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Research & Analysis Ltd, 19 Succoth Place, Edinburgh EH12 6BJ
E-mail: replusan@msn.com Tel: 0131 346 7911

Background Report *30 June 2010*

British Polythene Industries 198p

Despite having to deal with sharp volume declines in several sectors in 2009 British Polythene Industries PLC ('BPI') managed to push profits before exceptional costs ahead by 60% to £14.9m on a turnover decline of 12% to £424.7m, with the polymer price decline, lower energy costs and cost reductions the main reasons for the improvement in profitability. The dividend was cut from 14.5p to 11.0p, half the level of 2008. Despite the volume loss, a £2.3m swing from credit to cost for pensions financing and continuing (but smaller) losses from the UK industrial business, such was the impact of declining polymer prices in late 2008 that H1 2009 saw a sharp restoration of margins, although some of the gain was given up in H2 2009 as polymer resumed its upward path.

The outcome for the current year will be determined by a number of factors - exchange rates (affecting the UK's export business and translation of Mainland Europe's earnings), anaemic economic growth rates primarily in Europe and N America, the still rising polymer price (in Europe) and the drought affected growing season for grass in the UK – none of which are under BPI's direct control. Rather more certain are the reduced losses from industrial business, the likely improved cashflow on a lower level of debt, the resilience of volumes in most of the product range and the continued focus of aligning plants with product groups. **We expect BPI's pre-tax profits before exceptionals in 2010 to be slightly lower than last year to give £14.0m with H1 slightly weaker than in H1 2009.**

BPI cannot avoid being tagged as one of the more cyclical smaller companies, with the recent share price low (115p in April 2009) no less than 600p lower than the five year share price high (715p) in the heady profitability of May 2006. With this in mind investors should not underestimate the fact that BPI's management has made concerted efforts to reduce the volatility in the group's performance either on the trading side or in its net debt or pension deficit. **The ratings tend not to reflect this change, nor the medium-term prospects for recovery in earnings.**

Analyst: Thorold Mackie
Sector: Support Services
Website: www.bpipoly.com

RIC Code: BPI
Market Cap: £52.9m

Year to Dec	Turnover £m	Adj PBT £m	Adj EPS p	PE x	Tax %	Dividend p	Yield %	EV/EBITDA x
2007	424.1	12.2	34.3	5.8	25	22.0	11.1	3.9
2008	480.7	9.3	25.5	7.8	12	14.5	7.3	4.7
2009	424.7	14.9	38.6	5.1	21	11.0	5.6	3.5
2010E	450.0	14.2	31.6	6.3	28	11.0	5.6	3.5
2011E	470.0	16.2	37.6	5.3	27	12.0	6.1	3.0

Background

British Polythene Industries PLC ('BPI'), the Greenock-based extruder and converter of polythene, can trace its origins back to a diversification into polythene packaging by Scott & Robertson, one of the leading firms of the Dundee-based jute industry. As demand for jute declined and that for polythene grew the 1980s saw a withdrawal from jute and a significant growth in polythene production - both organically and through acquisition. By the late 1990s BPI was the largest extruder and converter of polythene in Europe, a position it lost to German competitor, RKW, several years ago but has since recovered.

BPI is no different to many UK companies operating in 'traditional' manufacturing industries. Trading conditions became progressively more difficult over the last decade. The reasons were threefold - the strengthening of sterling against other currencies, higher polymer costs and higher electricity costs. In addition BPI has also encountered specific problems – too many UK sites which were either too small or relatively high cost, an unwanted bid, an expanding pension deficit and too much debt. By and large these issues have been addressed.

Following a steady stream of site rationalisation BPI now operates out of 16 manufacturing sites in the UK (falling to 14 by the autumn of 2010), three in Mainland Europe, two in Canada and one in China.

