FINAL RESULTS – YEAR ENDED 30 APRIL 2016

JULY 2016

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OVERVIEW AND HIGHLIGHTS

OVERVIEW

- The leading independent tissue converter* in the UK
- Alignment with discounters has fuelled growth since 2008
- Discount segment is fastest growing sector at 10% per annum
- Well placed to exploit private label growth taking market share from brands
- UK market is consolidated with 5 key competitors – top 3 have 74% market share, Accrol share is 7%
- No paper mill gives flexibility on sourcing, pricing and new developments in tissue technology
- £18.2m of committed Capex spent in the last three years with 60% of plant less than 5 years old
- Installed capacity of 118,000 tonnes per annum with a further 25,000 tonnes available for installation
- 16.1% sales CAGR and 27.7% EBITDA CAGR over the last three years
- A well covered dividend and market leading yield supported through strong cash generation

**By reference to market share of the discount market*

HIGHLIGHTS SNAPSHOT

£15.0m
Delivered forecasted adjusted EBITDA for FY16

>40%
Accrol share of discount market with new wins

c£22m
Total annual sales from three new major contacts won at start of FY17

£63.5m
Funds raised at IPO

£180m
Potential sales capability

118k te
Current capacity

25k te
Capacity available for installation

HIGHLIGHTS FOR YEAR ENDED 30 APRIL 2016

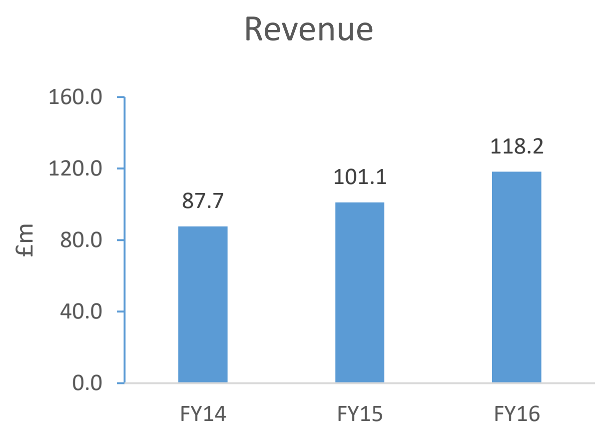
- Revenues increased by 17.0% to £118.2m (2015: £101.1m)

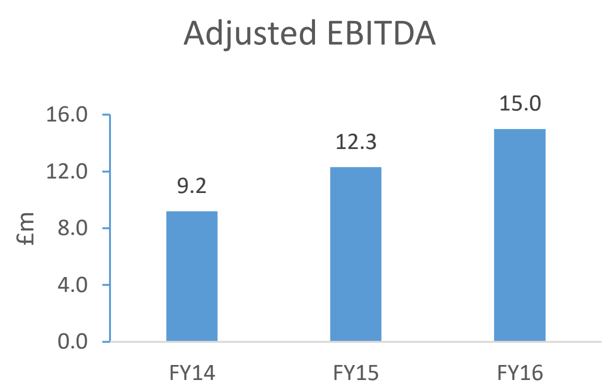
- Adjusted gross margin increased by 2.1% to 28.1% (2015: 26.0%):
    - Three new machines purchased in prior year and filled
    - Favourable paper pricing

- Adjusted EBITDA increased by 22.5% to £15.0m (2015: £12.3m)

- Continued strong cash generation which included repayment of £4.1m of loan note interest.

