Friday 28 February 2014

Synthomer plc

Preliminary Results for the year ended 31 December 2013

RESILIENT PERFORMANCE IN A CHALLENGING YEAR

FULL YEAR HIGHLIGHTS	**2013**	**2012**	**change**
*Underlying basis**	£'m	£'m	%
Sales	1,054.9	1,111.8	(5.1)
Operating Profit (EBIT)	104.8	111.2	(5.8)
Europe and North America (ENA)	*89.8*	*100.2*	(10.4)
Asia and ROW (ARW)	*23.1*	*19.1*	20.9
Unallocated	*(8.1)*	*(8.1)*	-
Profit before Tax	90.1	94.6	(4.8)
Underlying basis			
EPS (p)	20.7	20.9	(1.0)
DPS (p)	6.0	5.5	9.1

* All numbers on an underlying basis

- Europe and North America (ENA) business impacted by continued weak economic conditions;
- 21% growth in underlying operating profit in Asia and ROW (ARW) driven by a continued recovery in the Asian nitrile business, which developed ahead of expectations in 2013;
- Significant investments in additional capacity and Emerging Markets, combined with continued focus on innovation;
- Continued progress driving efficiencies through plant capability improvements and raw material cost management;
- Group's executive management team strengthened with new regional VP's in Asia and Europe;
- Full year dividend increased by 9% to 6.0 pence on track with the Board's commitment to reduce dividend cover to three times by 2015; and
- Strong free cash flow; net debt reduced to £133.6 million (2012: £155.8 million); net debt / EBITDA ratio of 1.1 (2012: 1.2).

Commenting on the results, Adrian Whitfield, Chief Executive Officer, said:

"Synthomer has delivered a resilient performance, against the backdrop of subdued economic conditions in Europe. In Asia, our business has performed well, with our Nitrile business continuing to recover. We have remained focused on strengthening the business, investing in additional capacity, manufacturing and R&D capabilities, in innovation and our people.

Whilst European macroeconomic indicators have started to show some more positive trends, we still see limited evidence of a sustained improvement in trading conditions in Europe. We have seen some signs of modest demand improvement in our European Construction & Coatings, Functional Polymers and Performance Polymers segments in recent months. However, we have *entered 2014 with unit cash margins across the ENA business slightly below the 2013 average, and weakening of the Euro through the second half of 2013 will create a year-on-year drag. We expect some further improvement in ARW as the supply demand position in Nitrile tightens and Synthomer continues to benefit from additional capacity and investment.*

The Board remains confident that Synthomer is well placed for the future despite the European trading conditions."

ENQUIRIES:

Adrian Whitfield, Chief Executive Officer
David Blackwood, Chief Financial Officer
Tel: 01279 442791

Charles Armitstead / Rosie Oddy
Pendomer Communications
Tel: 020 3603 5220

The Company will host a meeting for analysts at 9.00am today at the offices of Canaccord Genuity (88 Wood Street, London, EC2V 7QR). The presentation will be audiocast on the Company's website www.synthomer.com.

Underlying and IFRS information, years ended 31 December:

	2013			2012 (restated)		
	Underlying*	**Special items**	**IFRS**	**Underlying***	**Special items**	**IFRS**
	£'m	£'m	£'m	£'m	£'m	£'m
Total sales (including share of JV's)	1,054.9	-	1,054.9	1,111.8	-	1,111.8
Europe and North America	89.8	(23.6)	66.2	100.2	(27.6)	72.6
Asia and ROW	23.1	(6.2)	16.9	19.1	(6.5)	12.6
Unallocated	(8.1)	-	(8.1)	(8.1)	-	(8.1)
Operating profit (including share of JV's)	104.8	(29.8)	75.0	111.2	(34.1)	77.1
Finance costs	(14.7)	(1.2)	(15.9)	(16.6)	(1.7)	(18.3)
Profit before taxation	90.1	(31.0)	59.1	94.6	(35.8)	58.8

* Underlying basis excludes special items. This is primarily amortisation of acquired intangibles of £28.4 million (2012: £27.4 million). A detailed analysis of the special items is provided in the Financial Review.

Synthomer plc (SYNT) may also be referred to in this report as "Synthomer", the "Company" or the "Group".

Cautionary statement
The purpose of this report is to provide information to the members of the Company. It contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this report and the company undertakes no obligation to update these forward-looking statements. Nothing in this report should be construed as a profit forecast.

Underlying performance
The Group's management uses underlying performance to plan for, control and assess the performance of the Group. Underlying performance differs from the statutory IFRS performance as it excludes the effect of special items, which are detailed in note 1. The Board's view is that underlying performance provides more meaningful information for the Group's investors and so it is the primary focus of the Group's narrative reporting. Where appropriate, statutory performance inclusive of special items is also described.

CHAIRMAN'S STATEMENT

Overview

The Group experienced another challenging year in 2013. The economic environment in Europe continued to impact our trading performance, leading to a modest decline in earnings for the year. While this is a disappointment after several years of continuous improvement, the Board believes the overall result demonstrates the Group's resilience in the context of the economic conditions. The underlying performance reflects the benefits of Synthomer's transition over the last 5 years into a major player in specialty aqueous polymers.

Full year performance

Underlying Group sales declined 5.1% to £1,054.9 million (2012: £1,111.8 million) with Group volumes slightly up, despite a 2.5% decline in Europe due to the effect of the challenging trading environment.

Underlying Group operating profit for the year was £104.8 million (2012: £111.2 million), a 5.8% decline on 2012. This was due principally to operating profit in our European & North American (ENA) business being 10% down on the prior year at £89.8 million, where, for the first time in 6 years we saw our average cash margins decline. Encouragingly, Asia and ROW business (ARW) profits rose by 21% to £23.1 million, as the market conditions we experienced in our nitrile business in 2012 recovered ahead of our initial expectations.

Underlying Group profit before tax was £90.1 million (2012: £94.6 million), a decline of 4.8%, whilst earnings per share at 20.7p (2012: 20.9p) was down by 1.0%. After deducting special items, IFRS profit before tax was £59.1 million (2012: £58.8 million).

Strategy

Our strategy remains unchanged, focusing on delivering growth through geographic expansion in emerging markets, where mega-trends such as population growth, urbanisation and increasing wealth are driving demand for our products across the region. In these high-growth regions, we are able to leverage the leading technologies, R&D and manufacturing capabilities which we have developed in European markets to give us a strong competitive advantage. We have worked hard to optimize our business in Europe since the PolymerLatex acquisition and ongoing cost management remains a key focus of the Group, particularly in the current economic environment.

