



117th Annual General Meeting

10th May 2016

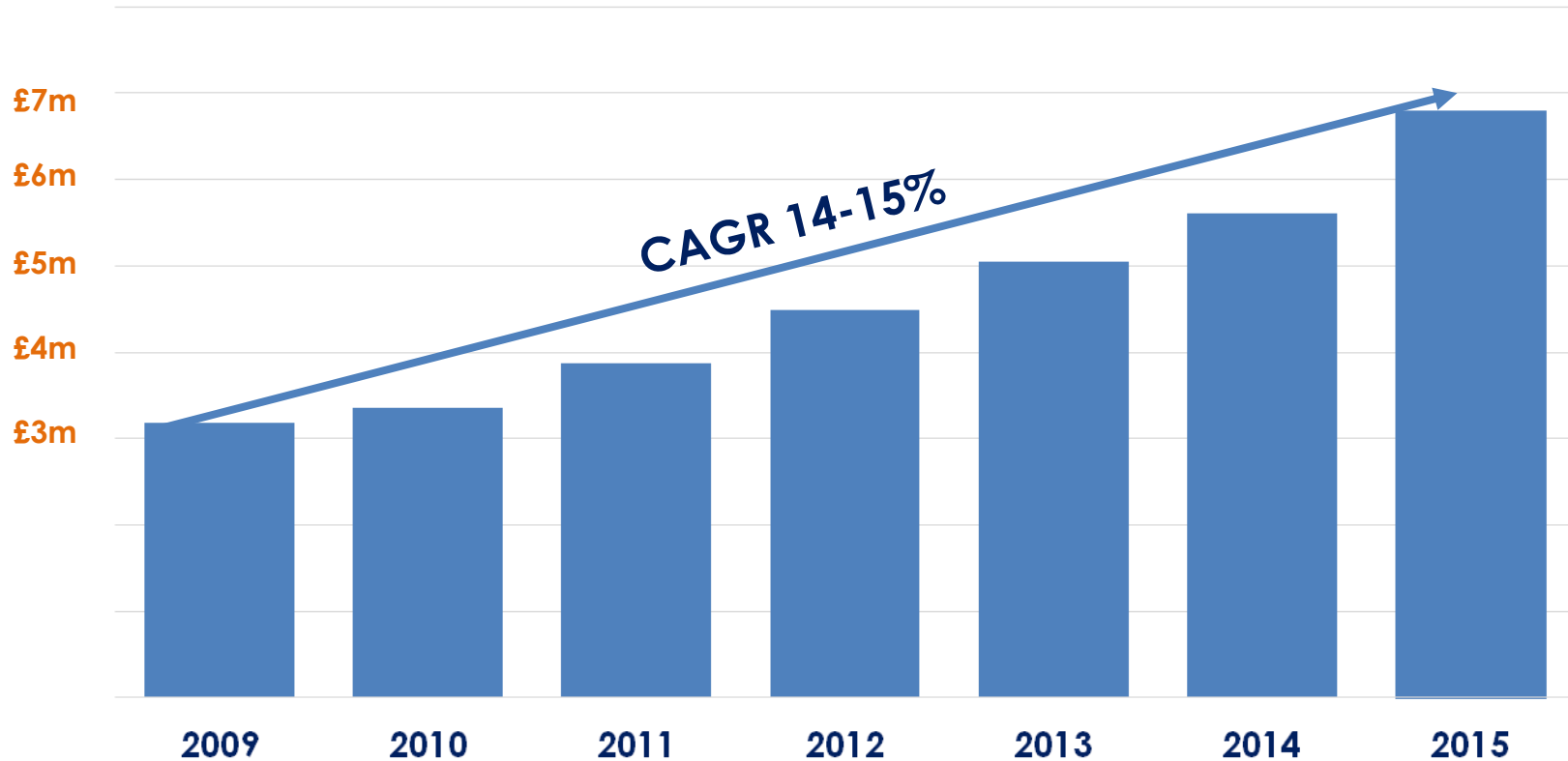


CEO Presentation
Annual General Meeting
10th May 2016

- **Review of Performance**
- **The Markets we Serve**
- **Building Differentiation**
 - Proposition
 - Tools
 - People
- **Focus on the Future**



