A SUSTAINABLE FUTURE WITH PLASTIC THROUGH INNOVATION

ANNUAL REPORT AND ACCOUNTS 2018

RPC

A sustainable future with plastic through innovation

RPC is a leading plastic product design and engineering company that works responsibly across a broad range of carefully selected industries from food to technical components, healthcare to industrial.

RPC is a global business with 189 operating sites in 34 countries that are well placed to support customers on a local, national and international basis, as well as providing multi-site security of supply. Our decentralised structure of specialist operations reflects the industry structure and we have expertise in all five of the major polymer conversion processes allowing us to get close to our customers, understand their needs, and produce innovative, sustainable products that add value. As part of this, we are committed to actively working with our customers, as well as external organisations, to reduce the carbon footprint and environmental impact of our products across the supply chain.

Key to this are our people. An unrelenting focus on Health & Safety, our comprehensive training programmes and an inclusive, collaborative and entrepreneurial environment in which to work, all contribute to ensuring that we attract the next generation of plastics experts to maintain our focus on technical and design innovation.

We continue to grow and deliver returns to our shareholders through the successful application of our strategy.

IN THIS YEAR'S REPORT

Strategic Report

Governance

Financial Statements

Shareholder Information

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@rpc_group

For more information on our business visit
www.rpc-group.com

INVESTMENT PROPOSITION

Our markets are GROWING and so are we

The global rigid and flexible plastic packaging market is forecast to grow at an average annual rate of 3.7% between 2017 and 2022, increasing its share of the global packaging market versus competing materials by 1.4%pts*.

FY 2012/13 revenue
£982m

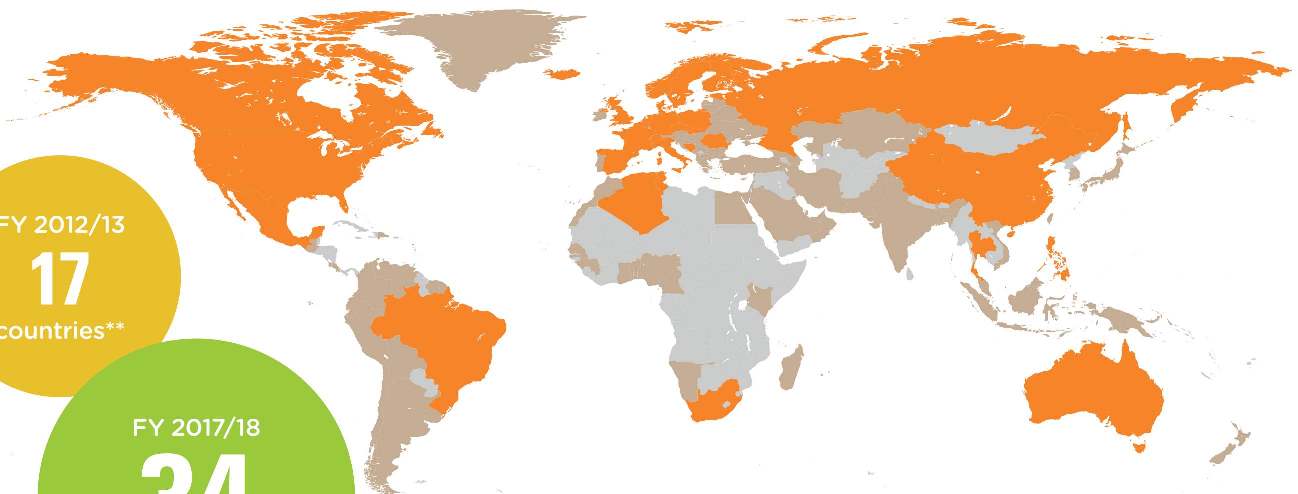
FY 2017/18 revenue
£3,748m

Plastic packaging market growth drivers:

- Rising and aging population
- Increasing number of smaller and single person households in developed economies
- Rise in emerging market incomes
- Busier lifestyles and convenience packaging
- Growing importance of lightweighting, sustainability and the circular economy
- Move to e-commerce

Our market place page 13

A global footprint: worldwide excellence



FY 2012/13
17
countries**

FY 2017/18
34
countries**

Manufacturing countries
Countries we sell into

* Smithers Pira 2017
** Countries with an RPC operation

We are experts at sustainable INNOVATION

Innovation is a key differentiator for RPC. We have 32 design and innovation centres of excellence that enable us to devise novel plastic solutions for our customers which consumers will want to buy. Our design and development work includes a proactive approach to sustainability. Combined with our expertise in all five polymer conversion processes, this allows us to work with our customers throughout the product lifecycle.

Innovating for sustainability – see case study on page 59

32
focused design and innovation centres

B2Nature™ – Compostable coffee capsules

This material can be industrially composted within 12 weeks, while still delivering long-term protection of its contents and being able to withstand the high pressurised operation of the brewing process.

RPC Circular Grading Tool

The RPC unique Circular Grading Tool. Used to rate the recyclability of plastic products, leading to new and improved designs.

Secure Flip Sports Closure

Next generation sports cap that breaks new ground with its combination of enhanced ease of use and maximum product safety and integrity, along with a contemporary design.

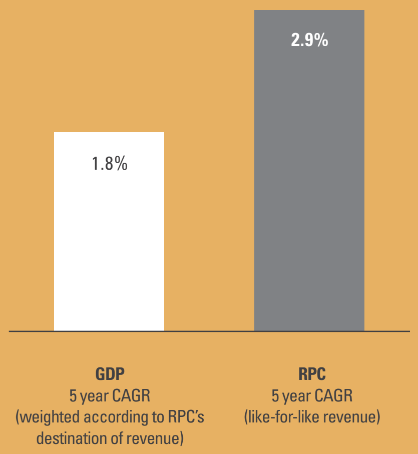
INVESTMENT PROPOSITION CONTINUED

A successful STRATEGY combining acquisitive and organic growth

Vision 2020: Focused Growth Strategy

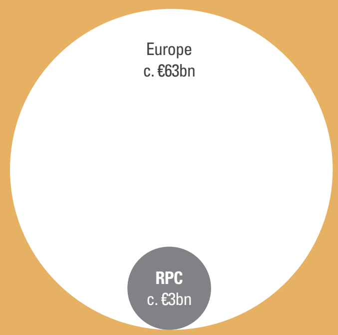
1. Continuing focus on organic growth

Plastic continues to advance at the expense of competing materials. Innovative, sustainable solutions built on excellence in design and engineering, positions RPC for organic growth ahead of GDP through the cycle.



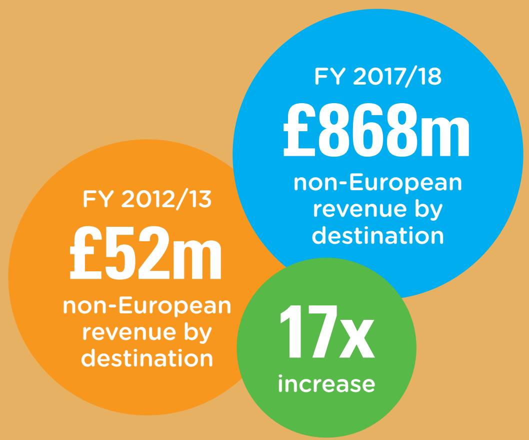
2. Selective consolidation in Europe

With a limited number of consolidators, further acquisition opportunities exist in a segmented market place. RPC continues to seek opportunities that either enhance and strengthen its presence in existing markets or represent attractive complementary markets.



3. Creating a meaningful presence outside of Europe

Packaging markets outside Europe are forecast to grow faster with multi-national customers indicating an increasing demand for RPC's leading design and engineering capabilities.



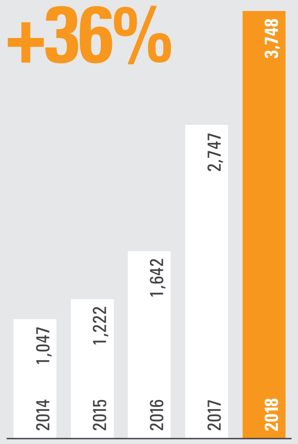
4. Pursuing added value opportunities in non-packaging markets

RPC can leverage its core competencies of design and engineering together with a competitive buying position of the main raw materials used, in a number of selected non-packaging markets. World class in-house mould making allows RPC to deliver technically challenging projects for its customers.

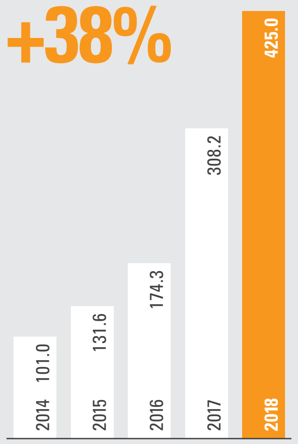
Our strategy has delivered STRONG PERFORMANCE over five years

Our Vision 2020 strategy has delivered strong growth in revenue, profit, cash generation and returns.

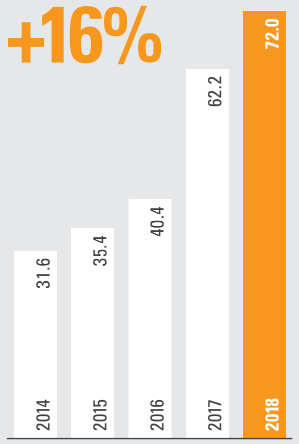
Revenue
£m
+36%



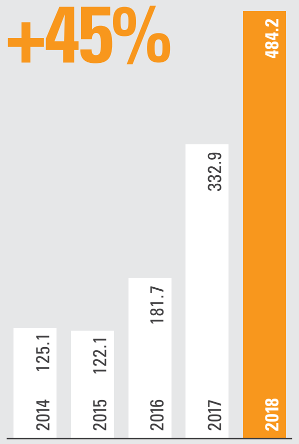
Adjusted Operating Profit
£m
+38%



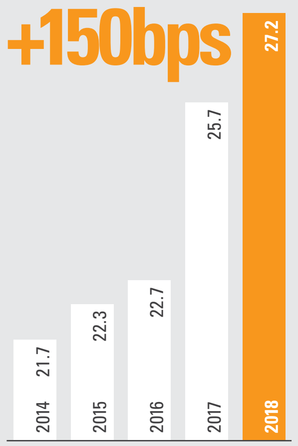
Adjusted basic earnings per share p
+16%



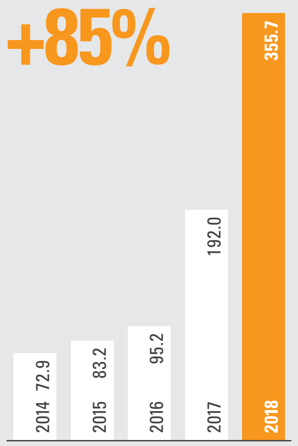
Cash generated from operations £m
+45%



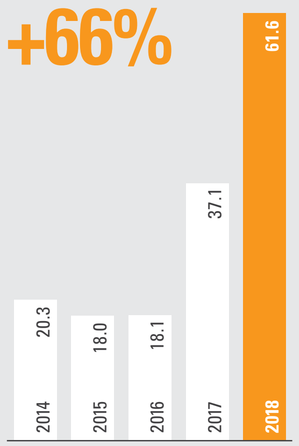
RONOA
%
+150bps



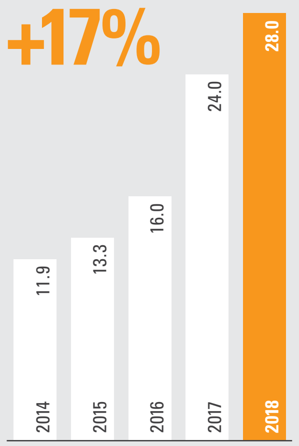
Operating profit
£m
+85%



Basic earnings per share
p
+66%



Dividend per share
p
+17%



Adjusted operating profit, Adjusted basic earnings per share and RONOA are considered Alternative Performance Measures (APMs). Definitions and reconciliations of all APMs can be found on pages 47 to 51.

INVESTMENT PROPOSITION CONTINUED

Our success is DRIVEN by looking after:

Our people

Our people are the most important part of our company, and ensuring their Health & Safety in addition to providing good opportunities for learning and development is important in attracting, engaging and retaining them.

Our customers

We work with both large blue chip customers and smaller accounts, and using our scale, design and engineering capabilities are able to follow our customers globally.

Why customers choose RPC:

- Innovation in product design, engineering and material science
- Breadth of product ranges and conversion technologies
- Scale and global geographical footprint
- Security of supply
- Ability to invest in and manage global turn-key projects
- Sector focused management teams providing best-in-class speed to market

Our responsibility

RPC is committed to minimising the environmental impact of its products and manufacturing processes, and to incorporate environmental sustainability into its overall business strategy.

rpc sustainability matters

CASE STUDY

A RISING STAR in design

The nurturing of new talent is essential to RPC's continuing success and growth.

Named the UK packaging industry's 'Rising Star' for 2017 at the prestigious UK Packaging Awards, Ed Arnold of RPC Design is part of the company's next generation who will continue to embrace its entrepreneurial spirit that encourages innovation.

Ed joined the design team at RPC after graduating from Northampton University in 2014 with a First Class honours degree in Product Design. Since then his enthusiasm, inquisitiveness, capacity to learn and maturity have all contributed to him becoming an indispensable member of the team, working on major projects for important clients.

Ed's interest in design came from the creative side, but he quickly gained an understanding of the complexities of designing for RPC's different plastic manufacturing processes such as injection moulding, blow moulding and thermoforming.

Ongoing training has therefore formed a vital part of Ed's career development and as he explains, "There is always budget for training and equipment at RPC, so I have always had the support I needed to increase my knowledge."

What he particularly likes about his job is the ability to see a project through from concept to completion. "Many designers in an agency don't often get to see how their original sketches pan out, particularly as there may have to be many changes along the way in order for an initial design to be manufactured successfully," he explains. "With RPC Design – and this is what gives us a lot of credibility – we know that what we design, the company has to be able to make. So we are able to reign in our creativity ourselves with a dose of realism as to what is possible manufacturing-wise."

That's not to say that current practices should go unchallenged and Ed's willingness to bring fresh ideas to the design process was one of the key reasons he was selected to receive his award.

As the judges commented, "He has clearly made an impact, and is not afraid to challenge as a new member of a first-class team."

Awards

During the last year we have continued to win awards that recognise our design capabilities, manufacturing and technical skills, and commitment to devising sustainable solutions.

FBIF | IMDA | GOLD PACK Awards 2018 | UK PACKAGING AWARDS 2017

VIEW FROM THE CHAIRMAN

"I am pleased to report another successful year of growth by the Group and continued financial, strategic and operational progress. The responsible use and disposal of plastics received an increasing amount of attention during the year, and recyclability and reusability have become key design criteria for our customers."

Jamie Pike
Chairman

RPC is committed to working with its customers to improve the environmental sustainability of products and, through its focus on innovation, coupled with in-house recycling facilities, it is well positioned to do so.

Financial overview

Revenue grew 36% to £3,748m, adjusted operating profit increased 38% to £425.0m while adjusted basic earnings per share rose 16% to 72.0p. Cash generation was robust, with net cash flows from operating activities of £386.7m, up 40% compared with the previous year. Net profit attributable to equity shareholders for the year was £253.4m (2016/17: £132.0m) and basic earnings per share was 61.6p (2016/17: 37.1p), reflecting the significant decrease in adjusting items in the year and the full year effect of acquisitions in 2016/17.

At 14.8%, Return on capital employed (ROCE) remained strong although reduced marginally by 40 basis points (bps), primarily due to the full year effect of Letica. Return on net operating assets (RONOA), a key internal operating measure and indicator of asset quality, increased 150bps to 27.2%.

Strategy

The Group has continued to deliver its Vision 2020 strategy, which targets a balanced portfolio of cash generating and growth markets, and draws on the strength of both customer and supplier relationships. The strategy combines a focus on organic and acquisitive growth, with pursuing opportunities in the non-packaging markets and building the Group's exposure to attractive markets outside of Europe.

In the year, organic revenue growth of 2.8% remained ahead of GDP (weighted for territories where RPC operates). In the five years since the start of the current strategy, organic revenue growth has outperformed relevant GDP growth by more than 100 basis points (bps).

Reflecting the scale and pace of strategic progress in 2016/17, the focus in 2017/18 was on investing in the existing business to support future growth, while integrating acquired businesses and realising synergies. I am pleased to report that the major European integration programme, consisting of the GCS, Promens and BPI acquisitions, is now substantially complete, with the anticipated annualised synergy run-rate achieved at a lower cost than expected. Towards the end of the financial year, the Group announced the €75m acquisition of Nordfolien, which completed after the year end.

The position of the Group outside Europe was significantly strengthened with the acquisitions of Letica and Astrapak whilst growing the turnover in China organically by 26%. Revenues outside Europe of £831m (2016/17: £384m) now represents 22% of the Group.

The Group continues to increase its presence in the polymer-consuming, high growth technical components market. ESE World, a leading European provider of temporary waste storage systems, performed well in the first year of ownership and is well placed to make further progress as demand for enhanced waste management to avoid litter and plastic leakage into the environment accelerates.

The Group regularly reviews its portfolio of businesses with the aim of remaining relevant to industry and market dynamics by focusing on higher added-value plastic solutions that can be recycled or reused. After the year end, a number of non-core businesses were confirmed for disposal during 2018/19.

Board

Martin Towers, who joined the Company in 2009 as an independent non-executive director, will step down from the Board at the Annual General Meeting in July. During his time at RPC, Martin has served as Chairman of the Audit Committee and Senior Independent Director, and on behalf of the Board, I would like to thank him for his commitment and significant contribution to the success of the Company.

In September 2017, the Board was delighted to welcome Kevin Thompson as an independent non-executive director and, from January 2018, as Chairman of the Audit Committee. Kevin is currently Group Finance Director at Halma Plc.

I am pleased to say that Lynn Drummond, the current Chair of the Remuneration Committee, will take over the role of Senior Independent Director, subject to her re-election, following the Annual General Meeting. This change will mean that we will need to appoint an additional independent non-executive director to join the Board who will be able to take over Lynn's current responsibilities for remuneration as the Company heads into a full review of the Remuneration Policy in the autumn. It is envisaged that this process will be started as soon as possible in order to provide sufficient time for a new independent non-executive director to work alongside Lynn in the initial stages of this process.

Corporate governance and responsibility

The Board is responsible for ensuring that the Group operates in accordance with all relevant governance and legal requirements. The last year has seen a large number of changes from regulatory bodies and the government that have remained firmly on the agenda for discussion and this will remain the case as many of these proposals are implemented over the coming year.

The Remuneration Committee's review of performance measures used in RPC Group's incentive schemes, launched in response to investor concerns, has been completed with a number of changes being made.

The key features of the new approach include the addition of ROCE in the performance share plan (alongside total shareholder return and earnings per share), and the removal of the RONOA moderator. Free cash flow and RONOA will be additive measures in the annual bonus plan (ABP) (alongside adjusted profit before interest and tax). There will be no moderators in the ABP.

The use of these combined measures will ensure management is consistently focused on delivering results and driving shareholder value for the medium and long-term.

People

Our people are our most important asset and we put their Health & Safety at the centre of everything we do. This approach, and providing opportunities for development across the business, will ensure that they find RPC a rewarding place to further their careers, and that we will continue to attract a diverse range of experts for the future.

On behalf of the Board, I would like to thank our loyal and hardworking employees who have contributed to yet another year of progress and look forward to their continued support and involvement in the future.

Highlights of 2017/18

Revenue £m
3,748
+36%
(2017: £2,747m)

Full year dividend per share declared p
28.0
+17%
(2017: 24.0p)

Adjusted operating profit £m[1]
425.0
+38%
(2017: £308.2m)

Capital allocation and dividends

The Board maintains a disciplined approach to capital and continuously reviews capital allocation priorities with the aim of maximising shareholder value and returns.

During the year, further capital was deployed to support the organic growth strategy and position the business for future growth. The Board considers the dividend to be an important component of shareholder returns and is recommending a final dividend of 20.2p, taking the total dividend for the year to 28.0p, an increase of 17% and representing the 25th year of consecutive growth. Share buybacks are considered relative to the attractiveness of alternative uses of capital. In July 2017, the Board announced a buyback of up to £100m of shares and at the year-end £83m had been spent acquiring 9.6m shares. In what was a quieter year for acquisitions, the addition of Astrapak was completed for an enterprise value of £80m.

Looking ahead

RPC Group is a strategically strong and well-managed business and, as a leading design and engineering company, has the scale, innovative capabilities and ambition coupled with the financial strength to exploit unprecedented market opportunities. RPC has a strong track record of working with customers to develop environmentally-responsible plastic products and is uniquely placed to contribute to a sustainable future for plastics and to deliver further growth and returns to shareholders. I look forward to the year ahead and to reporting on the continued progress and growth of the Group.

Jamie Pike
Chairman

6 June 2018

1 Please see Alternative Performance Measures on pages 47 to 51 for full definitions and reconciliations.

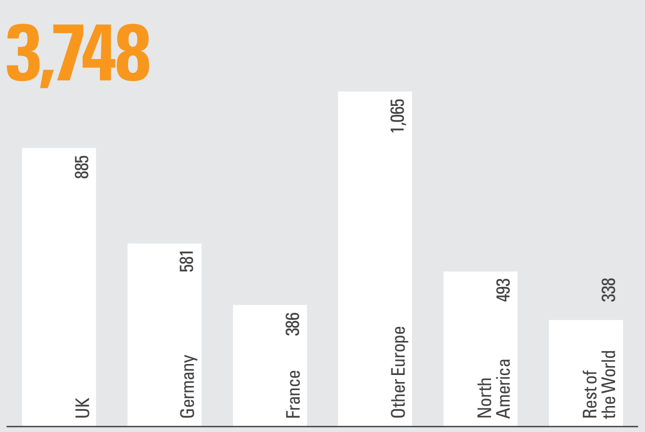
AT A GLANCE

A global business

RPC is a leading design and engineering company specialising in the responsible production of plastic products. We have expertise in all five of the major polymer conversion processes and an increasingly extensive global presence, meaning we can offer innovative and environmentally sustainable plastic products and technical components to a diversified range of end-markets around the world.

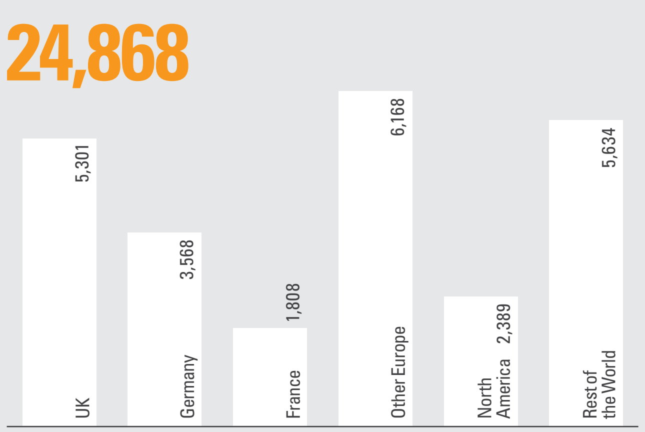
Revenue
£m
+36%

3,748



Employees
+4%

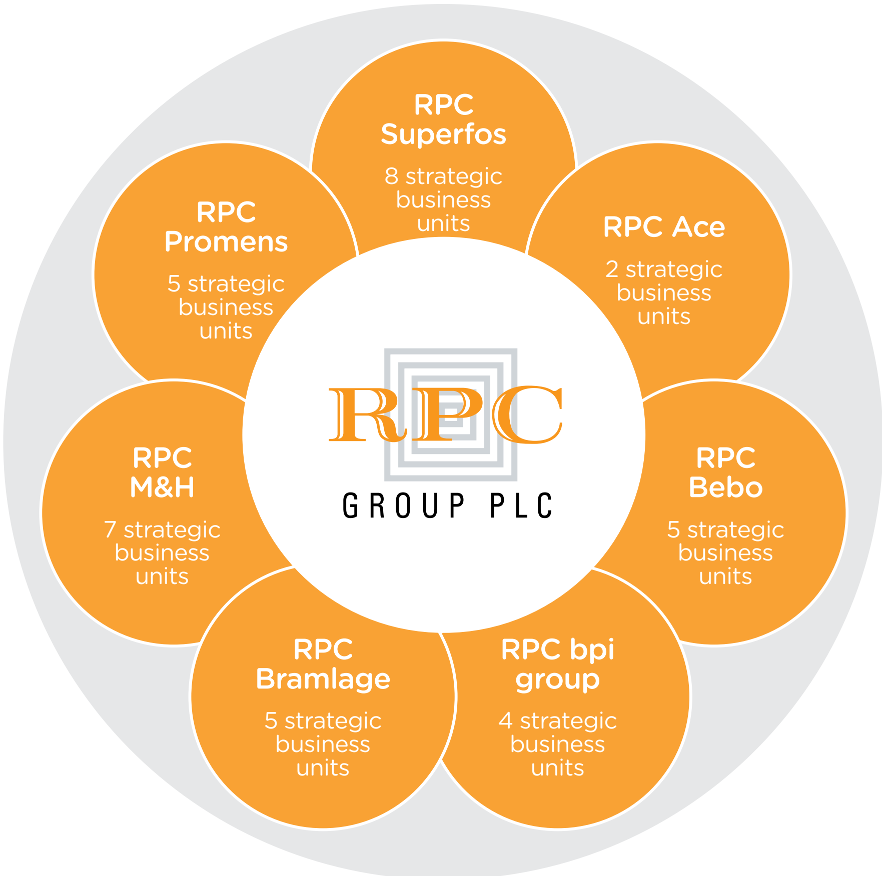
24,868



An attractive combination of growth and defensive end-markets

Food	29%
Non-Food	21%
Healthcare	4%
Beverage	13%
Personal Care	13%
Technical Components	20%

A decentralised operating structure reflects the industry structure and ensures proximity and responsiveness to customers



Expertise in all five major conversion processes

Injection moulding
- Complex designs
- High level decoration
- High added value

Blow moulding
- Re-closable
- Narrow neck
- Pourable

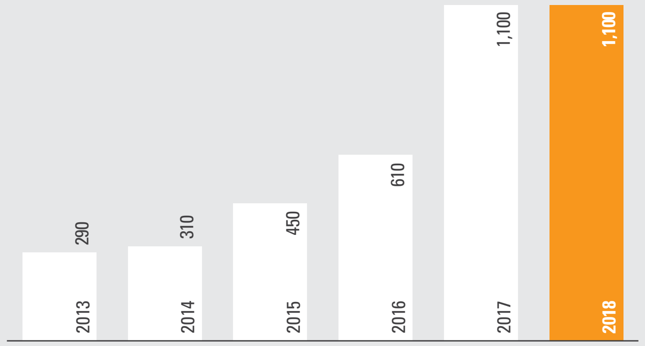
Thermoforming
- High volume
- Low cost
- Barrier applications

Rotational moulding
- Extremely versatile
- Low tooling costs
- Smaller volumes

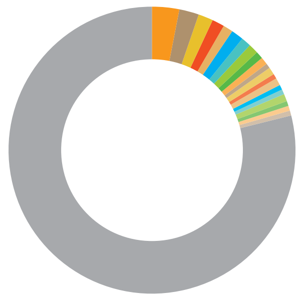
Blown film extrusion
- Multilayer co-extruded films
- Film, tube and sheet products
- Plain, printed or converted

Centralised purchasing of polymer resin maximising scale in polymer buying

Scale in polymer buying
Tonnes ('000) (annualised)



Over 10,000 customers globally



- Top 20 customers 21% of 2017/18 Group revenue; largest customer 3%

Key account management established for major customers

A strategy that continues to deliver: Vision 2020

1. Continuing focus on organic growth
2. Selective consolidation in Europe
3. Creating a meaningful presence outside of Europe
4. Pursuing added value opportunities in non-packaging markets

Read more on page 20

Led by a highly experienced management team

Read more on page 19

Our experienced international management team collectively has over 350 years' experience within the plastics conversion industry.

AT A GLANCE CONTINUED

A diverse portfolio of SUSTAINABLE products

OUR MARKETPLACE

RPC's key markets are the global plastic packaging market and the polymer-consuming technical components market.

An increased focus on the responsible use and disposal of plastics – particularly in Europe – will continue to provide opportunities for RPC to work with customers, communities and suppliers to optimise the recyclable and reusable characteristics of its plastic products and to ensure end-of-life collection.

A key change in the plastics environment during the financial year to 31 March 2018 was the perception of plastic packaging, which was affected by used plastic products ending up in the natural environment, for example oceans, around the world and increased publicity and political interest around this.

The attractions of rigid and flexible plastic packaging versus alternative packaging materials continue to include:

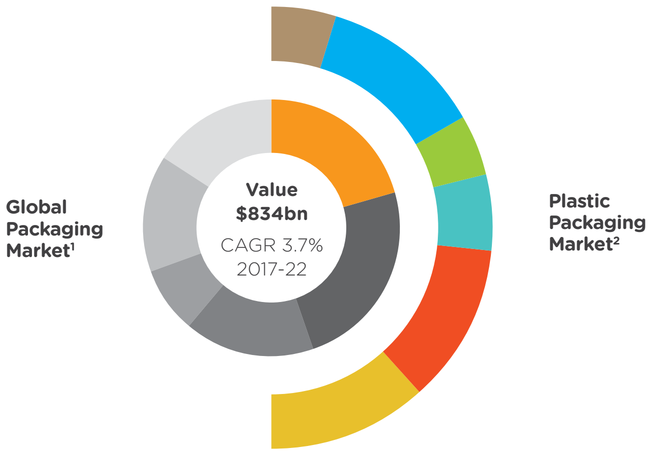
- Light weight – reducing transport costs of packaged goods
- Strength and durability – ideal for effective product protection
- Versatility – can be moulded or formed into just about any shape – enhanced marketing opportunities and transport efficiency
- Low carbon – less energy used and less carbon emitted during the production process
- Recyclability – over 90% of plastic based products currently on the UK market are recyclable – those that are not are where plastics are combined with other materials e.g. foil laminates
- Ability to reduce food waste through extending the shelf-life of both fresh and processed food

However, if plastic is treated incorrectly, its strengths can become weaknesses:

- Light weight – plastic floats in water and is highly visible in a marine environment
- Strength and durability – it does not naturally decompose
- Although plastic is recyclable, it is not always recycled

The plastic packaging market is expected to grow at an average annual rate of 3.7% between 2017 and 2022, taking a 1.4%pt share over the same period from other packaging materials and, at £344bn, accounting for around one third of the global packaging market by 2022.

The plastic packaging market



Sustainability and the natural environment

It is critical that the industry takes its environmental responsibility seriously; a key driver for the industry is the significant movement towards the principles of a circular economy and the responsible disposal of plastic. Plastic is a valuable resource, which should not be littered into the land or marine environment, but recycled or reused to maintain its value and reduce the environmental impact of new products which incorporate recycled material.

Our response

At RPC we remain committed to incorporating environmental sustainability into our overall business strategy and to helping our customers achieve their environmental goals. Plastic provides a light weight, durable, recyclable and low carbon option for packaging and non-packaging products.

RPC is uniquely placed to help customers given its design and engineering capabilities, and continues to work with customers at the design stage and throughout the product lifecycle to improve the recyclability and reusability of their products and contribute to a sustainable and circular future for plastic.

We have our own recycling capabilities and through our RPC bpi and ESE World businesses are able to 'close the loop' e.g. in ESE World by collecting and recycling disused bins into new bins and in RPC bpi by collecting agricultural films and recycling these to make new films.

We continue to research and develop the incorporation of biopolymers including compostable materials in our plastic products and to explore ways to increase the recycled polymer content in our products.

RPC is also active in industry-wide programmes to further enhance plastics' sustainability. A recent pilot scheme tested the feasibility of establishing a closed loop recycling solution for used plastic paint containers; and RPC bpi recycled products are part of the New Plastics Economy, a three year initiative led by the Ellen MacArthur Foundation, which aims to develop a global and coordinated system for plastics in line with circular economy principles.

Forecasted growth rates by material/geography between 2017 and 2022:

Rigid Plastic	3.4%	Western Europe	2.1%
Flexible Plastic	4.0%	Eastern Europe	5.0%
Card	2.7%	North America	2.0%
Metal	1.4%	South and Central America	2.3%
Glass	2.4%	Asia	5.0%
Other	2.6%	Rest of World	4.9%

Source: Smithers Pira

1 2017 – Global packaging market, materials, by value

2 2017 – Plastic packaging market, materials & regions, by value

OUR MARKETPLACE CONTINUED

Demography, lifestyle and economic trends

In addition to the growing importance of lightweighting, sustainability and the circular economy, demographic, lifestyle and economic trends also continue to favour plastic packaging.

An ageing population continues to drive demand for healthcare devices while an increase in the number of smaller and single person households in developed economies and increasing incomes in emerging markets is increasing demand for packaging – specifically rigid plastic packaging. A rising population is also fuelling demand for packaging.

Busier lifestyles and the proliferation of e-commerce is further driving demand for packaging and the light weight, waterproof and flexible nature of plastic packaging lends itself particularly well to this application.

Our response

RPC's product portfolio is well-positioned to exploit the above trends. Since the start of the Vision 2020: Focused Growth Strategy, through both organic and acquisitive growth, revenue from the healthcare and pharmaceutical end-markets has more than doubled and RPC is the largest dry powder inhaler producer in Europe.

Design and innovation is key to offering our customers solutions that will differentiate their products on the shelf and offer the end consumer convenience and functionality. Our 32 design and engineering innovation centres understand customers' needs and how to fashion them into finished products. Since 2012 over 60 of our products have either won awards or been finalists and many of the new products we have developed such as SuperLock®, Longlife™, AirFree® and Slidissime® are aimed at prolonging product life, reducing wastage, adding convenience to the end user while standing out on the shelf.

RPC's acquisition of ACE Corporation Holdings Limited (Ace) in May 2014 enhanced the company's footprint in the Emerging Markets and, in addition to significantly increasing RPC's exposure to the Technical Components end-market, enabled the Company to maximise its existing plastic packaging manufacturing plant in China.

Following the year end, the Group acquired Nordfolien for a consideration of €75m. This acquisition will increase RPC's in-house recycling capabilities and its contribution to a circular economy.

Growth drivers	Rigid plastic	Flexible plastic	Card	Metal	Glass
Rising and aging populations	Significant	Significant	Significant	Significant	Significant
Increasing number of smaller and single person households in developed economies	Significant	Positive	Positive	Positive	Positive
Increasing income in emerging markets	Significant	Positive	Positive	Positive	Positive
Busier lifestyles and convenience packaging	Significant	Significant	Significant	Neutral	Negative
Growing importance of lightweighting, sustainability and the circular economy	Positive	Positive	Positive	Neutral	Neutral
Move to e-commerce	Significant	Significant	Significant	Negative	Negative

Level of impact: Significant, Positive, Neutral, Negative

Efficiency in supply chains and globalisation

Cost optimisation is increasingly important, further driving the lightweighting of packaging and reducing the overall amount of packaging required by combining primary and secondary packaging. This requires the packaging to both be stronger and to be shelf / display ready.

Retailing is changing as online sales and e-commerce take share from traditional bricks-and-mortar propositions. This shift necessitates packaging to be more robust for transportation and reusable for any returns. Products are sent in smaller, often individual, packaging rather than bulk packaged to sales outlets. Online penetration also results in products reaching a more international audience. Producers are therefore expecting packaging to be consistent across all geographies they serve, reducing regional differences.

Our response

RPC has reduced the weight of its products across all manufacturing processes through significant innovation investments in tooling, process changes and machinery alongside developments in materials.

Our footprint of 189 operations across 34 countries allows us to provide global solutions to all customers whether they serve global, regional or local markets.

Through acquisition the Group has added coverage to 15 new geographies. This increased scale allows us to follow customers as they expand into new countries examples being our new greenfield manufacturing sites in Brazil and China.

189
operations across 34 countries

Competitive environment

	Key players 1980	Key players 2017	Key players global market share 2017
Rigid plastics	Numerous	5	10%
Flexible plastics	Numerous	5	30%

The industry is immature in most parts of the world and largely developed during the 1960s and 1970s. Companies typically concentrate on serving a particular geography and market with a specific conversion technology, and while the industry has started to consolidate, the top five players account for just 10% of the global rigid plastic packaging market. The market for flexible plastic packaging is equally fragmented, with the largest five players accounting for 30% of the global flexibles packaging market. As founders seek to pass their business to the next generation, the new managers have to decide whether to invest to cope with changes in the market or divest. These changes include:

- demand for packaging that is consistent across many markets;
- the cost of investment for innovation;
- constant pressures to optimise costs resulting from a competitive retail environment;
- input material cost volatility and supply issues favouring larger companies with power to hedge;
- lower demand growth in the developed world;
- an ability to follow customers globally as customers themselves consolidate and globalise; and
- increasingly sophisticated packaging solutions requiring multiple manufacturing processes.

It follows that the opportunities for consolidation are significant.

Our response

Since the launch of our strategy, Vision 2020: Focused Growth Strategy, in 2013 we have completed 18 transactions ranging in size from bolt-on businesses with one manufacturing site to transformational acquisitions of groups with 40+ sites and global coverage. In total these acquisitions have added 129 manufacturing sites across 15 countries, increasing employees by around 18,100. The synergies arising from these deals have added c. 20p of EPS to the results of the Group. RPC remains disciplined in its allocation of capital with over 400 potential deals having been rejected as not fulfilling the strict acquisition criteria we have in place. We maintain a good pipeline of opportunities, both large and small, and expect further growth through acquisitions.

Read more on **page 20**

TECHNICAL COMPONENTS

Technical components covers many different product and market combinations including temporary waste solutions, precision engineered components and roto moulded components for large vehicles. These are all linked by innovation, application of technical knowledge and consumption of polymer. Market drivers include ongoing demand for lightweighting, for example in the automotive and large vehicle industries where traditionally metal components are being replaced by plastic (often metalised) components. In the market for temporary waste solutions, key drivers include the need to enhance waste management to avoid litter and plastic leakage into the environment, the demand for integrated waste management solutions and broader waste solutions including underground bins and containers for hazardous materials.

Our response

Our technical components proposition has grown through acquisitions of Ace, Promens, Strata Products, and ESE World. This has resulted in the Group having a portfolio of branded products and services including mould making, materials handling, horticulture, fish handling tubs, temporary waste solutions, complex interior and exterior plastic components for the heavy truck industry, body panels for heavy construction machinery and fuel tanks. The breadth of the manufacturing processes has been enhanced with roto moulding, reaction injection moulding and vacuum forming for speciality vehicles. Our Asian precision engineering platform allows the supply of co-engineered products, drawing on our mould making capability and allowing the Group to supply high-quality metallised finishes, required for premium products. For example, RPC has been able to use its roto moulding capabilities within the Group to enhance the ESE World range of integrated waste solutions.

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OUR BUSINESS MODEL
INNOVATING RESPONSIBLY IN A GLOBAL MARKET

RPC designs and manufactures plastic solutions. In its **Packaging segment**, RPC works with customers to design plastic packaging for end markets including food, beverage, personal care and healthcare. Other plastic packaging products designed and manufactured by RPC are grouped into the non-food category and include products such as containers for surface coatings e.g. paint pots, and vaping accessories. In its Packaging segment, RPC typically works with and sells to the brand, although in a few instances sells directly to the retailer or the filler.

In its **Non-packaging segment**, RPC designs and manufactures a number of different plastic products including temporary storage systems for waste and recycling, and technical components for the automotive and heavy vehicles industries. The plastic products manufactured in this segment are typically sold to an intermediary. For example temporary storage systems for waste and recycling are sold to local authorities while components for the automotive and heavy vehicles industry may be sold to an original equipment manufacturer.

RPC also makes moulds, which themselves are used to make plastic components and packaging products. These moulds are sold both to external customers and also internally within RPC.

Our innovative and responsible operations

Inputs:

Strategic
- Financial capital
- Human capital
- Customer relationships
- Sustainability principles

Innovation and scale
- Innovation centres
- Intellectual property
- Technological expertise
- Geographical coverage

Manufacturing
- Water
- Energy
- Polymer resin
- Recyclate
- Biopolymers

Raw material
- Responsible procurement
- Research & development of new materials such as biopolymers including compostable materials

Design and development

Sustainable solutions, such as:
- Lightweighting
- Use of post-consumer recyclate
- Product protection
- RPC Circular Grading Tool

Manufacturing

Reduce:
- Energy consumption
- Waste
- Water consumption
- Carbon emissions

Filling and distribution
- Product protection
- Efficient transportation
- Lightweighting

Retail
- Increased shelf-life
- Product protection
- Product differentiation

Usage/ disposal/ collection
- Consideration of target demographic
- Reduction in food waste
- Recyclability

Recycling
- Closed loop process – reduction in waste to landfill
- Sustainable raw material source
- Reusability

Outputs

Innovative design

Innovative engineering

Innovative products

Competitive advantages

- Strong customer relationships
  - focus on multinational customers and smaller accounts
  - innovating with customers throughout every stage of the process
- An innovative portfolio of proprietary products
- Decentralised organisation structure, reflecting the highly segmented industry structure
- Entrepreneurial and innovative culture
- Expertise in all five of the major conversion processes and leading design capabilities
- In-house mould making
- A focus on sustainability initiatives including plastic as an attractive packaging alternative
- Scale and flexibility in polymer purchasing
- A leading industry consolidator

Innovation

Central to our customer proposition is innovation. We work with our customers from the design stage and throughout the supply chain to deliver innovative, differentiated and environmentally sustainable solutions. Key to this is our global network of 32 design and engineering centres which give us the in-depth technical and design skills necessary to produce solutions required by our customers who serve many different markets and geographies. We continue to invest in technologies and processes allowing us to lead the development of plastic processing, examples such as electroplating, IML (in-mould labelling), IMF (in-mould filming), and nanofiber membrane manufacturing utilising electrospinning technology.

Plastics and responsibility

The responsible disposal of plastics and minimising plastic waste is increasingly in focus and RPC has taken a proactive stance with customers in designing plastic packaging and products to optimise reuse and recyclability as well as to ensure end-of-life collection.

In addition, customers are increasingly looking to include recycled and environmentally sustainable materials in their plastic packaging products and RPC is able to meet these needs by sourcing recycled polymer externally and through the research and development of products made from biobased and compostable materials. Through its in-house recycling infrastructure, RPC is able to procure recycled polymer resin internally and ensure that circular economy practices are encompassed by the business.

Read more on **page 52**

The risks we mitigate

As part of our business model we have to mitigate key risks at each stage.

- Polymer price and availability
- Loss of essential supplies
- Safeguarding of physical property
- Energy costs
- Supply of faulty products
- Contamination during processes

Read more on **page 28**

Our people

Our people are key to the continuing development of the Group; we have c. 25,000 employees worldwide.

Health & Safety is at the forefront of everything we do and our safety focused culture makes our operations safe to work in and visit. Training and development is a further focus and we offer opportunities for employees at all levels while promoting equal opportunities. RPC's decentralised operating structure combined with its global footprint creates additional attractive options for employees to learn and develop.

Read more on **page 54**

Raw materials: polymer

Polymer resin is the key raw material input and is normally purchased centrally by RPC. RPC has strong relationships with a number of polymer resin suppliers and takes comfort from the policies and practices these companies have in place to uphold human rights and manage their environmental impact.

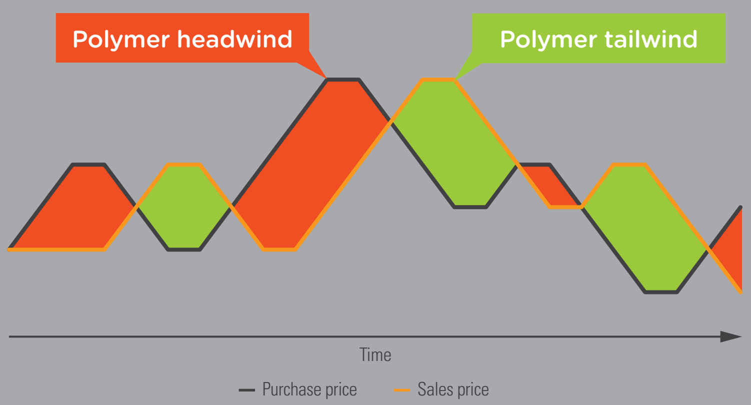
Read more on **page 56**

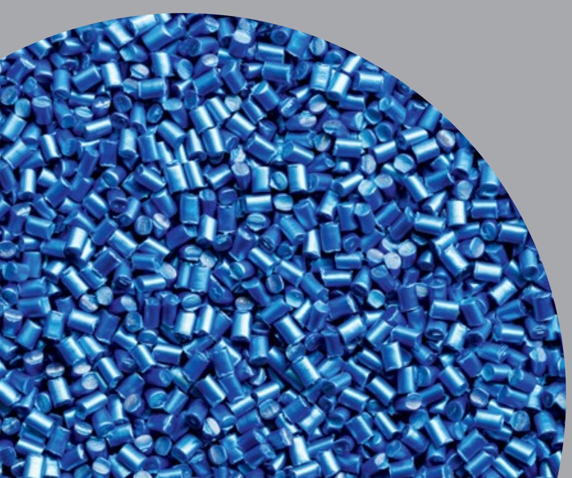
OUR BUSINESS MODEL CONTINUED

POLYMER RESIN

Polymer resins are made by converting chemicals such as Ethylene and Propylene. These are outputs of crude oil and gas refining and account for approximately 4%-6% of oil usage*. This resin is our key raw material input. Effective management is therefore crucial and RPC's polymer resin purchasing strategy focuses primarily on achieving scale and flexibility.

- Contracts with a 'pass-through' clause provide for the regular re-set of sales prices according to movements in polymer prices
- Good track record of pass-through to customers
- Sales prices will 'catch up' with polymer price movements, but with a time lag
- In times of rising prices, there will be a profit headwind due to the purchase price being current but revenue being based on prices from previous periods
- In times of falling prices, there will be a profit tailwind





Market trend

The polymer production industry is highly consolidated, with high fixed costs creating barriers to entry. Purchasing scale is required for a use of polymer to influence both the price being charged and ensure security of supply.

Polymer production has historically been regional with separate supply chains in Europe, North America, the Middle East and Far East. However, predominantly due to the prevalence of natural gas in the US and capacity additions in the Middle East, coupled with under invested European plants, polymer supply is expected to globalise.

Polymer prices are both volatile and set by market forces. While polymer prices have historically been correlated to the oil price, in theory this correlation should decline as more polymer is produced from natural gases.

RPC approach

Since the launch of Vision 2020, the Group's polymer tonnage consumption has increased by over 350%. This scale allows RPC access to global sources of polymer and an ability to secure a more constant supply of polymer during tight markets.

Scale in polymer purchasing is key to participating in the global polymer market, and this scale requires investment in infrastructure e.g. a processing network and the capacity to store the raw material until it is required. Through its centrally run polymer purchasing function, RPC has the necessary infrastructure and scale to benefit from a global polymer market.

To manage the volatility in polymer prices, RPC has arrangements with its customers to pass-on polymer price changes and manage price volatility. In many cases the pass-on of changes in the polymer price to customers is contractual (based on c.65 indices) and where no contract exists, prices can often be changed at short notice.

Polymer price volatility is managed further through RPC's flexible approach to purchasing, whereby RPC designs products that can be made from more than one grade of a certain polymer. This allows for security of supply and manages dependence on any one supplier.

RPC purchases more than 1,000 different grades of polymer resin.

The ability to manufacture products from a wide range of different polymer resin grades also enhances product functionality.

* British Plastics Federation

OUR BUSINESS MODEL CONTINUED
EXECUTIVE LEADERSHIP

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Executive Board members

Pim Vervaat
Chief Executive

Simon Kesterton
Group Finance Director

Tom Saunderson
Head of Corporate Development

Darin Evans
Group Purchasing Director

Frank Doorenbosch
CEO RPC bpi group

René Valentin
CEO RPC Superfos

Alfons Böckmann
CEO RPC Bramlage

Alistair Herd
CEO RPC Promens

Jack Yeung
CEO RPC Ace

Michael Stegeman
CEO RPC Bebo

David Duffield
CEO RPC M&H

with support from

Jonathan Pitt
Corporate Development Manager

Extended Group Executive

John Cotterell
Group HR Business Partner

Andrew Green
Deputy CEO – RPC bpi group

Günter Pohlmann
Division Director – RPC Bramlage

Dragan Stjepanovic
Managing Director – RPC Promens Industrial

Eric Chavent
Global Account Director

Robin Moore
CEO RPC Astrapak

STRATEGY

We are delivering our strategy

Now approaching its fifth year, the Vision 2020 strategy continues to deliver; with organic growth of 2.8% in 2017/18, the acquisition of Astrapak adding attractive exposure in South Africa and growth outside of Europe of 116%, including 26% in China aided by our non-packaging businesses there. The responsible use and disposal of plastics continues to increase in importance and we are well-placed and committed to incorporating environmental sustainability into our designs and the supply chain, and throughout our strategy overall.

Focused Growth

In 2013 the Group announced **Vision 2020: Focused Growth Strategy**, designed to build on our strong market positions and our leading product and process innovation capabilities.

There are four core elements to Vision 2020 which are:

1. Continuing focus on organic growth
2. Selective consolidation in Europe
3. Creating a meaningful presence outside of Europe
4. Pursuing added value opportunities in non-packaging markets

Acquisition criteria

- Strategic fit
- Strength of incumbent management
- Financial track record
- Financial criteria:
  - ROCE > WACC of RPC
  - Identifiable cost and cash synergies
  - Impact on Group KPIs (ROS + RONOA)
  - Earnings accretion
- Improving RPC's overall commercial position
- Improving RPC's strategic buying position
- Realising cost synergies (including procurement)
- Enhancing performance and innovation focus of acquired businesses

Capital allocation priorities

- Investment for organic growth
- Progressive dividend policy
- Acquisitions that meet strict investment criteria
- Share buyback programmes

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Continuing focus on ORGANIC growth

Strategic action

- Organic growth through innovation and investment
- Supporting customer growth through operational excellence
- Growth through ongoing material substitution and increasing the recyclability of our products
- Developing niche positions through continued investment
- Targeting above GDP revenue growth throughout the cycle

Progress in year

- 2.8% organic revenue growth, ahead of relevant weighted GDP of 2.4%
- Continuing to innovate as evidenced by over 60 awards since 2012
- Highlights in the year include:
  - Development of Ecosolution™ high viscosity pump. By manufacturing the pump from a single material it is completely recyclable without losing any of the products benefits such as effective product protection and efficient evacuation of the contents
  - In partnership with customer Bulldog Skincare for Men and Braskem the Group has created flexible tubes using 'Green' polyethylene produced from sugarcane, farmed on sustainable land in Brazil. This results in the capture of CO_2 from the air as it grows

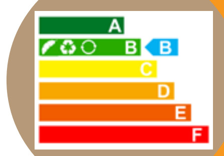
Rationale

- The plastic packaging market is forecast to grow by 3.7% globally up to 2022, including 2.8% in Europe
- Innovation is a significant driver and key differentiator in a highly segmented market
- Plastic continues to grow in excess of, and at the expense of, other packaging materials
- Demographic changes through an ageing and urbanising population, increasing numbers of smaller and single-person households with rising incomes and the drive for food sustainability
- Demand is shifting towards more complex packaging applications as busier lifestyles promote convenience

Next steps

- Continued investment in process technology and product innovation
- Increasing focus on environmentally sustainable solutions
- Continued investment in and development of the Group's 32 design and innovation centres
- Maximise opportunities from acquired businesses to accelerate growth from RPC's larger platform

Over 60 awards since 2012



During the year a unique RPC Circular Grading Tool was launched that provides an easy visual guide to the sustainability credentials of each new pack the Group designs. It includes factors such as lightweighting, reusability, and the incorporation of recycled material, as well as the overall recyclability of the finished pack. By adopting a similar visual approach to the energy and efficiency rating used for products such as electrical appliances, boilers and double glazing, with a series of bars of various lengths and colours. The grading scale is based on the widely-used RecyClass system, developed by the Plastics Recyclers Europe organisation, which provides very good definitions of how recyclable a piece of packaging is on a scale of A to F.

Organic revenue growth 2017/18 2.8%

32 design and innovation centres

STRATEGY CONTINUED

Selective CONSOLIDATION in Europe

Strategic action

- Value accretive acquisition opportunities in Europe which will further enhance the growth in profitability of the Group
- Complement existing businesses by extending product ranges or provide access to new geographical markets
- Provide opportunities to participate in new plastic packaging products and markets
- Provide access to new conversion technologies

Progress in year

- Announced the acquisition of Nordfolien for an EV of €75m

Rationale

- The European plastic packaging industry is highly fragmented. RPC Group is one of the largest manufacturers, but only has a 5% market share in Europe
- Scale allows the Group to optimise its polymer purchasing, and to share additional know-how across the Group
- Further benefits from cross-selling

Next steps

- Integrate and exploit the new opportunities in Eastern Europe afforded by the Nordfolien acquisition in markets for innovative flexible packaging solutions
- Pipeline of acquisition targets

2 Locations

During the year the Group announced the proposed acquisition of Nordfolien, a leading player in the design and manufacture of higher added value polyethylene films serving both industrial and consumer packaging markets. Its two locations, in Germany and Poland, represents a strategic extension of the customer proposition for blown film extruded products through its well-invested manufacturing platform combined with innovative products and strong management team.

370 Employees

€130m Turnover

Creating a MEANINGFUL PRESENCE outside Europe

Strategic action

- Accessing new markets outside of Europe, where growth rates for plastic packaging are higher
- Leverage innovation capabilities from across the Group to gain a competitive advantage over incumbent packaging suppliers
- Follow global customers to higher growth economies

Progress in year

- Prior to 2013 revenue by destination from European countries represented 95% of the total Group; in 2017/18 this was 77%
- Completed acquisition of Astrapak for an EV of £80m
- 4.4% organic revenue growth outside of Europe
- Brazil plant now fully operational

Rationale

- Plastic packaging market forecast to grow by 4% outside Europe
- Considerable opportunity for RPC to grow

Next steps

- Continue to integrate Letica into the Group, complete integration of Astrapak and realise synergies and incremental cost savings

9 Locations

In June 2017 the Group completed the acquisition of Astrapak, a leading specialised manufacturer of rigid plastic packaging products based in South Africa. The business's manufacturing platform utilises three core conversion processes of blow moulding, injection moulding and thermoforming. It is led by an experienced management team who have been retained after completion. It has leading market positions in food, personal care and industrial segments and extends geographical coverage of many current Group customers to sub-Saharan Africa.

1,100 Employees

ZAR1.4bn Turnover

STRATEGY CONTINUED

Pursuing ADDED VALUE opportunities in non-packaging markets

Strategic action

- Focus on niche products and markets where good returns can be made from higher added value products
- Exploit leading position in niche rotational moulding technology

Progress in year

- Development of in-mould labelling for smart plastics saving time and costs by avoiding complex circuit assembly
- Development of best-in-class roto moulded semi underground waste collection system made in collaboration across several RPC locations
- ESE World success in high end systems and the export of four wheel temporary waste solutions

Rationale

- Drawing from identical design and engineering capabilities as packaging
- In-house mould making enables control in delivering technically challenging customer projects
- An additional use for polymer therefore adds further scale leading to additional polymer buying efficiencies

Next steps

- Continue to grow our world-class Asian precision engineering and mould making platform
- Strong pipeline of opportunities in ESE World, driven by the need to enhance waste management
- Pipeline of acquisition targets

12.9% Non-packaging segment 2017/18 ROS

£589m Non-packaging segment 2017/18 revenue

A new spray painting technology at RPC Ace Zhuhai offers a variety of automated processes including dry ice, electrostatic cleaning, spray painting, drying and UV curing. In addition, the introduction of a third electro-plating line has provided more efficient production with reduced plating cycle times, and an auxiliary anode that is able to handle more complex products.

7.3% Non-packaging segment 2017/18 organic growth

CASE STUDY

LIGHTER CONTAINER retains its functionality

The redesign of the award-winning Westland lawn spreader pack by RPC Design has delivered valuable sustainability enhancements. The new container is now 40% lighter and is also easier to assemble, while still retaining the user-friendly benefits of the original.

The Aftercut Even-Flo lawn spreader pack features an integrated chute that ensures the most even spread of granules during spreading. The redesign includes all of the features of the original and works in the same way, but has reduced the number of components in the pack from nine to three.

This has been achieved by incorporating the handle into the body of the container rather than it being part of the dispenser. This maintains easy handling for the end user, but means that the dispenser no longer needs to bear the weight of the full bottle, which allows the dispenser to be lightweighted.

Our original spreader pack was a step-change in the effective dispensing of our market-leading Aftercut."

In addition to the existing folding spout and ball that evenly distributes the fertiliser, and the large labelling area for on-shelf branding and user instructions, the new pack features a tamper-evident clip, a simpler label shape for more efficient application, and an enhanced removal mechanism for the dispenser that makes refilling easier.

This new version is the perfect evolution, providing a more efficient and sustainable pack while keeping all the original consumer benefits."

Stuart Lusk
Westland's Head of Supply Chain

KEY PERFORMANCE INDICATORS

The Group monitors and communicates the success in the implementation of our strategy through financial and non-financial key performance indicators (KPIs).

