

CORPORATE

 Current price **112p**

 Sector **Chemicals**

 Code **(PLA.L)**

 Listing **AIM**
SHARE PERFORMANCE


	1m	3m	12m
— PLA.L	-3%	+3%	-9%

Source: Thomson Reuters, Allenby Capital

SHARE DATA

 Market cap (£) **43.6m**

 Shares in issue (m) **38.95**

52 weeks	High	Low
	133.5p	93p

 Financial year end **31 March**

Source: Company Data, Allenby Capital

KEY SHAREHOLDERS

Directors and related 15.66%

Camelot Capital 29.90%

Livingbridge VC 10.62%

Octopus Investments 7.68%

Arun Nagwaney 5.96%

Harwood Capital 5.04%

Source: Plastics Capital plc

Ian Jermin

+44 (0)20 3328 5664

i.jermin@allenbycapital.com

www.allenbycapital.com

PLASTICS CAPITAL PLC (PLA.L)
Trading in line with our full year expectations

In our note dated 2 July 2018 we anticipated an improvement in trading for the year ending March 2019. The trading update announced today affirms this view and the Group confirms that it is trading in line with market expectations. Trading for the six months to September 2018 has seen revenue grow at double digits with a commensurate improvement in profitability as the trading mix is favouring the higher margin and operationally leveraged Industrial division. In an otherwise positive trading update the only negative was that the order book for mandrels has weakened. Nevertheless, we remain comfortable with our FY2019 and FY2020 forecasts that were set in July and make no changes. We are also happy to retain our fair value of 130p.

- **Growth continues in Films division** – The division has reacted positively to the consolidation of the three businesses under one management team and the successful integration, cross selling and demand optimisation has resulted in strong growth and an effective use of the available capacity. Work is also being undertaken to increase capacity within barrier film extrusion, printing and specialist sack making to better serve existing customers and attract new ones.
- **Welcome recovery in demand within the Industrial division**– Trading in FY2018 in the plastic bearings business, was negatively impacted by delays in customer call-off of components in two of the Group's major projects. Call-off on both projects has now improved and demand from other customers is also encouraging. The matrix business is also performing well following restructuring last year and sales growth is strong for both existing and new products. As noted above while the mandrels business had a good start to the year demand began to deteriorate as the half year progressed and the order book is now significantly worse than management's expectations.
- **The issue of plastic waste** – Plastic waste from single use consumer products is not relevant to the Group's business streams. However, management is taking whatever steps are available to it to address the issue to the extent that it is even considering changing the name of the Group to reflect that its business is more about providing innovative solutions for its customers that it is about plastics per se.
- **Forecasts unchanged** – Given that the Group is trading in line with market expectations we are making no change to our forecasts for either FY2019 or FY2020. While the group remains vulnerable to volatility within the Industrial division we believe that significant progress has been achieved in increasing the potential for organic growth in all the businesses. We retain our 130p fair value but would anticipate this rising as the Group delivers on its five-year plan.

EXHIBIT 1: SUMMARY OF FINANCIALS

Year End: March (£m)	2017A	2018A	2019E	2020E
REVENUE	65.8	76.7	84.0	89.0
EBITDA	6.9	7.0	8.6	9.0
PBT (ADJUSTED)	4.3	4.2	5.3	5.7
EPS (p) (ADJUSTED)	11.5	9.5	11.9	12.8
PE(x)	9.7	11.8	9.4	8.8
DIVIDEND (p)	1.46	0.00	0.00	0.00

Source: Plastics Capital; Allenby Capital.

Allenby Capital acts as Joint Broker to Plastics Capital plc. This document should be classified as marketing communication and all required disclosures appear on the last page of the report. This research is intended for UK institutional investors only. It is not intended for retail customers and any retail customers should seek professional, independent advice before investing. Additional information is available upon request.