UK & Ireland

BPI's UK & Ireland operations made aggregate operating profits (before restructuring costs of £2.4m) of £10.2m on turnover of £302.2m in 2009 compared with £4.5m on £346.0m in 2008. Volumes were 205,000 tonnes in 2009, down 25,000 tonnes from the level of 2008. The main reason for the loss of volume was the sharply weaker construction sector, although heavy industrial packaging demand fell and downguaging were also contributory factors.

The production of film on-the-reel is a core BPI activity, accounting for just under half of the UK's tonnage – circa 100,000 tonnes. Production consists of packaging stretchwrap, silage stretch, collation shrink film, convertor film, lamination film, overwrap film and other plain on-the-reel films with sales made to UK and overseas customers or other converters. The on-the-reel film business operates out of five locations across the UK – two large plants at Leominster (high added value film including industrial stretch film and agricultural silage film) and Bromborough (collation shrink and converter film for the food and drink industry), and three smaller ones at Bridgwater (low cost stretchwrap), Widnes (packaging stretch hand rolls for the retail sector) and Sevenoaks (film for the converter sector). A small inefficient plant at Brampton has been closed. BPI has been visited recently by officials from the European Commission and the OFT as part of enquiries these bodies are conducting into the agricultural films market. Since being subject (some years ago) to an investigation into industrial and agricultural films by the EU BPI has in place guidelines and controls designed to ensure compliance with competition laws across the EU and we would be surprised if there had been any contravention.

BPI differs from many of its competitors not only by recycling much of its own polythene waste and by sourcing in polythene waste from outside the group, but also by having strong market shares in sectors which actively use recycled polymer. This business accounted for volume of circa 55,000 tonnes in 2009. Sales are made to the refuse sack and construction sectors. This business has been a strong performer in recent years, with BPI having a position of competitive advantage as the largest recycler in Europe with its low cost feedstock and low unit costs of reprocessing the polymer. Despite the difficulties of a rising polymer price, the logistical difficulties of sourcing scrap, the fall in construction markets and some decline in the refuse sack sector as local authorities switch away from polythene sacks this sector remains a key one for BPI. Four UK locations specialise in recycling - one large plant at Heanor (the extrusion of damp proof course and refuse sacks from recycled pellets), and three smaller ones at Rhymney (film for the construction sector), Stroud (loose sacks) and Dumfries (the centre for reprocessing contaminated agricultural waste polythene).

On the closure of Stockton (completed in June 2010) industrial operations in the UK will be conducted from a large multi-role site at Ardeer (mainly industrial film and heavy duty sacks as well as wide agricultural film) and a smaller one at Greenock (heavy duty sacks, industrial films, liners for IBCs (intermediate bulk containers).

The smaller consumer-orientated business, accounting for circa 14,000 tonnes, operates from two sites in the UK at Heanor (Promopack, the group's pre-print services subsidiary) and at Worcester (VMB, the converting and printing of wicketted, FFS (form fill & seal), self-seal and printed polythene bags for customers in the bread, fresh produce, frozen food, and mail order/courier sectors). This business also now includes Xinhui in China (consumer bags), which exports mainly to the UK but also to Australasia and South East Asia with a longer term aspiration of serving the internal Chinese market.

There is also a niche products and merchanting business - BPI Packaging Services – which was established to provide a range of polythene products – polythene bags, mailing bags for internet customers, film, general packaging materials, tapes etc - to BPI's customers, many of whom are materially smaller than those who dominate the traditional BPI customer list. This business operates from Swansea and Flint, BPI's smallest plants. Other small sites at Buckhurst Hill in Essex and at Cowdenbeath in Fife were closed in 2008 and 2009.

Mainland Europe

BPI has manufactured in Mainland Europe since 1997, having entered the market with acquisitions in the Netherlands and Belgium. After a slow start it has rapidly become the star player in the BPI portfolio, achieving operating profits in 2009 of £8.0m before restructuring costs of £0.7m (through a handful of redundancies at one site and in the closure of the French sales office) on turnover of £100.1m, compared to £7.3m and £112.0m respectively in 2008. The outcome was helped by sterling weakness, the average exchange rate in 2009 being €1.12=£1 compared to €1.26=£1 in 2008, an 11% swing.

