

**Interim Management Statement**

17 November 2015

Macfarlane Group PLC today provides an update on trading for the period from 30 June 2015 to date.

The growth momentum achieved in the first half of 2015 has been maintained and with the normal uplift in the trading cycle in the final quarter, the Board is confident that its full year expectations will be met.

In Packaging Distribution, sales for the year to date have increased by 14% compared to 2014, of which 6% represents organic growth. Gross margin continues to run ahead of the 2014 level and the growth in overhead costs versus 2014 is mainly related to the impact of acquisitions. The most recent acquisition, One Packaging which was completed in August 2015, is performing in line with plan. Operating profit for the full year from Packaging Distribution is expected to be well above that achieved in 2014.

Sales from Manufacturing Operations are showing improvement in the second half, but year to date are 2% below 2014. Demand weakness in customers' export markets continues to negatively impact sales in Packaging Design and Manufacture and the exit of low margin business in Labels is impacting sales but improving margin. Operating profit for the full year in Manufacturing Operations is expected to be slightly above 2014 levels.

Interest costs for the Group in 2015 are at similar levels to last year.

The net effect of these factors is that Macfarlane Group's profit before tax for 2015 to date continues to be well above the corresponding period in 2014 and this trend is expected to continue for the remainder of 2015.

Bank borrowings of £11.6m at 30 June 2015 increased following the acquisition of One Packaging Limited but are expected to reduce by the end of the year as a result of the Group's traditionally strong working capital inflows in the final quarter.

Graeme Bissett, Chairman of Macfarlane Group, said

"I am pleased to report that Macfarlane Group's performance in the second half of 2015 continues to demonstrate good progress following the growth seen in the first half of the year. The Board remains confident that our full year expectations will be met."

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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:
  - **Packaging Distribution** 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 730 people at 25 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.