



Interim Management Statement

22 November 2016

Macfarlane Group PLC today provides an update on trading for the period from 30 June 2016 to 31 October 2016.

The momentum achieved in the first half of 2016 has strengthened in the second half of the year with improving organic growth and the continuing benefit from acquisitions. Assuming that the Group benefits from the normal uplift in the trading cycle in the final quarter of 2016 through our focus on the e-commerce sector, the Board is confident that its full year expectations will be met.

Sales for the year to date in Packaging Distribution have increased by 8%. Our acquisitions continue to perform well and we are particularly encouraged by our most recent acquisition, Nelsons for Cartons & Packaging, completed in July 2016. Gross margin is at similar levels to 2015 and the growth in overhead costs against 2015 is mainly related to the impact of acquisitions. Operating profit for the full year in Packaging Distribution is expected to be well above that achieved in 2015.

Combined sales from the two businesses in our Manufacturing Operations are showing improvement in the second half of the year. Whilst sales for the year to date are 7% below 2015, this mainly reflects the planned strategy in our Labels business in the first half to exit low margin self-adhesive labels business to focus on the higher added value re-sealable labels opportunities. Operating profit for the full year in Manufacturing Operations is expected to be similar to 2015 levels.

The net effect of these factors is that Macfarlane Group's profit before tax for 2016 to date continues to be well above the corresponding period in 2015 given the contribution from acquisitions and this trend is expected to continue for the remainder of 2016.

Bank borrowings of £15.9m at 30 June 2016 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 2016 is demonstrating further strong progress. The Board remains confident that our full year expectations will be met."

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Notes to Editors:

- Macfarlane has more than 60 years' experience in the UK packaging industry and is listed on the London Stock Exchange (LSE Premium Listing Ticker: MACF) in the Industrials Sector
- Macfarlane has three businesses:
 - **Macfarlane Packaging** is the leading UK Packaging distributor of a comprehensive range of protective packaging products
 - **Macfarlane Labels** designs and prints high quality self-adhesive and re-sealable labels, principally for FMCG companies
 - **Macfarlane Packaging Design & Manufacture** designs and produces protective packaging for high value, fragile products
- Macfarlane is headquartered in Glasgow, Scotland, and employs over 780 people at 29 sites, principally in the UK & Ireland
- The company has 20,000+ customers in the UK, Europe and USA, providing 600,000+ lines to a wide range of industry sectors including consumer goods; logistics; internet retail; food manufacturing; electronics; defence and aerospace