Mainland Europe now accounts for 22% of group volume, with 59,200 tonnes in 2009 compared to 62,300 tonnes in 2008, a fall of 5% compared to the UK decline of 11% in 2009. Moreover Mainland Europe makes a superior return on sales and capital within the BPI group, contributing 42% of group operating profit on 22% of group volume, 24% of group turnover and with 24% of group operating assets. However, the profit per tonne, 6x that of the UK in 2008, has fallen to a multiple of almost 3x that of its UK counterpart in 2009 as the UK more than doubled its profitability. Equally important is Mainland Europe's consistency of performance – which can be accounted for by it operating all three plants close to capacity and by having a smaller exposure to the construction industry and more exposure to agriculture and printed film for the food industry.

The two Belgian plants (accounting for about 60% of Mainland European volume) are located at Zele and Roeselare and serve a broad range of local industries, mainly in the agricultural and frozen food sectors.

The largest single product group is silage stretch film, accounting for one third of capacity. Silage stretch has been doing well in Europe and substantial additional capacity has been added. Volumes of this product were about 5% lower in 2009 on unfavourable weather conditions in France, as well as exchange rate and credit issues in Eastern Europe. Competition in 2009 in Mainland Europe intensified more acutely than in the UK as the latter was helped by it being less costly and quicker to take out capacity and by the sterling/Euro exchange rate moving in UK exporters' favour.

All three plants are large sites – Zele specialises in co-extrusion for silage stretch and extrusion and printing of film for the food industry, Roeselare specialises in film and bags for industrial customers, while Hardenberg (which extrudes about 40% of Continental volume) does FFS and heavy industrial bags, although it does less for the construction sector than its UK counterpart. All three plants serve local and trans-border customers, mainly in France and Germany.

In 2010 we expect to see further growth in Mainland Europe's contribution, although volume growth from Mainland Europe may be modest. Northern European economies will recover faster than the UK or the EU bloc as a whole. Sterling strength against the Euro may hinder the translation of profits from Europe this year. BPI continues to invest in Mainland Europe's added value sectors which should bring benefits.

Canada

BPI's Canadian subsidiary, AT Films, made an operating profit of £0.8m on turnover of £22.4m in 2009, the same level of operating profit (despite a 10% sterling weakness) as in 2008 but on a 3% decline in turnover. This business was acquired in 2007 and is highly seasonal, making most of its sales (and profits) in the April to September period, as one might expect for a business selling mainly to agricultural and horticultural customers.

AT Films operates from two sites in Edmonton and Westlock, Alberta. Its main range of products is wide agricultural and horticultural films and large agricultural bags which are used for storing silage and grain on the ground. Volume in 2009 was 11,400 tonnes, down on the 2008 tonnage of 13,000 tonnes. The decline was due to poor milk prices in North America (which curtailed the expenditures of dairy farmers), some destocking generally, the deferment of orders for replacement greenhouse coverings and a loss of business in construction films (a small part of AT Films' business). Roughly one third of sales go to the domestic Canadian market, two thirds to the USA and a nominal percentage to export markets.

BPI is keen to use the Canadian subsidiary's distribution networks in North America to test market the ranges of silage and horticultural products that it has developed in Europe. To this end the first silage stretch machine is planned to be installed in Alberta in an attempt to gain a meaningful share of the silage stretch market in North America (25,000 tonnes). Equally BPI has taken steps to launch AT Films' products on the European market, with two folding machines for large grain/silage bags sent to Ardeer. It will probably be 2011 before an initial assessment can be made of first sales in these new markets.

We would expect the Canadian business to recover its position in 2010, partly due to favourable currency translation (the exchange rate is presently C$1.59=£1, compared to the average translation rate for 2009 of C$1.78 =£1) and partly the recovery in US and Canadian industrial and agricultural economies. Longer term we would anticipate that the Canadian company's range of products will enhance BPI's product offering in agricultural films, already BPI's most successful area, on a worldwide basis.

