



2008 Results

March 2009



Contents

- **Executive Summary**
- **2008 Results and Cash Flow**
- **Business Review**
 - Packaging Distribution**
 - Manufacturing Operations**
- **Pension Scheme Deficit**
- **2009 Priorities**



Executive Summary

- **Operating profit up from £3.1m to £4.7m**
- **Pre-tax profit up from £2.5m to £3.7m**
- **Sales growth 10% (2007 - 13%) –**
 - Distribution 12% (2007 -15%) Manufacture 3% (2007 - 6%)**
- **Distribution Margin 30.0% versus 30.3% in 2007**
- **Net debt £7.2m an increase from £3.1m last year**
- **Distribution acquisition integrations progressing well**
- **More focus with disposal of Plastics**
- **A Dividend of 1p per share will be paid in June 2009**



RESULTS	2008	2007	2006
Sales	131.4	119.7	106.3
Sales Growth	10%	13%	12%
Distribution	12%	15%	15%
Manufacturing	3%	6%	2%
Distribution GP	30.0%	30.3%	29.9%
Operating profit %	3.6%	2.6%	1.9%
Pre-tax profit	3.7	2.5	1.5
Tax charge (credit)	0.8	(1.0)	0.3
Discontinued operations	(1.1)	(1.6)	0.9
Net debt	7.2	3.1	5.7



CASH FLOW	2008	2007	2006
Operating profit	4.7	3.1	2.0
Depreciation	1.7	2.1	2.0
Working capital (net)	0.2	0.5	(1.9)
Interest and Tax	(1.2)	(1.1)	(0.6)
Pensions scheme payment	(1.3)	(1.3)	(1.3)
Disposal of subsidiary	(0.6)	3.1	2.1
Acquisitions	(7.4)	(0.8)	(1.3)
Net capital expenditure	2.0	(0.9)	0.9
Dividends	(2.2)	(2.2)	(1.1)
Movement in debt	(4.1)	2.5	0.8
Opening debt	(3.1)	(5.6)	(6.4)
Closing debt	(7.2)	(3.1)	(5.6)



2008 – Distribution

- **Distribution sales growth 12% versus 2007**
- **Online & Allpoint acquired - contributed 10% growth**
- **New business gains eg Play.com**
- **Gross margin at 30% broadly in line with 2007 and exited year at 30.7%**
- **2008 cost reduction initiatives resulted in overhead exit rate in December 2008 £2.8m below 2008 average**
- **16/18 RDCs trading profitably in 2008**
- **Underlying 2008 return in Distribution before allocated central costs of £1.2m increased from 2.8% to 3.9%**



2008 – Distribution

- **Eight RDCs in the range 5.4% to 9.1% Return on Sales**
- **Eight RDCs in the range 0.7% to 4.4% Return on Sales**
- **Two RDCs losing a total of £80k in 2008**
- **Lower return RDCs caused by high property costs and customer mix at lower margin**
- **Best practice programme driving operational benefit**
- **Acquisitions trading well:**
 - Integrated Online Hinckley Jun-08**
 - Commenced integration of Online Wakefield Jan-09**
 - Allpoint's Far-East sourcing will drive Group benefit**



Distribution - Customer sector profile

Distribution Sales %

Manufacturing	25%	Unilever, Bosch, Hermann Miller
Logistics	20%	DHL Exel, Stobart-Irlam K&N
Redistribution	20%	Lyreco, Monks & Crane, Key Ind.
Retail – related	15%	O2, Boots, White Co. and Dixon
Internet retail	10%	QVC, Tesco.com, Play.com
Relocations	5%	Crown, Bishops Move Pickfords
Other	<u>5%</u>	BT and others
	<u>100%</u>	



2008 – Manufacturing Operations

- **Labels sales growth 3% versus 2007**
- **Euro benefit from a number of customers**
- **Good growth in ReSeal-It – US customer demand**
- **Good wins in major own-brand customers eg. McBrides**
- **Profit improved in 2008 vs. 2007**
- **Packaging Manufacturing – sales below 2007**
- **Growth of 5% in partnership with Distribution – currently 23% total sales**
- **Manufacturing/Industrial customers experienced downspend in Q4**



Pension Deficit

- Deficit is now £17.5m versus £14.2m in 2007
- Increase in deficit caused by:-
 - 2008 equity performance < expectation by £11.4m
 - Increase in discount rate from 5.80% to 6.25%
 - combined with Contributions offset this by £8.2m
- Triennial valuation in 2008 – contribution is likely to increase in 2009
- Closed to new members 2002
- Future accrual of benefit limited to 2.5% increases since 2006/7



2009 Trading Environment

- Overall demand weak - mixed outlook by sector
- Fall-out of smaller competitors in Distribution
- Bank facilities of £12.5m renewed until Feb 2010
- Debtor days have extended to 61 days from 59 days
- New and existing customers face rigorous credit review
- Stocks being minimised given prospect of price deflation
- Suppliers looking for certainty with their customer base
- Impact of Euro on certain raw materials
- Central review of ALL aspects of cash management



2009 Priorities – Distribution

- **Use Best Practice Programme to drive RDC improvement**
- **Complete fleet management software implementation**
- **Consolidate back office functions**
- **Continue sales momentum with market share gains**
- **Deliver full year benefits of acquisitions**
 - Online Wakefield**
 - Far-East sourcing**
- **Further improve cash management**



2009 Priorities - Manufacturing

Labels

- **Develop ReSeal-It sales in US**
- **Manage impact of higher raw material prices**
- **Improve operational efficiencies**

Packaging Manufacturing

- **Flex costs in line with demand**
- **Consolidate back office activities**
- **Strengthen relationship with Distribution**



2008 Results

March 2009