



119th Annual General Meeting

15th May 2018





CEO Presentation
Annual General Meeting
15th May 2018

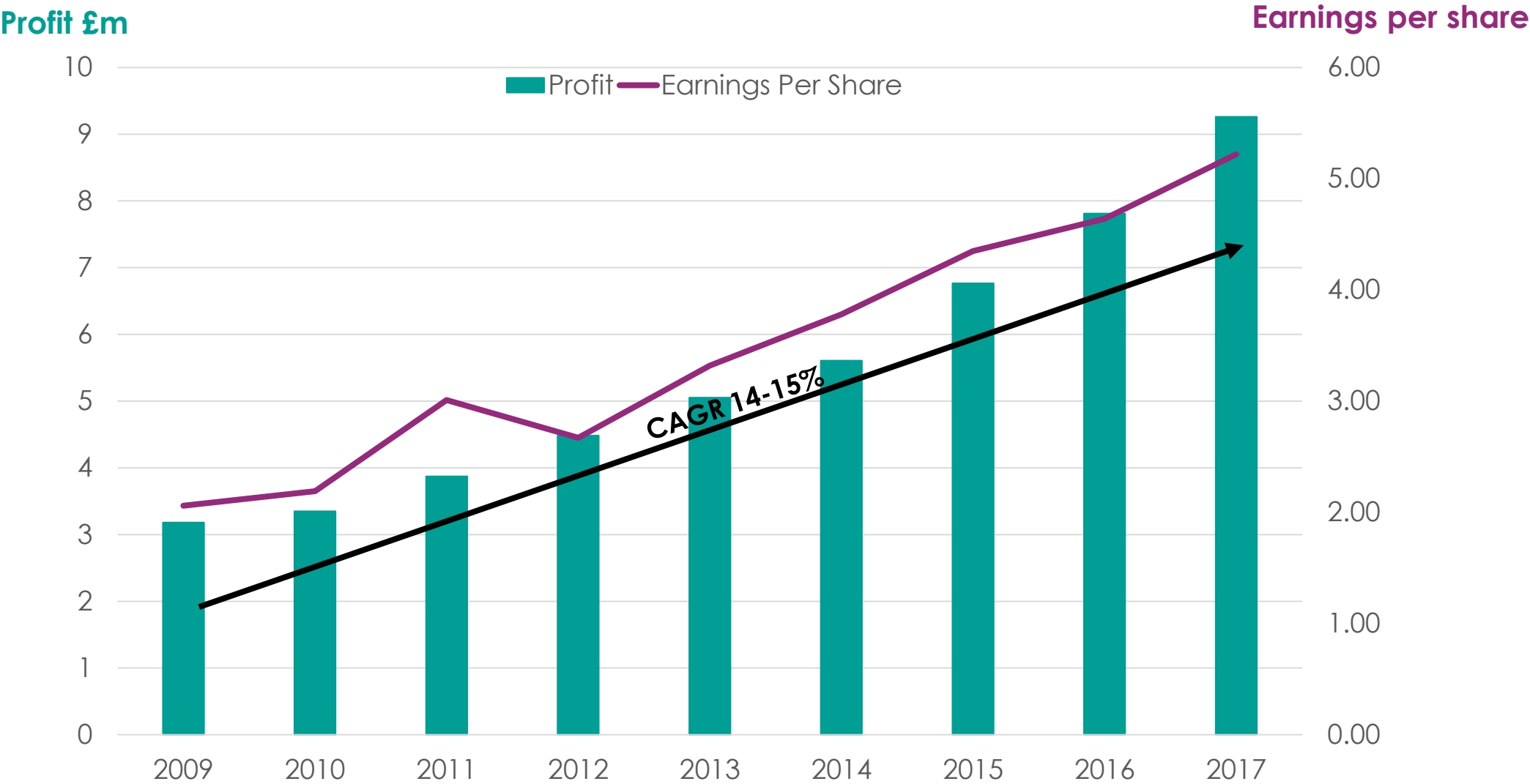


Agenda

- Performance Review
- Customer Needs
- Protective Packaging Market
- Macfarlane's Future Development
- Macfarlane Aspirations



Performance Review – 2017 another successful year of profit growth



Performance Review

Organic Growth



- Targeted the market sectors that offer the greatest potential
- Delivered a compelling proposition for customers

Quality Acquisitions



- Acquired quality packaging distributors who have accelerated geographic and market penetration and brought additional expertise