Given the economic situation in Europe, we are taking some self-help actions in our European business. We have set in progress a programme to reduce costs by €10 million. This programme will have a cash cost of some €15 million, of which €5 million will be capital expenditure.

Despite the weaker trading conditions in Europe, our business remains highly cash generative, allowing us to continue to invest in emerging market opportunities. During the year we commissioned our new 70,000 tonne nitrile latex capacity expansion in Pasir Gudang, Malaysia and also established SBR manufacturing capability on the site. We expanded our Middle East facilities, and will further expand them during 2014, along with bringing new capacity in Vietnam on stream.

Additionally, we continue to look for further investment opportunities to expand our footprint in Asia.

Balance sheet

Net debt, at £133.6 million, was £22.2 million lower than the start of the year. This represents a net borrowing to EBITDA ratio of 1.1, which the Board considers to be a prudent leverage position.

Dividend

The Board has recommended an increased final dividend of 3.6p per share, making a total dividend for the year of 6.0p. The full year dividend of 6.0p represents an increase of 9.1% over the previous year, and a dividend cover of 3.5 times, on track with the Board's commitment to reduce dividend cover to three times by 2015.

Safety, health and environment

The Group is committed to the continuous improvement of its performance in respect of safety, health and the environment. I am pleased that almost all of the metrics that we measure in this area showed good improvement over the prior year.

People

The Group has achieved a great deal in recent years with its transformation to a focused specialty polymers business. None of this could have been achieved without the hard work and dedication of the Group's employees and I thank all of them for their support and hard work during this period.

Board composition

I am delighted that Brendan Connolly joined the Board as an Independent Non-executive Director on 20 January 2014. Brendan was, until June 2013, a senior executive at Intertek Group PLC and had previously been Chief Executive Officer of Moody International (which was acquired by Intertek in 2011). Prior to Intertek, Brendan spent more than 25 years of his career with Schlumberger in senior international roles over three continents.

Outlook

Whilst European macroeconomic indicators have started to show some more positive trends, we still see limited evidence of a sustained improvement in trading conditions in Europe. We have seen some signs of modest demand improvement in our European Construction & Coatings, Functional Polymers and Performance Polymers segments in recent months. However, we have entered 2014 with unit cash margins across the ENA business slightly below the 2013 average, and weakening of the Euro through the second half of 2013 will create a year-on-year drag.

We expect some further improvement in Asia as the supply demand position in Nitrile tightens and Synthomer continues to benefit from additional capacity and investment.

The Board remains confident that Synthomer is well placed for the future despite the European trading conditions.

Neil Johnson
Chairman
27 February 2014

CHIEF EXECUTIVE OFFICER'S REPORT

Overview

2013 was a challenging year for the Group, with underlying Group operating profit of £104.8 million, 5.8% below prior year.

The general economic situation in Europe, with lower demand led to a lower ENA operating profit. As we entered 2014 the operating environment in Europe remained challenging. Encouragingly, we saw recovery in our Asian Nitrile business come through ahead of our expectations in 2013, and overall operating profit in Asia and ROW was ahead.

Net of interest, and a reduced tax rate, earnings were down slightly on 2012.

This was the first year that underlying earnings have declined since 2006, when we started the process of transforming the company into a focused specialty aqueous polymers business. Whilst this was disappointing, we continued to make good overall progress during the year in improving the capability of the business to deliver future growth and maintain a tight control on costs.

The acquisition of PolymerLatex three years ago was an important part of the transformation of the Group into a focused specialty aqueous polymer group. We have now effectively completed the work on delivering the integration synergies from the acquisition with the closure of the Batley site in the UK.

During the year we further strengthened the Group's Executive Management team with the recruitment of new regional VP's for both Asia and Europe.

I believe we are well placed for the future, focused on aqueous polymers, with a stronger management team and enhanced capability in the areas of product development and process know-how, combined with a more modern and cost effective asset base and state-of-the-art R&D facilities.

We saw clear evidence that our rate of innovation is improving, with a number of patent filings during the year. The new product launches from 2012, including new Lithene Ultra, grew well during 2013. We also launched two new nitrile grades during the year. Looking forward, the quality of our innovation pipeline is encouraging, and we believe we are well set for future growth. We expect several new product launches during the coming year across our business, including new products in nitrile latex.

New products launched in the last 5 years contributed over 12% of 2013 Group revenues. We are confident of being able to improve this percentage, and have a mid-term target of sales from new products, defined as products launched in the preceding 5 years, increasing to a level where they contribute 20% of annual group revenues.

On the investment front, we commissioned two new nitrile latex lines in Malaysia at the beginning of 2013. Our Dispersion expansion in Stallingborough, to allow the closure of Batley, was completed. In paper, we completed the investment in bio-polymer hybrid latex in Finland, and commenced investment in Germany for the same and similar products. We continued to invest in many smaller projects to improve the overall capability of our plants to drive our commercial and cost effectiveness in servicing our customer base. We will be expanding our Vietnamese and Saudi Arabian dispersions capacity during 2014, and are currently developing plans to further expand our nitrile latex capacity in Asia.

Raw material price volatility was relatively low during the year, compared to recent years, albeit with a modest decline over the year. This modest decline in input prices has lowered working capital requirements slightly and helped in the reduction of net debt to £133.6 million.

Divisional performance

We manage the Group as two businesses: 'Europe & North America' (ENA) and 'Asia & Rest of World' (ARW). The reported results are on an 'origination basis', meaning the segmental sales and operating profits are reported based on where the product is manufactured; ENA accounted for 71% of Group sales and ARW for 29% of Group sales. We export many specialty products from Europe to Asia. Looking at sales on a destination basis, ENA comprises 63% of Group sales with ARW accounting for 37%. Within the two businesses, we approach the market through six strategic business unit segments, "Paper", "Carpet, Compounds and Foam" (CCF), "Construction and Coatings" (CC), "Functional Polymers" (FP), "Performance Polymers" (PP) and "Health and Protection" (HP) – which includes our Asian nitrile Latex business.

Europe & North America (ENA)

Underlying Performance	**2013**	2012
Sales (£'m)	**744.8**	796.9
Operating Profit (£'m)	**89.8**	100.2
Volumes (ktes)	**805.5**	825.9

Operating profit in our ENA business was down by 10.4%, with aggregate volumes 2.5% lower.