- Continued investment in machinery:
    - £3.2m committed in April 2016 on two high-speed converting lines;
    - Follows the prior year investment of £6.6m in three high-speed lines.
    - Utilisation of 74% (2015: 72%) against available capacity of 118,000 tonnes (2015: 101,000 tonnes)





HIGHLIGHTS SINCE YEAR END

- Successful IPO on 10 June 2016, raising £63.5 million (placing £43.3m and vendor placing £20.2m)
- Current trading in line with market forecasts for FY17
- New contract wins include:
    - Booker £6.5m – started April 2016
    - Poundstretcher £5.0m – started May 2016
    - Major Global Retailer £10m – starts September 2016
    - Underpins forecasted growth from FY16 to FY17
    - Our share of the Discount segment is now over 40%
- Major contracts with three major multiples under review
- 25,000 tonnes (c. £30m sales) of capacity available for installation (2 machines)
- Net debt as at the year end was £60.6m and subsequently reduced by approximately £37.5m at listing, in line with market forecasts

HIGHLIGHTS POST YEAR END (CONTINUED)

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- Potential impact of Brexit:
  - Currency – prior to the EU referendum, Accrol took out additional forward currency contracts
  - Paper prices continue to be suppressed
  - Depreciation in Sterling since the vote provides us with a number of opportunities:
    - Potential price decreases from tissue suppliers
    - Potential price increases from our competitors
    - Smaller converters may not be hedged as far out so opportunity for further market consolidation
    - Talk of potential recession will only further strengthen the Discounters and own label sales with Accrol ideally placed to increase supply

GROUP FINANCIALS

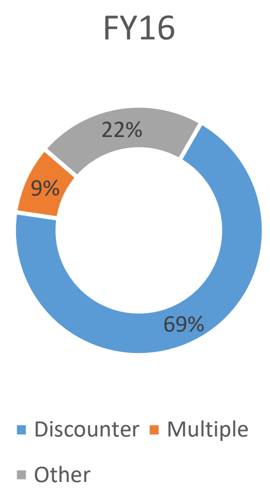
PROFIT & LOSS

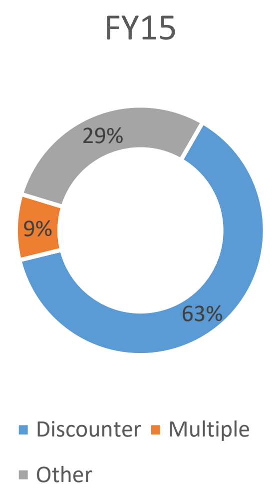
Profit and loss - extract			
£m	*FY2014*	*FY2015*[3]	*FY2016*
Revenue	87.7	101.1	118.2
YOY revenue growth	*17.1%*	*15.3%*	*17.0%*
Gross profit	21.9	25.2	34.5
Adjusted Gross Margin[1]	*25.4%*	*26.0%*	*28.1%*
Overheads	14.2	18.7	22.6
Operating profit	7.7	6.5	11.9
Adjusted EBITDA[2]	9.2	12.3	15.0

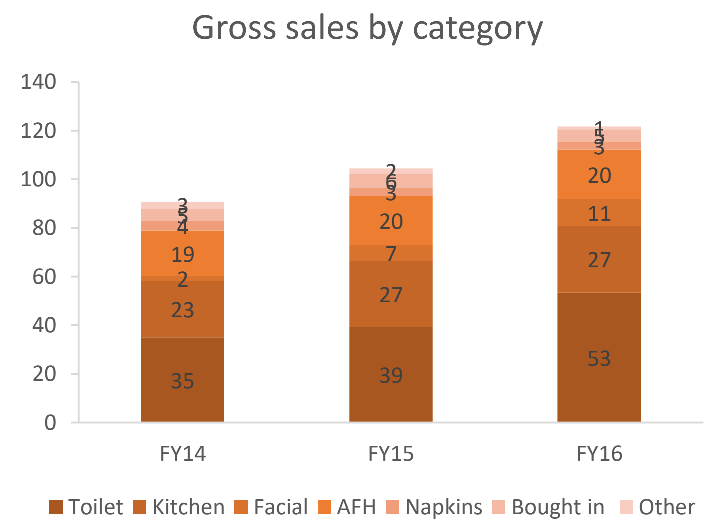
- Revenue grew 17% or £17.1m mainly due to Discounters and toilet tissue:
  - Discounters increased 28% or £18m from FY15 to FY16 (2015: 26% or £14m)
  - Toilet grew 36% or £14m from FY15 to FY16
  - Multiples grew 15% year in year

