

# Spicers Limited 2017 Annual General Meeting

23 November 2017

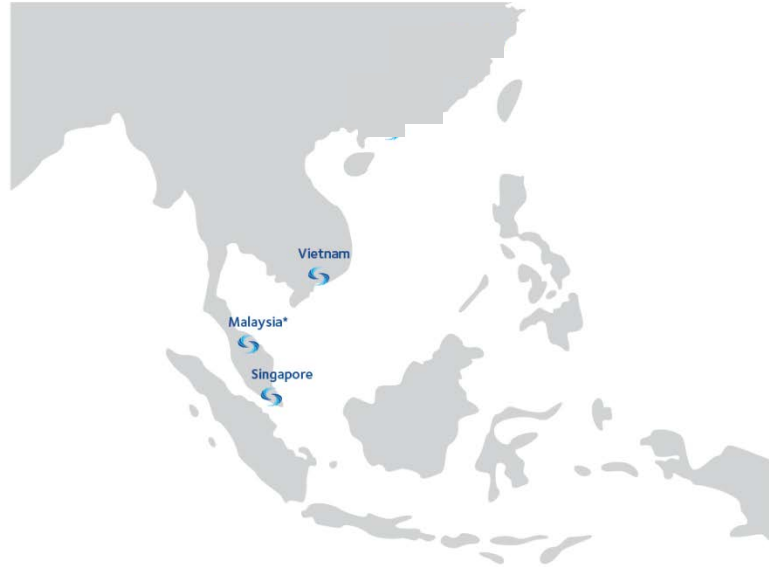
# Chairman's Address

Jonathan Trollip

# CEO's Address

David Martin

# Our Regional Business Operations



**Australia, New Zealand & Asia**

**Circa AUD\$380M revenue**

**420 employees**

**5 countries, 19 locations**



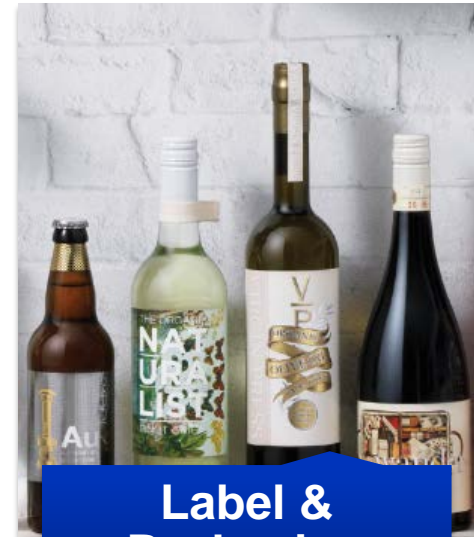
# Our Product Portfolios



**Commercial  
Print**



**Digital Media**



**Label &  
Packaging**



**Sign & Display -  
Consumables**



**Sign & Display -  
Hardware**



**Industrial  
Packaging**

# The 'Spicers Way'



## Our Vision

*The business partner of choice, by delivering on our promises, every day.*

## Our Values



### ACCOUNTABILITY

- Reliably deliver on our promises
- Focused on understanding and delivering customer value
- Considerate of the impact our actions have on the business, our teams and all stakeholders
- The safety of our employees is priority



### INTEGRITY

- Demonstrate honesty in all dealings
- Adhere to the law
- Community & sustainability minded
- Trust & respect each other and all Spicer's stakeholders



### COLLABORATIVE

- One team, working together towards a common goal
- Communicate in a regular, open and honest manner
- Respect and value diversity in all forms
- Proactively engage to share ideas and create solutions



### DYNAMIC

- Adapt in a changing environment
- Creatively find new growth opportunities
- Passionate about our customers and people
- Drive continuous improvement in all areas of our business

# 2017 Financial Year in Review

## Sales and Earnings



		Sales Revenue		Underlying EBIT	
Operating Summary		2016/17	2015/16	2016/17	2015/16
<i>Operating segment:</i>					
Australia	\$000	201,816	210,975	2,345	4,235
New Zealand	\$000	101,058	97,919	7,477	6,906
Asia	\$000	78,035	83,923	1,851	1,517
Corporate / eliminations	\$000	(243)	(135)	(6,793)	(8,143)
<b>Total continuing operations</b>	<b>\$000</b>	<b>380,666</b>	<b>392,682</b>	<b>4,880</b>	<b>4,515</b>
Discontinued operations	<b>\$000</b>	-	30,120		
<b>Total</b>	<b>\$000</b>	<b>380,666</b>	<b>422,802</b>		

