

**Spicers Limited
2017
Annual General Meeting**

23 November 2017

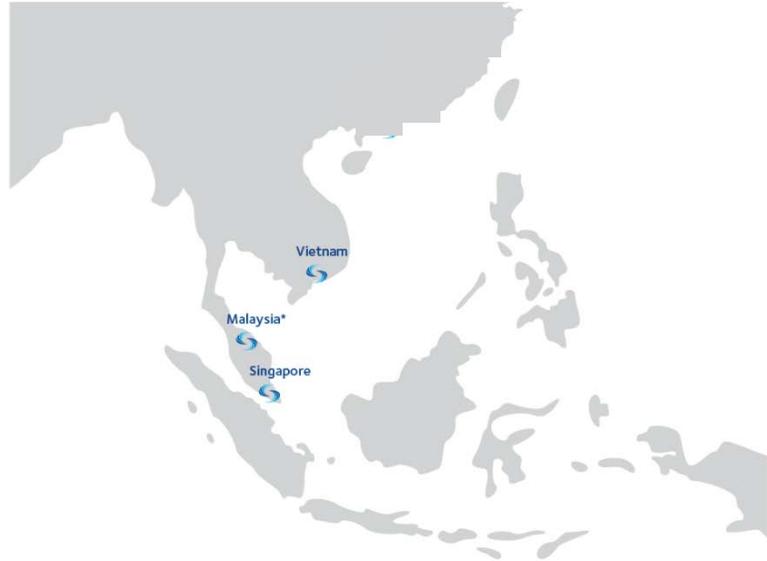
Chairman's Address

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 Spicers' 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



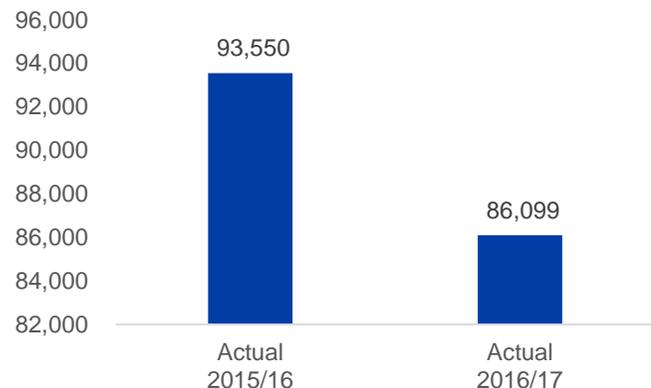
Operating Summary		Sales Revenue		Underlying EBIT	
		2016/17	2015/16	2016/17	2015/16
<i>Operating segment:</i>					
Australia	\$000	201,816	210,975	2,345	4,235
New Zealand	\$000	101,058	97,919	7,477	6,906
Asia	\$000	78,035	83,923	1,851	1,517
Corporate / eliminations	\$000	(243)	(135)	(6,793)	(8,143)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

- **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

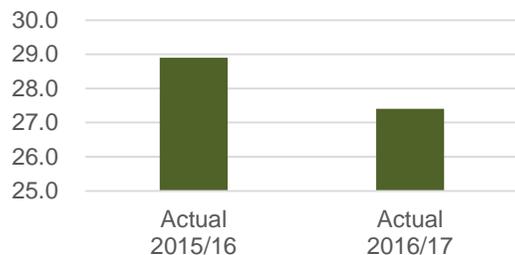
Net working capital
AUD\$,000



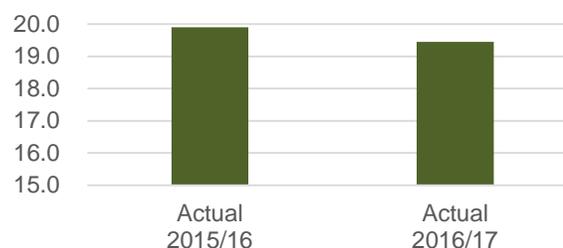
Summary

- \$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

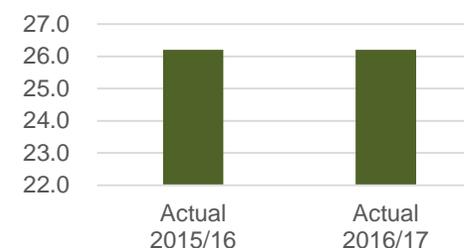
Aust. Avg. WC% to Sales



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**