21 November 2017

Scapa Group plc
Interim Results

Scapa Group plc, a global supplier of bonding solutions and manufacturer of adhesive-based products for the Healthcare and Industrial markets, today announces its results for the period ended 30 September 2017.

Financial Highlights

- Revenue grew 7.5% to £145.6m (2016: £135.4m); 1.6% at constant exchange rates
- Trading profit* increased 31.5% to £16.7m (2016: £12.7m); 21.9% at constant exchange rates
- Trading profit* margins further improved to 11.5% (2016: 9.4%)
- Operating profit increased 71.6% to £16.3m (2016: £9.5m)
- Adjusted profit before tax** improved 33.1% to £16.1m (2016: £12.1m)
- Adjusted earnings per share*** increased 29.7% to 8.3p (2016: 6.4p)
- Basic earnings per share of 7.5p (2016: 4.5p)
- Net debt of £3.2m (March 2017: £16.1m) after paying US$10.2m (£7.6m) for the acquisition of Markel Industries

Operational Highlights

Healthcare highlights:-
- Revenue increased 7.9% to £57.7m; 2.1% at constant exchange rates
- Trading profit increased 22.4% to £9.3m; 16.3% at constant exchange rates
- Margins increased 1.9% to 16.1%
- EuroMed performing ahead of expectation
- Revenue impacted by a now resolved customer product issue
- Renewed three contracts with key OEMs
- Agreement of first asset/technology transfer from a wound care company

Industrial highlights:-
- Revenue increased 7.3% to £87.9m; 1.3% at constant exchange rates
- Trading profit increased 32.9% to £10.1m; 23.2% at constant exchange rates
- Margins increased 2.2% to 11.5%
- Sale of Swiss land and buildings completed, achieving sale proceeds of CHF17.1m (£13.6m)
- Korean production ceased in August 2017 as planned
- Acquired Markel Industries, a manufacturer of adhesive floor mats, in August 2017 for US$10.2m (£7.6m)

Commenting on the results Chief Executive, Heejae Chae said:
"Scapa has delivered a strong first half performance with growth in revenue, trading profit and margins. There are further significant opportunities for both business units to improve both sales and margin performance through rigorous execution of the strategy, in both the short and longer term. The Board remains confident of achieving the improved full year expectations outlined in the Group's October trading update."

* Operating profit before amortisation of intangible assets, exceptional items and pension administration costs
** Trading profit less interest payable on bank loans and overdrafts
*** Adjusted earnings per share is calculated by dividing the trading profit less cash interest less tax on operating activities by the weighted average number of ordinary shares in issue during the year

For further information:

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GROUP RESULTS
Scapa again delivered growth in revenue, trading profit and margins, including the benefit from currency and a full year contribution from EuroMed, acquired in May 2016. Group revenue for the period increased 7.5% to £145.6m (2016: £135.4m). Trading profit[(1)] for the period increased 31.5% to £16.7m (2016: £12.7m), increasing the overall Group trading margin to 11.5% (2016: 9.4%). Adjusting for the effects of exchange rates, revenue increased 1.6% (2016: 3.7%) and trading profit increased 21.9% (2016: 12.4%).

Operating profit increased to £16.3m (2016: £9.5m) with adjusted profit before tax[(2)] increasing 33.1% to £16.1m (2016: £12.1m). Pre-tax profit, after exceptional items, increased to £15.4m (2016: £8.5m). Taxation charges for the period were £3.9m (2016: £1.8m), with the underlying effective tax rate[(3)] for the period at 21.1% (2016: 20.7%). The basic earnings per share was 7.5p (2016: 4.5p). When adjusted for exceptional items, pension administration costs, amortisation and non-cash interest, earnings per share was 8.3p (2016: 6.4p), an increase of 29.7%.

STRATEGIC PRIORITIES AND BUSINESS OBJECTIVES
The Group is organised into two distinct and separate businesses each with its own defined strategic goals and priorities:-

- Healthcare – to continue to be the Trusted Strategic Turn-Key partner for our customers leveraging the trend of outsourcing in the Healthcare industry;
- Industrial – to maximise the Return on Capital Employed (ROCE) through operational efficiencies and footprint consolidations.

The overall financial performance of the business has been impressive in H1, driven by strong margin improvement in both business units as a result of disciplined cost controls and successful completion of key projects.

The macro environment continues to be uncertain, with currency volatility, Brexit and other political considerations making this a more challenging time than usual. Despite this, the underlying business remains strong, with Scapa's geographic spread insulating us from some of these factors. We benefited from a weaker Sterling in H1 relative to the equivalent period last year but may see a small currency translation headwind in the second half.

Scapa's primary acquisition focus remains Healthcare, with successful acquisitions in recent years of Webtec, First Water and EuroMed. During the period the Group was able to complete its first Industrial acquisition for some time, acquiring Markel Industries for US$10.2m (£7.6m) on 8 August 2017. Markel makes multilayer adhesive footwear cleaning mats primarily for use in healthcare and electronics factories, and is an excellent fit with Scapa's current business in terms of manufacturing capability, procurement synergies and route to market.

