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The UK's Largest Packaging Distributor

2007 Interim Results

September 2007

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Executive Summary

- Pre-tax profit from continuing activities £0.5m (2006 : Loss of 0.4m)
- Sales growth 12% - Distribution 15%
Manufacturing 2%
- Distribution Margin 30.5% versus 29.9% in 2006
- Recovery in Labels business, but US experiencing lower demand
- Net debt £9.5m at 30 June but expect traditional strong cash inflow in H2.
- More focus to be brought to activities
- Dividend intentions unchanged 2p per share per annum.



2007 Interim Results Continuing Operations



| £m | H1 2007 | H2 2006 | H1 2006 |
|-------------------------|--------------|---------|--------------|
| Distribution | 44.3 | 42.4 | 38.5 |
| Manufacture | 13.1 | 12.7 | 12.7 |
| Sales | 57.4 | 55.1 | 51.2 |
| Distribution | 30.5% | 29.9% | 29.9% |
| Manufacture | 37.3% | 38.3% | 37.0% |
| Distribution | 0.3 | 0.9 | (0.5) |
| Manufacture | 0.4 | 1.3 | 0.3 |
| Operating profit | 0.7 | 2.2 | (0.2) |
| Interest | (0.2) | (0.2) | (0.2) |
| Pre-tax profit | 0.5 | 2.0 | (0.4) |
| Tax | (0.2) | (0.0) | (0.3) |
| Continuing Ops | 0.3 | 2.0 | (0.7) |

2007 Cash flow



| £m | H1 2007 | H2 2006 | H1 2006 |
|------------------------------|---------|---------|---------|
| Profit + depreciation | 1.0 | 2.4 | 0.9 |
| Working capital | (2.8) | 0.8 | (2.4) |
| Operating inflows | (1.8) | 3.2 | (1.5) |
| Capex | (0.3) | (0.2) | (0.4) |
| Asset disposal | 0.0 | 0.0 | 1.5 |
| Business disposal | 0.0 | 0.0 | 2.1 |
| Acquisition | 0.0 | (1.3) | 0.0 |
| | (2.1) | 1.7 | 1.7 |
| Dividends | (1.1) | 0.0 | (1.1) |
| Pension scheme | (0.7) | (0.9) | (0.7) |
| Cash flow | (3.9) | 0.8 | (0.1) |
| Opening debt | (5.6) | (6.4) | (6.4) |
| Closing debt | (9.6) | (5.6) | (6.5) |

