

Trading Update

19 November 2020

Macfarlane Group PLC today provides an update on trading for the period from 30 June 2020 to 31 October 2020.

The Board is pleased to announce that the Group sales revenue and profit before tax for the 2nd half of the year to date is ahead of the corresponding period in 2019. These trends give us confidence that the full year results for 2020 will be broadly in line with the 2019 profit before tax.

Sales revenue in the 4 months to 31 October 2020 was better than expected and has grown by 4% compared to the same period last year. This represents a strong recovery from Q2 when sales decreased by 5.2% due to the impact of the Covid-19 lockdown.

We have continued to achieve good sales growth in the internet retail, household essentials and medical sectors and seen improving sales in some industrial sectors. However sales in the aerospace, high street retail and food service sectors will take some time to recover to pre-Covid-19 levels. The performance of the business in challenging market conditions clearly demonstrates the benefits of having a broad customer base across a variety of market sectors.

The net debt position at the 31 October 2020 was £0.8m which is in line with the debt at 30 June 2020. In the 4 months to the 31 October 2020 the cash generation in the business has fully funded the repayment of £5.4m from the various government support and tax deferral programmes, payment of the maximum earn out of £0.8m from the 2019 acquisition of Ecopac and payment of the interim dividend of £1.1m. The Group continues to report strong cash generation and is operating well within its existing bank facility of £30.0m.

Stuart Paterson, Chairman of Macfarlane Group, said:

“The Macfarlane Group performance in the second half of 2020 has been robust in the face of significant challenges. This has only been achieved due to the outstanding commitment and hard work of our people. We have focused on ensuring they can service our customers effectively by creating safe environments in which they can work. The health and wellbeing of our employees continues to be paramount.

There remain uncertainties and concerns over future economic conditions. However, with our diversified customer base, strong added value sales proposition and highly capable and committed team Macfarlane Group has demonstrated it is well positioned to manage the challenges facing the business in the remainder of 2020 and beyond.”

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Legal Entity Identifier (LEI): 213800LVRYDERSJAAZ73

Notes to Editors:

- Macfarlane Group PLC is listed on the London Stock Exchange (LSE: MACF) in the Industrials Sector
- The company is headquartered in Glasgow, Scotland and has more than 70 years' experience in the UK packaging industry. Macfarlane Group's businesses are:
 - **Packaging Distribution** is the leading UK distributor of a comprehensive range of protective packaging products;
 - **Manufacturing Operations** which includes **Labels** who design and print high quality self-adhesive and resealable labels, principally for FMCG companies, and **Packaging Design and Manufacture** who design and produce protective packaging for high value, fragile products.
- Macfarlane Group employs over 900 people at 31 sites, principally in the UK, but also in Ireland and Sweden.
- The company has 15,000+ 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.