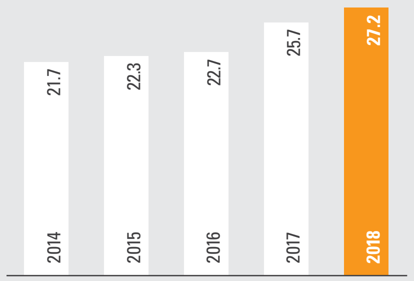
The financial KPIs measure and report the quality of earnings covering efficiency of asset utilisation and capital deployment through return on net operating assets (RONOA) and return on capital employed (ROCE), along with operational performance through return on sales (ROS) and adjusted EBITDA. Cash generation remains key to the strategy and is monitored through free cash flow and cash conversion.

The Group remains committed to the wellbeing of our employees and the environment. Health & Safety is therefore a priority for the business and measured through the reportable accident frequency rate (RAFR). Minimising our environmental impact through better energy and water consumption is monitored through electricity and water consumption relative to manufacturing output.

RONOA S R
%

+150bps

27.2

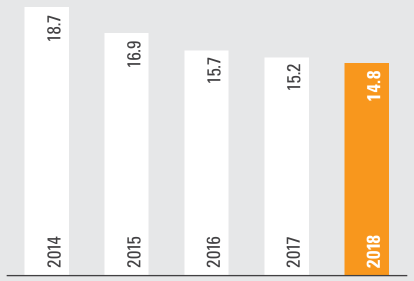


Performance
Increase in profitability driven by good organic profit growth and realisation of synergies and continued focus on asset efficiency. Remains well above the Vision 2020: Focused Growth Strategy hurdle rate.

ROCE S R
%

-40bps

14.8

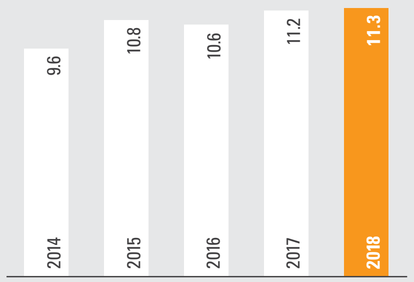


Performance
Full year impact of acquisition goodwill more than offset profitability growth. ROCE continues to be significantly higher than the Group's weighted average cost of capital, one of the key metrics of success for the Vision 2020 strategy.

Return on sales
% S

+10bps

11.3

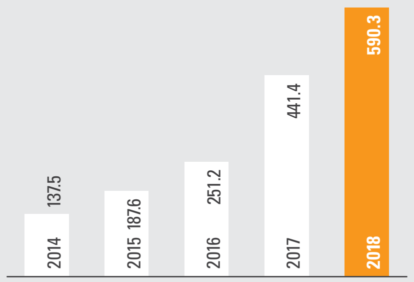


Performance
Marginal improvement in return on sales due to a growing proportion of higher added value sales. This has been offset by polymer impacts equating to a reduction of 50bps. This remains well above the 8% minimum set out in the Vision 2020 strategy.

Adjusted EBITDA
£m

+34%

590.3

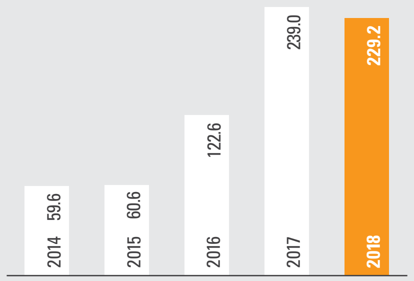


Performance
The EBITDA growth is supported by the full year impact of acquisitions, good organic growth, realisation of synergies and an FX tailwind offset by inflation and a polymer headwind.

Free cash flow R
£m

-4%

229.2

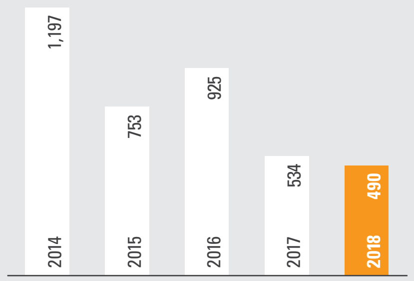


Performance
Significant improvement in EBITDA has been offset by increased investment in fixed assets and working capital to support future growth.

Reportable accident frequency rate

-8%

490

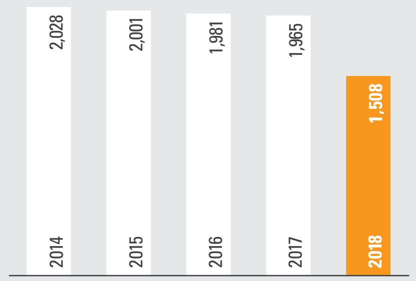


Performance
Continued focus and investment in Health & Safety initiatives has resulted in the improvement of the reportable accident frequency rate. During the year there has been a particular focus on bringing the new acquisitions in line with the Group policy.

Electricity usage per tonne KWh/T

-23%

1,508

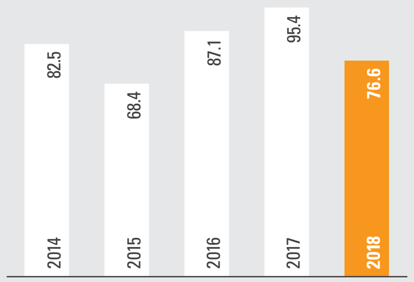


Performance
Electricity usage improvement largely reflects the impact of new acquisitions, mainly a full year impact of BPI and Letica whose average consumption is well below the rest of the Group. Excluding the impact of the new acquisitions, Letica and BPI, the Group has improved energy consumption as a result of continued focus and investment in more energy efficient production.

Adjusted cash conversion %

-1880bps

76.6

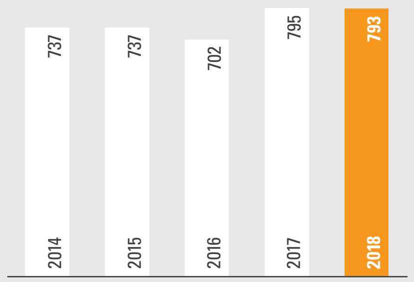


Performance
Although suppressed due to the investments in fixed assets and working capital, cash conversion remains strong.

Water usage per tonne L/T

-0%

793



Performance
Water usage has improved as a result of acquisitions which have a lower average consumption than the rest of the Group. The Group, excluding acquisitions, has recorded a slight increase as a result of some one-off water leaks, installation and testing of new cooling systems and health and safety initiatives requiring more stringent hand washing requirements across some sites.

S
Linkage to Strategy
(see page 20 to 24)
These are the financial metrics used to measure the success of Vision 2020: Focused Growth Strategy.

R
Linkage to remuneration
(see page 78 to 90)
Incentives for the Group executives and other senior managers include these metrics.

For definitions and reconciliations of financial KPIs please see Alternative Performance Measures on pages 47 to 51. For non-financial KPIs please see page 40.

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RISK MANAGEMENT

The Group has a sound risk management framework designed to identify and assess the likelihood of risks arising and the consequences of them doing so, and subsequently manage the actions necessary in order to mitigate their impact to acceptable levels. The Board reviews risks on an ongoing basis throughout the year. Specifically the Board assesses the Group's principal risks through assessment of a risk register described below, taking the strength of the Group's control systems into account.

Risk overview

The effective identification, management and mitigation of risks and uncertainties across the Group are an integral part of successfully delivering the Group's strategic objectives. The 'Risk management and internal control' section of the Audit Committee report on page 77 includes further information on the specific procedures designed to identify, manage and mitigate risks that could have a material impact on the Group's business, financial condition or results of operations and for monitoring risk management and internal control systems.

The Group's risk management framework provides a consistent methodology by which the businesses, divisions, the Group Executive and ultimately the Board assess the risks that the Group faces against a defined set of probability and impact criteria.

Risk management responsibilities

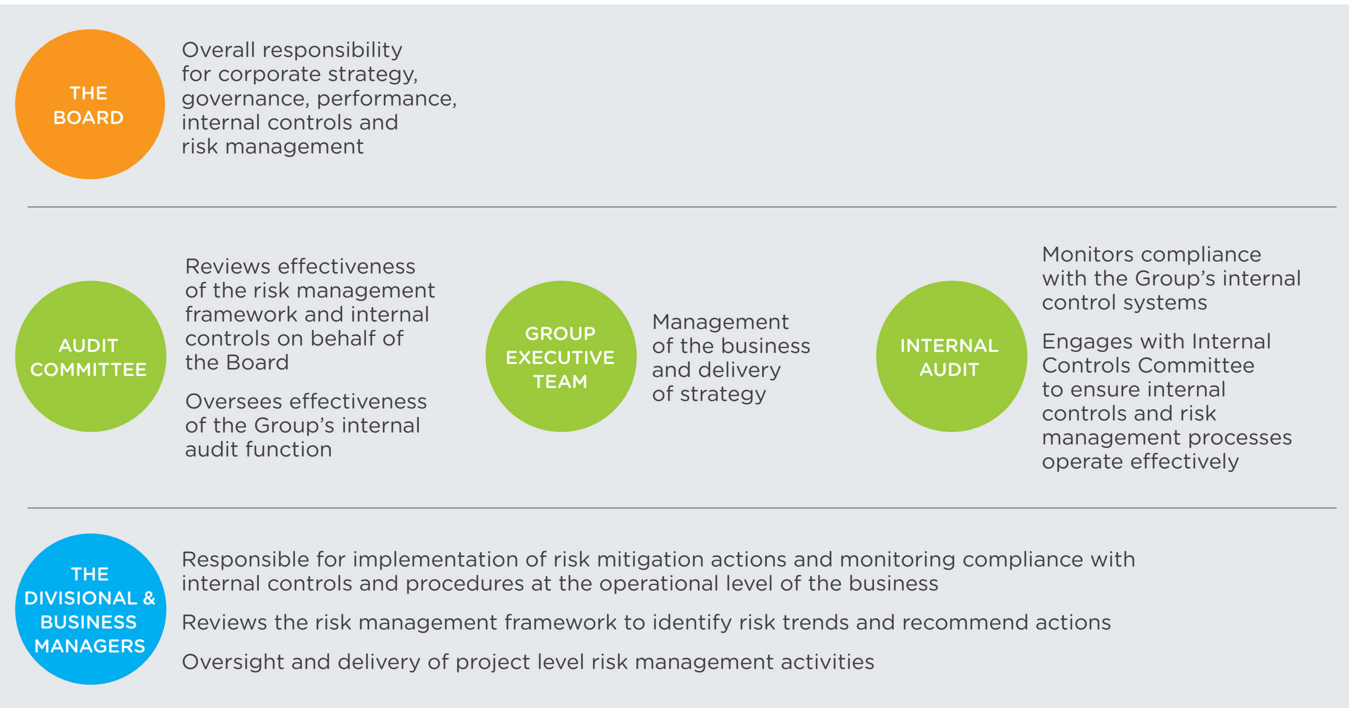
The responsibility for risk management rests ultimately with the Board. However, the approach is instilled in the Group's culture which encourages effective collaboration. The flat management structure means that the Group Executive is actively involved in ensuring adherence to the Group's risk management policies and procedures, including risk identification, evaluation and mitigation actions.

The key roles and responsibilities for the Group's risk management strategy are shown below and demonstrate the interaction between the Board and divisional management teams in ensuring effective risk management is applied across the Group's activities.

Any material control issues, serious accidents or major commercial, financial or reputational issues, or the identification of new risks, are reported to the Board and/or Audit Committee as appropriate.

Risk review process

A formalised process of risk identification is undertaken annually at a divisional level, assessing the impact of external and internal risks against a defined set of probability and impact criteria. These risks are evaluated in terms of their potential impact and likelihood, and mitigating actions are considered. Management then consolidates the divisional risk information at a Group level using risk registers, culminating in the Group risk assessment. The Group Executive reviews the Group risk assessment and considers relevant controls and other steps taken to mitigate the risks identified and the assurance procedures in place over such controls. There is a monitoring process for any further actions arising from this review in order to reduce the levels of risk to acceptable levels. The risk assessment is submitted for review and approval by the Audit Committee on behalf of the Board.



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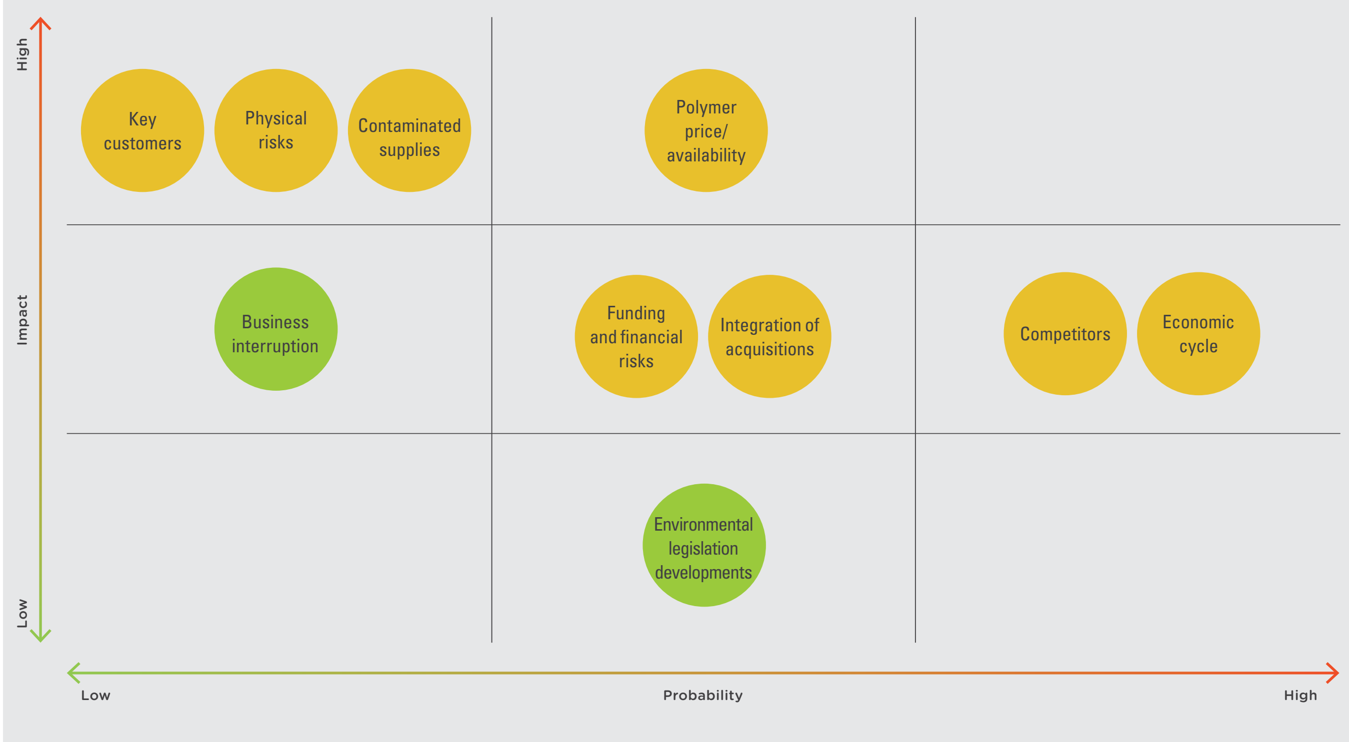
Risk heat map



Risk profile

The Group operates in both packaging and non-packaging business environments and across a number of geographies in which risks and uncertainties exist, not all of which are necessarily within the Group's control. The risks identified in this Annual Report are those that were of most concern to the business in the current year. The principal risks identified as affecting the Group are largely unchanged from the previous year, with the addition of one new principal risk regarding developments in packaging legislation and adverse publicity regarding plastic waste on the environment. The risk assessments relating to polymer price and availability as well as business interruption and the loss of essential supplies have reduced to low.

The Board continues to monitor the potential risks such as; foreign exchange volatility, an economic slowdown in the UK and the imposition of trade tariffs associated with the decision for the UK to leave the European Union. There is still no clear view on the impact that the UK leaving the European Union will have on the Group's operations. The economic slowdown and exposure to foreign exchange volatility are already included in the principal risks. With respect to trade risks RPC is relatively well placed to deal with these as a significant amount of its products are manufactured outside of the UK and its remaining businesses can generally withstand periods of economic volatility due to their robust market positions. Therefore whilst the risk relating to trade tariffs is considered to be a Group risk it is not currently thought to be a principal risk.

The directors have taken account of the Group's principal risks in assessing prospects when considering whether there is a reasonable expectation that the Group will be able to continue operations and meet its liabilities as they fall due over the period of their assessment.

RISK MANAGEMENT CONTINUED

Principal risks and uncertainties

The principal risks and uncertainties faced by the Group and the steps taken to mitigate such risks and uncertainties are summarised below.

The risks identified do not comprise all of the risks that the Group may face, as the Group risk register shows a number of lower categorised risks which are not shown below. Accordingly this summary is not intended to be exhaustive. The categories of principal risks (High, Medium, Low) are unchanged from the previous year and changes in risk profile within these categories is highlighted for each risk. In addition principal risks are linked to the Group's strategic objectives.

Area of risk	Description of risk	Mitigation	Assessment / change movement
1. Polymer price and availability	Polymer resin is the key raw material used in the manufacture of plastic products. Polymer prices can be volatile as they are impacted by changes in global supply and demand, as well as tending to follow the underlying price of oil. In addition some sources of polymer supply are affected by plant breakdowns and unscheduled maintenance which can result in restricted availability.	The Group is able to pass on the majority of polymer price changes to its customers through contractual terms, providing an effective hedge against movements in polymer price albeit with a time lag. The Group also continues to reduce its dependence on individual polymer suppliers by adapting its manufacturing to convert a wider range of polymer grades, which improves supply competitiveness and mitigates against supply disruption.	**Risk: Medium** **Change: Reducing** Remains a significant driver of margin variability for most of the Group's businesses. Link to Strategy: ■ Organic growth
2. Dependence on key customers	The Group has long established relationships with a number of key customers, with the top 20 accounting for c. 21% of revenue in 2017/18 (2016/17: c. 25%). The loss of any one of these customers could adversely affect the Group's results in the short-term.	There is a high degree of mutual dependency between the Group and its customers. The Group's size, product range, geographical reach and the joint investment often required to develop a product, means that many customers would have difficulty in moving their business to an alternative supplier in the short-term. The Group remains responsive to customer demands, delivering high-quality products, providing excellent customer service and developing innovative products. This approach ensures that customer retention is high and allows for new sales opportunities with customers.	**Risk: Medium** **Change: Stable** Competitor pressure and its impact on pricing remains unchanged in most end-markets. Link to Strategy: ■ Organic growth
3. Pricing and competitive pressures	The markets for plastic packaging and non-packaging markets in which the Group operates, are very competitive. This is particularly the case where there has been consolidation or overcapacity. A continued focus on pricing from customers and the use of formalised tender processes leads to pressure on margin and in some cases lost business, where customers have the capability to switch supplier.	The Group differentiates itself from its competitors by establishing long-term relationships with customers through bespoke product development and investing in new and innovative capabilities across a wide range of conversion technologies. In addition the Group has improved its competitive position by focusing on cost reduction, improving productivity and optimising its manufacturing footprint through its recent business improvement programmes and business integration process.	**Risk: Medium** **Change: Stable** Competitor pressure and its impact on pricing remains unchanged in most end-markets. Link to Strategy: ■ Organic growth
4. Economic environment and cyclical patterns in the plastic packaging and non-packaging markets	The continued challenging economic environment in the UK and Eurozone, as well as uncertainty in some emerging markets, has impacted demand for some products. Other factors, such as changes in consumer preferences and packaging trends, also impact on demand.	The Group operates in a number of different markets (product, geography, end customer) or niches, which serves to mitigate the effect of adverse conditions in any one particular sector. The Group actively monitors the economic environments in which it operates and patterns of demand. This enables action to reduce the impacts and respond by incremental and structural changes to its operations where appropriate.	**Risk: Medium** **Change: Stable** The Group remains responsive to cyclical trends in demand, to ensure that overall returns are protected. This includes assessing the impact of the UK leaving the European Union. Link to Strategy: ■ Organic growth ■ Meaningful presence outside Europe
5. Integration and achievement of acquisition synergies	Acquisitions require a focused business integration effort to deliver planned synergies which if not properly managed or resourced could lead to a failure to deliver value for the Group from its Vision 2020 growth strategy.	The Group ensures appropriate resources are in place to manage the integration of each acquisition, with regular executive and Board progress reviews. Any required restructuring activities and benefits arising are closely monitored through integration programmes. Integration programmes are established to ensure that organisational change to management teams and acquired businesses is appropriately designed and executed.	**Risk: Medium** **Change: Stable** The decrease in acquisition activity in the current year has reduced the impact of this risk on Group performance. Link to Strategy: ■ Consolidation in Europe ■ Meaningful presence outside Europe
6. Business interruption and the loss of essential supplies	Businesses face the potential risk of operations being affected by disruption due to loss of supply, failures with technology, industrial disputes and physical damage arising from fire, flood or other catastrophe. The loss of essential services or supplies could have a significant impact on the Group's ability to service its customers.	The Group ensures that alternative sources of supply are available where possible, and where a problem is localised in many cases it is possible to manufacture or supply the product from another site within the Group. In addition all businesses have established protocols and procedures to ensure business continuity in the event of a major incident.	**Risk: Low** **Change: Reducing** Recent increases in size of the Group lowers the potential impact of an incident on any one site. Link to Strategy: ■ Organic growth
7. Supply of faulty or contaminated products	The Group's reputation as a business partner relies heavily on its ability to supply quality products on time and in full. The supply of faulty or contaminated products, especially within the food sector, could have serious consequences.	The Group employs strict control measures and externally accredited systems to ensure the safety and quality of products that are manufactured. The Group also has appropriate insurance in place to cover product liability.	**Risk: Medium** **Change: Stable** Reputational and financial risks associated with faulty supply remain unchanged. Link to Strategy: ■ Organic growth

RISK MANAGEMENT CONTINUED

Area of risk	Description of risk	Mitigation	Assessment / change movement
8. Safeguarding physical property and our employees	The possibility of fire represents a significant physical risk to the Group and the impact of a major catastrophe of this nature could be considerable. The health and safety of our employees is the number one priority at all of our sites.	Manufacturing facilities and offices have sprinkler and/or smoke detection systems in place together with other preventive measures. Health & Safety audits are regularly performed, in conjunction with internal and external specialists, to drive sites to best practice.	**Risk: Medium** **Change: Stable** The Group's Health & Safety focus continues including newly acquired businesses to bring them to RPC standards. Link to Strategy: ■ Organic growth
9. Funding and financial risks	Risks relate to the cost and availability of funding for the Group's businesses as well as movements in interest rates and foreign currency exchange rates. The Group has a significant translation exposure to the euro, as the majority of the Group's earnings and net assets are reported in this currency.	The Group's treasury activities are governed by policies and procedures which are approved and monitored by the Board. The Group negotiates funding needs in a timely manner ensuring appropriate headroom on cash flow projections. Funding tenures are obtained to mitigate availability risk. The Group borrows at both fixed and floating rates to give some stability to the interest rate charged each year. Balance sheet translation exposure to foreign currencies is hedged by ensuring that borrowings are denominated to match Group foreign currency net assets. Any significant transactional exposures are managed using approved financial derivatives.	**Risk: Medium** **Change: Stable** Recent equity and debt raised provides the Group with considerable funding headroom, allowing it to continue with its Vision 2020 growth strategy and withstand any temporary adversity in trading performance. Link to Strategy: ■ Consolidation in Europe ■ Meaningful presence outside Europe
10. Developments in packaging legislation and adverse publicity regarding plastic waste on the environment	Recent publicity has highlighted plastic waste impacting the environment as a significant problem. As a consequence the UK government has announced an intention to introduce a tax on single use plastics and a plan to eliminate 'all unnecessary plastic waste' by 2042.	The Group are working closely with pan-European industry groups to understand how they can support resolution of the issues highlighted. In addition the Group is actively engaged with the UK Treasury and Department for Environment, Food and Rural Affairs (DEFRA) through plastic industry organisations to understand / positively influence developing legislation. The Group already produces a significant amount of recyclable products and through innovation will continue to work with customers to meet any change in demands.	**Risk: Low** **Change: Increasing** Link to Strategy: ■ Consolidation in Europe ■ Meaningful presence outside Europe

Key

High risk | Medium risk | Low risk

Increasing | Stable | Decreasing

VIABILITY STATEMENT

In accordance with provision C.2.2 of the 2016 revision of the Code, the directors have assessed the Group's viability over a three year period, which is a longer period than the twelve month outlook required in adopting the going concern basis of accounting and is in line with the time frame currently adopted in the Group's strategic planning. The directors have assessed the Group's prospects over this three year period based on the sustainability of the Group's business model and associated principal risks as detailed on pages 28 to 32.

Assessment of prospects

The Group's prospects are assessed through a strategic and financial planning process. This includes review of three year financial plans and assumptions from the executive directors along with the executive team within each division.

The output of this is a consolidated set of financial projections covering the next three years compiled from divisional estimates of the most likely performance, after taking account of the Group's principal risks and uncertainties.

A central review of debt covenant compliance and debt headroom is also completed. Once the annual budget process is completed for the first year of the three year strategic plan, the strategic plan financial projections are refreshed. The strategic plan reviewed in 2017/18 covers the three year period ending 31 March 2021.

Assessment of viability

After taking account of the Group's current position, the Board also considered the principal risks and uncertainties facing the Group, how they are managed and the actions that could be taken to mitigate their effect. The resulting disclosures, which include those risks that could threaten the Group's business model, performance, solvency and liquidity are shown on pages 28 to 32 of this Annual Report.

The Board believes the Group is well placed to manage those risks successfully and, consistent with the prior year, has determined that three years to 31 March 2021 is an appropriate time frame for the viability statement as this is aligned with the time frame currently adopted in the Group's strategic plan. This alignment enables management and the Board to have sufficient, realistic visibility on the commercial, financial and strategic assumptions required to undertake this assessment, as it is considered an appropriate period over which to consider customer, consumer and product trends and in which time the Group could react to any changes in current business assumptions.

While output from the strategic and financial planning process reflects the directors' best estimates of future prospects of the business, a number of alternative scenarios and the financial impact have also been considered:

- Lack of market growth
- Loss of major customers
- Pricing pressures
- Polymer price increases
- Failure to realise synergies on acquisitions
- Foreign exchange risk
- Lack of access to funding
- Increases in financing costs

While developments in packaging legislation is considered a principal risk of the Group the current impact is expected to be low in the forecast period. More details are given on page 32.

Financial scenarios were modelled against these risks individually and in likely combinations, such as an economic crisis or specific adverse market conditions. In some cases the inputs took into account the availability and likely effectiveness of mitigating actions, including flexing the cost base and reducing planned capital expenditure and dividends where the realisation of these risk events would likely allow these actions.

The results of this stress testing showed that the Group would be able to withstand the impact of these scenarios without affecting the Group's ability to continue trading within its current and forecast borrowing facilities. Whilst certain of the Group's borrowing facilities do fall due for renewal in the three year time period considered, it is expected that they will be replaced at comparable levels for consistent periods.

Confirmation of longer term viability

Based upon the assessment undertaken, the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 March 2021.

CASE STUDY

ENHANCING the waste collection process

Reliable collection systems are a vital part of effective waste disposal and recycling, and the large 1100 litre waste and recyclables container has become a popular municipal collection format in recent years.

Two types of bins are available – with sliding or round lids, and with flat lids. When it comes to the collection and emptying of these bins, flat-lid bins can sometimes encounter problems with rotating-drum vehicles because of their long, wide lids – occasional collisions can occur between the lids and waste residues in the tipping zone or with the compactor plates, which causes damage to the lids.

While such issues do not usually arise with round-lid bins, these are more costly and maintenance-intensive, and trucks need to be equipped with a special lid-opener in the lifting device.

The first-to-market Split Lid from ESE World tackles these problems with a solution that combines the advantages of both round-lid and flat-lid bins. It improves the emptying process while at the same time making access for waste disposal easier, especially for the young, the elderly and handicapped people.

Split Lid requires much less effort to open than either flat or round-lids. A handle running around the entire front section further eases opening as well as making it accessible from the side. As only a third of the lid opens, it then stays open in a position that makes closing equally effortless. The lid is also child-safe.

To avoid the problems of collisions associated with standard flat lids, the Split Lid design allows the front lid to hinge in either direction, meaning the lid simply gives way to avoid the possibility of damage.

Split Lid can be retrofitted to any ESE World 1,100 litre flat-lid bin. Coloured front lids provide easy identification for collection of different materials. Like all ESE World 1100 litre bins, the solution is manufactured from recycled materials and carries the Blue Angel ecolabel.

OPERATING REVIEW

Results summary

Synergy realisation continued and the majority of the remaining spend associated with the major European integration programme was substantially completed. The acquisition of Astrapak was completed in the first half and in the second half, the Group announced the acquisition of Nordfolien which completed in April 2018.

Revenue grew by 36% to £3,748m, with strong growth in both the Packaging and Non-packaging segments, and included organic growth of 2.8%. Revenue was further driven by the contribution of acquisitions announced or completed in the previous financial year and at constant exchange rates grew 33%.

Adjusted EBITDA grew 34% to £590.3m and adjusted operating profit increased 38% to £425.0m due to the contribution of acquisitions and business improvement benefits (including the realisation of synergies partly offset by a £6m increase in central costs to support the enlarged business) more than offsetting cost inflation. Return on sales increased 10bps to 11.3%. At constant exchange rates adjusted EBITDA and adjusted operating profit grew by 30% and 34% respectively.

RONOA expanded 150 bps to 27.2%, benefiting from synergy realisation and improved profitability. ROCE, at 14.8%, remains well ahead of the Group's weighted average cost of capital, with the slight dilution of 40bps primarily reflecting the inclusion of the first full year of Letica trading within the Group's result.

Adjusting items included within profit before tax were significantly lower at £72.8m (2016/17: £131.4m), and primarily consisted of £50.7m (2016/17: £31.0m) non-cash amortisation of intangible assets that arise on acquisition and the remaining integration costs associated with the Promens, GCS and BPI acquisitions. Reflecting the significant reduction in adjusting items, statutory profit before tax grew by 105% to £316.6m.

Cash flow generation was robust, with net cash flows from operating activities up 40% to £386.7m. Free cash flow was also solid at £229.2m (2016/17: £239.0m), though lower than the prior year due to the non-repeatability of working capital related cash synergies realised during the prior year and investments in capital expenditure and working capital to drive growth. These investments resulted in an adjusted operating cash conversion of 77% (2016/17: 95%).

The Group retains a strong balance sheet with net debt of £1,139m (2016/17: £1,049m) representing a pro forma 2.0x EBITDA multiple (2016/17:1.9x) on a basis consistent with banking covenants. Total undrawn finance facilities of £1,004m (2016/17: £974m) were available as at 31 March 2018 and the Group has full access to funds held having no restricted cash balances.

> **"The Group delivered a good set of results, with record profitability levels, robust cash generation and solid organic growth."**
>
> **Pim Vervaat**
> Chief Executive

Strategic Report
Governance
Financial Statements
Shareholder Information

OPERATING REVIEW CONTINUED

Group reported revenue growth outside of Europe 2017/18

+116%

Organic revenue growth 2017/18

+2.8%

Organic revenue growth in China

+26%

Market backdrop

Recent industry reports forecast the global plastic packaging market to grow at an annual average rate of 3.7% between 2017 and 2022*, taking a 1.4%pts share from other packaging materials and, at £344bn accounting for around one third of the global packaging market by 2022. By region, Asia is forecast to lead the growth as its economies continue to develop, while Europe, where RPC generates 78% of its revenue, is forecast to grow at an annual average rate of 2.8% including 2.1% in Western Europe. Demand for plastic packaging in more mature geographies will be driven by factors including a rise in single-person households, e commerce, demand for light weight packaging reducing transport costs and emissions, barrier technology leading to savings in food waste, and recyclability.

*Smithers Pira 2017

Plastics in the spotlight

During the year, the recyclability, reusability and responsible disposal of plastic products came into greater focus with the announcement of a 25 Year Environment Plan in the UK and, at the end of May 2018, the launch of a draft Directive on Single use Plastics by the EU Commission. RPC does not manufacture any of the items that will be restricted under the proposed EU directive, and is proactively working with the policy makers and industry bodies to best achieve their wider goals.

Following the acquisitions of BPI and ESE World, RPC is able to 'close the loop' by collecting agricultural films and used products and then using in-house recycling facilities to manufacture new films and by collecting and recycling disused bins into new bins. Through ESE World the Group is also leading in storage and collection systems for sorted waste.

The Group continues to manufacture products that incorporate polymer resin from recycled sources and during the year, a pilot scheme tested the feasibility of establishing a closed loop recycling solution for used plastic paint containers, whereby disused containers are collected and recycled into new bins.

In response to increasing customer requests to demonstrate the recyclability of their products, a proprietary 'circular design tool' was developed by RPC in line with RecyClass criteria which also allows the measurement and demonstration of improved recyclability post redesign.

Other initiatives in the year included ongoing research into incorporating biobased polymers and compostable materials in plastic products, and the launch of a skincare range for men incorporating over 50% sugarcane in the packaging while retaining full recyclability.

Overall, RPC remains uniquely placed to benefit from the market growth trends and to work with customers at the design stage and throughout the product lifecycle to improve the recyclability and reusability of their products and contribute to a sustainable future for plastic.

Vision 2020: Focused Growth Strategy

Against this backdrop, the Group continued to deliver its Vision 2020: Focused Growth Strategy, which comprises:

- Continuing focus on organic growth
- Selective consolidation in Europe
- Creating a meaningful presence outside Europe
- Pursuing added-value opportunities in non-packaging markets

Underpinning this strategy is a centralised approach to purchasing polymer that allows the Group to benefit from its combined scale as well as a flexibility to purchase many different grades. The Group now purchases 1,100kt on an annualised basis across over 1,000 different grades of polymer. A strong balance sheet and a disciplined approach to capital allocation that prioritises investing in organic and acquisitive growth and sustaining a progressive dividend policy, complements the overall strategy (see the Financial review for details). Once again, the strategy has delivered another successful year of growth for the Group.

Active portfolio management

RPC conducts ongoing reviews of its business portfolio. In doing so, the Group has improved its exposure to added-value products including plastic products that can be more easily recycled or reused, and overall quality of earnings.

Following the most recent review businesses equating to £209m turnover have been identified for disposal and this has been approved by the Board subsequent to the year end. These businesses are smaller strategic business units of larger entities acquired over the last four years and are typically either sub-scale in the markets in which they operate or operate outside of RPC's core competencies in plastic packaging and technical components.

Continuing focus on organic growth

Organic revenue growth was 2.8% in the year and included growth of over 4% in the second half. The annual average organic revenue growth since the launch of Vision 2020 is 2.9%, well ahead of comparable weighted GDP growth of 1.9%.

Organic revenue growth was achieved in both the Packaging and Non-packaging segments and was delivered despite four fewer trading days in the year and the impact of certain adverse natural events in the first half. All end-markets delivered organic growth except beverage, where the coffee capsules market remained soft. Towards the end of the year, the outlook for beverage improved and the Group's coffee capsules plant in Brazil is now fully operational.

By geography, China was notably strong, with organic revenue growth of 26% in the year, while organic revenue growth in the US was hindered by the impact of hurricanes in the first half.

Innovation and investment

RPC has an attractive portfolio of innovative and proprietary products and, following the completion of the Nordfolien acquisition following the year end, has 33 design centres.

Significant capital investment was made during the year positioning the Group for continued growth. Purchase of property, plant and equipment of £241.4m (2016/17: £175.2m) included spend of 53% on growth and efficiency projects, and represented 6.4% of revenue and 1.5x depreciation.

The roll out of production lines for the patented CSD Lite and sports cap closures continued in the second half albeit with some customer delays in the US. Other projects included the addition of further electroplating capacity in China and investment in an innovative, patented trigger spray which is expected to provide good cross-selling opportunities given its compatibility with many RPC existing products.

Elsewhere, following marketing in the first half, a number of applicator machines for the WaveGrip film solution have been ordered. WaveGrip is a multipack beverage solution supported by both BPI and Letica. The pipeline for further growth remains strong.

After the year end, plans for a further production facility in Shanghai were approved. The project will expand the capacity in China for higher added-value products. The first phase of the expansion is expected to cost around £35m and will commence production in c.12 months.

Selective consolidation in Europe

In July 2017, the Group announced that it did not anticipate making any significant acquisitions, or incurring further acquisition related exceptional costs (now referred to as adjusting items) in the financial year ending 31 March 2018. Instead, the Group focused on delivering the announced synergy realisation programme.

Accordingly, further acquisitions announced in the year were limited to the recently completed acquisition of Nordfolien for an enterprise value of €75m. Nordfolien is a leading player in the design and manufacture of higher added value polythene films for both industrial and consumer packaging markets. It will contribute to the Group's future growth while affording the opportunity to realise an attractive level of cost synergies, without incurring material adjusting items. In addition to a small in-house recycling facility, Nordfolien has spare capacity that can be used to grow the bpi indupac business without requiring additional investment. The Nordfolien deal was completed following the year end.

There continues to be a good pipeline of further acquisition opportunities in this consolidating industry which will be assessed against the Group's strict acquisition criteria.

Creating a meaningful presence outside Europe

Reaching £831m (2016/17: £384m), Group revenue outside of Europe grew 116% with Letica and Ace key contributors. On a constant currency basis, revenue outside of Europe grew by 118%.

The Ace Hefei site, which focuses on personal care packaging, became fully operational in year, as did the start-up plant in Brazil, whilst the completion and integration of the Astrapak acquisition also enhanced RPC Group's presence outside of Europe.

Astrapak is a leading South African manufacturer of rigid plastic packaging products and components with a broad offering across injection moulding, blow moulding and thermoforming technology platforms. The company is a 'mini-RPC' serving customers in sub-Saharan Africa with industrial and consumer products; it provided RPC with a strategic opportunity to acquire a rigid plastic packaging group of scale, with well-established market positions in a new territory with attractive medium to long-term growth prospects.

Although the softening of the South African economy during the year tempered the performance of the business, relationships with global customers are already showing positive benefits and there are opportunities to share technology expertise across the Group.

OPERATING REVIEW CONTINUED

Pursuing added value opportunities in non-packaging markets

Revenue in the Non-packaging segment grew by 54% to £589m, including by 50% on a constant currency basis and 7.3% organically. Adjusted operating profit grew by 23%.

Further progress has been made in expanding the Group's propositions in non-packaging markets, where the focus is on niche products and markets where higher added value products deliver strong returns, and the Group's scale in polymer purchasing creates a further competitive advantage.

The Ace business benefited from the start of production with vehicle manufacturers albeit with some launch costs associated with new business wins impacting on margins. The rebuild and upgrade of the Zhuhai manufacturing plant in the first half also effected margins, although leaves the business well placed for future growth.

ESE World, which was acquired in January 2017, performed well in the first full year of ownership, with a strong pipeline of opportunities driven by the need to enhance waste management to increase recycling and avoid litter and plastic leakage into the environment.

Business integration

RPC has a proven track record of successfully and efficiently combining organisations following acquisition, with good integration capability across the organisation enhanced by a decentralised operating structure, cross-functional integration teams and, in many cases, by retaining key management.

Letica/Astrapak

As a well-established and independent business, the integration effort required for Letica has been relatively minimal. Letica management has been retained and are incentivised to deliver growth and additional cost savings through a two-year earn-out period. Preparations for their succession following the earn-out period are ongoing.

Astrapak management has been retained and work is ongoing to transfer design and engineering expertise to South Africa. Post year-end, a small design and moulding business was acquired to support the development towards higher added value products.

Promens/GCS/BPI

Promens, GCS and BPI were individually significant acquisitions, providing combined revenue of c.€1,725m and 82 manufacturing sites to the Group within a 30 month period. The businesses required varying degrees of integration effort to maximise synergy realisation, which was achieved through a combination of purchasing savings, elimination of cost duplication, business optimisation initiatives and the rationalisation of operations within existing facilities.

The integration programme is substantially complete, with the French site restructurings, the closure of Bjæverskov (Denmark) and the consolidation and sale of the Manuplastics (UK) operation into the remaining M&H facilities all finalised at the start of the 2018/19 financial year. Proceeds from the sale of the Manuplastics manufacturing site were received just after the year end and are expected to largely offset remaining cash costs under the programme of £6.5m, which relate to restructuring provisions at sites recently closed.

In total, 22 locations have closed (including four head offices and two operations in progress for closure when acquired) and over 300 production lines have been relocated. However, cost inefficiencies remain in the current footprint and there are ongoing opportunities for cost improvements.

Acquisition related cost synergies

At €187m, the total cost of the major European integration programme was lower than originally anticipated, with cash costs of €100m also lower than expected. These costs are included within adjusting items.

As at the end of the financial year, synergies from this programme have reached €95m, leaving the Group on track to achieve its stated target of €105m by the end of the 2018/19 financial year and which equates to c.6% of the acquired business revenues.

The cost of realising the Letica synergies was minimal and the Group continues to expect that the synergies resulting from the acquisition of Nordfolien will be achieved without incurring material adjusting items.

Acquisition criteria and pipeline

The opportunity to consolidate the European market remains both significant and highly attractive, and RPC has the scale, innovation capabilities, and ambition to continue to exploit this. RPC maintains disciplined acquisition criteria, which include:

- Strategic fit
- Strength of incumbent management
- Financial track record
- Financial criteria including quantifiable cost and cash synergies; impact on return of capital employed, return on sales, return on net operating assets; and earnings accretion

In line with these, the Group has continued to build and maintain links with potential targets and is supported by a strong balance sheet with significant headroom in its debt facilities.

Revenue
Packaging 2017/18 £m
3,159
+34%
(2017: £2,365m)

Adjusted operating profit
Packaging 2017/18 £m
349.0
+42%
(2017: £246.2m)

RONOA – Packaging 2017/18
26.8%
+270bps
(2017: 24.1%)

Operational review

Packaging

	Year ended 31 March 2018	Year ended 31 March 2017	Increase	Increase (constant currency)
Revenue (£m)	**3,159**	2,365	34%	31%
Adjusted operating profit (£m)	**349.0**	246.2	42%	38%
Return on sales	**11.0%**	10.4%	60bps	60bps
RONOA	**26.8%**	24.1%	270bps	

The Packaging segment serves an attractive, diverse range of end-markets encompassing both growth and defensive characteristics including the e-commerce market, where the Group is particularly well placed with its unique network of design and engineering centres. Included in this business are both rigid and flexible plastic packaging and a range of polymer conversion processes including injection moulding, blow moulding, thermoforming and, following the acquisition of BPI in August 2016, blown film extrusion.

Revenue grew 34% to £3,159m (31% on a constant currency basis), and was driven by the full year contributions from BPI, Letica and other acquisitions net of disposed businesses, and organic revenue growth of 2%. Adjusted operating profit increased 42% to £349.0m and by 38% on a constant currency basis. A return on sales increase of 60bps to 11.0% included the benefits of further cost synergy realisation as well as mix improvements, partially offset by a full year contribution from the BPI business (which typically has a lower return on sales profile as well as lower capital intensity) and higher central costs following the enlarged scale of the Group.

End-Market	Revenue 2017/18	Organic growth	Performance
Food	£1,082m	4.6%	The market for food packaging continues to be driven by an increasing recognition of the need to minimise food waste and reduce the carbon footprint of production e.g. through shelf-life enhancing solutions, lighter weight packaging options and crop yield improvements. During the year, there was good growth in the agricultural films, confectionary and fresh dairy markets. Sustainable design is increasingly important in this market and RPC is well placed to contribute through its unique platform of design and engineering centres.
Non-Food	£790m	0.1%	The non-food end-market comprises a number of different packaging products all with innovation in product design a key driver. There was good demand for Nicotine delivery systems throughout the year and the popularity of these is expected to continue. In industrial packaging, the market in surface coatings remained soft in both the US and the UK. More generally, the Group continues to work with customers to redesign products, taking out weight, reducing complexity, adding recycled content and improving recyclability and reusability.
Personal Care	£476m	6.8%	Demand for personal care packaging remains attractive, driven by trends towards higher end products, substitution from glass to plastic and globalisation. The Group performed well in personal care, particularly in the US and at the Hefei site in China (included in the Non-packaging segment). Launch of an air-free, patented dispenser has enhanced the future growth potential and RPC is well placed with the ability to leverage its global platform and portfolio of patented, innovative solutions.
Beverage	£502m	(1.1)%	Innovation, globalisation and demand for sustainable design are key drivers in beverage solutions, though overall beverage revenue declined in the year. Despite some customer delays, growth in sports caps and CSD Lite was achieved, particularly in Asia where revenue grew 19%.This was offset by softness in European coffee capsule customers, and in the Letica foodservice business. RPC is well-placed for next generation coffee capsule projects and further business wins in Sports caps.
Healthcare	£166m	0.7%	An ageing population, demand from emerging markets and innovation in developed economies are all growth drivers in this end-market. During the year, there was good growth in standard inhaler products although delays in new product launches continued. RPC continues to support customers switching to plastic from alternative materials and the formation of the Pharmaceutical Cluster including Plastiape (acquired in 2016) has enhanced medium to longer-term growth projects.

OPERATING REVIEW CONTINUED

In addition there was a further £143m of Technical Component revenue from businesses which are reported in the Packaging segment.

Non-packaging

	Year ended 31 March 2018	Year ended 31 March 2017	Increase/ (decrease)	Increase/ (decrease) constant exchange
Revenue (£m)	**589**	382	54%	50%
Adjusted operating profit (£m)	**76.0**	62.0	23%	20%
Return on sales	**12.9%**	16.2%	(330)bps	(330)bps
RONOA	**32.9%**	37.4%	(450)bps	

The Non-packaging businesses of the Group cover many different product and market combinations which are all linked by innovation, application of technical knowledge and consumption of polymer. Market drivers include ongoing demand for lightweighting, for example, in the automotive and large vehicles industries where components traditionally made out of metal are being replaced with plastic alternatives. In the market for temporary waste solutions, key drivers include the need to enhance integrated waste management to avoid litter and plastic leakage into the environment, and broader waste solutions including underground bins and containers for hazardous chemicals.

Revenue grew 54% to £589m (50% on a constant currency basis) aided by a full year contribution from ESE World and foreign exchange. Organic revenue growth of 7.3% was driven by strong growth in demand for higher added-value automotive components and Ace moulds.

Adjusted operating profit increased 23%, or 20% on a constant currency basis, with a decline in return on sales reflecting the change in revenue mix following the ESE World acquisition, start-up costs associated with new automotive contract awards in the Ace and the injection moulded automotive business and an increase in central costs. RONOA declined by 450bps reflecting the reduction in return on sales and investment in new facilities to support automotive contract wins and continued growth.

ESE World performed well in the first full year of ownership with notable success in high end systems in Scandinavia and in the export of four wheel temporary waste solutions.

Non-financial key performance indicators

RPC has three main non-financial key performance indicators, which provide perspectives on employee welfare and the Group's progress in improving its contribution to the environment.

The electricity and water usage per tonne improved during the year as the Group is investing in environmentally friendly efficiencies. Electricity usage improvement largely reflects the impact of new acquisitions, mainly a full year impact of BPI and Letica whose average consumption is well below the rest of the Group. Excluding the impact of the new acquisitions the Group has seen a small improvement. It is pleasing to note that the reportable accident frequency rate continues to improve to better than industry average levels. Further improvements are being targeted.

	Year ended 31 March 2018	Year ended 31 March 2017
Non-financial KPIs:		
Reportable accident frequency rate[1]	**490**	534
Electricity usage per tonne (kWh/T)	**1,508**	1,965
Water usage per tonne (L/T)	**793**	795

1 Reportable accident frequency rate (RAFR) is defined as the number of accidents resulting in more than three days off work, excluding accidents where an employee is travelling to or from work, divided by the average number of employees, multiplied by the constant 100,000.

Outlook

I am pleased with the progress made since launch of the Vision 2020 strategy five years ago with record profitability levels achieved this year on a significantly enlarged business whilst establishing a global footprint. I am excited by the many opportunities for the business to further develop both organically and through acquisitions. With our unique global network of design and engineering centres, the Group is well placed to benefit from the development opportunities driven by recent sustainability and e-commerce trends. We target through the cycle underlying organic growth ahead of GDP and to improve the adjusted operating profit of the core businesses, including the contribution from the recent Nordfolien acquisition, by at least £50m by the financial year ending March 2021. At the same time, within the overall capital allocation framework, the Group will continue to assess value-adding acquisition opportunities which meet our strict acquisition criteria. The new financial year has started in-line with management expectations.

Pim Vervaat
Chief Executive

6 June 2018

FINANCIAL REVIEW

"The Group performed well during the year ended 31 March 2018, with organic revenue growth of 2.8%, 4.0% in the second half of the year and benefiting from a full year contribution from acquisitions completed in the previous year."

Simon Kesterton
Group Finance Director

Group adjusted operating profit and return on sales also increased although free cash flow decreased by 4% to £229.2m reflecting an investment in capital expenditure and in working capital to position the Group for continued growth.

On a statutory basis, operating profit grew by 85% to £355.7m and net cash flows from operating activities increased by 40% to £386.7m.

The Consolidated income statement and Consolidated cash flow statement are shown on pages 102 and 104 respectively.

Foreign exchange

Currency had a positive impact on the Group's reported results. The favourable exchange rate variance for revenue and adjusted operating profit was principally due to the weakening of sterling against the euro. Sterling strengthened slightly against the dollar during the year, particularly in the second half.

	Year ended 31 March 2018	Year ended 31 March 2017
Average to £		
Euro €	**1.13**	1.19
USD $	**1.33**	1.31
Closing to £		
Euro €	**1.14**	1.17
USD $	**1.41**	1.25

Impact of polymer prices

Polymer resin is the major raw material cost for the business, representing around one third of adjusted costs in the year. As a global commodity, its price can vary with supply and demand and RPC has arrangements with many of its customers to pass on polymer price changes which serves as a hedge against price volatility. As there is a time lag in passing on polymer price adjustments to the customer, typically around three months, this can have a negative or positive impact on revenue and adjusted operating profit depending on whether prices are increasing or reducing. During the first half of the year, polymer prices were relatively stable overall, with modest increases in euro and sterling at the end of the period. Larger increases were encountered in the USA at the end of the first half due to the disruptive effect of hurricanes on the supply chain. In the second half of the year, there was a steady increase in euro, sterling and US dollar indices, leading to a further headwind in the second half.

Overall, there was an adjusted operating profit headwind of £9m in the year. This compares to a £3m headwind at the end of 2017 which has resulted in a negative pass-through variance of £6m impacting adjusted operating profit.

FINANCIAL REVIEW CONTINUED

Revenue

The increase in revenue is shown below impacted by a favourable change in polymer pricing, effects from foreign currency translation and a full year contribution from acquisitions made in the previous year, net of disposals. At £99.3m, organic growth was 2.8%.

Movement in revenue	£m
2017 revenue	**2,747.2**
Acquisitions	804.7
Disposals	(34.3)
Pro forma prior year revenue before FX and polymer (A)	**3,517.6**
Foreign currency translation	86.2
Polymer pricing	44.6
Organic growth (B)	99.3
2018 revenue	**3,747.7**
Organic growth (B/A)	**2.8%**

Operating profit

The increase in adjusted operating profit is shown below:

Movement in adjusted operating profit	£m
2017 adjusted operating profit	**308.2**
Acquisitions	80.9
Disposals	(2.7)
2017 at constant exchange rates and polymer prices	**386.4**
Foreign currency translation	11.4
Polymer pricing	(5.3)
Business improvement	77.5
Inflation	(45.0)
2018 adjusted operating profit	**425.0**

Adjusted operating profit benefited from foreign currency translation, contribution from acquisitions net of disposals and business improvement, offset by polymer price headwinds and general cost inflation.

Return on sales increased 10bps to 11.3%, with the positive impact of further cost synergies realised in the year partially offset by start-up costs relating to new contract wins in the automotive sector and a full year contribution from bpi group, which has a structurally lower return on sales.

The following table shows a reconciliation of adjusted operating profit to operating profit:

Reconciliation of adjusted operating profit to operating profit	£m
2018 adjusted operating profit	**425.0**
Acquisition, integration and related restructuring costs	(27.4)
Amortisation of acquired intangible assets	(50.7)
Other adjusting items	8.8
2018 statutory operating profit	**355.7**

Adjusting items

Adjusting items replace the previously disclosed exceptional costs and non-underlying items and comprise the following within operating costs:

Acquisition, integration and related restructuring costs:

Acquisition transaction costs of £3.9m (2016/17: £18.9m) are the direct external costs associated with making an acquisition. They are primarily financial, legal, tax, environmental, due diligence, plus representation and warranty insurance and other advisor fees. These are substantially lower than last year due to lower acquisition activity.

Major integration programme costs of £23.8m (2016/17: £56.1m) are the residual costs incurred to deliver synergies from the combined Promens, GCS and BPI integration programmes. This brings the total cost of this programme to €187m with €87m of working capital synergies, proceeds on asset sales and asset write-downs meaning that the cash costs were €100m. During the year an additional €27m of synergies relating to this programme were realised, taking the total to €95m and realising the total run-rate of synergies associated with this programme, €105m, with a full effect of the run-rate expected in 2018/19.

Other restructuring costs of £11.2m (2016/17: £6.4m) include costs related to the integration of other acquisitions including ESE World and Plastiape, costs in respect of the restructure of the Belgian footprint following the fire at Eke, Belgium and fees related to aborted acquisitions.

The movement on post-acquisition remuneration and contingent consideration amounted to a net credit of £11.5m (2016/17: net credit of £11.2m). These movements arise where an earn-out arrangement is part of an acquisition and the selling owner/management is retained within the business (post-acquisition remuneration) and/or there is a change in the expected level of payment (post-acquisition remuneration and contingent consideration). The net £11.5m credit consists of a remuneration charge of £9.2m and a favourable reassessment of earn-out liabilities of £20.7m. This write back reflects the current view of the final payments that will be made primarily in respect of the Ace and Letica acquisitions. Other earn-out obligations are less significant.

Amortisation of acquired intangible assets of £50.7m (2016/17: £31.0m) reflects a full year of acquisitions made in the previous financial year and arises as a consequence of acquisition accounting. Intangible assets take the form of intellectual property, brands, know-how and customer contacts. RPC amortises these amounts over 5-10 years.

Other adjusting items:

These total £8.8m of income (2016/17: £4.3m charge) and are predominantly insurance proceeds relating to the replacement of capital equipment following the Eke fire in December 2016 received in the year of £11.0m offset by a charge of £2.2m of other adjusting items.

Interest

Net financing costs before adjusting items of £36.3m compared to £22.8m in the previous year reflecting a full year impact from the incremental borrowings drawn in 2016/17 and a higher interest rate on the term loan put in place at the time of the Letica acquisition. The intention remains to refinance this $750m term loan which, as is customary with bridge financing, increases in cost over time.

Profit before tax

Adjusted profit before tax (being profit before tax and excluding adjusting items included in operating profit and net financing costs) was £389.4m (2016/17: £286.1m). The growth of 36% reflects the 38% increase in adjusted operating profit partly offset by an increase in net financing costs. Statutory profit before tax was £316.6m (2016/17: £154.7m).

Taxation

The Group's tax strategy is to comply with relevant laws and regulations in the countries in which it operates and is aligned with its corporate governance framework. The Group's tax strategy has been approved by the Board and is published on the RPC Group Plc website within the Corporate Responsibility section.

The effective tax rate on underlying activities for the Group varies based on a number of factors. Key drivers are the profit mix and tax rates of the territories in which the Group operates. Other factors that can impact the effective tax rate include assessment and recognition of deferred tax on losses, provisions for uncertain tax positions, local tax incentives (including research and development tax credits) and foreign exchange movements. The tax rate on adjusted profit before tax for the Group increased to 23.8% (2016/17: 22.8%), mainly due to changes in the geographic mix of profits and recent acquisitions in higher tax rate countries.

The Group's overall taxation charge was £62.8m (2016/17: £22.7m) resulting in a reported tax rate of 19.8% (2016/17: 14.7%). The reported tax rate is low mainly as a result of one-off deferred tax credits of £12.9m following the recent US Tax Reforms and tax relief on certain adjusting items. The 2016/17 reported tax rate was lower mainly as a result of an adjusting tax credit item of £19.2m relating to future taxable profit being available to access historic tax losses following restructuring in the year.

Earnings per share

Adjusted basic earnings per share increased by 9.8p to 72.0p primarily reflecting growth in adjusted operating profit although partially offset by the full year impact of incremental shares issued at the time of the Letica and bpi group acquisitions. During the year, the share repurchase added 0.5p to earnings per share.

The weighted average number of shares increased from 355.5m in 2017 to 411.5m for 2018.

Movement in adjusted basic earnings per share	p
2017 adjusted basic earnings per share	**62.2**
Growth in adjusted operating profit	23.7
Increase in net interest	(3.6)
Increase in the tax rate	(1.1)
Increase in minority interest	(0.1)
Full year of Letica/bpi share increase	(11.5)
Impact of share repurchase	0.5
Currency translation	1.9
2018 adjusted basic earnings per share	**72.0**

Dividends

The Group has a progressive dividend policy of targeting a dividend cover of two and a half times adjusted earnings through the cycle and this is its 25th consecutive year of dividend growth.

A final dividend of 20.2p has been recommended, making a total for the year of 28.0p (2016/17: 24.0p), which is a 17% increase over the previous year.

Acquisitions

On 19 June 2017 the Group completed the acquisition of Astrapak for cash consideration of £65.7m, funded from existing financing facilities. The provisional goodwill on acquisition amounted to £26.6m.

During the year, the Group announced the acquisition of Nordfolien GmbH for an enterprise value of €75m. Following the receipt of clearance from both the Polish and German competition authorities, the acquisition completed after the year-end. Some transaction fees associated with this acquisition occurred during the financial year 2017/18.