End Markets

In the UK BPI's two most important customer groups are the retail food chain and agriculture and horticulture. Retail food (and drink) takes in collation shrink (the shrinking of polythene over soft drink cans and bottles), packaging stretch (for wrapping food and drink in transit), refuse sacks for domestic waste and polythene bags (for bread, fresh produce and frozen food). Sales into the retail food sector last year were static as a percentage of the group total turnover and accounted for 29% of group turnover.

Agriculture and horticulture takes in agricultural sheeting (for greenhouse tunnels and for field covers), heavy duty sacks for peat, compost and fertiliser, wide bags for storage of grain and silage, and silage stretch. At 31% of group turnover this sector increased its weighting in the overall mix of BPI business. In 2009 volumes were slightly ahead of 2008, farmers carrying little stock at the start of the season. Ireland, however, proved a difficult market. Sales to the horticultural sector recovered a little but fell modestly in silage stretch. Silage stretch is the largest product for BPI, where there are global growth prospects. So far in 2010 the UK has disappointed due to lack of early summer rainfall, but Continental Europe has been fine. For BPI, the difference (due to variations in seasonal rainfall) between a good year for silage and a poor one can be considerable in terms of profits.

Healthcare/waste services remains an important sector, accounting for 9% of BPI's overall turnover in 2009. It is mainly a UK business and sales fell in 2009 as local authorities cut back on waste sacks. Most the products are made from recycled pellets. BPI is the major supplier to the National Health Services in England & Wales and has launched its 'Green Sack', which Tesco now carries, made entirely from agricultural waste, which has been well received.

The construction sector is also a big user of recycled polymer. BPI supplies damp proof course, damp proof membranes and gas barrier systems made from recycled material, but also supplies to brick and block manufacturers and builders' merchants with pallet wrap and heavy duty sacks made from virgin polymer. In 2009 demand levels across the construction sector fell by 15% (better than the 40% fall experienced in Q4 2008) but in general appear to have now bottomed out. Sales to builders' merchants saw initial signs of recovery and sales of heavy duty bags for aggregates were less badly impacted; by way of contrast sales into Ireland were off 50% on the collapse of construction markets there and pallet wrap for brick and block was down by much the same percentage. Construction accounted for 12% of group turnover in 2009. By comparison the relevant percentage in 2007, the last full year pre recession, was 16%. Given the fixed costs of the business it is not difficult to see that BPI cannot absorb a turnover/volume loss of this scale without resorting to speedy rationalisation of the cost base.

As one might expect sales into the industrial sector (14% of group turnover in 2009, the same percentage as in 2008) were down. These operations encompass the conversion (and the printing of) film into heavy-duty sacks, pallet protection film, IBC liners, industrial film and printed FFS bags for additives, chemicals and minerals. The major markets lie in the polymers, additives, speciality chemicals and minerals industries.

Volume sales to the non-food retail sector also lost ground in 2009 with 5% of group turnover going to this sector (2008 – 7%). Areas like mailing bags for mail order and internet shopping held up whilst, understandably, products for wrapping and protecting furniture and carpets and for transit packaging declined sharply.

Polymer

Polymer constitutes just over half of the total costs of the group. The polymer price rose steadily (and occasionally aggressively) since 2002, suffered a sharp setback in late 2008 on the first signs of recession, then recovered stronger than it should have done over 2009. Despite the difficult UK economic background there were no less than nine price rises put through by suppliers in 2009. 2010 has seen further increases, the most recent to £1,185/tonne. As ever the scale and frequency of these increases creates difficulties for BPI in passing on the price increases. There is some expectation that lacklustre demand levels in Europe coupled with some signs of new capacity coming on-stream (the Saudi-owned polymer plant in Teeside as well as Iranian exports to Europe, neither of which have made a committed approach to the UK so far in terms of volume or quality) may arrest further increases later in 2010, despite the fact that some smaller European players have reduced capacities. Certainly Europe seems to be bucking the trend towards a weaker polymer price that has been seen in N America and the Far East. The other contentious input cost - electricity prices – is currently less of an issue as BPI has now fixed its costs well into 2011, having bought supply on the spot market in 2008 and 2009. Electricity is the sole energy source for the extrusion process.