MARKETS
Healthcare

Six months ended	**30 Sept 2017**	30 Sept 2016
Revenue (£m)	**57.7**	53.5
Trading profit (£m)	**9.3**	7.6
Trading margin (%)	**16.1%**	14.2%

The strategy of our Healthcare business is to continue to be the Trusted Strategic Turn-Key Partner of choice for the world leading companies in Advanced Wound Care, Consumer Wellness and Medical Devices. Scapa has evolved from a roll stock supplier to a manufacturer of turn-key products with full capabilities all the way from design through manufacturing to distribution. The business expects to benefit from the continued outsourcing trend and the favourable demographics in healthcare.

Revenue grew 7.9% to £57.7m (2016: £53.5m); at constant exchange the growth in revenue was 2.1%. Healthcare trading profit including EuroMed increased 22.4% to £9.3m (2016: £7.6m); at constant exchange the profit increased 16.3%. The division delivered trading margin at 16.1% (2016: 14.2%), maintaining the strong exit rate we saw at the end of 2017. We expect the full year margin to be maintained at this level, with opportunities to increase margins over the medium term to 20% as the increased share of higher margin turn-key business and additional drives to improve efficiency take effect.

During the period we saw good growth in new product development revenues, as the pipeline of projects in development with our customers continues to grow. Organic growth in the period was impacted by the lack of significant new product launches, and a specific customer product issue that impacted revenues, which is now resolved. We saw good growth in Medical Devices, including sales of insulin delivery devices, and expect to see benefits in H2 from projects in pain management and negative pressure wound therapy.

Industrial

Six months ended	**30 Sept 2017**	30 Sept 2016
Revenue (£m)	**87.9**	81.9
Trading profit (£m)	**10.1**	7.6
Trading margin (%)	**11.5%**	9.3%

Our Industrial strategy to focus on maximising ROCE has enabled us to continue to deliver strong results in a volatile and uncertain market environment. Revenue grew 7.3% to £87.9m (2016: £81.9m). Trading profit for the period was £10.1m (2016: £7.6m), an increase of 32.9% over the prior period with the trading margin increasing to 11.5% (2016: 9.3%). After adjusting for the effect of exchange rates, revenue increased by 1.3% and profit 23.2%, reflecting the improvement in operational efficiency including the benefit of the Swiss closure and good cost control.

The closure of our Korean site, which we announced in May 2017, is progressing in line with plan. The site ceased production during August and the production lines are being transferred to Europe and the US. In addition, the Group was successful in selling the land and buildings related to the Swiss site for an amount of £13.6m generating sale proceeds above initial estimates.

The Group acquired Markel Industries on 8 August 2017 for US$10.2m (£7.6m) and the integration of the business is progressing well.

Exceptional items

As noted above, following the closure of the Rorschach site in Switzerland in 2016, the land and buildings were sold on 20 July 2017, resulting in an exceptional gain of £7.4m in the period. In addition, exceptional expenses of £3.2m were incurred relating to the closure costs for the Korean site, plus an additional £1.2m for the impairment of assets not being transferred as part of this closure. Further reorganisation expenses of £1.0m for restructuring at one of our UK-based manufacturing facilities were incurred, and acquisition related costs totalling £0.6m were also included in exceptional items in the period.

Balance sheet

Net assets at 30 September 2017 totalled £111.1m (31 March 2017: £100.4m). The increase arises from improved retained earnings of £11.5m and positive actuarial movements of £7.3m, offset by negative foreign exchange movements of £6.0m and share related items of £2.1m. The Group net debt balance was £3.2m (31 March 2017: £16.1m) reflecting the strong trading performance of the Group, including the consideration relating to the acquisition of Markel Industries and the income from the sale of the Swiss property, of which £11.4m is currently held as restricted within an escrow account and is expected for release by 31 March 2018.

Pensions

The pension deficit decreased to £22.0m (31 March 2017: £31.4m). This decrease in the deficit is partly owing to a change in the demographic assumptions underpinning the UK pension scheme, together with a modest improvement in the interest rate used to discount the long-term liabilities and the regular company contribution.

Cash resources

Net cash generated from operations was £14.0m (2016: £11.2m) which increases to £16.4m (2016: £13.4m) before exceptional items. Trading working capital decreased by £1.6m (2016: increase of £0.1m) following the reduction of the stock build associated with the Swiss site closure in the prior year. Capital expenditure in the period was £2.4m (2016: £4.6m) down from the prior year given the timing of the Swiss transfer. There was a further outflow of £7.3m for the acquisition of Markel Industries and related costs.

Pension payments in excess of operating charge were £2.3m (2016: £2.2m) and represent the deficit repair payments and contributions to scheme expenses. Tax and interest outflows were £2.8m (2016: £2.4m), with the increase being mainly tax associated with the improvement in results. After dividends of £3.0m (2016: £2.6m), closing net debt was £3.2m, less than 0.2x EBITDA[(4)] (31 March 2017: £16.1m net debt).

The Group completed a refinancing on 31 October 2017 with a 3 bank syndicate, providing access to a 5 year revolving £70m committed multi-currency facility, plus an additional £30m accordion facility, on improved terms.

Dividend
A final dividend for the year ended 31 March 2017 of 2.0p per share was paid on 18 August 2017 to all shareholders registered on 21 July 2017. In line with last year, the Board does not propose an interim dividend but intends to maintain a progressive dividend policy.

