



120th Annual General Meeting
14th May 2019

CELEBRATING
70
YEARS





CEO Presentation
Annual General Meeting
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Agenda

- 2018 Results
- Historic Performance
- Key Growth Opportunities
- Macfarlane Group's Future Development



Financial Summary – 2018

Revenue and Profit

Revenue

▲ 11%

Profit before
Exceptionals

▲ 20%

EBITDA

▲ 19%

Returns and Balance Sheet

Pre-tax ROCE

▶ 19%

Bank Debt

▼ £13.2m

Pension Deficit

▼ £9.8m

EPS and Dividend

Diluted EPS

▲ 9%

EPS before
Exceptionals

▲ 5.72p

Dividend per
Share

▲ 2.30p

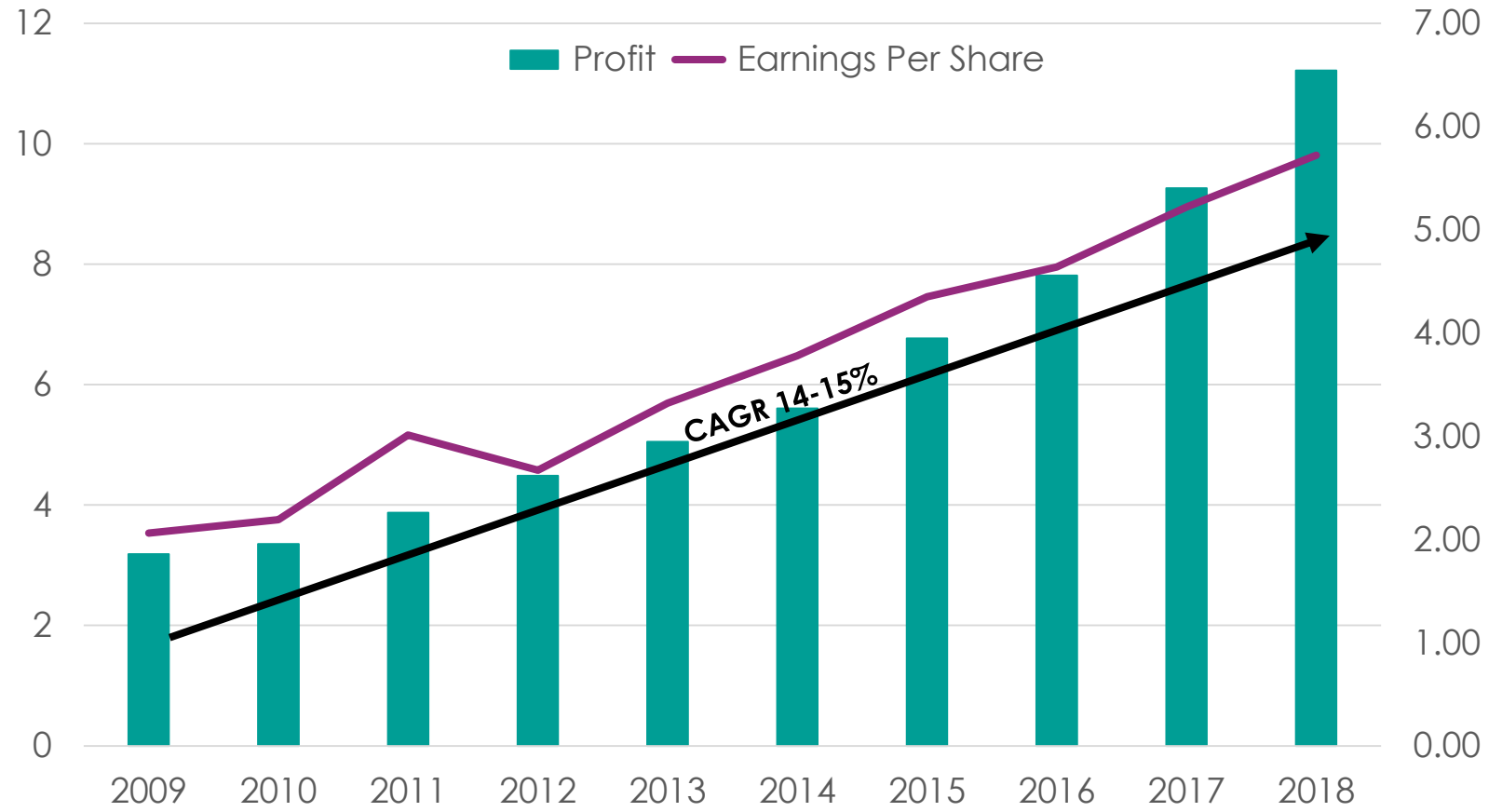


Profit Progression

Profit before tax

Profit £m

Earnings per share



Performance Review

Organic Growth

- Segmental approach to market
- Good new business growth
- Focus on “Total Cost of Packaging”

THE BODY SHOP.