Profit before Exceptional Items £000



- **Organic growth through focus on key sectors** – e-Commerce, Third Party Logistics and National Accounts

- **Quality acquisitions**



- **Focus on the Customer** – Value added total packaging solutions with constant monitoring of customer feedback



LAKELAND



HOME BASE



Superdry 極度乾燥(しなさい)

feelunique.com



habitat

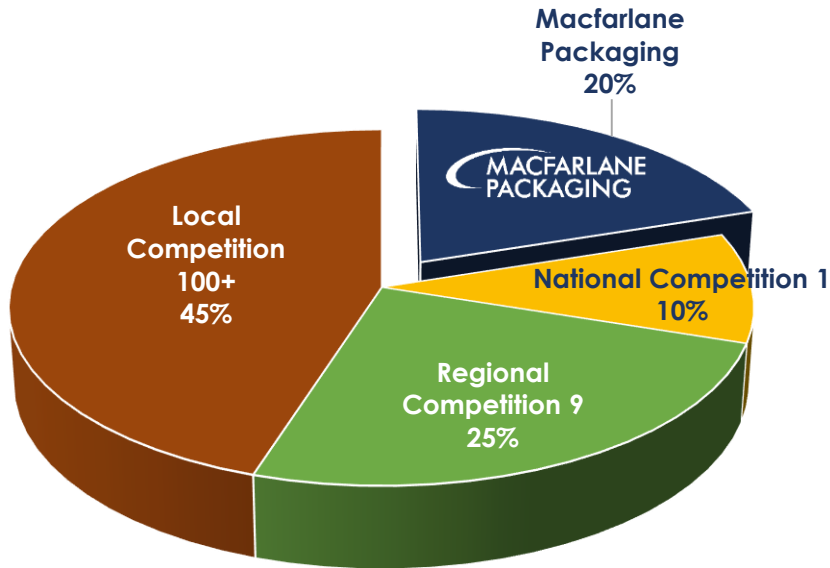
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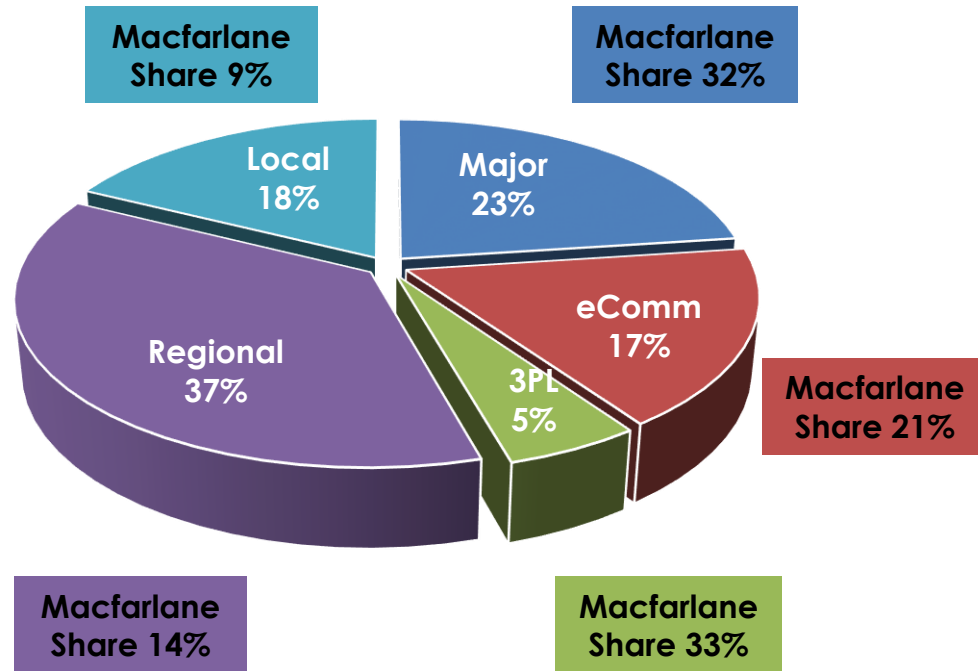
- **Reducing Costs** – Improved sourcing, optimising the property footprint and productivity improvements

