


Business performance

	2016 £m	2015 £m
Revenue	600.6	567.2
Operating profit	94.5	77.9
Acquisition costs	0.6	–
Reorganisation costs	–	20.0
Operating profit prior to exceptional items	95.1	97.9
Amortisation of acquired intangible fixed assets	4.5	4.2
Headline operating profit	99.6	102.1

Group revenue was £600.6m, a decrease of 4.7% at constant exchange rates and 3.5% on a like-for-like basis, with revenue at actual exchange rates up 5.9% as a result of the significant depreciation in the value of sterling following the UK's EU referendum in June.

Headline operating profit for the year decreased by 2.4% from £102.1m to £99.6m and headline operating margin was 16.6% (2015: 18.0%). While profitability and margins were negatively impacted by lower sales, the significant depreciation in sterling tempered the operating profit decline at actual exchange rates.

 Cash flow is analysed as follows:

	2016 £m	2015 £m
Headline operating profit	99.6	102.1
Add back non-cash items:		
Depreciation and amortisation	55.2	49.6
Impairment of fixed assets	5.1	–
Share-based payments	0.5	(0.4)
Profit on disposal of property, plant and equipment	(4.5)	(2.1)
Headline EBITDA¹	155.9	149.2
Net capital expenditure	(63.1)	(61.3)
Net working capital movement	(1.4)	(6.3)
Headline operating cash flow	91.4	81.6
Cash cost of restructuring	(7.6)	(8.4)
Acquisition costs	(0.6)	–
Operating cash flow	83.2	73.2
Interest	(2.3)	(2.6)
Taxation	(20.4)	(23.2)
Free cash flow	60.5	47.4

Operating cash flow was £83.2m (2015: £73.2m) with the increase, compared to the prior year, mainly attributable to improved working capital flows. Group net cash at 31 December 2016 was £1.1m (2015: £12.3m).

Capital spend (net of asset sales) in 2016 was £63.1m (2015: £61.3m), being 1.1 times depreciation² (2015: 1.2 times). There was a working capital inflow in the year as the higher than average inventory levels present at the end of 2015 decreased to more normal levels. The increase in receivables was driven by increased activity in the final quarter of 2016.

- Earnings before interest, tax, depreciation, amortisation, share-based payments, impairment of fixed assets, profit or loss on disposal of property, plant and equipment and exceptional items.
- Net capital expenditure to depreciation ratio is defined as capital expenditure less proceeds from asset disposals as a proportion of depreciation and amortisation.