Principal risks and uncertainties
There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The Directors do not consider that these principal risks and uncertainties have changed since publication of the annual report for the year ended 31 March 2017.

Going concern
As stated in note 1 to these condensed financial statements, the Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing these condensed financial statements.

Summary and outlook
Scapa has delivered a strong first half performance with growth in revenue, trading profit and margins. There are further significant opportunities for both business units to improve both sales and margin performance through rigorous execution of the strategy, in both the short and longer term. The Board remains confident of achieving the improved full year expectations outlined in the Group's October trading update.

L C Pentz
Chairman
21 November 2017

[(1)] Operating profit before amortisation of intangible assets, exceptional items and pension administration costs
[(2)] Trading profit less interest payable on bank loans and overdrafts
[(3)] Adjusting operating profit and taxation for exceptional items, pension administration costs, amortisation and non-cash interest
[(4)] Net debt to EBITDA comprises net debt divided by trading profit before depreciation for the six months ended 30 September 2017

Consolidated Income Statement

For the half year ended 30 September 2017 (unaudited)

All on continuing operations	note	**Half year ended 30 Sept 2017 £m**	Half year ended 30 Sept 2016 £m	Year ended 31 Mar 2017 £m
Revenue	2	**145.6**	135.4	279.6
Operating profit	2	**16.3**	9.5	23.8
Trading profit*		**16.7**	12.7	29.2
Amortisation of intangible assets		**(1.5)**	(1.9)	(3.7)
Exceptional items	4	**1.4**	(1.0)	(1.0)
Pension administration costs		**(0.3)**	(0.3)	(0.7)
Operating profit	2	**16.3**	9.5	23.8
Finance costs	7	**(0.9)**	(1.0)	(2.0)
Profit on ordinary activities before tax		**15.4**	8.5	21.8
Taxation charge	8	**(3.9)**	(1.8)	(4.2)
Profit for the period		**11.5**	6.7	17.6
Weighted average number of shares (m)		**152.5**	150.4	151.1
Basic earnings per share (p)		**7.5**	4.5	11.6
Diluted earnings per share (p)		**7.3**	4.3	11.1
Adjusted earnings per share (p)		**8.3**	6.4	14.8

* Operating profit before amortisation of intangible assets, exceptional items and pension administration costs

Consolidated Statement of Comprehensive Income

For the half year ended 30 September 2017 (unaudited)

All on continuing operations	**Half year ended 30 Sept 2017 £m**	Half year ended 30 Sept 2016 £m	Year ended 31 Mar 2017 £m
Profit for the period	**11.5**	6.7	17.6
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translating foreign operations	**(6.0)**	9.8	12.7
Actuarial gain/(loss)	**7.3**	(11.6)	(6.9)
Other income/(expense) for the period	**1.3**	(1.8)	5.8
Total comprehensive income for the period	**12.8**	4.9	23.4

Consolidated Balance Sheet

As at 30 September 2017 (unaudited)

	note	**Half year ended 30 Sept 2017 £m**	Half year ended 30 Sept 2016 £m	Year ended 31 Mar 2017 £m
Assets				
Non-current assets				
Goodwill		**57.5**	54.5	56.4
Intangible assets		**7.0**	8.3	6.6
Property, plant and equipment		**46.6**	53.5	49.3
Deferred tax asset		**6.8**	8.0	8.0
Other receivables		**0.2**	0.1	0.2
		118.1	124.4	120.5
Current assets				
Assets classified as held for sale		**–**	–	5.1
Inventory		**33.2**	33.9	30.7
Trade and other receivables		**51.4**	51.3	57.2
Current tax asset		**0.9**	1.5	1.4
Cash and cash equivalents	14	**23.0**	12.4	12.1
		108.5	99.1	106.5
Liabilities				
Current liabilities				
Financial liabilities:				
– Borrowings and other financial liabilities		**(1.3)**	(1.4)	(1.2)
Trade and other payables		**(49.8)**	(48.9)	(52.0)
Deferred consideration		**–**	(0.1)	(0.1)
Current tax liabilities		**(1.4)**	(0.1)	(1.1)
Provisions	13	**(3.7)**	(2.5)	(1.3)
		(56.2)	(53.0)	(55.7)
Net current assets		**52.3**	46.1	50.8
Non-current liabilities				
Financial liabilities:				
– Borrowings and other financial liabilities		**(24.9)**	(40.0)	(27.0)
Trade and other payables		**(0.2)**	(0.2)	(0.1)
Deferred tax liabilities		**(6.8)**	(6.8)	(7.1)
Non-current tax liabilities		**(2.9)**	(2.4)	(2.9)
Retirement benefit obligations	12	**(22.0)**	(38.0)	(31.4)
Provisions	13	**(2.5)**	(2.2)	(2.4)
		(59.3)	(89.6)	(70.9)
Net assets		**111.1**	80.9	100.4
Shareholders' equity				
Ordinary shares		**7.7**	7.6	7.6
Share premium		**0.4**	0.4	0.4
Retained earnings		**75.8**	42.6	59.2
Translation reserve		**27.2**	30.3	33.2
Total shareholders' equity		**111.1**	80.9	100.4