Traditionally it has been easier for BPI to pass on larger polymer price increases than smaller ones, and BPI has found a pricing environment of slow polymer price decline most conducive to rebuilding margin. This scenario, however, has occurred infrequently this decade and has lasted only for a matter of a month or two at most.

Market Position in UK and Europe

BPI is the leading extruder of polyethylene in the European market. It lost the pole position to its German competitor, RKW, some three years ago, but has since regained it. There are five leading companies in Europe. In the UK BPI is a leading player, being three times the size of its nearest competitor.

Rank	Company	Domicile	Tonnage	Operations
1	BPI	UK	305,000	UK, Benelux
2	RKW	Germany	290,000	Germany, Belgium, Sweden, Finland, France, Spain
3	Manuli	Italy	242,000	Italy, Germany
4	Aspla	Spain	228,000	Spain
5	Trioplast	Sweden	212,000	Sweden. Denmark, France
6	Poli-Film	Germany	186,000	Germany
7	Papier-Mettler	Germany	179,000	Germany, France, Belgium, Czech Rep

1	BPI UK	UK	230,000	UK
2	Britton	UK	97,000	UK
3	Total Polyfilm	UK	56,000	UK

Source: AMI 2009, BPI based on 2008 volumes

Board and Management

The Board of BPI consists of three executive and four non-executive directors. It meets formally six times per annum.

Cameron McLatchie is Executive Chairman. Apart for a period of eight years, when he founded Anaplast, he has been with Scott & Roberson or BPI all his working life. He was responsible for the rapid growth of the group between 1983 and 2000. The Chief Executive is John Langlands. After qualifying as a chartered accountant with KPMG John Langlands was successively finance director at United Wire, Scottish Enterprise, Eclipse Blinds and latterly BPI. He was promoted to Chief Operating Officer in 2002 and then to Chief Executive in 2003. BPI's Finance Director is David Harris. He is a qualified FCCA. He first joined BPI in 1996 and has held a number of roles within the group, culminating in the post of managing director of the industrial side of the business. He was appointed to the BPI Board in 2009.

The non-executive Deputy Chairman and Senior Independent Director is Hamish Grossart. He has considerable experience as an executive and non-executive director of listed companies. He is deputy chairman of Cairn Energy and a director of a number of other public and private companies. Eric Hagman joined the board of BPI in 2002. He is a former partner of Arthur Andersen, holding the positions for Managing Partner in Scotland and then UK Senior Partner for Global Markets. He is a director of several other public and private companies. Lord Lindsay joined the Board in early 2006. He has considerable experience of work within the private, public and NGO sectors, particularly in the areas of environmental management and corporate and institutional responsibilities. David Warnock is the fourth non-executive director. He was a founding partner of Aberforth Partners, the UK smallcap fund management business, and is a non-executive director of several other listed businesses.

Forecasts

In forecasting the current year the pattern for the year has become clearer in the last month or two – more subdued than expected economic growth rates in UK, North America and Northern Europe, stronger than anticipated polymer prices in Europe, stronger sterling against the Euro than might have been forecast earlier in 2010 and less good growing conditions for grass (for silage) in the UK. Against these factors it is easy to overlook the measures BPI has taken itself – the closure of four loss-making plants (Cowdenbeath, Buckhurst Hill, Stockton and Brampton) which will influence profits for part or whole financial year in 2010, greater focusing of remaining UK plants (a highly expensive and time consuming exercise), the reduction of debt levels and better cash flow on property disposals. The faster recovery expected from Canada and Mainland Europe relative to the UK are also positives, as is the likely turnaround into profitability of the UK's industrial business.