Non-core assets

Following a strategic review a small number of businesses with revenue totalling £209m and adjusted operating profit of £10.8m have been identified as non-core and subsequent to the year end the Board has approved these for disposal. Due to the size and nature of this rationalisation it is likely that results for these non-core businesses will be classified as discontinued operations in 2018/19.

FINANCIAL REVIEW CONTINUED

Cash flow and net debt

Net cash flows from operating activities (after tax and interest on a statutory basis) was robust with an inflow of £386.7m an increase of £110.2m or 40% compared to the previous year. The growth rate in excess of that for revenue and adjusted operating profit reflects reductions in payments in respect of adjusting items, offset by a working capital outflow and higher interest and tax payments.

Adjusted operating cash conversion (being the ratio of free cash flow before interest and tax to adjusted operating profit) was 77% (2016/17: 95%).

Free cash flow declined by £9.8m to £229.2m reflecting a working capital outflow of £22.1m primarily for inventory building ahead of the key European selling season between April and September in the agricultural business, investment in contingency stocks for growth and investment in net capital expenditure both for maintaining the business and growth and efficiency totalling £242.2m (2016/17: £175.7m). The investment in property, plant and equipment of £241.4m (2016/17: £175.2m) represented 1.5x depreciation (2016/17: 1.3x) and 6.4% of sales.

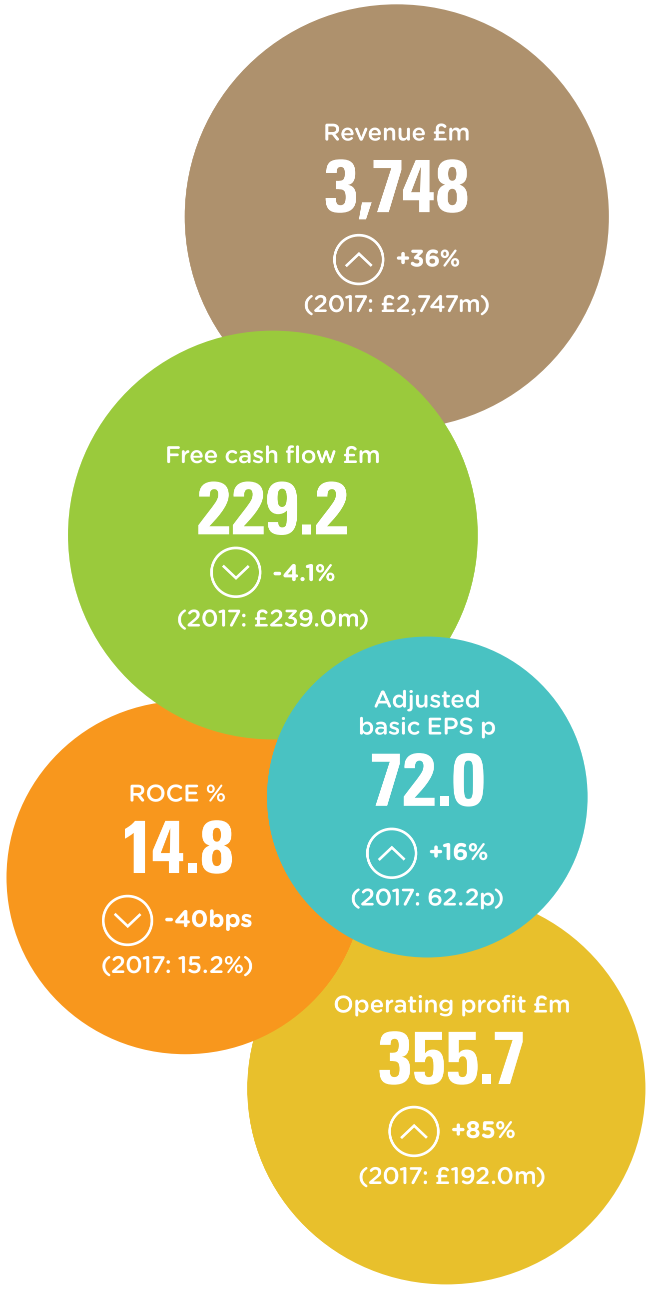
Net debt, which includes the fair value of cross currency interest rate swaps that will be used to repay the USPP funding and foreign currency forwards used for managing the exchange rate risk on the term loan, increased by only £90.1m and at the year-end stood at £1,139.2m (2016/17: £1,049.1m). This increase was despite; £189.2m returned to shareholders, comprising £105.8m in dividends to equity shareholders (2016/17: £62.1m) and shares repurchased under a share buyback programme of £83.4m, and £65.2m for the acquisition of businesses.

Gearing was 59% (2016/17: 58%) and covenanted pro forma leverage (net debt to EBITDA) was 2.0x, well within the external banking covenants of 3.5x.

The £14m (2016/17: £84m) movement in other relates to movements in provisions and liabilities, partially offset by exchange rate movements and other share-based transactions.

Movement in net debt	£m
Adjusted EBITDA	590.3
Working capital	(22.1)
Investing activities	(242.2)
Interest and tax	(96.2)
Other free cash flow items	(0.6)
Free cash flow	**229.2**
Net debt at 1 April 2017	**(1,049.1)**
Free cash flow	229.2
Acquisitions (including debt)	(79.7)
Share buyback	(83.4)
Adjusting items	(36.3)
Dividends	(105.8)
Other	(14.1)
Net debt at 31 March 2018	**(1,139.2)**

Highlights of 2017/18



Balance sheet

The Group's Consolidated balance sheet is shown on page 106. The key movements are discussed below:

During the year, property, plant and equipment increased by £92.7m and included fixed asset additions of £243.2m.

Goodwill declined by £3.5m and reflects an increase following the acquisition of Astrapak, offset by exchange rate movements.

Also included within non-current assets are:

- Derivative financial instruments of £7.2m (2016/17: £39.0m) which largely comprise the mark-to-market value of euro currency swaps taken out in 2011 to hedge the US dollar borrowings from the US Private Placement (USPP). The weakening of the euro against the US dollar has served to decrease the value of these in the year, as well as a proportion of the instruments now being current
- Deferred tax of £108.9m (2016/17: £115.7m) as discussed below
- Other intangible assets of £324.2m (2016/17: £376.7m). These decreased by a net £52.5m and comprise mainly customer relationships, technology and brands capitalised on acquisition and new product development expenditure, net of amortisation charges

Working capital (the sum of inventories, trade and other receivables and trade and other payables) was £239.7m, which was 6.4% of sales compared with £212.8m at the end of 2017 (restated for hindsight fair value adjustments), 6.1% of pro forma sales.

The long-term employee benefit liabilities reduced from £256.0m to £196.9m, mainly due to actuarial gains of £54.4m as a result of strong asset returns and updated assumptions on mortality.

Total provisions and other liabilities including contingent consideration decreased to £90.6m (2016/17: £160.6m). Included in this is a reduction in contingent consideration relating to Ace and Letica, utilisation of provisions including out of market contract provisions from acquired businesses and termination and restructuring provisions as the major European integration programme has been completed. Out of market contract provisions are generally utilised within 12 months of the acquisition date.

Assets held for sale of £6.3m as at 31 March 2018 relate to the Group's Manuplastics and Blyes sites which have been closed. Proceeds from the Manuplastics sale were received after the year end.

The net current tax liability increased to £50.9m (2016/17: £39.3m) as a result of current year tax charges on profits and recent acquisitions which were offset by payments made to tax authorities in the year. Included in the current tax liabilities are uncertain tax provisions, which although individually are not material in amount, represent a number of tax risks across a variety of jurisdictions including liabilities inherited on recent acquisitions.

The Group had a net deferred tax liability of £110.2m (2016/17: £114.7m restated). Deferred tax assets of £108.9m (2016/17: £115.7m restated) represent the future tax benefit from settling net pension liabilities and the recognition of tax losses which are expected to offset tax due on future income streams, the decrease mainly relating to a reduction in deferred tax assets on employee benefits as a result of the reduction in pension deficits and other temporary differences. The deferred tax liabilities of £219.1m (2016/17: £230.4m restated) relate in the main to fixed asset and intangible asset temporary differences, decreasing primarily due to the revaluation of US related deferred tax liabilities following the enactment of the US Tax Cuts and Jobs Act.

Equity shareholder funds increased by £94.7m in the year, with statutory net profit attributable to equity shareholders for the year of £253.4m, pension related net actuarial gains, share-based payments from employee share schemes and share issues being offset by dividends paid of £105.8m, share repurchase of £83.4m, unfavourable foreign currency translation movements and unfavourable net fair value movements on derivatives used for hedging. Further details are shown in the Consolidated statement of changes in equity which is included in the financial statements.

Capital allocation and funding

RPC has a capital allocation framework that takes account of investment in product innovation, organic growth initiatives, selective strategic and bolt-on acquisitions and returns to shareholders underpinned by a strong balance sheet.

In addition, RPC continually assesses share buyback opportunities in the context of the Group's overall financial position and leverage guidance, and other available opportunities to deploy capital.

On 19 July 2017 the Group announced an inaugural share buyback programme of up to £100m over a period of up to 12 months, as the Group continued to generate cash while larger acquisition opportunities did not exist and the then share price was considered to undervalue the Group's performance and future prospects. By the end of the year, 9.6m shares had been acquired under the programme for a total consideration of £83.4m, and as at 5 June 2018 this had increased to 11.2m shares for a total consideration of £95.2m.

FINANCIAL REVIEW CONTINUED

As at 31 March 2018, the Group had total finance facilities of £2,178m with an amount of £1,004m undrawn after taking account of bank guarantees and other adjustments. The facilities are mainly unsecured and comprise revolving credit facilities (RCFs) of up to £870m with eight banks maturing in 2020 and €450m with five banks maturing in 2019, USPP notes of $216m and €60m issued to 17 US life assurance companies maturing in 2018 and 2021, a term loan of $750m with seven banks maturing in 2018 (with the option to extend to 2020), finance leases of £20m, mortgages of £9m and other uncommitted credit and overdraft arrangements.

During the year, in anticipation of re-financing elements of its capital structure and funding resources, the Group announced that it had obtained an investment grade rating of Baa3 (Stable outlook) from Moody's Investors Service and a rating of BB+ (Positive outlook) from S&P Global Ratings.

The Group does not have any restricted cash and does not actively promote the use of asset based finance or factoring arrangements as a means of raising additional finance.

Financial key performance indicators (KPIs)

The Group's main financial KPIs focus on return on investment, business profitability and cash generation.

	Year ended 31 March 2018	Year ended 31 March 2017
Return on net operating assets*	**27.2%**	25.7%
Return on sales	**11.3%**	11.2%
Free cash flow	**£229.2m**	£239.0m
Return on capital employed	**14.8%**	15.2%
Adjusted operating cash flow conversion	**77%**	95%

* The comparative RONOA has been restated from 26.0% to 25.7% following inclusion of the effects from Q4 2016/17 acquisitions and the pro forma results of the 2017/18 acquisition.

Key measures of the Group's financial performance are its RONOA and Return on sales (ROS). De-minimis hurdles agreed by the Board are for the Group to exceed 20% RONOA and 8% adjusted ROS. ROCE is targeted to remain well above the Group's weighted average cost of capital.

Technical guidance 2018/19

The Group is providing the following update to its technical guidance for 2018/19:

Category	Guidance 2018/19
Capex	c. £250m
Depreciation	c. £175m
Contract provision utilisations	c. £10m
Underlying tax rate	c. 23.0%
Interest	c. £42m
FX sensitivity:	€1c move changes EBIT by c. £2.0m $1c move changes EBIT by c. £0.5m
Progressive dividend policy	Cover targeted to be 2.5x across the cycle
Acquisition related expenditure	External cost on acquisition activity
Contingent consideration on earn-outs	Letica 20% c. £9m
Other adjusting items	Minor
Amortisation – acquired intangible assets	c. £50m
Adjusting items in net finance costs	Pension scheme interest c. £6m

Simon Kesterton
Group Finance Director

6 June 2018

ALTERNATIVE PERFORMANCE MEASURES

Introduction

In the reporting of financial information, the directors have adopted various Alternative Performance Measures (APMs), previously termed Non-GAAP measures as those not defined or specified under International Financial Reporting Standards (IFRS) as adopted by the EU.

These measures are not defined by IFRS and therefore may not be directly comparable with other companies' APMs, including those in the Group's industry.

Purpose

The directors believe that these APMs assist in providing additional useful information on the underlying trends, performance and position of the Group.

Consequently, APMs are used by the directors and management for performance analysis, planning, reporting and incentive setting purposes and have remained consistent with prior year. They are used to make decisions and allocate resources based on underlying performance, without volatility arising from non-trading items such as impairment charges, portfolio change transactions or specific non-cash items.

APMs should be considered in addition to, and are not intended to be a superior to, or a substitute for, IFRS measurements.

The APMs that the Group has used this year are detailed on the following pages:

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Year ended 31 March 2018 £m	Year ended 31 March 2017 £m	Purpose
Income statement measures					
Adjusted operating profit Definition Adjusted operating profit is defined as operating profit for continuing operations before specific adjusting items, as shown in note 4 (e.g. major integration, significant restructuring, acquisition income/costs and amortisation of acquired intangible assets).	Operating profit*	Operating profit	**355.7**	192.0	It shows operating profit from trading activities of the Group by excluding specific items of income and expense that arise from capital related transactions, material restructuring or significant non-cash entries. This helps reflect management's view of the underlying operating performance of the Group.
		Adjusting items (see note 4)	**69.3**	116.2	
		Adjusted operating profit	**425.0**	308.2	
Adjusted EBITDA Definition Adjusted EBITDA is adjusted operating profit (as defined above) before underlying depreciation and amortisation.	Operating profit*	Adjusted operating profit	**425.0**	308.2	EBITDA is used in acquisition models and in targets for earn-out purposes regarding acquisitions. The Group monitors adjusted EBITDA performance to understand how post-acquisition results compare to those used in valuing the business.
		Depreciation (see note 12)	**161.7**	129.8	
		Amortisation (see note 11)	**3.6**	3.4	
		Adjusted EBITDA	**590.3**	441.4	
Return on sales Definition Return on sales is adjusted operating profit (as defined above) divided by revenue.	Operating profit* and revenue	Adjusted operating profit (A)	**425.0**	308.2	Provides an indication of the quality and added value the Group and its segments provide to customers and allows management to ensure that business activity is focused on the right products and end user markets.
		Revenue (B)	**3,747.7**	2,747.2	
		Return on sales (A/B)	**11.3%**	11.2%	
Adjusted profit before taxation Definition This is profit before taxation less any adjusting items included in operating profit and net financing costs.	Profit before taxation	Profit before taxation	**316.6**	154.7	Provides a better understanding of the underlying pre-tax performance of the Group by excluding potentially volatile finance income and those items excluded from adjusted operating profit as above.
		Adjusting items in operating profit (see note 4)	**69.3**	116.2	
		Adjusting items in net finance costs (see note 4)	**3.5**	15.2	
		Adjusted profit before taxation	**389.4**	286.1	

* Operating profit is not defined per IFRS, however is a generally accepted profit measure.

ALTERNATIVE PERFORMANCE MEASURES CONTINUED

APM | Closest equivalent IFRS measure | Adjustments to reconcile to IFRS measure | Purpose

Income statement measures

Adjusted basic EPS

Definition

Adjusted basic EPS uses the numerator from basic EPS (statutory profit attributable to equity shareholders) and excludes adjusting items within operating profit, net finance costs and taxation. This is divided by the weighted average number of shares in issue during the year.

Closest equivalent IFRS measure: Basic EPS

	Year ended 31 March 2018 £m	Year ended 31 March 2017 £m
Profit attributable to equity shareholders	253.4	132.0
Adjusting items in operating profit (see note 4)	69.3	116.2
Adjusting items in net finance costs (see note 4)	3.5	15.2
Adjusting items in taxation (see note 4)	(29.9)	(42.4)
Adjusted profit after taxation (A)	296.3	221.0
Weighted average number of shares (see note 10) (B)	411.5	355.5
Adjusted basic EPS (A/B)	72.0p	62.2p

Purpose: This is used in certain remuneration schemes as the exclusion of specific income/expense allows an alternative comparison of results which are considered to be within management control and not distorted by potentially volatile changes.

Organic revenue growth

Definition

Organic revenue growth is calculated by adjusting for current and prior year acquisition/disposal effects (revenue in the comparator period) to pro forma the prior year revenue and then removing the effects of foreign currency and polymer pricing movements.

Closest equivalent IFRS measure: Year on year movement in revenue

	Year ended 31 March 2018 £m	Year ended 31 March 2017 £m
Prior year revenue	2,747.2	1,642.4
Acquisitions	804.7	831.8
Disposals	(34.3)	(19.9)
Pro forma prior year revenue before FX and polymer (A)	3,517.6	2,454.3
Foreign currency translation	86.2 (16.4 relating to acq'ns)	248.8 (67.9 relating to acq'ns)
Polymer pricing	44.6 (9.8 relating to acq'ns)	(26.6) ((3.1) relating to acq'ns)
Organic revenue growth (B)	99.3	70.7
Current year revenue	3,747.7	2,747.2
Organic revenue growth (B/A)	2.8%	2.9%

Purpose: It shows an indication of the Group's current trading performance compared to the prior year once non-comparable factors have been adjusted.

For Packaging and Non-packaging segments the following apply:

Acquisitions: Packaging £652.5m (2017: £792.3m), Non-packaging £152.2m (2017: £39.5m). **Disposals:** Packaging £33.7m (2017: £18.3m), Non-packaging £0.6m (2017: £1.6m). **FX:** Packaging £69.8m (2017: £209.8m), Non-packaging £16.4m (2017: £39.0m). **Polymer pricing:** Packaging £44.2m (2017: £(22.6)m), Non-packaging £0.4m (2017: £(4.0)m).

The organic revenue growth for Packaging was 2.0% (2017: 2.8%) and for Non-packaging 7.3% (2017: 3.6%).

Adjusted operating profit

Definition

Adjusted operating profit (as defined above) shows the business improvement by adjusting for current and prior year acquisition/disposal effects (profit/loss in the comparator period) to pro forma the prior year profit and then removing the effects of foreign currency and polymer pricing pass through movements.

Closest equivalent IFRS measure: Year on year movement in adjusted operating profit

	Year ended 31 March 2018 £m	Year ended 31 March 2017 £m
Prior year adjusted operating profit	308.2	174.3
Acquisitions	80.9	62.1
Disposals	(2.7)	(3.0)
Pro forma prior year adjusted operating profit before FX and polymer	386.4	233.4
Foreign currency translation	11.4 (2.4 relating to acq'ns)	29.8 (6.4 relating to acq'ns)
Polymer pricing	(5.3) ((0.6) relating to acq'ns)	(14.1) ((3.2) relating to acq'ns)
Business improvement (net of inflation)	32.5	59.1
Current year adjusted operating profit	425.0	308.2

Purpose: It shows an indication of the Group's current trading profitability once non-comparable factors have been adjusted.

APM | Closest equivalent IFRS measure | Adjustments to reconcile to IFRS measure | Purpose

Cash flow measures

Free cash flow

Definition

This is cash generated from continuing operations less net capital expenditure (includes amounts paid net of proceeds received for property, plant and equipment (PP&E) and amounts paid for intangible assets), net interest paid and tax paid, adjusted to exclude adjusting item cash flows, movement in provisions and liabilities* and one-off pension deficit reduction payments.

* As free cash flow is now reconciled from a statutory measure, the non-underlying components of the movement in provisions and liabilities are no longer referenced separately.

Closest equivalent IFRS measure: Cash generated from continuing operations

	Year ended 31 March 2018 £m	Year ended 31 March 2017 £m
Cash generated from operations	484.2	332.9
Purchase of PP&E	(241.4)	(175.2)
Proceeds from disposal of PP&E	3.8	4.5
Purchase of intangible assets	(4.6)	(5.0)
Net interest paid	(36.7)	(21.7)
Tax paid	(59.5)	(33.2)
Net payment in respect of adjusting items	36.3	81.1
Movement in provisions and liabilities	47.1	55.6
Free cash flow	229.2	239.0

Purpose: It is a measure of the Group's ability to generate cash above that which is needed to operate the business and maintain its asset base. It illustrates the Group's potential to enhance shareholder value through acquisition, debt repayment or distributions to shareholders. This is a key director remuneration metric.

Adjusted operating cash conversion

Definition

This represents the ratio of free cash flow (as defined above) before net interest and tax paid to adjusted operating profit (as defined above).

Closest equivalent IFRS measure: No direct equivalent

	Year ended 31 March 2018 £m	Year ended 31 March 2017 £m
Free cash flow	229.2	239.0
Net interest paid	36.7	21.7
Tax paid	59.5	33.2
Free cash flow before net interest and tax paid (A)	325.4	293.9
Adjusted operating profit (B)	425.0	308.2
Adjusted operating cash conversion (A/B)	76.6%	95.4%

Purpose: It is a measure of the Group's ability to convert its adjusted operating profit into cash.

ALTERNATIVE PERFORMANCE MEASURES CONTINUED

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Purpose

Balance sheet measures

Return on net operating assets (RONOA)

Definition
RONOA is measured over the previous 12 months and normalised for the effect of acquisitions. The calculation uses adjusted operating profit for continuing operations (as defined above) plus a pro forma of pre-acquisition profit from acquisitions divided by the average of opening and closing property, plant and equipment and working capital (being the sum of inventories, trade and other receivables and trade and other payables) for continuing operations for the year concerned.

Comparatives are restated for hindsight fair value adjustments (note 25) and to include acquisitions (other than those from quarter four in the current year) on a pro forma basis.

Closest equivalent IFRS measure: No direct equivalent

	Year ended 31 March 2018 £m	Year ended 31 March 2017 £m As reported
Adjusted operating profit	425.0	308.2
Pre-acquisition profits from acquisitions in the period	0.2	23.2
Adjusted operating profit including pre-acquisition profits (A)	425.2	331.4
PP&E	1,357.6	1,264.9
Inventory	524.9	480.2
Trade and other receivables	663.6	632.3
Trade and other payables	(948.8)	(899.7)
Working capital	*239.7*	*212.8*
Excluding impact of Q4 acquisitions	–	(173.7)
Net operating assets	1,597.3	1,304.0
Impact of acquisitions/disposals on prior year net operating assets	228.2	212.0
Average net operating assets (B)	1,564.8	1,275.7
RONOA reported (A/B)	27.2%	26.0%
RONOA PY following restatement for all acquisitions		25.7%

Purpose: RONOA is a key measure of the efficiency and utilisation of the assets used by the Group to generate profits. This is a vital measure of our operational management due to the decentralised structure of the Group.

Return on capital employed (ROCE)

Definition
ROCE is measured over the previous 12 months and normalised for the effect of acquisitions. The calculation is adjusted operating profit for continuing operations (as defined above) plus a pro forma of pre-acquisition profit for acquisitions, divided by the average of opening and closing shareholders' equity, after adjusting for retirement benefit obligations, assets held for sale, investment accounted for under the equity method, acquired intangible assets and net borrowings for the year concerned.

Closest equivalent IFRS measure: No direct equivalent

	Year ended 31 March 2018 £m	Year ended 31 March 2017 £m
Adjusted operating profit	425.0	308.2
Pre-acquisition profits from acquisitions in the period	0.2	23.2
Adjusted operating profit including pre-acquisition profits (A)	425.2	331.4
Total equity	1,920.1	1,822.7
Retirement benefit obligations (note 28)	192.9	251.6
Assets held for sale	(6.3)	(5.6)
Investment accounted for under the equity method	(4.4)	(4.2)
Acquired intangible assets (note 11)	(314.7)	(367.4)
Net borrowings (note 20)	1,139.2	1,049.1
Excluding impact of Q4 acquisitions	–	(481.6)
Capital employed	2,926.6	2,264.6
Impact of acquisitions/disposals on prior year capital employed	553.7	465.6
Average capital employed (B)	2,872.5	2,177.1
ROCE (A/B)	14.8%	15.2%

Purpose: ROCE allows management to measure how efficiently capital is deployed by the Group. By including the costs of investment in acquisitions it shows how the Group is generating returns for shareholders. This is a key director remuneration metric.

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Purpose

Balance sheet measures

Working capital as a % of sales

Definition
This is working capital, (as shown above), as a percentage of revenue for the year, annualised for acquisitions.

Closest equivalent IFRS measure: No direct equivalent

	Year ended 31 March 2018 £m	Year ended 31 March 2017* £m
Working capital (A)	239.7	212.8
Revenue	3,747.7	2,747.2
Impact of acquisitions (note 25)	18.0	739.6
Revenue annualised for acquisitions (B)	3,765.7	3,486.8
Working capital as % of sales (A/B)	6.4%	6.1%

* The 2017 calculation has been updated for hindsight fair value adjustments and initial estimates used in relation to the impact of acquisitions.

Purpose: It is an indicator of what proportion of revenue must go towards financing operational requirements and short-term debt obligations.

Net debt

Definition
Net debt comprises; external borrowing facilities utilised including finance leases, cash and overdrafts held in bank accounts and the fair value of related hedging instruments/arrangements.

Closest equivalent IFRS measure: Cash less borrowings and related derivative financial instruments

Adjustments to reconcile to IFRS measure: Analysis shown in note 20.

Purpose: It is a useful measure of the strength of the Group's balance sheet position and is widely used by credit rating agencies. Net debt is also used to track against available credit facilities to ensure that the Group can continue to pay creditors when falling due. It is an important metric used in strategic decisions over allocation of Group resources.

Net debt to EBITDA

Definition
Ratio of net debt (as defined above) amended to average foreign exchange rates in the period excluding derivatives to adjusted EBITDA (as defined above) annualised for acquisitions.

Closest equivalent IFRS measure: No direct equivalent

	Year ended 31 March 2018 £m	Year ended 31 March 2017 £m
Net debt (note 20)	1,139.2	1,049.1
Amendment to average FX rates for the period	41.7	(36.6)
Add back derivatives included in net debt	16.6	36.8
Net debt for banking covenants (A)	1,197.5	1,049.3
Adjusted EBITDA	590.3	441.4
Impact of acquisitions*	1.3	104.9
Adjusted EBITDA annualised for acquisitions (B)	591.6	546.3
Net debt to EBITDA (A/B)	2.0x	1.9x

* The impact of acquisitions in 2017 has been updated from initial estimates used in the prior year calculation of 1.8x.

Purpose: This is a measure of net debt to the underlying profit generation to assess the return from cash invested in the Group. This metric is used within bank covenant calculations for compliance with debt facilities.

Other

Enterprise value
This is calculated as market capitalisation plus net debt.

FTE
FTE refers to full-time equivalent employees.

Market capitalisation
The total value of all Group shares calculated as total number of shares multiplied by the closing share price at year end.

RPI
RPI refers to Retail Price Index.

Gearing
This is calculated as net debt divided by net assets

Dividend cover
This is adjusted basic earnings per share divided by the total year dividend declared.

CORPORATE RESPONSIBILITY

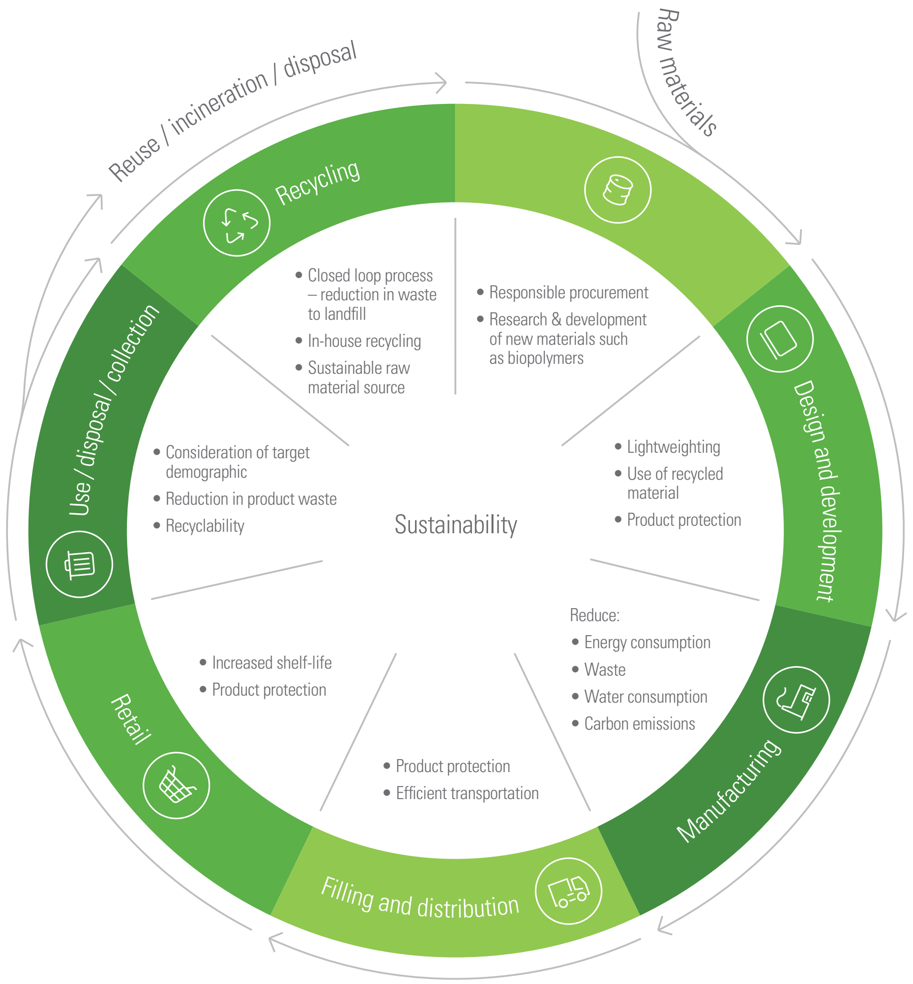
As a plastics converter, RPC has greatest control over the earliest stages of the plastics product lifecycle; raw materials, design and development and manufacturing. However the influence of actions at these stages reaches far beyond our manufacturing boundaries. RPC aims to have a positive impact on all stages of the lifecycle on the environment, our employees and communities in which the business operates.

This section sets out our approach to doing business responsibly through the lens of our key stakeholders including our shareholders, employees, customers, suppliers and the wider community.

At present the Group has limited formal central policies in respect of RPC's employees, human rights, social matters or the environment. Due to the decentralised nature of the Group many of these issues are covered at a divisional or site level. Part of the implementation of an enhanced governance framework includes the adoption of a number of additional policies and procedures in these and other areas that will provide a consistent base level of compliance going forward.

Further information and examples of our approach will be found in our forthcoming RPC Responsibility Report.

The plastic product lifestyle



Our direct environmental impacts

RPC's environmental strategy is delivered throughout the business units by a dedicated Sustainability Group who implement and oversee initiatives. As an energy intensive business, RPC has a major focus on reducing energy consumption, with considerable steps being made over the years to do so.

RPC also looks to manage and reduce consumption of water, which is a key resource used in the cooling processes. In terms of waste, a number of sites are working towards zero waste to landfill and have a specific focus on minimising plastic pellet waste into the environment.

Energy efficiency

The manufacturing process to convert plastic is by nature energy intensive which represents both a considerable cost to the business and the majority of direct environmental impact from the Group's business.

This year the Group kWh/tonne electricity consumption, which includes full year impact of previous acquisitions, was 1,508, 23.3% lower than the previous year. Excluding the impact of the new acquisitions Letica and bpi the Group has improved energy consumption as a result of continued focus and investment in more energy efficient production.

RPC is continually working to improve the energy efficiency of manufacturing processes through projects ranging from lighting alterations to replacing older manufacturing machines with more energy efficient models and the purchasing of renewable energy. Nearly one fifth of RPC sites have now been accredited to ISO 50001 Energy Management System, a part of which requires sites in the UK to put in place a plan to reach energy reduction targets of 1.5% per year between 2015 - 2020.

Although energy efficiency and the reduction of electricity usage per tonne is a major focus of the Group, there are a number of areas that offset Group improvements. The Group strategy to lightweight packaging, for example, adversely affects the electricity KPI as the same amount of energy is required to run the processing machines, but with a lower throughput of materials. Lightweighting benefits are however seen at other stages of the packaging lifecycle such as reduced raw material consumption and lower transportation impacts.

Water efficiency

Water is an important part of the manufacturing process, primarily as a cooling agent. RPC aims to reduce the impact on the environment by monitoring how much water is used for each tonne of product manufactured to ensure that water usage is kept to a minimum. Improvements have been made across the Group to reduce water usage or to reuse it within a closed loop system which reduces evaporative losses. Going forward, the Group is implementing new programmes to identify and fix water leaks and wastage across all business operations.

Water usage has improved as a result of acquisitions which have a lower average consumption than the rest of the Group. The Group excluding acquisitions has recorded a slight increase as a result of some one-off water leaks, installation and testing of new cooling systems and Health & Safety initiatives requiring more stringent hand washing requirements across some sites.

Waste and recycling

Polymer is a valuable resource and manufacturing sites operate at a high efficiency in terms of salvaging raw materials. Any material that cannot be reused is segregated and collected for recycling. The same applies to many other materials that are handled throughout the Group such as scrap metal, cardboard boxes / tubes, wooden pallets and shrink wrap. A number of manufacturing facilities are certified as zero waste to landfill or are working towards this. RPC are also a signatory to Operation Clean Sweep®, an industry initiative to reduce plastic pellet leakage into the environment.

Distribution

To further reduce the environmental impact of the Group, RPC is focused on ways of improving distribution, for example, by increasing full loads of deliveries, identifying areas where back loads could be used in the transport network so that vehicles are not empty on return journeys and coordinating logistics within geographic regions.

23.3%
Reduction in reported energy consumption in 2018

The Group is implementing new programmes to identify and fix water leaks and wastage across all business operations.

CORPORATE RESPONSIBILITY CONTINUED

The circular economy and end-of-life solutions

A circular economy as opposed to a linear economy (make, use, dispose) is one in which resources are used efficiently to extract maximum value. These resources should then be recovered and regenerated into new products or materials at the end of their lifecycle.

The unique characteristics of plastics allow them to make a strong contribution to resource efficiency. Plastic products are light weight, versatile, durable and recyclable and contribute to energy and resource savings in many markets. RPC supports the view of a circular economy in its requirement to be more resource efficient and increase plastic recovery and recycling. The Group works collaboratively on products and programmes such as the Ellen MacArthur Foundation New Plastics Economy to further develop innovations in this field.

The Group's desire to improve the performance of the plastic products it manufactures at its facilities does not end when the item leaves manufacturing sites. RPC has taken a proactive stance with customers in designing plastic packaging and products to optimise reuse and recyclability as well as to ensure end-of-life collection.

The use of post-consumer recyclate (PCR) and post-industrial recyclate (PIR) diverts end-of-life plastic from landfill and also reduces energy demand in comparison with the sourcing of virgin raw materials. If it doesn't make economic or environmental sense to recycle then the Group supports energy recovery from plastics through waste incineration.

Greenhouse gas emissions reporting

Methodology	Included Activities	Emissions
Emissions were calculated on an operational control approach using 'The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard' with additional guidance and emissions factors derived from DEFRA and DECC's 'UK Government conversion factors for Company Reporting' and the IEA's CO_2 emissions from fuel combustion.	Greenhouse Gas (GHG) emissions from the purchase of electricity and combustion of fuel.	Absolute emissions have increased due to significant acquisitions during 2016/17 financial year. Despite the increase in absolute emissions the intensity ratio has decreased in 2018. This is due to the Groups continued focus and investment in more energy efficient production.

	Tonnes of carbon dioxide equivalent (CO_2e)	
	2018	2017
Scope 1 emissions (Fuel combustion)	**29,881**	20,828
Scope 2 emissions (Electricity)	**743,526**	552,919
Total GHG Emissions	**773,407**	573,747
Intensity ratio:		
Tonne of CO_2 per £1m of revenue	**206**	209

Through acquisition the Group now operates recycling facilities that guarantee the value of plastic is maintained for second-life applications and ensures that circular economy practices are encompassed by the business.

Litter and marine litter is also an area of increasing focus within the plastics industry and therefore for RPC. As well as working to design products in line with circular economy principles the Group supports work on litter through the various organisations and trade associations that it is a member of.

Employees and ethics

RPC aims to act responsibly and with integrity, respecting the laws and regulations of all the countries within which it operates as well as internationally accepted standards of responsible business conduct. High standards of professional and ethical conduct are required from all employees, officers, directors and third parties who work with the Group and the current Code of Business Conduct is available and can be read in full on the website www.rpc-group.com.

Code of conduct

All RPC businesses are expected to operate with policies and procedures which are consistent with the Group's values and standards. The Code of Conduct covers honest and ethical conduct, conflicts of interest, treating customers fairly, respecting the rule of law and specifically outlines the Group's zero tolerance approach to bribery and corruption.

RPC does not employ any child, as defined in the International Labour Organisation Convention, or forced labour in any of its operations.

Human rights

All businesses within the Group are supportive of human rights and are expected to comply with the relevant legislation, including that relating to the workplace of the jurisdiction or country in which they operate.

The Group recognises that it has a responsibility to ensure that human rights are upheld in the supply chain. Whilst this is generally located in the countries or regions of operation, RPC aims to engage with suppliers who source products or materials from at risk countries to promote compliance with relevant local legislation.

CASE STUDY

Rebecca's success is SILVER-LINED

The Silver, Gold and Platinum Leadership Programmes at RPC are a key part of our management development training, helping to bring forward the next generation of senior managers. RPC bpi protec Finance Director Rebecca Skade has recently completed the Silver Programme and it proved the ideal support for her promotion from Financial Controller.

"I have always liked to be challenged throughout my career so the opportunity to take up this new role was ideal but it was equally important that I felt ready and prepared for my new responsibilities," she explains.

"As well as providing me with a broad insight into many other business disciplines in addition to my own area of expertise in finance, what was equally beneficial about the programme was the chance to work with other managers from all parts of the Group. I now have a network of contacts with whom I can share experiences, discuss issues and seek advice."

The Silver Programme covers a wide range of subjects including finance, human resources, marketing, operations, strategy, leadership and project management. Participants are also asked to complete a special project on a chosen topic.

"One thing I have always liked about my time at RPC is the fact that the company values individual's opinions and is supportive of decisions made," says Rebecca. "This was equally true of the Silver Programme, where I decided that instead of focusing my project on a business topic, I wanted to explore the issue of mental health in the workplace – and again, the company was happy to run with this proposal."

A senior position within the company is inevitably time-consuming. Rebecca has an equally busy life outside work, with keep-fit and exercise particular hobbies. She has run marathons, undertaken triathlons and was keen not to have to give up these activities. "As part of your career development, I think it is essential that you continue to challenge yourself in your personal as well as your professional life," she explains. "RPC shares this view and wants to ensure I can achieve an effective work-life balance."

Looking to the future, Rebecca intends to continue her professional development through the Leadership Programme.

For the first ten years of my career, I tended to move jobs every two to three years in order to find my next challenge. However, after four years with RPC I have no intention of looking elsewhere for a new goal – everything I want from a career is here and I just have to go out and get it!"

Rebecca Skade
Finance Director, RPC bpi protec

CORPORATE RESPONSIBILITY CONTINUED

UK gender pay gap

RPC was pleased to publish its Gender Pay Gap report in April 2018 for the 12 months to April 2017. The regulations provide an opportunity to communicate the commitments and the initiatives that the Group are taking to increase female representation throughout RPC. As a business the aim is to promote diversity. The culture and the everyday operations are gender neutral, however, the industry which the Group operates within is largely male dominated and females are underrepresented, especially in engineering roles. As an organisation, the aim is to make RPC a more diverse and inclusive place to work.

Based on the UK Government's methodology, RPC has a median gender pay gap of 15.9% across all RPC Group employees in the UK. This is lower than both the UK average overall as well as for those companies operating in the manufacturing sector.

Females only represent 31% of the overall workforce at RPC. The organisation needs passionate and talented individuals with a diversity of views that drive innovation and there is commitment to achieving an increase in female representation in the following ways:

Increasing female graduate and apprentice applications

RPC invests in staff and provides a range of appropriate training – this starts at the very beginning of employee's careers. Building the pipeline of women starts by increasing female representation at the apprentice level by making the RPC brand better known to female school leavers. 31 apprentices have been through the academy since 2013 – only two of whom have been female. However, this is already improving. In total for 2017, of the 46 apprentices hired across the RPC Group, 15% were female. This also applies to graduates – there is a need to ensure the Group is attracting top female graduate talent by partnering with universities and colleges to create a brand and culture that is attractive. Launched in 2018, the International Graduate Development programme looks to develop an effective recruitment strategy using multiple sources and aims to further build the employer brand.

Overall gender balanced recruitment

Ensuring that RPC attracts the right talent is crucial and retaining a commitment to gender balanced recruitment is important. It is believed that achieving a stronger gender balance will bring benefits, and the organisation continues to review how it can deliver stronger female representation through recruitment and accelerated development.

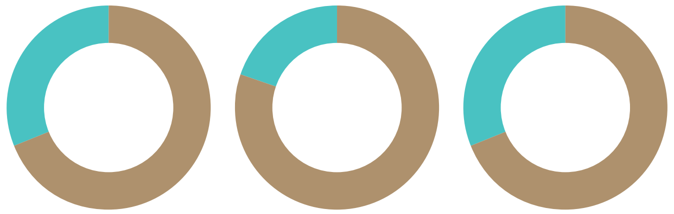
Training and development of our existing staff

Employees need to be given the right skills to progress through the organisation and believe that there is no perceived glass ceiling for advancement. The Group's talent development programmes are significant in making this happen. Efforts are being made to build the next generation of leaders through five programmes including Silver, Gold and Platinum relating to individual level in the organisation. The development programmes focus on identifying high potentials and creating a talent pool to get people ready to attain the next level. RPC is entrepreneurial, customer focused and fast growing, factors which are supported and enabled by workforce diversity. The organisation remains committed to building the future talent pipeline.

Gender diversity

The Group promotes equal opportunities for all present and potential employees and does not discriminate on grounds of colour, ethnic origin, age, gender, race, religion, political or other opinion, disability or sexual orientation. The gender diversity of the Group at Board, senior management and organisation level at is shown below. Whilst there is not currently a formalised Group policy on diversity these principles are well understood and practiced throughout the organisation.

In common with the approach adopted by the Board there is no current provision made for the setting of targets on any diversity grounds at any level of the organisation although this will be kept under review and consideration given to those recommendations set out in both the Hampton Alexander and Parker reports.



	Board	Management	All employees
Male	6	259	17,185
Female	2	63	7,683

Anti-bribery and corruption

RPC has a zero tolerance policy towards bribery and corruption in its worldwide business operations, whether in the public or private sector. Its Anti-Bribery policy applies to all employees of the Company and its subsidiaries as well as third party business partners where they are acting on behalf of the Group, including (but not limited to) agents, consultants, distributors and joint ventures. It extends to all business transactions in all countries in which the Group operates.

Modern slavery

The Modern Slavery Act 2015 introduced changes in UK law that focused on increasing transparency in company supply chains. Its principal purpose was the consolidation of existing criminal offences relating to modern slavery (including slavery, servitude, forced and compulsory labour and human trafficking), provide law enforcement agencies with enhanced tools to address the issue and increase protection for victims.

The Board has approved an appropriate slavery and human trafficking statement that reflects RPC's particular risk profile, the complexity of its supply chains, and the industry and jurisdictions where it operates. The full statement can be found on the Group's website.

Customers and suppliers

The Group seeks to be honest and fair in its relationships with customers and suppliers, to provide customers with standards of product and service that have been agreed and to pay suppliers and sub-contractors on agreed terms.

It is Group policy to maintain accreditation to the quality management standard ISO 9001 and encourage operating units to gain accreditation to any specific standards required by the markets served or by customers such as the British Retail Consortium and Institute of Packaging (BRC / IOP) Food Packaging Standard.

CASE STUDY

NURTURING TALENT through apprenticeships

Woody Kamara arrived in Germany from Sierra Leone in 2011 speaking no German. Six years later he has completed his apprenticeship in mechanics and plastics with RPC Promens Vehicles in Hockenheim, Germany; passed his exams with flying colours – including winning an award as the top apprentice in chemistry; and has now embarked on a degree (B.Eng.) in mechanical engineering at Baden-Württemberg Cooperative State University.

Such dedication and commitment are exactly the qualities that RPC's apprenticeship programme seeks to nurture, allowing our trainees to develop and grow through the entrepreneurial spirit that promotes and encourages career advancement through the company.

This support, and the extensive training he has received, have been critical to Woody's impressive career development. "I have been very fortunate to have been able to take part in numerous projects and seminars, both internal and external," he confirms.

One important aspect of Woody's recent award is that it recognises social skills and engagement as well as technical knowledge. Woody has always demonstrated a helpful and positive attitude at work and has been involved in many different projects. In addition, he is a great ambassador for RPC's apprenticeship programme. He was part of a group of apprentices who visited a number of job fairs in the region to promote career opportunities at RPC, helping to organise the stand and create information leaflets.

He also took part in a project with the local chamber of commerce, training as an 'Energy Scout' to identify ways to reduce energy costs within an organisation. This included giving a presentation to representatives from many local businesses. He is part of RPC Hockenheim's 'hazard hunting team' to ensure a safer working environment at the factory – yet still finds time outside work to act as a children's football coach, as well as playing the game himself.

After completing his apprenticeship, Woody became a Production Co-ordinator before starting his degree course last October. During the three years of the course, he will spend six months at university and the other six working at RPC Hockenheim.

"The support I have received from all my colleagues within RPC Hockenheim has played an important part in helping me to achieve my goals, both during my apprenticeship and now my university studies," concludes Woody.

After university, I am looking forward to becoming an engineer with the company and hope I can continue to progress and make a contribution to the company's ongoing success."

Woody Kamara
Apprentice, RPC Promens Vehicles

CORPORATE RESPONSIBILITY CONTINUED

RPC works with some of the largest suppliers of polymer in the world and as such, takes comfort from the policies and practices these companies have in place to uphold human rights and manage their environmental impacts in a similar manner to the Group.

For instance, the EU Chemicals policy known as REACH (Registration, Evaluation and Authorisation of Chemicals) came into force in June 2007. It has a direct impact on the plastic supply chain, including RPC as a plastic converter. Example substances that are covered under REACH guidelines that could be used along the plastic supply chain include monomers and pigments.

RPC demands that all suppliers are compliant with EU REACH regulations; before agreeing business, a supplier must confirm compliance with these regulations and this may even be written in to the supplier contract.

Health & Safety

The Group Health & Safety policy, the direction of which is set out by the Board, acts as a guide to all business units who strive for a continuously improving safety culture which safeguards those who work within, for or who visit their sites. In addition, compliance with local legislation is expected from every site and where RPC's requirements exceed local legislation, all sites must attain this standard as a minimum.

The Health & Safety culture is founded on the belief that each employee can make the workplace safer and that in doing so, can build both knowledge and habitual safe behaviour which can keep them and their loved ones safer outside of work.

RPC understands that industrial processes are prone to safety hazards and therefore encourages employees to recognise, identify, report and resolve hazards as this not only removes the hazards but also builds a culture of safe working.

Safety – 'It's in Our Hands'

RPC's approach to safety is built around a set of basic requirements in all areas of operations from Safety Principles to RPC Blue safety audit requirements which define the standards with which all business units must strive to comply.

Overlaying Group standards is a positive safety culture which is based around the firm belief that everyone in the Group is responsible for his or her own safety and that of all others in the business. Each year the Group's Safety Week focuses on safety, health and wellbeing with an emphasis on community and family. It involves the whole Group and aims to cover annual training, as well as making a permanent change for wellbeing and safety practices within the business. RPC's 2017 Safety Week slogan 'Safety. It's in Our Hands' builds on the view that all employees own the safety of all sites and that everyone can positively affect the safety of the workplace, keeping ourselves, colleagues and visitors safe.

RPC's accident rate has significantly reduced over time however the Group firmly believes it can continue to reduce the number and severity of accidents as everyone works together to build a culture of interdependence.

Health & Safety in practice

From the moment one approaches an RPC site, it is clear that safety is important. Signs giving a positive safety message and up to date safety statistics, for example the number of days since the last reportable lost time accident and the previous record, communicate the Group's safety aspirations.

Every site meeting begins with health and safety and focuses on hazards raised in the last 24 hours and any specific safety issues or observations. Safety forums, made up of representatives from throughout the business, shape the way RPC approach safety at each site, helping to devise and implement the annual safety improvement plan. The Group has an annual 'Safety Climate Survey' in which everyone in the business has the opportunity to give their opinion on how well they feel the Group is doing in building a safe business. The data at site, division and Group level is shared in order to improve areas where aspirations are not currently being met.

Management and members of the safety forums carry out regular safety tours, putting time aside on site to focus entirely on safety where people work. This involves observing how people work, discussing their ideas and concerns and committing resources to making it better.

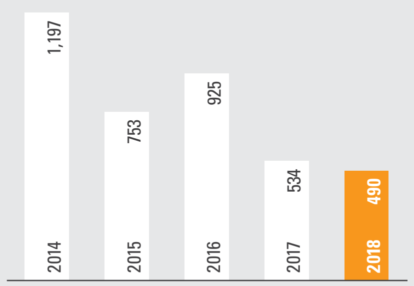
Accident statistics

The Group shows an improving trend in the Reportable Accident Frequency Rate (RAFR) (defined as the number of accidents resulting in more than three days off work, excluding accidents where an employee is travelling to or from work, divided by the average number of employees, multiplied by 100,000) of 490, a sustained improvement on the result of last year.

Reportable accident frequency rate

-8%

490



Communities

Developing and maintaining good relations with the local communities in which we operate is important to us, and our decentralised operating structure means that individual business units and manufacturing sites are able to work closely with local causes and charities of their choice.

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CASE STUDY

Adding RECYCLABILITY to a popular format

One of the key design requirements for new packs is to ensure that they are fully recyclable. Nevertheless, any solution still has to fulfil a number of other essential requirements, such as convenience and functionality. The Doy Pack sealed pouch has become a highly popular pack format in recent years – its stand-up and easy open properties are particularly appreciated by consumers and the same stand-up ability also provides great opportunities for retail display.

However, the manufacture of many of these packs incorporate laminates, and this means that they are difficult to recycle.

The solution to this problem is the new X-EnviroPouch from RPC bpi protec, which is produced solely from polythene film and is therefore fully recyclable. This modern consumer pack format retains all the convenience benefits of a Doy Pack, including the availability of a prestoclose seal that enables it to be re-closed, and is ideal for a wide variety of applications.

For manufacturers and retailers, X-EnviroPouch can be specified with a gloss or matt print finish while allowing aesthetically-pleasing designs to be created to customers' bespoke formats to maximise brand image and on-shelf impact.

"Our new X-EnviroPouch is an exciting development and is an integral part of our commitment to create products and develop appropriate working practices that help to protect the environment and support the requirements of the circular economy."

We believe that with X-EnviroPouch we have created a modern consumer pack format and an environmentally-sustainable packaging solution, ideal for a wide variety of applications."

Sue Mohan
Sales Director, RPC bpi protec

CORPORATE RESPONSIBILITY CONTINUED

Non-financial information statement

It is the aim of RPC Group to fully comply with the Non-Financial Reporting requirements that are contained in sections 414CA and 414CB of the Companies Act 2006. The table below is intended to clearly show all users of the Annual Report and Accounts with details how this has been achieved. All policies referenced below, their operation and consideration of any outcomes are monitored as part of the Group's internal governance processes. Further information can be found in the Governance and Risk Management sections of the Annual Report.

Reporting requirement	RPC policies, procedures and standards	Section of Annual Report	Sub-section of the Annual Report
Environmental matters	Environmental policy statement	Investment proposition, pages 3 & 7	
		Our marketplace, pages 13 – 15	Sustainability and the natural environment, page 13
		Our business model, pages 16 – 19	Plastics and Responsibility, page 17
		Strategy, pages 20 – 25	Enhancing the waste collection process, page 34
		Corporate responsibility, pages 52 – 61	Our direct environmental impacts, page 53
Employees	Code of Business Conduct	Investment proposition, pages 2 – 7	Our people, page 6
	Health and Safety Policy	Our business model, pages 16 – 19	Our people, page 17
		Corporate responsibility, pages 52 – 61	Employees and ethics, page 54
			Code of conduct, page 54
			Case study, page 55
			Gender diversity, page 56
			Case study, page 57
			Health and Safety, page 58
Human rights	Code of Business Conduct	Corporate responsibility, pages 52 – 61	Code of conduct, page 54
	Modern Slavery Statement		Human Rights, page 54
		Corporate responsibility, pages 52 – 61	Modern Slavery, page 56
Social matters	Code of Business Conduct	Corporate responsibility, pages 52 – 61	Communities, page 58
Anti-corruption and anti-bribery	Anti-bribery policy	Corporate responsibility, pages 52 – 61	Anti-bribery and corruption, page 56
Policy embedding, due diligence and outcomes		Risk management, pages 28 – 32	
Description of principal risks and impact of business activity		Investment proposition, pages 2 – 7	
		Our marketplace, pages 13 – 15	
		Our business model, pages 16 – 19	Plastics and responsibility, page 17
		Risk management, pages 28 – 32	Polymer resin, page 18
		Corporate responsibility, pages 52 – 61	Our direct environmental impacts, page 53
Description of the business model		Our business model, pages 16 – 19	
Non-financial key performance indicators		Key Performance Indicators, pages 26 – 27	

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CASE STUDY

Skincare range CARES for the environment

In the development of packs manufactured in new materials such as bioplastics, the challenge is to maximise their environmental benefits while still producing a solution that is completely fit for purpose. This is exactly what has been achieved by the range of flexible tubes from RPC M&H Plastics for Bulldog Skincare for Men, which use plastic derived from sugarcane. Bulldog is the first men's skincare brand in the world to feature this raw material.

We have always tried to make the most ethical and sustainable decisions we can, from never testing on animals, to never using microbeads to making all our products suitable for vegetarians and vegans."

Plastic from sugarcane is the latest step in this approach and we are delighted to have worked with M&H Plastics to turn Green PE into something we can use in the tubes and caps of our packaging."

Simon Duffy,
Founder of Bulldog Skincare For Men

The 'Green' polyethylene is created by farming sugarcane on sustainable land in Brazil, thousands of kilometres from the Amazon rainforest.

While being cultivated, the sugarcane captures CO_2 from the air as it grows, meaning that with every kilogram of Green Plastic produced 3.09 kilograms of CO_2 are removed from the air. Once grown, the sugarcane is transformed into "ethanol", a type of alcohol, which is used by Bulldog's partner Braskem to create Green Plastic.

The tubes are then manufactured by RPC M&H Plastics using this instead of fossil fuel-sourced material. Importantly, the packs maintain the performance characteristics of traditional polyethylene.

A further environment benefit is that the sugarcane is often planted on degraded pasture land which in turn helps to recover the soil for future use as general farmland or to plant another crop of sugarcane.

CHAIRMAN'S INTRODUCTION

"I am pleased to introduce the Governance section of this year's Annual Report. The maintenance of an appropriate governance framework that supports the Group's long-term strategic objectives is a key responsibility of the Board. In this report and those of the principal committees that follow, we explain how we applied the principles of the Financial Reporting Council's ('FRC') UK Corporate Governance Code (the 'Code'), published in April 2016, during the year as well as providing key information regarding RPC's Board of Directors and the Company."

Jamie Pike
Chairman

Overview of 2018

This year has seen a large amount of activity in terms of legal and regulatory developments most notably proposals around changes to corporate governance. The government's response to the Green Paper on corporate governance reform that had been originally published in November 2016 led to a comprehensive review of the Code by the FRC, the proposals of which were released in December of last year.

The Board has been kept informed as these events have unfolded during the year and therefore whilst this year's compliance and governance report has been assessed and produced against the existing Code, the Board is in the process of considering the impacts and actions required to achieve compliance with the new Code when it is finalised and published in the summer.

Revised governance framework

RPC, like other companies continues to operate under an increasingly complex array of laws, regulations and best practice. There is a growing and consistent requirement for companies to be able to demonstrate not only their compliance in these areas, but also be in a position to show how this compliance has been achieved. As a result of this and the increase in scale of RPC, both organisationally and geographically over the last few years, the Board completed a review of the Group's governance arrangements in order to ensure that RPC continued to meet all of its obligations in this area.

The review looked at RPC's existing policies, procedures and processes and resulted in a number of recommendations that were reviewed and approved by the Board in March 2018. Work is now fully underway to complete the implementation of these recommendations as well as updating existing policies and procedures where necessary.

Board Changes and planning for succession

The Board remains firmly committed to addressing those challenges that arise as part of the governance of a large organisation. Focus remains firmly on ensuring that we have a Board that will work effectively and collaboratively and that possesses the correct balance of skills and experience to provide the right stewardship for the Group, now and in the future.

Martin Towers, who has been a non-executive director and Chairman of the Audit Committee since 2009 will be stepping step down from the Board at the Annual General Meeting ('AGM') in July 2018. This reflects the Board's consideration and compliance with those requirements of the Code covering a non-executive director's length of service and their ability to continue in their role with a necessary level of independence. I am extremely grateful to Martin for his support and contribution over the last nine years and, on behalf of the Board, wish him well for the future.