Quality Acquisitions

- Acquired quality packaging distributors



Operational Improvements

- Improved sourcing has lowered our input prices
- Creating more effective property footprint
- Increased productivity



Opportunities and Challenges

Brexit

The Environment

European Sourcing

Changing Retail Sector

Customer Need for Cost Reduction



BREXIT – “Being Prepared”

Risk Assessment

The Impact of No Deal



Strategic Stockbuilding

Working with our customers and suppliers to minimise shortages on key products



International Suppliers

Only 10% of our purchases are sourced from the EU



Managing Commercial Impacts

Planning for higher tariffs under WTO and potential currency movements



Labour Issues

Support our 33 EU Nationals



THE ENVIRONMENT – “Educated Choice”

Expertise



Support our customers to choose fit for purpose packaging materials

Transparency



Clear identification of the environmental product credentials of our products

Reduce Waste



Create a more environmentally friendly packaging operation for our customers

Recycle



Supply packaging that is both recyclable and made from recycled materials

Innovate



Work with our suppliers to provide sustainable, innovative alternatives



EUROPE – “Follow the Customer”



RETAIL – “A Changing Market”

simplicit·e

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



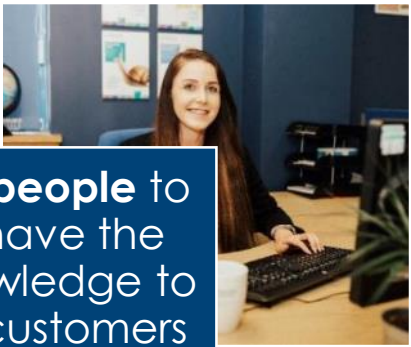
Innovation in packaging design



Promote the Benefits of our **“Total Cost of Packaging”** approach



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



Stronger **supplier relationships** to build multi product offering



Reducing our Customers' Costs – Total Cost of Packaging

10% is materials and pack design



Storage



Transport



Damages



Administration



Productivity

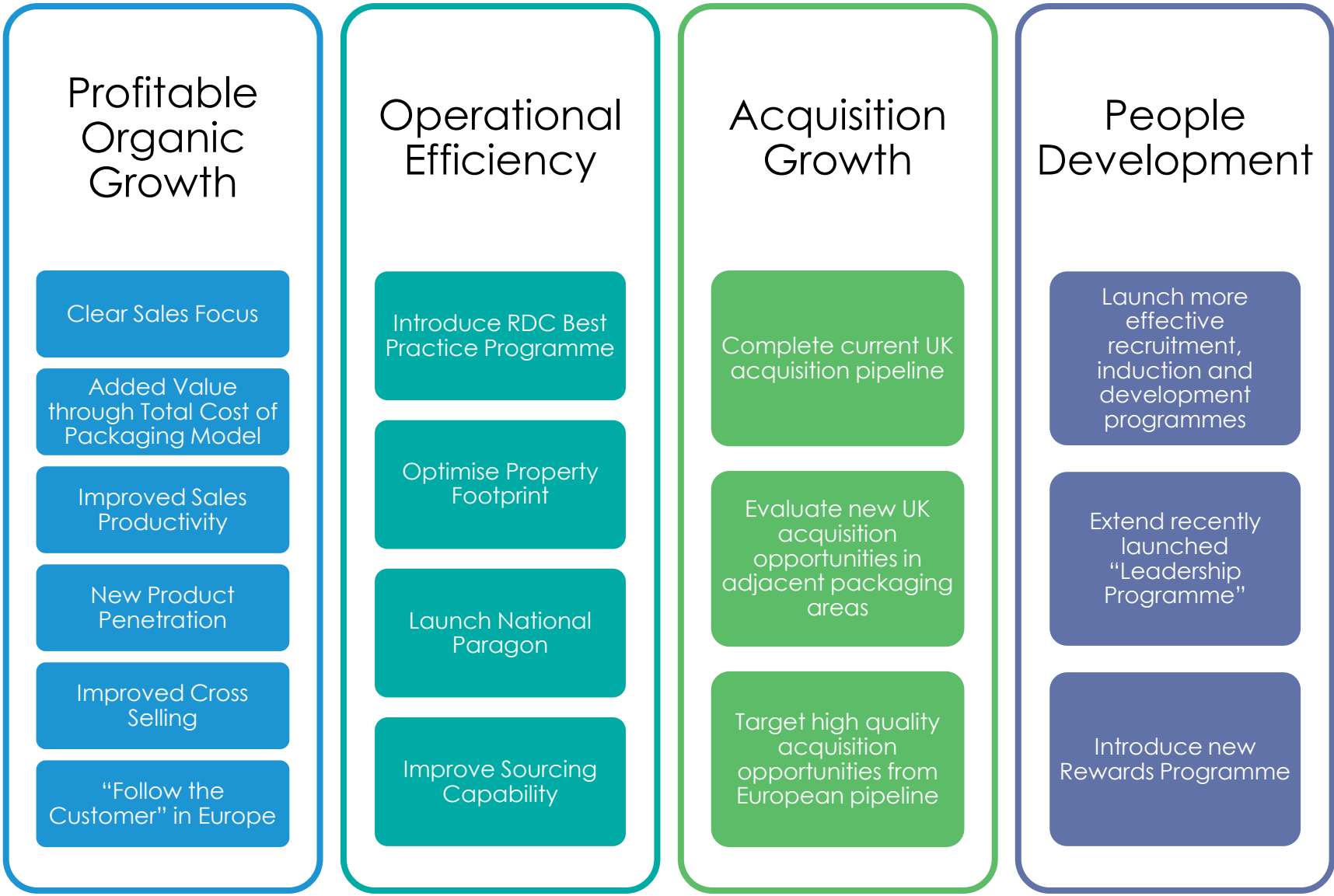


Customer Experience

90% of the Costs are Hidden



Key Strategic Actions



Confidence in Macfarlane Future

Our recent historical performance has demonstrated a **successful track record of profit growth** and returns to shareholders

We are intent on maintaining the Macfarlane Group growth performance and have the **plans in place to deliver future growth both in the UK and Europe**

Our constant focus is on **understanding customer needs** in order to offer them compelling solutions that will help improve their business

We continue to **invest in people and processes** to ensure the timely and effective execution of our plans