On the other hand H1 2010 is unlikely to match the record profit per tonne which was seen in H1 2009, when the outcome was (in EBIT terms) £91/tonne, 75% greater than in the same period in 2008. We would expect a lower H1 outcome and a stable H2 to give £14.0m (pre exceptional costs, which in 2010 will be largely gains on sale of property rather than restructuring costs) for FY 2010. On a 28% tax rate EPS should come out at 31.6p, which on our expectation of an 11.0p dividend would give cover of 2.9x. For 2011, assuming a gradual improvement in trading conditions on 2010, the main benefits will come through operating with fewer sites in the UK, the associated turnaround on the industrial side of the UK business, a normal silage season and subdued utility and polymer prices. Our forecast would be for £16.2m at the pre-tax profit level in 2011.

Balance Sheet & Cash Flow

BPI continued to make good progress in reducing debt over the 2009 financial year with net debt falling from £76.0m at 31st December 2008 to £52.2m a year later. The decline was due to the impact on working capital of the sharp fall in the polymer price as well as higher profitability. BPI has banking facilities totalling £106m with three main banks.

Capex in 2009 was £12.7m net, compared to £12.6m in 2008. This was lower than anticipated as the sheer complexity of the enlargement of the Ardeer plant necessitated some change in plans with some capex pushed out of 2009 into 2010. 2010 will see the installation of a new wide agricultural line to replace another older one which was in Stockton, the upgrading of extrusion equipment at Bromborough, a new tube former at Hardenberg and a new printing press at Zele. There will also be the completion of plant extensions at Ardeer. We expect to see gross capex total £16m in 2010. Working capital will probably grow again in 2010 as polymer has risen.

With the closure of Buckhurst Hill, Stockton and Brampton BPI has had three freehold properties available for sale worth in excess of £7m. Planning consent for housing is being sought on two of the three by external parties. The main site, Stockton, has been sold for £6.0m, £3.5m over book value. Despite growth in working capital, helped by asset sales, net debt should fall to £51.5m by December 31st 2010.

The net pension liability, £14.1m only two years ago, expanded to £19.8m at 31st December 2008 and to £42.4m at 31st December 2009. Despite some recovery in the value of the scheme's assets, the damage was done by higher actuarial assumptions on the rate of future inflation and a sharp reduction in the assumed discount rate applied to the liabilities of the scheme. Accordingly BPI will continue to suffer a charge for pension financing in the profit & loss account (2009 - £1.4m) and in the cashflow statement the pension deficit repair costs will remain onerous at circa £2.7m (2009 - £2.6m). BPI has adopted a strategy of de-risking the scheme, selling direct equities in favour of equity futures as well as index linked gilts, corporate bonds and cash.

The dividend was cut from 22.0p in 2007 to 14.5p in 2008 and then to 11.0p in 2009. The uncertain economic outlook, the heavy rundown costs at Stockton and the deteriorating pension position were the catalysts behind the dividend cut. In 2009 the interim was halved to 3.5p and the second interim will be 7.5p, giving 11.0p for the year. Going forward we would expect to see a slightly higher distribution in 2011 on higher earnings, ceteris paribus.

Major Shareholdings

The major shareholdings in BPI are Liberty Square Asset Management 5.6%, Aberdeen Asset Management 4.9%, Legal & General Investment Management 4.2%, and Deutsche Bank 4.0%.

Company Contacts

Group Head Office - British Polythene Industries PLC, 96 Port Glasgow Road, Greenock PA15 2UL; Telephone 01475501000; Registrars - Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH; Website – www.bpipoly.com.

