

## Interim Management Statement

14 November 2013

Macfarlane Group PLC today publishes its Interim Management Statement for the period from 30 June 2013 to date. In accordance with its normal trading cycle, the Group has recorded a stronger trading performance since June than in the first half of the year.

In Packaging Distribution, sales are above 2012 for the year to date and, as anticipated, demand has strengthened since June due to the benefit of new business wins, increased penetration in the third party logistics sector and growth in internet retail sales. Gross margins remain slightly lower than last year, due to the impact of lower sales prices and some recent supplier input price movements which have still to be fully recovered, but with overhead costs continuing to be well controlled, the operating profit before exceptional items is now at a similar level to that achieved in 2012.

Manufacturing Operations' sales are slightly below 2012 for the year to date reflecting actions taken to focus on higher margin business. The improved customer mix and focus on the higher added value areas, both in the Labels business and in the Packaging Design and Manufacture business, have helped maintain the improvement in gross margin. Operating profit before exceptional items remains ahead of that achieved in 2012.

Net interest costs in 2013 have reduced, reflecting the lower pension scheme deficit.

The net effect of these factors is that the Group's profit before exceptional items for 2013 to date is ahead of the corresponding period in 2012.

Bank borrowings as at 30 June 2013 are expected to reduce by the end of the year as a result of traditionally strong working capital inflows in the final quarter.

The Board reiterates its objective to pay a full dividend for 2013.

Graeme Bissett, Chairman of Macfarlane Group, said

"The sales increase we have seen in recent months has arisen mainly from our own new business activity. We are not yet experiencing any benefit from improving economic conditions and our focus continues to be on those sectors of our market with above average growth potential, concentrating on added value products and services and maintaining careful cost management. When combined with the anticipated increase in seasonal volumes in the remainder of the year, this provides the Board with confidence that our full year expectations will be met."

<b>Further information:</b>	<b>Graeme Bissett</b>	<b>Chairman</b>	<b>0141 333 9666</b>
	<b>Peter D. Atkinson</b>	<b>Chief Executive</b>	
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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 24 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.