Kevin Thompson, currently the Group Finance Director at Halma plc, was appointed on 7 September 2017 and assumed responsibilities for chairing the Audit Committee at the beginning of 2018. Lynn Drummond, the current Chair of the Remuneration Committee, will take over the role of Senior Independent Director, subject to her re-election, following the AGM. The change means that we will need to appoint an additional non-executive director to join the Board who will take over Lynn's current responsibilities for remuneration as the Company head into a full review of the Remuneration Policy in the Autumn. It is envisaged this process will be started as soon as possible. Further information on the search and appointment processes in respect of both of these changes can be found in the Nomination Committee report on page 72.

As in previous years all other directors, with the exception of Kevin Thompson who will be seeking election, will be seeking re-election at this year's AGM and full details can be found in the separate circular containing the Notice of AGM ('Notice').

Remuneration

Further information can be found in the Directors' Remuneration report on pages 78 to 90 but having listened to our shareholders, and as announced on 19 July 2017, the Remuneration Committee reviewed the operation of the Company's various incentive plan structures, within the existing shareholder-approved Remuneration policy. The outcomes of this review have led to a number of changes to the construct of performance conditions for incentive awards to be made in the financial year ending 31 March 2019. I am pleased to say that investors were broadly supportive of the direction we have taken and I am hopeful this will continue as we embark on a full review of the Remuneration policy in the autumn for submission to the AGM in 2019.

Compliance statement

The Board has considered and is of the view that the Group has complied with the provisions of the Code throughout the year ended 31 March 2018.

Jamie Pike
Chairman

6 June 2018

BOARD OF DIRECTORS AND COMPANY SECRETARY

Jamie Pike N*

Non-executive Chairman

Term of office:
Appointed as non-executive Chairman on 23 July 2008.

Experience:
Jamie joined Burmah Castrol in 1991 and rose to become Chief Executive of Burmah Castrol Chemicals before leading the buy-out of Foseco in 2001 and its subsequent flotation in 2005. He was Chief Executive of Foseco plc until it was acquired by Cookson Group plc in April 2008. He is currently non-executive Chairman of Spirax-Sarco Engineering plc. Jamie was formerly non-executive Chairman of both Tyman plc and Ibstock plc and a non-executive director of RMC Group plc, Kelda Group plc and the Defence Support Group. He was also Chairman of a US plastics recycling business, MBA Polymers Inc and Lafarge Tarmac Holdings Limited.

Simon Kesterton

Group Finance Director

Term of office:
Joined RPC on 1 April 2013 and was appointed Group Finance Director with effect from 1 May 2013.

Experience:
A member of the Chartered Institute of Management Accountants, Simon's career in finance began in the engineering and manufacturing industry in the 1990s and developed into leading financial roles in British Federal and the European business of automotive supplier Collins & Aikman Inc. In 2006 he was appointed Chief Financial Officer of IAC Group Europe headquartered in Düsseldorf, and in 2011 as Chief Strategic Officer, European CFO and director of IAC Group Global until August 2012. IAC Group is an international, multi-billion dollar, leading tier 1 supplier of automotive components and systems.

Drs. Pim Vervaat

Chief Executive

Term of office:
Joined RPC as Finance Director on 1 November 2007 and was appointed Chief Executive with effect from 1 May 2013.

Experience:
Pim joined Dutch metals producer, Hoogovens Groep in 1987 and held various finance positions in the Netherlands, Germany and Belgium before working for Dutch ship propulsion producer Lips Group as Chief Financial Officer in 1996. In 1999 he returned to Hoogovens Groep (acquired by Corus) and in 2004 became Finance Director of the £3bn turnover Corus Distribution and Building Systems Division. During this time Pim also chaired the Supervisory Board of a Norwegian joint venture, Norsk Stal. He is the Senior Independent Director and Chairman of the Audit Committee of Avon Rubber Plc.

Martin Towers A R N

Senior Independent Director

Term of office:
Appointed as an independent non-executive director on 1 April 2009 and Senior Independent Director with effect from 1 April 2012.

Experience:
A Fellow of the Institute of Chartered Accountants in England and Wales, Martin began his career with Coopers & Lybrand (now PwC). Appointed Group Finance Director of McCarthy & Stone plc in 1990 and subsequently, Group Finance Director of The Spring Ram Corporation plc, Allied Textile Companies plc and Yorkshire Group plc. Martin was also Group Finance Director of Kelda Group plc from 2003 until its takeover in February 2008. He was Chief Executive of Spice plc from June 2009 until its sale in December 2010.

He is non-executive Chairman of Norcros plc, Restore plc, and Tyman plc, where he was previously the Audit Committee Chairman and Senior Independent Director.
He was previously a non-executive director of Homestyle Group plc from 2004 to 2006 becoming Audit Committee Chairman, Senior Independent Director, a non-executive director and Chairman of the Audit Committee of KCOM Group PLC between 2009 and 2015.

Key

- A Audit Committee member
- R Remuneration Committee member
- N Nomination Committee member
- • Denotes Committee Chairman

Dr Lynn Drummond A R* N

Independent
Non-executive Director

Term of office:
Appointed as an independent non-executive director with effect from 16 July 2014, Lynn is Chair of the Remuneration Committee.

Experience:
Lynn was a Managing Director at NM Rothschild & Sons Ltd until 2010, having joined the investment banking division in 1994, establishing and growing the advisory / M&A practice in the pharmaceutical and life sciences sector. She previously worked in the Cabinet Office as Private Secretary to the Chief Scientific Adviser.

Lynn is currently the non-executive Chair of consumer healthcare company Venture Life plc. Previous appointments include non-executive director of Shield Therapeutics Limited and Iron Therapeutic Holding AG, non-executive director and member of the Audit and Nomination Committees at Consort Medical plc, non-executive director of Allocate Software plc, and non-executive Chair of InFirst Healthcare Limited.

Dr. Ros Rivaz A R N

Independent
Non-executive Director

Term of office:
Appointed as an independent non-executive director with effect from 30 March 2017.

Experience:
Ros is Senior Independent Director at Computacenter plc where she is Chair of the Remuneration Committee and a member of the Audit and Nomination Committees. She is a non-executive director of Convtec Group plc, where she is a member of the Nomination and Remuneration Committees and Boparan Holidngs Limited, where she is a member of the Audit and Remuneration Committees.

She also serves on the Board and Remuneration Committee of the MoD Defence Equipment & Support group. Ros was previously a non-executive director and Chair of the Remuneration Committee at Rexam plc until the completion of its acquisition by Ball Corporation on 30 June 2016. Ros served as Chief Operating Officer of Smith & Nephew plc and has held senior management positions at Exxon, Diageo, ICI and Tate & Lyle in the areas of supply chain management, logistics, manufacturing, IT, procurement and systems.

Prof. Godwin Wong N

Non-executive Director

Term of office:
Appointed as a non-executive director with effect from 16 July 2014.

Experience:
Godwin is a Business professor on MBA programmes at various universities including Mannheim Business School, Germany and the University of California, Berkeley.
He has lectured internationally in Executive MBA and other executive training programmes and was appointed Chief Expert Adviser for economic development, strategies and management by the Beijing City Government. Godwin has also been adviser to various companies, government organisations and institutional entities in the USA, Germany, Hong Kong, China, Asia, Russia and Ukraine. He has served on the Board of Directors of a number of US banks and other companies and was a director of Ace Corporation Holdings Ltd until its acquisition by RPC Group Plc.

Kevin Thompson A* R N

Independent
Non-executive Director

Term of office:
Kevin was appointed as independent non-executive director on 7 September 2017 and is Chairman of the Audit Committee.

Experience:
A Fellow of the Institute of Chartered Accountants in England and Wales, Kevin began his career with Price Waterhouse (now PwC). Kevin is currently Group Finance Director of Halma plc, a position he has held since 1998. Halma is a decentralised FTSE 100 manufacturing and technology business that has an established track record of delivering strong growth over the long-term both organically and through acquisitions.

Nick Giles

Company Secretary

Term of office:
Appointed as Company Secretary on 31 March 2016.

Experience:
Before joining RPC, Nick was Corporate Services Director and Company Secretary at Dialight plc, and was previously Company Secretary at Charter International plc, Corporate Secretariat Manager at Allied Domecq plc and Assistant Company Secretary at Emap plc. He is Secretary to the Board and its principal Committees.

CORPORATE GOVERNANCE

The role of the Board

The Board is principally concerned with the overall leadership, strategy and development of the Group in order to promote success for the benefit of its stakeholders as a whole within a framework of effective controls which enable risk to be assessed and managed. The Board sets the Group's strategic objectives, ensures that the necessary resources are in place to meet those objectives, reviews management performance and ensures that high ethical standards of behaviour are followed.

In its decision-making processes, the Board takes into account the likely consequences of any decision in the long term, the interests of the Group's employees, relationships with suppliers and customers, and the impact of the Group's operations on the community and the environment and maintaining RPC's reputation for high standards of business conduct.

A formal schedule of matters reserved for the Board includes:

- approval of the Group's objectives, strategic plans and annual budgets;
- authorisation of material acquisitions, disposals, capital investments, credit facilities, contracts and transactions;
- approving changes to the Group's capital structure, listing, legal and organisational structure;
- approval of financial reports, dividend policy and communication with shareholders and the market;
- monitoring the Group's management, operating and financial performance;
- review of risk assessments and the effectiveness of internal controls;
- responsibility for Board membership and appointments, directors' remuneration and contracts and remuneration policy; and
- Group corporate governance and approval of Group policies.

Matters not specifically reserved for the Board and the day-to-day operations of the Group are delegated to management.

The Board has appointed Audit, Remuneration and Nomination Committees all of which complied with the provisions of the Code during the year. Copies of the terms of reference for all Committees are available from the Group's Company Secretary at Sapphire House, Crown Way, Rushden, Northamptonshire NN10 6FB (Registered Office) or can be found on the Group's website at www.rpc-group.com.

The Board meets at least six times each year with at least one meeting being combined with a visit to one of the Company's local sites, providing an opportunity to meet the local management teams and see different parts of the business. One meeting a year is also dedicated to the discussion of Group strategy. The number of Board and Committee meetings held during the year and attendance by their members is given in the table on page 68. Those directors who are unable to attend a meeting receive the agenda and meeting papers and provide the Chairman with their comments in advance of the meeting. Divisional Chief Executives are invited to present to the Board on divisional strategy and other key aspects of their business from time to time.

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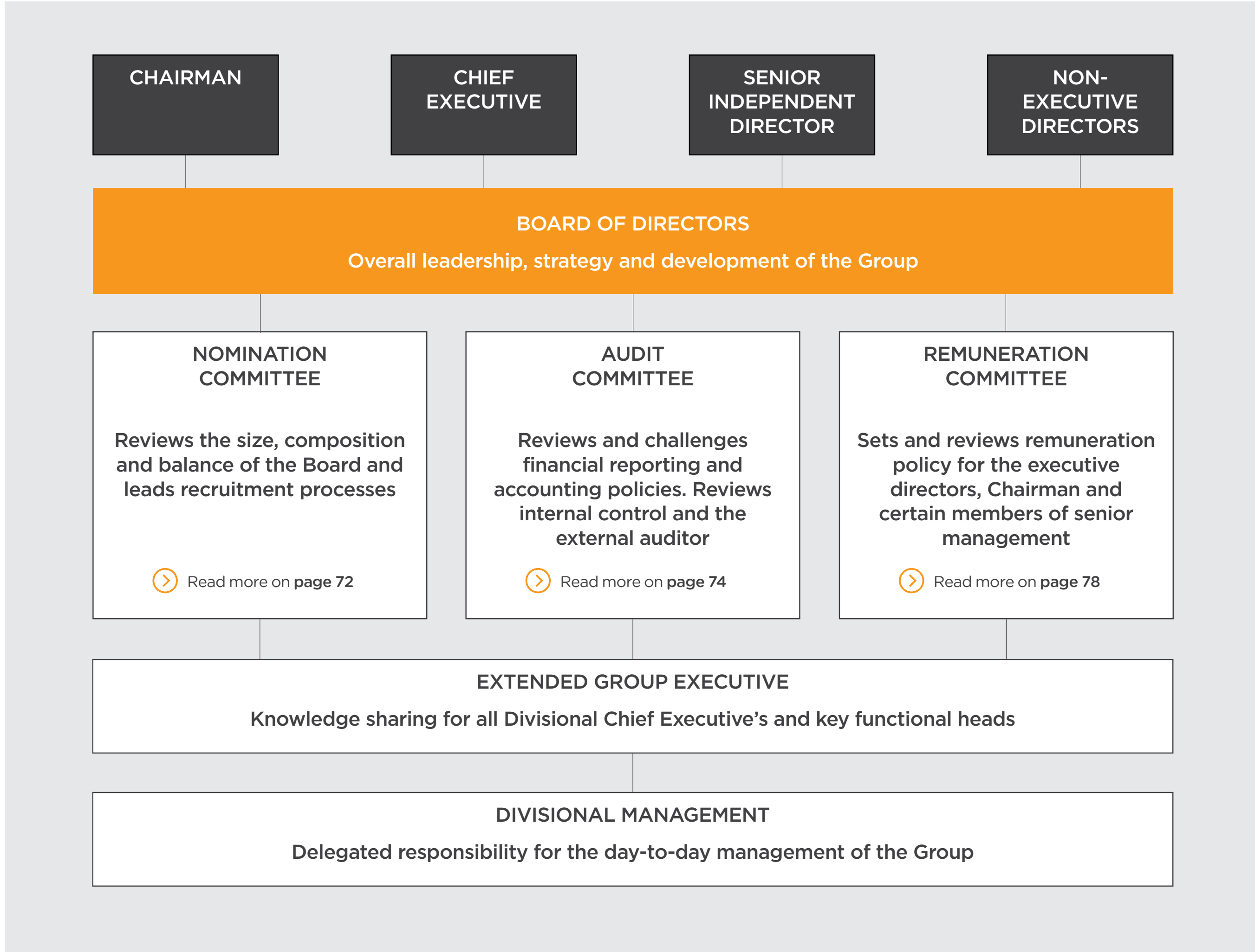

Division of responsibilities

Chairman and Chief Executive

The roles of the Chairman and the Chief Executive are clearly defined and set out in a written statement on the division of responsibilities that has been approved by the Board.

Jamie Pike, as Chairman, is primarily responsible for the leadership and effective running of the Board and its decision-making processes, for setting the highest standards of integrity and probity, its agenda and the style and tone of Board discussions. The Board considered that on appointment, Jamie Pike met the independence criteria set out in provision B.1.1 of the Code. The Board is satisfied that Jamie's other commitments do not interfere with the performance of his duties for RPC.

During the year the Chairman informally discussed a number of matters with the other non-executive directors without the executive directors present.

Pim Vervaat, Chief Executive, is responsible for the day-to-day running of the Group's business, except for matters specifically reserved for the Board as a whole. He develops and proposes Company strategy and commercial objectives in consultation with the Board, and implements decisions of the Board and its Committees.

The Senior Independent Director

Martin Towers was the Senior Independent Director throughout the year under review and up to the date of this report. As part of his role Martin was available to meet with major shareholders on request and to enable shareholders to voice any concerns that cannot be raised through the normal investor communication channels of Chairman, Chief Executive or Group Finance Director. Martin has also provided support for the Chairman on Board matters as and when necessary.

As previously noted and subject to her re-election at the AGM in July, Lynn Drummond will be taking over the role of Senior Independent Director when Martin leaves the Board. Details concerning her appointment can be found in the Nomination Committee report on page 72. Following these changes, it was agreed that Martin and Lynn would jointly manage the annual evaluation of the Chairman's performance.

CORPORATE GOVERNANCE CONTINUED

	Board	Nomination Committee	Audit Committee	Remuneration Committee
Jamie Pike	7/7	1/1	N/A	N/A
Pim Vervaat	7/7	N/A	N/A	N/A
Simon Kesterton	7/7	N/A	N/A	N/A
Martin Towers	7/7	1/1	3/3	5/5
Lynn Drummond	7/7	1/1	3/3	5/5
Ros Rivaz	6/7	1/1	3/3	5/5
Kevin Thompson*	4/4	0/0**	2/2	3/3
Godwin Wong	7/7	1/1	N/A	N/A

* Appointed 7 September 2017.

** No meetings of the Nomination Committee were held beyond date of Kevin's appointment and 31 March 2018.

The non-executive directors

At the date of the completion of this report the Company has five non-executive directors, whose role, alongside their general duties and responsibilities, is to:

- constructively challenge and help develop proposals on strategy;
- scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- ensure the integrity of financial information and that financial controls and systems of risk management are robust and defensible;
- determine appropriate levels of remuneration of executive directors and have a prime role in appointing, and where necessary, removing executive directors and in succession planning;
- uphold high standards of integrity and probity and support the Chairman and the other directors in instilling the appropriate culture, values and behaviour in the boardroom and beyond;
- insist on receiving high-quality information sufficiently in advance of Board meetings; and
- take into account the views of shareholders and other stakeholders where appropriate.

Effectiveness

Board Composition and Independence

There are a total of eight directors on the Board. Biographical details, Committee memberships and significant external commitments are shown on pages 64 and 65. Changes to such commitments are reported to the Board as they arise.

Kevin Thompson was appointed to the Board on 7 September 2017 and took over as Chairman of the Audit Committee on 1 January 2018.

The non-executive directors bring valuable knowledge, a broad range of experience and strong, independent character and judgement to the Board's decision-making process. Excluding Godwin Wong, the Board remains of the view that all other non-executive directors can be considered independent under the Code. It is the view of the Board that Godwin Wong does not meet the material business relationship criteria for independence under Code provision B.1.1. as he was a director and business adviser to Ace Corporation Holdings Ltd which was acquired by RPC on 2 June 2014. There are no other relationships or circumstances which are likely to affect, or could appear to affect, the directors' judgement.

Non-executive directors are appointed to the Board for terms of three years (or less), subject to annual re-election, but the Board may terminate their appointment without notice or compensation at any time. The Board is responsible for the appointment or, subject to effective performance and commitment, re-appointment of non-executive directors and for setting the level of fees they receive in return for their services. A rigorous review of performance, taking into account the need for progressively refreshing the Board, is conducted when a non-executive director is proposed for re-appointment on completion of two terms of three years. Non-executive directors may not normally serve longer than nine years.

Although the Company's Articles of Association (the 'Articles') contain provisions governing the election and re-election of directors, the Board has adopted a policy of annual re-election in accordance with the provisions of the Code. Consequently, all the directors in office at the date of this report, excluding Martin Towers, will submit themselves for election, in the case of Kevin Thompson, or re-election, in the case of all others, on an individual basis at the forthcoming AGM.

The Board confirms that each director seeking election or re-election at this year's AGM, continues to be effective and demonstrates independence of character and judgement and commitment to the role. Therefore their election or re-election is recommended by the Board.

What the Board did during the year

Governance, internal controls and risk

- Principal risks
- Health & Safety
- Corporate governance reform
- Regulatory/legal updates
- AGM resolutions and voting
- Board evaluation
- General Data Protection Regulation

Financial performance

- Annual and Half Year results and dividends
- Market and broker updates
- Capital structure and funding
- Annual budget
- 3 year plan
- Defined benefit pension liabilities

Strategy and other Board matters

- Strategy
- Board composition
- Key investments including acquisitions

The Remuneration Committee has the responsibility for approving executive directors' service contracts. Details of these are given in the Directors' Remuneration report on page 78. Copies of executive directors' service contracts and terms and conditions of appointment for non-executive directors are available for inspection at the Registered Office and prior to the AGM.

Directors' conflicts of interest

Under the Companies Act 2006 (CA 2006), a director must avoid a situation where he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests – a 'situational conflict'. This is in addition to a duty to disclose any interest in an existing or proposed transaction or arrangement with the Company – a 'transactional conflict'. In accordance with the CA 2006, the Articles contain a provision giving directors who have no interest in the matter, authority to approve such situational conflicts where appropriate.

A formal system and guidance for reporting any situational conflicts of interest to the Chairman and Company Secretary has been established in addition to the existing duty to notify the Board of any transactional conflicts. Situational conflicts are considered by those directors who have no interest in the matter and they may impose conditions on any authorisation given. Situational conflicts considered by the Board and any authorisation given are recorded in the Board minutes and a register of directors' conflicts of interest. In addition to the notification and authorisation system, the register of directors' conflicts of interest is reviewed annually.

Activity during the year

The Board considers a number of regular standing items at each meeting. These include reports from the Group Chief Executive and the Group Finance Director as well as updates on Health and Safety, integration programmes, strategy, corporate development and investor relations. The Company Secretary provides information on important legal and governance developments to assist the Board in satisfying their duties.

The Board will also consider specific items as circumstances dictate, including those that are considered important for the successful management of the business and to satisfy the obligations of the Board.

In May 2017, the Board held its annual 'away day' meeting at RPC bpi agriculture in Belgium. This site had been acquired in 2016 as part of the acquisition of British Polythene Industries PLC. The Board had a detailed and informative tour of the site, along with presentations from key members of the local management team.

CORPORATE GOVERNANCE CONTINUED

Information and development

The Board is provided with relevant information on the activities of the Group in a timely manner and in a form and of a quality to stimulate debate which enables the Board to discharge its duties. There is a procedure for directors to take independent professional advice at the Company's expense, where necessary. In addition, all Board members have access to the advice and services of Nick Giles, the Company Secretary.

Nick is responsible to the Board for ensuring that procedures are followed, applicable rules and regulations are complied with and for providing appropriate advice on all governance matters. Under the direction of the Chairman, the Company Secretary's role also includes ensuring good information flows within the Board, its Committees and between executive and non-executive directors as well as facilitating the induction of new members to the Board as required.

All newly appointed directors receive a formal induction program that is tailored to their requirements. This ensures that they are fully aware of and understand the obligations of their role pursuant to law, relevant regulation and best practice as well as providing individuals with a detailed insight into the Group's business and operations.

Directors will receive key information concerning the role of the Board and those matters reserved for its decision, terms of reference and membership of the Board's Committees, corporate governance policies and procedures and the latest financial information about the Group. This is supplemented by meetings with key individuals in the wider business including the executive directors and members of the Extended Group Executive as well as through visits to operating locations with the opportunity to meet local management. Directors are continually updated on the Group's business, the competitive and regulatory environments in which it operates, corporate responsibility and sustainability matters and other changes affecting the Group, its markets, manufacturing technology, processes and the industry at scheduled Board meetings or on an ad-hoc basis as necessary.

Since joining the Board in September 2017 Kevin Thompson has spent time with the majority of the Group's Divisional management teams including in depth tours of facilities to provide real insight into the operations and structure of the business.

Access to training allows directors to develop their understanding of key issues and to keep up to date with relevant legal and regulatory developments at the Company's expense. The Chairman is responsible for ensuring that the directors keep their skills and knowledge and their familiarity with the Group up to date in order to be able to fulfil their roles on the Board and Committees. The Company Secretary also briefs the Board on corporate governance matters and relevant changes to corporate laws and regulations where necessary, as well as facilitating professional development by circulating details of and arranging attendance at seminars if required. Executive directors may also attend seminars on topics of particular relevance to their roles. Board training sessions provided by the Group's lawyers are planned for the coming year. These intend to give all members of the Board a summary of current topics as well as provide further information into some areas of particular relevance or concern.

Performance evaluation

The Board conducts an annual review of its performance and that of its Committees as well as the individual directors. As is required under the Code an externally facilitated review was undertaken by Independent Audit Limited (IA) during the year ended 31 March 2016 with internally arranged reviews through bespoke questionnaires being carried out in intervening years. IA did not have any other connection with the Company.

Evaluation for Year Ended 31 March 2017

In common with previous years, for the year ended 31 March 2017 it was agreed that the Board would utilise the online "Thinking Board" evaluation system, developed by IA for the Board, the Audit, Remuneration and Nomination Committees and individual directors. This entailed the anonymous completion of online questionnaires containing bespoke questions on key thematic areas.

The questionnaires that were used were similar to those used when the exercise was undertaken in 2015, in order to enable comparisons to be made and progress to be monitored. All directors were asked to complete the questionnaires in respect of the Board and the Committees. No other respondents below Board level asked to participate on this occasion.

The directors also completed online self-assessment questionnaires in respect of their own performance which were provided to the Chairman for his review.

Evaluation for Year Ended 31 March 2018

The Board is in the process of completing questionnaires containing bespoke questions on key governance areas in respect of the year under review. The Board intends to review the results at a meeting later in the year.

The next externally facilitated Board evaluation exercise will be conducted, in accordance with the Code, in respect of the year ending 31 March 2019.

Investor relations

RPC is committed to maintaining an effective dialogue with existing institutional and private investors. The Group website www.rpc-group.com/corporate/investors allows access to Company information, Annual Reports and results presentations. Directors, normally the Chairman, Chief Executive or Group Finance Director, hold regular meetings with institutional investors at which the Group's past performance and strategy may be discussed. An Investor Relations Director was appointed during the year in order to provide additional focus on investor relations issues and support for the executive directors. Private shareholders can raise questions through the Investor Relations Director or the Company Secretary.

Market Communications

The Board is aware of its obligations under the Disclosure Guidance and Transparency Rules (DTR) and the Market Abuse Regulations. RPC continues to publish trading updates following the removal of the requirement to provide interim management statements.

All announcements that have been made by the Company and published through the Regulatory Information Service can be found at http://www.rpc-group.com/corporate/investors/regulatory-news.

Board Communications

The Board is provided with brokers' reports, surveys on shareholders' views and feedback from shareholder meetings at regular intervals. The Chief Executive and Group Finance Director report on all investor relations activity that has taken place between Board meetings and details on the Company's share register and major shareholders is included with the papers at scheduled Board meetings.

Investor Meetings

During the year the Chairman has discussed RPC's governance and strategy with major shareholders and reported any issues or concerns raised at these meetings to the Board. Non-executive directors have the opportunity to attend meetings with major shareholders and expect to attend meetings at their request. Contact with institutional investors, financial analysts, brokers and the press is controlled and procedures are in place to ensure the proper disclosure of inside information in compliance with the appropriate laws and regulations.

Annual General Meeting

The Notice of the AGM and related papers will be sent to shareholders at least 20 working days before the meeting. All directors attend the AGM if at all possible and therefore in normal circumstances the Chairs of the Audit, Remuneration and Nomination Committees are available to answer questions.

Information incorporated by reference

The Chairman's introduction on page 62, the Audit Committee report on pages 74 to 77 and the other statutory information section on pages 91 to 93 are incorporated into this corporate governance statement by reference.

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NOMINATION COMMITTEE REPORT

This year has been one of focus on the replacement of Martin Towers as both a member of the Board but also as Chairman of the Audit Committee and Senior Independent Director. I am confident that Kevin and Lynn will provide the qualities and levels of service required in their respective roles over the coming year and beyond."

Jamie Pike
Chairman of the Nomination Committee

Composition

The Nomination Committee (the 'Committee') comprises Lynn Drummond, Ros Rivaz, Kevin Thompson, Martin Towers and Godwin Wong and is chaired by Jamie Pike. As the majority of these are considered to be independent non-executive directors, the Committee is fully compliant with the Code. The executive directors, HR Business Partner and other members of senior management attend meetings of the Committee by invitation only when appropriate and the Company Secretary, or his appointed nominee, acts as Secretary. All members of the Committee, with the exception of Kevin Thompson, who joined the Board on 7 September 2017, served on the Committee for the full year.

Principal responsibilities

The terms of reference of the Committee require meetings to be held at least twice a year and thereafter as circumstances dictate. The number of meetings held during the year and the attendance of members of the Committee are shown in the table on page 68. Only one physical meeting was actually held during the year. It was agreed by the Committee that key business concerning the decision in relation to the appointment of Kevin Thompson would take place through a written resolution of the Committee.

The main responsibilities of the Committee are to:

- review and make recommendations to the Board on the structure, size and composition of the Board;
- give full consideration to succession planning for directors and other senior managers;
- evaluate the balance of skills, knowledge and experience of the Board;
- prepare a description of the role and capabilities required for a particular appointment;
- identify and nominate for the approval of the Board, candidates to fill Board and senior management vacancies as and when they arise;
- annually review the time required from non-executive directors and evaluate the membership and performance of the Board and its Committees; and
- recommend the re-appointment of non-executive directors and re-election of directors.

Activities

During the year the Committee led a process to appoint an additional non-executive director as a replacement for Martin Towers who would step down from the Board at the 2018 AGM, following the completion of nine years service in accordance with the requirements of the Code.

The Committee will generally engage the services of independent external search consultants when recruiting for Board level roles. On this occasion, the Committee chose to use Korn Ferry, and worked alongside them to prepare a description of the role and capabilities required for the preferred candidate. Following the completion of this process, Kevin Thompson was appointed to the Board and its Audit Committee with effect from 7 September 2017.

Having been successful in finding and appointing a replacement for Chairman of the Audit Committee, the Committee turned its attention to naming a new Senior Independent Director. The Committee considered the benefits of both an internal and an external appointment.

Further to a number of discussions the Committee agreed that Lynn Drummond, who has been on the Board since 2014 and is the current Chair of the Remuneration Committee, would take over as Senior Independent Director at the conclusion of the AGM on 18 July 2018, subject to her re-election by the shareholders. The change means that RPC will need to appoint an additional non-executive director to join the Board who will take over Lynn's current responsibilities for remuneration as the Company head into a full review of the Remuneration Policy in the Autumn. It is envisaged this process will be started as soon as possible.

The Committee reviewed and updated its terms of reference in accordance with best practice at its meeting in May 2018 and these can be found on the Company's website or are available from the Company Secretary at the Registered Office. The terms of reference will be reviewed on an annual basis to ensure they remain relevant and up to date.

Succession planning

The Committee reviews the size, composition and balance of the Board each year and recommends any changes for the directors to consider. Despite its relatively small size, the Board comprises directors with a wide range of managerial, professional and academic experience from accounting, finance and consultancy to manufacturing, engineering, supply chain, logistics, IT and systems, pharmaceuticals and healthcare. Between them the directors have experience of doing business in the UK, Europe and in the USA, South America, India and the Far East.

Of the directors in office at the date of this report, one is Dutch and another is a Chinese US national and there are both male and female members of the Board. The Board has endorsed a policy on diversity, including gender, recommended by the Nomination Committee.

The Committee considers plans for the succession of directors and senior managers, including the identification of internal managers who may, with the appropriate development of skills and experience, be suitable for more senior positions in due course with the appropriate development of skills and experience.

Diversity

The policy currently recommended by the Committee and endorsed by the Board is that the search for Board candidates will continue to be conducted and appointments made on the basis of merit and the most appropriate experience against objective criteria in the best interests of shareholders. In selecting candidates due regard will be given to the benefits of different nationalities, experience in a variety of business sectors and European and global markets and diversity on the Board, including gender.

Information concerning the Group's approach to diversity throughout the wider organisation can be found in the Corporate Responsibility section of the Strategic Report on page 52.

Although the policy makes no provision for target setting on either gender or ethnic grounds, current female representation, with Lynn Drummond and Ros Rivaz as non-executive directors, on the Board is currently around 29%. Although this is short of the targeted 33% representation for FTSE 350 companies by 2020 set out in the Hampton-Alexander report, the Committee feels that RPC is consistent with a number of the report's other recommendations. Further consideration will be given to satisfying the additional requirements in both this and the Parker report.

Korn Ferry are a signatory to the Standard Voluntary Code of Conduct for Executive Search Firms which sets out steps they should follow across the search process, from accepting a brief through to induction. Since its launch following the Davies Review in 2011. This Code of Conduct has been refined and enhanced over time, reflecting learnings from search firms themselves, the independent review of its effectiveness in 2014 and the Hampton-Alexander and Parker reports in 2016. Korn Ferry provided no additional services and had no other connection with the Company.

Jamie Pike
Chairman of the Nomination Committee

6 June 2018

AUDIT COMMITTEE REPORT

I am looking forward to working with the Committee and the RPC management team to maintain high standards of corporate reporting, internal control, risk management and audit quality.”

Kevin Thompson
Chairman of the Audit Committee

Introduction

I am pleased to present this year's Committee report for the year ended 31 March 2018. This is my first report as Chairman of the Committee having taken over from Martin Towers who will be leaving the Board and the Committee at the Company's AGM in July 2018. My thanks go to Martin for his time and assistance in aiding a smooth transition as I have worked to assume responsibilities as Chairman and understand RPC.

Since joining RPC in September 2017 I have visited a number of our businesses including meeting the divisional management teams as well as those with key functional responsibility at the Group's head office in Northamptonshire.

I am looking forward to working with the Committee and the RPC management team to maintain high standards of corporate reporting, internal control, risk management and audit quality.

This report describes how the Committee has applied the principles of the Code, its work during the year, its responsibilities and key tasks as well as its major areas of activity and key considerations for the financial year ended 31 March 2018.

The Committee has covered a wide range of different issues during the year. Engagement with the Financial Reporting Council (FRC) on a number of items in our 2017 Annual Report has, in many respects reflected internal work that has been ongoing. This has included the introduction of new accounting standards as well as disclosures in relation to Alternative Performance Measures. This is all part of the Company's improvement in its external disclosure in recent years and it is my intention that this will continue.

The terms of reference of the Committee have been subject to review and a revised set was approved by the Committee in May 2018. These reflect the key changes that flowed out of the publication of the Code in 2016 as well as the FRC Guidance on Audit Committees (2016). An updated Internal Audit Charter has also been approved by the Committee.

The financial year ending 31 March 2019 will see the Committee working hard to ensure all aspects of its remit are firmly embedded within the organisation and that it satisfies those duties and responsibilities contained within the new terms of reference. The implementation of an externally managed and fully independent whistleblowing service, as part of the enhanced governance framework, is something that marks a real step forward.

On behalf of my colleagues on the Committee I can confidently say we are all committed to the continuing allocation of our time in order to understand both the business and the external requirements to ensure we remain in a position to satisfy our obligations and meet the needs of the Group.

Key responsibilities

The main responsibilities of the Committee are to:

- monitor the financial reporting process including the integrity and clarity of the financial statements of the Company and review any significant financial reporting issues and judgements which they contain;
- review and challenge where necessary the consistency of and changes to accounting policies, the methods used to account for significant and unusual transactions and consider whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements;
- approve the external auditor's terms of engagement including their remuneration, audit plan and scope of the audit and review with them the results of their audit and any control issues raised;
- review the effectiveness of the external auditor and their independence and objectivity;
- consider and make recommendations to the Board on the external auditor's terms of appointment, reappointment or removal;
- monitor and review the effectiveness of the Group's internal control and risk management systems and review the Group's procedures for detecting fraud and its systems and controls for the prevention of bribery and receive reports on non-compliance;
- review the Group's arrangements for its employees to raise concerns about possible wrongdoing in financial and other matters; and
- monitor and review the effectiveness of the Group's internal audit function, approve the appointment and removal of internal auditors, review and approve their remit, review and assess internal audit plans, review internal audit reports and monitor management's responses to recommendations.

Composition and governance

Along with myself, current members of the Committee include Lynn Drummond, Ros Rivaz and Martin Towers. All members of the Committee are considered to be independent pursuant to the Code and were appointed to the Committee by the Board following recommendations by the Nominations Committee. Whilst all other directors, the Chairman, the executive directors and Godwin Wong are not members of the Committee, they attend meetings by invitation along with the Head of Internal Audit, members of the Group finance function and the external auditors as appropriate. The Committee holds meetings with the external auditor without members of management present on at least two occasions each year. The Company Secretary, or their appointed nominee, acts as Secretary of the Committee.

The Committee comprises individuals from a wide range of managerial, professional and academic experience from accounting, finance and consultancy to manufacturing, engineering, supply chain, logistics, IT and systems, pharmaceuticals and healthcare. Combined with their experience of doing business in the UK, Europe and in the USA, South America, India and the Far East the Board has confirmed that as a result they are considered to be collectively competent in the sector in which the Company operates. I am currently the Group Finance Director of Halma plc and am considered by the Board to have recent and relevant financial experience necessary for this role.

My colleagues on the Committee all served throughout the year. I joined RPC and the Committee on 7 September 2017 but became Chairman at the beginning of January 2018. The effectiveness of the Committee is reviewed on an annual basis by both the Board and the Committee itself.

The Committee meets at least three times each year and otherwise as circumstances dictate. The number of meetings held during the year and attendance of members at Committee meetings are shown in the table on page 68.

Activities during the year

The Committee met on three occasions during the year. The meetings in the year, together with the May 2018 meeting, dealt with the following matters:

	May 2017	November 2017	January 2018	May 2018
Financial reporting and significant judgements				
Full year results announcement	✓			✓
Half year results announcement		✓		
Going concern report	✓	✓		✓
Viability statement	✓			✓
Correspondence with the Financial Reporting Council				✓
External audit				
Review and consideration of auditors Full Year report	✓			✓
Review and consideration of auditors Half Year report		✓		
Management representation letter	✓	✓		✓
Evaluation of external audit function, objectivity and independence	✓			✓
Reappointment recommendation to Board	✓			✓
Fees for audit	✓		✓	✓
Fees for non-audit activities	✓	✓	✓	✓
External audit plan			✓	
Separate meeting with external auditor	✓	✓	✓	✓
Internal audit				
Review of internal controls & risk management	✓	✓		✓
Internal audit update	✓	✓		✓
Evaluation of internal audit function	✓	✓		✓
Internal audit plan			✓	
Other				
Review and adoption of new terms of reference				✓
New Accounting Standards (IFRS 9, IFRS 15 and IFRS 16)			✓	✓
Alternative Performance Measures			✓	✓
Non-Financial Reporting Regulations			✓	✓
Tax Update			✓	
UK Corporate Governance and other compliance	✓		✓	✓

External auditor

PricewaterhouseCoopers LLP (PwC) were appointed as external auditor on 15 July 2015 and the current audit partner is Mark Smith. Resolutions to appoint PwC as the auditor of the Company and to authorise the directors to determine the auditor's remuneration will be proposed at the forthcoming AGM in July 2018.

AUDIT COMMITTEE REPORT CONTINUED

Auditor objectivity, independence and non-audit fees

The Committee has conducted a detailed review of non-audit fees paid to the external auditor and reviewed monitoring and approval procedures during the year. It is satisfied that the level of fees for non-audit services has not impaired auditor objectivity and independence based on the principles adopted in the Group policy on the engagement of the external auditor to supply non-audit services. Under the policy, the auditor may not be engaged to audit their own work, make management decisions for the Group, have a mutual financial interest with the Group or be put in the role of advocate for the Group. Prior approval of the Committee is required for non-audit services where the fees are likely to exceed specified limits both for individual assignments and in the aggregate. Certain clearly trivial allowable non-audit services have been pre-approved by the Committee. Total fees incurred in respect of non-audit services as defined under the policy were £0.2m for the year under review. This figure represents 9% of the total audit fee for the year and included, amongst other matters, work in relation to internal restructuring, due diligence and pensions. Further details of the amounts payable to the external auditor during the year for audit and other services are set out in note 3 to the financial statements.

A revised policy on non-audit fees was considered and adopted by the Committee at its meeting on 30 May 2018. This fully reflects the recommendations set out in the FRC's Guidance on Audit Committees (2016) and the requirements of the FRC's Revised Ethical Standard (2016). In line with these the external audit firm will only be appointed to perform a non-audit service when this appointment would be consistent with the requirements and overarching principles of the Ethical Standard (2016) and when its skills and experience make it the most suitable supplier.

External auditor effectiveness

In addition to its review of non-audit fees, the Committee undertakes an annual assessment of the external auditor, including matters that might have a bearing on their independence and objectivity and the effectiveness of their audit. The assessment takes into account the systems and procedures adopted by PwC and the results of an internal questionnaire which was widened in the 2018 financial year to ensure feedback from those individuals within the business that had a material amount of interaction with the external auditor was included. The outcomes of all parts of this assessment have not been fully completed but will be considered at the November meeting of the Committee. Subject to any additional comments, the Committee is satisfied that the external audit process is effective and that auditor objectivity and independence is properly safeguarded.

Financial reporting and significant financial judgements

The Committee is responsible for reviewing whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements in the preparation of the financial statements. In respect to the financial statements for the year ended 31 March 2018, the significant issues reviewed, and how these issues were addressed, are summarised below.

Presentation and disclosure of adjusting items

The Group classifies specific costs as adjusting items where they meet the Group's policy based on nature or size. Adjusting items are defined within the Group Accounting Manual, although the directors are still required to apply judgement in order to identify such items. Incorrect classification could lead to misinterpretation of the financial results. There has been a significant reduction in adjusting items for the year ended 31 March 2018 reflecting the reduced level of acquisition/integration activity in the year, as well as finalisation of the major reorganisation programme. All items have been treated consistently with prior years and are in accordance with Group policy.

Ace and Letica contingent consideration

The Committee has considered two acquisitions that have material contingent consideration and post-acquisition remuneration as part of its discussions concerning the financial statements. These include the contingent consideration in respect of Ace and Letica and are covered below:

Ace

The Committee has reviewed management's estimate of the contingent consideration that is likely to be payable in relation to the acquisition of Ace having reached the end of the earn-out period on 31 December 2017. The contingent consideration is due to be paid in June 2018 and negotiations on the final settlement are currently on-going. The Committee considered the decision of management to accrue for 30% of the earn-out, a figure that is down from 50% in the previous financial year.

Based on the performance of the business the earn-out would be settled at 13%, although there were potentially some add-backs to be negotiated that are based on changes in structure and activity. Management's current best estimate of the value of these add backs would take the payout to 30%.

Letica

The original earn-out period in respect of the Letica acquisition ends on 30 June 2019, although a revision to the earn-out target approach is currently being negotiated. The amount accrued at 31 March 2018 is $8m, which represents the current best estimate of the final settlement and also the time apportioned obligation. The Committee satisfied itself that the treatment is appropriate.

Interaction with FRC Corporate Reporting Review Team

The Company received a letter from the Conduct Committee of the FRC on 13 March 2018 that contained a number of questions to assist the FRC in understanding how RPC had satisfied relevant reporting requirements. The FRC Conduct Committee is a body appointed by the Secretary of State to review and investigate the annual accounts, strategic reports and directors' reports of public and large private companies for compliance with relevant reporting requirements. The areas where further information was requested included Alternative Performance Measures, cash flow statement, provisions, judgements and estimates and operating segments.

The letter and its requests was considered with the relevant members of the Group's finance team including the Group Finance Director and Group Controller prior to the preparation of a comprehensive response that was sent to the FRC on 19 April 2018. A follow up letter was received on 18 May 2018 which contained notification of the closure of a large number of the original points whilst asking for some further information. This letter has again been considered and an appropriate response was drafted and sent to the FRC on 28 May 2018.

Prior to receipt of the letter from the FRC, the Group had been considering how to enhance various aspects of its accounting and disclosure. This was particularly focused on those areas covered by the Thematic Reviews issued by the FRC in late 2017. The 2018 Annual Report includes a number of enhancements reflecting this process, as well as addressing the matters raised by the FRC Conduct Committee in their letter.

The FRC has requested that we advise shareholders that their review of the Annual Report for the financial year ended 31 March 2017, provides no assurance that the Annual Report is correct in all material respects, as its purpose is not to verify the information provided but to consider compliance with reporting requirements. As such the FRC and its officers, employees and agents accept no liability for any reliance on its review by third parties, including but not limited to shareholders and investors.

Risk management and internal control

The Group has well-established risk management and internal control systems and the Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The internal control systems are designed to meet the particular needs of the Group and to manage rather than eliminate the risk of failure to achieve business objectives. Such systems can only provide reasonable and not absolute assurance against material misstatement or loss.

Throughout the year and up to the date of approval of this Annual Report there has been in place an established, ongoing process for identifying, evaluating and managing the principal risks faced by the Group which has been regularly reviewed by the Committee and the Board, and is in accordance with the FRC Guidance on Risk Management, Internal Control and related Financial and Business Reporting published in 2014.

The key procedures in the Group's process for reviewing the effectiveness of internal controls are summarised below:

- There is a clearly defined Group management responsibility and reporting structure.
- The Group's objectives are reviewed as part of the strategic planning process and communicated throughout the Group. Objectives are set for the divisions and in turn the individual operating businesses as part of the strategy review process.
- A three year strategy review is prepared for the Board's consideration each year. This is appraised in the light of the strategic and other relevant risks and issues faced by the Group, the resources available and its objectives.
- Risk assessment and evaluation take place as an integral part of the Group's annual strategic planning cycle. The Group has a detailed risk management process, which identifies the key risks faced by the individual reporting entities and the Group as a whole and the actions and controls required to manage these risks. The process is reviewed each year to ensure it remains relevant to the business over time. The Board and Committee review this information as part of the internal control review.
- The directors are required to approve yearly financial budgets, including capital expenditure, for each of the Group's operating units. Performance against these targets is monitored monthly and reported at Board meetings. Reasons for divergences are discussed at Board meetings.
- Managers are responsible for the identification and evaluation of significant risks in their area of business, together with the design and operation of suitable internal controls. Through the use of risk registers, these risks are assessed on a continual basis.
- An annual review is performed on the effectiveness of the system of internal control. The internal audit function undertakes work to review the system of internal control at each operation visited and reports findings to management.
- Matters relating to internal control brought to the attention of management by the internal and external auditor are reviewed and any corrective actions to the internal control procedures are made in a timely manner.
- The Group operates an effective group reporting and consolidation system. Monthly reports, management accounts and key performance indicators are submitted by operating units and reviewed every month by senior management. Significant risks and internal control issues are considered, actions agreed and progress monitored regularly with reporting entities and, where appropriate, at executive and Board meetings.
- Operating units produce plans to improve controls relating to key risks and any significant weaknesses identified by Group executives in addition to other initiatives and ongoing actions in progress at the local or divisional level.
- An Internal Controls Committee, comprising senior finance managers in the Group, ensures that operating units respond to and implement internal control recommendations arising from internal and external audits.
- An interim report is reviewed by the Committee and the Board to monitor the operating units' progress against their plans to improve controls to ensure that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified. The report also includes updates on significant risks and other internal control issues.

The internal audit function has performed reviews at a number of the Group's sites during the year. In addition, the Group has identified a number of risks faced by the business, requiring particular attention to control and monitoring, and these are held in a Group risk register. Details of the specific risks that are seen as particularly important at the current time are given in the principal risks and uncertainties section on pages 28 to 32.

Internal Audit

The Group Internal Audit Manager is invited to attend Committee meetings as required. This has generally been where internal audit and internal control matters are considered and to report on the results of internal audits and progress on the implementation of recommendations directly to the Committee. During the year, the Committee approved the annual internal audit plan and the scope of audits. It also reviewed the results of audits and the internal audit resources in respect of the Group and considered and adopted a revised Internal audit charter at its meeting in May 2018. Further resource has been added to the internal audit function in order to continue to provide the required level of service and rigour. The function now comprises three full time members of staff and is assisted by Deloitte LLP who provide specific technical support on areas of internal audit that cannot be provided within RPC such as IT systems and Treasury functions as well as wherever else additional resources are required.

Fair, balanced and understandable

I am pleased to confirm that the Committee concluded, and made a recommendation to the Board that, taken as a whole, the Group's Annual Report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Statements of compliance

The directors confirm that they have carried out their annual review of the effectiveness of the system of internal control as it has operated throughout the year ended 31 March 2018 and up to the date of approval of the Annual Report. The directors also confirm that there were no weaknesses identified from the review that required remedial action.

The directors also confirm that during the year they have carried out a robust assessment of the principal risks facing the Group including those that would threaten its business model, future performance, solvency or liquidity.

The Committee carried out a review of the Group's Going Concern and Viability Statement and reported satisfactorily to the Board.

The Company confirms that it complied with provisions of the Competition and Markets Authority's Order for the financial year under review.

Kevin Thompson
Chairman of the Audit Committee

6 June 2018

DIRECTORS' REMUNERATION REPORT

Statement from Lynn Drummond, Chair of the Remuneration Committee

On behalf of the Board of Directors and my colleagues on the Remuneration Committee ('Committee') I am pleased to present the Directors' Remuneration report for the year ended 31 March 2018. This report complies with the 2006 Act, the Large and Medium-Sized Companies and Groups (Accounts & Reports) (Amendment) Regulations 2013 (the Regulations), the Code and the Listing Rules and consists of three main sections:

- this annual statement;
- the annual report on remuneration (the 'ARR') which will be subject to an advisory shareholder vote at this year's AGM in July; and
- a summary of the Directors' remuneration policy ('Policy'); approved by shareholders at the 2016 AGM.

2017/18 remuneration review and approach for 2018/19

As communicated with a number of our investors, and in response to investor feedback, this year we have reviewed the operation of our various incentive plan structures, within our shareholder-approved Policy.

This review included invitations to 30 of our shareholders to consult with us and I would like to express my thanks and appreciation for their constructive dialogue which has resulted in additional changes to the original proposals. Overall, investors were supportive of the direction we have taken for the financial year ending 31 March 2019 and have encouraged us to continue this journey with a detailed and comprehensive review of the Policy, ahead of its renewal at our 2019 AGM.

The key features of the approach for the coming year are as follows:

- Simplification – We have removed the "moderator" construct in both the Annual Bonus Plan (ABP) and the Performance Share Plan (PSP) and replaced it with a more typical "additive" structure, which is simpler and commonly seen in other listed companies in the UK.
- Use of Return on Capital Employed (ROCE) in the PSP – We have introduced Return on Capital Employed (ROCE) into the PSP, alongside total shareholder return (TSR) and earnings per share (EPS). As with the ABP, the use of the moderator has been removed and instead these measures will work alongside, but independently from each other. Under the new construct, 40% of the award will be subject to the Company's TSR performance against the FTSE 250 (excluding investment trusts), with 40% based on EPS performance and 20% based on ROCE. The use of return on net operating assets (RONOA) has been removed from the PSP, but given its prominence as a key performance indicator within the business, it has been included in the package within the ABP.
- Profits still important, but reduced emphasis – Under the ABP, the weighting on adjusted profit before interest and tax (PBIT) is reduced from 100% to 60%. Under the PSP, the weighting on EPS is reduced from two thirds to 40% and EPS now has equal weighting with TSR, both with 40%.
- Enhanced disclosures – Within this statement, I have included a section discussing how the Committee sets targets and assesses performance in relation to profit measures under the ABP and PSP, and how we ensure that management is only ever rewarded for good acquisitions.

In line with the above, the proposed approach to executive remuneration for the financial year ending 31 March 2019 can be summarised as follows:

- Salary increases in line with all employees – The average salary increase of 3% for the executive directors (2% for the Chief Executive and 4% for the Group Finance Director effective from 1 April 2018) is in line with average salary increases across the general employee population
- 2018/19 ABP – 60% adjusted PBIT, 30% free cash flow (FCF) and 10% RONOA
- 2018 PSP awards – 40% TSR, 40% EPS and 20% ROCE

The Committee believes that the Company has the right blend of measures across the package, providing sufficient counterbalance throughout. The use of these measures together, and across both our long and short-term incentive programmes, ensures management are consistently focused on delivering results and driving shareholder value for the medium and long-term.

Assessing performance and target setting

There are a number of points to highlight in respect of the way in which the Committee set targets and assess performance in relation to profit-based measures at the end of the financial year.

- We set stretching targets. Profit targets are set with reference to internal strategy plans, incorporating recent acquisitions, and referencing external analyst consensus forecasts and a wider view of macroeconomic factors which may act as a tailwind during the performance period. Management must have made good acquisitions and deliver on ambitious integration synergies.
- We use judgement in assessing performance and review multiple vesting scenarios to ensure we are comfortable with outcomes. When assessing profit performance we look at acquisitions on a case by case basis but generally include acquisitions made in the first half of the financial year and exclude acquisitions from the second half. However, the Committee reserves judgement in assessing performance and does not slavishly follow any formulaic approach or outcome. For example, despite the formal calculation being non-prescriptive on acquisition costs/profits (to allow for judgement) we still test performance with and without acquisitions to provide comfort that management are being rewarded only for successfully delivering results and not just for short-term earnings enhancing acquisitions. Over all recent vestings, the Committee has challenged itself to review the Company's results and how they translate into each PSP vesting profile or ABP outcome profile under multiple scenarios in order to ensure that management rewards are commensurate with the overall performance of the business.
- We are also careful not to disincentivise management from doing the right thing for the business and must continue to do so. The Committee are focused on continuing to incentivise management to do the right deal at the right time – this represents a key part of our business strategy as discussed with our investors. Buying businesses, integrating them into the Group and delivering synergistic benefits is an important part of our management team's role. The Board remains of the view that focusing on the right deal will continue to be a critical part of our strategy, and is of the view that alongside delivering great results in our heritage businesses, these actions will deliver shareholder value.

Remuneration outcomes for 2017/18

All decisions taken in respect of remuneration during the year were done so in accordance with the Policy that was adopted at the AGM in July 2016. The key decisions taken by the Committee included:

- 87.5% of the maximum opportunity was awarded under the ABP in respect of performance in the year ended 31 March 2018. Adjusted PBIT was £425m, which exceeded the maximum target of £420m. FCF was £229.2m, which was below the target of £239m and therefore the moderator was applied, reducing the bonus by 12.5%. ROCE was 14.8%, which was above the target of 13% and therefore no further reduction to the bonus was applied. 50% of the bonus will be deferred into shares for three years.
- 100% of the maximum will vest in respect of 2015 PSP awards, for which the year ended 31 March 2018 represents the final year of the 3-year performance period. Adjusted basic EPS has more than doubled from 35.4p in the financial year ended 31 March 2015 to 72.0p in the year under review. Growth of 26% per annum, is significantly in excess of the requirement for maximum vesting of CPI+12% per annum, and therefore there was full vesting under the EPS element. Absolute TSR performance of 80% over the 3 year performance period was in the top 20% versus the FTSE 250 (excluding investment trusts) and therefore there was also full vesting under the TSR element.

The Committee is satisfied that the total variable pay outcome is a fair reflection of the strong corporate and individual performance throughout the relevant performance periods. Further discussion is set out in our ARR on page 83.

On a related note, during the year, the Committee exercised its discretion to reduce the award sizes for the 2017 PSP awards to the Chief Executive and Group Finance Director. This was a one-off decision to reflect the environment at the time of the award and reflects our commitment to taking a responsible approach to executive pay. The Chief Executive's PSP award was reduced to 180% of salary (down from 200%) and the Group Finance Director's PSP award was reduced to 160% of salary (down from 175%).

AGM

I would like to thank shareholders for their continued engagement and feedback in respect of our remuneration arrangements and we look forward to receiving your support in respect of our ARR at the AGM on 18 July 2018.

Lynn Drummond
Chair of the Remuneration Committee

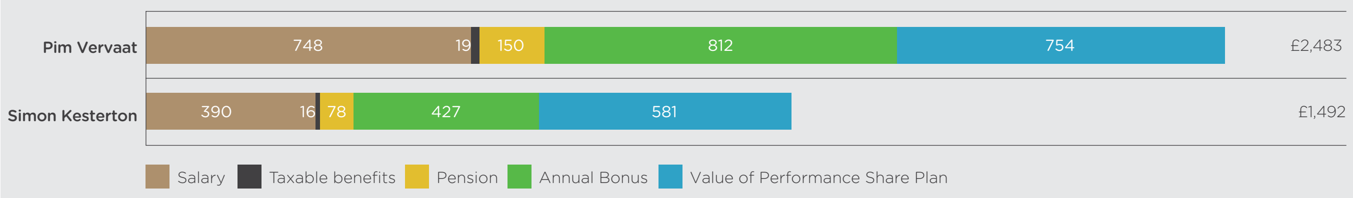
6 June 2018

DIRECTORS' REMUNERATION REPORT

2017/18 Remuneration at a glance

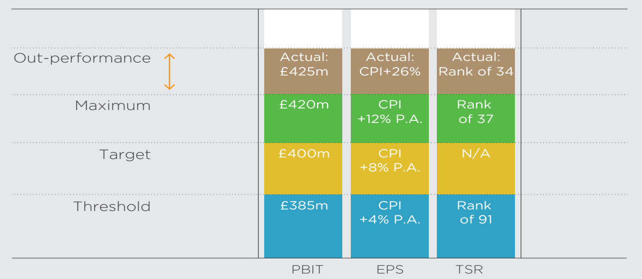
The Committee ensures that the majority of remuneration is made up of variable elements linked to stretching targets in alignment with our strategy.

