

Spicers Limited (ASX:SRS)

**2018 Full Year Results
Briefing Pack**

Spicers Background



Our Business

*A dynamic and solutions-focused distribution business, operating across the **Print & Packaging, Sign & Display** and **Architectural** categories.*

Our Vision

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

Our Values



ACCOUNTABILITY

- Safety is a priority
- 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



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

Our Regional Business Operations



Australia, New Zealand & Asia

Revenue = AU\$384M

Employees = 400

5 countries, 19 locations



Diverse Product Portfolios



**Commercial
Print**



**Digital
Media**



**Label &
Packaging**



Packaging



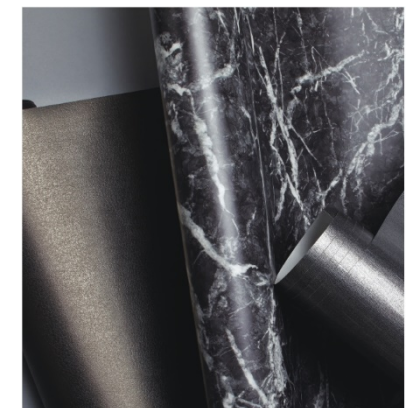
**Industrial
Packaging**



**Sign & Display –
Consumables**



**Sign & Display –
Hardware**



**Architecture &
Interior design**

2018 Full-Year Results

Sales and Earnings



Operating Summary	Net Sales Revenue		Underlying EBIT ⁽¹⁾		
	2018	2017	2018	2017	
<i>Segment:</i>					
Australia	\$000	204,404	201,816	4,236	2,345
New Zealand	\$000	93,451	101,058	7,387	7,477
Asia	\$000	86,651	78,035	2,205	1,851
Corporate / eliminations	\$000	(462)	(243)	(5,869)	(6,793)
Total continuing operations	\$000	384,044	380,666	7,959	4,880
Discontinued operations	\$000	-	-		
Total	\$000	384,044	380,666		

- **Sales revenue returned to growth, 0.9% higher than prior corresponding period (pcp)**
 - Growth in both Print & Packaging (0.5%) and Sign & Display (2.6%) revenue streams
- **FY2018 group underlying EBIT of \$8.0m, significantly up by 63.1% on pcp**
 - Australian result (\$4.2m) up 80.6%, driven by improved trading and broad cost reductions
 - Australian result included \$1.9m loss on building cladding projects, category now exited
 - New Zealand result (NZ\$8.0m) up 1.2%, with solid profitability and tight control of costs
 - Asian result (SG\$2.3m) up 18.1%, driven by strong sales in Print & Packaging categories
 - Corporate costs \$0.9m (13.6%) lower, with savings realised across all key expense areas

2018 Full-Year Results

Working Capital and Cash



Working Capital and Cash Summary		Jun 2018	Jun 2017
Net working capital ⁽¹⁾	\$000	75,391	86,099
Average working capital/sales revenue ⁽¹⁾	%	22.9	24.2
Net cash flow from operating activities	\$000	17,255	6,287
Cash conversion - continuing ⁽¹⁾	%	192.0	108.8
Net Cash ⁽¹⁾	\$000	45,090	31,841

- **June 2018 net working capital \$10.7m lower than pcp**
 - Inventory balances reduced by \$8.7m, product ranges and stock ageing tightly managed
 - Debtor and creditor 'days' payment terms also improved compared to pcp
- **FY2018 net cash inflow from operating activities of \$17.3m, up 174.5% on pcp**
 - Driven by sharp reductions in net working capital and improved operational earnings
 - Includes Australian organisation and NZ warehouse restructuring payments of \$2.2m
- **'Net cash' of \$45.1m at 30 June 2018, secure debt facilities with liquidity headroom**
 - Positive cash positions in all Regional Segments (Australia, NZ, Asia)
 - No debt drawn, significant liquidity available on facilities (maturity dates Oct / Nov 2019)

- **Focus on cost control and reduction**
 - Restructuring in Australian organisation (including Corporate) delivered labour cost savings of \$2.2m in FY2018, up on previous expectations
 - Broad operating cost reductions also secured across other key expense lines
- **Structured approach to product portfolio management and customer engagement**
 - Driving improvements in trading and profit returns across key product revenue streams
 - Ongoing product portfolio range reviews and rationalisation of SKUs
- **Sharp management focus on working capital and cash**
 - Inventory balances reduced significantly, debtor and creditor payment terms improved
 - Strong focus on optimising 'free' cash flows across all Regional Segments, impressive 'cash conversion' ratio of 192.0% for FY2018
- **European 'legacy' risks reducing**
 - 'Clean' 2018 Independent Auditor's Report

“Strong progress in developing an efficient and learning organisation, while delivering on promises to customers and shareholders”