Consolidated Statement of Changes in Equity

For the half year ended 30 September 2017 (unaudited)

	Share capital £m	Share premium £m	Translation reserves £m	Retained earnings £m	Total equity £m
Balance at 31 March 2016	7.5	0.4	20.5	49.3	77.7
Employee share option scheme – value of employee services	–	–	–	0.9	0.9
Equity-settled share based payments	–	–	–	(0.1)	(0.1)
Dividends	–	–	–	(2.6)	(2.6)
Issue of shares	0.1	–	–	–	0.1
	0.1	–	–	(1.8)	(1.7)
Currency translation differences	–	–	9.8	–	9.8
Actuarial loss on pension schemes	–	–	–	(11.6)	(11.6)
Net income/(expense) recognised directly in equity	–	–	9.8	(11.6)	(1.8)
Profit for the period	–	–	–	6.7	6.7
Total comprehensive income/(expense)	–	–	9.8	(4.9)	4.9
Balance at 30 September 2016	7.6	0.4	30.3	42.6	80.9
Employee share option scheme – value of employee services	–	–	–	1.0	1.0
	–	–	–	1.0	1.0
Currency translation differences	–	–	2.9	–	2.9
Actuarial gain on pension schemes	–	–	–	4.7	4.7
Net income recognised directly in equity	–	–	2.9	4.7	7.6
Profit for the period	–	–	–	10.9	10.9
Total comprehensive income	–	–	2.9	15.6	18.5
Balance at 31 March 2017	7.6	0.4	33.2	59.2	100.4
Employee share option scheme – value of employee services	–	–	–	0.9	0.9
Equity-settled share based payments	–	–	–	(0.1)	(0.1)
Dividends	–	–	–	(3.0)	(3.0)
Issue of shares	0.1	–	–	–	0.1
	0.1	–	–	(2.2)	(2.1)
Currency translation differences	–	–	(6.0)	–	(6.0)
Actuarial gain on pension schemes	–	–	–	7.3	7.3
Net income/(expense) recognised directly in equity	–	–	(6.0)	7.3	1.3
Profit for the period	–	–	–	11.5	11.5
Total comprehensive income/(expense)	–	–	(6.0)	18.8	12.8
Balance at 30 September 2017	**7.7**	**0.4**	**27.2**	**75.8**	**111.1**

Consolidated Cash Flow Statement

For the half year ended 30 September 2017 (unaudited)

All on continuing operations	note	**Half year ended 30 Sept 2017 £m**	Half year ended 30 Sept 2016 £m	Year ended 31 Mar 2017 £m
Cash flows from operating activities				
Net cash flow from operations	14	**14.0**	11.2	29.1
Cash generated from operations before exceptional items	14	**16.4**	13.4	32.7
Cash outflow from exceptional items	14	**(2.4)**	(2.2)	(3.6)
Net cash flow from operations		**14.0**	11.2	29.1
Net interest paid		**(0.6)**	(0.5)	(1.2)
Income tax paid		**(2.2)**	(1.9)	(2.8)
Net cash generated from operating activities		**11.2**	8.8	25.1
Cash flows from/(used) in investing activities				
Acquisition of subsidiary	11	**(7.3)**	(28.3)	(27.7)
Purchase of property, plant and equipment		**(2.4)**	(4.6)	(8.3)
Purchase of capitalised development costs		**–**	–	(0.1)
Proceeds on disposal of available-for-sale assets*		**13.6**	–	–
Net cash from/(used) in investing activities		**3.9**	(32.9)	(36.1)
Cash flows (used in)/from financing activities				
Dividends		**(3.0)**	(2.6)	(2.6)
Increase in borrowings		**16.6**	20.8	33.4
Repayment of borrowings		**(16.9)**	(1.3)	(27.5)
Net cash from/(used in) financing activities		**(3.3)**	16.9	3.3
Net increase/(decrease) in cash and cash equivalents		**11.8**	(7.2)	(7.7)
Cash and cash equivalents at beginning of the period		**12.1**	18.7	18.7
Exchange (losses)/gains on cash and cash equivalents		**(0.9)**	0.9	1.1
Cash and cash equivalents at end of period	14	**23.0**	12.4	12.1

* Gain on disposal treated as exceptional item

NOTES

1. GENERAL INFORMATION

Scapa Group plc ('the Company') and its subsidiaries (together 'the Group') manufacture bonding products and adhesive components for applications in the healthcare and industrial markets. The Group has manufacturing plants around the world and sells mainly in countries within Europe, North America and Asia.

The Company is a limited liability company incorporated and domiciled in the UK. The address of its registered office is 997 Manchester Road, Ashton-under-Lyne, Greater Manchester OL7 0ED. The Company has its listing on the Alternative Investment Market.

The financial information for the period ended 30 September 2017 and similarly the period ended 30 September 2016 has been neither audited nor reviewed by the auditor. The financial information for the year ended 31 March 2017 has been based on information in the audited financial statements for that period.

The interim condensed financial statements for the period ended 30 September 2017 do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 March 2017 has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

Basis of preparation

The consolidated financial statements for Scapa Group plc are prepared in accordance with IFRSs as adopted by the European Union. AIM listed companies are not required to issue IAS 34 compliant interim reports. Scapa Group plc complies with the majority of IAS 34 but does not produce a number of disclosures that are not considered significant.