Forecasts

Consolidated Income Statement £m

Year to end December	2005	2006	2007	2008	2009	2010E	2011E
Turnover	410.2	414.0	424.1	480.7	424.7	450.0	470.0
Operating Profits	**24.4**	**17.6**	**14.6**	**12.6**	**19.0**	**18.3**	**20.3**
Borrowing Costs	-3.2	-2.8	-3.6	-4.2	-2.7	-2.3	-2.3
Net Pensions Financing	-0.4	-0.3	1.2	0.9	-1.4	-1.8	-1.8
Profits before Restructuring	**20.8**	**14.5**	**12.2**	**9.3**	**14.9**	**14.2**	**16.2**
Exceptionals	-1.1	-0.5	-0.7	-5.4	-3.1	2.9	0.0
Reported Pretax Profits	**19.7**	**14.0**	**11.5**	**3.9**	**11.8**	**17.1**	**16.2**
Tax	-5.4	-3.9	-3.0	-1.1	-3.7	-4.0	-4.4
Minority	-0.1	0.0	0.0	0.0	0.0	0.0	1.0
Attributable	14.2	10.1	8.5	2.8	8.1	13.1	12.8
Adj Diluted EPS p	**58.8**	**40.3**	**34.3**	**25.5**	**38.6**	**31.6**	**37.6**
Total Dividend per Share p	**21.0**	**22.0**	**22.0**	**14.5**	**11.0**	**11.0**	**12.0**
Av Share Capital (Fully Diluted) m	26.2	26.3	26.3	26.2	26.7	26.7	26.7
Tax Rate as % of Profits before Restructuring Costs	*26*	*21*	*25*	*12*	*21*	*28*	*27*

Consolidated Cashflow Statement £m

	2005	2006	2007	2008	2009	2010E	2011E
Operating Profit	**24.4**	**17.6**	**14.6**	**12.6**	**19.0**	**18.3**	**20.3**
Restructuring Costs	-1.1	-0.5	-0.7	-5.4	-3.1	-2.6	0.0
Amortisation of Intangibles	0.9	0.4	0.6	0.5	0.5	0.5	0.5
Depreciation	12.4	12.3	12.1	14.6	13.5	13.8	13.8
EBITDAE	**36.6**	**29.8**	**26.6**	**22.3**	**29.9**	**30.0**	**34.6**
Change in Working Capital	-1.3	-6.1	2.8	8.4	15.1	-6.0	1.3
Gain on Disposal of Surplus Assets	-0.9	-0.6	-1.4	0.0	-0.1	-2.0	0.0
Adjustment for Pensions	-0.9	-4.0	-6.0	-3.3	-2.6	-2.7	-2.7
Other	0.3	0.3	0.0	0.4	0.4	0.0	0.0
Operating Cashflow	**33.8**	**19.4**	**22.0**	**27.8**	**42.7**	**19.3**	**33.2**
Interest	-3.2	-2.8	-3.6	-4.1	-3.2	-2.8	-2.8
Tax	-4.0	-5.6	-2.2	-3.3	-2.5	-3.9	-4.0
Capex (net)	-11.6	-11.6	-13.2	-14.6	-12.7	-9.0	-16.0
Free Cashflow	**15.0**	**-0.6**	**3.0**	**5.8**	**24.3**	**3.6**	**10.4**
Acquisitions	0.0	0.0	-6.5	0.0	0.0	0.0	0.0
Dividends	-5.4	-5.7	-5.8	-5.8	-2.9	-2.9	-2.9
Cash Inflow (Outflow)	**9.6**	**-6.3**	**-9.3**	**0.0**	**21.4**	**0.7**	**7.5**
Shares Issued	0.1	1.3	0.1	0.0	0.0	0.0	0.0
Shares Purchased	-0.4	-0.5	-0.3	0.0	0.0	0.0	0.0
Other (mainly Exchange Rate Movement)	0.3	0.6	-3.3	-11.2	2.4	0.0	0.0
Movement in Net Cash (Debt)	**9.6**	**-4.9**	**-12.8**	**-11.2**	**23.8**	**0.7**	**7.5**
Opening Net Cash (Debt)	-56.7	-47.1	-52.0	-64.8	-76.0	-52.2	-51.5
Closing Net Cash (Debt)	-47.1	-52.0	-64.8	-76.0	-52.2	-51.5	-44.0
Movement in Net Cash (Debt)	**9.6**	**-4.9**	**-12.8**	**-11.2**	**23.8**	**0.7**	**7.5**

* Eps reported pre restructuring costs