The Packaging Distribution Market

The Total Packaging Distribution Market



Total Market Share by Customer Segment



Acquisition Growth

Market continues to be highly fragmented – over 100 local companies representing 45% of market

eCommerce Growth

Consumer trend towards internet purchasing is increasing the demand for protective packaging

National Accounts and 3PL Growth

Customers continuing to outsource non core activities rationalise suppliers and target efficiencies

Differentiation

Consumer demand for less but more effective packaging

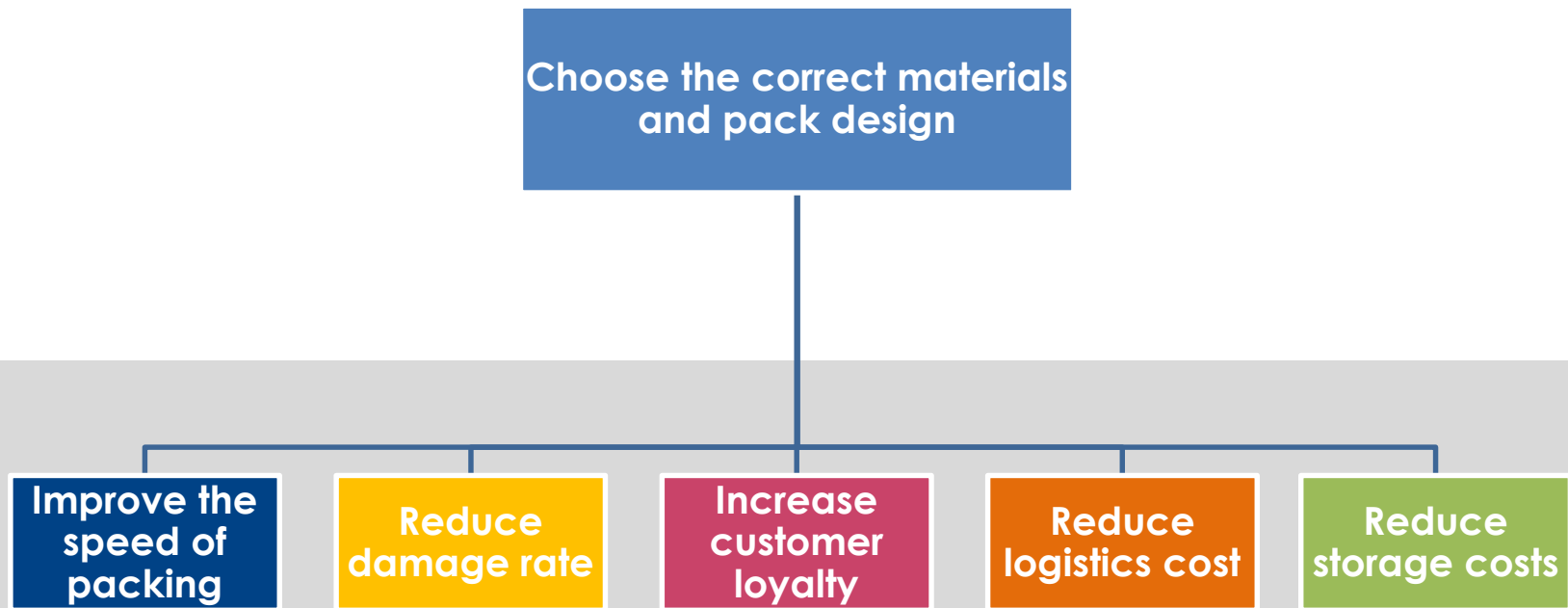
Differentiation

Increasing recognition of “The Total Cost of Packaging”

Novupak Growth

Pan European sourcing at early stages

Only 10% of the total cost of packaging consists of materials and pack design



90% of the costs are hidden

The objective of the MIL is to help customers.....