Accounting policies

The same accounting policies, presentation and methods of computation are followed in the interim condensed financial statements as applied in the Group's latest annual audited financial statements.

Critical accounting estimates, judgements and risks

The preparation of the interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2017.

A summary of the principal risks and uncertainties is below and a more detailed explanation and how the Group seeks to mitigate the risks can be found on pages 12 to 18 of the Annual Report, which is available at www.scapa.com.

Health and safety – failure to work safely could result in significant injury or loss of life, damage the reputation of the Group and incur regulator intervention or fines
Acquisitions – poor decision-making on acquisitions could adversely affect the Group's results, weakening shareholder value
Business strategy – development of the wrong strategy by the Board or the failure to implement its strategy effectively could negatively impact on the Group's long-term growth prospects
Global economic and political environment – political and economic uncertainty e.g. Brexit which affects market and financial stability could adversely affect the Group's performance
Financial and treasury – the Group has significant operations outside the UK and as such is exposed to movement in exchange rates
Pensions – retirement liabilities fluctuate with changes in life expectancy, inflation, asset performance and discount rate assumptions
Customers – the Group benefits from good commercial relationships with a number of key customers. Damage to these relationships could have a direct, detrimental effect on the Group's results
Raw material pricing – Group margin is susceptible to supplier price increases
Human resources – availability of sufficient, skilled resource may impact on our ability to achieve sustainable growth
ICT systems and infrastructure – the Group is reliant on ICT systems in the effective planning and manufacture of product. Significant disruption can interrupt manufacturing and support process and potentially impact sales
Product quality – the Group is exposed to financial risk around product liability, customer returns and ultimately customer trust in Scapa as a supplier
Environment – failure to mitigate environmental impacts could damage the reputation of the Group and result in the financial loss associated with clean-up, fines and sanctions

Going concern

The Directors are satisfied that the Group's forecasts and projections show that the Group should be able to operate within its banking facilities and comply with its banking covenants. The Group is exposed to a number of significant risks and uncertainties, which could affect the Group's ability to meet its banking covenants. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the interim condensed financial statements.

2. SEGMENTAL REPORTING

The Group operates two standalone business units: Healthcare and Industrial, supported by a strategic Corporate function. All inter-segment transactions are made on an arm's length basis.

The chief operating decision maker (CEO) relies primarily on turnover and trading profit to assess the performance of the Group and make decisions about resources to be allocated to each segment; assets and liabilities are looked at geographically. Trading profit is reconciled to operating profit on the face of the Income Statement.

The Board reviews the performance of the business using information presented at constant exchange rates. The prior year results have been restated at constant currency as shown on the following pages.

Segment results – 30 September 2017

The segment results for the half year ended 30 September 2017 are as follows:

	Healthcare £m	Industrial £m	Head office £m	Group £m
External revenue	57.7	87.9	–	145.6
Trading profit/(loss)	9.3	10.1	(2.7)	16.7
Amortisation of intangible assets	(1.4)	(0.1)	–	(1.5)
Exceptional items	(1.0)	2.6	(0.2)	1.4
Pension administration costs	–	–	(0.3)	(0.3)
Operating profit/(loss)	6.9	12.6	(3.2)	16.3
Net finance costs				(0.9)
Profit on ordinary activities before tax				15.4
Tax charge				(3.9)
Profit for the period				11.5

The revenue analysis below is based on the location of the customer as follows:

	Europe £m	N America £m	Asia £m	Other £m	Group £m
External revenue – 30 Sept 2017	50.6	76.4	8.9	9.7	145.6
External revenue – 30 Sept 2016	53.8	67.2	6.3	8.1	135.4
External revenue – 31 Mar 2017	109.1	139.4	14.1	17.0	279.6

The revenue based on the location of the selling company is as follows:

	Europe £m	N America £m	Asia £m	Other £m	Group £m
External revenue – 30 Sept 2017	53.8	82.1	8.5	1.2	145.6
External revenue – 30 Sept 2016	55.5	72.5	6.4	1.0	135.4
External revenue – 31 Mar 2017	114.3	148.8	14.4	2.1	279.6

The segment results for the half year ended 30 September 2016 are as follows:

	Healthcare £m	Industrial £m	Head office £m	Group £m
External revenue	53.5	81.9	–	135.4
Trading profit/(loss)	7.6	7.6	(2.5)	12.7
Amortisation of intangible assets	(1.9)	–	–	(1.9)
Exceptional items	(0.6)	(0.4)	–	(1.0)
Pension administration costs	–	–	(0.3)	(0.3)
Operating profit/(loss)	5.1	7.2	(2.8)	9.5
Net finance costs				(1.0)
Profit on ordinary activities before tax				**8.5**
Tax charge				(1.8)
Profit for the period				**6.7**

The Board reviews the performance of the business using information presented at constant exchange rates. The prior half year results have been restated using this year's exchange rates as follows:

