

## RPC Group plc (RPC.L)

RPC Group Plc is a United Kingdom-based plastic products design and engineering company and engages in the manufacture and sale of rigid plastic packaging and associated equipment in the United Kingdom and mainland Europe. Its products include injection molded packs, thermoformed packs, formable sheet, and extrusion blow-molded packs, as well as injection-blown and injection-stretch-blown packs.

### Company Facts [website](#)

Ticker	Market Cap	Sector	Exchange	Currency	Indices
RPC	£2.47.bn	Industrials	LSE	£ Sterling	FTSE250

### Key Features

- A leading global plastic and product design company with activities in all major continents
- RPC Group Plc operates in around 24 countries from 91 manufacturing sites and 23 separate distribution and sales operations, including 13 design and development centers from around 11 sites in the United Kingdom and mainland Europe
- A leading plastic and product design company and recognised in the category of international trade
- RPC Group company Strata Products has received a Queen's Award for Enterprise, the UK's highest accolade for business success.
- Enhances its strong market position by adopting having a strict acquisition criteria in place for strategic acquisitions by complementing and improving product potential. Examples include : Innocan, Strata, J.P.Plast, Global Closure systems.
- RPC Group to acquire British Polythene Industries
- Forward looking company with vision 2020 Focused growth strategy including Continuing focus on organic growth, creating a meaningful presence outsider Europe; Selective consolidation in Europe, Pursuing added value opportunities in non-packaging markets
- RPC can leverage its core competences of design and engineering of plastic products together with a competitive buying position
- Progressive dividend policy since flotation in 1993 and a strong track record of delivery
- Yearly Share price growth 25.5% (1<sup>st</sup> July 2015 £6.31, 1<sup>st</sup> July 2016 £7.92 25.5%)

### Financial Performance

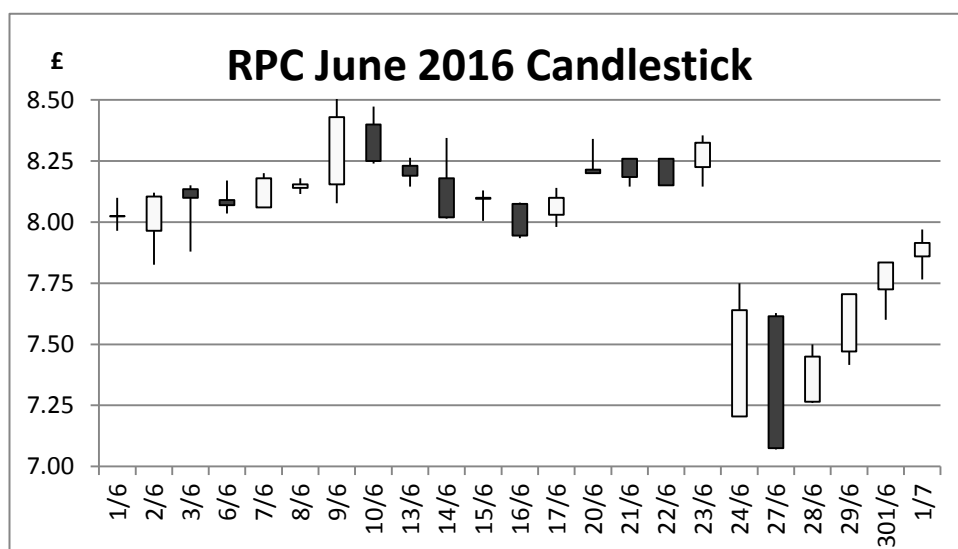
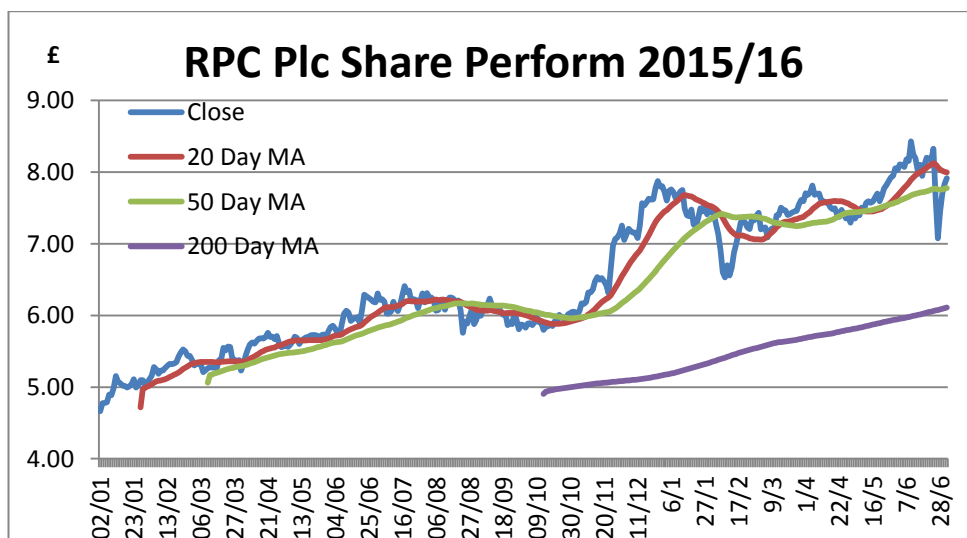
- [Analyst Estimates](#)
- [2016 Annual Report and Accounts](#)

