

Interim Management Statement

14 November 2014

Macfarlane Group PLC today publishes its Interim Management Statement for the period from 30 June 2014 to date. As expected and 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 for the year to date have increased by 7% (5% before acquisitions) over 2013. As anticipated, sales have strengthened since June as a result of new business wins secured in the first half of the year, increasing penetration in the Group's target sectors and the benefit of the acquisition programme. Gross margins remain slightly lower than last year, reflecting competitive market conditions, but have improved in the second half of the year. Overhead costs continue to be tightly controlled and operating profit before exceptional items is ahead of the level achieved in 2013. The two acquisitions in Packaging Distribution, Lane Packaging and Network Packaging, have both performed well since acquisition. We expect to report operating profit for the full year, before exceptional items, from Packaging Distribution well above that achieved in 2013.

Sales from Manufacturing Operations are 2% below 2013 for the year to date. Improved customer focus on higher added value areas in the Packaging Design & Manufacture business has helped maintain gross margins and profitability is at a similar level to 2013. The Labels business continues to experience margin pressure as a result of the highly competitive markets for self-adhesive labels, particularly in the UK retail sector. This pressure is not being entirely offset by continued growth in re-sealable labels and, as a result, performance is below that achieved in 2013. Consequently, operating profit for the full year before exceptional items in the Manufacturing Operations is expected to be below 2013 levels.

Interest costs for the Group in 2014 are at similar levels to last year.

The net effect of all these factors is that Macfarlane Group's profit before exceptional items for 2014 to date is ahead of the corresponding period in 2013 and these trends are expected to continue for the remainder of 2014.

The recent share placing to help fund the acquisition programme was well supported by new and existing institutional investors and at the General Meeting last month shareholders approved the issue of 8,000,000 ordinary shares at a price of 37.50p each. Bank borrowings as at 30 June 2014 are expected to reduce by the end of the year as a result of the traditionally strong working capital inflows in the final quarter.

The Board reiterates its objective to pay a full dividend for 2014.

Graeme Bissett, Chairman of Macfarlane Group, said

"I am pleased to report that the planned uplift in Macfarlane Group's performance in the second half of the year is being delivered and that profit for the year to date is ahead of the same period in 2013. Both of our acquisitions in Packaging Distribution in 2014 are performing well and we will continue to seek further value-enhancing acquisitions as part of our growth strategy. The Board remains confident that our full year expectations will be met."

Further information:	Graeme Bissett	Chairman	0141 333 9666
	Peter D. Atkinson	Chief Executive	0141 333 9666
	John Love	Finance Director	0141 333 9666
Media enquiries	Callum Spreng	Spreng & Co.	07803 970103

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 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.