The economic situation in Europe continued to impact demand, particularly in our Construction related segments, which was most pronounced early in the year, when poor weather resulted in soft demand in what is normally a seasonally strong period. We have also seen a reduction in average unit cash margins.

This margin impact has been most pronounced in our Paper and CCF segments, whilst declines in C&C, PP and FP were very modest.

Volumes for the year were lower across the construction related segments of C&C, PP, FP and CCF. Despite the overall decline in the European paper market, we saw some volume improvement in our Paper segment, increasing our share overall, albeit on generally lower unit cash margins.

After reporting ENA volumes down 5.1% in the first half of the year, demand generally remained soft in the second half of the year, as the difficult economic conditions in Europe continued to affect performance. Overall volumes in the second half of the year were similar to prior year with the volume declines in the construction related segments predominantly occurring in the first half of the year.

There were multiple product launches in ENA during the year. Two new bio-polymer hybrid products were launched to the coated paper market, based on our new technology platform to optimise performance and cost. A new Lithene Ultra grade was introduced to the market in a niche encapsulation area, which was enabled by our improved low VOC capability. Market introductions for High-Solids SBR have been made for the US asphalt market and for foam applications that meet the specific demands in China. A number of other products are in the initial commercialisation phase, for example, in wood coatings, pressure sensitive adhesives and flooring adhesive segments, where we expect to see full market launch next year.

ENA is our platform for cash generation to drive future global growth. We have worked hard since the PolymerLatex acquisition to create an optimized business in Europe, with the closure of three plants, and the delivery of substantial cost reductions, which have positioned us well to deal with the economic situation. However, ongoing cost management remains a key focus of the Group, and we have launched a programme comprising a broad range of further improvements which will help support performance during 2014 and 2015. This programme will reduce costs in the business by €10m per annum by the end of 2015. Critical elements in delivering this will be increased process and energy efficiency, productivity improvements and optimised systems across all functions. We anticipate cash costs of circa €15 million for the implementation of this programme, of which €5 million will be capex.

Asia & Rest of World (ARW)

Underlying Performance	**2013**	2012
Sales (£'m)	**310.1**	314.9
Operating Profit (£'m)	**23.1**	19.1
Volumes (ktes)	**376.2**	347.7

Operating profit in our ARW segment was higher by 20.9% on 8.2% higher volumes.

Since we reported on the turbulence in the nitrile market half way through 2012, the business, having stabilised in the second half of 2012, developed ahead of our expectations during 2013. We expect to see supply demand tighten during 2014, with a further improvement in profitability.

The non-nitrile business has seen good demand. As we exited the year, we experienced a slight deterioration in the competitive environment in South East Asia as a competitor prepared to bring new Dispersion capacity in Malaysia on line to service the region. Overall, we continue to see good prospects for the non-nitrile business in Asia. Expansion in the region is a core part of our strategy, and we will bring on further capacity in Middle East and Vietnam in 2014. We also continue to pursue opportunities for growth in the region through acquisition.

A further key part of the Group's strategy is to add value through our technology and know-how by deploying it into Asia and other emerging markets. We had several new product launches in the region in 2013. We have launched a new product range for chopped strand glass fibre mat applications, where our knowledge of textile binders has been effectively used in a new application area. Our new nitrile grade for examination gloves was launched to the market, which offered a significant improvement in film strength to support the market trend of lower glove weights. This was combined with a versatile performance on the glove dipping line, giving our customers process and formulation flexibility. Market acceptance was extremely positive and by the end of the year, the new grade was the biggest selling product in the Synthomer range. Further development work to extend the product range is ongoing.

Adrian Whitfield
Chief Executive Officer
27 February 2014

FINANCIAL REVIEW

Income statement

Sales, operating profit and profit before tax – underlying performance
Total sales decreased by 5.1% to £1,054.9 million (2012: £1,111.8 million) with Group operating profit also 5.8% lower at £104.8 million (2012: £111.2 million). This was due to the difficult trading conditions that persisted in Europe throughout the year. As a result, profit before tax also declined by 4.8% to £90.1 million.

Tax and EPS – underlying performance
The Group's underlying tax rate of 20% (2012: 22%) remains low, reflecting the benefits of pioneer status (extended tax holiday) on our nitrile business in Malaysia, and a zero rate in the UK. The Group does not expect to pay tax in the UK for the foreseeable future due to brought forward losses and deficit contributions to the UK pension scheme, which are tax deductible.

Profit attributable to minority interests was £1.8 million (2012: £1.8 million).

As a result, overall, the underlying earnings per share for 2013 was 20.7p, compared to 20.9p per share for 2012, a slight decrease of 1%.

Special items and IFRS
The Group reports its financial results according to International Financial Reporting Standards (IFRS). However, to provide a clearer indication of the Group's underlying performance, a number of special items are split out and shown in a separate column of the consolidated income statement due to their one-off or non-economic nature, and are excluded from the comments on underlying performance above and throughout the Chief Executive's review of business performance. Special items comprise:

- Restructuring costs associated with delivering the synergy targets for the PolymerLatex acquisition of £1.4 million (2012: £6.7 million of which £6.0 million were cash costs and £0.7 million non-cash costs). These are the final costs associated with the integration programme.
- Various cross-currency and interest rate swaps for hedging purposes, which involve maturities of up to three years. IFRS requires that where the strict requirements of IAS39 are not met, changes in the market value should be recognised annually in the income statement. However, such financial instruments are maintained by the Group for the length of the contract and over their lifetime have a fair value of nil. Hence the notional annual adjustment, a loss of £1.2 million (2012 loss £1.7 million) is segregated from the underlying performance.
- Amortisation of intangibles of £28.4 million (comprising £26.7 million in the Company and subsidiaries and £1.7 million in share of joint ventures). IFRS acquisition accounting requires an explicit number to be placed on certain intangibles and amortised through the consolidated income statement, with the balance of the excess of the purchase price over the physical assets being carried as goodwill, which is subject to annual impairment testing. The amortisation expense arising from this has been treated as a special item and will continue to be so until the associated intangible assets are fully amortised.

After deducting special items from underlying performance the IFRS profit before tax was £59.1 million (2012: £58.8 million) and earnings per share were 14.2p (2012: 15.6p).

