



116th Annual General Meeting
5th May 2015



CEO Presentation
Annual General Meeting
5th May 2015

Agenda

- Retaining and Developing Existing Customers
- Winning New Customers
- Executing Value Enhancing Acquisitions
- Focus on the Future

Challenge

- Reduce range of packaging products
- Improve packing process and reduce packing footprint of the operation
- Enhance customer experience

Process

- In depth analysis of Lakeland operation
- Working with high seasonal usage
- Introducing supply partners - B Plus & Saica
- Trial and testing of alternative solutions

 LAKELAND



Retaining and Developing Existing Customers



Lakeland Case Study – Voice of the Customer



Home Retail Group Case Study

- Home Retail Group (HRG) consists of Argos, Homebase and Habitat
- HRG are one of the leading multi-channel retailers in the UK
- Rapid changes in the way customers are buying is challenging the traditional way in which HRG packs and packages their products
- The growth in online ordering at HRG required them to re-evaluate their approach to both the packaging they were using and their packaging process



Reduce our Customers' Total Cost of Packaging



UNIT PRICE

= **20%** Of Total Cost

DAMAGES

STORAGE

ADMIN

TRANSPORT

LABOUR

CUSTOMER DISSATISFACTION

= **80%** Of Total Cost

Home Retail Group Case Study

The Macfarlane Approach :

- Re-design the range of packaging products to simplify, reduce returns and improve the customer experience
- Re-design the packing process to improve productivity and make better use of space
- Provide just in time supply to reduce stocks and improve warehouse utilisation
- Increase logistics efficiency by ensuring pack dimensions are a better pallet fit



Home Retail Group Case Study

- In 2014, HRG awarded their packaging business in the UK to Macfarlane Group and replaced 4 suppliers
- The decision was based on their recognition of our skills and experience in being able to address the totality of the HRG packaging needs
- Particularly important was the positive feedback from their customers on the new range of packaging products
- The challenge now is to continue to innovate and create a long term partnership with HRG



Macfarlane Acquisition Programme

- Macfarlane commenced an acquisition programme in 2006 and over a three year period acquired – Bloomfield Packaging, On Line Packaging and All Point Packaging
- The onset of the UK recession in 2009 caused the programme to go on hold and in 2012 it was re-launched
- The focus is on identifying and acquiring quality UK packaging distribution businesses that :
 - complement our existing business
 - add to our geographic footprint
 - increase our product/market sector penetration
 - add to our management strength
- We have profiled c100 UK packaging companies and have a shortlist of 30 who fit our criteria

Recent Acquisitions

Lane Packaging



- Established in 1986 as PSD and became Lane Packaging in 2000, based in Reading
- High quality local packaging distributor
- Adds to Macfarlane geographic footprint and improves access to M4 corridor

Network Packaging



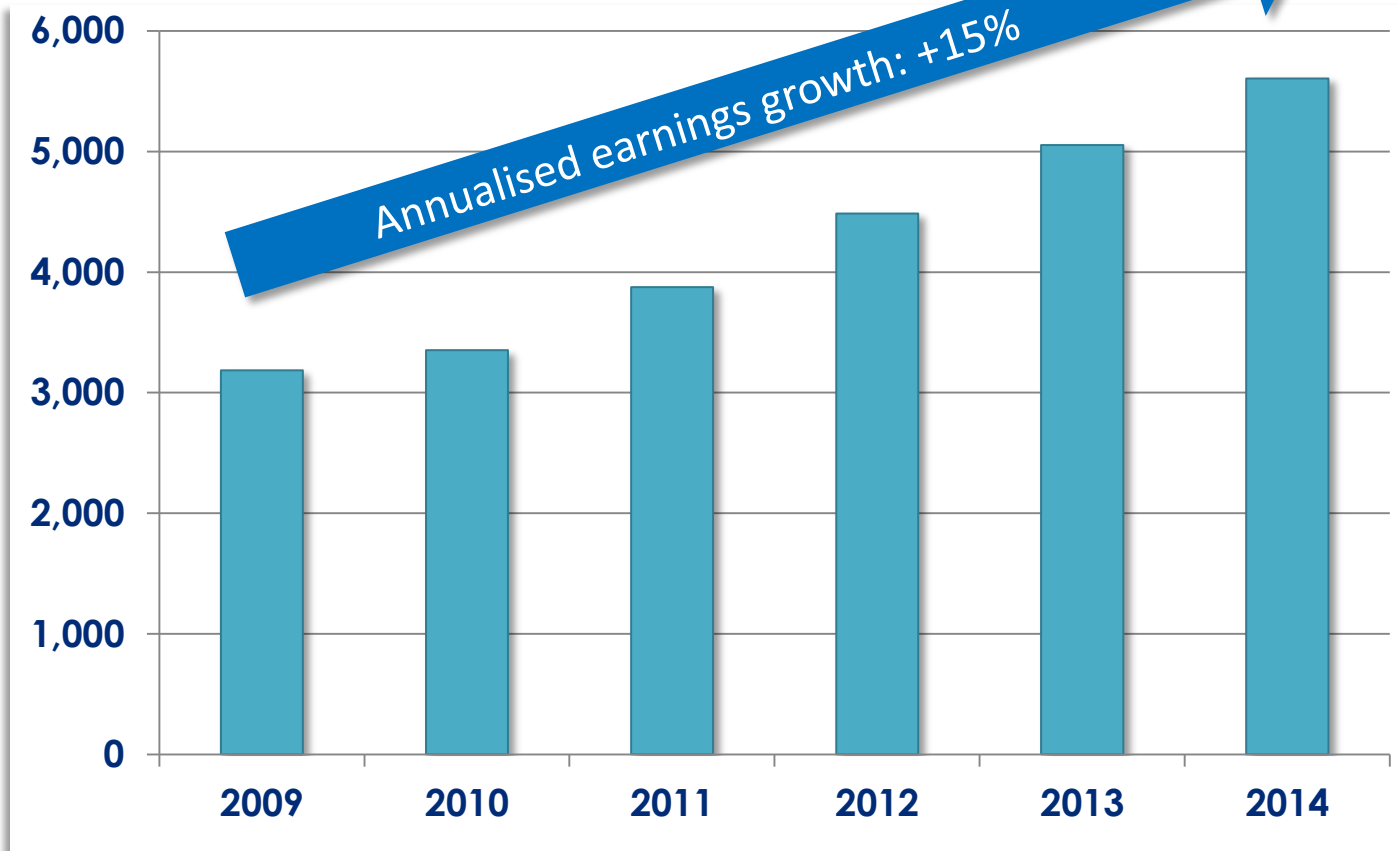
- Established in 1997 and based in Wolverhampton
- Regional packaging distributor focussed on the internet retail sector
- New product innovation with Air Sac range
- High quality management team