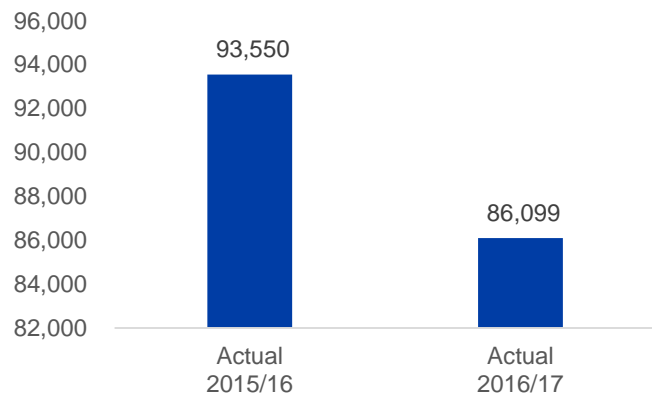
- **Sales revenue 3.1% lower than prior year**
  - commercial print revenue fell in line with structural decline, sign & display revenue grew strongly
- **Group underlying EBIT up 8.1% year-on-year**
  - Good performances in New Zealand and Asia offset weakness in the Australian result
- **Strong focus on cost reduction**
  - Trading expenses across all regional businesses down \$1.7m year-on-year
  - Continuing Corporate costs \$1.3m (16.6%) lower than prior year



# 2017 Financial Year in Review

## Cash Flow and Working Capital

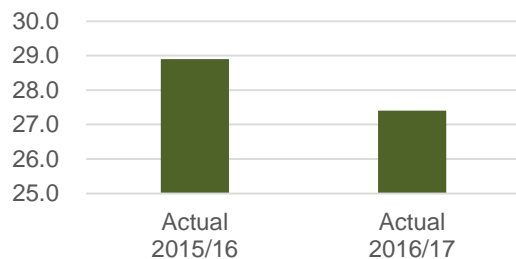
Net working capital  
AUD\$,000



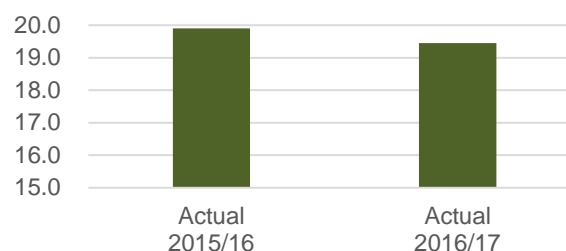
### Summary

- \$6.3m net cash inflow from operating activities
  - significant turnaround on prior year
- Sharp focus on cash and working capital
  - Net working capital down by \$7.5m
  - Average working capital to sales fell to 25.1%
  - Aged inventory levels reduced
  - Some creditor terms improved

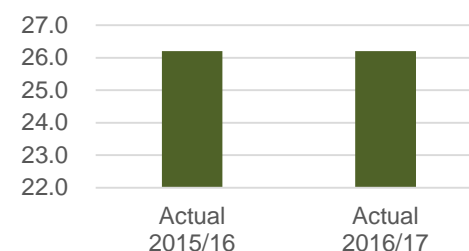
Aust. Avg. WC% to Sales



NZ Avg. WC% to Sales



Asia Avg. WC% to Sales





# Strategic Progress and Outlook

## The Spicers 'Plan to Win'



**Optimise 'core' categories and aggressively grow in 'positive-mix' sectors**



**Drive stronger market engagement to enable growth**



**Maximise business and supply chain efficiency for profit and working capital**



**Develop our people**

# Strategic Progress and Outlook

## 2017 Strategic Progress



- **Product categorisation driving increased focus on delivering EBIT contribution and growth**
  - Focus on profitability and return on inventory investment by product category
  - Customer segmentation and pricing strategies for margin expansion
- **Expansion in revenue streams**
  - Architectural product portfolio expanded
  - Sign Technology acquisition gives access to LED and Neon component global brands
- **Focus on people and culture**
  - A 'LEAN' culture to drive process simplification and efficiency introduced
  - Sales team development focused on targeting most profitable sectors
- **Focus on cost control and reduction**
  - Corporate cost reductions together with Australian back-office cost savings will deliver annualised cost savings of \$2.0m going forward

- **Sales revenue in-line with prior year in generally flat markets**
- **Trading expenses and Corporate costs lower than prior year**
  - Positively impacting EBIT for the first 4 months of FY2018
- **Cash flow and 'net cash' positions tracking as expected**
  - 1st half traditionally sees weaker cash flows than the 2nd half due to seasonal trading patterns

- Engage with, and deliver value for, our customers
- Develop a growth orientated, efficient and learning organisation
- Delivering on our strategies via a culture of accountability and customer service
- A successful and sustainable future for your Company

**Maximise print & packaging returns and cash flows,  
while driving profitable revenue growth in  
sign & display and other new categories**