Restatement for adopting IAS19 (revised)
The Group adopted IAS19 (revised) from 1 January 2013 and has applied this retrospectively to comparator periods. The effect of adoption on the Group's profit in 2012 was to reduce both underlying and total reported profit after tax in 2012 by £3.5 million. In addition, £2.2 million of

expenses relating to the expected return on plan assets and interest expense on the pension liability, previously reported within operating expenses have been classified to finance costs in 2012.

Dividend

The Board proposed and increased final dividend of 3.6p which, with the interim dividend of 2.4p, brings the total dividend for the year to 6.0p per share. This is 3.5 times covered (2012: 3.8 times), and in line with the Board's commitment to reduce the dividend cover to three times by 2015.

Balance sheet

Goodwill increased to £241.1 million at the end of 2013 from £240.9 million at the end of 2012 due to foreign currency translation.

Acquired intangible assets which arose as a result of the PolymerLatex acquisition decreased to £109.5 million at 31 December 2013 from £135.6 million in the prior year. This movement reflects regular annual amortisation of £26.7 million reported in special items, and currency translation.

Property, plant and equipment increased to £203.1 million at 31 December 2013 compared to £199.6 million at 31 December 2012. Additions during the year comprised £34.9 million of capital expenditure.

The deferred tax liability has decreased to £43.8 million from £50.9 million during the year.

Assets held for sale relate to approximately 1600 acres of agricultural land in Malaysia which is currently used to operate a palm oil and natural rubber plantation. During the year the Board decided to dispose of this land and to cease the plantation operations. Land value at cost of £1.1 million relating to 1600 acres is included in assets held for sale as at 31 December 2013. As at 31 December 2013 the 70% owned Malaysian subsidiary Revertex (Malaysia) Sdn Bhd had through its wholly owned subsidiary Kind Action Sdn Bhd exchanged conditional contracts with 6 purchasers for the sale of approximately 700 acres of plantation land for a price of approximately £27 million. Completion of the sales is conditional on obtaining approval from the Malaysian Estate Land Board and other local approvals as the land is being sold for re-development. It is anticipated that it will take up to 2 years for the approvals to be obtained.

We are actively continuing to seek purchasers for the remaining 900 acres.

Pensions

In the main UK defined benefit pension scheme the majority of investments are in equities. All asset classes performed well over the course of 2013, with a total return on assets (excluding cash) of 12.4%. The yield on high-quality corporate bonds decreased slightly during the year, which increased liabilities. The Company made cash contributions to the fund in the year of £8 million, which was a prepayment of 2014 contributions. The overall effect of these changes was that there was a decrease in the deficit of the scheme, which stood at £60.3 million at the end of 2013 (2012: £69.5 million). Due to the prepayment, cash contributions in 2014 are expected to be of the order of £8 million.

The UK scheme was closed to future accrual during 2009 and there are no active members in the scheme.

Overseas net pension liabilities increased to £52.6 million (2012: £50.2 million). The non-UK schemes are primarily traditional German unfunded 'on balance sheet' arrangements.

Borrowings, cash flow and liquidity

The following cash flow is in the format used by management and it provides a clearer presentation of the movements in underlying net borrowings than the IFRS statement:

	2013 audited £'m	2012 audited £'m
Underlying operating profit (before joint ventures)	**99.9**	106.3
Movement in working capital*	**5.8**	(1.3)
Depreciation and amortisation (underlying)	**19.2**	18.4
Capital expenditure (net)	**(35.0)**	(38.1)
Interest paid (net)	**(9.3)**	(11.3)
Tax paid	**(17.4)**	(18.8)
Pension funding in excess of IAS 19 charge	**(8.7)**	(19.5)
Minority interest and joint venture cash flows	**3.8**	3.2
Free cash flow	**58.3**	38.9
Cash impact of restructuring	**(3.8)**	(11.4)
Acquisition costs	**-**	(0.4)
Dividends paid	**(19.4)**	(15.3)
Exchange/other	**(12.9)**	(3.3)
Movement in underlying borrowings	**22.2**	8.5
Closing underlying net borrowings	**133.6**	155.8
EBITDA – management:		
Operating profit (inc Joint Venture's)	**104.8**	111.2
Depreciation - continuing	**19.2**	18.4
Total Management EBITDA	**124.0**	129.6

* 2012 Includes the release of collateral held against a guarantee that was treated as a working capital outflow in 2011. Exchange / other includes £6.2 million paid in settlement of long term incentive schemes (2012: £6.8 million).

Underlying net borrowings reduced during the year to £133.6 million.

Group management EBITDA decreased slightly to £124.0 million, reflecting the lower operating profit.

Net capital expenditure decreased in 2013 to £35.0 million net. Gross expenditure of £39.1 million was reduced by proceeds received from the sale of a plot of land in Italy remaining from the Pharma business.

Pension funding in excess of IAS19 charge of £8.7 million includes the £8 million pre-payment to the UK pension fund.

Underlying working capital inflow for the year was £5.8 million, and was favourably affected by generally lower input costs from raw materials.

Financing and liquidity

As at the end of 2013, the Group had the following drawn term funding in place:

	£'m
Euro denominated bank loan maturing March 2015	148.5
US private placements	55.7
Less: Associated currency hedges and costs	(5.8)
Total	198.4

This compares to a net borrowing position of £133.6 million. The Group had an undrawn £60 million revolving loan facility maturing March 2015, and a net cash position (cash and cash equivalents less short term overdrafts) of £59 million.

Of the total US private placements £42.4 million ($70 million) is repayable on 2 September 2014 and is classified as repayable within one year. The remaining £13.3 million ($22 million) is due for repayment on 2 September 2016.

Underlying net borrowings to EBITDA, the Group's key leverage metric, was 1.1 at the end of 2013 (2012: 1.2).

