



## INTERIM MANAGEMENT STATEMENT

Macfarlane Group PLC today publishes its Interim Management Statement for 2014 to date. At the Annual General Meeting in Glasgow, Graeme Bissett, Chairman of Macfarlane Group, said: -

“Group sales in the first four months of 2014 are 2.4% ahead of the same period in 2013. Sales in Packaging Distribution are 2.5% ahead of 2013. Although this is not yet being fully translated into profit growth due to the impact of price competition, actions being taken to strengthen gross margin combined with new business momentum give confidence that the business will achieve both sales and profit growth for the full year. Sales in our Manufacturing operations are 1.8% ahead of 2013. The increasingly competitive UK retail sector is impacting our Labels business, but we believe that our investments in sales resource and infrastructure will underpin a performance in our Manufacturing businesses broadly in line with that in 2013.

In our 2013 preliminary announcement, we announced that we had established new bank facilities. In addition to placing the Group’s borrowing facilities onto a medium-term basis, the new facilities have now enabled us to pay an additional contribution of £2.5m into the Group’s pension scheme, as part of our programme to reduce the pension scheme deficit.

This new bank funding will also facilitate appropriate acquisitions, which are an important element of our growth strategy. We recently concluded an agreement to acquire PSD Industrial Holdings Limited, the owner of Lane Packaging Limited a packaging distributor based in Reading. Lane Packaging generates annual sales of £2.7 million, and the initial cash consideration for the acquisition is approximately £0.7 million, plus a deferred component of a maximum of £0.4 million which will become payable in the second quarter of 2015, subject to certain trading targets being met in the year to 30 April 2015.

Our acquisition strategy is focused on good quality businesses, which will enhance our geographic coverage and improve market penetration. We have a number of other potential opportunities which are currently active.

We recognise the importance of dividends to our shareholders and, as previously indicated, we intend to pay an increased final dividend of 1.10p per share on 6 June 2013 subject to shareholder approval today.

In summary, the main trends evident in 2013 have continued in the early part of 2014. Our major market is in the UK and while there is evidence that economic conditions are improving, it would be unwise to assume substantial help from increased demand in 2014. Our future growth will be mostly dependent on our efforts to win new business in targeted sectors and through earnings-enhancing acquisitions. One feature of our increasing presence in the internet retail sector, in line with the trading pattern of our key customers in this sector, is the emphasis on second-half volumes. As a consequence our full year results will be more strongly influenced by performance in the second half of the year and our results for the first half of the year are likely to be below those achieved in 2013. Given the improvement in sales levels in 2014 to date and the actions being taken, the full year outlook remains in line with our expectations.”

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**Notes to Editors:**

- Macfarlane Group PLC is listed on the London Stock Exchange (LSE: MACF) under Industrials.
- The company has more than 60 years' experience in the UK packaging industry.
- Macfarlane Group's businesses are:
  - **Macfarlane Packaging**, the leading UK distributor of a comprehensive range of protective packaging products.
  - **Macfarlane Labels** which designs and prints high quality self-adhesive and re-sealable labels, principally for FMCG companies.
  - **Macfarlane Packaging Design and Manufacture** which specialises in designing and producing protective packaging for high value, fragile products.
- Macfarlane Group is headquartered in Glasgow, Scotland, and employs over 700 people at 24 sites, principally in the UK and Ireland.
- The company has 20,000+ customers in the UK, Europe and the USA providing 600,000+ lines to a wide range of industry sectors including: consumer goods; food manufacturing; logistics; internet retail; mail order; electronics; defence and aerospace.