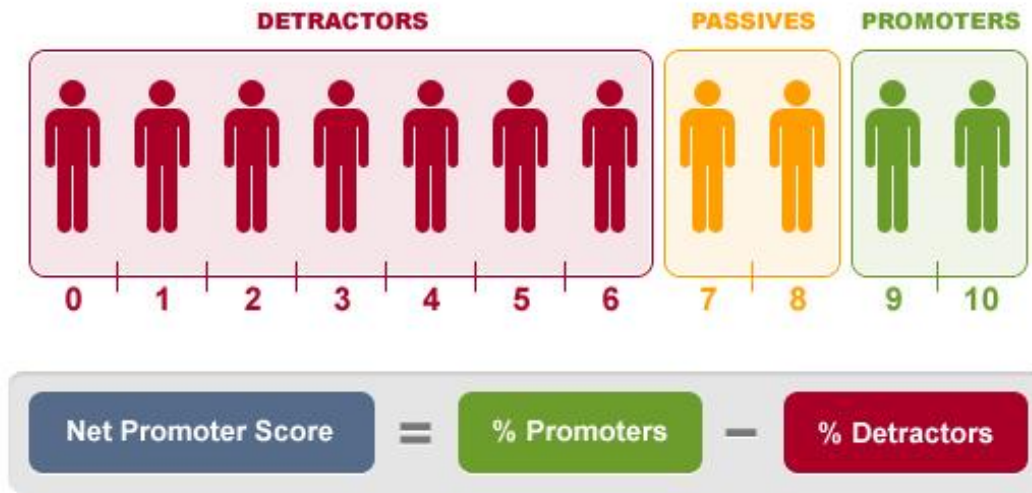
- Understand their total packaging costs
- Design packaging solutions that reduce costs and improve the user experience
- Test the solution through use of the latest packing equipment and packaging materials
- Agree the solution and the benefits