David Blackwood
Chief Financial Officer
27 February 2014

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 Underlying performance audited £'m	2013 Special items audited £'m	2013 IFRS audited £'m	2012 (restated)* Underlying performance audited £'m	2012 (restated)* Special items audited £'m	2012 (restated)* IFRS audited £'m
Continuing operations							
Group revenue		992.7	-	992.7	1,053.0	-	1,053.0
Share of joint ventures' revenue		62.2	-	62.2	58.8	-	58.8
Total sales	2	1,054.9	-	1,054.9	1,111.8	-	1,111.8
Group revenue		992.7	-	992.7	1,053.0	-	1,053.0
Company and subsidiaries before special items		99.9	-	99.9	106.3	-	106.3
Restructuring and site closure		-	(1.4)	(1.4)	-	(6.7)	(6.7)
Amortisation of acquired intangibles		-	(26.7)	(26.7)	-	(25.8)	(25.8)
Company and subsidiaries		99.9	(28.1)	71.8	106.3	(32.5)	73.8
Share of joint ventures		4.9	(1.7)	3.2	4.9	(1.6)	3.3
Operating profit / (loss)	2	104.8	(29.8)	75.0	111.2	(34.1)	77.1
Interest payable		(10.5)	-	(10.5)	(11.6)	-	(11.6)
Interest receivable		0.9	-	0.9	0.7	-	0.7
		(9.6)	-	(9.6)	(10.9)	-	(10.9)
IAS19 interest charge		(5.1)	-	(5.1)	(5.7)	-	(5.7)
Fair value adjustment		-	(1.2)	(1.2)	-	(1.7)	(1.7)
Finance costs	3	(14.7)	(1.2)	(15.9)	(16.6)	(1.7)	(18.3)
Profit / (loss) before taxation		90.1	(31.0)	59.1	94.6	(35.8)	58.8
Taxation		(18.0)	8.5	(9.5)	(21.7)	17.3	(4.4)
Profit / (loss) for the year		72.1	(22.5)	49.6	72.9	(18.5)	54.4
Profit / (loss) attributable to minority interests		1.8	(0.5)	1.3	1.8	(0.5)	1.3
Profit / (loss) attributable to equity holders of the parent		70.3	(22.0)	48.3	71.1	(18.0)	53.1
		72.1	(22.5)	49.6	72.9	(18.5)	54.4
Earnings / (loss) per share							
Basic		20.7p	(6.5)p	14.2p	20.9p	(5.3)p	15.6p
Diluted		20.5p	(6.4)p	14.1p	20.6p	(5.2)p	15.4p

* see note 6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	2013			2012 (restated)		
	Equity holders of the parent	**Minority interests**	**Total**	**Equity holders of the parent**	**Minority interests**	**Total**
	audited	audited	audited	audited	audited	audited
	£'m	£'m	£'m	£'m	£'m	£'m
Profit for the year	48.3	1.3	49.6	53.1	1.3	54.4
Actuarial gains and losses	4.4	-	4.4	(16.5)	-	(16.5)
Tax relating to components of other comprehensive income	-	-	-	1.9	-	1.9
Total items that will not be reclassified to profit or loss	4.4	-	4.4	(14.6)	-	(14.6)
Gains on cash flow hedges arising during the period	2.3	-	2.3	0.5	-	0.5
Exchange differences on translation of foreign operations	(11.5)	(1.0)	(12.5)	(7.9)	(0.2)	(8.1)
Gains on a hedge of a net investment taken to equity	(3.6)	-	(3.6)	0.1	-	0.1
Total items that may be reclassified subsequently to profit or loss	(12.8)	(1.0)	(13.8)	(7.3)	(0.2)	(7.5)
Other comprehensive expense for the year	(8.4)	(1.0)	(9.4)	(21.9)	(0.2)	(22.1)
Total comprehensive income for the year	39.9	0.3	40.2	31.2	1.1	32.3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	**Share premium**	**Capital redemption reserve**	**Own shares**	**Hedging and translation reserve**	**Cash flow hedging reserve**
	audited	audited	audited	audited	audited	audited
	£'m	£'m	£'m	£'m	£'m	£'m
At 1 January 2013	34.0	230.5	0.9	-	(4.9)	(2.3)
Profit for the year	-	-	-	-	-	-
Actuarial gains and losses	-	-	-	-	-	-
Gains on cash flow hedges arising during the period	-	-	-	-	-	2.3
Exchange difference on translation of foreign operations	-	-	-	-	(11.5)	-
Gains on a hedge of a net investment taken to equity	-	-	-	-	(3.6)	-
Tax relating to components of other comprehensive income	-	-	-	-	-	-
Total comprehensive (expense) / income for the year	-	-	-	-	(15.1)	2.3
Dividends paid	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-
At 31 December 2013	34.0	230.5	0.9	-	(20.0)	-

	Retained earnings	**Total**	**Minority interest**	**Total equity**
	audited	audited	audited	audited
	£'m	£'m	£'m	£'m
At 1 January 2013	16.7	274.9	11.7	286.6
Profit for the year	48.3	48.3	1.3	49.6
Actuarial gains and losses	4.4	4.4	-	4.4
Gains on cash flow hedges arising during the period	-	2.3	-	2.3
Exchange difference on translation of foreign operations	-	(11.5)	(1.0)	(12.5)
Gains on a hedge of a net investment taken to equity	-	(3.6)	-	(3.6)
Tax relating to components of other comprehensive income	-	-	-	-
Total comprehensive (expense) / income for the year	52.7	39.9	0.3	40.2
Dividends paid	(19.4)	(19.4)	-	(19.4)
Share-based payments	(4.9)	(4.9)	-	(4.9)
At 31 December 2013	45.1	290.5	12.0	302.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY continued

	Share capital	Share premium	Capital redemption reserve	Own shares	Hedging and translation reserve	Cash flow hedging reserve
	audited	audited	audited	audited	audited	audited
	£'m	£'m	£'m	£'m	£'m	£'m
At 1 January 2012 (restated)	34.0	230.5	0.9	-	2.9	(2.8)
Profit for the year	-	-	-	-	-	-
Actuarial gains and losses	-	-	-	-	-	-
Gains on cash flow hedges arising during the period	-	-	-	-	-	0.5
Exchange difference on translation of foreign operations	-	-	-	-	(7.9)	-
Gains on a hedge of a net investment taken to equity	-	-	-	-	0.1	-
Tax relating to components of other comprehensive income	-	-	-	-	-	-
Total comprehensive (expense) / income for the year	-	-	-	-	(7.8)	0.5
Dividends paid	-	-	-	-	-	-
Shares purchased by ESOP trust	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-
At 31 December 2012	34.0	230.5	0.9	-	(4.9)	(2.3)