	Healthcare £m	Industrial £m	Head office £m	Group £m
External revenue	53.5	81.9	–	135.4
Foreign exchange	3.0	4.9	–	7.9
External revenue at constant exchange rates	**56.5**	**86.8**	**–**	**143.3**
Trading profit/(loss)	7.6	7.6	(2.5)	12.7
Foreign exchange	0.4	0.6	–	1.0
Trading profit/(loss) at constant exchange rates	**8.0**	**8.2**	**(2.5)**	**13.7**

Segment results – 31 March 2017

The segment results for the year ended 31 March 2017 are as follows:

	Healthcare £m	Industrial £m	Head office £m	Group £m
External revenue	108.7	170.9	–	279.6
Trading profit/(loss)	16.6	17.8	(5.2)	29.2
Amortisation of intangible assets	(3.7)	–	–	(3.7)
Exceptional items	(0.6)	(0.7)	0.3	(1.0)
Pension administration costs	–	–	(0.7)	(0.7)
Operating profit/(loss)	12.3	17.1	(5.6)	23.8
Net finance costs				(2.0)
Profit on ordinary activities before tax				**21.8**
Tax charge				(4.2)
Profit for the year				**17.6**

The Board reviews the performance of the business using information presented at constant exchange rates. The prior year results have been restated using this year's exchange rates as follows:

	Healthcare £m	Industrial £m	Head office £m	Group £m
External revenue	108.7	170.9	–	279.6
Foreign exchange	2.0	5.3	–	7.3
External revenue at constant exchange rates	**110.7**	**176.2**	**–**	**286.9**
Trading profit/(loss)	16.6	17.8	(5.2)	29.2
Foreign exchange	0.3	0.5	–	0.8
Trading profit/(loss) at constant exchange rates	**16.9**	**18.3**	**(5.2)**	**30.0**

3. SEGMENT ASSETS AND LIABILITIES

The chief operating decision maker does not review assets and liabilities by business unit but by geographical area. The assets and liabilities at 30 September 2017 and capital expenditure for the period then ended can be analysed into geographical segments as follows:

	Europe £m	**N America £m**	**Asia £m**	**Head office £m**	**Group £m**
Non-current assets*	31.5	77.2	2.6	–	111.3
Inventory	14.0	17.0	2.2	–	33.2
Trade receivables (net)	19.8	26.1	1.9	–	47.8
Trade payables	(20.3)	(12.0)	(0.7)	(0.5)	(33.5)
Cash	15.4	5.7	1.9	–	23.0
Additions of property, plant and equipment	1.5	0.6	0.2	0.1	2.4

* Non-current assets excluding deferred tax assets.

The assets and liabilities at 30 September 2016 and capital expenditure for the period then ended were as follows:

	Europe £m	**N America £m**	**Asia £m**	**Head office £m**	**Group £m**
Non-current assets*	36.2	76.1	4.1	–	116.4
Inventory	15.2	15.7	3.0	–	33.9
Trade receivables (net)	20.8	24.3	1.7	–	46.8
Trade payables	(21.4)	(10.9)	(0.6)	(0.4)	(33.3)
Cash	6.0	4.6	1.9	(0.1)	12.4
Additions of property, plant and equipment	2.4	2.1	0.1	–	4.6

* Non-current assets excluding deferred tax assets.

The assets and liabilities at 31 March 2017 and capital expenditure for the year then ended were as follows:

	Europe £m	**N America £m**	**Asia £m**	**Head office £m**	**Group £m**
Non-current assets*	31.4	77.0	4.1	–	112.5
Inventory	12.3	15.8	2.6	–	30.7
Trade receivables (net)	25.6	24.6	1.7	–	51.9
Trade payables	(19.9)	(10.8)	(1.0)	(0.6)	(32.3)
Cash	4.2	4.9	2.3	0.7	12.1
Additions of property, plant and equipment	4.6	3.3	0.2	0.2	8.3

* Non-current assets excluding deferred tax assets.

Unallocated head office items relate to assets and liabilities incurred in the normal course of business for the Parent Company.

4. EXCEPTIONAL ITEMS

	Half year ended 30 Sept 2017 £m	Half year ended 30 Sept 2016 £m	Year ended 31 Mar 2017 £m
Operating income:			
Swiss land and buildings sale	**7.4**	–	–
Past service credit	**–**	–	0.3
Operating expenses:			
Site closure costs	**(3.2)**	(0.3)	(0.5)
Asset write-offs and accelerated depreciation	**(1.2)**	(0.1)	(0.2)
Reorganisation costs	**(1.0)**	–	–
Abortive acquisition costs	**(0.2)**	–	–
Acquisition costs	**(0.4)**	(0.6)	(0.6)
	1.4	(1.0)	(1.0)

Following the closure of the Swiss site in Switzerland in 2016, the land and buildings were sold on the 20 July 2017 for an amount of £13.6m, resulting in an exceptional gain for this disposal of £7.4m; this includes all sale associated costs. This asset was reported as an asset held for sale in the prior year with a net book value of £5.1m.

On the 23 May 2017 the Group announced its intention to exit production in Korea and transfer the technology, plant and machinery to other existing sites within the Group. As a result, the Group has booked exceptional expenses of £3.2m relating to the costs of the closure and associated transfer costs, plus an additional £1.2m for the impairment of assets that will not be transferred as part of the closure.