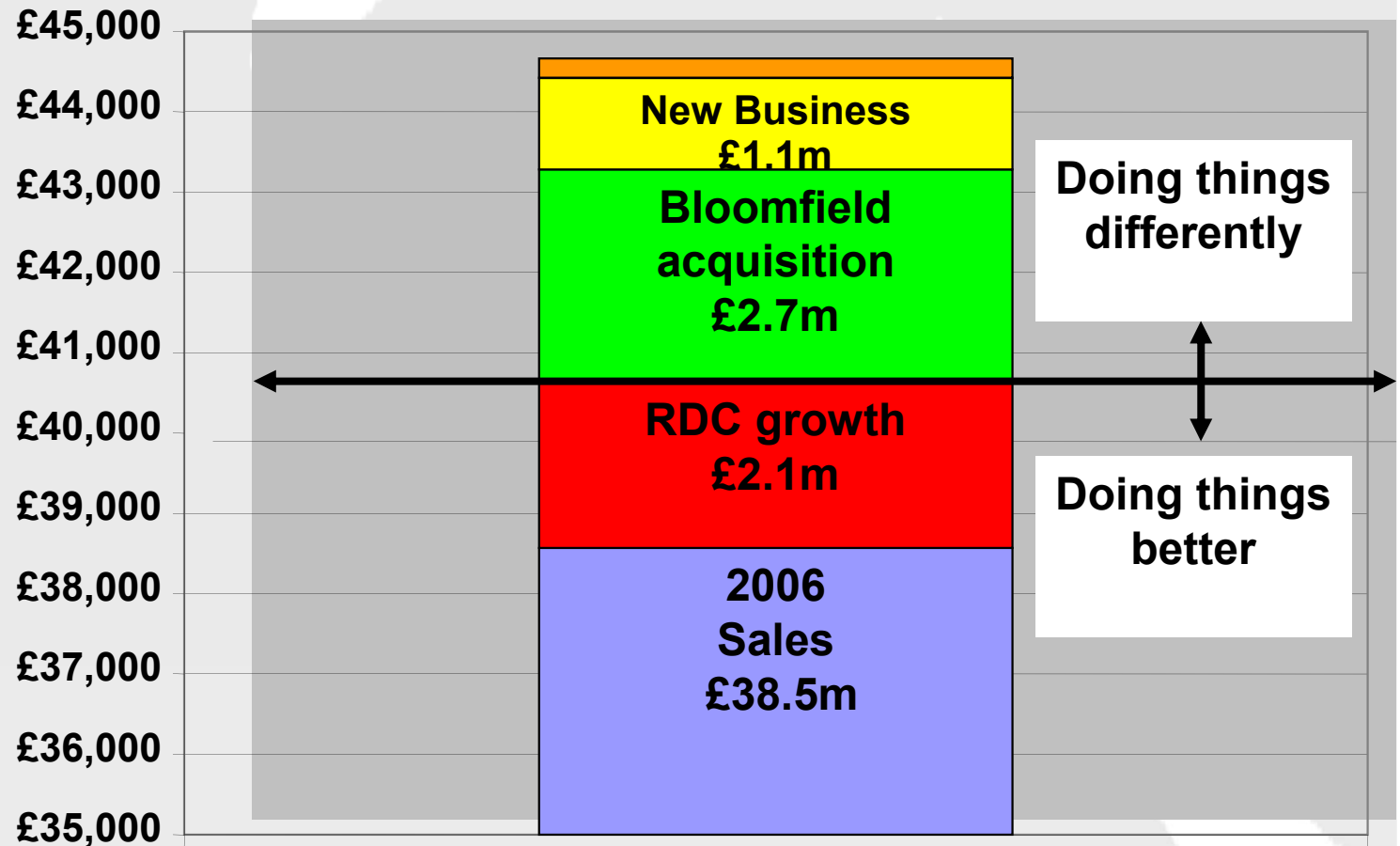
Packaging Distribution

2007 – Distribution

- Distribution sales growth 15% versus 2006
- Margins improving to 30.5% but still scope for further improvement
- 2006 investments in e-commerce, new business team and strengthening RDC management team now bearing fruit
- 12/16 RDCs trading profitably in H1
- 3 major loss-makers have reduced losses by £0.5m from H1 2006
- Best RDC performer at ROS 8%
- Acquisitions being actively sought



Packaging Distribution



Sales 2007

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Actions – Distribution

- Intense focus on ensuring pass through of supplier price increases
- Accelerate current sales momentum through RDC sales, New Business Team and Packaging2u
- Complete integration of Bloomfield
- Implement further acquisitions



Manufacture

2007 – Manufacture

- Labels - showing stability in sales and margin improvement
- Plastics - sales flat but some potential new wins in 2H 2007
- UK Packaging Manufacture - improving sales, still to deliver benefits of investments and recent changes to management team
- US/Mexico - revenue down by 15% due to economy /exchange. Cost savings implemented to reflect lower revenue base.



Manufacture

Actions – Manufacture

- **Labels - focus on re-building sustainable margin sales on self adhesive labels and penetrating USA with ReSeal-It**
- **Plastics - improving penetration in growth markets particularly Asia**
- **Packaging Manufacture - strengthening relationship with Distribution and ensuring revenue investments deliver**
- **US/Mexico - re-organising cost base in line with reduced demand and fully utilising lower cost manufacturing in Tijuana.**



Conclusions

- Encouraging H1 2007 performance driven by sales growth and margin recovery in Distribution and stability in Manufacturing
- H2 2007 started strongly and clear action plans being implemented by each business unit
- H2 2007 will see more focus given to Group activities.
- Pension deficit actions continue to have positive effect
- Dividend intentions unchanged at 2p per share

