



INTERIM MANAGEMENT STATEMENT

Macfarlane Group PLC today publishes its Interim Management Statement for 2013 to date. At the Annual General Meeting held in Glasgow today, Graeme Bissett, Chairman of Macfarlane Group, said: -

“I am pleased to report that Macfarlane Group’s performance in 2013 to date has been encouraging with profits slightly ahead of the same period in 2012. Revenue in our Packaging Distribution business is 2% ahead of last year through increased penetration of the UK third-party logistics sector and increases in sales both directly and indirectly to internet retail customers. Revenue from our Manufacturing Operations is slightly below 2012 levels, reflecting our continuing focus on added value products and services and as a result margins have continued to improve and compare favourably to 2012.

We are constantly evaluating cost reduction options and changes to our property portfolio have been completed recently which will reduce the cost of the Group’s property footprint in 2014 by around £0.3m. The additional one-off cost incurred to achieve these cost reductions is £0.2m and this will be charged as an exceptional cost in the first half of 2013. There are further changes to the portfolio currently under consideration, which should reduce our cost base further.

Net debt has risen from the 31 December 2012 level, but this reflects the normal seasonal uplift in working capital and the Group continues to operate well within its existing bank facilities.

We understand the importance of dividends to our shareholders and as previously indicated we intend to pay a dividend of 1.05p per share on 6 June 2013 subject to shareholder approval today.

There has been no material change to the Group’s pension scheme deficit since the end of 2012 and although the adverse impact of bond yields on our pension scheme deficit may in the future reduce distributable reserves from which dividends are paid, it is the intention of the Board to at least maintain current dividend levels.

In summary, the main trends evident in our business in 2012 have continued in 2013. Our major market is in the UK and we are not anticipating any general increase in demand which would help our sales. However, we are focused on those areas, such as internet retailing and re-sealable labels, where we have good sales momentum and which display real growth potential. The Group continues to perform in line with the Board’s expectations for 2013.

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Notes to Editors:

- Macfarlane Group PLC is listed on the London Stock Exchange (LSE: MACF) in the Industrials Sector.
- The company has more than 60 years' experience in the UK packaging industry.
- Macfarlane Group has three businesses:
 - **Macfarlane Packaging** is the leading UK distributor of a comprehensive range of protective packaging products.
 - **Labels** designs and prints high quality self-adhesive and re-sealable labels, principally for FMCG companies.
 - **Packaging Design and Manufacture** 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 22 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.