	Retained earnings	Total	Minority interest	Total equity
	audited	audited	audited	audited
	£'m	£'m	£'m	£'m
At 1 January 2012	(1.0)	264.5	10.6	275.1
Profit for the year	53.1	53.1	1.3	54.4
Actuarial gains and losses	(16.5)	(16.5)	-	(16.5)
Gains on cash flow hedges arising during the period	-	0.5	-	0.5
Exchange difference on translation of foreign operations	-	(7.9)	(0.2)	(8.1)
Gains on a hedge of a net investment taken to equity	-	0.1	-	0.1
Tax relating to components of other comprehensive income	1.9	1.9	-	1.9
Total comprehensive (expense) / income for the year	38.5	31.2	1.1	32.3
Dividends paid	(15.3)	(15.3)	-	(15.3)
Share-based payments	(5.5)	(5.5)	-	(5.5)
At 31 December 2012	16.7	274.9	11.7	286.6

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013

	2013	2012
	audited	audited
	£'m	£'m
Non-current assets		
Goodwill	241.1	240.9
Acquired intangible assets	109.5	135.6
Other intangible assets	0.5	0.6
Property, plant and equipment	203.1	199.6
Financial asset	-	5.6
Deferred tax assets	9.9	10.2
Investment in joint ventures	13.0	13.9
Total non-current assets	577.1	606.4
Current assets		
Inventories	79.4	78.1
Trade and other receivables	133.3	139.0
Financial asset	5.8	-
Cash and cash equivalents	59.0	53.7
Derivatives at fair value	6.4	8.7
Total current assets	283.9	279.5
Asset classified as held for sale	1.1	-
Current liabilities		
Borrowings	(42.4)	(0.4)
Trade and other payables	(161.0)	(184.8)
Current tax liability	(38.6)	(38.8)
Derivatives at fair value	-	(4.3)
Total current liabilities	(242.0)	(228.3)
Non-current liabilities		
Borrowings	(160.9)	(200.4)
Deferred tax liability	(43.8)	(50.9)
Post retirement benefit obligations	(112.9)	(119.7)
Total non-current liabilities	(317.6)	(371.0)
Net assets	302.5	286.6
Equity		
Called up share capital	34.0	34.0
Share premium	230.5	230.5
Capital redemption reserve	0.9	0.9
Hedging and translation reserve	(20.0)	(4.9)
Cash flow hedging reserve	-	(2.3)
Retained earnings	45.1	16.7
Equity attributable to equity holders of the parent	290.5	274.9
Minority interests	12.0	11.7
Total equity	302.5	286.6

The financial statements were approved by the Board of Directors and authorised for issue on 27 February 2014.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013 continued

	2013	2012
	audited	audited
	£'m	£'m
ANALYSIS OF NET BORROWINGS		
Cash and cash equivalents	59.0	53.7
Current borrowings	(42.4)	(0.4)
Financial asset	5.8	5.6
Non-current borrowings	(160.9)	(200.4)
Net borrowings	(138.5)	(141.5)
Special item: deduct fair value adjustment*	4.9	6.1
Special item: add non-recourse factoring	-	(20.4)
Net borrowings (underlying performance)	(133.6)	(155.8)

*currency element of derivatives associated with US dollar private placement debt

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	2013		2012	
	audited £'m	audited £'m	audited £'m	audited £'m
Operating				
Cash generated from operations		92.5		92.5
Interest received	0.9		0.7	
Interest paid	(10.2)		(12.0)	
Net interest paid		(9.3)		(11.3)
UK corporation tax paid	-		-	
Overseas corporate tax paid	(17.4)		(18.8)	
Total tax paid		(17.4)		(18.8)
Net cash inflow from operating activities		65.8		62.4
Investing				
Dividends received from joint ventures		3.8		3.2
Purchase of property, plant and equipment	(39.1)		(39.2)	
Sale of property, plant and equipment	4.1		1.1	
Net capital expenditure and financial investment		(35.0)		(38.1)
Net cash outflow from investing activities		(31.2)		(34.9)
Financing				
Equity dividends paid		(19.4)		(15.3)
Settlement of equity-settled share based payments		(6.2)		(6.8)
Decrease in borrowings		-		(36.9)
Net cash outflow from financing activities		(25.6)		(59.0)
Increase / (decrease) in cash, cash equivalents and bank overdrafts during the year		9.0		(31.5)
Cash, cash equivalents and bank overdrafts at 1 January 2013		53.3		85.9
Cash inflows / (outflows)				
Cash and cash equivalents	8.6		(31.1)	
Bank overdrafts	0.4		(0.4)	
		9.0		(31.5)
Exchange and other movements		(3.3)		(1.1)
Cash, cash equivalents and bank overdrafts at 31 December 2013		59.0		53.3

RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO MOVEMENT IN NET BORROWINGS FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
	audited £'m	audited £'m
Net cash inflow from operating activities	65.8	62.4
Add back: reduction in factored invoices	20.4	0.6
Add back: dividends received from joint ventures	3.8	3.2
Less: net capital expenditure	(35.0)	(38.1)
	55.0	28.1
Equity dividends paid	(19.4)	(15.3)
Settlement of equity-settled share based payments	(6.2)	(6.8
Exchange movements	(7.2)	2.5
Movement in net borrowings (underlying performance)	22.2	8.5

1 Special items

The special items disclosed are made up as follows:

		Note	2013 audited £'m	2012 audited £'m
Continuing operations				
Operating profit / (loss)				
Restructuring and site closure	Cash costs		(1.4)	(6.0)
	Non-cash costs		-	(0.7)
Amortisation of acquired intangibles	Subsidiaries		(26.7)	(25.8)
	Share of Joint ventures		(1.7)	(1.6)
			(29.8)	(34.1)
Finance costs				
Fair value adjustment		3	(1.2)	(1.7)
Loss before taxation from continuing operations			(31.0)	(35.8)
Taxation			8.5	17.3
Loss for the year from continuing operations			(22.5)	(18.5)

The restructuring and site closure costs charged to the consolidated income statement above are in respect of post acquisition activities to integrate the former PolymerLatex business with that of the existing Group. 'Cash costs' represent those charges which have or will be defrayed in the form of cash settlements to third parties. At 31 December 2013 £3.8 million (2012: £11.4 million) of these costs have been physically paid to third parties. 'Non-cash costs' represent charges for the write off of specific fixed assets and stocks held on sites which are being closed as part of the integration exercise.