DISCLAIMER

This document is issued by Allenby Capital Limited (Incorporated in England No.6706681), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority ("FCA") for designated investment business, (Reg. No. 489795) and is a member of the London Stock Exchange.

This document is for information only and should not be regarded as an offer or solicitation to buy the securities or other instruments mentioned in it. It or any part of it do not form the basis of and should not be relied upon in connection with any contract.

Allenby Capital Limited uses reasonable efforts to obtain information from sources which it believes to be reliable but the contents of this document have been prepared without any substantive analysis being undertaken into the companies concerned or their securities and it has not been independently verified. No representation or warranty, either express or implied, is made nor responsibility of any kind is accepted by Allenby Capital Limited, its directors or employees either as to the accuracy or completeness of any information stated in this document. This document has not been prepared in accordance with legal requirements designed to promote the independence of investment research; and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

Opinions expressed are our current opinions as of the date appearing on this material only. The information and opinions are provided for the benefit of Allenby Capital Limited clients as at the date of this document and are subject to change without notice. There is no regular update series for research issued by Allenby Capital Limited.

No personal recommendation is being made to you; the securities referred to may not be suitable for you and should not be relied upon in substitution for the exercise of independent judgement. Neither past performance nor forecasts are a reliable indication of future performance and investors may realise losses on any investments.

Allenby Capital Limited and any company or persons connected with it (including its officers, directors and employees) may have a position of holding in any investment mentioned in this document or a related investment and may from time to time dispose of any such securities or instrument. Allenby Capital Limited may have been a manager in the underwriting or placement of securities to the issuers of securities mentioned in this document within the last 12 months, or have received compensation for investment banking services from such companies within the last 12 months, or expect to receive or may intend to seek compensation for investment banking services from such companies within the next 3 months. Accordingly, recipients of this document should not rely on this document being impartial and information may be known to Allenby Capital Limited or persons connected with it which is not reflected in this material. Allenby Capital Limited has a policy in relation to the management of the firm's conflicts of interest which is available upon request.

Allenby Capital Limited shall not be liable for any direct or indirect damages, including lost profits arising in any way from the information contained in this material. This material is for the use of intended recipients only and only for distribution to professional and institutional investors, i.e. persons having professional experience in investments who are authorised persons or exempted persons within the meaning of the Financial Services and Markets Act 2000 of the United Kingdom (such persons who do not have professional experience in matters relating to investments should not rely on this material), or persons who have been categorised by Allenby Capital Limited as Professional Clients or Eligible Counterparties. It is not intended for Retail Clients.

This document is being supplied to you solely for your information and may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose. The material in this document is not intended for distribution or use outside the European Economic Area except in the circumstances mentioned below to recipients in the United States. This material is not directed at you if Allenby Capital Limited is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you and persons into whose possession this material comes should inform themselves about, and observe, any such restrictions.

Allenby Capital Limited may distribute research in reliance on Rule 15a-6(a)(2) of the Securities and Exchange Act 1934 to persons that are major US Institutional investors, however, transactions in any securities must be effected through a US registered broker-dealer. Any failure to comply with this restriction may constitute a violation of the relevant country's laws for which Allenby Capital Limited does not accept responsibility.

By accepting this document, you agree that you have read the above disclaimer and to be bound by the foregoing limitations / restrictions.

RESEARCH RECOMMENDATION DISCLOSURE

Ian Jermin is the author of this research recommendation. Ian is employed by Allenby Capital Limited as an Equity Analyst.

Tel: 020-3328-5664

Email: ijermin@allenbycapital.com

Unless otherwise stated the share prices used in this publication are taken at the close of business for the day prior to the date of publication.

* denotes that Allenby Capital acts as an Adviser to the Company

Information on research methodologies, definitions of research recommendations, and disclosure in relation to interests or conflicts of interests can be found at www.allenbycapital.com

Allenby Capital
5 St Helen's Place London EC3A 6AB
+44 (0)20 3328 5656

www.allenbycapital.com