Single figure remuneration outcome for 2018 (£'000)

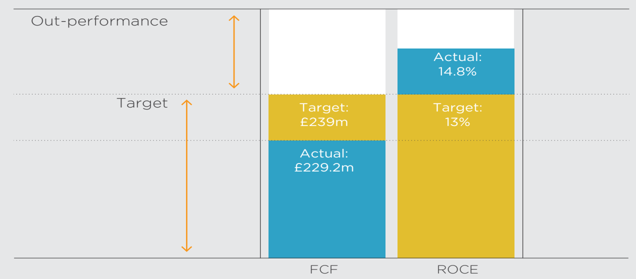


Key financial Metrics	Why relevant	Link to remuneration
Adjusted PBIT	Indication of the operating performance of the Group. Focuses on growing the profit levels of the business whilst maintaining a suitable profit margin.	60% weighting under the 2018/19 ABP
FCF	The Group needs to generate cash which can be used to expand the Group through acquisitions, make payments to access synergies, returns to shareholders through dividends and servicing of debt.	30% weighting under the 2018/19 ABP
RONOA	Is a key measure of the efficiency and utilisation of the assets used by the Group to generate profits. This is a vital measure of our operational management due to the decentralised structure of the Group.	10% weighting under the 2018/19 ABP
Adjusted basic EPS	Appropriately captures the impact of management's decisions and actions in areas such as production efficiency, margin improvement and efficient use of financial resources.	40% weighting under 2018 PSP awards
ROCE	Allows management to measure how efficiently capital is deployed across the Group. By including the costs of investment of acquisitions it shows how the Group is generating returns for shareholders.	20% weighting under 2018 PSP awards
TSR	Allows shareholders to compare the performance of RPC's shares against the performance of the FTSE 250 index (excluding investment trusts)	40% weighting under the 2018 PSP awards

2017/18 performance in respect of ABP and PSP metrics

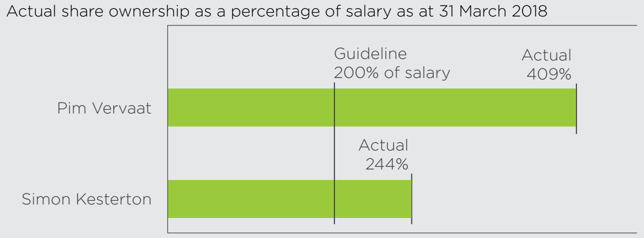


2017/18 performance in respect of all ABP moderators



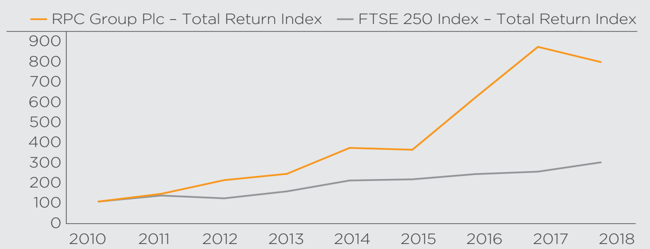
Shareholding of executive directors

Actual share ownership as a percentage of salary as at 31 March 2018



Executive directors have increased their holdings year on year through the retention of shares they receive following the vesting of awards pursuant to Group incentive schemes. Ownership requirements ensure that senior executives focus on long-term shareholder value.

Delivery of exceptional value to shareholders



DIRECTORS' REMUNERATION REPORT

Annual report on remuneration

Committee remit and membership

The following independent non-executive directors were members of the Committee during the year ended 31 March 2018:

	Date of appointment
Lynn Drummond (Chair)	25 March 2015
Ros Rivaz	30 March 2017
Kevin Thompson	7 September 2017
Martin Towers	1 April 2009

The Committee consults the Group Chairman, Chief Executive and HR Business Partner on those proposals relating to the remuneration of other executive directors and designated senior executives. All are invited when appropriate to attend meetings but are not present when their own remuneration is considered. Nick Giles, Company Secretary acts as secretary to the Committee.

The role of the Committee is set out in its terms of reference which can be found on the Group's website or which are available from the Company Secretary at the Registered Office. It has three scheduled meetings per year but will also meet as necessary. The number of meetings held during the year and attendance at these meetings is shown in the table on page 68.

The Committee's key activities during the year were as follows:

Date of Remuneration Committee meeting	Key activities
31 May 2017	■ Determine ABP outcome for financial year ended 31 March 2017 ■ Determine final vesting level of 2014 PSP awards ■ Agree performance targets to be set for 2017/18 ABP and 2017 PSP awards ■ Sign-off ARR
19 July 2017	■ Grant of awards under DBP, PSP and Executive Share Option Scheme ■ Decision to commence shareholder consultation within approved Policy
31 January 2018	■ Consideration of base salary increases ■ Review of quarterly performance update for outstanding PSP awards ■ Update on shareholder consultation
28 March 2018	■ Update on shareholder consultation ■ Approval of executive directors and Extended Group Executive team salary increases
30 May 2018	■ Determine ABP outcome for financial year ended 31 March 2018 ■ Determine final vesting level of 2015 PSP awards ■ Agree performance targets to be set for 2018/19 ABP and 2018 PSP awards ■ Approve grant of awards under DBP, PSP and Executive Share Option Scheme in principle ■ Agree amendments to share plan rules reflecting introduction of the General Data Protection Regulation ■ Approve new set of rules for the PSP for approval by shareholders ■ Sign-off ARR

DIRECTORS' REMUNERATION REPORT CONTINUED

Annual report on remuneration

Single total figure of remuneration (audited information)

Executive directors

The table below sets out a single figure for the total remuneration received by each executive director for the years ending 31 March 2018 and 31 March 2017.

Year ended 31 March	Year	Salary and fees £'000	Taxable Benefits[2] £'000	Pension £'000	Sub-total £'000	ABP[3] £'000	PSP[4] £'000	Sub-total £'000	Total £'000
Pim Vervaat[1]	**2018**	**748**	**19**	**150**	**917**	**812**	**754**	**1,566**	**2,483**
	2017	624	22	125	771	795	1,100	1,895	2,666
Simon Kesterton	**2018**	**390**	**16**	**78**	**484**	**427**	**581**	**1,008**	**1,492**
	2017	360	16	72	448	450	766	1,216	1,664
Total	**2018**	**1,138**	**35**	**228**	**1,401**	**1,239**	**1,335**	**2,574**	**3,975**
	2017	984	38	197	1,219	1,245	2,053	3,298	4,517

1 As Pim Vervaat is paid in euros, his salary is converted using the average exchange rate for the year, £1: €1.1342 (2017: £1: €1.1905). His ABP is converted at the exchange rate on 31 March 2018 of £1: €1.143 (2017: £1: €1.1689).

2 Benefits provided for Pim Vervaat include a company car and fuel provision, an allowance for medical insurance premiums and fees for preparation of his tax return. Simon Kesterton receives a car allowance and private medical insurance. Both executive directors also receive life insurance of four times their base salary.

3 The figures above represent remuneration earned as directors during the relevant financial year including under the ABP, of which the cash element, 50% of the bonus, is paid in the financial year following that in which it is earned. The remaining 50% of the ABP shown above is deferred in to shares for a period of three years.

4 The values shown in respect of Awards held under the PSP for the financial year ended 31 March 2017 have been updated to reflect the value at vesting on 19 July 2017 based on the share price of 885.75p. The values shown in last year's single figure were an estimate based on the average share price of the last three months of the financial year ended 31 March 2017 (974.48p). The values shown in respect of the financial year ended 31 March 2018 are an estimate based on the average share price of the last three months of that financial year (815p).

Non-executive directors

The table below sets out a single figure for the total remuneration received by each non-executive director for the years ending 31 March 2018 and 31 March 2017.

Year ended 31 March	Year	Board fees £'000	Committee Chair / SID fees £'000	Total £'000
Jamie Pike	**2018**	**200**	**–**	**200**
	2017	150	–	150
Martin Towers	**2018**	**50**	**20**	**70**
	2017	40	17	57
Lynn Drummond	**2018**	**50**	**10**	**60**
	2017	40	10	50
Ros Rivaz	**2018**	**50**	**–**	**50**
	2017	–	–	–
Kevin Thompson[1]	**2018**	**29**	**2**	**31**
	2017	–	–	–
Godwin Wong	**2018**	**50**	**–**	**50**
	2017	40	–	40
Former directors				
Heike van de Kerkhof[2]	**2018**	**–**	**–**	**–**
	2017	27	–	27
Total	**2018**	**429**	**32**	**461**
	2017	297	27	324

1 Fees in respect of Kevin Thompson were paid from his appointment on 7 September 2017. These included a proportion of the additional £10,000 per annum fee payable in respect of his appointment as Chairman of the Audit Committee from the beginning of January 2018.

2 Fees in respect of Heike van de Kerkhof were paid until her resignation from the Board on 24 November 2016.

Pension (audited information)

Pim Vervaat has an individual defined benefit pension policy with a Dutch insurance company, Nationale-Nederlanden. The plan provides a pensionable salary capped at €103,317 under Dutch legislation with effect from 1 January 2015 and a spouse's pension of 70% of his pension on death. In addition to the reduction in the accrual rate permitted and cap on pensionable salary under Dutch legislation, the retirement age under the plan increased from 65 to 67 years with effect from 1 January 2014. Up to 30 April 2013, the employer contributions were capped at €60,000 p.a.

Following his appointment as Chief Executive on 1 May 2013, the maximum total payable by the employer was 20% of basic salary. This may be in the form of a pension contribution or a salary supplement or a combination of the two. For the year ended 31 March 2018, the premium (contribution) payable by the employer was €20,862 (£18,252) (2017: €20,589 (£17,294)) and the salary supplement was €149,138 (£131,492) (2017: €128,011 (£107,527)). Up to 30 April 2013 Pim Vervaat contributed 8.7% of basic salary, thereafter, his contributions were nil.

Although it is a defined benefit plan, the employer's obligation for the provision of pension benefits is fixed at 20% of salary (and previously capped at €60,000 p.a.). Consequently, RPC is no longer expected to be exposed to any material actuarial risks in relation to the accrued benefits in this plan. Therefore, the pension arrangement is being treated as a defined contribution plan for accounting and disclosure purposes.

Simon Kesterton is entitled to receive a Group pension contribution of 20% of basic salary. This is delivered through a combination of payments into the Group's defined contribution arrangement (employers contribution being capped at 15% of basic salary, subject to a 5% of basic salary employee contribution) with any balance being paid by way of a salary supplement. For the year ended 31 March 2018, Simon received total contributions of £78,000 (2017: £72,000) of which £68,000 was in the form of a non-pensionable salary supplement (2017: £62,000) and £10,000 as a contribution to the Group's defined contribution pension scheme (2017: £10,000).

ABP (audited information)

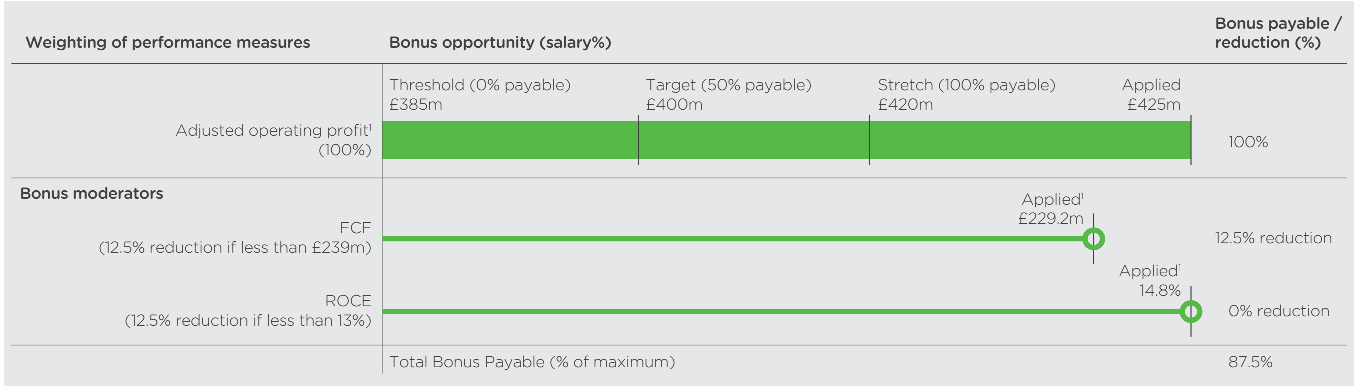
2017/18 ABP

The maximum annual bonus opportunity for the year ended 31 March 2018 was 125% of salary for both executive directors. Payment of the bonus was subject to stretching targets in respect of the Group's adjusted PBIT during the year.

In addition, FCF and ROCE moderators applied so that any bonus payable would be reduced by:

- 12.5% if the Group's FCF for the year ended 31 March 2018 was less than £239m; and
- 12.5% if the Group's ROCE for the year ended 31 March 2018 was less than 13%.

The results of the ABP for the year under review have been set out below:



This results in a bonus payment of 87.5% of maximum opportunity which equates to 109.4% of base salary to Pim Vervaat and Simon Kesterton.

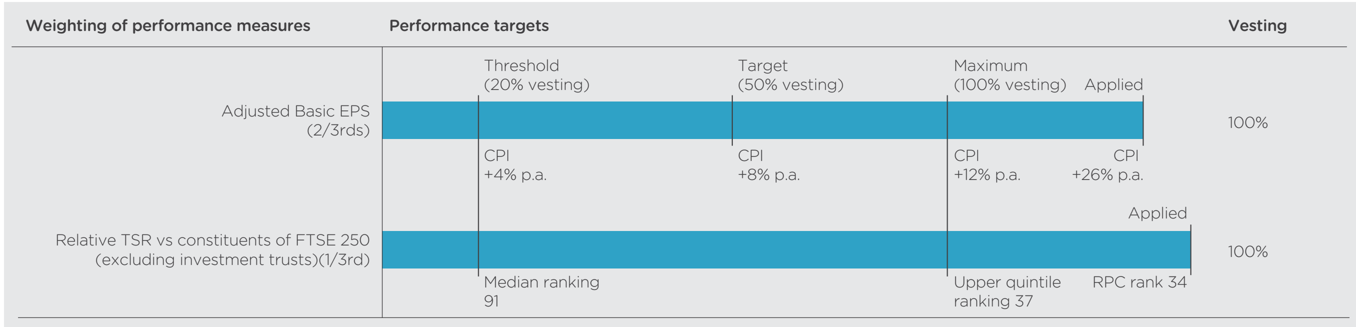
Of the bonus payable, 50% will be paid in cash and the remaining 50% will be deferred into shares which will not vest for 3 years subject to continued employment. An exceptional negative event provision also operates and awards one the DBP is subject to malus and claw back provisions.

PSP (audited information)

Awards vesting in 2018

Those awards granted under the PSP on 15 July 2015 are due to vest on 15 July 2018. Awards were subject to the following performance conditions:

- A sliding scale of growth in the adjusted basic EPS in excess of CPI for the three years ended 31 March 2018. Threshold (20%), target (50%) and maximum (100%) vesting of the Award would occur on CPI growth + 4%, 8% and 12% respectively; and
- A sliding scale of growth in the relative TSR performance over a three year period relative to the constituents of the FTSE 250 (excluding investment trusts). 20% of the award would vest on the achievement of a median ranking position rising on a sliding scale to 100% vesting in return for an upper quintile ranking position or better.



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DIRECTORS' REMUNERATION REPORT CONTINUED

Annual report on remuneration

The resulting awards for the current executive directors are as follows:

	No of shares at grant[1]	No of shares to vest	No of shares to lapse	Estimated value[2] £'000
Pim Vervaat	92,459	92,459	–	754
Simon Kesterton	71,296	71,296	–	581

1 Number of shares at the date of grant adjusted for the diluting effect of those rights issues that took place on 8 January 2015, 20 January 2016 and 24 February 2017.

2 The estimated value of the shares under option that vest is based on the average share price over the three months ended 31 March 2018 of 815p per share.

No dividends accrue in respect of awards of nil cost options under the 2015 PSP Awards.

Awards made in 2017

On 19 July 2017, executive directors were granted the following PSP awards.

	Number of shares at grant	Basis[1]	Face value[2] £'000
Pim Vervaat	166,363	180% of base salary	1,349
Simon Kesterton	76,942	160% of base salary	624

1 Pim Vervaat's grant as a percentage of base salary is calculated using the exchange rate on the date of grant (£1: €1.1340). In recognition of the fall in share price the % of base salary used to calculate the awards for the two executive directors were reduced accordingly through the exercise of the Committee's discretion.

2 Based on a share price of 811p which was the average closing share price over the five dealing days immediately prior to the grant date on 19 July 2017.

Performance conditions for the PSP awards made on 19 July 2017 are subject to the following targets over the 3 year performance period ending 31 March 2020. Awards will vest on a straight line basis between the threshold and maximum performance targets.

		Performance targets	
Performance measure	Weighting	Threshold (20% vesting)	Maximum (100% vesting)
Adjusted EPS	2/3rds	74.8p	87.0p
Relative TSR vs constituents of FTSE 250 (excluding investment trusts)	1/3rd	Median ranking	Upper quintile ranking

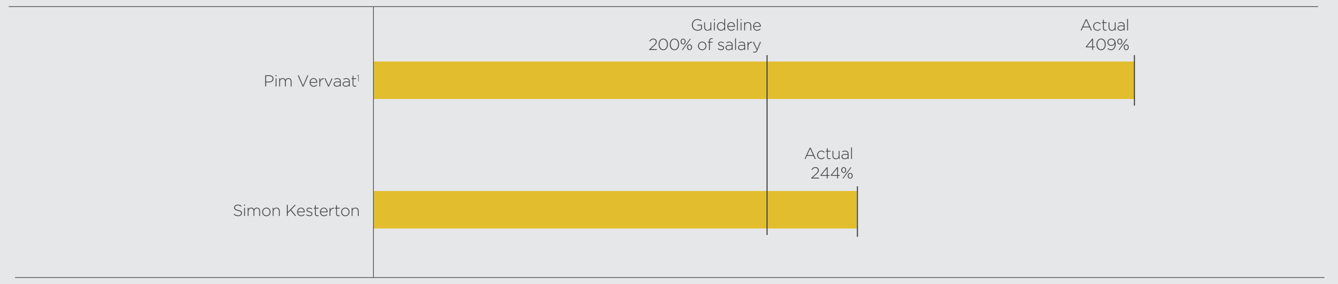
Awards are also subject to a RONOA moderator of 20%. If this target is not achieved then any vesting outcome will be reduced by 20%.

Directors' shareholdings and share interests (audited information)

The Company operates shareholding guidelines that require the executive directors to maintain a holding in RPC shares equal to 200% of salary. As part of this requirement directors are encouraged to retain 50% of those shares received following the vesting of awards pursuant to all Group incentive schemes, post any disposal to satisfy tax and social security obligations, until the guideline is achieved. Only beneficially owned shares count towards the shareholding guideline percentage.

As at 31 March 2018, all executive directors and their connected persons have a shareholding as follows:

Actual share ownership as a percentage of salary as at 31 March 2018



1 Shareholding as a percentage of salary is calculated using the exchange rate on 31 March 2018 (£1: €1.143) and average share price over the 30 days to 29 March 2018, being the last working day before 31 March 2018 (803.6p).

Interests in shares and share options

The interests of the directors and their connected persons, in the Company's ordinary shares and share options to 31 March 2018 were as follows. All directors with the exception of Godwin Wong currently hold shares through various nominee accounts. There have been no changes in the interests set out below between 31 March 2018 and the date of this report:

	Beneficially owned at 1 April 2017 (Number)	Beneficially owned at 31 March 2018 (Number)	Outstanding PSP awards (Number)	Outstanding Sharesave Options (Number)	Outstanding DBP Awards (Number)
Executive directors					
Pim Vervaat	275,000	**378,702**	432,125	–	118,750
Simon Kesterton	45,098	**123,119**	234,318	–	75,951
Non-executive directors					
Jamie Pike	332,473	**345,260**	–	–	–
Martin Towers	32,498	**41,983**	–	–	–
Lynn Drummond	1,233	**2,493**	–	–	–
Ros Rivaz	1,814	**2,266**	–	–	–
Kevin Thompson*	–	**10,000**	–	–	–
Godwin Wong	3,000	**6,000**	–	–	–

* Kevin Thompson's opening share interest is at date of appointment, 7 September 2017.

Additional information on directors' interests as at 31 March 2018

Share Options

The following table shows details of those options held by the directors under the Company's share plans at 31 March 2018:

Pim Vervaat	Date of award	Interest at 1 April 2017	Awarded during the year	Vested during the year	Lapsed during the year	Exercised during the year	Interest at 31 March 2018	Market price on award date (pence)	Exercise / Option Price	Earliest exercise date	Expiry date
DBP[1]	04.06.14[2]	48,422	–	48,422	–	48,422	–	648.0	Nil cost	04.06.17	03.06.24
DBP	09.06.15	36,816	–	–	–	–	36,816	634.5	Nil cost	09.06.18	08.06.25
DBP	13.07.16	32,462	–	–	–	–	32,462	803.0	Nil cost	13.07.19	12.07.26
DBP	19.07.17	–	49,472	–	–	–	49,472	880.0	Nil cost	19.07.20	18.07.27
PSP[3]	16.07.14[4]	124,193	–	124,193	–	124,193	–	593.5	Nil cost	16.07.17	15.07.24
PSP	15.07.15[5]	92,459	–	–	–	–	92,459	663.0	Nil cost	15.07.18	14.07.25
PSP	13.07.16[6]	173,303	–	–	–	–	173,303	803.0	Nil cost	13.07.19	12.07.26
PSP	19.07.17[7]	–	166,363	–	–	–	166,363	880.0	Nil cost	19.07.20	18.07.27
Sharesave	16.01.15	4,838	–	4,838	–	4,838	–	430.0	430.0	01.03.18	31.08.18
Total	–	**512,493**	**215,835**	**177,543**	–	**177,453**	**550,875**	–	–	–	–

1 The awards shown above were made in the form of nil cost options. They represent 50% of the annual bonus paid as deferred shares which are held for 3 years subject to continued employment.

2 Pim Vervaat and Simon Kesterton exercised their options under the DBP on 24 July 2017 and sold 23,480 and 15,385 shares respectively for a consideration of 885.75p per share to pay the income tax, social security and dealing expenses due following the vesting. The balance of 24,942 and 17,348 ordinary shares were retained by Pim Vervaat and Simon Kesterton respectively.

3 PSP awards were made in the form of nil cost options. Interests as at 31 March 2018 show the maximum number of shares that will vest provided that the performance conditions are met.

4 Performance conditions for the PSP awards made in 2014 and that vested during the year were based on sliding scale EPS targets whereby 20% of awards vested for annual adjusted EPS growth of CPI+5% p.a. increasing pro-rata to 100% vesting for annual adjusted EPS growth of CPI+12% p.a. The performance conditions were met at 100% and the shares transferred from the RPC Group Employee Benefit Trust on the exercise of the options on 24 July 2017. On the same date, Pim Vervaat and Simon Kesterton sold 60,271 and 40,648 shares respectively for a consideration of 885.75p per share to pay the income tax, social security and dealing expenses due following the vesting. The balance of 63,922 and 45,835 ordinary shares were retained by Pim Vervaat and Simon Kesterton respectively.

5 Performance conditions for the PSP awards made in 2015 can be found on page 83.

6 The performance conditions for the PSP awards made in 2016 were as follows:

a. Two-thirds of an award: 15% of this part of an award will vest for annual adjusted EPS growth of CPI+7.5% p.a. increasing pro-rata to 50% of this part of an award vesting for annual adjusted EPS growth of CPI+% p.a. then increasing pro-rata to 100% vesting of this part of an award for annual adjusted EPS growth of CPI+13% p.a.; and

b. One-third of an award: 20% of this part of an award will vest if RPC's TSR is ranked at the median of the FTSE 250 (excluding investment trusts) increasing pro-rata to 100% vesting of this part of an award if RPC's TSR is ranked at or above the upper quintile.

7 Performance conditions for the PSP awards made in 2017 can be found on page 84.

8 The market price of an RPC Group Plc 5p ordinary share at 29 March 2018, being the last working day before 31 March 2018, was 773p and the range of prices during the year was 993p to 721p per share.

9 There have been no changes in share options between 31 March 2018 and the date of this report.

DIRECTORS' REMUNERATION REPORT CONTINUED

Annual report on remuneration

Simon Kesterton	Date of award	Interest at 1 April 2017	Awarded during the year	Vested during the year	Lapsed during the year	Exercised during the year	Interest at 31 March 2018	Market price on award date (pence)	Exercise / Option Price	Earliest exercise date	Expiry date
DBP[1]	04.06.14[2]	32,733	–	32,733	–	32,733	–	648.0	Nil cost	04.06.17	03.06.24
DBP	09.06.15	27,713	–	–	–	–	27,713	634.5	Nil cost	09.06.18	08.06.25
DBP	13.07.16	21,032	–	–	–	–	21,032	803.0	Nil cost	13.07.19	12.07.26
DBP	19.07.17	–	27,206	–	–	–	27,206	880.0	Nil cost	19.07.20	18.07.27
PSP[3]	16.07.14[4]	86,483	–	86,483	–	86,483	–	593.5	Nil cost	16.07.17	15.07.24
PSP	15.07.15[5]	71,296	–	–	–	–	71,296	663.0	Nil cost	15.07.18	14.07.25
PSP	13.07.16[6]	86,080	–	–	–	–	86,080	803.0	Nil cost	13.07.19	12.07.26
PSP	19.07.17[7]	–	76,942	–	–	–	76,942	880.0	Nil cost	19.07.20	18.07.27
Sharesave	16.01.15	4,838	–	4,838	–	4,838	–	–	430.0	01.03.18	31.08.18
Total	–	**330,175**	**104,148**	**124,054**	–	**124,054**	**310,269**	–	–	–	–

1 The awards shown above were made in the form of nil cost options. They represent 50% of the annual bonus paid as deferred shares which are held for 3 years subject to continued employment.

2 Pim Vervaat and Simon Kesterton exercised their options under the DBP on 24 July 2017 and sold 23,480 and 15,385 shares respectively for a consideration of 885.75p per share to pay the income tax, social security and dealing expenses due following the vesting. The balance of 24,942 and 17,348 ordinary shares were retained by Pim Vervaat and Simon Kesterton respectively.

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b. One-third of an award: 20% of this part of an award will vest if RPC's TSR is ranked at the median of the FTSE 250 (excluding investment trusts) increasing pro-rata to 100% vesting of this part of an award if RPC's TSR is ranked at or above the upper quintile.

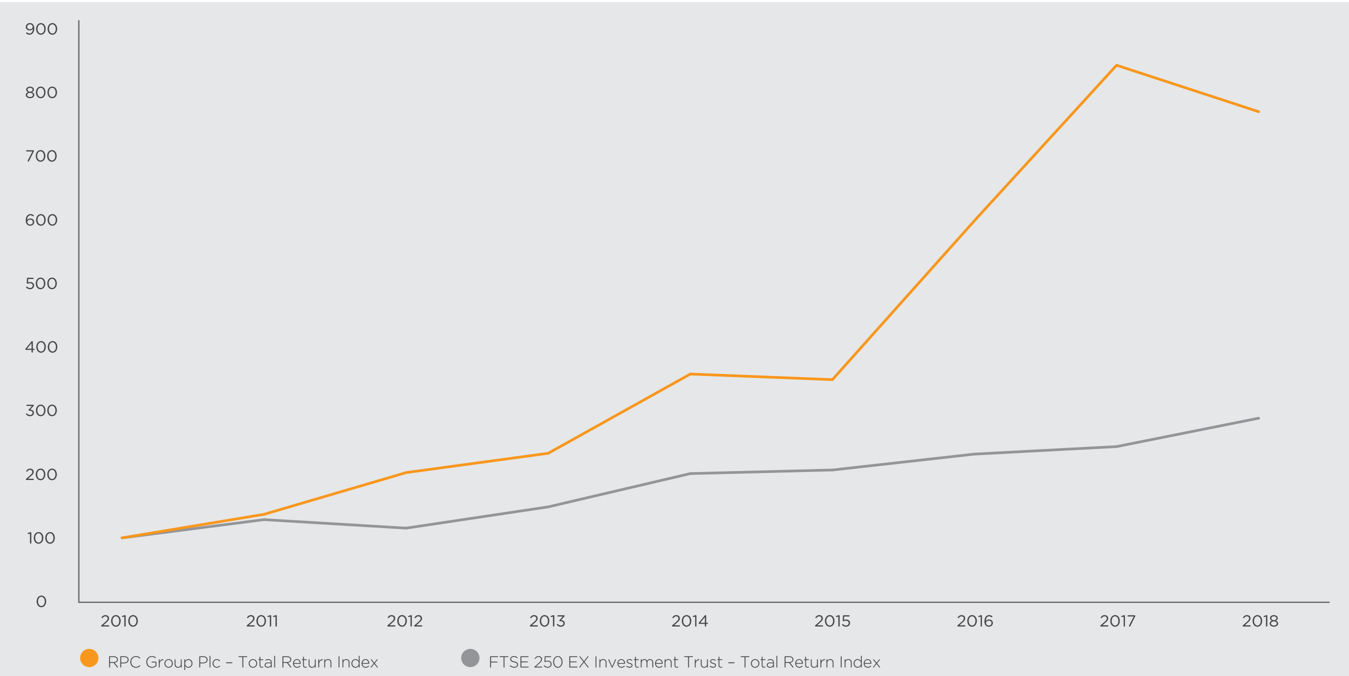
7 Performance conditions for the PSP awards made in 2017 can be found on page 84.

8 The market price of an RPC Group Plc 5p ordinary share at 29 March 2018, being the last working day before 31 March 2018, was 773p and the range of prices during the year was 993p to 721p per share.

9 There have been no changes in share options between 31 March 2018 and the date of this report.

Performance graph

The graph below shows the total shareholder return on a holding of RPC shares compared with an equivalent holding in the FTSE 250 index (excluding investment trusts). This index has been chosen as it is a broad market index of which RPC is a constituent and is therefore considered to be the most relevant yardstick against which the Company's total shareholder return performance may be measured over the 9 years ended 31 March 2018.



Chief Executive's pay in last nine years (audited information)

The table below shows the single total remuneration for the Chief Executive for the last nine years, together with the proportion of the maximum annual bonus paid and vesting of the relevant long-term incentive plan.

Year	2010	2011	2012	2013	2014[1]	2014[2]	2015	2016[3]	2017[4]	**2018**
Total remuneration £'000	265	961	851	768	55	1,143	1,165	2,304	2,776	**2,483**
Long-term incentives vested % of maximum	100%	100%	100%	100%	–	49%	73%	100%	100%	**100%**
Annual bonus paid % of maximum	N/A	N/A	75.4%	0%	100%	100%	95%	97%	100%	**87.5%**

1 Ron Marsh was Group Chief Executive to 1 May 2013. The remuneration shown represents amounts received for performing the role of Chief Executive during the year.

2 Pim Vervaat was appointed Group Chief Executive from 1 May 2013. The remuneration shown for 2014 represents amounts received for performing the role of Chief Executive during the year.

3 Total remuneration has not been restated and reflects that disclosed in the 2015/16 Annual Report.

4 Total remuneration has not been restated and reflects that disclosed in the 2016/17 Annual Report.

5 Prior to adopting the ABP for the year ended 31 March 2012 there was no bonus arrangement.

6 The first awards under the PSP vested in respect of the year ended 31 March 2011. Prior to this options were granted under the RPC Group 2003 Approved and Unapproved Executive Share Option Schemes. Although the options that vested in respect of the performance period ended 31 March 2010 vested in full, the market value of the options on the vesting date was less than the exercise price payable.

Percentage change in Chief Executive's remuneration

The table below shows the percentage change in the salary, taxable benefits and annual bonus from the year ended 31 March 2017 to the year ended 31 March 2018 compared with the average equivalent amount per employee for all UK participants in the ABP. This group of UK employees was considered a more appropriate comparator group given that the three elements required for comparison are present and that the Chief Executive's remuneration is based on UK remuneration practices.

	Chief Executive % change[1]	UK employee comparator group % change
Salary	14.26%	9.61%
Taxable benefits	(17.17)%	4.61%
Annual bonus	(0.03)%	30.5%

1 Pim Vervaat, is paid in euros. The percentage change in the Chief Executive's remuneration has been calculated based on the remuneration denominated in euros to eliminate the effect of exchange rate movements.

Relative importance of spend on pay

The following table shows the Group's actual expenditure on pay for all its employees relative to other financial measures:

	2018 £m	2017 £m	Change %
Staff costs	**816.5**	650.1	25.6%
Dividends	**105.8**	62.1	70.4%
Revenue	**3,747.7**	2,747.2	36.4%
Adjusted operating profit	**425.0**	308.2	37.9%
Capital investment (including acquisitions)	**311.2**	1,118.3	(72.2)%

Staff costs include salaries, fees, bonus and employer pension and social security contributions for directors.

This is different from the remuneration given in the remuneration tables above. The increase is due to the addition of staff costs for acquired businesses and employment costs associated with restructuring.

Dividends comprise the interim paid and final proposed dividend payable for the relevant financial year.

External appointments for executive directors

During the year under review, Pim Vervaat received and retained fees of £50,500 (2017: £50,500) in respect of his appointment as a non-executive director of Avon Rubber plc.

Advisers to the Committee

Deloitte LLP (Deloitte) were appointed as independent adviser to the Committee with effect from 1 January 2017. The Committee is satisfied that Deloitte remains independent of the Company and that the advice provided is impartial and objective. Deloitte is a founding member and signatory of the Code of Conduct for Remuneration Consultants, details of which can be found at www.remunerationconsultantsgroup.com. During the year Deloitte also provided some internal audit services to the Company and the Committee is satisfied that the provision of these services did not impair Deloitte's ability to advise the Committee independently. Their total fees for the provision of remuneration services to the Committee for the year ended 31 March 2018 were £104,385, all delivered on a time and expenses basis.

DIRECTORS' REMUNERATION REPORT CONTINUED

Annual report on remuneration

Statement of voting at 2017 AGM

At the AGM held on 19 July 2017, the ARR received the following votes from shareholders:

	Annual report on remuneration	
	Total number of votes	% of votes cast
Votes cast in favour[1]	160,438,133	67.9%
Votes cast against	75,844,110	32.1%
Total votes cast	236,282,243	100%
Votes withheld[2]	60,307,550	N/A

1 Votes for include those given at the Group Chairman's discretion.

2 A vote withheld is not a vote in law.

The Committee noted that a notable minority of shareholders failed to support the vote to approve the Directors' Remuneration report. As in previous years, the Committee carried out a full shareholder consultation process during the year and values the feedback provided by shareholders. Some shareholders remained concerned in respect of the second phase of the salary increases for the executive directors which were originally disclosed in the 2016 Annual Report.

The Committee was comfortable that the implementation of the second phase of the increases was appropriate in the context of the performance of both the Group and the executive directors during the year and the continued increase in the size and scope of the roles.

Other shareholders raised some concerns in respect of the performance measures used for incentive plans and the way in which performance against the targets was calculated. To further align with strategy the Committee conducted and completed a review of the performance measures and targets used under both the ABP and PSP, details of which can be found in the statement on page 78.

Payments for loss of office

There were no payments for loss of office paid to any directors or to any past directors during the year.

Policy implementation for year ending 31 March 2019

Base salary

The average salary increase of 3% for the executive directors (2% for the Chief Executive and 4% for the Group Finance Director effective from 1 April 2018) is in line with average salary increases across the general employee population.

Basic salary	From 1 April 2017	From 1 April 2018	Increase
Pim Vervaat	€850,000	€867,000	2%
Simon Kesterton	£390,000	£405,600	4%

Pension arrangements

Recent changes in Dutch legislation have increased the standard retirement age in retirement plans and reduced the maximum amount that can be accrued under the current pension arrangement for Pim Vervaat. The employer's obligation will continue to be capped at a maximum of 20% of salary.

Simon Kesterton participates in a defined contribution pension plan in the UK with an employer's maximum pension contribution of 15% up to the annual allowance and a salary supplement which in aggregate is 20% of salary.

2018/19 ABP

The ABP for 2018/19 will operate on a different basis to the prior year. Following consultation with the Company's major shareholders the Committee introduced the changes to the performance measures employed in the ABP. As a result measures used for the 2018/19 year will include adjusted PBIT (60% of opportunity), free cash flow (30% of opportunity) and RONOA (10% of opportunity). Further detail of the process and rationale for these changes can be found on page 78.

The Committee maintains an overall discretion to reduce bonus outcomes if overall performance is unsatisfactory and this will include taking into account the RAFR performance during the year.

50% of any bonus will be paid in cash and 50% deferred into shares which are held for 3 years subject to continued employment.

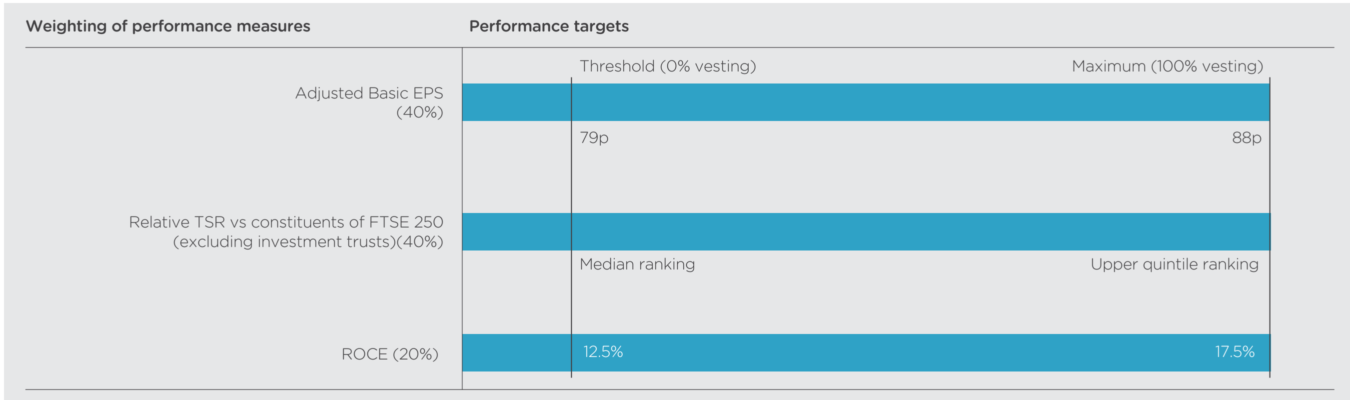
Recovery and withholding provisions apply for a period of three years from payment or vesting in relation to a material misstatement, gross misconduct, and material error in calculation or an exceptional negative event.

As the Board deems the performance targets for the upcoming year to be commercially sensitive the Committee has taken the decision to not disclose the targets in advance. However, the targets are set on a challenging basis, requiring incremental growth to the year ending 31 March 2019, and will only be met if recent acquisitions continue to deliver as planned. The performance targets and performance against them will be disclosed retrospectively in next year's ARR when the Committee is comfortable that the information is no longer commercially sensitive.

2018 PSP Awards

Awards made under the PSP in 2018 will operate on a different basis to the 2017 awards.

Following consultation with the Company's major shareholders the Committee introduced the following changes to the performance measures employed in the PSP. Further detail of the process and rationale for these changes can be found on page 78.



Pim Vervaat and Simon Kesterton will receive awards equivalent to 200% and 175% respectively. These will be subject to the performance measures and targets to be measured over a three year period as set out in the table below:

Awards will vest on a straight line basis between the threshold and maximum performance targets. Following the end of the performance period awards will be subject to a further two year holding period. Malus and clawback provisions will apply for a period of three years from the vesting date in relation to a material misstatement, gross misconduct, and material error in calculation or an exceptional negative event.

The EPS and ROCE performance targets which have been set as pence targets for the year ending 31 March 2021 are based on organic growth excluding the impact of any future acquisitions. They have been set based on internal strategy plans, incorporating recent acquisitions, and external analyst consensus and a wider view of macroeconomic factors which may act as a headwind in the next performance cycle. The targets are considered to be challenging, particularly to achieve full vesting, but remain realistic within an acceptable risk profile.

DIRECTORS' REMUNERATION REPORT CONTINUED

Annual report on remuneration

RPC Group 2018 Performance Share Plan (PSP)

The existing rules of the PSP expire on 23 July 2018, following the grant of the 2018 awards. As a result the current intention is to put a replacement Performance Share Plan to shareholders for approval at the 2018 AGM.

Shareholders are asked to approve the rules of the RPC Group 2018 Performance Share Plan (Replacement Plan) to replace the existing PSP which was approved by shareholders at an AGM on 23 July 2008 for a period of 10 years. The Replacement Plan is intended to link reward to the achievement of long-term performance targets and is aligned to shareholder interests. The Replacement Plan is broadly similar to the current PSP but has a number of small differences. A summary of the main features of the rules of the Replacement Plan can be found in the appendix to the Notice.

Chairman and Non-executive Directors Fees

Further to the review of non-executive directors' fees in the prior year no changes are proposed at this point in time. The next review is scheduled to take place in the financial year ending 31 March 2020. Current fee levels are positioned around the median of the FTSE 250.

Summary of Directors' Remuneration Policy

The Policy was approved by shareholders at the AGM on 13 July 2016. The objective of the Policy is to attract, retain and incentivise a high calibre of senior management who can direct the business and deliver the Group's core objective of growth in shareholder value by building a business that is capable of delivering long-term, sustainable and growing cash flows.

In order to achieve this, executive directors and senior executives receive remuneration packages with elements of fixed and variable pay. Fixed pay elements (basic salary, pension arrangements and other benefits) are set at a level to recognise the experience, contribution and responsibilities of the individuals and to take into consideration the level of remuneration available from a range of the Group's broader competitors.

Variable pay elements (ABP arrangements and PSP awards) are set at a level to provide an incentive to executive directors and senior executives to deliver outstanding performance in line with the Group's strategic objectives.

A summary of the key elements of the Policy is included in the table below. The full Policy can be found in the Annual Report for 2016 in the Reports and Presentations section of the website at www.rpc-group.com.

Remuneration element	Key features
Salary	■ Set at levels which reflect the responsibilities, abilities, experience and performance of an individual ■ Increases are generally aligned with those provided to the wider workforce
Benefits	■ Typical benefits include, car (or car allowance), private health insurance, disability, death benefits and certain travel / accommodation allowances
Pension	■ 20% contribution to the Group's defined contribution plan and / or salary supplement ■ Bespoke arrangements may be offered (as per the current Chief Executive where appropriate)
ABP	■ Maximum awards of 125% salary ■ 50% of any bonus deferred into shares for three years ■ Performance primarily subject to profit based targets ■ Awards subject to malus and clawback provisions
PSP	■ Maximum awards of 200% of salary ■ Performance normally assessed over a three year period against financial and / or share price measures ■ Awards subject to an additional two year holding period ■ Awards subject to malus and clawback provisions
Recruitment Policy	■ The remuneration package for a new executive director would be set in accordance with the terms of the remuneration policy at the time and take into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual
Service contracts and payments for loss of office	■ Nine months' notice required from the Group and 6 months' notice from an executive director ■ Payments in lieu of notice consist of salary only and may be subject to mitigation ■ Any bonus payment will remain subject to performance and pro-rated with respect to the period of the year worked ■ PSP awards will be treated in accordance with the terms of the plan rules

The Directors' Remuneration report for the year ended 31 March 2018 was approved by the Board on 6 June 2018 and has been signed on its behalf by its chair, Lynn Drummond.

Lynn Drummond
Chair of the Remuneration Committee

6 June 2018

OTHER STATUTORY INFORMATION

The Company

RPC Group Plc is registered and domiciled in England and Wales, with the registered number 2578443. Its registered office address is Sapphire House, Crown Way, Rushden, Northamptonshire, NN10 6FB.

Directors and their powers

Biographical details of the directors are given on pages 64 to 65 and the Board's recommendations for their election and re-election are given in the explanatory notes to the Notice.

None of the directors had any interest in any contracts of significance, other than their service contracts, with the Company or any of its subsidiaries during the year. Full details of the interests in the ordinary share capital of the Company of those directors holding office on 31 March 2018, including any interest of a connected person, are set out in the Directors' Remuneration report on page 85.

The powers of the directors are contained in the Articles which may only be amended by resolution passed by the shareholders at a general meeting in accordance with the relevant legislation. The Articles give powers to the directors to authorise the issue of shares and for the Company to buy back its shares, subject to authority being given to the directors by the shareholders in general meeting and the relevant legislation. Resolutions to authorise the directors to exercise these powers are put to shareholders at each AGM.

Results and dividends

The profit for the financial year before tax amounts to £316.6m (2017: £154.7m). An interim dividend of 7.8p (2017: 6.1p) per ordinary share was paid on 26 January 2018. The directors are recommending a final dividend of 20.2p per ordinary share to be paid on 31 August 2018, subject to approval at the forthcoming AGM of the Company, to shareholders on the register on 10 August 2018 making the total dividend for the year 28.0p (2017: 24.0p) per share. Full details of dividends in respect of the year ended 31 March 2018 are given in note 8 to the financial statements.

Annual General Meeting

The 2018 AGM will be held at Stationers' Hall, London on Wednesday 18 July 2018 at 12.00 noon. The Notice convening the AGM and related explanatory notes are in a separate circular. In accordance with the Code, all directors, with the exception of Martin Towers, are submitting themselves for election in the case of Kevin Thompson or re-election in the case of all others.

The Board is proposing a special resolution to continue to enable the directors to call a general meeting that is not an AGM on not less than 14 clear days' notice. The Board is also proposing the adoption of new rules for the PSP, further details of which can be found in the Directors' Remuneration report on page 90 and the appendix to the Notice. These will be used for awards made in 2019.

Authority to purchase own shares

The CA 2006 and the Articles permit shareholders to give authority to the Company to purchase its own shares. The current authority, approved by shareholders at the 2017 AGM, permits the Company to purchase 41,496,187 of its own shares (10% of the then issued share capital). Since that authority was granted and up to 31 March 2018 9,603,740 shares have been repurchased and cancelled under the Company's buyback scheme, announced on 19 July 2017. The directors are seeking to renew this authority to purchase up to 40,654,264 of the Company's own shares (10% of the issued share capital) at the forthcoming AGM.

Authority to issue shares

The Board is recommending proposals to renew the directors' authority to allot shares up to one-third of issued share capital and for authority to allot an additional one third of issued share capital in connection with a pre-emptive offer by way of rights issue to existing shareholders.

In line with the guidance set out in the Pre-Emption Group 2015 Statement of Principles for the disapplication of pre-emption rights, the Board is also recommending two separate special resolutions to grant the directors the power to disapply pre-emption rights. Further details can be found in the Notice.

Share capital

The Company has a single class of shares which is divided into ordinary shares of 5p each of which rank pari passu in respect of participation and voting rights. The ordinary shares are listed on the London Stock Exchange. As at 31 March 2018 the Company had 407,699,202 ordinary 5p shares in issue.

During the period from 19 July 2017 to 5 June 2018 11,112,861 shares were repurchased by the Company.

Full details of the Company's issued share capital together with the rights, obligations and restrictions attaching to the shares are set out in note 24 to the financial statements.

OTHER STATUTORY INFORMATION CONTINUED

Major shareholdings

As at 31 March 2018 the Company had been notified, pursuant to the Disclosure Guidance and Transparency Rules (DTR) of the Financial Conduct Authority (FCA), of notifiable voting rights in its issued share capital or had received disclosures pursuant to the CA 2006 of shareholding interest in excess of 3% of its share capital as follows:

Shareholder	Date of notification	Number of shares	% of issued share capital
Standard Life Aberdeen plc	17/01/18	32,123,445	7.86%
AXA Investment Managers	13/12/17	20,577,814	4.99%

* As a result of the share buy back programme the issued share capital number used as a denominator for the purposes of these notifications was 406,965,587 and 411,981,155 ordinary shares of 5 pence each.

No further interests have been disclosed to the Company from the end of the period under review and the 6 June 2018, being a date not more than one month prior to the date of the Notice.

Employees

The Group continues to recognise the benefit of both effective communication with employees and achieving a common awareness on the part of employees of the financial performance and economic factors affecting the performance of the Group. Both individual site and Group-wide meetings are held at which employees and management are present and at which key aspects of the Group's activities, performance and other matters of interest to employees are reviewed.

Employee participation is further encouraged through share ownership and share option schemes which provide employees with a direct stake in the growth and prosperity of the business.

The Group aims to provide clear and fair terms and conditions of employment and remuneration wherever it operates.

The Board does not tolerate any sexual, physical or other harassment of its employees. It promotes equal opportunities for all present and potential employees and does not discriminate on grounds of colour, ethnic origin, age, gender, race, religion, political or other opinion, disability or sexual orientation. Information on diversity within the Group can be found in the Corporate Responsibility section of the Strategic report on page 52.

The Group's policy is to recruit disabled workers for those vacancies they are able to fill. When existing employees suffer disablement, every effort is made to retain them in the workforce wherever reasonable and practicable. Disabled staff have the same opportunities as other employees so far as training, career development and promotion are concerned.

Further information on ethics, communication, training and development in respect of the Group's employees is included in the Corporate Responsibility section of the Strategic report on page 52.

Research and development

The Group's research and development activities ensure that it stays at the forefront of plastic product design and engineering, packaging technology and innovation with regards to design, functionality, aesthetics and specification with particular attention to weight reduction and the incorporation of recycled materials. Expenditure on research and development for the year ended 31 March 2018 can be found in note 3 to the financial statements.

Financial risk management

The Group's policy is to finance its operations through a mixture of retained profits, equity and borrowings. The Group does not trade in financial instruments. The main risks arising from the Group's borrowings are market risk, interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks. The policies, which have been applied throughout the year, are set out in note 1 to the financial statements.

Directors' indemnities

The Board has provided qualifying third-party indemnities to the Company's directors and agreed to provide funds to meet costs incurred defending civil or criminal proceedings in accordance with legislation and the Articles. The directors are not indemnified against damages awarded to the Company itself, defence costs where the defence is unsuccessful in the case of liabilities owed to the Company, criminal fines, fines by regulators or the legal costs of successful criminal proceedings against the directors. Defence costs arising from actions brought by third parties, may, subject to certain exclusions, be paid by the Company even if judgement goes against the director. The indemnities provided to the directors are available for inspection at the Company's Registered Office and at the AGM.

Qualifying third party indemnity

An associated company, RPC Containers Limited, has granted a qualifying pension scheme indemnity in a form permitted by the CA 2006 to the directors of RPC Containers Pension Trustees Limited, which is the Trustee of the RPC Containers Limited Pension Scheme. The indemnity was in force during the financial year and up to the date of this report.

Strategic report and Corporate Responsibility

Information concerning likely future developments, greenhouse gas emissions, environmental matters, business ethics, health and safety, employees, customers, suppliers and the community is contained in the Strategic report on pages 2 to 61 and the Responsibility section on pages 52 to 61.

Significant agreements

The Company is required to disclose any significant agreements that take effect, alter or terminate upon a change of control. Some commercial agreements with customers and suppliers allow the counterparties to alter or terminate the agreement in these circumstances.

The Company's £870m, €450m revolving credit facilities and the US $750m term loan facility contain change of control clauses whereby a participating bank may cancel its commitment and require the Company to repay outstanding loans and interest. In addition, the terms of the US$216m or €60m seven year or 10 year notes issued in the US Private Placement market include a provision where the Company may make an offer to repay the loan at face value plus accrued interest. Pre-payment will only take place if the lender accepts.

There are no change of control provisions in directors' service contracts.

There are provisions for the vesting of share options and awards in certain circumstances in the event of a change in control under the rules of the Company's share incentive plans.

Going Concern

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least one year from the date these accounts were signed. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Directors are also required to provide a broader assessment of viability over a longer period, which can be found on page 33.

Disclosure of information to the auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all reasonable steps that he or she ought to have taken as a director to make him / herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Approval of the Strategic report and the Directors' report

Pages 2 to 61 inclusive consist of the Strategic report and pages 62 to 94 inclusive consist of the Directors' report. These reports have been drawn up and presented in accordance with, and in reliance upon, applicable English company law and any liability of the directors in connection with these reports shall be subject to the limitations and restrictions provided by such law. Under the CA 2006, a safe harbour limits the liability of directors in respect of statements in and omissions from a Strategic report and a Directors' report. Under English law, the directors would be liable to the Company, but not to any third party, if the Strategic report or the Directors' report contain errors as a result of recklessness or knowing misstatement or dishonest concealment of a material fact, but would not otherwise be liable.

For the purposes of compliance with DTR 4.1.5 R(2) and DTR 4.1.8 R, the required content of the 'Management Report' can be found in the Strategic report and this Directors' report, including the sections of the Annual Report incorporated by reference.

The Strategic report and the Directors' report were approved by the Board on 6 June 2018.

By order of the Board.

Nick Giles
Company Secretary

6 June 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and IFRSs as adopted by the European Union have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's performance, business model and strategy.

Each of the directors, whose names and functions are listed in Board of Directors confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

Simon Kesterton
Group Finance Director

6 June 2018

Pim Vervaat
Chief Executive

6 June 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RPC GROUP PLC

Report on the audit of the financial statements

Opinion

In our opinion, RPC Group Plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2018 and of the group's profit and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated and Company balance sheets as at 31 March 2018; the Consolidated income statement and Consolidated statement of comprehensive income, the Consolidated and Company cash flow statements, and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the company.

Other than those disclosed in note 3 to the financial statements, we have provided no non-audit services to the group or the company in the period from 1 April 2017 to 31 March 2018.

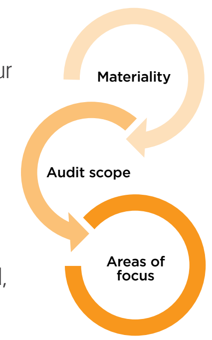
Our audit approach

Context

The context for our audit is set by RPC's significant acquisition activity over recent years and the continued integration of many of those acquisitions, which has resulted in significant adjusting items.

Overview

- Overall group materiality: £19.5m (2017: £14.3m), based on 5% of profit before tax after adding back the adjusting items as set out in note 4.
- Overall company materiality: £15.5m (2017: £17.2m), based on 1% of net assets.
- The group financial statements are a consolidation of reporting units, comprising the group's operating businesses and centralised functions. None of these reporting units are individually significant.
- Following our assessment of the risks of material misstatement of the group financial statements, we performed audits of the complete financial information of 45 reporting units (2017: 42 reporting units), and specific audit procedures focused on areas of significant risk in respect of a further four reporting units (2017: 20 reporting units). Within the 49 reporting units on which we performed work in 2018, four of these (2017: one) represent separate sub-consolidations of a total of 59 additional reporting units within the group consolidation at either the divisional or territory level.
- In addition, the company and certain centralised functions, including those covering adjusting items, post-employment obligations, derivative financial instruments, taxation, fair value adjustments relating to acquisitions, goodwill and intangible asset impairment assessments and the consolidation were audited by the group audit team.
- The reporting units on which audits of the complete financial information, specific audit procedures and centralised work was performed, accounted for 60% (2017: 65%) of group revenue.
- As part of our supervision process, the group audit team visited component auditors in Germany, South Africa and the UK and visited the US in order to perform audit work over the Letica business. We also visited an RPC site in Denmark which had been significantly impacted by the major integration programme in the year.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RPC GROUP PLC CONTINUED

Our assessment of the risk of material misstatement also informed our views on the areas of particular focus for our work which are listed below:

- Presentation and disclosure of adjusting items (applicable to the group financial statements).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates, and considered the risk of acts by the group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at group and reporting unit level to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the group and company financial statements, including, but not limited to, the Companies Act 2006, the Listing Rules, Pensions legislation, Tax legislation, Employment regulation, Health and Safety legislation, and other legislation specific to the industry in which the group operates. Our tests included, but were not limited to, review of the financial statement disclosures to underlying supporting documentation, review of correspondence with the regulators, review of correspondence with legal advisors, enquiries of management, enquiries with component auditors' and review of internal audit reports in so far as they related to the financial statements. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

There were no key audit matters in relation to the company financial statements.

Key audit matter | How our audit addressed the key audit matter

Presentation and disclosure of adjusting items (applicable to the group financial statements)

Refer to Audit Committee Report on page 74, Principal Accounting Policies on page 109 and to the Adjusting items note on page 121.

Adjusting items

The financial statements include certain items which are disclosed as 'adjusting' in nature. These are classified into the following four areas.

1. Acquisition, integration and related restructuring costs include:

- Major integration programme costs consisting of £23.8m (2017: £56.1m) relating to the ongoing Promens and GCS integration programmes as well as the integration programme for bpi;
- Acquisition costs of £3.9m (2017: £18.9m);
- A net credit of £11.5m (2017: credit of £11.2m) relating to the reduction in provision for contingent consideration, the majority of which is in relation to the Ace acquisition (see below);
- Other restructuring costs of £11.2m (2017: £6.4m); and
- Amortisation of acquired intangible assets of £50.7m (2017: £31.0m).

2. Other adjusting items include:

- Insurance proceeds of £11.0m relating to recoveries for a fire at a site in Belgium; and
- Other adjusting items of £2.2m (2017: £4.3m).

3. Adjusting items in net financing costs £3.5m (2017: £15.2m).

4. The tax impact on the above listed items of £17.0m (2017: £23.2m) and a tax credit for the impact of US Tax Reform of £12.9m.

We focussed on this area because adjusting items are not defined by IFRS as adopted by the European Union and the directors must therefore apply judgment to identify such items. Incorrect classification of these items could lead to misinterpretation of the financial results.

Adjusting items

We assessed the appropriateness of the Group's accounting policy and whether those items disclosed as adjusting were consistent with the accounting policy and the approach taken in previous accounting periods. In relation to the four areas set out opposite:

1. For acquisition, integration and related restructuring costs, our testing approach varied depending on the nature of the items.

- For major integration programme costs, our work confirmed that these costs related to specific integration plans as a result of previous acquisitions. As well as agreeing a sample of these costs to supporting evidence the Group audit team, including the Group Audit Partner visited an RPC site in Denmark which had been significantly impacted by the major integration programme. As part of this visit, the Group audit team were able to see the improvements that had been made to the site as well as meeting with the specific Divisional Finance Directors for RPC M&H and RPC Promens to discuss the detailed plans of the major integration programme in total.
- For acquisition costs we agreed a sample of these costs to supporting evidence to verify that they were one-off in nature and related to specific acquisitions.
- For our response to the net credit relating to the reduction in provision for contingent consideration, see below.
- For amortisation of acquired intangible assets we recomputed the amortisation charge in line with the group accounting policy.

2. & 3. For other adjusting items within operating costs and in relation to net financing costs, we verified a sample of the items to supporting evidence, including bank statements to verify the receipt of the insurance proceeds, and ensured a consistent application of the accounting policy to prior periods.

4. We recomputed the taxation charges to confirm the impact of the US Tax Reform, and confirm that the tax rate applied to each adjusting item was appropriate.

As the adjusting items include both costs and income, we have considered other items within the Consolidated Income Statement to confirm completeness of the classification.