Operational Improvements

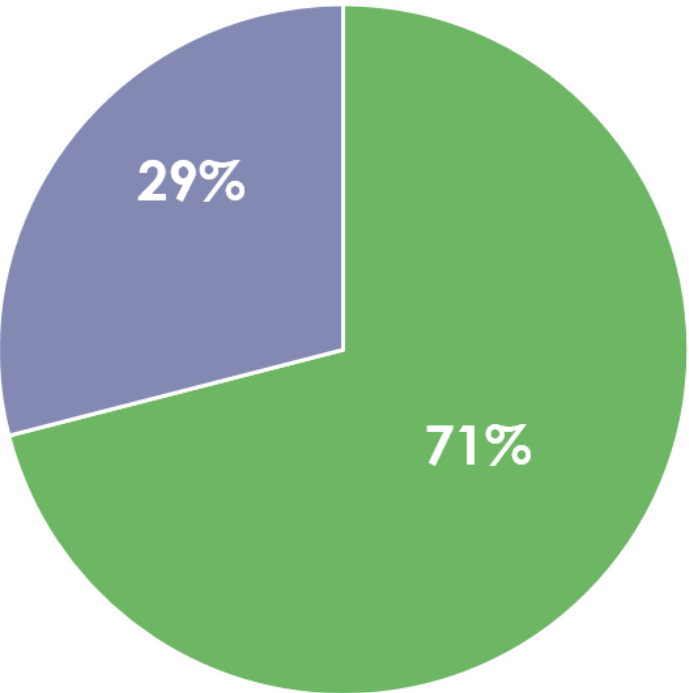


- Achieved lower input prices
- Created effective property footprint
- Increased productivity



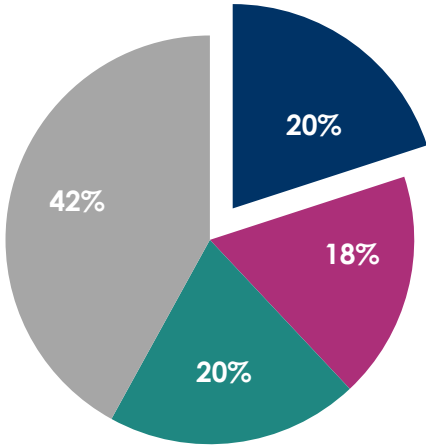
UK Protective Packaging Distribution Market Share by Industry Sector

Total Market Size c£800m



■ Industrial/Other Customers ■ Retail Customers

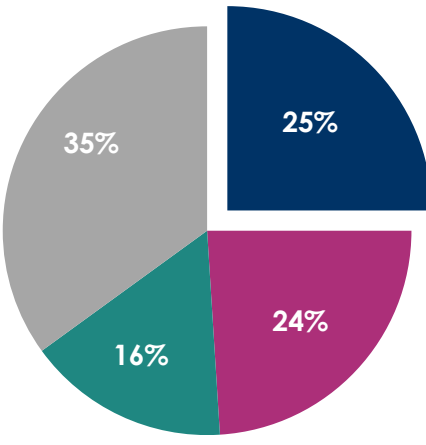
Industrial/Other



Distributor Category

■ Macfarlane ■ International
■ UK Regional ■ UK Local

Retail



Distributor Category

■ Macfarlane ■ International
■ UK Regional ■ UK Local



Understanding the Customer



The Retail Customer – *Anticipating their Needs*

Personalisation

Telling a story through packaging by bringing together innovative technology and creativity.



scan me

Unboxing Experience

Packaging should both protect products but enhance brand reputation. Packaging should be fit for returns to ensure this process is easy for the consumer.



Social Responsibility

Consumers want to know the company they buy from is socially responsible and uses the right amount of recyclable packaging.



Automation

Creating greater efficiencies in their supply chain with the latest innovative automation solutions.



Delivery Expectations

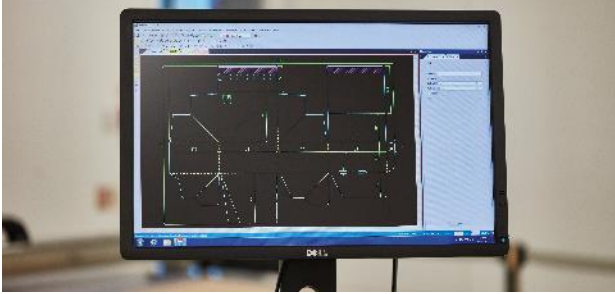
Consumers will demand parcels the same day to a location of their choice. Retailers will need to be flexible and responsive to changes.



The Industrial Customer – *Anticipating their Needs*

Improved Design

Allowing packaging to protect goods in a wider range of environments.



Sustainable Packaging

Using the right amount of recyclable packaging materials will be key to ensure companies meet sustainability objectives.



International Sourcing & Supply

Packaging will be required in more geographic markets using less suppliers.



Managing Costs & Inflation

The price of raw materials will increase as certain materials become less available.



Multi-functional Packaging

Having closed loop reusable packaging solutions increases environmental credentials.



Macfarlane's Future Development



Continued investment in technologies to **facilitate transactional simplicity**

INNOVATIONLAB



Innovation in packaging design



Wider geographic coverage as customers consolidate supplier base



Invest in our people to ensure we have the latest skills and knowledge to support our customers



Stronger supplier relationships to offer the latest innovative packaging solutions



Understanding the Customer

**“Customers’ expectations
are never
static.....yesterday’s WOW
quickly becomes today’s
ordinary.....you cannot rest
on your laurels...customers
won’t have it”**



2018-2020: Confidence in Macfarlane Future

- The Macfarlane recent history has demonstrated a **successful track record of profit growth** and returns to shareholders
- We are intent on **maintaining the Macfarlane growth performance** and have the plans in place to deliver the future growth
- Our focus is on **continually monitoring and anticipating customer needs** in order to offer them compelling solutions that will help improve their business
- **Continued investment in people and processes** give us the confidence that we can maintain the growth profile of the Macfarlane business
- **Accelerate growth with quality acquisitions:**
 - Geographic Expansion
 - Market Penetration
 - Product/Sector Expertise

