



# 2008 Interim Results

## September 2008



- **Executive Summary**
- **2008 Half-year Results**
- **Cash Flow**
- **Business Review**

**Packaging Distribution**

**Manufacturing Operations**

- **2008 – H2 Priorities**



## Executive Summary

- **Pre-tax profit doubles to £1.0m from £0.5m**
- **Sales growth 12% across Group – 5% organic**
- **Both Manufacturing & Distribution progressing**
- **Debt £8.7m after acquisition of Online Packaging**
- **Distribution acquisition programme continuing**
- **Impairment loss on planned disposal of Plastics**
- **Interim Dividend confirmed at 1p per share**
- **Cost reduction actions implemented to offset likely demand slowdown**



£m	H1 2008	H1 2007	H2 2007
<b>Distribution</b>	<b>50.9</b>	44.3	<b>48.3</b>
<b>Manufacturing</b>	<b>13.5</b>	13.1	<b>14.0</b>
<b>Sales</b>	<b>64.4</b>	57.4	<b>62.3</b>
<b>Distribution</b>	<b>0.6</b>	0.3	<b>1.0</b>
<b>Manufacturing</b>	<b>0.8</b>	0.4	<b>1.4</b>
<b>Operating profit</b>	<b>1.4</b>	0.7	<b>2.4</b>
<b>Interest</b>	<b>(0.4)</b>	(0.2)	<b>(0.4)</b>
<b>Pre-tax profit</b>	<b>1.0</b>	0.5	<b>2.0</b>
<b>Tax</b>	<b>(0.3)</b>	(0.2)	<b>1.1</b>
<b>Post tax</b>	<b>0.7</b>	0.3	<b>3.1</b>



£m	H1 2008	H1 2007	H2 2007
<b>Profit + depreciation</b>	<b>2.0</b>	<b>1.0</b>	<b>4.5</b>
Working capital	(3.8)	(2.9)	2.2
<b>Operating inflows</b>	<b>(1.8)</b>	<b>(1.9)</b>	<b>6.7</b>
Capex	(0.6)	(0.3)	(0.7)
Disposals	2.4	0.0	3.1
Acquisition	(3.6)	0.0	(0.8)
Dividends	(1.1)	(1.1)	(1.1)
Pension scheme	(0.7)	(0.7)	(0.7)
<b>Movement in debt</b>	<b>(5.4)</b>	<b>(4.0)</b>	<b>6.5</b>
Opening debt	(3.1)	(5.6)	(9.6)
<b>Closing debt</b>	<b>(8.7)</b>	<b>(9.6)</b>	<b>(3.1)</b>



## 2008 – Distribution

- **Distribution sales growth 15% versus 2007**
- **Online Packaging acquired – progressing as planned**
- **Margins down by 0.8% to 29.5% due to lag on transfer of supplier increases to customers**
- **Overheads up £1.2m, Online Packaging impact**
- **Implementation of vehicle routing software progressing to plan**
- **12/15 RDCs trading profitably in 2008**
- **RDC “Best Practice Programme” launched**





## Distribution - Customer sector profile

### Distribution Sales %

<b>Manufacturing</b>	<b>25%</b>	<b>Unilever, Bosch, Hermann Miller</b>
<b>Logistics</b>	<b>20%</b>	<b>DHL Exel, Stobart-Irlam K&amp;N</b>
<b>Redistribution</b>	<b>20%</b>	<b>Lyreco, Monks &amp; Crane, Key Ind.</b>
<b>Retail – related</b>	<b>10%</b>	<b>O2, Boots and Dixon</b>
<b>Relocations</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><u>5%</u></b>	<b>BT and others</b>

**100%**

**Logistics sector show strongest growth**

**Manufacturing and retail are weakest**



## New Business Team wins







## 2008 – Manufacturing Operations

- **Labels growing through additional business with existing customers**
- **Internal efficiencies – benefit of 2007 capex**
- **Profit growth in H1 2008 aided by Euro benefit**
- **Packaging Manufacturing – Good growth in partnership with Distribution**
- **Material price / cost increases regular features**
- **Benefit from recent investments still to be realised**



## 2008 – H2 Priorities in Distribution

- **Continue organic sales growth**
- **Focus on margin recovery as input costs rise**
- **Fully implement Paragon software**
- **Benefit from reduction in cost base early in Q3**
- **Realise integration benefits of Online Packaging acquisition**
- **Gain benefits from RDC “Best Practice Programme”**
- **Further targeted acquisitions**



## 2008 – H2 Priorities in Manufacturing

- **Maintain sales momentum in Labels**
- **Develop ReSeal-It potential in US**
- **Drive further internal efficiencies**
- **Continue to develop Manufacturing partnership with Distribution**
- **Improve efficiencies to get full capex benefit**
- **Implement disposal of Plastics**