- Adjusted gross margin increased 2.1% mainly due to:
  - Favourable purchasing price variance of c. 1.3% points of gross margin – US$ exchange rate decreased c. 6% vs US$/te decrease of c. 9%
  - In FY15, we invested in, installed and commissioned three new high-speed converting lines. In FY16, the majority of this new capacity was utilised improving gross margin by c. 0.8% points

- Overheads:
  - Distribution costs increased £1.4m mainly due to increased revenue
  - Administration costs increased £2.5m mainly due to :
    - £1.5m due to investment in people to support revenue growth
    - £0.4m due to increase in amortisation charge
    - £0.9m due to overheads to support three new lines







Note 1 – excludes impact of unrealised gains / losses on foreign currency contracts
Note 2 – Adjusted EBITDA, which is defined as profit before finance costs, tax, depreciation, amortisation, gain / (loss) on derivative financial instruments and exceptional items
Note 3 – Proforma for 12 months ended 30 April 2015

CASH FLOW AND NET DEBT

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Cash flow - extract			
£m	*FY2014*	*FY2015[3]*	*FY2016*
Operating profit	**7.7**	**6.5**	**11.9**
Depreciation & amortisation	1.2	3.2	3.9
Loss/(gain) on derivative financial instruments	0.3	1.0	(1.3)
Adjusted operating profit	**9.2**	**10.7**	**14.5**
Movement in working capital	(2.9)	0.6	(3.4)
Tax paid	(1.6)	(1.5)	(1.5)
Interest paid	(0.6)	(0.7)	(4.9)
Net cash flows from operating activities	**4.1**	**9.1**	**4.7**
Purchase of property, plant and equipment	(1.0)	(0.8)	(0.7)
Net cash flow from operating activities less capex	**3.1**	**8.3**	**4.0**

- Deprecation increased due to 3 new lines with amortisation more due to full year charge re part year acquisition in FY15
- Financial instruments – Euros in the money at April 2016. Going forward into FY17, hedge accounting to be applied.
- Working capital – timing differences in FY15 reversing leading to expected cash outflow on working capital
- Tax paid similar year on year mainly due to agreed tax benefit on loan note interest
- Interest paid in FY16 includes £4.1m re loan notes
- Capex at similar levels to prior years

Net debt			
£m	*FY2014*	*FY2015*	*FY2016*
Bank loan facility	0.3	4.8	3.7
Finance leases	7.5	11.0	10.8
Shareholder loans	-	40.8	41.1
Factoring facility	11.4	5.8	7.5
Borrowings	**19.2**	**62.4**	**63.1**
Cash and cash equivalents	-	(0.7)	(2.5)
Net debt	**19.2**	**61.7**	**60.6**

- Bank facility – reduction due to £0.3m per quarter capital repayments
- Finance lease creditor reduced by capital repayments of £3.1m, offset by £2.9m due to financing of 2 new lines in April 2016
- Shareholder loans – interest charge in year mainly offset by interest cash payment in FY16
- First three elements of debt all repaid on listing, replaced with £18.0m RCF with day 1 draw down of £13.0m

Note 3 – Proforma for 12 months ended 30 April 2015

BALANCE SHEET

Balance sheet £m	FY2014	FY2015	FY2016
Property, plant and equipment	16.2	22.7	24.4
Intangible assets	4.2	33.8	31.7
Fixed assets	**20.4**	**56.5**	**56.1**
Inventories	9.1	9.4	9.4
Trade and other receivables	23.7	19.3	21.3
Trade and other payables	(9.2)	(17.1)	(15.5)
Working Capital	**23.6**	**11.6**	**15.2**
Cash and cash equivalents	-	0.7	2.5
Borrowings	(19.2)	(62.4)	(63.1)
Net Debt	**(19.2)**	**(61.7)**	**(60.6)**
Other liabilities			
Derivative financial instruments	(0.4)	(1.5)	(0.2)
Income taxes payable	(0.8)	(0.5)	(0.9)
Deferred tax liabilities	(1.0)	(5.0)	(4.5)
Net Assets	**22.6**	**(0.6)**	**5.1**