2 Segmental analysis

Substantially all revenues earned by the Group are from the sale of Polymer products derived from petrochemical monomers. No single customer accounts for more than 10% of the Group's revenues. No information is provided at the divisional level to the Executive Committee concerning interest revenues, interest expense, depreciation or amortisation, income taxes or other material non-cash items.

	2013			2012 (restated)		
	Underlying performance	**Special items**	**IFRS**	**Underlying performance**	**Special items**	**IFRS**
	audited	audited	audited	audited	audited	audited
	£'m	£'m	£'m	£'m	£'m	£'m
Total sales by activity						
Continuing activity						
Europe and North America						
Subsidiaries	710.3	-	710.3	763.8	-	763.8
Share of Joint ventures	34.5	-	34.5	33.1	-	33.1
	744.8	-	744.8	796.9	-	796.9
Asia and Rest of World						
Subsidiaries	282.4	-	282.4	289.2	-	289.2
Share of Joint ventures	27.7	-	27.7	25.7	-	25.7
	310.1	-	310.1	314.9	-	314.9
Total sales	1,054.9	-	1,054.9	1,111.8	-	1,111.8
Total share of joint ventures						
Europe and North America	34.5	-	34.5	33.1	-	33.1
Asia and Rest of World	27.7	-	27.7	25.7	-	25.7
	62.2	-	62.2	58.8	-	58.8
Operating profit by activity						
Europe and North America						
Subsidiaries	88.2	(21.9)	66.3	98.4	(26.0)	72.4
Share of Joint ventures	1.6	(1.7)	(0.1)	1.8	(1.6)	0.2
	89.8	(23.6)	66.2	100.2	(27.6)	72.6
Asia and Rest of World						
Subsidiaries	19.8	(6.2)	13.6	16.0	(6.5)	9.5
Share of Joint ventures	3.3	-	3.3	3.1	-	3.1
	23.1	(6.2)	16.9	19.1	(6.5)	12.6
Divisional operating profit	112.9	(29.8)	83.1	119.3	(34.1)	85.2
Unallocated corporate expenses	(8.1)	-	(8.1)	(8.1)	-	(8.1)
Operating profit / (loss)	104.8	(29.8)	75.0	111.2	(34.1)	77.1
Total share of joint ventures						
Europe and North America	1.6	(1.7)	(0.1)	1.8	(1.6)	0.2
Asia and Rest of World	3.3	-	3.3	3.1	-	3.1
	4.9	(1.7)	3.2	4.9	(1.6)	3.3

	2013	**2012**
	audited	audited
	£'m	£'m
Total sales by destination		
Western Europe	574.6	607.1
Eastern Europe	50.0	48.0
North America	38.2	45.5
Asia	290.7	309.6
Africa and Middle East	96.0	96.0
Rest of World	5.4	5.6
	1,054.9	1,111.8

3 Finance costs

	2013	2012 (restated)
	audited	audited
	£'m	£'m
Interest payable on bank loans and overdrafts	8.4	8.8
Interest payable on other loans	2.1	2.8
	10.5	11.6
Less: interest receivable	(0.9)	(0.7)
Net interest payable	9.6	10.9
IAS 19 interest charge	5.1	5.7
Net interest payable	14.7	16.6
Fair value adjustment	1.2	1.7
Total finance costs	15.9	18.3

The fair value adjustment is the mark to market adjustment in respect of cross currency and interest rate derivatives used for hedging purposes where IAS 39 hedge accounting is not applied.

4 Reconciliation of operating profit to cash generated from operations

		2013	2012 (restated)
		audited	audited
		£'m	£'m
Operating profit – continuing operations		75.0	77.1
Less: share of profits of joint ventures		(3.2)	(3.3)
		71.8	73.8
Adjustments for:			
Depreciation (underlying)		19.0	18.1
Amortisation (underlying)		0.2	0.3
Amortisation: special items		26.7	25.8
Restructuring and site closure	- Cash costs	1.4	6.0
	- Non-cash costs	-	0.7
Share-based payments		0.8	1.1
Profit on sale of fixed assets		(0.3)	(0.1)
Acquisition costs cash spent in the period		-	(0.4)
Cash impact of restructuring and site closure		(3.8)	(11.4)
IAS 19 interest charge		(5.1)	(5.7)
Pension funding in excess of IAS 19 charge		(3.6)	(13.8)
(Increase) in inventories		(3.3)	(5.9)
Decrease in trade and other receivables		3.4	4.8
(Increase) in trade and other payables		(14.7)	(0.8)
Cash generated from operations		92.5	92.5

Reconciliation of movement in working capital

	2013	2012 (restated)
Increase in inventories	(3.3)	(5.9)
Decrease in trade and other receivables	3.4	4.8
Increase in trade and other payables	(14.7)	(0.8)
Movement in working capital	(14.6)	(1.9)
Add back: reduction in factored invoices	20.4	0.6
Movement in working capital (underlying)	5.8	(1.3)

5 Reconciliation of EBITDA

		2013		2012 (restated)	
		Underlying performance	IFRS	Underlying performance	IFRS
		audited	audited	audited	audited
		£'m	£'m	£'m	£'m
Operating profit		104.8	75.0	111.2	77.1
Add: Restructuring and site closure	- Cash costs	-	1.4	-	6.0
	- Non-cash costs	-	-	-	0.7
Add back: amortisation (underlying)		0.2	0.2	0.3	0.3
Add back: amortisation (special items)		-	28.4	-	27.4
Add back: depreciation (underlying)		19.0	19.0	18.1	18.1
EBITDA		124.0	124.0	129.6	129.6

6 Restatement on adoption of IAS19 revised

IAS19 (revised) "Employee benefits" was amended in June 2011 and is effective for financial years beginning on or after 1 January 2013. The Company has implemented IAS19 (revised) in the year ended 31 December 2013. The specific impact of this on the income statement is a change in the calculation of the interest income on plan assets. This was previously based on the expected returns on the various asset types held within the investment portfolio. It is now calculated at the same rate used to calculate the interest expense on the pension liability, being a discount rate derived from corporate bonds. The difference between this calculated return and the actual return is reported as an actuarial gain/loss through reserves.

In addition, as part of the implementation of IAS19 (revised) the Group has chosen to classify the interest expense on the net pension liability within finance costs. The expected return on plan assets and interest expense on the pension liability were previously reported as part of operating expenses.

The change in accounting policy has been applied retrospectively to the comparator periods.

There is no significant change to the net pension liability or to net assets as a result of the adoption of IAS19 (revised). As a result no restatement of the balance sheet is required.