	2015 £m	2016 £m	% change
Revenue	1,222.4	1,642.4	34.3
Profit before tax	67.1	75.6	12.7
Net Assets	670	943.4	40.8
Cash at Bank	90.3	130.2	44.2
Return on Sales	10.8	10.6	(1.8)
Free Cash Flow	50.8	109.2	115
Current Asset Ratio	2.81	3.20	14.3
Adjusted EBITDA	187.6	251.2	33.9
EPS	17.3p	19.4p	12.1
DPS	15.4p	17.5	13.6
Return on Sales	10.8%	10.6%	(1.9)
ROCE	14.8%	15.5%	4.7
PEG	1.8	1.3	(27.8)

### Recent News

- RPC Group's 'add' rating and target price of 900p were reiterated by Numis after the plastics firm said it had agreed a £261m deal to buy British Polythene Industries (BPI). RPC said it was launching a £90m share placing to part fund the acquisition. The company will pay BPI shareholders £4.70 a share in cash and 0.60141 of new RPC shares. The offer is worth around £9.40 per British Polythene share, a 30% premium to the stock's closing price of £7.25p per share on 8<sup>th</sup> June, RPC said.

**TECHNICAL ANALYSIS – Technical Diagnosis –** RPC share price has seen continued growth since 2015. Despite retracements in price over the period, the share seems to recover to its mean variance thereby following its long term upward momentum. The recent significant pull back on 24 June following referendum day (June 24) fell in consistent to its previous retracement which may well be explained by the 24<sup>th</sup> Brexit factor. Lemmings were abundant that day falling off the cliff face without careful consideration of long term trends. The longer term 200 moving day average is still on upward momentum, and therefore, the short term irrationality of the market is not consistent with the continual long term momentum of RPC share price growth. June's 2016 candlestick analysis has seen a significant retracement on the Brexit 24 June. The strong bullish Marubozu 24<sup>th</sup> June candlestick, next day bullish engulfing with subsequent bullish white soldiers, suggest that investor sentiment is still to the upside despite the uncertainties of Brexit. (who really knows what's going on anyway!) A previous pre Brexit support level of £8 per share could be suggested to be the new resistance level, and moves above £8 to be considered as evidence that the share may again resume its upward path to its long term mean reversion. Considering that the fall in RPC price on the 24 June was due to Brexit with the day's fall inspiring the lemmings fraternity, I believed the forward intrinsic value was missed by the market. I purchased 695 shares at £7.47 on 28 June. **Please note this analysis is not advice but interpretation of potential market moves.** Performance is no guide to the future. First Share Reviewed on 4 July 2016 at £7.93 Current Price 19 Aug 2016 £8.75



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