- Plant and equipment – 5 new lines committed, installed and operational between FY14 and FY16 with 3 in FY15 and 2 in FY16
- Intangibles consist mainly of goodwill (not amortised) and customer relationships (amortised over 10 years)
- Working capital:
    - Stock – raw material stocks increased by c. £0.6m in line with sales increase, offset by similar decrease in finished goods stocks.
    - Trade receivables – increased in line with the growth in sales
    - Trade payables – decreased following decision to accept more favourable Parent Reel pricing vs credit terms.

BREXIT UPDATE

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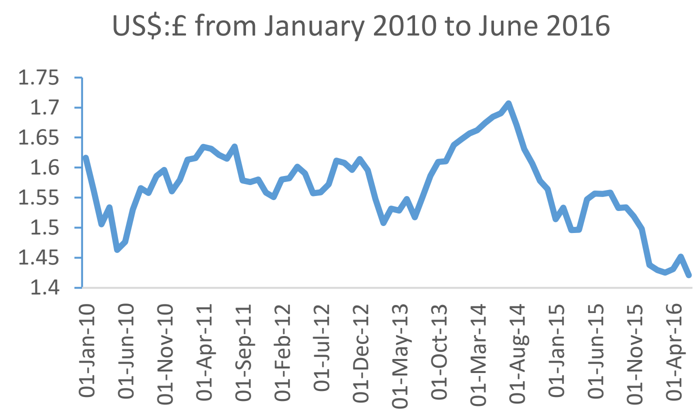
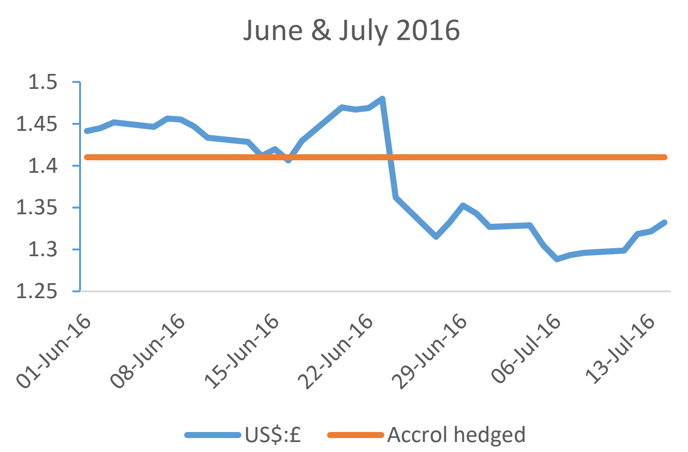
Foreign exchange and hedging

- As the UK is a net importer of tissue, fluctuations in global pulp prices and exchange rates impact both tissue paper makers and convertors
- Purchases are made predominantly in US$ with hedges taken up to 6 month in advance
- Pre Brexit hedges taken over a longer period and at a deeper level than historically
- Utilised all of the headroom on our forward currency facility three times in the period between the end of the road show and the vote
- We have 90% cover on the currency required at $1.41
- Tissue orders placed till early December at a c. 4% lower than forecast
- Between hedging cover and tissue pricing above, the material element of cost of sales is protected for FY2017

Opportunity

- Depreciation in Sterling since the vote provides us with a number of opportunities:
    - Potential price decreases from tissue suppliers
    - Potential price increases from our competitors
    - Smaller converters may not be hedged as far out so opportunity for further market consolidation
    - Talk of potential recession will only further strengthen the Discounters and own label sales with Accrol ideally placed to take advantage





STRATEGY

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Organic growth

- Enhance c.35% market share with discounters – projected growth of c.10% per annum – Now above 40% following new wins
- Maintain & expand product sales to existing customers – key customers showing growth
- Consider complementary acquisitions

