47
Australian Dollar	**1.89**	1.77	**2.05**	1.81
Chinese Yuan	**9.75**	9.99	**9.75**	10.57

11. 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 27 November 2015 to ordinary shareholders on the register on 23 October 2015.

-Ends-