We found the Group's accounting policy to be appropriate and the classification of items to be consistent with the accounting policy and the treatment of similar items in prior years.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RPC GROUP PLC CONTINUED

Key audit matter	How our audit addressed the key audit matter
Ace and Letica contingent consideration The directors have reconsidered their estimate of the contingent consideration that is likely to be payable in relation to the acquisition of Ace. Based on the information currently available to them, they have considered the provision in the light of their current expectations as to the amount of consideration which they believe will be payable based on performance to the end of the earn-out period at December 2017. The directors have also considered the estimate of contingent consideration that is likely to be payable in relation to the acquisition of Letica. Based on the information currently available to them, they have considered the provision in light of their current expectations as to the amount of consideration which they believe will be payable based on expected performance to the end of the earn-out period at June 2019. Accordingly, there has been a release in the provision for contingent consideration in the year of £20.7m, primarily in relation to Ace, to reflect the current view of the final payment to be made.	**Ace and Letica contingent consideration** For the Ace contingent consideration, we reviewed the basis of these calculations and verified the actual performance of the business in the current year to the supporting financial results and understood the nature and rationale of adjusting items. For Letica, we considered the current performance of the business and the forecast performance as prepared by management and approved by the Board. We understood the sensitivities within the forecasts and agreed the contingent consideration calculation to the agreements. In each case we have concluded that the provision at the end of the year is reasonable based on information that is currently available.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the group, the accounting processes and controls, and the industry in which the group operates.

The group is structured along seven divisions being RPC Ace, RPC Bebo, RPC bpi group, RPC Bramlage, RPC M&H, RPC Promens and RPC Superfos, each with their own Finance Director who reports into the group finance team. Each division contains multiple reporting units, across different regions, which are consolidated to form the group financial statements.

The group financial statements are a consolidation of reporting units, comprising the group's operating businesses and centralised functions. These reporting units maintain their own accounting records and controls and report to the head office finance team through an integrated consolidation system.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed at each reporting unit and we used auditors within PwC UK and from other PwC network firms operating under our instruction, who are familiar with the local laws and regulations in each of these territories to perform this work.

Accordingly, we identified 45 (2017: 42) which, in our view, required a full audit of their complete financial information in order to ensure that sufficient appropriate audit evidence was obtained. The reporting units on which a full audit of their complete financial information was performed accounted for 48% (2017: 55%) of Group revenue. There are no individually significant reporting units due to size or risk profile. Specific audit procedures focused on areas of significant risk in respect of a further four (2017: 20) reporting units were performed with due consideration paid to obtaining global coverage on a rotational basis. Within the 49 reporting units at which we performed work in 2018, four of these (2017: one) represent separate sub-consolidations of a total of 59 additional reporting units within the Group consolidation at either the divisional or territory level.

This scope involved sites in China, Czech Republic, Denmark, France, Germany, Hong Kong, Norway, South Africa, Spain, Sweden, the UK and the USA.

The Group consolidation, financial statements disclosures and a number of centralised functions were audited by the Group audit team at the head office. These included, but were not limited to, central procedures on adjusting items, post-employment obligations, derivative financial instruments, taxation, fair value adjustments relating to acquisitions, goodwill and intangible asset impairment assessments. We also performed Group level analytical procedures on all of the remaining out of scope reporting units to identify whether any further audit evidence was needed, which resulted in no extra testing. The Company was also subject to a full scope audit by the Group audit team.

The Group audit team visits component auditors based on significance and/or risk characteristics, as well as on a rotational basis to ensure coverage across the Group. In the current year, the Group audit team visited component auditors in Germany, South Africa and the UK and visited the US in order to perform audit work over the Letica business. Additionally the Group audit team was in contact, at each stage of the audit, with all component teams through regular written communication in line with detailed instructions issued by the Group audit team. In addition, for a number of the component teams, the Group team discussed in detail the planned audit approach at the component level and discussed the detailed findings of the audit with the component team.

The reporting units on which audits of the complete financial information, specific audit procedures and centralised work was performed, accounted for 60% (2017: 65%) of Group revenue.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£19.5m (2017: £14.3m).	£15.5m (2017: £17.2m).
How we determined it	5% of profit before tax after adding back the adjusting items as set out in note 4.	1% of net assets.
Rationale for benchmark applied	We believe that profit before tax, after adding back adjusting items is the primary measure used by the shareholders in assessing the performance of the Group. The exclusion of items classified as adjusting is consistent with previous periods.	The entity is a holding company for the rest of the Group and not a trading company. Therefore an asset based measure is considered appropriate.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across reporting units was between £150,000 and £4,000,000. Certain reporting units were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £950,000 (Group audit) (2017: £550,000) and £775,000 (Company audit) (2017: £450,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the group's and the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RPC GROUP PLC CONTINUED

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

The directors' assessment of the prospects of the group and of the principal risks that would threaten the solvency or liquidity of the group

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 77 of the Annual Report that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 33 of the Annual Report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the group and statement in relation to the longer-term viability of the group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the group and company and their environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 77, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position and performance, business model and strategy is materially inconsistent with our knowledge of the group and company obtained in the course of performing our audit.
- The section of the Annual Report on page 76 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities set out on page 94, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 15 July 2015 to audit the financial statements for the year ended 31 March 2016 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the years ended 31 March 2016 to 31 March 2018.

Mark Smith (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

6 June 2018

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2018

	Notes	2018 Before adjusting items £m	2018 Adjusting items (note 4) £m	2018 Total £m	2017 Before adjusting items £m	2017 Adjusting items (note 4) £m	2017 Total £m
Revenue	2	**3,747.7**	**–**	**3,747.7**	2,747.2	–	2,747.2
Operating costs	3	**(3,322.7)**	**(69.3)**	**(3,392.0)**	(2,439.0)	(116.2)	(2,555.2)
Operating profit		**425.0**	**(69.3)**	**355.7**	308.2	(116.2)	192.0
Financial income	6	**11.2**	**–**	**11.2**	12.6	–	12.6
Financial expenses	6	**(47.5)**	**(3.5)**	**(51.0)**	(35.4)	(15.2)	(50.6)
Net financing costs	6	**(36.3)**	**(3.5)**	**(39.8)**	(22.8)	(15.2)	(38.0)
Share of profit from investment accounted for under the equity method	14	**0.7**	**–**	**0.7**	0.7	–	0.7
Profit before taxation		**389.4**	**(72.8)**	**316.6**	286.1	(131.4)	154.7
Taxation	7	**(92.7)**	**29.9**	**(62.8)**	(65.1)	42.4	(22.7)
Profit after taxation for the year		**296.7**	**(42.9)**	**253.8**	221.0	(89.0)	132.0
Profit attributable to:							
Equity shareholders		**296.3**	**(42.9)**	**253.4**	221.0	(89.0)	132.0
Non-controlling interests		**0.4**	**–**	**0.4**	–	–	–
Profit after taxation for the year		**296.7**	**(42.9)**	**253.8**	221.0	(89.0)	132.0

Earnings per share		2018			2017		
Basic	10			**61.6p**			37.1p
Diluted	10			**61.3p**			36.8p
Adjusted basic	10	**72.0p**			62.2p		

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2018

	Notes	2018 £m	2017 £m
Profit after taxation for the year		**253.8**	132.0
Other comprehensive income			
Items that will not subsequently be reclassified to the income statement			
Actuarial re-measurement of defined benefit pension plans	28	**54.4**	(7.2)
Deferred tax on actuarial re-measurement of defined benefit pension plans		**(10.4)**	1.0
		44.0	(6.2)
Items that may subsequently be reclassified to the income statement			
Foreign exchange translation differences		**(19.9)**	101.3
Effective portion of movement in fair value of cross currency interest rate swaps		**(26.7)**	6.1
Deferred tax on movement in fair value of cross currency interest rate swaps		**(0.7)**	0.7
Amounts recycled to the income statement		**31.5**	(8.0)
Amounts recycled to the balance sheet		**(0.4)**	(1.7)
Changes in fair value of derivative instruments designated as net investment hedges		**(11.8)**	(3.8)
		(28.0)	94.6
Other comprehensive income for the year, net of tax		**16.0**	88.4
Total comprehensive income for the year		**269.8**	220.4

CONSOLIDATED BALANCE SHEET

at 31 March 2018

	Notes	2018 £m	2017* £m
Non-current assets			
Goodwill	11	**1,575.2**	1,578.7
Other intangible assets	11	**324.2**	376.7
Property, plant and equipment	12	**1,357.6**	1,264.9
Investment accounted for under the equity method	14	**4.4**	4.2
Derivative financial instruments	21	**7.2**	39.0
Deferred tax assets	23	**108.9**	115.7
Total non-current assets		**3,377.5**	3,379.2
Current assets			
Assets held for sale	17	**6.3**	5.6
Inventories	15	**524.9**	480.2
Trade and other receivables	16	**663.6**	632.3
Current tax receivables		**12.4**	3.3
Derivative financial instruments	21	**12.2**	1.0
Cash and cash equivalents		**186.5**	266.2
Total current assets		**1,405.9**	1,388.6
Total assets		**4,783.4**	4,767.8
Current liabilities			
Bank loans and overdrafts	18	**(167.7)**	(93.2)
Trade and other payables	18	**(948.8)**	(899.7)
Current tax liabilities		**(63.3)**	(42.6)
Contingent consideration	22	**(30.4)**	(2.8)
Provisions and other liabilities	23	**(18.1)**	(62.2)
Derivative financial instruments	21	**(2.1)**	(2.3)
Total current liabilities		**(1,230.4)**	(1,102.8)
Non-current liabilities			
Bank loans and other borrowings	19	**(1,174.4)**	(1,259.6)
Employee benefits	28	**(196.9)**	(256.0)
Deferred tax liabilities	23	**(219.1)**	(230.4)
Contingent consideration	22	**(6.9)**	(49.4)
Provisions and other liabilities	23	**(35.2)**	(46.2)
Derivative financial instruments	21	**(0.4)**	(0.7)
Total non-current liabilities		**(1,632.9)**	(1,842.3)
Total liabilities		**(2,863.3)**	(2,945.1)
Net assets		**1,920.1**	1,822.7
Equity			
Share capital	24	**20.4**	20.8
Share premium account		**689.9**	680.6
Merger reserve		**727.4**	727.4
Capital redemption reserve		**1.4**	0.9
Translation reserve		**140.0**	171.7
Cash flow hedging reserve		**2.6**	(1.1)
Retained earnings		**335.4**	222.1
Equity attributable to equity shareholders		**1,917.1**	1,822.4
Non-controlling interests		**3.0**	0.3
Total equity		**1,920.1**	1,822.7

*Restated for hindsight review of prior year acquisitions as required by IFRS 3, see note 25 for further details.

The financial statements on pages 102 to 152 were approved by the Board of Directors on 6 June 2018 and were signed on its behalf by:

J R P Pike
Chairman

S J Kesterton
Group Finance Director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2018

	Notes	2018 £m	2017 £m
Cash generated from operations	20	**484.2**	332.9
Taxes paid		**(59.5)**	(33.2)
Interest paid		**(38.0)**	(23.2)
Net cash flows from operating activities		**386.7**	276.5
Cash flows from investing activities			
Interest received		**1.3**	1.5
Proceeds on disposal of property, plant and equipment and assets held for sale		**3.8**	4.5
Purchase of property, plant and equipment		**(241.4)**	(175.2)
Purchase of intangible assets		**(4.6)**	(5.0)
Acquisition of businesses, net of cash acquired	25	**(65.2)**	(938.1)
Proceeds from disposal of businesses	26	**0.5**	0.1
Net cash flows from investing activities		**(305.6)**	(1,112.2)
Cash flows from financing activities			
Dividends paid to equity shareholders	8	**(105.8)**	(62.1)
Purchase of own shares - share buyback programme	24	**(83.4)**	–
Purchase of own shares - share-based incentive arrangements		**(2.6)**	(5.1)
Proceeds from the issue of share capital		**9.4**	629.2
Repayment of borrowings		**(7.7)**	(85.6)
Proceeds of borrowings		**54.3**	444.8
Net cash flows from financing activities		**(135.8)**	921.2
Net (decrease)/increase in cash and cash equivalents		**(54.7)**	85.5
Cash and cash equivalents at beginning of year		**183.0**	86.3
Effect of foreign exchange rate changes		**(3.4)**	11.2
Cash and cash equivalents at end of year		**124.9**	183.0
Cash and cash equivalents comprise:			
Cash at bank		**186.5**	266.2
Bank overdrafts		**(61.6)**	(83.2)
		124.9	183.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2018

	Share capital £m	Share premium account £m	Merger reserve £m	Capital redemption reserve £m	Translation reserve £m	Cash flow hedging reserve £m	Retained earnings £m	Non-controlling interests £m	Total equity £m
At 1 April 2017	**20.8**	**680.6**	**727.4**	**0.9**	**171.7**	**(1.1)**	**222.1**	**0.3**	**1,822.7**
Profit for the year	–	–	–	–	–	–	**253.4**	**0.4**	**253.8**
Actuarial re-measurement, net of tax	–	–	–	–	–	–	**44.0**	–	**44.0**
Exchange differences	–	–	–	–	**(19.9)**	–	–	–	**(19.9)**
Hedging movements, net of tax	–	–	–	–	**(11.8)**	**3.7**	–	–	**(8.1)**
Total comprehensive income for the year	–	–	–	–	**(31.7)**	**3.7**	**297.4**	**0.4**	**269.8**
Issue of shares	**0.1**	**9.3**	–	–	–	–	–	–	**9.4**
Non-controlling interest on acquisition	–	–	–	–	–	–	–	**2.3**	**2.3**
Share-based payments	–	–	–	–	–	–	**6.8**	–	**6.8**
Deferred tax on share-based payments	–	–	–	–	–	–	**(0.9)**	–	**(0.9)**
Current tax on share-based payments	–	–	–	–	–	–	**1.8**	–	**1.8**
Purchase of own shares - share buyback	**(0.5)**	–	–	**0.5**	–	–	**(83.4)**	–	**(83.4)**
Purchase of own shares - share-based incentive arrangements	–	–	–	–	–	–	**(2.6)**	–	**(2.6)**
Dividends paid to equity shareholders	–	–	–	–	–	–	**(105.8)**	–	**(105.8)**
At 31 March 2018	**20.4**	**689.9**	**727.4**	**1.4**	**140.0**	**2.6**	**335.4**	**3.0**	**1,920.1**
At 1 April 2016	15.2	591.4	52.2	0.9	74.2	1.8	157.9	0.3	893.9
Profit for the year	–	–	–	–	–	–	132.0	–	132.0
Actuarial re-measurement, net of tax	–	–	–	–	–	–	(6.2)	–	(6.2)
Exchange differences	–	–	–	–	101.3	–	–	–	101.3
Hedging movements, net of tax	–	–	–	–	(3.8)	(2.9)	–	–	(6.7)
Total comprehensive income for the year	–	–	–	–	97.5	(2.9)	125.8	–	220.4
Issue of shares	5.6	89.2	675.2	–	–	–	–	–	770.0
Share-based payments	–	–	–	–	–	–	4.5	–	4.5
Deferred tax on share-based payments	–	–	–	–	–	–	0.3	–	0.3
Current tax on share-based payments	–	–	–	–	–	–	0.8	–	0.8
Purchase of own shares - share-based incentive arrangements	–	–	–	–	–	–	(5.1)	–	(5.1)
Dividends paid to equity shareholders	–	–	–	–	–	–	(62.1)	–	(62.1)
At 31 March 2017	20.8	680.6	727.4	0.9	171.7	(1.1)	222.1	0.3	1,822.7

COMPANY BALANCE SHEET

at 31 March 2018

	Notes	2018 £m	2017 £m
Non-current assets			
Investment in subsidiaries	13	**873.1**	1,346.9
Derivative financial instruments	21	**6.6**	39.0
Deferred tax asset	23	**–**	0.3
Total non-current assets		**879.7**	1,386.2
Current assets			
Trade and other receivables	16	**2,581.9**	1,985.8
Derivative financial instruments	21	**10.0**	1.0
Cash and cash equivalents		**6.5**	1.4
Total current assets		**2,598.4**	1,988.2
Total assets		**3,478.1**	3,374.4
Current liabilities			
Bank loans and overdrafts	18	**(122.5)**	(33.0)
Trade and other payables	18	**(663.8)**	(392.6)
Current tax liabilities		**(1.7)**	–
Derivative financial instruments	21	**–**	(2.3)
Total current liabilities		**(788.0)**	(427.9)
Non-current liabilities			
Bank loans and other borrowings	19	**(1,138.4)**	(1,229.1)
Deferred tax liabilities	23	**(0.6)**	–
Total non-current liabilities		**(1,139.0)**	(1,229.1)
Total liabilities		**(1,927.0)**	(1,657.0)
Net assets		**1,551.1**	1,717.4
Equity			
Share capital	24	**20.4**	20.8
Share premium account		**689.9**	680.6
Merger reserve		**727.4**	727.4
Capital redemption reserve		**1.4**	0.9
Cash flow hedging reserve		**2.6**	(2.0)
Retained earnings		**109.4**	289.7
Equity attributable to equity shareholders		**1,551.1**	1,717.4

The Company's profit for the year was £5.6m (2017: £67.5m).

The financial statements on pages 102 to 152 were approved by the Board of Directors on 6 June 2018 and were signed on its behalf by:

J R P Pike
Chairman

S J Kesterton
Group Finance Director

Registered Number
2578443

COMPANY CASH FLOW STATEMENT

for the year ended 31 March 2018

	Notes	2018 £m	2017 £m
Cash flows from operating activities			
Profit after taxation	9	**5.6**	67.5
Dividends received	9	**–**	(89.9)
Tax charge		**–**	(0.6)
Net financing income		**(23.6)**	(5.9)
Increase in receivables		**(22.8)**	(720.3)
Increase in payables		**258.8**	116.5
Cash generated from operations		**218.0**	(632.7)
Interest paid		**(31.9)**	(21.8)
Net cash flows from operating activities		**186.1**	(654.5)
Cash flows from investing activities			
Investments in subsidiaries		**–**	(370.6)
Net cash flows from investing activities		**–**	(370.6)
Cash flows from financing activities			
Dividends paid to equity shareholders	8	**(105.8)**	(62.1)
Purchase of own shares - share buyback programme	24	**(83.4)**	–
Proceeds from the issue of share capital	24	**9.4**	680.0
Proceeds from borrowings		**5.2**	407.8
Net cash flows from financing activities		**(174.6)**	1,025.7
Net increase in cash and cash equivalents		**11.5**	0.6
Cash and cash equivalents at beginning of year		**(31.6)**	(32.2)
Cash and cash equivalents at end of year		**(20.1)**	(31.6)
Cash and cash equivalents comprise:			
Cash at bank		**6.5**	1.4
Bank overdrafts		**(26.6)**	(33.0)
		(20.1)	(31.6)

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2018

	Share capital £m	Share premium account £m	Merger reserve £m	Capital redemption reserve £m	Translation reserve £m	Cash flow hedging reserve £m	Retained earnings £m	Total equity £m
At 1 April 2017	**20.8**	**680.6**	**727.4**	**0.9**	**–**	**(2.0)**	**289.7**	**1,717.4**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**5.6**	**5.6**
Hedging movements, net of tax	**–**	**–**	**–**	**–**	**–**	**4.6**	**–**	**4.6**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**4.6**	**5.6**	**10.2**
Issue of shares	**0.1**	**9.3**	**–**	**–**	**–**	**–**	**–**	**9.4**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**3.3**	**3.3**
Purchase of own shares	**(0.5)**	**–**	**–**	**0.5**	**–**	**–**	**(83.4)**	**(83.4)**
Dividends paid to equity shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(105.8)**	**(105.8)**
At 31 March 2018	**20.4**	**689.9**	**727.4**	**1.4**	**–**	**2.6**	**109.4**	**1,551.1**
At 1 April 2016	15.2	591.4	52.2	0.9	(4.3)	1.8	286.2	943.4
Profit for the year	–	–	–	–	–	–	67.5	67.5
Hedging movements, net of tax	–	–	–	–	–	(3.8)	–	(3.8)
Transfer between reserves	–	–	–	–	4.3	–	(4.3)	–
Total comprehensive income for the year	–	–	–	–	4.3	(3.8)	63.2	63.7
Issue of shares	5.6	89.2	675.2	–	–	–	–	770.0
Share-based payments	–	–	–	–	–	–	2.4	2.4
Dividends paid to equity shareholders	–	–	–	–	–	–	(62.1)	(62.1)
At 31 March 2017	20.8	680.6	727.4	0.9	–	(2.0)	289.7	1,717.4

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

1. PRINCIPAL ACCOUNTING POLICIES

RPC Group Plc 'the Company' is a company incorporated in England and Wales. Both the Company financial statements and the Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU (Adopted IFRS). On publishing the Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual income statement and related notes that form part of these approved financial statements.

The following principal accounting policies apply to both the Group and Company financial statements. They have been applied consistently throughout the year and the preceding year in dealing with items which are considered material in relation to the Group and Company's financial statements.

Basis of Preparation

The financial statements, which are presented in sterling, are prepared on a going concern basis and in accordance with the historical cost convention, except for derivative financial instruments and contingent consideration which are stated at their fair value.

In the preparation of the financial statements, comparative amounts have been restated to reflect the finalisation of the provisional acquisition accounting for BPI, Letica, ESE World, Plastiape, Jagtenberg, Synergy, Sanders, Amber and Shenzen Howyecen Automotive Electronic Company and hindsight adjustments have been made as a result. These adjustments have been reflected in the comparative balance sheet, further details of which can be seen in note 25 of the financial statements.

Key Estimates and Judgements

Preparation of the financial statements requires the directors to make estimates that affect the reported amounts of liabilities, assets, incomes and expenses. Estimates are determined through management's historical knowledge and, where necessary, the knowledge of experts, taking into account the current circumstances that necessitate the estimate. Estimates are a common feature of accounting processes and as such management have distinguished key estimates as only those that contain a significant risk of a material change to the carrying value of assets or liabilities within the next year.

Management are also required to use judgement in applying their accounting policies. Management define key judgements as those that have had a significant effect on the amounts recognised in the financial statements.

The key estimates and judgements used in the financial statements, as well as changes to key estimates and judgements are set out in the sections below.

Changes in key estimates and judgements

In preparation of the financial statements management have critically assessed the presentation of key estimates and judgements in the light of the most recent guidance. As a result of this assessment management no longer consider the following estimates to be key:

- Impairment of tangible and intangible assets, including goodwill – Management do not believe that at a Cash Generating Unit (CGU) level the assumptions used in impairment models are sensitive enough or subject to significant uncertainty such that there is a material risk that carrying amounts of intangible and tangible assets exceed their recoverable amounts. Whilst there is a material amount of goodwill within each CGU, due to the levels of headroom on discounted future cash flows, management do not believe that there is a risk of material change in this estimate between this financial year end and the next.
- Retirement benefit obligation – these liabilities are based on assumptions derived from readily available market information, including high-quality bond yield curves. The assumptions are provided by external actuaries and their application is consistent year on year. Other assumptions, such as mortality rates, are taken from publically available sources, which are again applied consistently. As such, management do not view this balance as a key estimate.
- Taxation – uncertain tax positions (UTPs) were previously classified as key estimates, however in the current year the component items within the overall balance are not individually material, nor are any UTPs collectively of a similar enough nature or origin such that a change in assumptions would result in a material change to the overall UTP estimate in the next 12 months.

Estimates

Acquisition accounting – contingent consideration

Contingent consideration, including post-acquisition remuneration, as a result of significant acquisitions in previous years continues to be a significant estimate for the Group. Contingent consideration is revalued each reporting period according to the latest forecasts of the acquired business based on the terms of the earn-out arrangement. Where payment is dependent on the recipient remaining in employment, the payment will be accounted for as post-acquisition remuneration as required under IFRS 3 and movements in this balance will be classified as an adjusting item.

Contingent consideration relating to the Ace acquisition is still a significant liability on the balance sheet, as is the combined post-acquisition remuneration for the Ace, Letica, Strata Products, Innocan, Amber and Synergy transactions. The level of contingent consideration and post-acquisition remuneration payable is dependent on acquired businesses meeting EBITDA growth targets over the earn-out period. The earn-out agreements for each of these acquired businesses allow for a maximum earn-out of 100% and a minimum earn-out of 0%, depending on the actual EBITDA growth against the earn-out benchmarks. Due to the quantum of potential liabilities and the range of possible outcomes, there is a significant risk that differences in actual performance of acquired businesses could necessitate a material change in the values provided for as contingent consideration or post-acquisition remuneration in the financial statements.

Management estimate the range of contingent consideration and post-acquisition remuneration to be between £11.9m and £53.0m, which represents 6% to 27% of the maximum earn-out. The earn-out assessment is cumulative over a number of periods and therefore there exists a risk that acquired businesses could have exceptionally strong or weak performance in the next 12 months that could push them toward the maximum or minimum earn-out percentage. Additionally, at the end of the earn-out agreement management of RPC Group permit the acquired businesses to propose adjustments which have impacted reported results in the assessment of the final earn-out amount, which again could increase the amounts owed.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2018

Judgements

Adjusting items

The directors believe that presentation of results before adjusting items assists in comparing trends to allow an understanding of business performance and as such this remains a key area of focus for the business. In determining the classification of certain items as adjusting under Group policy, management exercises significant judgement. The Group has developed a policy by which items that are not representative of the underlying trading performance of the business are presented separately in the consolidated income statement due to their size or nature. Management believe that this helps facilitate comparison with prior periods and assess trends in financial performance.

Management see this as a key judgement as a decision has to be made as to which income statement items fall within the criteria and therefore should be shown separately. To achieve consistency in exercising this judgement, a strict review and approval policy is in place for any items proposed as adjusting at a divisional level.

Further details of the amounts classified as adjusting items can be found in note 4 of the financial statements.

Basis of Consolidation

The consolidated financial statements incorporate those of the Company and its subsidiaries (together 'the Group') and the Group's share of the results and equity of its joint venture.

Subsidiaries are entities over which, either directly or indirectly, the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The results of subsidiaries acquired or sold during the year are included in the Group's results from the date of acquisition or up to the date of disposal. All business combinations are accounted for by the purchase method. Assets, liabilities and contingent liabilities acquired in a business combination are measured at fair value.

Intra-group balances, transactions, income and expenses are eliminated.

Non-controlling interests represent the portion of shareholders' earnings and equity attributable to third-party shareholders.

Acquisition Accounting

Acquisitions are accounted for by applying the purchase method. The cost of an acquisition is measured as the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group. A systematic approach is taken to identify the assets, liabilities and contingent liabilities of the acquiree, and to measure them at fair value at the acquisition date, irrespective of the extent of any non-controlling interests, using appropriate valuation methods and third party valuation specialists where appropriate. The excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

New Standards and Interpretations

The following new standards are effective for annual periods beginning after 1 January 2018 or later and have not yet been adopted by the Group:

IFRS 9 – Financial instruments

The Group will adopt IFRS 9 – Financial Instruments for the year ending 31 March 2019. The standard replaces IAS 39 – Financial Instruments: Recognition and Measurement, and covers recognition and measurement, impairment, and de-recognition of financial assets and liabilities, as well as changes to general hedge accounting principles.

Management have completed their impact assessment on the effect of this new accounting standard on the Group's consolidated financial statements and have concluded that there will be no material impact.

The focus of management's assessment has been on the new requirements for hedge accounting and the impact of implementing an expected credit loss model for impairment of financial assets. The Group, in general, sells to established companies with strong credit ratings and has not historically experienced significant levels of bad debts, and so implementation of the expected credit loss model of impairment is not expected to have a significant impact. The Group has a limited number of hedged positions and has ensured that all current hedge documentation and effectiveness testing has been updated such that it complies with the new standard.

IFRS 15 – Revenue from contracts with customers

The Group will adopt IFRS 15 - Revenue from contracts with customers for the year ending 31 March 2019. The standard provides a single principle-based five step model to be applied to all sales contacts. For periods beginning after 1 January 2018 the single new standard will replace the existing standards covering revenue; IAS 11 – Construction contracts, and IAS 18 – Revenue.

The Group is in the process of finalising its analysis on the impact of implementing IFRS 15 in advance of reporting under the new standard for the first time in the 2018 Half Year Financial Report. However, management is in a position to provide details of preliminary findings.

In order to model the impact of the new standard on the Group, management have completed a thorough contract review across the operating business. Due to the decentralised nature of the Group, data collection for the contract reviews was conducted within each of the seven divisions by senior finance and sales personnel, under the guidance of Group Finance. Stage one of the process involved an enhanced scoping exercise to identify contracts with clauses that could lead to different revenue recognition under IFRS 15 and also gain coverage of contract revenue. Management's existing knowledge of the business allowed them to focus on two key risk areas; contracts with variable consideration and contracts with multiple performance obligations. Stage two of the review was to assess the impact, if any, that implementing IFRS 15 would have on the revenue recognised from contracts containing clauses relating to the two risk areas identified. The overall assessment was made by Group Finance, however, external assistance was used to further scrutinise conclusions reached.

Findings from the contract reviews were largely in line with management's expectations. The Group's core activities involve the production of plastic packaging and non-packaging to order, where customers are invoiced for the units produced. Therefore the right to consideration from the customer at any point generally corresponds with the value of the goods produced but unpaid for up to that point. In this scenario IFRS 15 permits the recognition of revenue in line with the value of goods the Group has a right to invoice for, which is in line with how the Group currently recognises revenue for these transactions.

A significant proportion of contracts did contain clauses pertaining to variable consideration, while a smaller, but not insignificant portion of contracts contained multiple performance obligations. Management reached the following conclusion over these:

Variable consideration

Contractual clauses that fall within the domain of variable consideration were limited to discounts (prospective reductions in price on future sales), rebates (retrospective reductions in price on past sales) and price downs (stepped reduction in price over a fixed period reflective of efficiencies and cost savings the Group will develop over the life of the contract).

Under IFRS 15, where there is a contract with variable consideration, if it is concluded that the contract provides the customer with a material right to a discount at a future date then that discount must be allocated to the performance obligations. A material right in the context of variable consideration is a price reduction in excess of what any other customer of a similar size could obtain for a similar product.

Rebates and discounts are a feature of the industry, as they are in the majority of high volume businesses. It was identified that the quantum of the discount or rebate that can be earned by the customer are a small percentage of the overall value of the goods and of a similar level across the Group. Due to this management have concluded discounts do not constitute a material right, as they could reasonably be obtained by any customer of a similar size entering into a contract for a similar product.

Price down clauses featured in a small number of contracts. The price reduction is designed to pass on cost efficiencies developed from running a production process for a sustained period of time, and will lead to a consistent margin over the life of the contract. This has not been deemed to be a material right as another customer entering a contract with the Group for a similar product could expect to receive a similar price to a customer already part way through a price down contract, as the efficiencies have already been developed through the existing contract to be able to produce the goods at the same cost and margin.

Therefore it is not expected that there will be a significant change in revenue recognition in the case of contracts with variable consideration.

Multiple performance obligations

In the majority of cases contracts reviewed contained just one performance obligation, the production of plastic packaging and non-packaging. However, it was identified in some contracts that multiple performance obligations could be present. These took two forms, the development of a mould followed by production from that mould, and the production of a product followed by labelling or barcoding of that product.

Under IFRS 15, where there are distinct separate performance obligations within a contract it is required that a portion of the transaction price is allocated to each obligation and the revenue for each is only recognised when the conditions of that performance obligation are satisfied.

In the case of the production of a product followed by labelling or barcoding, while there clearly are two performance obligations, due to the fact that there is a combined output the performance obligations have been deemed as not distinct. As such in these circumstances the transaction price will not be split between performance obligations and revenue will continue to be recognised as it is under the existing standard at an amount equal to the sum that the Group is entitled to invoice for goods produced.

In the case or development of a mould followed by production from that mould there is the added complexity of ownership of the mould, whether it belongs to the customer of the Group, and when ownership transfers, if at all. Management has analysed each scenario and has concluded that there will be no change to the existing way that revenue is recognised in each of the scenarios. The reasons for this broadly fall into two categories, either the mould is transferred at the start of the contract, making it two separate performance obligations whereby the sales value of the mould is recognised on completion and sale of the mould and the remaining revenue is recognised on completion of each unit of the product, or the mould is retained by the Group for at least the duration of the contract and the mould being used to produce a combined output cannot be considered a distinct performance obligation from that of the goods produced.

As a result of the contract reviews undertaken, pending formal completion of all detailed work, management believe there will be no significant change to revenue recognition under the new standard and therefore do not expect a material change to the amounts recognised as revenue in the financial statements. Additional revenue disclosures will be required in the 2019 financial statements in order to comply with the disclosure requirements stipulated under IFRS 15.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2018

IFRS 16 – Leases

The Group will adopt IFRS 16 – Leases for the year ending 31 March 2020. The standard replaces IAS 17 and removes the operating lease classification, requiring all leases to be recognised under the existing finance lease model. The transition to IFRS 16 will impact the income statement, balance sheet and cash flow statement in the Group's financial statements.

The impact on the balance sheet will be an increase in liabilities and an increase in property, plant and equipment, due to the recognition of both the present value of minimum lease payments and a right to use asset. The impact on the income statement will be to remove the operating lease rental charge and replace it with depreciation and a finance cost.

The impact on the income statement will vary depending on the ageing profile of leases at transition. Whereas under the current operating lease model the periodic charge to the income statement is of a consistent value over the life of the lease, under IFRS 16 interest is charged on a reducing liability balance, therefore on transition an older lease profile would likely produce a profit increase, whereas a younger lease profile would have the opposite effect.

There will be no impact on net cash flows.

Management are in the process of a formal impact assessment and data collection exercise in order to quantify and model the impact across the subsidiaries. The Group's commitments under non-cancellable operating leases is a good indicator of the potential magnitude of any transition adjustment, however management stress that this is only a guide as these figures are undiscounted and may differ significantly to the lease commitments in the first financial period the standard is effective or its comparative period.

Property, Plant and Equipment

Property, plant and equipment is stated at cost together with any expenses of acquisition less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated so as to write off the cost of each part of an item of property, plant and equipment less any residual value on a straight-line basis over the expected useful economic lives of the assets concerned, as follows:

Freehold buildings	50 years
Long leasehold property	50 years or the length of the lease if lower
Plant and equipment	5 to 12 years
Moulds	3 to 5 years
Motor vehicles	4 years

Freehold land is not depreciated.

Assets (Disposal Groups) Held for Sale

All assets and liabilities classified as held for sale are measured at the lower of carrying value and fair value less costs to sell. All assets and liabilities, or disposal groups, are classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is met only when a sale is highly probable, the asset or disposal group is available for immediate sale in its present condition and management is committed to the sale which is expected to qualify for recognition as a completed sale within one year from the date of classification.

Inventories

Inventories are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods for resale, the average purchase price is used. For finished goods, cost is taken as production cost which includes the cost of the raw materials and an appropriate proportion of overheads. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Financial Assets

Financial assets include cash and cash equivalents, trade and other receivables, assets held for sale, investment in joint ventures and derivatives.

Trade and Other Receivables

Trade and other receivables are recognised on the trade date, being the date that the Group commits to sell the asset, and are initially measured at fair value and subsequently measured at amortised cost less any provision for impairment. A provision for impairment is made when there is evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Balances are written off when the probability of recovery is assessed as being remote.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Trade and Other Payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost.

Provisions

A provision is recognised in the balance sheet when the Group has a present, legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. The Group classify provisions into the following categories.

Termination and restructuring provisions

Provisions within this category relate to planned reorganisation programmes. The provision is created, in accordance with IAS 37, once the approved programme has commenced or, if relevant, when headcount reduction has been communicated to those affected in writing. Calculation of termination and restructuring obligations are based on; external quotes, contractual terms, the result of due diligence activities, or in absence of specific documentation, managements best estimates of costs required to fulfil obligations.

Contract provisions

These provisions are predominantly recognised on acquisition and represent the contract derived values where the commercial terms, at acquisition date, are not in line with market based assumptions for a 'market participant'. An asset or provision is created for this 'off-market' difference representing an excessively high or low margin. The asset or provision established is held gross and utilised through the income statement over a calculated duration. Typically utilisation will be within 12 months of acquisition date, as this is the period of time over which the Group expects to be able to either bring the margins to a level typical for that type of contract or exit the contract. Where contracts are exited prior to full utilisation the provision is removed. The value of each off-market contract is calculated based on the acquired business' forecast operating profit margin for specific contracts that are deemed to fall outside a reasonable range. This is compared to an assumed range of operating profit margins for a normal market participant given risks and business models in the relevant sector and the cash flow difference, over a specific time period, is discounted to a net present value where the time value of money is material.

Environmental and health and safety, legal related and other provisions

While the provisions within these categories have differing origins, the accounting treatment for each type is consistent across the three categories. These provisions have either arisen through acquisition, either having previously existed in the acquired businesses balance sheet or created on acquisition as a fair value adjustment, or have arisen through the course of operating existing business. Accounting for these provisions is in line with IAS 37 and is largely consistent with the accounting treatment noted for the 'termination and restructuring' category.

Investments in Subsidiaries

Investments are stated at the fair value of the consideration given when initially acquired adjusted for capital contributions in respect of share options granted to employees of its subsidiaries and reviewed for impairment if there is an indication that the carrying value may not be recoverable.

Foreign Currencies

Subsidiaries and equity accounted investments account in the currency of their primary economic environment of operation, determined having regard to the currency which mainly influences sales and input costs. Transactions are translated at exchange rates approximating to the rate ruling on the date of the transaction except in the case of material transactions when actual spot rate may be used where it more accurately reflects the underlying substance of the transaction. Where practicable, transactions involving foreign currencies are protected by forward contracts. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date. Such transactional exchange differences are taken into account in determining profit before tax.

Material foreign currency movements arising on the translation of intra-group balances where there is no intention of repayment are treated as part of the net investment in a subsidiary and are recognised through equity. Movements on other intra-group balances are recognised through the income statement.

The Group's presentational currency is sterling. On consolidation, results and cash flows of foreign subsidiaries and equity accounted investments are translated to sterling at average exchange rates. Assets and liabilities are translated at the exchange rates ruling at the balance sheet date. Such translational exchange differences are taken to equity.

Profits and losses on the realisation of foreign currency net investments include the accumulated net exchange differences that have arisen on the retranslation of the foreign currency net investments since 1 January 2004 up to the date of realisation.

Bank Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums paid on settlement or redemption of direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2018

Derivative Financial Instruments

Derivative financial instruments are measured at fair value and include interest rate swaps, cross currency swaps and forward foreign exchange contracts. The fair values are determined by reference to the prices available from the market on which the instruments involved are traded. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Fair value of Level 2 financial instruments is determined using valuation techniques. Fair value of Level 3 financial instruments are where inputs for the asset or liability are not based on observable market data (that is, unobservable inputs).

Certain derivative financial instruments are designated as hedges in line with the Group's treasury policy. Hedges are classified as follows:

- Fair value hedges that hedge the exposure to changes in the fair value of a recognised asset or liability.
- Cash flow hedges that hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecasted transaction.
- Net investment hedges that hedge exposure to changes in the value, due to fluctuations in exchange rates, of the Group's interests in the net assets of foreign operations.

For fair value hedges, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in the income statement. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and similarly recognised in the income statement.

For cash flow hedges and net investment hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge, as defined by IAS 39 'Financial Instruments: Recognition and Measurement', is recognised in equity, directly in the cash flow hedge reserve or the translation reserve, respectively, with any ineffective portion recognised in the income statement. Such hedges are tested, both at inception to ensure they are expected to be effective and periodically throughout their duration to assess continuing effectiveness. When the forecast transaction results in the recognition of a non-financial asset or liability, the associated gains or losses previously recognised in equity are included in the initial measurement of the asset or liability. For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same period in which the hedged cash flows affect the income statement.

Any gains or losses arising from changes in the fair value of derivative financial instruments not designated as hedges are recognised in the income statement.

Where a Group company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Group considers these to be insurance arrangements for them as such. In this respect, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

Revenue

Revenue represents the invoiced value of goods supplied, excluding value added tax and other sales taxes, and is presented net of any trade discounts issued. Revenue is recognised in the income statement when products and associated equipment are supplied to external customers in line with contractual arrangements. In these instances, significant risks and rewards of ownership have passed to third parties, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group.

Adjusting Items

Items which are not representative of the underlying performance of the business due to their materiality or nature, are presented separately from underlying business performance in the Consolidated income statement as 'Adjusting items'. The separate reporting of adjusting items helps facilitate comparison with prior periods and assess trends in financial performance.

The principal events which may give rise to adjusting items include; business restructuring and closure costs, including related asset impairments and losses during the closure period, business acquisition and integration costs, gains or losses on the disposal of businesses and property, goodwill impairments, significant litigation and tax claims, amortisation of acquired intangible assets, consideration on acquisitions that is treated as post-acquisition remuneration, and tax items that are linked to restructuring and other gains or losses, which, in the management's judgement, could distort an assessment of underlying business performance.

Taxation

The tax expense represents the sum of the current taxes payable and deferred tax.

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised on deductible temporary differences where they can be offset against taxable temporary differences or to the extent that it is probable that taxable profits will be available against which they can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

The Group is subject to income taxes in numerous jurisdictions. Judgement is required in determining the worldwide provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Employee Benefits

Retirement benefit obligations

The Group operates a number of defined benefit and defined contribution pension schemes.

The liability recognised in the balance sheet in respect of defined benefit pension schemes is the present value of the defined benefit obligation less the fair value of plan assets at the balance sheet date. The obligation is calculated by external actuaries using the projected unit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity and recognised in full in the Consolidated statement of comprehensive income in the period in which they occur.

The costs of providing accrued service benefits are charged to operating expenses. Employee benefit net finance expense is included in net financing costs.

Payments to defined contribution schemes are charged to the income statement when they fall due.

Termination benefits

The Group recognises the present value of a liability to pay termination benefits when it has a demonstrable commitment to terminating employment before retirement.

In Germany, the Group has contractual obligations under a part-time employment scheme for older employees (Altersteilzeit). In addition to half salary, the employee may receive a fixed incentive payment. The Group provides for the incentive payment as a termination benefit. The number of employees who will take up this arrangement is an estimate based on historical experience and any agreed cap on the number of participants. Actuarial gains and losses and past service costs are recognised immediately in the income statement.

Other employee benefits

The Group provides for the present value of its obligations in respect of other long-term employee benefits using actuarial valuations. These include deferred salaries due to German Altersteilzeit employees and long service awards. The Group provides for long service awards as they accrue. The number of employees who will receive long service awards is estimated based on historical experience. Actuarial gains and losses and past service costs are recognised immediately in the income statement.

The costs of short-term employee benefits are charged to the income statement when they fall due.

Leasing

Where the Group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as property, plant and equipment and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within payables. Rentals payable are apportioned between the finance element, which is charged to the income statement, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the income statement on a straight-line basis over the expected life of the lease.

Research and Development Expenditure

Research expenditure is written off in the year in which it is incurred.

Where the expenditure relates to the development of a new product or process which is expected to be technically feasible and commercially viable, development costs are capitalised and amortised over their useful economic lives, to a maximum of five years. The intangible assets are assessed for indications of impairment annually and any impairment is charged to the income statement.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2018

Goodwill

Goodwill has been recognised on acquisitions and represents the excess of the fair value of consideration given over the Group's interest in the fair value of the identifiable assets and liabilities and contingent liabilities at the date of acquisition. The carrying amount is allocated to CGUs and is tested at least annually for impairment. Any impairment is recognised immediately as an expense and cannot be reversed subsequently.

In respect of acquisitions prior to 1 April 2004, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal, except for goodwill written off to reserves under UK GAAP prior to 1998 which has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

Negative goodwill arising on an acquisition is recognised directly in the income statement in the year of acquisition.

Other Intangible Assets

Other intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when an asset is available for use and is calculated on a straight-line basis to allocate the cost of assets over their estimated useful lives as follows:

Patents	remaining life of patent
Product development costs	over the shorter of the life of the project or 5 years
Computer software and IT systems development costs	4 to 5 years
Customer contacts and relationships acquired	5 to 10 years
Technology	7 years
Brands	10 years

The cost of intangible assets acquired in a business combination is the fair value at acquisition date. The cost of separately acquired intangible assets, including computer software, comprises the purchase cost and any directly attributable costs of preparing the asset for use. Computer software costs that are directly associated with the implementation of major business systems are capitalised as intangible assets.

Valuation of acquired intangible assets

The Group separates acquired intangible assets into the following categories and uses the following techniques and inputs in arriving at the valuation on acquisition. Inputs are categorised as level 3 unless otherwise stated.

Technology, intellectual property rights (IPR), licences and patents

An intangible asset is recognised where there is a competitive advantage or access to new markets. Valuation of these intangible assets is performed in the following ways.

Technology and IPR: where there is a market for a particular technology acquired but a market value is unavailable, fair value will be calculated using a discounted cash flow model over a period of up to seven years, with assumed royalty rates and growth specific to the technology.

Licences: where licences to third parties exist for acquired technology or IPR, assets are created and valued at the discounted future net income stream to the business generated by that licence.

Patents: where there is determined to be a competitive advantage from a formally approved/registered product design which is currently producing an income stream, a patent can be valued using a royalty rate and margins that the product can command. The value is usually calculated over no more than five years, as it has been determined that after this point a competitor could be expected to develop comparable/improved products. In arriving at a valuation, growth is applied and future values discounted.

Brands

If there is clear evidence of a brand recognisable to end customers, it will only be recorded where it is a distinctive part of marketing products. In this scenario, valuation of a brand uses a royalty rate method applied within a discounted cash flow model.

Customer contacts and relationships

This represents the access given to an existing customer base by virtue of acquiring a company that already has established relationships with those customers. The value arises as those customers are more likely to return to the Group and provide a future sources of income.

The Group values customer contacts using an excess earnings model. The model is based on cash flows from acquired customers discounted, for a period up to 10 years. An attrition rate per year is used, depending on the historical length of customer relationships, to model the assumption that each year the customer contact retained by the business will reduce. A growth rate is also applied each year to account for expected sales growth within the acquired business. The valuation of customer contacts/relationships is calculated from the combined cash flows from existing customers over the relevant period.

Impairment of Tangible and Intangible Assets

At each balance sheet date, the Group reviews the carrying amount of the Group's assets, other than inventories, financial assets within the scope of IAS 39 and deferred tax assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. Goodwill is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses in respect of assets other than goodwill, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Equity-Settled Share-Based Payments

The Group operates an employee savings related share option scheme and executive share option schemes. The fair value of employee share options granted is calculated at grant date using an appropriate option pricing model. The resulting cost is charged to the income statement over the vesting period of the options with a corresponding increase in equity. At each balance sheet date, the Group revises its service and non-market estimates of the number of options that are expected to become exercisable and the charge to the income statement is adjusted accordingly.

Where the Company grants share options to employees of its subsidiaries, the amount equal to that which would otherwise have been charged in the income statement in respect of those options is accounted for as a capital contribution and the Company's cost of investment in its subsidiary is increased accordingly.

Alternative Performance Measures (APMs)

Alongside the statutory measures of performance, management also disclose a number of APMs (formerly termed as Non-GAAP measures). These measures are not defined under IFRS and act to provide comparability of information between reporting periods, where business activities such as acquisitions or restructuring can inhibit the ability of management and a reader of the financial statements to determine the underlying commercial performance of the Group. APMs are used by the directors and management for performance analysis, planning, reporting and incentive setting purposes and have remained consistent with prior year. They are used to make decisions and allocate resources based on underlying performance, without volatility arising from non-trading items such as impairment charges, portfolio change transactions or specific non-cash items.

APMs are designed to be used in addition to existing IFRS measures and, as such, are not intended to be a superior substitute to IFRS measurements.

A full glossary of APMs used in the financial statements, including definitions, purpose and reconciliation to IFRS measures, has been included within the Strategic report and can be found on pages 47 to 51.

Related Party Disclosures

Transactions between the Group and any related parties which require disclosure under IAS 24 'Related Party Disclosures' are given in note 29.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2018

2. OPERATING SEGMENTS

The information reported to the Group's Board of Directors, considered to be the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance are reported under two segments. The Group's operating segments have been derived from the structure which formed the basis of monthly management reporting. There has been aggregation of the Group's divisions or strategic business units, where there are further operational differences, into the Packaging segment due to certain common characteristics. This aggregation has been determined based on market of operation (mostly European), manufacturing or production techniques, the nature of products, profit margins earned and inputs into the production cycle. Typically as packaging customers are global B2B and served by multiple operating segments they are considered to be similar for the purposes of segment reporting. The remaining divisions, or where appropriate strategic business units, have been aggregated into the Non-packaging segment.

Segment Revenues and Results

The accounting policies of the reportable segments are the same as the Group's accounting policies in note 1. Segment profit represents the profit earned by each segment with an allocation of central items. Pricing of inter-segment revenue is on an arm's length basis.

The following is an analysis of the Group's revenue and results by reportable segment:

	Packaging		Non-packaging		Total	
	2018 £m	2017* £m	**2018 £m**	2017* £m	**2018 £m**	2017* £m
Revenue						
External sales	**3,158.6**	2,365.3	**589.1**	381.9	**3,747.7**	2,747.2
Inter-segment sales	**1.7**	1.0	**18.3**	15.8		
Total revenue	**3,160.3**	2,366.3	**607.4**	397.7		
Segmental results						
Adjusted operating profit	**349.0**	246.2	**76.0**	62.0	**425.0**	308.2
Adjusting items in operating profit (see note 4)					**(69.3)**	(116.2)
Net financing costs					**(39.8)**	(38.0)
Share of profit from investment accounted for under the equity method					**0.7**	0.7
Profit before taxation					**316.6**	154.7
Taxation					**(62.8)**	(22.7)
Profit after taxation					**253.8**	132.0
Segment assets**	**3,649.4**	3,614.2	**963.7**	947.1	**4,613.1**	4,561.3
Unallocated assets					**164.0**	200.9
Assets held for sale (note 17)					**6.3**	5.6
Total assets					**4,783.4**	4,767.8
Total non-current assets					**3,377.5**	3,379.2
Total current assets					**1,405.9**	1,388.6
Total assets					**4,783.4**	4,767.8
Segment net operating assets***	**1,324.1**	1,228.6	**234.9**	227.6	**1,559.0**	1,456.2
Unallocated net operating assets					**38.3**	21.5
Total net operating assets					**1,597.3**	1,477.7
Property, plant and equipment					**1,357.6**	1,264.9
Inventories					**524.9**	480.2
Trade and other receivables					**663.6**	632.3
Trade and other payables					**(948.8)**	(899.7)
Total net operating assets					**1,597.3**	1,477.7

* Segment assets and segment net operating assets have been restated for hindsight review of prior year acquisitions as required by IFRS 3, see note 25 for further details.

** Segment assets exclude deferred tax assets, current tax assets, derivatives and other assets generated through centre activities that cannot be allocated to segments. These are reported centrally as unallocated assets.

*** All assets and liabilities within segment NOA exclude the impact of fixed asset revaluation adjustments which are reported centrally as unallocated NOA.

	Packaging		Non-packaging		Total	
	2018 £m	2017 £m	**2018 £m**	2017 £m	**2018 £m**	2017 £m
Depreciation and amortisation	**177.8**	138.8	**38.2**	25.4	**216.0**	164.2
Impairment charge	**–**	12.3	**–**	–	**–**	12.3

Geographical Information

The Group's revenue and non-current assets (other than financial instruments and deferred tax assets) are divided into the following geographical areas:

2018

	UK £m	Germany £m	France £m	Other £m	**Mainland Europe £m**	**North America £m**	**Rest of World £m**	**Total £m**
External sales	**884.9**	581.2	385.6	1,065.2	**2,032.0**	**492.8**	**338.0**	**3,747.7**
Non-current assets	**638.7**	284.8	293.0	1,101.4	**1,679.2**	**471.5**	**472.0**	**3,261.4**
Goodwill								**1,575.2**
Other intangible assets								**324.2**
Property, plant and equipment								**1,357.6**
Investment accounted for under the equity method								**4.4**
Non-current assets								**3,261.4**

2017 restated

	UK £m	Germany £m	France £m	Other £m	Mainland Europe £m	North America £m	Rest of World £m	Total £m
External sales	736.1	488.2	313.9	825.1	1,627.2	165.5	218.4	2,747.2
Non-current assets	648.0	273.5	290.2	1,075.2	1,638.9	510.9	426.7	3,224.5
Goodwill								1,578.7
Other intangible assets								376.7
Property, plant and equipment								1,264.9
Investment accounted for under the equity method								4.2
Non-current assets								3,224.5

Revenues from external customers have been identified on the basis of origin and non-current assets on their physical location.

Major Customers

No single customer accounts for more than 10% of Group revenue in either 2018 or 2017.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2018

3. OPERATING COSTS

	2018 £m	2017 £m
Raw material and consumables	**1,884.6**	1,359.8
Own work capitalised	**(3.1)**	(3.1)
Changes in stock of finished goods and goods for resale	**(24.3)**	(22.9)
Other external charges	**348.5**	289.8
Carriage	**156.2**	107.3
Staff costs (note 5)	**816.5**	650.1
Depreciation of property, plant and equipment (note 12)	**161.7**	129.8
Amortisation of intangible assets (note 11)	**54.3**	34.4
Impairment losses	**–**	12.3
Other operating income	**(2.4)**	(2.3)
	3,392.0	2,555.2

	2018 £m	2017 £m
Other external charges include the following:		
Operating lease rentals:		
Hire of plant and machinery	**15.3**	10.9
Other operating leases	**8.5**	4.9
Research and development	**5.6**	5.0
Foreign exchange losses/(gains)	**0.3**	(1.3)
Other operating income includes:		
Gain on disposal of property, plant and equipment	**(0.5)**	–
(Gain)/loss on disposal of business	**(0.5)**	1.9

The analysis of auditor's remuneration is as follows:

	2018 £m	2017 £m
Fees payable to the Group's auditor for the audit of the parent company	**0.2**	0.1
Fees payable to the Group's auditor and their associates for other services to the Group:		
– audit of the financial statements of subsidiaries	**2.7**	3.1
Total audit fees payable to the Group's auditor	**2.9**	3.2
– audit related assurance services	**–**	0.1
– corporate finance services	**0.1**	0.4
– other non-audit services	**0.1**	0.3
– other assurance services	**–**	0.5
Total fees for other services	**0.2**	1.3
	3.1	4.5

Fees payable to PwC LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements contain this disclosure on a Group basis.

4. ADJUSTING ITEMS

	2018 £m	2017 £m
Adjusting items		
Acquisition costs	**3.9**	18.9
Major integration programme costs	**23.8**	56.1
Integration related impairment loss on property, plant and equipment and assets held for sale	**–**	10.7
Other restructuring costs	**11.2**	6.4
Post-acquisition remuneration charge contingent on earn-out targets (note 22)	**9.2**	11.8
Adjustments to contingent consideration and post-acquisition remuneration (note 22)	**(20.7)**	(23.0)
Amortisation - acquired intangible assets (note 11)	**50.7**	31.0
Acquisition, integration and related restructuring costs	**78.1**	111.9
Insurance proceeds	**(11.0)**	–
Other adjusting items	**2.2**	4.3
Total adjusting items in operating costs	**69.3**	116.2
Adjusting items in net financing costs (note 6)	**3.5**	15.2
Adjusting taxation		
Recognition of losses from previous acquisitions	**–**	(19.2)
Adjustment in relation to US Tax Reforms	**(12.9)**	–
Tax effect of adjusting items	**(17.0)**	(23.2)
Total adjusting items in taxation (note 7)	**(29.9)**	(42.4)

Acquisition costs include transactional expenses relating to the acquisition of Astrapak, which completed in June 2017, and Nordfolien, which completed after the year end.

The major integration programme of integrating the Promens, GCS and BPI businesses into the RPC organisation is now complete, with the £23.8m incurred in the year being the final costs.

Other restructuring costs include expenses related to the integration of other acquisitions including ESE World and Plastiape, costs in respect of the restructure of the Belgian footprint following the fire at Eke, Belgium and fees related to aborted acquisitions.

The Group continues to accrue post-acquisition remuneration due to former shareholders of Ace, Letica, Innocan, Synergy, Amber and Strata Products who must remain as employees of the Group for the duration of the earn-out period to qualify for payment. This year a further write back to contingent amounts of £20.7m has been made to reflect the current view of the final payment that will be made in respect of the Ace and Letica acquisitions.

Insurance proceeds have been recognised and received for the Eke fire.

Adjusting finance costs are described in note 6. Adjusting taxation includes the impact of the US Tax Reforms of £12.9m and the tax effect of other adjusting items.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2018

5. STAFF COSTS

The monthly average number of personnel (including executive directors) employed by the Group during the year was:

	2018 Number	2017 Number
Production	**20,257**	16,826
Selling	**1,150**	938
Administration	**2,888**	2,365
	24,295	20,129

Staff costs for the above personnel were:

	2018 £m	2017 £m
Wages and salaries	**670.9**	528.6
Redundancy costs	**4.7**	22.4
Termination benefits	**0.3**	0.4
Social security costs	**111.7**	82.1
Share-based payments (note 24)	**6.8**	4.5
Pension costs – defined contribution plans	**16.0**	8.9
Pension costs – defined benefit plans (note 28)	**6.1**	3.2
	816.5	650.1

The Company had no employees.

Emoluments of the Directors

Disclosures of directors' emoluments, share options and pension benefits are given in the Remuneration report.