(i) Restatement of prior full year period to 31 December 2012:

The effect of adopting IAS19 (revised) on the Group's profit is to reduce both underlying and total reported profit after tax by £3.5 million for the prior full-year ended 31 December 2012. In addition, £2.2 million of expenses relating to the expected return on plan assets and interest expense on the pension liability, previously reported within operating expenses have been reclassified to finance costs.

The full impact on the income statement is set out in the tables below:

Consolidated Income Statement

Year ended 31 December 2012	As originally reported	Change in accounting policy	Restated
	audited	audited	audited
	£'m	£'m	£'m
Underlying basis			
Europe and North America	98.0	2.2	100.2
Asia & Rest of World	19.1	-	19.1
Unallocated corporate costs	(8.1)	-	(8.1)
Operating profit	109.0	2.2	111.2
Finance costs	(10.9)	(5.7)	(16.6)
Profit / (loss) before taxation	98.1	(3.5)	94.6
Taxation	(21.7)	-	(21.7)
Profit / (loss) for the year	76.4	(3.5)	72.9
Earnings per share - basic	22.0p	(1.1)p	20.9p
Earnings per share - diluted	21.6p	(1.0)p	20.6p

Year ended 31 December 2012	As originally reported	Change in accounting policy	Restated
	audited	audited	audited
	£'m	£'m	£'m
IFRS			
Europe and North America	70.4	2.2	72.6
Asia & Rest of World	12.6	-	12.6
Unallocated corporate costs	(8.1)	-	(8.1)
Operating profit	74.9	2.2	77.1
Finance costs	(12.6)	(5.7)	(18.3)
Profit / (loss) before taxation	62.3	(3.5)	58.8
Taxation	(4.4)	-	(4.4)
Profit / (loss) for the year	57.9	(3.5)	54.4
Earnings per share - basic	16.7p	(1.1)p	15.6p
Earnings per share - diluted	16.4p	(1.0)p	15.4p

The impact on the statement of comprehensive income is as follows:

Consolidated Statement of Comprehensive Income

Year ended 31 December 2012	As originally reported	Change in accounting policy	Restated
	audited	audited	audited
	£'m	£'m	£'m
Profit / (loss) for the year	57.9	(3.5)	54.4
Actuarial (losses) / gains	(20.0)	3.5	(16.5)
Gains on cash flow hedges arising during the year	0.5	-	0.5
Exchange differences on translation of foreign operations	(8.1)	-	(8.1)
Gains on a hedge of a net investment taken to equity	0.1	-	0.1
Tax relating to components of other comprehensive income	1.9	-	1.9
Other comprehensive (expense) / income for the year	(25.6)	3.5	(22.1)
Total comprehensive income for the year	32.3	-	32.3

7 Dividends

	2013		2012	
	Pence per share audited	£'m	Pence per share audited	£'m
Interim dividend	2.4	8.1	2.2	7.5
Proposed final dividend	3.6	12.2	3.3	11.2

8 Further information

The financial information set out above does not constitute the Company's financial statements for the years ended 31 December 2013 or 2012, but is derived from those statements. Financial statements for 2012 have been delivered to the Registrar of Companies and those for 2013 will be delivered following the Company's annual general meeting. The auditor has reported on those statements: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under s498 (2) or (3) Companies Act 2006 or equivalent preceding legislation. While the financial information included in this preliminary announcement has been computed in accordance with International Financial Reporting Standards (IFRS), this announcement itself does not contain sufficient information to comply with IFRS. The company expects to publish full financial statements that comply with IFRS, a copy of which will be posted to the shareholders, on 31 March 2014.

The financial statements were approved by the Board of Directors on 27 February 2014.

The accounting policies used to prepare these preliminary results are the same as those used in the preparation of the Group's audited accounts for the year ended 31 December 2013, which has been delivered to the Registrar of Companies. Copies can be obtained by the public from the Company's registered office Temple Fields, Harlow, Essex, CM20 2BH, or on the Company website www.synthomer.com.

The interim dividend of 2.4p per share was paid on 7 November 2013. The directors recommend a final dividend of 3.6p per share payable on 4 July 2014 to those shareholders registered at the close of business on 6 June 2014.

Earnings per ordinary share are based on the attributable profit for the period and the weighted average number of shares in issue during the period – 339.6 million (2012: 339.6 million).

Going concern

The directors have acknowledged the latest guidance on going concern and in reaching their conclusions have taken into account factors including:

- the Group's Euro denominated £150 million term loan facility and £60 million multicurrency revolving credit facility the termination dates of which are 31 March 2015.
- the second repayment under the 2004 series private placement notes of US$70 million due in September 2014.

The Directors have appropriately considered the Group's risks and uncertainties including:

- The current economic conditions and potential impact of the level of demand for the Group's products;
- Recent volatility in the currency markets and the ability of the company to hedge exposures;
- Volatility in prices of the Group's raw materials; and
- The Group's exposures to credit and liquidity risk.

After making enquiries and taking account of reasonably possible changes in trading performance, the directors have concluded that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing the annual report and these preliminary results.

8 Glossary of terms

Total sales	Total sales represent the total of revenue from the Company, its subsidiaries, and its share of the revenue of joint ventures.
EBITDA	EBITDA is calculated as operating profit before depreciation, amortisation and special items.
Operating profit	Operating profit represents profit from continuing activities before finance costs and taxation.
Special items	The following are disclosed separately as special items in order to provide a clearer indication of the Group's underlying performance: • *Amortisation of acquired intangible assets;* • *Impairment of non-current assets;* • *Costs of business combinations as defined by IFRS 3 and related debt issue costs;* • *Re-structuring and site closure costs;* • *Fair value adjustment – mark to market adjustments in respect of cross currency and interest rate derivatives used for hedging purposes where IAS 39 hedge accounting is not applied;* • *Amounts advanced in respect of invoices sold under non-recourse factoring arrangements;* • *Other non-recurring and non-operating items;* • *Tax impact of above items; and* • *Settlement of prior period tax issues.*
Underlying performance	Underlying performance represents the statutory performance of the Group under IFRS, excluding special items.
Net borrowings	Net borrowings represent cash and cash equivalents together with short and long term borrowings, as adjusted for the effect of related derivative instruments irrespective of whether they qualify for hedge accounting, non-recourse factoring arrangements, and the inclusion of financial assets.