The reorganisation of a UK-based manufacturing facility has resulted in an exceptional reorganisation cost of £1.0m in the period for employee-related severance costs.

On 8 August 2017 the Group acquired Markel Industries (see note 11) and this resulted in £0.4m of exceptional acquisition costs. A further £0.2m of abortive costs have also been charged in the period relating to a potential acquisition that did not progress to completion.

The prior year costs relate to the closure of our Rorschach site in Switzerland and the purchase of EuroMed Inc. The prior year operating income relates to a past service credit on the UK scheme following a pension increase exchange exercise that was carried out during the year.

5. KEY MANAGEMENT COMPENSATION AND DIRECTORS' REMUNERATION

	Half year ended 30 Sept 2017 £m	Half year ended 30 Sept 2016 £m	Year ended 31 Mar 2017 £m
Short-term employment benefits	**2.6**	2.6	5.1
Post-employment benefits	**0.1**	0.1	0.2
Termination benefits	**–**	–	0.3
Share-based payments (including share incentive plan)	**0.7**	0.8	1.6
	3.4	3.5	7.2

Key management is considered by the Group to be the Executive Team, which comprises certain senior employees, as defined in the annual financial statements. The short-term employment benefits include wages and salaries, bonuses, social security contributions and non-monetary benefits.

6. RELATED PARTY TRANSACTIONS

The pension schemes are related parties to the Group. There were no contributions outstanding at the period end.

7. NET FINANCE COSTS

	Half year ended 30 Sept 2017 £m	Half year ended 30 Sept 2016 £m	Year ended 31 Mar 2017 £m
Interest payable on bank loans and overdrafts	**(0.6)**	(0.6)	(1.2)
Expected return on pension scheme assets less interest on scheme liabilities	**(0.3)**	(0.4)	(0.8)
Net finance costs	**(0.9)**	(1.0)	(2.0)

8. TAXATION

	Half year ended 30 Sept 2017 £m	Half year ended 30 Sept 2016 £m	Year ended 31 Mar 2017 £m
Current tax:			
Tax on trading activities – current period	**(2.1)**	(1.7)	(4.2)
Tax on trading activities – prior period	**0.2**	0.1	0.3
Tax on non-trading items	**(1.0)**	–	–
Total current tax	**(2.9)**	(1.6)	(3.9)
Deferred tax:			
Tax on trading activities – current period	**(1.5)**	(0.6)	(1.2)
Tax on trading activities – prior period	**–**	(0.3)	(0.5)
Tax on non-trading items	**0.5**	0.7	1.4
Total deferred tax	**(1.0)**	(0.2)	(0.3)
Tax charge on trading activities	**(3.4)**	(2.5)	(5.6)
Tax (charge)/income on non-trading activities	**(0.5)**	0.7	1.4
Tax charge for the period	**(3.9)**	(1.8)	(4.2)

9. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. Diluted earnings per share has been calculated on share options in existence at 30 September 2017.

Adjusted

Adjusted earnings per share is calculated by dividing the trading profit less cash interest less tax on operating activities by the weighted average number of ordinary shares in issue during the period.

	Half year ended 30 Sept 2017	Half year ended 30 Sept 2016	Year ended 31 Mar 2017
Profit attributable to equity holders of the Company (£m)	**11.5**	6.7	17.6
Weighted average number of ordinary shares in issue (m)	**152.5**	150.4	151.1
Basic earnings per share (p)	**7.5**	4.5	11.6
Weighted average number of shares in issue, including potentially dilutive shares (m)	**158.0**	157.3	157.9
Diluted earnings per share (p)	**7.3**	4.3	11.1
Adjusted earnings per share (p)	**8.3**	6.4	14.8

10. DIVIDENDS

A final dividend for the year ended 31 March 2017 of 2.0p per share was declared by the Directors at their meeting on 22 May 2017. The dividend was paid on 18 August 2017 to shareholders registered on 21 July 2017.

11. ACQUISITION OF SUBSIDIARY

On 8 August 2017 the Group acquired 100% of the share capital of Markel Industries. Markel is a leading North American manufacturer of adhesive floor mats and tacky rollers for use in medical clean rooms, electronic and industrial assembly areas, construction sites and sports venues. The Company is based in Portland, Maine and Manchester, Connecticut. The Directors believe that the acquisition of Markel brings multiple advantages to Scapa, including:

- Markel's largely North American customer base has a similar profile to Scapa's, offering cross-selling opportunities
- Markel's high quality core clean room contamination prevention products will enhance Scapa's current products offerings in Europe
- Meaningful overlap in supply chain and manufacturing technology as well as proximity of Markel's manufacturing sites to Scapa offer an opportunity for efficiencies
- The acquisition is expected to be earnings enhancing in the first full year in the enlarged Group.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Fair Value £m
Net assets acquired	
Separately identifiable intangible assets	2.1
Property, plant and machinery	0.1
Other assets	0.5
Inventory	0.5
Debt, cash and equivalents	0.3
Trade and other payables	(0.3)
	3.2
Goodwill	4.4
Total consideration	**7.6**
Satisfied by cash	7.6

Net cash outflow arising on acquisition:	
Cash consideration	7.6
Less: cash and cash equivalent balance acquired	(0.3)
	7.3

The goodwill of £4.4m arising from the acquisition is expected to be deductible for income tax purposes in the US. Acquisition related costs (included within exceptionals) amount to £0.4m.