6. FINANCIAL INCOME AND EXPENSES

	2018 £m	2017 £m
Interest receivable on cash at bank	**(1.3)**	(1.6)
Fair value adjustment to borrowings designated in a fair value hedge relationship	**–**	(2.2)
Mark-to-market gain on foreign currency hedging instruments	**(9.9)**	(8.8)
Total financial income	**(11.2)**	(12.6)
Interest payable on bank loans and overdrafts	**26.8**	15.9
Interest payable on US private placement notes	**6.8**	6.8
Fair value adjustment to borrowings designated in a fair value hedge relationship	**9.9**	10.5
Other interest payable and similar charges	**4.0**	2.2
Total financial expenses	**47.5**	35.4
Defined benefit pension schemes finance expense (note 28)	**5.7**	4.9
(Gain)/loss on unhedged financial instruments	**(0.1)**	0.2
Unwind of discount and foreign exchange movement on contingent consideration	**(2.1)**	10.1
Adjusting financing costs	**3.5**	15.2
Net financing costs	**39.8**	38.0

Unwind of discount and foreign exchange movement on contingent consideration relates to the Ace acquisition.

7. TAXATION

	2018 £m	2017 £m
United Kingdom corporation tax at 19% (2017: 20%):		
Current year	**19.3**	2.0
Adjustments in respect of prior years	**4.6**	(3.3)
Overseas taxation:		
Current year	**46.1**	27.2
Adjustments in respect of prior years	**1.6**	2.5
Total current tax	**71.6**	28.4
Deferred tax (note 23):		
United Kingdom:		
Current year	**1.3**	3.4
Adjustments in respect of prior years	**(2.3)**	(0.8)
Overseas:		
Current year	**9.7**	13.3
Recognition of losses from previous acquisitions	**–**	(19.2)
Adjustment in relation to US Tax Reforms rate change	**(12.9)**	–
Adjustments in respect of prior years	**(4.6)**	(2.4)
Total deferred tax	**(8.8)**	(5.7)
Total tax expense in the Consolidated income statement	**62.8**	22.7

Tax Reconciliation

	2018 £m	2017 £m
Profit before taxation	**316.6**	154.7
Current tax at 19% (2017: 20%)	**60.2**	31.0
Non-deductible items for tax purposes	**1.6**	7.6
Local tax incentives	**(1.8)**	(1.2)
Net losses not utilised/provided	**(0.4)**	3.5
Adjustments to contingent consideration	**(2.2)**	(3.3)
Tax rate differential	**19.0**	8.3
Adjustment in relation to US Tax Reforms	**(12.9)**	–
Recognition of losses from previous acquisitions	**–**	(19.2)
Adjustments in respect of prior years	**(0.7)**	(4.0)
Total tax expense in the Consolidated income statement	**62.8**	22.7

The deferred tax on temporary differences at 31 March 2017 and 2018 has been calculated based on the tax rates substantively enacted at the balance sheet date.

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and 17% (effective from 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016 respectively. A reduction in the US federal tax rate to 21% was substantively enacted on 22 December 2017. Reductions to the Luxembourg tax rate (including the solidarity surcharge and municipal business tax) from 29.22% to 27.08% (effective from 1 January 2017) and 26.01% (effective from 1 April 2017) were substantively enacted on 27 December 2016.

On 29 March 2017, the UK Government invoked Article 50 of the Treaty of Lisbon, notifying the European Council of its intention to withdraw from the European Union (the 'EU'). There is an initial two year timeframe for the UK and EU to reach an agreement on the withdrawal and the future UK and EU relationship although this timeframe is expected to be extended to 31 December 2020. At this stage, there is significant uncertainty about the withdrawal process, its timeframe, and the outcome of the negotiations about the future arrangements between the UK and the EU. As a result, there is significant uncertainty as to the period for which the existing EU laws for member states will continue to apply to the UK and which laws will apply to the UK after an exit. Following the negotiations between the UK and the EU, the UK's tax status may change and this may impact the Group. However, at this stage the level of uncertainty is such that it is impossible to determine if, how and when that tax status will change. There is inherent uncertainty surrounding the UK's exit from the EU and the impact on tax laws and rates. The directors have assessed and have not identified any significant matters impacting the financial statements.

The adjustment in relation to US Tax Reform rate change (£12.9m) reflects a non-cash credit resulting from the US Tax Reforms and revaluation of US related deferred tax assets and liabilities. The prior year recognition of losses from previous acquisitions (£19.2m) arose due to future taxable profit being available to access historic tax losses following restructuring which arose in the year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2018

Included within current tax liabilities is £26.4m (2017: £30.6m) in respect of uncertain tax positions. The likely timing of settlement is over one to five years although it is very difficult to predict with any accuracy due to the complex issues involved and inherent uncertainties in agreeing such balances in the various jurisdictions that the Group operates.

8. DIVIDENDS

	2018 £m	2017 £m
Dividends on ordinary shares:		
Final for 2015/16 paid of 11.5p per share	–	40.6
Interim for 2016/17 paid of 6.1p per share	–	21.5
Final for 2016/17 paid of 17.9p per share	**73.9**	–
Interim for 2017/18 paid of 7.8p per share	**31.9**	–
	105.8	62.1

The final dividend for 2015/16 and the interim dividend for 2016/17 have been restated for the bonus element of the rights issue that took place on 27 February 2017.

The proposed final dividend for the year ended 31 March 2018 of 20.2p per share with an estimated total cost of £82.4m has not been included as a liability as at 31 March 2018.

RPC has a progressive dividend policy, which aims to target a dividend cover of 2.5x adjusted earnings through the cycle. Dividend cover for March 2018 was 2.57 (2017: 2.59).

9. PROFIT FOR THE FINANCIAL YEAR

As permitted by section 408 of the Companies Act 2006, the Company's income statement has not been included in these financial statements. The profit after taxation for the Company was £5.6m (2017: £67.5m). This includes intercompany dividends received of £nil (2017: £89.9m).

All of the retained earnings of the Company of £109.4m (2017: £289.7m) are considered to be distributable.

Subsequent to the year end, on 16 May 2018, RPC 2017 Holding Company Limited, a direct subsidiary of the Company, declared an interim dividend of £251.2m. The Company will recognise the dividend within retained earnings which will increase distributable reserves by this amount.

10. EARNINGS PER SHARE

Basic and Adjusted Basic Earnings Per Share

Basic earnings per share has been computed using profit after taxation for the year attributable to equity shareholders and the weighted average number of shares in issue during the year. Adjusted basic earnings per share deducts total adjusting items from profit after taxation attributable to equity shareholders. Basic and adjusted earnings per share use the same weighted average number of shares which excludes shares held by the Employee Benefit Trust to satisfy future awards in respect of incentive arrangements.

	2018	2017
Profit after taxation attributable to equity shareholders (£m)	**253.4**	132.0
Total adjusting items (note 4) (£m)	**42.9**	89.0
Profit used in adjusted basic earnings per share (£m)	**296.3**	221.0
Weighted average number of shares	**411,526,669**	355,501,884
Basic earnings per share	**61.6p**	37.1p
Adjusted basic earnings per share	**72.0p**	62.2p

The directors believe that the presentation of adjusted basic earnings per ordinary share assists with an understanding of the underlying performance of the Group.

Diluted Earnings Per Share

Diluted earnings per share is basic earnings per share after allowing for the dilutive effect of the conversion into ordinary shares of the weighted average number of options outstanding during the year.

	2018	2017
Weighted average number of shares (basic)	**411,526,669**	355,501,884
Effect of share options in issue	**2,066,687**	3,180,775
Weighted average number of shares (diluted)	**413,593,356**	358,682,659
Diluted earnings per share	**61.3p**	36.8p

11. GOODWILL AND OTHER INTANGIBLE ASSETS

a) Goodwill

	2018 £m	2017 restated £m
Cost and net book value		
At 1 April	**1,578.7**	825.1
Acquisitions	**26.6**	683.2
Write-back of acquired negative goodwill	–	0.6
Exchange differences	**(30.1)**	69.8
At 31 March	**1,575.2**	1,578.7

Goodwill recognised on acquisitions has been allocated to cash-generating units (CGUs) that are expected to benefit from that acquisition.

The Group tests for impairment at least annually, or more frequently if there are indications that goodwill might be impaired. The CGUs have been determined at a divisional level within the Group and the carrying value of goodwill at 31 March is allocated as follows:

	2018 £m	2017 restated £m
Bramlage	**460.3**	552.7
Bebo	**17.3**	16.8
Superfos	**357.5**	354.1
Ace	**172.1**	196.8
Promens	**253.3**	255.2
bpi	**206.1**	203.1
M&H	**108.6**	–
	1,575.2	1,578.7

During the year M&H was created as a new division and separate CGU. Associated goodwill was transferred to the M&H division. The majority of sites transferred came from the Bramlage CGU, with the remainder coming from the Promens CGU.

The directors determined that no impairment was required as the recoverable amounts were in excess of the carrying value.

The recoverable amounts of the CGUs are determined from their value in use. The cash flow projections used in these calculations cover a three year period based on the 2018/19 budget and the outline plans for 2019/20 and 2020/21 approved by the Board together with terminal values which assume zero growth, with the exception of Ace, based in China, which assumes a 4% terminal growth.

The key assumptions used in the recoverable amount calculations include:

(i) Sales. Forecasts are based on divisional level analysis of sales, markets, competitors and prices for the budget period. Consideration is given to past experience, knowledge of future contracts and expectations of future potential changes in the markets.

(ii) Polymer and electricity costs. Forecasts for polymer costs are based on prices at the time the budget is prepared. Forecasts for electricity costs are based on contractual arrangements taking into account supply and demand factors.

A pre-tax discount rate of 10% (2017: 10%) was used to discount the expected cash flows of most CGUs. As each CGU is considered to have similar risks the same discount rate has been applied, with the exception of Ace where a 12% rate has been used. The Group's impairment review is sensitive to a change in the key assumptions used, most notably the discount rate and profitability levels. Based on the Group's sensitivity analysis, an increase in the discount rate to 14% or a reduction in profitability of 29% would be required to indicate a potential impairment in one or more of the CGUs. Management does not view that this is a reasonable possibility.

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b) Other Intangible Assets

	Acquired intangible assets £m	Other intangible assets £m	Total £m
Cost			
At 1 April 2016	174.0	19.6	193.6
Additions internally developed	–	5.0	5.0
Acquisitions (restated)	229.7	–	229.7
Exchange differences	15.2	3.2	18.4
At 31 March 2017	418.9	27.8	446.7
At 1 April 2017	**418.9**	**27.8**	**446.7**
Additions internally developed	**–**	**4.6**	**4.6**
Acquisitions	**1.4**	**–**	**1.4**
Disposals	**–**	**(0.5)**	**(0.5)**
Exchange differences	**(5.2)**	**(3.0)**	**(8.2)**
At 31 March 2018	**415.1**	**28.9**	**444.0**
Amortisation			
At 1 April 2016	18.1	10.0	28.1
Charge for the year	31.0	3.4	34.4
Impairment charge	–	0.2	0.2
Exchange differences	2.4	4.9	7.3
At 31 March 2017	51.5	18.5	70.0
At 1 April 2017	**51.5**	**18.5**	**70.0**
Charge for the year	**50.7**	**3.6**	**54.3**
Disposals	**–**	**(0.3)**	**(0.3)**
Exchange differences	**(1.8)**	**(2.4)**	**(4.2)**
At 31 March 2018	**100.4**	**19.4**	**119.8**
Net book value at 31 March 2018	**314.7**	**9.5**	**324.2**
Net book value at 31 March 2017	367.4	9.3	376.7

The Company had no intangible assets at either year end.

12. PROPERTY, PLANT AND EQUIPMENT

The movements in the property, plant and equipment of the Group were as follows:

	Freehold land and buildings £m	Long leasehold land and buildings £m	Plant, equipment, moulds and vehicles £m	Total £m
Cost				
At 1 April 2016	411.0	20.9	919.6	1,351.5
Additions	19.0	3.8	161.1	183.9
Acquisitions (restated)	137.8	–	134.5	272.3
Reclassifications	1.2	1.7	(2.9)	–
Transfers to assets held for sale	(5.6)	–	–	(5.6)
Disposals	(3.0)	(0.2)	(54.3)	(57.5)
Exchange differences	32.8	1.5	115.2	149.5
At 31 March 2017	593.2	27.7	1,273.2	1,894.1
At 1 April 2017	**593.2**	**27.7**	**1,273.2**	**1,894.1**
Additions	**20.0**	**4.5**	**218.7**	**243.2**
Acquisitions (note 25)	**11.7**	**2.9**	**31.2**	**45.8**
Reclassifications	**1.6**	**1.0**	**(2.6)**	**–**
Transfers to assets held for sale	**(6.3)**	**–**	**–**	**(6.3)**
Disposals	**(12.4)**	**(1.0)**	**(64.0)**	**(77.4)**
Exchange differences	**(6.7)**	**(0.5)**	**(23.6)**	**(30.8)**
At 31 March 2018	**601.1**	**34.6**	**1,432.9**	**2,068.6**
Depreciation				
At 1 April 2016	57.9	6.4	392.1	456.4
Charge for the year	14.3	2.0	113.5	129.8
Impairment charge	3.6	–	8.5	12.1
Reclassifications	–	(0.4)	0.4	–
Disposals	(3.0)	(0.2)	(52.0)	(55.2)
Exchange differences	10.6	0.5	75.0	86.1
At 31 March 2017	83.4	8.3	537.5	629.2
At 1 April 2017	**83.4**	**8.3**	**537.5**	**629.2**
Charge for the year	**19.1**	**2.9**	**139.7**	**161.7**
Reclassifications	**0.1**	**(1.0)**	**0.9**	**–**
Disposals	**(7.7)**	**(0.3)**	**(59.7)**	**(67.7)**
Exchange differences	**(0.9)**	**(0.2)**	**(11.1)**	**(12.2)**
At 31 March 2018	**94.0**	**9.7**	**607.3**	**711.0**
Net book value at 31 March 2018	**507.1**	**24.9**	**825.6**	**1,357.6**
Net book value at 31 March 2017	509.8	19.4	735.7	1,264.9

The value relating to land not depreciated is £91.6m (2017: restated: £91.5m).

Plant, equipment, moulds and vehicles contains work in progress of £107.5m (2017: £69.7m), which is not depreciated until ready for use.

The Company had no property, plant and equipment at either year end.

The Group's obligations under finance leases (see note 19) are secured against the leased assets, which have a carrying value at 31 March 2018 of £16.8m (2017: £10.0m).

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for the year ended 31 March 2018

13. INVESTMENT IN SUBSIDIARIES

On 11 January 2018 the Company subscribed for 100% of the share capital of RPC 2017 Holding Company Limited. As part of the transaction the Company transferred its investments in Rigid Plastic Containers Holdings Limited and British Polythene Industries Limited* to RPC 2017 Holding Company Limited, as well as creating a loan with RPC 2017 Holding Company Limited of £477m.

At 31 March 2018 RPC Group Plc owns 100% of RPC 2017 Holding Company Limited and 10% of RPC Packaging Holdings Limited share capital directly. RPC 2017 Holding Company Limited indirectly owns 100% of the share capital of RPC Containers Limited and the remaining 90% of the share capital of RPC Packaging Holdings Limited. The nature of the business carried on by RPC Containers Limited is the manufacture and sale of rigid plastic packaging. RPC Packaging Holdings Limited is a holding company through which the shares in subsidiaries in mainland Europe and the USA are owned. These subsidiaries are principally involved in the manufacture and sale of both plastic packaging and non-packaging and are listed on pages 153 to 158.

	Company	
	2018 £m	2017 £m
At 1 April	**1,346.9**	886.3
Subscription of shares in RPC 2017 Holding Company Limited	**757.6**	–
Transfer of investment in Rigid Plastic Containers Holdings Limited to fellow Group company	**(960.2)**	–
Transfer of investment in British Polythene Industries Limited* to fellow Group company	**(274.5)**	–
Cost of share options (note 24)	**3.3**	2.4
Subscription for additional shares in RPC Packaging Holdings Limited	**–**	18.4
Subscription for additional shares in Rigid Plastic Containers Holdings Limited	**–**	165.3
Acquisition of British Polythene Industries Limited*	**–**	274.5
At 31 March	**873.1**	1,346.9

* British Polythene Industries Limited was formerly known as British Polythene Industries Plc.

14. INVESTMENT ACCOUNTED FOR UNDER THE EQUITY METHOD

The Group has a 46% share in Galion, a joint venture with an injection moulding business based in Tunisia. The carrying value of the investment of £4.4m (2017: £4.2m) represents the Group's share in Galion's net assets.

15. INVENTORIES

The amounts attributable to the different categories are as follows:

	2018 £m	2017 £m
Raw materials and consumables	**239.8**	223.1
Finished goods and goods for resale	**285.1**	257.1
	524.9	480.2

The Company had no inventories at either year end.

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 £m	2017 restated £m	**2018 £m**	2017 £m
Trade receivables	**574.9**	546.6	**–**	–
Amounts owed by Group undertakings	**–**	–	**2,570.5**	1,975.8
Other receivables	**50.6**	51.8	**11.4**	10.0
Prepayments and accrued income	**38.1**	33.9	**–**	–
	663.6	632.3	**2,581.9**	1,985.8

All receivables due from Group undertakings have been classified as due within one year as they are payable on demand.

Within other receivables are contract assets created on acquisition of £0.2m (2017: £5.5m). Utilisation of these assets during the year amounted to £5.0m (2017: £8.5m).

Trade receivables are denominated in the following currencies:

	2018 £m	2017 £m
Euro	**280.4**	261.0
Sterling	**120.8**	133.2
Others	**173.7**	152.4
	574.9	546.6

Trade receivables are non-interest bearing, on normal commercial terms of credit and are shown net of any provision required to reflect the estimated recoverable value. The Group does not use invoice discounting as a material funding method. Movements in the provision for impairment of receivables were as follows:

	2018 £m	2017 restated £m
As at 1 April	**20.9**	12.6
Charge for the year	**4.3**	6.1
Amounts written off	**(4.1)**	(2.5)
Unused amounts reversed	**(4.7)**	(0.9)
Acquisitions	**0.3**	5.5
Exchange differences	**0.2**	0.1
At 31 March	**16.9**	20.9

As at 31 March 2018, the analysis of trade receivables that were past due but not impaired is as follows:

	Total £m	Neither past due nor impaired £m	Less than 30 days £m	31–60 days £m	More than 60 days £m
31 March 2018	**574.9**	**479.3**	**58.9**	**22.4**	**14.3**
31 March 2017 (restated)	546.6	456.5	57.2	22.8	10.1

The Group uses a variety of indicators to assess the credit worthiness of its customers and recoverability of amounts due. These include using credit scoring to assess whether a customer should be accepted. Subsequently, formal reviews are undertaken using credit scores or other relevant data to determine whether the carrying value of the receivables have become impaired. At some sites, a formal review process is undertaken annually, irrespective of the factors that may impact on specific customer balances.

17. ASSETS HELD FOR SALE

	2018 £m	2017 £m
Buildings classified as held for sale	**6.3**	5.6

The assets held for sale at 31 March 2018 relate to properties at Manuplastics, United Kingdom and Blyes, France. Assets previously classified as held for sale at 31 March 2017 relating to properties at Kerkrade, Netherlands, and Pulheim, Germany were sold during the year.

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 £m	2017 restated £m	**2018 £m**	2017 £m
Bank loans (note 20)	**102.5**	5.9	**95.9**	–
Bank overdrafts (note 20)	**61.6**	83.2	**26.6**	33.0
Finance leases (note 20)	**3.6**	4.1	**–**	–
	167.7	93.2	**122.5**	33.0
Payments received on account	**44.4**	41.1	**–**	–
Trade payables	**624.7**	600.5	**0.2**	3.6
Amounts owed to Group undertakings	**–**	–	**657.7**	378.9
Other payables	**166.7**	153.5	**–**	–
Accruals	**113.0**	104.6	**5.9**	10.1
	948.8	899.7	**663.8**	392.6

All payables due to Group undertakings have been classified as due within one year as they are payable on demand.

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19. NON-CURRENT LIABILITIES

	Group 2018 £m	Group 2017 £m	Company 2018 £m	Company 2017 £m
Bank loans and other borrowings (note 20)	**1,158.4**	1,249.8	**1,138.6**	1,228.4
Finance leases (note 20)	**16.2**	9.1	**–**	–
Fair value adjustment to borrowings (note 20)	**(0.2)**	0.7	**(0.2)**	0.7
	1,174.4	1,259.6	**1,138.4**	1,229.1

The maturity of current and non-current bank loans and other borrowings including finance leases, but excluding the fair value adjustment to borrowings is set out below:

	Group 2018 £m	Group 2017 £m	Company 2018 £m	Company 2017 £m
Repayable as follows:				
In one year or less	**106.1**	10.0	**95.9**	–
Between one and two years	**668.6**	108.7	**662.0**	103.6
Between two and five years	**496.8**	1,137.4	**476.6**	1,125.5
Greater than five years	**9.2**	12.8	**–**	–
	1,280.7	1,268.9	**1,234.5**	1,229.1

The Group's debt facilities comprised:

(i) a multi-currency revolving credit facility of up to £870m at normal commercial interest rates falling due on 30 April 2020;

(ii) a multi-currency revolving credit facility of up to €450m at normal commercial interest rates falling due on 24 June 2019;

(iii) a term loan of $750m expiring on 30 July 2018, with the option to extend to 30 January 2020. It is the Group's intention to exercise this option;

(iv) US private placement notes of $92m and €35m expiring on 15 December 2018;

(v) US private placement notes of $124m and €25m expiring on 15 December 2021;

(vi) uncommitted overdraft facilities of £26.5m, €93.9m and other smaller local facilities; and

(vii) mortgages secured on manufacturing facilities totalling £9.1m as at 31 March 2018 (2017: £12.6m).

The currency and interest rate profile of the Group's net debt, after taking account of the impact of the fair value adjustment to borrowings interest rate swaps but excluding the fair value adjustment to borrowings, is as follows:

	Fixed rate 2018 £m	Floating rate 2018 £m	Cash/overdraft 2018 £m	Total 2018 £m	Fixed rate 2017 £m	Floating rate 2017 £m	Cash/overdraft 2017 £m	Total 2017 £m
Sterling	**0.8**	**356.6**	**(12.7)**	**344.7**	1.2	223.0	(44.6)	179.6
Euro	**78.9**	**140.8**	**(23.7)**	**196.0**	82.2	166.1	(39.8)	208.5
US dollar	**78.6**	**610.0**	**(34.6)**	**654.0**	92.8	685.0	(40.7)	737.1
Other	**11.4**	**3.6**	**(53.9)**	**(38.9)**	7.1	11.5	(57.9)	(39.3)
	169.7	**1,111.0**	**(124.9)**	**1,155.8**	183.3	1,085.6	(183.0)	1,085.9

20. GROUP CASH FLOW RECONCILIATIONS

	Notes	2018 £m	2017 £m
a) Reconciliation of operating profit to cash generated from operations			
Operating profit		**355.7**	192.0
Adjustments for:			
Amortisation of acquired intangible assets	4	**50.7**	31.0
Amortisation of other intangible assets	11	**3.6**	3.4
Depreciation of property, plant and equipment	12	**161.7**	129.8
Charge for other adjusting items in operating profit	4	**18.6**	85.2
Adjusted EBITDA		**590.3**	441.4
Share-based payment expense	24	**6.8**	4.5
Gain on disposal of property, plant and equipment		**(0.5)**	–
Pension deficit payments in excess of income statement charge		**(6.9)**	(4.8)
Movement in provisions and liabilities*		**(47.1)**	(55.6)
Movement in inventories		**(39.3)**	(55.7)
Movement in receivables		**(29.5)**	0.7
Movement in payables		**46.7**	83.5
Adjusted operating cash flows		**520.5**	414.0
Net payment in respect of adjusting items		**(36.3)**	(81.1)
Cash generated from operations		**484.2**	332.9
b) Change in net debt			
Net (decrease)/increase in cash and cash equivalents		**(54.7)**	85.5
Net movement in borrowings		**(46.6)**	(359.2)
Net debt acquired		**(15.0)**	(3.5)
Movement in derivative instruments		**(20.3)**	8.0
Exchange differences		**46.5**	(35.9)
Movement in net debt in the year		**(90.1)**	(305.1)
Net debt at the beginning of the year		**(1,049.1)**	(744.0)
Net debt at the end of the year		**(1,139.2)**	(1,049.1)
c) Analysis of net debt			
Cash and cash equivalents		**186.5**	266.2
Overdrafts due within one year		**(61.6)**	(83.2)
Finance leases due within one year		**(3.6)**	(4.1)
Bank loans due within one year		**(102.5)**	(5.9)
Finance leases due greater than one year		**(16.2)**	(9.1)
Bank loans due greater than one year		**(1,158.2)**	(1,250.5)
Less: Fair value adjustment to borrowings		**(0.2)**	0.7
Derivative financial instruments: assets		**18.6**	39.1
Derivative financial instruments: liabilities		**(2.0)**	(2.3)
Net debt at the end of the year		**(1,139.2)**	(1,049.1)

* The 'movement in provisions and liabilities' includes a net £27.0m (2017: £39.4m) in relation to the utilisation of contract assets and provisions. This consists of asset utilisation of £5.0m (2017: £8.5m), provision utilisation of £32.0m (2017: £50.2m) and other provision movements of £nil (2017: £2.3m).

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21. DERIVATIVE FINANCIAL INSTRUMENTS

The Group's financial assets and liabilities are set out below:

	Loans and receivables £m	Derivatives used for hedging £m	Assets at fair value through profit and loss £m	Available for sale £m	Total £m
March 2018					
Financial assets					
Cash and cash equivalents	186.5	–	–	–	186.5
Trade and other receivables	663.6	–	–	–	663.6
Investment accounted for under the equity method	–	–	4.4	–	4.4
Assets held for sale	–	–	–	6.3	6.3
Cross currency interest rate swaps	–	17.1	–	–	17.1
Foreign currency forwards	–	1.5	–	–	1.5
Other derivatives	–	0.8	–	–	0.8
Total financial assets	850.1	19.4	4.4	6.3	880.2

	Derivatives used for hedging £m	Other financial liabilities at amortised cost £m	Total £m
Financial liabilities			
Trade and other payables	–	948.8	948.8
Short-term borrowings and bank overdrafts	–	167.7	167.7
Medium and long-term borrowings	–	1,174.4	1,174.4
Cross currency interest rate swaps	2.0	–	2.0
Other derivatives	0.5	–	0.5
Total financial liabilities	2.5	2,290.9	2,293.4

	Loans and receivables £m	Derivatives used for hedging £m	Assets at fair value through profit and loss £m	Available for sale £m	Total £m
March 2017 (restated)					
Financial assets					
Cash and cash equivalents	266.2	–	–	–	266.2
Trade and other receivables	632.3	–	–	–	632.3
Investment accounted for under the equity method	–	–	4.2	–	4.2
Assets held for sale	–	–	–	5.6	5.6
Cross currency interest rate swaps	–	39.0	–	–	39.0
Foreign currency forwards	–	1.0	–	–	1.0
Total financial assets	898.5	40.0	4.2	5.6	948.3

	Liabilities at fair value through profit and loss £m	Other financial liabilities at amortised cost £m	Total £m
Financial liabilities			
Trade and other payables	–	899.7	899.7
Short-term borrowings and bank overdrafts	–	93.2	93.2
Medium and long-term borrowings	–	1,259.6	1,259.6
Other derivatives	3.0	–	3.0
Total financial liabilities	3.0	2,252.5	2,255.5

The financial derivatives in the Group and Company balance sheets as at 31 March 2018 comprise the following:

Group

	2018 Assets £m	2018 Liabilities £m	2018 Net £m	2017 Assets £m	2017 Liabilities £m	2017 Net £m
Cross currency interest rate swaps – cash flow hedge	8.4	–	8.4	19.3	–	19.3
Cross currency interest rate swaps – fair value hedge	8.7	–	8.7	18.6	–	18.6
Cross currency interest rate swaps – net investment hedge	–	(2.0)	(2.0)	1.1	–	1.1
Foreign currency forwards – cash flow hedge	0.8	–	0.8	1.0	–	1.0
Foreign currency forwards – net investment hedge	0.7	–	0.7	–	(2.3)	(2.3)
Other derivatives – not hedge accounted	0.8	(0.5)	0.3	–	(0.7)	(0.7)
	19.4	(2.5)	16.9	40.0	(3.0)	37.0

Company

	2018 Assets £m	2018 Liabilities £m	2018 Net £m	2017 Assets £m	2017 Liabilities £m	2017 Net £m
Cross currency interest rate swaps – cash flow hedge	8.4	–	8.4	19.3	–	19.3
Cross currency interest rate swaps – fair value hedge	6.7	–	6.7	19.7	–	19.7
Foreign currency forwards – cash flow hedge	0.8	–	0.8	1.0	–	1.0
Foreign currency forwards – fair value hedge	0.7	–	0.7	–	(2.3)	(2.3)
	16.6	–	16.6	40.0	(2.3)	37.7

At the year end the Group had in place:

(i) 10 cross currency interest rate swaps for the purpose of managing interest rate and exchange rate risk on the US private placement (USPP) notes that were issued in 2011. These have been partitioned into separate elements and have been accounted for as 10 net investment hedges relating to GBP:EUR currency risk, 5 fair value hedges covering interest rate and currency exposure and 10 cash flow hedges.

(ii) 13 foreign currency forwards for the purpose of managing exchange rate risk on the $750m term loan. These have been partitioned into separate elements and have been accounted for as 13 net investment hedges relating to GBP:EUR currency risk, and 13 cash flow hedges.

(iii) 3 Australian Dollar forwards and 8 South African Rand forwards for the purpose of managing the retranslation risk on the Group's Australian Dollar and South African Rand assets. These are accounted for as net investment hedges.

i) Cash flow hedges

Cash flow hedges are in place to manage interest rate and foreign exchange rate risk in relation to $100m of fixed rate debt, as well as the foreign exchange risk in relation to the fixed GBP margin payable on an additional $100m of external debt. At the balance sheet date, the fair value of USD to GBP cross currency interest rate swaps taken out to manage this risk was £8.4m (2017: £19.3m). In the year, £9.3m (2017: £10.5m) was recycled from the cash flow hedge reserve to offset FX movements on retranslation of the $100m fixed rate debt. The hedge reserve will be recycled to the income statement to offset foreign exchange movements on retranslation and repayment in 2018 and 2021.

On 1 February 2017 the Group entered into 7 forward contracts to purchase a total ZAR700m in order to hedge the consideration for the announced acquisition of Astrapak. At the 31 March 2017 these forwards were held at a value of £1.0m and were included within a cash flow hedge relationship. During the year these forward contracts were executed as part of the Astrapak acquisition and the amounts remaining in the cash flow hedge reserve were recycled to the balance sheet.

On 10 March 2017 the Group entered into 13 forward currency contracts to purchase a total of $250m in exchange for a fixed amount of EUR, in order to hedge a percentage of USD denominated debt. The USD to GBP element of these contracts is accounted for as a cash flow hedge. At 31 March 2018 these contracts have a fair value of £0.8m (2017: £(6.3)m). A total of £9.2m (2017: £2.5m) has been recycled from the cash flow hedge reserve to offset foreign exchange movements on the retranslation of USD denominated debt. No ineffectiveness was noted on cash flow hedges during the year (2017: none).

ii) Fair value hedges

Fair value hedges are in place to manage interest rate and foreign exchange rate risk in relation to an additional $100m of floating rate debt. At the balance sheet date, the fair value of USD to GBP cross currency interest rate swaps taken out to manage this risk was £8.7m (2017: £18.6m). In the year, a movement in fair value of £14.3m (2017: £(8.1)m) was noted on the hedged item. No ineffectiveness was noted on fair value hedges during the year (2017: none).

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for the year ended 31 March 2018

iii) Net investment hedges

Net investment hedges are in place to manage foreign exchange rate risk on the retranslation of euro and US dollar denominated subsidiaries. The Group has designated 10 GBP to EUR cross currency interest rate swaps and 13 GBP to EUR foreign currency forwards as net investment hedges, which have a fair value at the balance sheet date of £(2.0)m (2017: £1.1m) and £0.7m (2017: £4.0m). Additionally, external debt of $16m and €60m is also designated as a hedging instrument in hedge relationships. No ineffectiveness was noted on net investment hedges during the year (2017: none).

Cross currency interest rate swaps included within net investment hedges at a consolidated level are included within fair value hedges within the Company accounts. No ineffectiveness (2017: none) was noted on these fair value hedges within the year.

Other smaller foreign exchange contracts are used to manage the Group's exposure to foreign currency fluctuations.

Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments and external borrowings to hedge certain risk exposures.

The Group's risk management is carried out by a central treasury department under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Group's policies and the risks associated with derivatives and financial instruments are as follows:

(a) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign currency exchange rates, will affect the Group's net income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within parameters that are deemed to be acceptable, while optimising return. Generally, the Group seeks to minimise this risk through hedging arrangements designed to manage a proportion of the Group's overall exposure.

The Group does not actively engage in trading of financial instruments for speculative purposes.

(b) Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain a balanced position in respect of its fixed and floating borrowings, using derivative instruments where relevant.

The interest rate profile of the Group's net debt is shown in note 19.

With respect to the $216m USPP notes issued in December 2011, $100m was converted from fixed US dollar to floating GBP and $100m was converted from fixed US dollar to fixed GBP, through the use of ten cross currency interest rate swaps; three of these swaps totalling $92m expire in December 2018 with the remaining two, totalling $108m, expiring in December 2021. The remaining USPP balance of $16m and notes of €60m are not swapped and therefore pay interest at fixed US dollar and fixed euro interest rates.

An increase of 1% in the interest rate charged during the year on floating rate borrowings not fixed by interest rate swaps would have reduced profit before tax by approximately £12.2m (2017: £8.7m) before accounting for exchange differences, and would reduce net equity by approximately £9.3m (2017: £6.7m).

	2018			2017		
	Sterling %	**Euro %**	**US dollar %**	Sterling %	Euro %	US dollar %
Fixed interest rate	**3.2–3.9**	**1.2–13.2**	**4.2–4.8**	3.2–3.9	1.1–11.2	4.2–4.8
Floating rate interest margin above:						
– Euribor	**n/a**	**0.3–4.5**	**n/a**	n/a	0.8–4.5	n/a
– Libor	**1.1–1.8**	**n/a**	**1.5–1.8**	1.1–2.5	n/a	0.8–2.5

Interest received on cash balances is at normal commercial floating rates.

(c) Liquidity risk

The Group monitors and reviews its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. The maturity profile of the Group's undrawn borrowing facilities in respect of which all conditions precedent have been met at 31 March 2018, but excluding overdrafts, is as follows:

	2018 £m	2017 £m
Maturity date		
Expiring in one year	**230.8**	117.6
Expiring in one to two years	**262.7**	601.3
Expiring in more than two years	**510.5**	254.6
	1,004.0	973.5

The maturity of bank loans is set out in note 19.

In order to improve liquidity and ensure continuity of funding, the Group has a credit agreement with eight recognised international banks providing a £870m multi-currency revolving credit facility, maturing in April 2020. In addition the Group also has a €450m multi-currency revolving credit facility, maturing in June 2019, and a $750m term loan with seven banks expiring in July 2018, with the option to extend to 30 January 2020. During 2011 the Group issued $92m and €35m USPP notes expiring in December 2018 and $124m and €25m USPP notes expiring in December 2021.

Short-term flexibility is achieved through additional overdraft facilities. Whilst the Group holds funds in many countries around the world to support treasury management and liquidity needs for operating entities, access to this cash is not restricted.

The table below analyses the Group's contractual undiscounted cash flows relating to non-derivative financial liabilities. Derivative financial instruments are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows.

	Within 1 year or on demand £m	**Between 1 and 2 years £m**	**Between 2 and 5 years £m**	**After 5 years £m**	**Total £m**
March 2018					
Non-derivative financial liabilities					
Trade and other payables	**(948.8)**	–	–	–	**(948.8)**
Borrowings:					
Repayment of principal	**(106.1)**	**(668.6)**	**(496.8)**	**(9.2)**	**(1,280.7)**
Expected future interest payments	**(33.5)**	**(27.3)**	**(10.5)**	**(0.1)**	**(71.4)**
Total non-derivative financial liabilities	**(1,088.4)**	**(695.9)**	**(507.3)**	**(9.3)**	**(2,300.9)**
Derivative financial instruments					
Cross-currency interest rate swaps	**14.4**	**5.5**	**16.5**	–	**36.4**
Other derivatives	**0.8**	–	**1.4**	–	**2.2**
Total	**(1,073.2)**	**(690.4)**	**(489.4)**	**(9.3)**	**(2,262.3)**
March 2017					
Non-derivative financial liabilities					
Trade and other payables (restated)	(899.7)	–	–	–	(899.7)
Borrowings:					
Repayment of principal	(10.0)	(108.7)	(1,137.4)	(12.8)	(1,268.9)
Expected future interest payments	(28.5)	(27.1)	(31.9)	(1.7)	(89.2)
Total non-derivative financial liabilities	(938.2)	(135.8)	(1,169.3)	(14.5)	(2,257.8)
Derivative financial instruments					
Cross-currency interest rate swaps	3.9	21.7	28.5	–	54.1
Other derivatives	(2.3)	(0.7)	–	–	(3.0)
Total	(936.6)	(114.8)	(1,140.8)	(14.5)	(2,206.7)

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for the year ended 31 March 2018

(d) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group's policy is to protect the Group's balance sheet and income statement from the adverse effect of changes in the exchange rate relating to both transactional and translational risk.

Exposure to foreign currency exchange risks is minimised by trading in the subsidiaries' local currencies wherever possible and by the use of forward exchange contracts as appropriate.

Of the Group's net assets, 64% (2017: 70%) before borrowings are in non sterling currencies, 36% (2017: 41%) of which are denominated in euros.

In December 2011 the Company issued $216m and €60m fixed rate USPP notes. In order to manage the interest rate and foreign exchange exposure, 10 cross currency interest swaps were taken out totalling $200m. In order to manage the foreign exchange rate risk on payment of interest and principal balances, the debt is designated within cash flow and fair value hedges.

The remaining $16m and €60m of the USPP notes was designated within Net Investment hedge relationships. Additionally, ten GBP to EUR cross currency interest rate swaps were designated within Net Investment hedges to manage translation risk in relation to the assets of subsidiaries denominated in non-sterling currencies. The exchange gains or losses on these borrowings are included in the FX reserve within the Consolidated statement of comprehensive income.

In March 2017 the Company took out a $750m term loan. In order to manage the interest rate and foreign exchange exposure, 13 forward currency contracts to purchase a total of $250m in exchange for a fixed amount of euro were entered into. In order to manage the foreign exchange rate risk on repayment of principal balances, the debt is designated within cash flow and net investment hedges.

The Group is exposed to fluctuations in exchange rates on the translation of profits earned by its overseas subsidiaries. The estimated impact of the change in average exchange rates between 2017 and 2018 on the profit before tax has resulted in a net decrease to the 2018 result of approximately £15.7m (2017: net increase of £17.5m). The main currency that drives this change is the euro. Movements in US dollar and other exchange rates were less significant.

A movement of 1% in the value of sterling against other foreign currencies (mainly the euro) would result in a translational impact on the Group's profit before tax of approximately £3.4m (2017: £1.3m) and on the Group's net assets of £23.3m (2017: £21.1m).

The closing rate of exchange for the euro at 31 March 2018 was €1.14 (2017: €1.17) and for the US dollar was $1.41 (2017: $1.25). The average rate of exchange for the euro for 2018 was €1.13 (2017: €1.19) and for the US dollar $1.33 (2017: $1.31).

(e) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party fails to meet its contractual obligations and arises principally from amounts receivable from customers and deposits of cash made with financial institutions. The Group monitors its credit risk with its customers and only uses financial institutions as counter-parties that have an investment grade credit rating. The methods used to evaluate customers' credit worthiness are described in more detail in note 16.

Capital Management

The Board defines capital as the equity of the Group. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital employed and the level of dividends to ordinary shareholders.

The Board encourages wide employee participation and motivation through equity based incentive schemes. Details of the current Sharesave and Executive Share Option Schemes and the Performance Share Plan, together with shareholding guidelines, are given in the Remuneration report.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

On 19 July 2017 the Company announced that it was to undertake a share buyback programme of up to £100m. This reflected the Board's view that the share price at the time significantly undervalued the Group's performance to date and future prospects. Details of the number of shares purchased and the total amounts paid are given in note 24.

The Company is not subject to externally imposed capital requirements.

Interest Rate Risk Profile of Financial Assets and Liabilities

The interest rate profile of the Group's net debt is shown in note 19.

The Group's floating rate loans bear interest based on Libor or Euribor. The floating rate borrowings under the banking facilities are typically rolled over for a period of six months or less, based on the appropriate Libor / Euribor rate.

With respect to the USPP notes, $100m of the $216m issued in December 2011 was converted from fixed US dollar to floating euro by the use of five cross currency interest rate swaps; three of these swaps totalling $50m expire in December 2018 with the remaining two, totalling $50m, expiring in December 2021. These were in place at the year end with a market value of £15.1m (2017: £39.0m).

An increase of 1% in the interest rate charged during the year on borrowings not fixed by interest rate swaps would have reduced profit before tax by approximately £12.2m (2017: £8.7m) before accounting for exchange differences, and would reduce net equity by approximately £9.3m (2017: £6.7m).

Group

	2018		2017	
	Carrying amount £m	**Fair value £m**	Carrying amount restated £m	Fair value restated £m
Cash and cash equivalents	**186.5**	**186.5**	266.2	266.2
Trade and other receivables	**663.6**	**663.6**	632.3	632.3
Bank loans and overdrafts	**(167.7)**	**(167.7)**	(93.2)	(93.2)
Trade and other payables	**(948.8)**	**(948.8)**	(899.7)	(899.7)
Primary financial instruments held to finance the Group's operations:				
Long-term borrowings	**(1,174.4)**	**(1,180.8)**	(1,259.6)	(1,267.9)
Derivative financial instruments	**16.9**	**16.9**	37.0	37.0

Company

	2018		2017	
	Carrying amount £m	**Fair value £m**	Carrying amount £m	Fair value £m
Cash and cash equivalents	**6.5**	**6.5**	1.4	1.4
Trade and other receivables	**2,581.9**	**2,581.9**	1,985.8	1,985.8
Bank loans and overdrafts	**(122.5)**	**(122.5)**	(33.0)	(33.0)
Trade and other payables	**(663.8)**	**(663.8)**	(392.6)	(392.6)
Primary financial instruments held to finance the Group's operations:				
Long-term borrowings	**(1,138.4)**	**(1,144.8)**	(1,229.1)	(1,237.4)
Derivative financial instruments	**16.6**	**16.6**	37.7	37.7

The carrying amount of the financial assets represents the maximum credit exposure of the Group.

The fair values of the interest rate, foreign currency and cross currency interest rate swaps have been determined by reference to the market price available from the market on which the instruments are traded. Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. In both 2018 and 2017, all financial instruments measured at fair value are categorised as Level 2 in the fair value hierarchy, whereby the fair value is determined using valuation techniques. Level 3 inputs are inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). The fair value of the USPP is estimated by discounting expected future cash flows. Contingent consideration and post-acquisition remuneration (note 22) is held at fair value which is estimated based on latest forecasts principally by the Ace and Letica businesses as compared to earn-out targets. The Group does not hold any Level 1 instruments measured at fair value.

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for the year ended 31 March 2018

22. CONTINGENT CONSIDERATION

	Contingent consideration £m	Post-acquisition remuneration £m	Total £m
At 1 April 2017	**34.0**	**18.2**	**52.2**
Arising in the year	**–**	**9.2**	**9.2**
Unwind of discount	**0.8**	**–**	**0.8**
Released in the year	**(13.7)**	**(7.0)**	**(20.7)**
Exchange differences	**(2.4)**	**(1.8)**	**(4.2)**
At 31 March 2018	**18.7**	**18.6**	**37.3**
Current at 31 March 2018	**18.7**	**11.7**	**30.4**
Non-current at 31 March 2018	**–**	**6.9**	**6.9**
	18.7	**18.6**	**37.3**

	Deferred and contingent consideration £m	Post-acquisition remuneration £m	Total £m
At 1 April 2016	46.8	10.6	57.4
Arising in the year	–	11.8	11.8
Unwind of discount	1.7	–	1.7
Utilised in the year	(4.1)	–	(4.1)
Released in the year	(17.1)	(5.9)	(23.0)
Exchange differences	6.7	1.7	8.4
At 31 March 2017	34.0	18.2	52.2
Current at 31 March 2017	–	2.8	2.8
Non-current at 31 March 2017	34.0	15.4	49.4
	34.0	18.2	52.2

Contingent consideration relates to the acquisition of Ace. Post-acquisition remuneration is for vendors of Ace, Letica, Strata Products, Innocan, Amber and Synergy who remain in employment.

Amounts are initially measured at fair value which is typically at the maximum earn-out value under the share purchase agreement, supported by business model cash flows, with the contingent element discounted at the incremental cost of borrowing. These amount are subsequently revalued at each period end based on observable changes in facts and circumstances.

The valuation technique employed and inputs used to derive fair value involve:

- Assessment of the earn-out criteria, typically EBITDA, operating profit or similar, either over or by a defined period;
- Consideration of latest forecasts for the defined measure over the earn-out period, including an assessment of any estimates or judgements that are inherent;
- Specific assessment of wider issues such as history (to the extent known) of forecasting accuracy, macroeconomic factors or other changes in the business; and
- Comparison of the earn-out criteria to expectations of delivery.

Whilst these primary inputs represent the start point for all contingent consideration and post-acquisition remuneration valuations, they need to be considered alongside any potential for negotiation. Judgement is used in determining the potential for any specific and incremental expenses being added back which may improve business performance against earn-out metrics.

Once the expected performance and potential for negotiation has been compared to the threshold(s) contained in the share purchase agreement, the expected cash outflow is discounted to present value using an incremental borrowing rate where the effects of time value of money is material.

During the year a write back of £20.7m has been made, primarily in relation to the Ace acquisition, to reflect the current view of the final payment that is due to be made in 2018.

Contingent consideration and post-acquisition remuneration liabilities relating to the Ace acquisition are denominated in US dollars but held in a UK sterling functional currency company. Accordingly the foreign exchange revaluation of £2.9m, along with the unwind of discount of £(0.8)m, is recorded in the Group income statement in the line item 'Adjusting financing costs'.

Post-acquisition remuneration liabilities relating to other acquisitions (Letica, Strata Products, Innocan, Amber and Synergy) are held in companies whose functional currency is consistent with the denomination of the obligation.

The Company has no contingent consideration at either year end.

23. PROVISIONS AND OTHER LIABILITIES

Deferred Tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting periods:

	Accelerated capital allowances £m	Employee benefits £m	Tax losses £m	Other temporary differences £m	Total £m
At 1 April 2017 (restated)	**123.3**	**(39.1)**	**(55.6)**	**86.1**	**114.7**
Adjustment in respect of prior years	**2.6**	**0.3**	**(6.0)**	**(3.8)**	**(6.9)**
(Credit)/charge to the income statement	**(4.2)**	**1.2**	**12.6**	**(11.5)**	**(1.9)**
(Credit)/charge to equity	**(1.8)**	**11.3**	**–**	**0.7**	**10.2**
Acquisitions	**6.5**	**–**	**(5.1)**	**(0.9)**	**0.5**
Exchange differences	**(4.5)**	**0.6**	**(1.8)**	**(0.7)**	**(6.4)**
At 31 March 2018	**121.9**	**(25.7)**	**(55.9)**	**69.9**	**110.2**
Deferred tax liabilities	**121.9**	**–**	**–**	**97.2**	**219.1**
Deferred tax assets	**–**	**(25.7)**	**(55.9)**	**(27.3)**	**(108.9)**
	121.9	**(25.7)**	**(55.9)**	**69.9**	**110.2**

	Accelerated capital allowances £m	Employee benefits £m	Tax losses £m	Other temporary differences £m	Total £m
At 1 April 2016	77.5	(24.6)	(23.4)	15.9	45.4
Adjustment in respect of prior years	2.2	(0.3)	(30.7)	6.4	(22.4)
(Credit)/charge to income	(1.4)	0.9	9.3	7.9	16.7
Charge to equity	–	(1.3)	–	(0.7)	(2.0)
Acquisitions (restated)	39.0	(13.1)	(9.5)	54.4	70.8
Exchange differences	6.0	(0.7)	(1.3)	2.2	6.2
At 31 March 2017 (restated)	123.3	(39.1)	(55.6)	86.1	114.7
Deferred tax liabilities	123.3	–	–	107.1	230.4
Deferred tax assets	–	(39.1)	(55.6)	(21.0)	(115.7)
	123.3	(39.1)	(55.6)	86.1	114.7

Accelerated capital allowances relate to property, plant and equipment.

Certain deferred tax assets and liabilities have been offset where the Group has a legally enforceable right to offset current tax assets against current tax liabilities and where the deferred tax assets and liabilities relate to income taxes levied by the same tax jurisdiction.

The Group has deferred tax assets of £50.6m (2017: £65.2m) in respect of tax losses of £195.3m (2017: £222.4m) that have not been recognised as it is not probable that sufficient suitable profits will be available to utilise these assets.

The aggregate amount of temporary differences associated with investments in subsidiaries for which no deferred tax has been provided is £82.0m (2017: £129.8m). No taxation is expected to arise in respect of these temporary differences.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2018

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting periods:

	Other temporary differences 2018 £m	Other temporary differences 2017 £m
Deferred tax (assets)/liabilities at 1 April	**(0.3)**	0.6
Charge/(credit) to equity	**0.9**	(0.9)
Deferred tax liabilities/(assets) at 31 March	**0.6**	(0.3)

Other temporary differences relate primarily to hedging movements.

Other Provisions

	Termination and restructuring provisions £m	Contract provisions £m	Environmental and Health & Safety £m	Legal related £m	Other £m	Total £m
At 1 April 2017 (restated)	**23.8**	**41.7**	**14.9**	**15.2**	**12.8**	**108.4**
Acquired in the year (note 25)	**–**	**4.7**	**0.3**	**0.3**	**0.6**	**5.9**
Provided in the year	**1.3**	**–**	**–**	**–**	**1.0**	**2.3**
Utilised in the year	**(18.1)**	**(32.0)**	**(1.2)**	**(7.2)**	**(4.7)**	**(63.2)**
Exchange differences	**0.3**	**(0.3)**	**(0.4)**	**0.2**	**0.1**	**(0.1)**
At 31 March 2018	**7.3**	**14.1**	**13.6**	**8.5**	**9.8**	**53.3**
Current at 31 March 2018	**6.5**	**6.0**	**–**	**0.1**	**5.5**	**18.1**
Non-current at 31 March 2018	**0.8**	**8.1**	**13.6**	**8.4**	**4.3**	**35.2**
	7.3	**14.1**	**13.6**	**8.5**	**9.8**	**53.3**

	Termination and restructuring provisions £m	Contract provisions £m	Environmental and Health & Safety £m	Legal related £m	Other £m	Total £m
At 1 April 2016	23.8	49.9	11.2	10.8	6.8	102.5
Acquired in the year (restated)	–	37.0	3.5	5.4	1.0	46.9
Provided in the year	9.0	–	–	–	6.0	15.0
Utilised in the year	(7.8)	(50.2)	(0.6)	(1.8)	(1.0)	(61.4)
Released in the year	(2.9)	–	–	–	–	(2.9)
Exchange differences	1.7	5.0	0.8	0.8	–	8.3
At 31 March 2017	23.8	41.7	14.9	15.2	12.8	108.4
Current at 31 March 2017	22.7	29.7	–	1.2	8.6	62.2
Non-current at 31 March 2017	1.1	12.0	14.9	14.0	4.2	46.2
	23.8	41.7	14.9	15.2	12.8	108.4

Termination and restructuring provisions relate to the integration, closure and restructuring of certain activities detailed further in note 4.

Contract provisions are primarily adjustments relating to recent acquisitions and represent mainly out-of-market contract adjustments. Of the Contract provisions £6.0m are expected to be utilised within the next 12 months. Accounting for contract provisions is detailed further in note 1.

Environmental and Health & safety, and Legal related provisions are also primarily adjustments relating to recent acquisitions and represent either provisions for environmental rectification, the cost of required procedures to bring the acquisition in line with the Group Health & Safety standards, or legal claims and other legal matters arising out of contractual obligations. These provisions are provided for at their estimated settlement value and will be utilised as claims are resolved.

Other provisions comprise other contractual and constructive obligations around the Group, none of which are individually material.

24. SHARE CAPITAL

The movement in the number of ordinary shares of 5p each issued by the Company and fully paid is as follows:

	2018 Number	2017 Number
In issue at 1 April	**414,857,469**	303,612,870
Exercise of employee share options	**2,445,473**	741,456
Share buyback	**(9,603,740)**	–
Share placing	–	11,042,945
Shares issued as consideration	–	16,505,511
Rights issue	–	82,954,687
In issue at 31 March	**407,699,202**	414,857,469

The Company has one class of ordinary 5p shares. The rights and obligations attaching to the ordinary shares and provisions relating to the transfer of ordinary shares are set out in the Company's Articles of Association and governed by statute. All ordinary shares rank equally regarding dividends, votes and return of capital. Holders of ordinary shares are entitled to receive shareholder notices and other documents and information and to attend, speak and exercise voting rights, either in person or by proxy, at general meetings of the Company. The directors may refuse to register a transfer of ordinary shares where the required proof of title has not been provided or transfer documents have not been lodged in an acceptable manner or form. There are no restrictions on the voting rights of holders of ordinary shares and there are no agreements that are known to the Company between shareholders which may result in such restrictions.

The options granted under the Company's savings related and executive share option schemes are satisfied by the issue of new ordinary shares. Therefore, employees do not hold any voting rights until the shares are allotted on exercise of their options. The Company has established the RPC Group Employee Benefit Trust to satisfy awards made under the Performance Share Plan. The independent trustee has the same rights as any other shareholder in respect of any shares held by the trust except in respect of dividends.

Under the Companies Act 2006, a company is no longer required to have an authorised share capital. At the Annual General Meeting held on 21 July 2010, the Company removed the provision for an authorised share capital from its Memorandum of Association and adopted new Articles of Association incorporating the effect of this and other changes.

The interests of the directors in the ordinary shares of the Company are shown in the Directors' Remuneration report.

Share Buyback Programme

On 19 July 2017 the Company announced that it was to undertake a share buyback programme. At 31 March 2018 the Company had acquired 9,603,740 shares at an average price of 864p. These shares with a nominal value of £0.5m were bought back and subsequently cancelled during the year, giving rise to a capital redemption reserve of an equivalent amount as required by the Companies Act 2006. The aggregate consideration paid was £83.4m, which includes £0.4m of associated costs, and is reflected in retained earnings.

Rights Issue

On 27 February 2017, the Company issued 82,954,687 ordinary shares by way of a 1 for 4 rights issue at a price of 665p. The net proceeds of the rights issue were £540.0m after costs of £12.1m.

The rights issue was effected through a structure which involved RPC Group Plc subscribing for shares in Alpha Funding Limited. Alpha Funding Limited subsequently redeemed its redeemable preference shares for cash. Following receipt of the cash proceeds through the structure, the excess of the net proceeds received over the nominal value of the share capital issued was transferred to the merger reserve.

Share Placing

On 9 June 2016, the Company issued 11,042,945 ordinary shares by way of a share placement at a price of 815p per share. The net proceeds of the share placement were £89.1m after costs of £0.9m.

Shares Issued as Consideration

On 1 August 2016, the Company issued 16,505,511 ordinary shares at par value of 853p per share to the shareholders of British Polythene Industries Plc as part of the consideration for the acquisition of the group. The total value of the shares issued was £140.8m, with the nominal value of the shares issued of £0.8m credited to share capital and the remaining amount credited to the merger reserve account.

Share-Based Payments

The Company operates savings related and executive share option schemes and a Performance Share Plan, which are all equity-settled share-based payment schemes. The Group has no legal or constructive obligation to repurchase or settle employee share options or share awards in cash.

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Share Options

Invitations under the Sharesave Scheme (a savings related share option scheme) are made to eligible employees in the UK and participating overseas countries. The exercise price of the options granted is usually the average of the market price of the shares at the close of business on the three days preceding the invitation date, discounted by 20%.

Options are normally exercisable for a period of six months starting three years after the related savings contract begins, provided a participant remains an employee of the Group and completes the three year savings contract.

Executive share options are granted to managers at the discretion of the Remuneration Committee of the Board of Directors. The exercise price is normally the market price at the close of business on the day preceding the date of grant. Options are exercisable between three and ten years after the date of grant provided the participant remains an employee of the Group and, for options granted since 2014, an earnings per share target is met. Further information on these schemes is given in the Remuneration report.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2018		2017	
	Average exercise price	**Number of options**	Average exercise price	Number of options
Outstanding at 1 April	**575p**	**10,892,543**	450p	5,923,520
Granted	**827p**	**1,273,500**	741p	5,499,367
Rights issue adjustment	**–**	**–**	456p	434,668
Forfeited	**543p**	**(284,478)**	453p	(85,913)
Exercised	**384p**	**(2,445,473)**	289p	(741,456)
Lapsed	**607p**	**(29,107)**	453p	(104,440)
Cancelled	**696p**	**(153,715)**	371p	(33,203)
Outstanding at 31 March	**662p**	**9,253,270**	575p	10,892,543
Exercisable at 31 March	**366p**	**1,919,801**	282p	998,689

The weighted average share price in respect of options exercised during the year was 817p per share (2017: 887p). The cash proceeds from the exercise of share options during the year was £9.4m (2017: £2.1m).

