



# 2007 Results

## May 2008



## **Executive Summary**

- **2007 Results**
- **Tax and discontinued activities**
- **Business Review**

### **Packaging Distribution**

### **Manufacturing Operations**

- **Pension Scheme Deficit**
- **2008 Priorities**



## Executive Summary

- **Operating profit up from £2.0m to £3.1m**
- **Pre-tax profit up from £1.5m to £2.5m**
- **Sales growth 13% (2006 - 12%) –**
  - Distribution 15% (2006 -15%) Manufacture 6% (2006 - 2%)**
- **Distribution Margin 30.3% versus 29.9% in 2006**
- **Net debt £3.1m a reduction of £2.6m from last year**
- **More focus continues to be brought to activities**
- **Distribution acquisition programme progressing**
- **Dividend intentions confirmed 2p per share per annum**



<b>Results 2007</b>	<b>2007</b>	<b>2006</b>	<b>Comments</b>
<b>Sales</b>	<b>119.7</b>	106.3	Distribution led growth
<b>Gross margin</b>	<b>38.3</b>	33.8	
<b>Overheads</b>	<b>35.2</b>	31.8	Investment Q4 06 / Q1 07
<b>Operating profit</b>	<b>3.1</b>	2.0	
<b>Interest</b>	<b>(0.6)</b>	(0.5)	
<b>Pre-tax profit</b>	<b>2.5</b>	1.5	
<b>Tax</b>	<b>1.0</b>	(0.3)	Deferred tax credit
<b>Post tax</b>	<b>3.5</b>	1.2	
<b>Discontinued</b>	<b>(1.6)</b>	0.9	Sale of US/Mexico
<b>Profit for year</b>	<b>1.8</b>	2.1	
<b>EPS continuing</b>	<b>3.06p</b>	1.03p	



## Tax and discontinued activities

- Tax shows large credit of £1.0m in 2007
- This reflects asset for corporation tax losses of £1.6m
- These losses are likely to be used within 15 months
- Must recognise under IFRS – higher future tax charges
  
- Discontinued activities show Disposal loss £1.8m
- US/Mexico disposed in October – loss as expected
- Of the £1.8m, £0.7m is the “recirculation” of previously booked cumulative exchange loss
- Plastics shown as discontinued – sale process progresses



## 2007 – Distribution

- **Distribution sales growth 15% versus 2006**
- **Of this 6% price, 4% volume and 5% acquisition impact**
- **Bloomfield integrated - good contribution in year**
- **Margins up by 0.4% vs. 2006 to 30.3%**
- **Supplier price increases are now a regular feature**
- **Overhead increase of £3.8m - new business team, RDC management and acquisition impact**
- **13/15 RDCs trading profitably in 2007**





## 2007 – Distribution

- **Return on sale before central costs of £1.2m**
  - **Over 5%**            **Five RDCs ranging 5.6% to 8.4%**
  - **Between 2-5%**    **Five RDCs ranging 2.2% to 4.6%**
  - **Between 1 - 2%**   **Three RDCs ranging 0.5% to 1.6%**
  - **Loss-making**       **Two losing a total of £100k**
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- **No reasons why any RDC can not get to 5%+**
  - **Only 2 RDCs produced profits lower in 2007 than 2006**
  - **Three major loss-makers in 2006 lost £1 million**
  - **Bloomfield made a solid contribution £0.5 million**



## 2007 – Distribution

- **Customer profile**

<b>Manufacturing</b>	<b>30%</b>	<b>Unilever, Bosch, Hermann Miller</b>
<b>Redistribution</b>	<b>20%</b>	<b>Lyreco, Monks &amp; Crane, Key Ind.</b>
<b>Retail – related</b>	<b>15%</b>	<b>O2, Boots and Dixon</b>
<b>Logistics</b>	<b>10%</b>	<b>DHL Exel, Stobart Irlam</b>
<b>Removals</b>	<b>10%</b>	<b>Crown, Bishops Move Pickfords</b>
<b>Internet retail</b>	<b>10%</b>	<b>QVC, Tesco.com Woolworths.com</b>
<b>Other</b>	<b>5%</b>	<b>BT and others</b>





## New Business Team wins in 2007





## 2007 – Manufacturing Operations

- **Labels sales growth 5% versus 2006**
- **Good growth in ReSeal-It – US customer demand**
- **Profit improved in 2007**
  
- **Packaging Manufacturing – sales growth 12%**
- **Good growth in partnership with Distribution**
- **Supplier price increases are now a regular feature**
- **Revenue investments resulted in 2007 profit at the same level as in 2006**



## Pension Deficit

- **Reduction in deficit caused by:-**
  - Increase in discount rate from 5.25% to 5.80%**
  - 2007 equity performance**
  - Continuing contributions at £1.3 million pa**
  - Offset by increasing mortality assumptions**
- **Deficit is now £14.2 million (previously £15.9 million)**
- **Triennial valuation due in 2008**
- **Closed to new members 2002**
- **Limited future accrual since 2006/7**



## 2008 Priorities

- **Distribution**
  - Continue organic sales growth
  - Improve performance at all RDCs
  - Targeted acquisitions
  - Aim is a return of 5-8% on sales
- **Labels**
  - Develop ReSeal-It sales in US
  - Organic growth/improve efficiencies
- **Manufacture**
  - Benefit from 2007 investments
  - Maintain sales momentum
- **Group**
  - Continue to sharpen the focus