Current Progress

- Both the acquisitions made in 2014 are performing well
- We have retained staff, grown the customer base and generated benefits from sharing our respective knowledge and expertise
- The financial results and returns from these two acquisitions are in line with our expectations
- Our acquisition programme continues and we are looking to build on the success we have had to date.

Focus on the Future

Profit before exceptional items £000



Packaging Distribution

Growth

Internet Retail & 3PL

National Accounts

Geographic Expansion

Acquisition

Performance Improvement

Sourcing

Property and Transport

Manufacturing

Growth

Aerospace, Medical, Electronics

Re - Sealable Labels

Performance Improvement

Activity Based Pricing

Operations

- Macfarlane Packaging has built a strong leadership position in the UK protective packaging market.
- Through a balance of organic and acquisition growth annualised profits have grown over the last six years by 15%.
- The Macfarlane customer proposition is clearly differentiated particularly in our key target sectors – National Accounts, Internet Retail and Third Party Logistics.
- We have a demonstrable track record of delivering value enhancing acquisitions and have a strong acquisition pipeline.
- There is continued confidence in our ability to maintain the profitable growth of Macfarlane Group

MACFARLANE GROUP PLC

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Resolution 1

Adopt the Directors' Report and the Accounts for the year ended 31 December 2014

Proxy Votes Lodged

For/ Discretion	59,955,845
Against	0
Vote withheld	266,667
Being 100.00% in favour	

Resolution 2

Approve the Directors' Remuneration Report for the year ended 31 December 2014

Proxy Votes Lodged

For/ Discretion	59,794,732
Against	74,379
Vote withheld	353,401
Being 99.88% in favour	

Resolution 3

Declare a final dividend of 1.15p per share payable on 4 June 2015

Proxy Votes Lodged

For/ Discretion	59,955,845
Against	0
Vote withheld	266,667
Being 100.00% in favour	

Resolution 4

Re-elect M. Arrowsmith as a director of the Company

Proxy Votes Lodged

For/ Discretion	59,952,018
Against	2,695
Vote withheld	267,799
Being 99.99% in favour	

Resolution 5

Re-elect S.Paterson as a director of the Company

Proxy Votes Lodged

For/ Discretion	59,951,518
Against	3,195
Vote withheld	267,799
Being 99.99% in favour	

Resolution 6

Re-elect G.Bissett as a director of the Company

Proxy Votes Lodged

For/ Discretion	59,952,518
Against	2,195
Vote withheld	267,799
Being 99.99% in favour	

Resolution 7

Re-appoint KPMG LLP as auditors

Proxy Votes Lodged

For/ Discretion	59,919,127
Against	35,718
Vote withheld	267,667
Being 99.94% in favour	

Resolution 8

Authorise directors to determine the remuneration of the auditors

Proxy Votes Lodged

For/ Discretion	59,916,117
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Against	36,230
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Vote withheld	266,667
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Being **99.94%** in favour

Resolution 9

Authorise directors to allot shares

Proxy Votes Lodged

For/ Discretion	59,680,028
Against	266,523
Vote withheld	272,463
Being 99.56% in favour	

Resolution 10

Renew the authority given to directors under section 570 of the Companies Act 2006

Proxy Votes Lodged

For/ Discretion	59,647,387
Against	294,785
Vote withheld	280,340
Being 99.51% in favour	



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