Take market share through multiples

- Become a leading supplier to key multiples–15% increase YoY
- Grow sales with Tesco, Sainsbury's and Morrisons – Discussions well advanced
- Expand facial – Sales grew 66% to £11m YoY
- Utilise Accrol's branded and private label, kitchen, toilet and facial offering as a "one stop shop"

Remove complexities

- Seek to increase operational efficiencies in the existing capacity – Output increased in last quarter
- Focus on an AFH centre – dedicated pick, pack and ship
- Optimise supply chain

Utilise excess capacity

- Current capacity is c.118,000 tonnes per annum. Accrol has recently purchased machines with an additional c.25,000 tonnes of capacity per annum
- Annualised run-rate as at February 2016 was c.89,000 tonnes – current 95,000 te
- Excess capacity – 35,000 te

APPENDICES

Peter Cheung – Executive Chairman

- Appointed Chairman of Accrol in November 2014
- 30 years domestic and international experience in blue chip manufacturing, FMCG and retail environments
- Previous experience includes over 10 years in the soft tissue industry, 8 years with Fort James (Georgia Pacific) 2+ years with AM Paper/SCA

Steve Crossley – Chief Executive

- Experienced CEO and Board Member with over 35 years experience in UK food manufacturing and distribution
- Spent 27 years at Unigate plc and Northern Foods plc holding various senior positions, including latterly as Operating Board Director and Divisional Managing Director of Chilled Foods
- CEO at Bright Blue Foods (Sept 2014 to May 2016)

James Flude – Chief Financial Officer

- Appointed as Finance Director in January 2015
- Holds a PhD and qualified as a charted accountant with Arthur Andersen
- Over 13 years of industry experience in blue chip manufacturing, branded consumer goods and retails

Joanne Lake – Non-Executive Director

- Over 30 years' experience in accountancy and investment banking primarily with Panmure Gordon, Evolution Securities, Williams de Broë and Price Waterhouse
- Current NED roles include Gateley (Holdings) plc and Mattioli Woods plc

Steve Hammett – Non-Executive Director

- Over 25 years experience with Tesco plc both in the UK as well as internationally in Turkey, Thailand, Czech Republic and Slovakia
- Currently holds a position on the Food Board of the Co-operative Group in the role of interim customer director

PROFIT AND LOSS ACCOUNT – STATUTORY AND PROFORMA

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	Actual			Proforma	
	2016 £'000	**2015 £'000**	**Change**	**2015 £'000**	**Change**
Revenue	118,219	81,904	+44%	101,056	+17%
Cost of sales before gain / (loss) on derivative financial instruments	(84,996)	(59,162)		(74,823)	
Gain / (loss on derivative instruments	1,266	(1,455)		(1,027)	
Cost of sales	(83,730)	(60,617)		(75,850)	
Gross profit	34,489	21,287	+62%	25,206	+37%
Administration expenses	(13,138)	(8,954)		(10,598)	
Distribution	(9,431)	(8,549)		(8,086)	
Operating profit	**11,920**	**3,784**	**+215%**	**6,522**	**+83%**
Analysed as:					
- EBITDA[1]	15,038	9,971	+51%	12,279	+22%
- Depreciation	(1,831)	(1,511)		(1,509)	
- Amortisation	(2,060)	(1,691)		(1,691)	
- Gain/ (loss) on derivative financial instruments	1,266	(1,455)		(1,027)	
- Exceptional items	(493)	(1,530)		(1,530)	
Operating profit	**11,920**	**3,784**	**+215%**	**6,522**	**+83%**
Finance costs	(4,941)	(4,132)		(4,231)	
Profit / (loss) before tax	**6,979**	**(348)**		**2,291**	
Tax charge	(1,274)	(352)		(871)	
Profit / (loss) for the year attributable to equity shareholders	**5,705**	**(700)**		**1,420**	
Gross margin %	*29.2%*	*26.0%*		*24.9%*	
Adjusted gross margin %	*28.1%*	*27.8%*		*26.0%*	

Note 1: Adjusted EBITDA, which is defined as profit before finance costs, tax, depreciation, amortisation, gain / (loss) on derivative financial instruments and exceptional items, is a non-GAAP metric used by management and is not an IFRS disclosure.