Markel Industries contributed £0.9m of revenue and £0.1m to Group profit between the date of acquisition and 30 September 2017.

12. RETIREMENT BENEFIT SCHEMES

Defined benefit schemes

The defined benefit obligation as at 30 September 2017 is calculated by rolling forward the March 2017 valuation and adjusting for movements in contributions, financial and demographic assumptions over the period.

The defined benefit plan assets have been updated to reflect their market value at 30 September 2017. The change in the expected return on assets has been recognised as an actuarial gain or loss in the Statement of Comprehensive Income in accordance with the Group's accounting policy.

13. PROVISIONS

	Reorganisation and leasehold commitments £m	**Environmental £m**	**Total £m**
At 31 March 2016	5.0	0.4	5.4
Exchange differences	0.2	–	0.2
Charged in the period	0.7	–	0.7
Utilised in the period	(1.5)	(0.1)	(1.6)
At 30 September 2016	4.4	0.3	4.7
Exchange differences	–	–	–
Charged in the period	0.4	0.2	0.6
Released in the period	(0.4)	(0.1)	(0.5)
Utilised in the period	(1.1)	–	(1.1)
At 31 March 2017	3.3	0.4	3.7
Exchange differences	0.1	–	0.1
Charged in the period	4.4	–	4.4
Utilised in the period	(1.8)	(0.2)	(2.0)
At 30 September 2017	**6.0**	**0.2**	**6.2**
Analysis of provisions:			
Current	3.6	0.1	3.7
Non-current	2.4	0.1	2.5
At 30 September 2017	**6.0**	**0.2**	**6.2**

14. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOW AND RECONCILIATION OF NET CASH

	Half year ended 30 Sept 2017 £m	Half year ended 30 Sept 2016 £m	Year ended 31 Mar 2017 £m
Operating profit	**16.3**	9.5	23.8
Adjustments for:			
Depreciation and amortisation	**4.7**	4.8	9.9
Profit on disposal of land and buildings	**(7.4)**	–	–
Exceptional pension settlement	**–**	–	(0.3)
Impairment of tangible fixed assets	**1.2**	0.3	0.4
Pensions payments in excess of charge	**(2.3)**	(2.2)	(4.3)
Share options charge	**0.9**	0.8	1.9
Changes in working capital:			
Inventories	**(3.3)**	(2.7)	1.3
Trade debtors	**3.5**	2.7	(1.6)
Trade creditors	**1.4**	(0.1)	(1.4)
Changes in trading working capital	**1.6**	(0.1)	(1.7)
Other debtors	**0.2**	0.5	(0.7)
Other creditors	**(3.6)**	(1.5)	2.1
Deferred consideration	**(0.1)**	–	(0.1)
Net movement in environmental provisions	**(0.2)**	(0.1)	–
Net movement in reorganisation provisions and leasehold commitments	**0.9**	(0.1)	(0.2)
Net movement in other provisions	**1.8**	(0.7)	(1.7)
Cash generated from operations	**14.0**	11.2	29.1
Cash generated from operations before exceptional items	**16.4**	13.4	32.7
Cash inflow/outflow from exceptional items	**(2.4)**	(2.2)	(3.6)
Cash generated from operations	**14.0**	11.2	29.1

Analysis of cash and cash equivalents and borrowings

	At 1 April 2017 £m	Cash flow £m	Exchange movement £m	**At 30 Sept 2017 £m**
Cash	12.1	0.4	(0.9)	**11.6**
Cash restricted for use*	–	11.4	–	**11.4**
Cash and cash equivalents	12.1	11.8	(0.9)	**23.0**
Borrowings within one year	(1.2)	(0.2)	0.1	**(1.3)**
Borrowings after more than one year	(27.0)	0.5	1.6	**(24.9)**
Total borrowings	(28.2)	0.3	1.7	**(26.2)**
Total	(16.1)	12.1	0.8	**(3.2)**

* Cash restricted for use relates to the sale of the Swiss land and buildings in July 2017. This is currently held in an escrow account pending a land registry update. Funds are expected to be released prior to 31 March 2018.

COMPANY INFORMATION:

KEY DATES

Next year end (to be reported)	31 March 2018
Next preliminary announcement	22 May 2018
Next annual report due	June 2018
Next Annual General Meeting	17 July 2018
Next interim results	20 November 2018

SHAREHOLDER INFORMATION

Shareholder enquiries should be directed to the Company's registrars, Link Asset Services, at their Customer Support Centre, details as follows:

By phone – UK – 0871 664 0300 (UK calls cost 12p per minute plus your phone company's access charge).
If you are outside the United Kingdom, please call +44 371 664 0300. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00am to 5.30pm, Monday to Friday, excluding public holidays in England and Wales.
By email – enquiries@linkgroup.co.uk
By post – Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

You can sign up to Signal Shares where you can view and manage your shareholding at - www.signalshares.com

Further information regarding the various services offered by Link Asset Services, including Signal Shares and Share Dealing Service, can be obtained from the above or directly from Link Asset Services website www.linkassetservices.com