All in one day, at one location

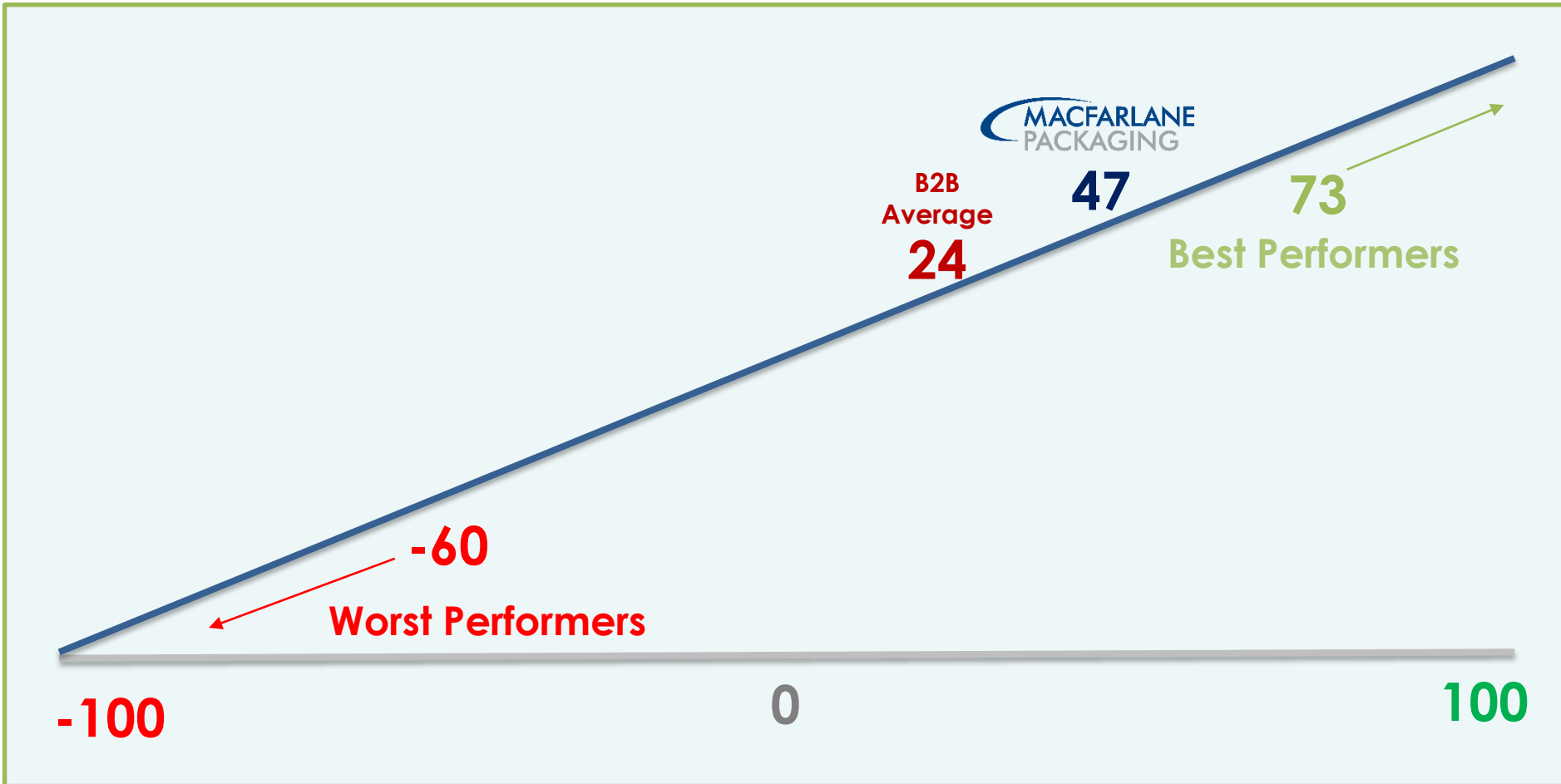


[Click here to watch the video of our Innovation Lab](#)

- We measure and monitor customer feedback on a regular basis:
 - Monthly Mystery Caller
 - Annual Customer Survey
 - Monthly Net Promoter Score



Net Promoter Score - Comparison



Growth

Internet Retail
3PL

National Accounts

Geographic expansion

Acquisition

Proposition

Reduce total cost of
packaging

Rationalise packaging
supplier base to reduce costs

Rationalise packaging
supplier base to reduce costs

Regional infill
leveraging existing network

Capability

Expertise, knowledge and
customer referrals

UK national network
IT capability

NovuPak Organisation

Experience and case studies

Performance Improvement

Sourcing

Operations

Proposition

Reduce input prices

Reduce property costs
Reduce cost to serve

Capability

Leverage scale
Strategic supplier base

Streamline property footprint
Logistics best practice

- Macfarlane Packaging has built **a strong leadership position** in the UK protective packaging market
- The **market opportunity remains significant** for both organic and acquisition growth
- The Macfarlane customer **proposition is clearly differentiated** particularly in our key target sectors – National Accounts, Internet Retail and Third Party Logistics.
- We continue to **invest in programmes to strengthen our competitive advantage** in three key areas
 - Our Proposition
 - Our Sales Tools
 - Our People
- There is continued confidence in our ability to maintain the profitable growth of Macfarlane Group



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