PROFIT AND LOSS ACCOUNT – EXCEPTIONAL ITEMS

Exceptional items			
£m	*FY2014*	*FY2015*	*FY2016*
Exceptional items	-	1.5	0.5

Year ended 30 April 2015
On 14 July 2014, Accrol Group Holdings plc through its subsidiary, Accrol UK Limited, purchased the entire issued share capital of Accrol Holdings Limited for a consideration of £45,600,000. Deal fees of £1,530,000 were incurred and have been fully expensed in the year of acquisition.

Year ended 30 April 2016
One off consultancy fees totalling £334,000 were incurred in relation to a market, competitor, customer and working capital review to support the growth strategy following the acquisition in July 2014.

In September 2015, there was a fire within the embossing unit of one of the converting lines. The line was back up and running within one week with no disruption to customer orders. The cost of repair was £159,000.

BALANCE SHEET

	Note	2016 £'000	2015 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	24,407	22,740
Intangible assets	11	31,744	33,804
Total non-current assets		**56,151**	**56,544**
Current assets			
Inventories	12	9,361	9,381
Trade and other receivables	13	21,277	19,301
Cash and cash equivalents	14	2,456	735
Total current assets		**33,094**	**29,417**
Total assets		**89,245**	**85,961**
Non-current liabilities			
Borrowings	16	50,919	49,968
Deferred tax liabilities	9	4,478	4,984
Total non-current liabilities		**55,397**	**54,952**
Current liabilities			
Borrowings	16	12,193	12,465
Trade and other payables	15	15,454	17,143
Income taxes payable		909	586
Derivative financial instruments	17	190	1,455
Total current liabilities		**28,746**	**31,649**
Total liabilities		**84,143**	**86,601**
Net assets / (liabilities)		**5,102**	**(640)**
Capital and reserves			
Share capital	20	13	10
Share premium	20	84	50
Retained earnings / (deficit)	20	5,005	(700)
Total equity shareholders' funds / (deficit)		**5,102**	**(640)**

CASHFLOW

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	Note	2016 £'000	2015 £'000
Cash flows from operating activities			
Operating profit		11,920	3,784
Adjustment for:			
Depreciation	5,10	1,831	1,511
Amortisation	5,11	2,060	1,691
(Gain) / loss on derivative financial instruments		(1,266)	1,455
Grant income		(61)	(22)
(Profit) / loss on disposals		(22)	11
Operating cash flows before movements in working capital		**14,462**	**8,430**
Decrease in inventories		20	2,375
Increase in trade and other receivables		(1,975)	(2,534)
(Decrease) / increase in trade and other payables		(1,433)	1,238
Cash generated from operations		**11,074**	**9,509**
Tax paid		(1,460)	(1,105)
Interest paid		(4,918)	(581)
Net cash flows from operating activities		**4,696**	**7,823**
Cash flows from investing activities			
Purchase of property, plant and equipment		(683)	(761)
Proceeds from sale of property, plant and equipment		48	–
Government grants received		–	1,000
Purchase of subsidiary	22	–	(25,100)
Net cash acquired with subsidiary		–	(850)
Net cash flows used in investing activities		**(635)**	**(25,711)**
Cash flows from financing activities			
Proceeds of issue of ordinary shares		37	60
Cost of raising finance		–	(781)
Increase / (decrease) in amounts due to factors		1,656	(4,395)
Repayment of capital element of finance leases		(3,082)	(1,856)
Repayment of bank loans		(1,200)	(900)
Drawdown of bank loans		–	6,000
Drawdown of shareholder loans/loan notes		249	20,495
Net cash flows used in / (from) financing activities		**(2,340)**	**18,623**
Net increase in cash and cash equivalents		1,721	735
Cash and cash equivalents at beginning of the year	14	735	–
Cash and cash equivalents at year end	14	**2,456**	**735**

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