The share options outstanding at the end of the year were as follows:

	Number of options 2018	**Option price range 2018**	**Weighted average remaining contractual life (years) 2018**	Number of options 2017	Option price range 2017	Weighted average remaining contractual life (years) 2017
RPC Group 2013 Sharesave Scheme	**4,894,811**	**371p-741p**	**1.7**	7,287,869	371p-741p	2.6
RPC Group 2013 Executive Share Option Schemes	**3,688,935**	**447p-871p**	**8.1**	2,787,028	304p-742p	6.8
RPC Group 2003 Executive Share Option Schemes	**669,524**	**180p-307p**	**4.5**	817,646	180p-307p	4.6
Outstanding at 31 March	**9,253,270**			10,892,543		

The number of options and their exercise prices in respect of grants made prior to the rights issue were adjusted to take account of the diluting effect of rights issues.

The fair value of options and the significant inputs using the Black-Scholes valuation model were as follows:

	RPC Group 2013 Sharesave scheme		**RPC Group 2013 Executive Share Option Scheme**				
Date of grant	16.01.15	31.03.17	16.07.14	15.07.15	13.07.16	19.07.17	10.08.17
Share price at date of grant	542p	782p	594p	663p	803p	880p	857p
Original exercise price	430p	741p	584p	654p	791p	825p	871p
Fair value of options	96p*	121p	126p*	132p*	149p*	154p	124p
Expected volatility	23%	25%	34%	29%	27%	24%	24%
Dividend yield	3.0%	2.4%	2.6%	2.4%	2.2%	2.7%	2.8%
Annual risk-free interest rate	0.7%	0.2%	2.2%	1.7%	0.4%	0.7%	0.5%
Option life	3.4 years	3.3 years	6.4 years	6.4 years	6.5 years	5.7 years	5.7 years

* Adjusted to take account of the rights issues in January 2015, January 2016 and February 2017 where relevant.

The volatility, measured as the standard deviation of expected share price returns, is based on statistical analysis of the Company's historical share price.

The option life allows for the vesting period and time to exercise. There are no market conditions associated with the share option grants.

Performance Share Plan

Conditional annual awards of shares are granted under the RPC Group 2008 Performance Share Plan (the "Plan") to certain Executive Directors and senior managers at the discretion of the Remuneration Committee. Provided the participant remains an employee of the Group and the performance conditions are met, awards will vest three years after the date of grant. The percentage of shares that will actually vest is dependent upon the Group's earnings per share growth and, for the 2014 to 2017 awards, total shareholder return performance over a three year measurement period commencing on 1 April of the year in which the award is made.

The awards made before 2011 were in the form of allocations of free shares that transfer to participants on the vesting date provided the conditions are met. Allocations that have vested must be satisfied within 30 days of the vesting date. After 2010, nil cost options were granted which, subject to the conditions, will be exercisable between the third and tenth anniversary of the date of grant. Awards under the Plan will only be satisfied with market purchase shares. Further information on the Plan and the performance conditions is given in the Directors' Remuneration report.

Movements in the number of outstanding conditional awards of shares are as follows:

	Number of shares 2018	Number of shares 2017
Outstanding at 1 April	**1,478,445**	1,435,897
Granted	**636,971**	550,296
Rights issue adjustment	**–**	101,226
Exercised	**(446,947)**	(589,860)
Lapsed	**–**	(19,114)
Outstanding at 31 March	**1,668,469**	1,478,445
Exercisable at 31 March	**41,495**	–
Weighted average remaining contractual life	**8.4 years**	8.6 years

The market price of the shares transferred on vesting during the year was 845p per share (2017: 877p). The fair value of the nil cost options granted during the year under the Performance Share Plan and the key inputs using the Black-Scholes valuation model were as follows:

	RPC Group 2008 Performance Share Plan				
Date of grant	**16.07.14**	**15.07.15**	**13.07.16**	**19.07.17**	**10.08.17**
Share price at date of grant	**594p**	**663p**	**803p**	**880p**	**857p**
Fair value of award*	**383p**	**500p**	**651p**	**762p**	**742p**
Expected volatility	**23%**	**23%**	**23%**	**25%**	**25%**
Dividend yield	**2.6%**	**2.4%**	**0.0%**	**0.0%**	**0.0%**
Annual risk-free interest rate	**1.3%**	**0.9%**	**0.1%**	**0.3%**	**0.2%**
Expected life of award	**3 years**	**3 years**	**3 years**	**3 years**	**3 years**

* Adjusted to take account of the rights issue in January 2015, January 2016 and February 2017 where relevant.

There is no entitlement to dividends during the vesting period.

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RPC Group Employee Benefit Trust

The Company operates an employee benefit trust, the RPC Group Employee Benefit Trust, which was established in 2008 to purchase shares to satisfy awards under the Performance Share Plan. Purchases are funded using interest free loans from the Company. As at 31 March 2018 the Employee Benefit Trust held 1,151,386 (2017: 1,384,156) shares in the Company acquired at an average cost of 955p (2017: 606p) per share. The investment in the shares is included in the Consolidated balance sheet within retained earnings at a cost of £11.0m (2017: £8.4m). The market value of the shares held by the trust at 31 March 2018 was £8.9m (2017: £10.8m). The trust has waived dividends receivable on the shares held during the year.

Share-Based Payment Expense

The expense in respect of share-based payments recognised in the Consolidated income statement is as follows:

	2018 £m	2017 £m
RPC Group 2008 Performance Share Plan	2.7	2.7
RPC Group 2013 Executive Share Option Schemes	1.4	1.0
RPC Group 2013 Sharesave Scheme	2.7	0.8
Total included in staff costs (note 5)	**6.8**	4.5

25. ACQUISITION OF SUBSIDIARY UNDERTAKINGS

On 19 June 2017 the Group acquired 100% of the share capital of Astrapak Limited, a leading South African manufacturer of rigid plastic packaging products and components with a broad product offering across injection moulding, blow moulding and thermoforming technology platforms.

The acquisition has been accounted for as a business combination. The provisional fair values recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Provisional fair value (£m)
Intangible assets	1.4
Property, plant and equipment	45.8
Assets held for sale	4.3
Cash and cash equivalents	2.9
Inventories	11.7
Trade and other receivables	14.5
Trade and other payables	(17.5)
Provisions	(5.9)
Deferred tax	(0.5)
Current tax	(0.3)
Debt	(15.0)
Total identifiable assets	**41.4**
Goodwill	26.6
Non-controlling interest	(2.3)
Consideration	**65.7**

Consideration comprised cash of £65.7m. The cash out flow in the Consolidated cash flow statement of £65.2m comprises the consideration (£65.7m) net of cash and cash equivalents acquired (£2.9m) along with the additional consideration paid for Letica and ESE World on agreement of completion accounts (£2.4m).

Adjustments to the completion balance sheets primarily relate to intangible assets of customer contacts, patents and licensing agreements, revaluation of property, plant and equipment in accordance with IFRS 13 and recognition of provisions relating to out of market contracts and other necessary provisions. Adjustment to taxes relate to additional tax provisions and deferred tax on the fair value adjustments.

The goodwill recognised above includes certain intangible assets that cannot be separately identified and measured due to their nature. This includes control over the acquired business, the skills and experience of the assembled workforce, the increase in scale, significant synergies and the future growth opportunities that the business provide to the Group's operations. The goodwill recognised is not deductible for tax purposes.

The acquisition made during the year contributed the following to the Group results:

	£m
Contribution to adjusted operating profit post-acquisition	2.2
Contribution to revenue post-acquisition	61.3

If the acquisition had taken place on 1 April 2017 it would have contributed the following to the Group results:

	£m
Adjusted operating profit from 1 April 2017 to 31 March 2018	2.4
Revenue from 1 April 2017 to 31 March 2018	79.3

Prior Year Acquisitions

In the prior year the Group acquired BPI, Letica, ESE World, Plastiape, Jagtenberg, Synergy, Sanders, Amber and Shenzen Howyecen Automotive Electronic Company.

The provisional fair values of the assets and liabilities acquired have been reconsidered in the hindsight period as required under IFRS 3. Changes to fair values have only been made to the extent that the conditions of the changes existed at the point of acquisition. The changes to fair value have been brought about through improved information being made available to management during the hindsight period, such as being able to base fair value calculations on actual numbers rather than estimates. All changes to fair values made in the hindsight period impact the balance sheet only.

The following shows changes to fair values of acquired assets and liabilities assumed:

	Reported 2017 £m	BPI £m	ESE World £m	Letica £m	Restated 2017 £m
Other intangible assets	377.8	(1.1)	–	–	376.7
Property, plant and equipment	1,265.5	–	(0.6)	–	1,264.9
Deferred tax asset	116.1	(0.5)	0.1	–	115.7
Trade and other receivables	625.9	6.4	–	–	632.3
Cash and cash equivalents	258.1	8.1	–	–	266.2
Bank loans and overdrafts	(85.1)	(8.1)	–	–	(93.2)
Trade and other payables	(885.8)	(6.4)	(0.9)	(6.6)	(899.7)
Current provisions	(66.0)	(0.7)	–	4.5	(62.2)
Deferred tax liability	(233.2)	0.9	–	1.9	(230.4)
Non-current provisions	(45.6)	(0.6)	–	–	(46.2)
Total		(2.0)	(1.4)	(0.2)	
Goodwill	1,575.1	2.0	1.4	0.2	1,578.7

£3.0m of adjustments to trade and other payables relates to additional consideration payable to the vendors of ESE World and Letica, £2.4m of which has been paid in the year as a result of finalisation of the completion statements. The remaining movement in trade and other payables represents a balance sheet reclassification with trade and other receivables and current provisions.

The remaining changes arose through enhancements to the information management used to originally establish the fair values and the associated deferred tax impact of those changes.

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26. DISPOSALS OF SUBSIDIARY UNDERTAKINGS

During the year the Group received proceeds of £0.5m relating to the disposal of the Cobelplast business in 2014. This receivable had previously been impaired.

In the prior year the Group disposed of its interest in the share capital of Promens (India) Private Ltd (Ahmedabad), a 100% subsidiary based in India, by way of a management buy out for £0.1m. The loss on disposal of Ahmedabad was £1.9m.

27. COMMITMENTS AND CONTINGENT LIABILITIES

	2018 £m	2017 £m
Expenditure contracted for but not provided	57.4	62.0

Financial Commitments

The Group had total minimum lease payments under non-cancellable operating leases as follows:

	2018 £m	2017 £m
Within one year	24.0	21.9
Between one and five years	54.2	56.2
After five years	13.8	17.9
	92.0	96.0

The Company had no commitments at either year end.

Contingent Liabilities – Bank Guarantees

The Group had contingent liabilities in respect of bank guarantees issued in the ordinary course of business amounting to £30.3m (2017: £31.0m), and for the Company this amounted to £9.9m (2017: £9.8m).

The Company has cross guarantee overdraft and credit facilities with its subsidiaries as follows:

	Maximum amount guaranteed	Utilised at 31 March 2018
RPC Packaging Europe BV	€22.0m	–
RPC Packaging Europe BV	€21.0m	–
RPC Packaging Europe BV	€10.0m	–
RPC Packaging Europe BV	€10.0m	–
RPC Bramlage Morgantown Inc.	$10.0m	$7.9m
Promens Group AS	€11.0m	–
ESE World BV	€11.0m	€3.2m

Contingent Liabilities – Pension Guarantees

The Company has given a guarantee to the trustee of the RPC Containers Limited Pension Scheme (the 'Scheme') in respect of RPC Containers Limited and RPC Tedeco-Gizeh (UK) Limited up to a maximum underfunded amount. The underfunded amount is 105% of the Scheme's liabilities, calculated according to section 179 of the Pensions Act 2004 (the 'Act') less the value of the Scheme's assets. As at 31 March 2018, the underfunded amount in excess of the provision in the Consolidated balance sheet based on the most recent section 179 valuation was £75.8m (2017: £75.8m). In addition, the Company has given a capped guarantee in respect of any additional buy-out liabilities calculated in accordance with section 75 of the Act in respect of the Scheme. As at 31 March 2018 the guarantee was capped at £96.3m (2017: £71.5m). The cap will increase annually by 25% of the average of the Company's consolidated profit before tax for the three preceding financial years.

During the year the Company has also given a guarantee to the trustee of the British Polythene Pension Scheme in respect of British Polythene Industries Limited up to a maximum underfunded amount. The underfunded amount is 105% of the Scheme's liabilities, calculated according to section 179 of the Pensions Act 2004 (the 'Act') less the value of the Scheme's assets. As at 31 March 2018, the underfunded amount in excess of the provision in the Consolidated balance sheet based on the most recent section 179 valuation was £115.9m (2017: £nil).

Contingent Liabilities – EU State Aid

In November 2017 the European Commission announced a State Aid investigation into the UK CFC exemption rules for overseas finance companies. The Group has benefited from the exemption from 2013 onwards in full accordance with existing UK tax law. As at 31 March 2018, the outcome of the investigation could change substantially over time as the proceedings develop. Due to the uncertainty the Group is unable to accurately define what the ultimate outcome will be. However, based on a worst case scenario the current benefit to the Group from the exemption is not material. The Group continues to keep the European Commission investigation and its outcome under review.

28. EMPLOYEE BENEFITS

	2018 £m	2017 £m
Retirement benefit obligations	192.9	251.6
Termination benefits	0.7	0.9
Other long-term employee benefit liabilities	3.3	3.5
Employee benefits due after one year	**196.9**	256.0

There are no employee benefit costs in respect of the Company for either year.

Retirement Benefit Obligations

The liability recognised in the Consolidated balance sheet for the Group's retirement benefit obligations is:

As at 31 March 2018	UK £m	Netherlands £m	Germany £m	France £m	Other mainland Europe £m	Group £m
Present value of funded obligations	607.3	23.2	–	–	30.6	661.1
Fair value of plan assets	(511.5)	(22.8)	–	–	(28.1)	(562.4)
Net funded obligations	95.8	0.4	–	–	2.5	98.7
Present value of unfunded obligations	–	–	69.9	13.9	10.4	94.2
Liability in the Consolidated balance sheet	95.8	0.4	69.9	13.9	12.9	192.9

As at 31 March 2017	UK £m	Netherlands £m	Germany £m	France £m	Other mainland Europe £m	Group £m
Present value of funded obligations	657.3	22.7	–	–	28.7	708.7
Fair value of plan assets	(500.1)	(22.1)	–	–	(25.3)	(547.5)
Net funded obligations	157.2	0.6	–	–	3.4	161.2
Present value of unfunded obligations	–	–	67.4	12.6	10.4	90.4
Liability in the Consolidated balance sheet	157.2	0.6	67.4	12.6	13.8	251.6

The retirement benefit obligations recognised in the Consolidated balance sheet is:

	2018 £m	2017 £m
Fair value of plan assets	(562.4)	(547.5)
Present value of defined benefit obligations	755.3	799.1
Balance sheet liability	**192.9**	251.6

The amounts recognised in the Consolidated income statement are as follows:

	2018 £m	2017 £m
Current service cost	4.6	3.6
Pension administration costs	1.2	1.0
Past service	0.3	(1.4)
Total included in staff costs (note 5)	**6.1**	3.2
Defined benefit pension schemes finance expense (note 6)	5.7	4.9
Total amount recognised in the Consolidated income statement	**11.8**	8.1

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The amounts recognised in the Consolidated statement of comprehensive income are:

	2018 £m	2017 £m
At 1 April	61.9	54.7
Actuarial re-measurement recognised during the year	(54.4)	7.2
At 31 March	**7.5**	**61.9**

The actuarial re-measurement recognised during the year comprised of:

	2018 £m	2017 £m
Experience gains on plan assets	(14.1)	(54.8)
Experience gains on liabilities	(18.0)	(7.2)
(Gains)/losses on change of financial assumptions	(1.9)	70.3
Gain on change of demographic assumptions	(20.4)	(1.1)
	(54.4)	7.2

Changes to the present value of defined benefit obligations during the year are as follows:

	2018 £m	2017 £m
Defined benefit obligations at 1 April	799.1	360.9
Obligations acquired on acquisition	–	368.2
Current service cost	4.6	3.6
Past service	0.3	(1.4)
Finance expense on scheme obligations	19.1	15.9
Contributions by participants	0.9	1.0
Actuarial re-measurement of liabilities	(40.3)	62.0
Net benefits paid	(29.9)	(20.8)
Settlements	(0.2)	–
Exchange differences	1.7	9.7
Defined benefit obligations at 31 March	**755.3**	**799.1**

Changes to the fair value of plan assets during the year are:

	2018 £m	2017 £m
Fair value of assets at 1 April	547.5	214.2
Assets acquired on acquisition	–	273.0
Finance income on scheme assets	13.4	11.0
Actuarial re-measurement of assets	14.1	54.8
Contributions by employer	17.8	12.7
Contributions by participants	0.9	1.0
Net benefits paid	(29.9)	(20.8)
Settlements	(0.2)	–
Administration expense	(1.2)	(1.0)
Exchange differences	–	2.6
Fair value of assets at 31 March	**562.4**	**547.5**

The movement in the liability recognised in the Consolidated balance sheet is:

	2018 £m	2017 £m
Liability at 1 April	251.6	146.7
Net liabilities acquired on acquisition	–	95.2
Total expense charged to the Consolidated income statement	11.8	8.1
Actuarial re-measurement recognised in the Consolidated statement of comprehensive income	(54.4)	7.2
Contributions and benefits paid	(17.8)	(12.7)
Exchange differences	1.7	7.1
Liability at 31 March	**192.9**	**251.6**

The fair value of the funded plan assets invested in the balance sheet is set out below:

	2018			2017		
	UK £m	Mainland Europe £m	Group £m	UK £m	Mainland Europe £m	Group £m
Equities	163.3	2.4	165.7	162.3	5.3	167.6
Property	72.3	2.6	74.9	68.2	2.8	71.0
Government and corporate bonds	166.7	0.1	166.8	168.1	0.2	168.3
Insurance policies	1.1	42.4	43.5	1.4	38.0	39.4
Other	108.1	3.4	111.5	100.1	1.1	101.2
Fair value of assets at 31 March	**511.5**	**50.9**	**562.4**	**500.1**	**47.4**	**547.5**

The majority of the assets are quoted on an active market. However, the following assets can be considered unquoted:

- All insurance policies
- Some of the property investments
- Hedge funds which are included within 'Other'

The principal actuarial assumptions used at the balance sheet date were:

	2018		2017	
	UK	Mainland Europe	UK	Mainland Europe
Discount rate	2.6%	1.6%	2.6%	1.8%
Inflation rate	2.0%	1.8%	2.1%	1.7%
Increase in benefits in payment	2.5%	1.8%	2.2%	1.8%
Salary increases	2.8%	2.1%	3.0%	2.0%

Actuarial assumptions were derived based on advice from independent actuaries and were used in updating the value of all major schemes in the Group at 31 March 2018.

The mortality assumptions used allow for future mortality improvements in valuing the defined benefit obligations and are based on standard mortality tables used by the actuarial profession in the relevant countries adjusted, where appropriate, to reflect the circumstances of the relevant scheme's membership. In the UK current mortality assumptions applied as at 31 March 2018 are specific to each UK Scheme and the allowance made for mortality improvements is assumed to be in line with the 2014 CMI Core Projections with a long-term rate of 1.25% p.a.

The life expectancies from the age of 65 of UK scheme members assumed at the balance sheet date in years were as follows:

	2018 UK	2017 UK
Current age:		
Aged 65:		
Male	22	22
Female	24	24
Aged 45:		
Male	24	24
Female	26	26

The weighted average duration of the defined benefit obligation is 12 years (2017: 19 years). The Group expects to contribute approximately £17.3m (2017: £13.3m) to its defined benefit plans in the next financial year. This includes proposed contributions to the main UK pension schemes described above of £11.5m (2017: £7.9m).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2018

Funded Retirement Benefit Obligations

United Kingdom

The two main retirement benefit obligations in the UK are final salary defined benefit pension schemes, called the RPC Containers Limited Pension Scheme and the British Polythene Industries Limited Pension Scheme, and they are both closed to future entrants and to future accrual. The assets of all the schemes are held in a separate trustee administered fund to meet long-term liabilities for past and present employees. The corporate trustees, which are independent from the Group, have a duty to act in the best interest of the schemes beneficiaries. The appointment of trustee directors is determined by the schemes corporate and trust documentation and by statute.

The last completed triennial valuation performed by an independent actuary for the trustee of the RPC Containers Limited Pension Scheme was carried out as at 31 March 2015. The valuation, which is calculated on an ongoing funding basis and is different from that prescribed by IAS 19, showed a deficit of £41.8m. The Company agreed to make contributions to cover the scheme's expenses and pay monthly deficit reduction contributions of £3.2m each year until 31 March 2019, and £2.4m each year from 1 April 2019 with the aim of eliminating the deficit by September 2024. In addition, in the event that any of the members employing companies are unable to pay their contributions, the trustee may call upon guarantees provided by RPC Group Plc in respect of certain present and future liabilities of the members employing companies in the UK.

During the year the defined benefit assets and liabilities of the Superfos Runcorn Limited Pension Fund, Peerless Limited Pension Scheme and the Manuplastics Ltd Pension & Life Assurance Plan were transferred into the RPC Containers Limited Pension Scheme. This transfer was completed on 29 March 2018. Following the transfer, the Company agreed to a new schedule of contributions for the scheme and to cease contributions in to the transferring schemes from 1 April 2018. The new contributions the Company agreed were similar to the total contributions paid to all schemes immediately before the transfer and results in contributions of £3.9m p.a. increasing at 3% p.a. The expectation is that the deficit will continue to be removed by 30 September 2024. The next triennial valuation for the RPC Containers Limited Pension Scheme is as at 31 March 2018 and the contributions will be reviewed and discussed with the Trustee of the Scheme.

The last completed triennial valuation performed by an independent actuary for the trustee of the British Polythene Pension Scheme was carried out as at 6 April 2014. The valuation, which is calculated on an ongoing funding basis and is different from that prescribed by IAS 19, showed a deficit of £77m. The Company and the trustee agreed to make contributions of £3.6m per annum from 2015; rising in line with the CPI index subject to a cap of 5%. There is also provision for three additional one-off payments in 2016 to 2018, subject to the bpi Group's profit before tax achieving agreed targets in 2015 to 2017. The one-off payments would be £0.25m, £0.5m, £1.0m or £1.5m subject to profit before tax exceeding £22.5m, £25m, £27.5m or £30m respectively. In addition the scheme has a pension funding partnership whereby additional contributions of £1.8m p.a. increasing by CPI will be paid until January 2032. Should the scheme have a funding surplus in the future these payments will cease. The Company is currently agreeing with the Trustee new contributions as part of the triennial valuation as at 31 March 2017.

As a result of previous acquisitions the Group has four other UK final salary defined benefit pension arrangements providing benefits based on final pensionable salary and pensionable service although the assets and liabilities for three of the arrangements transferred to the RPC Containers Pension Scheme on 29 March 2018. The total deficit in the fund calculated in accordance with IAS 19 as at 31 March 2018 for the remaining UK scheme was £31.4m (2017: £46.5m).

The present value of the defined benefit obligation in the financial statements was measured using the projected unit credit method based on the last actuarial valuation for IAS 19 purposes allowing for IAS 19 financial assumptions and any further improvements in life expectancy.

Overseas funds

The Group operates a number of overseas defined benefit pension schemes, in Germany, France, the Netherlands, Belgium, Italy, Switzerland, Norway, Poland, Sweden, Thailand and The Philippines. In the Netherlands, Belgium, Switzerland, Norway and Thailand, these are contributory with funds held separately from the finances of the Group either by trustee-administered funds or by insurance contracts. In all cases, the retirement benefit obligations for these plans have been calculated by actuaries using the projected unit method.

In the Netherlands there are a number of defined benefit retirement plans. These are funded by contributions to insurance policies or a separately administered fund. Insurance policies are valued in accordance with paragraph 115 of IAS19. The majority of the plans are now closed (the pension plan at Kerkrade was closed during 2017 resulting in a curtailment gain of £0.6m).

Most of the Group's German operations provide non-contributory pension plans financed by balance sheet provisions calculated by a local actuary on an annual basis according to local requirements. There is no external funding for these plans although they are secured by insolvency insurance required under German law. In general, the plans provide a fixed retirement benefit not related to salaries and are closed to new entrants. Pension increases are granted every three years based on price inflation.

All of the Group's subsidiaries in France provide unfunded retirement indemnities according to the applicable collective agreement. The benefit takes the form of a lump sum, based on final salary and service with the Company, payable on reaching retirement age.

RPC's operations in Belgium and Switzerland provide pension benefits which are defined contribution in nature. However, the existence of investment guarantees requires these plans to be treated as defined benefit for accounting purposes.

RPC's Italian businesses are required to provide service-related lump sum benefits payable on leaving service for any reason, including retirement.

Termination Benefits

Termination benefit provisions consist of German Altersteilzeit employee incentives (a part-time early retirement scheme described in note 1) and Belgian and Dutch contractual pre-retirement termination benefits.

Other Long-Term Employee Benefit Liabilities

These consist of deferred salaries for German Altersteilzeit employees and provision for long-service awards.

Risk Management

Typically trustees or similar bodies manage the defined benefit plans and agree the contribution rates based on independent actuarial advice. The Group seeks to maintain a good working relationship with trustees through regular meetings and communications.

There is a risk that changes in the discount rate, price inflation and life expectancy could lead to a material deficit. Any funding deficit that arises will be financed over a period negotiated between the Group and the Trustees. The impact of a change of assumption on the material schemes in the Group are as follows:

	RPC Containers Limited Pension Scheme £m	bpi Pension Scheme £m	M&H Plastics Pension Scheme £m
0.1% decrease in discount rate	(3.8)	(5.5)	(2.1)
0.1% increase in inflation	(3.0)	(3.8)	(0.6)
1 year increase in life expectancy	(8.7)	(13.2)	(3.2)

The above sensitivity analyses are based on isolated changes in each assumption, while holding all other assumptions constant. In practice, this is unlikely to occur, and there is likely to be some level of correlation between movements in different assumptions. In addition, these sensitivities relate only to potential movement in the defined benefit obligations. The assets are designed to mitigate the impact of these movements to some extent, such that the movements in the defined benefit obligations shown above would, in practice, be partly offset by movements in asset valuations. The above sensitivities are shown to illustrate at a high level the scale of sensitivity of the defined benefit obligations to key actuarial assumptions.

29. RELATED PARTIES

Group

Identity or related parties

The Group has a related party relationship with its subsidiaries (see pages 153 to 158) and with its key management personnel, who are considered to be its directors. Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation for the Group and are not disclosed in this note.

Transactions with the key management personnel

Disclosures relating to Directors are set out in the Directors' Remuneration report. The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'.

The remuneration of the key management personnel of the Group is as follows:

	2018 £m	2017 £m
Salaries and other short-term employee benefits	2.4	2.3
Post-employment benefits	0.2	0.2
Share-based benefits and other long-term benefits	1.3	2.1
	3.9	4.6

Company

The amounts due to and from the Company in respect of its subsidiaries are set out in notes 16 and 18. The transactions entered into between the Company and its subsidiaries were as follows.

	2018 £m	2017 £m
Management charges made to fellow Group undertakings	4.0	3.3
Management charges received from fellow Group undertakings	(9.8)	(8.0)
Net interest payable	(14.9)	(7.4)
Net interest receivable	70.5	35.0

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2018

30. POST BALANCE SHEET EVENTS

On 30 April 2018 the Group acquired Nordfolien GmbH and its subsidiary company for an enterprise value of €75m. Nordfolien is a leading business in the design and manufacture of higher added value polythene films for both industrial and consumer packaging markets. Nordfolien has two well-invested sites in Germany and Poland.

Subsequent to the year end the Board approved the conclusion of a strategic review which has identified a number of businesses as non-core. These businesses either are already or will shortly be part of a disposal process and are likely to be classified as discontinued operations in the 2018/19 financial statements.

RELATED UNDERTAKINGS

The following companies are related undertakings of RPC Group Plc. All of the companies are wholly owned (except where indicated) and the Group's interests are in ordinary shares or their equivalent.

Section 6, Ilot de Propriete No. 284, Hamadi Boumerdes	Algeria	SPA Galion Algerie (46% owned)
10 International Square, Tullamarine, Victoria 3043	Australia	RPC Australia Holdings Pty Limited
342 Main Street, Mornington, Victoria 3921	Australia	Amber Plastics Pty Limited
Suite 11, 431 Burke Road, Glen Iris VIC 3146	Australia	Synergy Packaging Pty Limited
Dr. Schrebergasse 6, 2380 Perchtoldsdorf	Austria	PET Power Handels GmbH
Begoniastraat 44 B-9810 Nazareth	Belgium	RPC Promens EKE NV
Biezeweg 19 9230 Wetteren	Belgium	RPC Superfos Wetteren NV
Diamantsstraat, 8/341, 2200 Herentals	Belgium	ESE NV
Rubensstraat 104, 2300, Turnhout	Belgium	Robinplast BVBA
Singel 18, B-9000 Gent Havennr, 0955B	Belgium	RPC Packaging Belgium NV
Singel 20, B-9000 Gent Havennr. 0955B	Belgium	RPC Bramlage Antwerpen NV, RPC Packaging Gent NV
Vosseschijnstraat - Kaai 192, 2030 Antwerpen	Belgium	RPC Promens Innocan BVBA
Barnilaca grada b.b. Gračanica, 75320	Bosnia and Herzegovina	RPC Superfos Balkan D O O
Endereço R Treze De Maio, 937, Sao Francisco, Curitiba PR, CEP 80510-030	Brazil	Promens Do Brasil Serviços Ltda
Rua Boa Vista, 254 130 andar Conjunto 02 Centro CEP 01014907, São Paulo	Brazil	RPC Packaging Brasil Indústria e Comércio de Embalagens Ltda
100 Industrial Drive, St John, PO Box 2087 NB	Canada	Saeplast Americas Inc
Macpherson Leslie & Tyerman LLP, 10235 – 101 Street NW, 2200 Edmonton	Canada	AT Films Inc
Camino a Pargua km 8, parcela 5 - Casilla 1372, Puerto Montt, Décima Región de Los Lagos	Chile	Saeplast Chile SPA
10th, Min Fu Road, Shatou Community, Shajing Jiedao, Bao'an District Shenzhen	China	Ace Mold Industrial (Shenzhen) Company Limited
2592 Penglai Road, Hefei, Hefei Economic and Technological Development Zone, 230601 Anhui	China	RPC ACE Plastics (Hefei) Co Limited
8 Dingwan 7 Road, Sanzao Town, Jinwan District, Zhuhai	China	Ace Mold (Zhuhai) Company Limited, Ace Plastics (Zhuhai) Company Limited
No. 1929 Tian Du Road, Economic and Technological Development Area, Hefei	China	Ace Mold (HeFei) Company Limited
No. 89, 1985 Chunshen Road, Minhang District, Shanghai Municipality, 200237	China	Zeller Plastik Shanghai Limited
No 888 North Round-the-City Road, Nanqiao, Shanghai Industrial Comprehensive Development Zone, Fengxian, Shanghai	China	Ace Classic Medical Components (Shanghai) Company Limited, Ace Mold (Shanghai) Company Limited, Ace Mold Industrial (Shanghai) Company Limited
Section H, 3rd Industrial Zone, Gonghe Zone, Shajing Jiedao, Bao'an District Shenzhen	China	Ace Plastics (Shenzhen) Company Limited
Unit 501, Building B, 50 Zhuangcun Road, Shajing Street, Bao'an District, Shenzhen City	China	Shenzhen Howyecen Automotive Electronic Company Limited
Cecilka 38, 760 01 Zlin	Czech Republic	Promens AS
Svatoborska 988, CZ- 697 01 Kyjov	Czech Republic	J P Plast S R O
Auktionsgade 2, 6700 Ebsjerg	Denmark	iTUB Danmark ApS
Gammel Donsvej 12, DK-6000, Kolding	Denmark	RPC Promens A/S
Industrivej 12, 8660 Skanderborg, Stilling	Denmark	RPC Promens Holding Denmark A/S, RPC Superfos Stilling A/S
Skejby, Nordlandsvej 305 8200, Aarhus N	Denmark	PWS Denmark AS

RELATED UNDERTAKINGS CONTINUED

Registered office address	Country	Company name
Spotorno Allé 8, Postboks 186, Taastrup, 2630 Høje	Denmark	RPC Superfos A/S
Tehase 4, 61001 Rõngu	Estonia	Promens AS, Promens Holding OU
Heikklante 7.2 krs, 00210 Helsinki	Finland	PWS Finland OY
Valtakatu 6, 28100 Pori	Finland	RPC Superfos Pori Oy
Vanha Tampereentie 260, 20380 Turku	Finland	Promens OY
101 Boulevard Napoléon Bullukian, 69830 Saint-Georges-de-Reneins	France	Astra Plastique SAS
12 Rue de Villevert, Senlis, 60300	France	Innocan France SARL, RPC Promens Consumer France SASU
130, Boulevard de la Liberte, 59800, Lille	France	BPI Formipac France SARL
42 rue Paul Sabatier, 71530, Crissey	France	Citec Environnement SA, ESE Holding SASU
5 Rue Castellion Prolongee, F-01117, Oyonnax	France	GDMH SA, Promens RE SAS, Promens SA
73 Rue Henri Gautier, F-44550, Montoir De Bretagne	France	Promens France SAS, Promens Huningue SAS, Promens Montoir de Bretagne SAS
9-15, Rue Rouget de Lisle, 92130, Issy-les-Moulineaux	France	Global Closure Systems France 1 SAS, Global Closure Systems France 2 SAS
BP30, F-39260 Moirans en Montagne, Z.I. du Vernoire	France	RPC Emballages Moirans SAS
Les Touppes, F-71470 Montpont en Bresse	France	RPC Emballages Montpont SAS, RPC Emballages SAS
Plaine de l'Ain, 01150 Blyes, Lieudit Les Troussillières	France	Promens SARL
RCS Chalon Sur Saone	France	RPC Superfos La Genete SAS
Route d' Obermodern, 67330 Bouxwiller	France	RPC Tedeco- Gizeh Troyes SAS
Route de Courgains, Zone Industrielle La Touche, F-72260 Marolles Les Braults	France	RPC Beaute Marolles SAS
Rue De President Coty Zone Industrial Trielle B Lotissement, 62232 Annezin Les Bethune	France	Promens Annezin SAS
Rue La Fayette 11, 25000 Besançon Cedex 9, CS 99401	France	RPC Superfos Besancon SAS
ZI Vichy-Rhue - 03300 CREUZIER LE VIEUX	France	Zeller Plastik France SAS
Zone Industrielle, Route d'Obermorden, F-67330, Bouxwiller, BP30	France	RPC Packaging Holdings France SARL, RPC Tedeco Gizeh SAS
4 Industriestraße 18 68766, Hockenheim	Germany	Promens Germany GMBH, Promens Hockenheim GmbH, Promens Unterstutzungseinrichtung GmbH
Amstgericht, Oldenburg	Germany	RPC Bramlage Dinklage GmbH & Co KG
Barlstraße 23, D-56856, Zell/Mosel	Germany	Global Closure Systems Germany GmbH, Zeller Plastik Deutschland GmbH
Brägeler Straße 70, 49393, Lohne	Germany	RPC Bramlage Division GmbH & Co KG, RPC Bramlage GmbH, RPC Bramlage Werkzeugbau GmbH & Co KG
Bremer Weg, 205 29223, Celle	Germany	RPC Bramlage Food GmbH
Donatusstraße 102, 50259 Pulheim	Germany	RPC WIKO GmbH, RPC Wiko Verwaltungsgellschaft GmbH
Dr. Herbert Kittel Straße, 1D-87600 Kaufbeuren	Germany	PET-Power Deutschland GmbH
Frankenstraße 12-14 - 67227, Frankenthal	Germany	Bender GmbH
Friedrich-Bückling-Straße 8, 16816, Neuruppin	Germany	ESE GmbH
Gewerbestraße 5, 3, 9291 Möckern OT Theesen	Germany	Promens Packaging GmbH
Hertzstrasse 26, 76275, Ettlingen	Germany	Promens Personal Healthcare GmbH

Registered office address	Country	Company name
Industriestrasse 3, 27449 Kutenholz	Germany	RPC Verpackungen Kutenholz GmbH
Klausnerring 8, 85551 Kircheim	Germany	Promens Munchen GmbH
Königstraße 2A, 24568 Kaltenkirchen	Germany	RPC Bebo Food Packaging GmbH
Lloydstraße 6 27432, Bremervörde	Germany	RPC Bebo Division Management & IT Services GmbH, RPC Bebo Plastik GmbH, RPC Bebo Print Patent GmbH, RPC Folio Holdings GmbH, RPC Formatec VW GmbH, RPC Packaging (Deutschland) BV & Co KG, RPC Packaging Holdings (Deutschland) BV & Co KG
Stockheimer Str. 30 97638, Mellrichstadt	Germany	RPC Formatec GmbH, RPC Neutraubling GmbH
Willi-Gräbner-Str. 4, D-56856 Zell/Mosel	Germany	Zeller Engineering GmbH
Wittauerstraße 17, 74564 Crailsheim	Germany	Jagtenberg Plastics GmbH
Room 510 Vanta Industrial Centr, 21-23 Tai Lin Pai Road, Kwai Chung NT	Hong Kong	RPC Ace Company Limited
Suite 2006 20th Floor 340 Queens Rd Central	Hong Kong	Promens Asia Limited
Unit 510, 5/F., Vanta Industrial Centre, 21-23 Tai Lin Pai Road, N.T., Kwai Chung	Hong Kong	Ace Corporation Holdings Limited, Ace Industrial Technologies Limited, Ace Medical Components Co Limited, Ace Mold Company Limited, Ace Plastics Company Limited, Ace Plastics Technologies Limited
Vaci ut 144-150, 1138, Budapest	Hungary	ESE Kft
Wesselenyi uta 16. 3 em, 1077 Budapest	Hungary	RPC Tedeco-Gizeh Csomagolonyag Kft
Gunnarsbraut 12, 620 Dalvik	Iceland	ITUB ehf, Saeplast Iceland ehf
Hlidasmara 1, 201 Kopavogur	Iceland	Promens Reykjavik ehf
Íshella 8, IS-221 Hafnarfjörður	Iceland	Tempra ehf
PricewaterhouseCoopers LLP, Cornmarket, Wexford	Ireland	CVP Limited, Irish Polythene Industries Limited, Irish Ropes Limited
6th Floor, Prospect Hill, Victory House, Douglas	Isle of Man	RPC Group Management Limited
Osnago (LC), Via Primo Maggion 8	Italy	Plasti-ape S.p.A.
Via Mantovana 51, 26863 Orio Litta (Lo)	Italy	Zeller Plastik Italia Srl
Via Ramazzotti 12 - 20020, Lainate, Milan	Italy	Promens Firenze SRL
Via S. Carlo, 40023 Castel Guelfo (BO), 10 Int. 20/22	Italy	RPC Superfos Italy S R L
Viale Majno Luigi, 31 CAP, Milano	Italy	Multicom SRL
Viale Regina Giovanna n°9, Plant and operative Seat Voghera (PV), Via Lomellina 134, 20129 Milan	Italy	Obrist Italia Srl
Viale Vittorio Veneto 80, 59100 Prato	Italy	Promens Italy SRL
Žalgirio g. 88-607, LT-09303 Vilnius	Lithuania	UAB ESE Baltija
6, Rue Eugene Ruppert, l-2453	Luxembourg	Financiere Daunou 1 SA, GCS Holdco Finance I SA, GCS Holdco Finance II SARL
RSM NWT Advisory Services Sdn Bhd, 1st Floor Wisma, RKT Block A - No.2 Jalan Raja Abdullah Off Jalan Sultan Isma	Malaysia	Zeller Plastik Malaysia Sdn Bhd
Av. Tejocotes s/n Col. San Martín Tepetlixpan, Cuautitlán Izcalli, Estado de México, C.P. 54760	Mexico	Zeller Plastik Mexico SA de CV

RELATED UNDERTAKINGS CONTINUED

Registered office address	Country	Company name
Bergweidedijk 1, 7418 AB Deventer	Netherlands	RPC Bramlage DHS BV, RPC Finance Europe B V, RPC Finance US BV, RPC Packaging BV, RPC Packaging Europe BV, RPC Packaging Holdings Brazil B V, RPC Packaging Holdings BV, RPC Packaging Kerkrade BV, RPC Verwaltungs-gesellschaft BV
Bruchterweg, 88/WA-3, 7772 BJ, Hardenberg	Netherlands	BPI Europe BV, Combipac BV
De Pinckart 37 - 39, 5674CB, Nuenen	Netherlands	ESE BV
Einsteinstraat 22, 6902 PB, Zevenaar	Netherlands	RPC Promens Group BV, Promens Zevenaar BV
Heesterveld 34, 5271 XM, Sint-Michielsgestel	Netherlands	RPC Superfos Ede BV
Hermelijnweg 2, 4877AE, Etten-Leur	Netherlands	PET Power B V, PET Power Holding B V
Hogewaard 12, 6624 KP, Heerewaarden	Netherlands	Henk Jagtenberg Plastics B V, Jagtenberg Beheer BV, Jagtenberg Packaging BV
Luxemburglaan 35, 6199 AM, Maastricht Airport	Netherlands	ESE World BV
Bergweidedijk 1, 7418 AB Deventer	Netherlands	Cooperatieve RPC Finance WA
Provincienbaan 21, 5121 DK Rijen	Netherlands	Promens Rijen BV
Zweedsestraat 10, 7418BG Deventer	Netherlands	Promens Deventer BV, Promens Deventer Holding BV, RPC Promens International BV
Ringtunveien 2, 1712 Grålum	Norway	PWS Norge AS
Stadionveien 15, 4632 Kristiansand	Norway	RPC Packaging AS, RPC Packaging Holdings Norway AS, RPC Promens Group AS
Twerrvegen, 37 6025 Aalesund	Norway	iTUB AS (54% owned), Saeplast Norway AS
Building 3 Philcrest Compound, Km. 23 West Service Road, Cupang, Muntinlupa City, 1702 Metro Manila,	Philippines	Zeller Plastik Philippines Inc
Sąd Rejonowy w Toruniu, VII Wydział Gospodarczy Krajowego Re	Poland	RPC Superfos Poland Sp. z o.o.
ul. Batorego Street 6, 05-400 Otwock	Poland	RPC Bramlage Warszawa Sp Z O O
ul. Mianowskiego 3/6, 02-044, Warsaw	Poland	Plastiape Sp. z o.o.
ul. Postepu 21 02-676, Warsaw	Poland	ESE Sp. z o.o.
ul. Topolowa 38 - 08-410, Wola, Rebkowska	Poland	Zeller Plastik Poland Sp. z o. o.
ul. Urszuli Ledochowskiej, 33/35 60-462 Poznan	Poland	RPC Bebo Polska Sp. z o.o
Zakaszewskiego nr 2, 66-300 Miedzyrzecz	Poland	Promens Miedzyrzecz Sp. z.o.o.
17 Nicolaus Lenau Street, 310 263, Arad	Romania	SC Romfilms SRL
DN 59 Timisoara, Moravita KM 16 - Village Sag/Parta, 307396, Timis County	Romania	Obrist Eastern Europe SRL
140004 Moscow Region, Ljuberzy, 1. Pankowskij Projesd, House 1, Korpus B	Russian Federation	RG Ecotec
620089 Russian Federation, Yekaterinburg, al., Bazovyi 21, Mailbox 171	Russian Federation	LLC RPC Bramlage Yekaterinburg
Hasicska 304/4 971 01, Atare Mesto, Prievidza I	Slovakia	J P Plast Slovakia spol S R O
Okocska 74, 932 01 Velky Meder	Slovakia	RPC Bramlage Vel'ky Meder S R O
Prazska 33 949 01 Nitra	Slovakia	Promens Nitra S R O
25A Old Main Road, Gillitts, Durban, Kwa-Zulu Natal, 3610	South Africa	Astrapak Gauteng Proprietary Limited, RPC Astrapak Proprietary Limited

Registered office address	Country	Company name
5 Kruger Street, Denver, Johannesburg, Gauteng, 2094	South Africa	RPC Africa Holdings Pty Limited
PO Box 75769, Gardenview, Gauteng, 2047	South Africa	Weener Plastop Proprietary Limited (50% owned)
Suite 507, Private Bag X4, Kloof, Kwa-Zulu Natal, 3640	South Africa	Astrapak Investments Proprietary Limited, Astrapak Manufacturing Holdings Proprietary Limited, Astrapak Property Holdings Proprietary Limited, Lunifera Investments Proprietary Limited, Marcom Plastics Proprietary Limited
Avenida de Madrid 68-70, Madrid, E-28500 Arganda del Rey	Spain	RPC Envases SA
Calle Mogoda 1, Pol. Ind. Can Salvatella, Despacho 303, Barberá del Vallés 08210	Spain	Promens Packaging SA Unipersonal
Calle Viena 10, Polígono Industrial Pozo de la Fuente, Torres de la Alameda, Madrid	Spain	Global Closure Systems Spain SLU, Obrist Iberia SLU
Polígono Industrial, 36880 La Caniza, 15	Spain	Saeplast Spain SA
Poligono Industrial, Calle L 14-16, Comarca n1, E-31 160 Orcoyen, Navarra	Spain	RPC Superfos Pamplona SA
Polígono Industrial, El Marital, Camino del Cementario, 08440 Cardedeu, Barcelona	Spain	Zeller Plastik Espana SLU
Hässleholmsvägen, 10 284 34, Perstorp	Sweden	ESE Sweden Holding AB, PWS Nordic AB
Industrivägen 13, Sweden, 565 91 Mullsjö	Sweden	RPC Superfos Mullsjo AB
Skogvaktarevägen 2, SE-531 17 Lidköping, PO Box 794	Sweden	RPC Packaging Holdings (Sweden) AB, RPC Superfos Lidkoping AB
Römerstraße 83, 4153 Reinach (BL)	Switzerland	Obrist Closures Switzerland GmbH
St Alban-Anlage 46, 4052 Basel	Switzerland	Promens AG
978 Bangpoo Industrial Estate Moo, 4 Aumphur Muangsamutprakarn, Tambol Preaksa, Samutprakarn 10280	Thailand	Obrist (Thailand) Co Limited
Route de Fouchana, 1135 Naâssen, Chebedda	Tunisia	Galion Distribution SARL, Galion SA
Route Mazdour Jemmel, Bembla GP 6, Monastir, 5021	Tunisia	Promens Monastir SARL
1 Steuart Road, Bridge of Allan, Stirling, FK9 4JG	United Kingdom	United Closures and Plastics Limited
3 Castlegate, Grantham, Lincolnshire, NG31 6SF	United Kingdom	PET-Power UK Limited
8th Floor, Pearl Assurance House, Friar Lane, Nottingham, NG1 6EX	United Kingdom	ESE Holdings Limited, ESE World Limited
96 Port Glasgow Road, Greenock, Renfrewshire, PA15 2UL	United Kingdom	BPI 2012 Limited, BPI General Partner Limited, BPI Limited Partner Limited, BPI Pension Funding Limited Partnership, James Scott & Sons Limited, Lustroid Limited, PCL Recycling Limited, Plasti-Covers Limited, Promopack Limited, Scott & Robertson Limited, Trevor Jones Limited
C/O KPMG LLP, The Soloist Building, 1 Lanyon Place, Belfast, BT1 3LP	United Kingdom	Jordan Plastics Limited
London Road, Beccles, Suffolk, England, NR34 8TS	United Kingdom	Maynard & Harris Plastics Pension Trustee Limited
Plymouth Avenue, Brookhill Industrial Estate, Pinxton Notts, NG16 6NS	United Kingdom	Strata Products Limited
Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG	United Kingdom	BPI 1998 Limited

RELATED UNDERTAKINGS CONTINUED

Registered office address	Country	Company name
Sapphire House, Crown Way, Rushden, England, NN10 6FB	United Kingdom	Advanced Films Limited, Barplas Limited, Bibby and Baron Group Limited, BPI 2002 Limited, BPI 2010 Limited, BPI International (No 2) Limited, BPI International Limited, BPI Limited, BPI Pension Trustees Limited, BPSW19 Limited, Brithene Films Limited, British Polythene Industries Limited, British Polythene Limited, Brownoak (Final) Assured Tenancies Limited, Calnay Limited, Coflex Films Limited, Delta Polythene Limited, Drumrace Limited, Exlshrink Limited, Flexfilm Limited, Global Closure Systems UK Limited, High Performance Films Limited, Kardon Limited, Manuplastics Limited, Manuplastics Products Limited, Massmould Limited, Maynard & Harris (EBT Trustees) Limited, Maynard & Harris Group Limited, Maynard & Harris Holdings Limited, Maynard & Harris Plastics, Maynard & Harris Plastics (UK) Limited, Megafilm Limited, Minster Polythene Films Limited, Moore & Company (Nottingham) Limited, Pavelodge Packaging Limited, Polycrop Limited, Polythene Films Limited, Promens Food Packaging Limited, Promens Holding UK Limited, Promens Packaging Limited, Rigid Plastic Containers Finance Limited, Rigid Plastic Containers Holdings Limited, Rigid Plastic Containers Packaging Limited, Riverside Trading Limited, Roll-A-Rap Limited, Romfilms Limited, RPC 2017 Holding Company Limited, RPC Asia Pacific Holdings Limited, RPC Containers Limited, RPC Containers Pension Trustees Limited, RPC Europe Limited, RPC Finance Limited, RPC Group Share Trustee Limited, RPC Packaging Holdings Limited, RPC Packaging Limited, RPC Pisces Holdings Limited, Tedeco-Gizeh (UK) Limited, Sanders Polyfilms Limited, Seroptic Lustroid Limited, Stag Plastics Limited, Superfos Runcorn Limited, Superfos Tamworth Limited, UK Polyfilm Limited, UK Polythene Limited, V M B Limited, Visqueen Aprons Limited, Widnes Films Limited, Wiko (UK) Limited, Zedcor Limited
1075 Hemlock Road, Morgantown, PA 19543 VA	United States	RPC Bramlage Inc.
1515 Franklin Bld - Libertyville, - 60048 - 4459, Ilinois	United States	Global Closure Systems America 1 Inc, RPC Zeller Plastik Libertyville Inc
23 Office Park Ct. #103, Columbia, South Carolina	United States	AT Films US Inc
2711 Centerville Road, Suite 400, County of New Castle, City of Wilmington, DE 19808	United States	RPC Leopard Holdings Inc, RPC Packaging Holdings (US) Inc
3300 North Kenmore Street, South Bend, IN 46628	United States	Promens America Inc
411 Brooke Road, VA 22603, Winchester	United States	RPC Superfos US Inc
485 Brooke Road, VA 22603, Winchester VA	United States	M & H Plastics Inc
52585 Dequindre Road, Rochester, MI 48307	United States	Letica Corporation, Letica Resources Inc.

All related undertakings are indirectly owned by RPC Group Plc with the exception of RPC 2017 Holding Company Limited, RPC Packaging Holdings Limited, RPC Group Share Trustee Limited, RPC Packaging Limited and RPC Europe Limited, which are directly owned.

SHAREHOLDER AND CORPORATE INFORMATION

Shareholders' enquiries

Any shareholder with enquiries relating to their shareholding should, in the first instance, contact our Registrar, Equiniti PLC (Equiniti), using the address on page 160.

Analysis of ordinary shareholders

At 31 March 2018 the Company had 4,358 registered shareholders who held 407,699,202 ordinary shares between them, analysed as follows:

Balance Ranges	Total Holdings	% of Holders	Total Shares	% Issued capital
1 to 10,000	3,673	84.28%	4,543,730	1.11%
10,001 to 500,000	554	12.71%	54,317,764	13.32%
500,001 to 1,000,000	53	1.22%	36,475,437	8.95%
1,000,001+	78	1.79%	312,362,271	76.62%
Total	**4,358**	**100.00%**	**407,699,202**	**100.00%**

Dividends

Shareholders who wish to have their dividends paid directly into a bank or building society account should contact Equiniti, using the details overleaf. In addition, the Registrar is now able to pay dividends in 90 foreign currencies. This service enables the payment of dividends directly into your bank account in your home currency. For international payments a charge is deducted from each dividend payment to cover the costs involved. Please contact Equiniti to request further information.

Electronic shareholder communications

Shareholders who would prefer to view documentation electronically can elect to receive automatic notification by email each time the Company distributes documents, instead of receiving a paper version of such documents. Registering for electronic communication is straightforward and can be done via Shareview, at www.shareview.co.uk. Shareview is Equiniti's suite of online services that helps shareholders manage their holdings and gives access to a wide range of useful information.

There is no fee for this service. The facility allows you to view details about your holdings, submit a proxy vote for shareholder meetings, notify a change of address and provide dividend mandates online, so that dividends can be paid directly into a bank account. Shareholders can also find out what to do if a share certificate is lost, as well as download forms for share transfers. Should you change your mind or wish to request a paper version of any documents in the future, you may do so by contacting Equiniti.

Share dealing services

Equiniti offer a real-time telephone and internet dealing service for the UK. Further details including terms and rates can be obtained by logging on to the website at www.shareview.co.uk/dealing or by calling 0345 603 7037. Lines are open between 8am and 4.30pm, Monday to Friday.

Sharegift

If you have a small shareholding which is uneconomical to sell, you may want to consider donating it to ShareGift. Details of the scheme are available from ShareGift at www.sharegift.org or telephone +44 (0) 20 7930 3737.

Share price information

Information on the Company's share price is available from the Company's website at www.rpc-group.com.

Financial Calendar	**2018**
Trading Update	18 July
Pre-close statement	27 September
Half Year Results	28 November
	2019
Trading Update	1 February
Pre-close statement	28 March
Full Year Results	June

All future dates are indicative and subject to change.

SHAREHOLDER AND CORPORATE INFORMATION CONTINUED

Registrars

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Tel: 0371 384 2242 (UK)
Tel: +44 121 415 7047 (outside UK)

Auditor

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Brokers

Deutsche Bank
1 Great Winchester Street
London
EC2N 2DB

Jeffries International
Vintners Place
68 Upper Thames Street
London
EC4V 3BJ

Registered office

RPC Group Plc
Sapphire House
Crown Way
Rushden
Northamptonshire NN10 6FB
United Kingdom

Tel: +44 (0) 1933 410064
Fax: +44 (0) 1933 410083

Registered Number: 2578443

www.rpc-group.com

ISIN: GB0007197378

LEI: 213800RASBUP2MGA8H34

London Stock Exchange General Industries

Symbol: RPC

Forward-looking statements

The Annual Report contains certain statements about the future outlook for the Group. Although the Company believes that the expectations are based on reasonable assumptions, any statements about future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

TEN YEAR FINANCIAL RECORD

	2018 £m	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Revenue	**3,747.7**	2,747.2	1,642.4	1,222.4	1,046.9	982.3	1,056.0	752.2	660.9	703.3
Adjusted operating profit	**425.0**	308.2	174.3	131.6	101.0	91.6	95.5	56.0	40.9	34.7
Profit/(loss) before taxation	**316.6**	154.7	75.6	67.1	59.0	48.2	60.9	34.0	19.2	(5.3)
Profit/(loss) after taxation	**253.8**	132.0	54.9	45.8	43.7	34.0	46.0	25.0	13.2	(8.5)
Net assets employed	**1,920.1**	1,822.7	893.9	581.1	271.6	271.7	271.9	264.0	156.4	170.9
Property, plant and equipment additions	**243.2**	183.9	96.7	90.1	67.8	60.0	71.4	50.1	27.8	30.4
Cash generated by operations	**484.2**	332.9	181.7	122.1	125.1	108.2	115.2	80.9	71.4	115.2
Basic earnings/(loss) per share (p)	**61.6**	37.1	18.1	18.0	20.3	15.8	21.7	14.7	8.2	(5.2)
Adjusted basic earnings per share (p)	**72.0**	62.2	40.4	35.4	31.6	28.4	29.3	23.0	16.2	10.6
Dividend per share (p)	**28.0**	24.0	16.0	13.3	11.9	11.4	11.0	8.8	6.5	5.7
Average number of employees	**24,295**	20,129	15,177	10,738	7,296	6,969	7,110	5,878	5,881	6,346

The above table is unaudited.

Results for 2013 onwards are under IAS 19 (Revised 2011). Results for 2012 and earlier have not been restated.

Results for 2015 and 2014 have been revised to account for the Joint Venture under the equity method. Results for 2013 and earlier have not been restated.

GLOSSARY

A glossary of terms used in this Report:

Acquisitions:

Amber	Amber Plastics Pty Limited
Astrapak	Astrapak Limited
BPI	British Polythene Industries Plc
ESE World	ESE World BV
Innocan	Innocan France SARL
Letica	Letica Corporation
GCS	Global Closure Systems
Nordfolien	Nordfolien GmbH
Plastiape	Plastiape S.p.A
Promens	Promens Group AS
Strata Products	Strata Products Limited
Synergy	Synergy Packaging Pty Limited

Other terms:

Ace	RPC Ace division
Bps	Basis points
EV	Enterprise Value
M&H	RPC M&H division
RPC	RPC Group Plc
The Group	RPC Group Plc
RPC Group	RPC Group Plc

GROUP PLC

RPC Group Plc
Sapphire House
Crown Way
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For more information on our business please go to:

www.rpc-group.com @rpc_group