

A Clear and Consistent Strategy

OUR VISION

To be the leading supplier of high-performance sustainable packaging designed to enhance our customers' products

OUR GOALS

- To be the supplier of choice of packaging solutions in our chosen markets across Europe
- To deliver great value to customers
- To deliver to shareholders a growing business with enhanced margins and returns on capital employed
- To build on Spicers' position as the leading pan-European wholesaler of office products

OPERATING STRATEGY

PACKAGING

- Build our sales to fast-moving consumer goods and industrial customers across Europe
- Focus on innovation to drive growth
- Further develop our capabilities to offer recyclable, lower environmental impact packaging to meet increasing demand
- Grow both organically and through acquisition
- Increase exposure to corrugated packaging
- Selectively increase our presence in growth markets in Eastern Europe
- Develop our internal Group culture to support our employees
- Enhance customer service
- Boost our efficiency through operating improvement and cost reduction

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OFFICE PRODUCTS WHOLESALING

- Expand the product range
- Strengthen presence in the markets in which we have significant market share and build operations in the markets in which we are under-represented
- Continue to drive efficiency and enhance profits
- Invest in staff to support best-in-class customer service

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RISK MANAGEMENT

- Understand, monitor and effectively manage risks to our businesses

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CORPORATE RESPONSIBILITY

- Maintain high standards in the way we conduct our business with respect to the health and safety of our employees, the communities in which we work and by paying due regard to our impact on the environment

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Our strategy to focus on faster-growing, high value-added products has contributed to our robust performance in 2009/10 and will enable us to benefit from improving economic conditions.

GROUP STRATEGY

Our objective is to create businesses that are more focused, producing higher, more sustainable and consistent returns. We have a number of strong opportunities. We will build our businesses in sectors that offer growth, where customers demand excellent customer service and support, as well as product and service development and where we can deliver at the most efficient cost to customers. This will be delivered by creating a culture that engages all colleagues in the achievement of our results.

PACKAGING

In the UK, we will maintain our leadership positions in all three parts of the corrugated packaging supply chain, through both organic development and acquisition. We believe that

a combination of scale and the interaction between our three businesses will allow us to meet our target of generating an adjusted return on average capital employed over the business cycle in excess of the cost of capital.

Our Continental European Corrugated Packaging business is a market leader in heavy-duty industrial packaging, a high value-added product which we supply competitively to both local and export markets. We will mirror our successful UK strategy of increasing exposure to retail-ready packaging and the FMCG market in Europe, which we expect to grow significantly more quickly than the overall market for packaging.

In our Plastic Packaging business we are focused on two sectors: Returnable Transit Packaging (RTP) and Liquid Packaging and Dispensing (LP&D). The RTP market is highly fragmented but we have built good positions in our selected market sectors. We are number two globally in LP&D with leading market positions in Europe, the USA and Australasia.

OFFICE PRODUCTS WHOLESALING

Our strategy is to be a pan-European, highly efficient wholesaler of office products. Our primary aim is to support our network of dealers in growing their share of the market. In the short-term our emphasis will be on: raising profits substantially in the UK and Ireland; strengthening further our market positions in the continental European markets in which we have an established position; and extending our businesses in our developing markets, especially Germany and Italy.

FINANCIAL OBJECTIVES

Our aim is to generate enhanced returns and cash flows for our investors over the longer term, while maintaining a strong balance sheet. We will do this through concentrating on higher return, higher growth business areas and ensuring that our products and services are low cost and provide high added-value.

Our Group Key Performance Indicators at a Glance

Adjusted return on average capital employed

Target

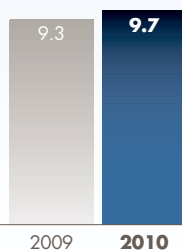
To achieve an adjusted return on average capital employed over the business cycle that is comfortably in excess of the Group's weighted average cost of capital, which we estimate to be 11.8% (before tax).

Definition

Operating profit before exceptional items divided by average capital employed, expressed as a percentage.

9.7%

2009: 9.3%



Adjusted EBITDA margin

Target

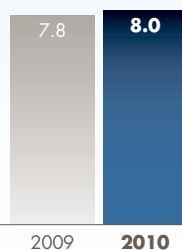
To generate an adjusted EBITDA margin which enables us to pay our dividends while providing funds for development.

Definition

Earnings before interest, tax, depreciation, amortisation and exceptional items divided by revenue, expressed as a percentage.

8.0%

2009: 7.8%



Adjusted earnings per share

Target

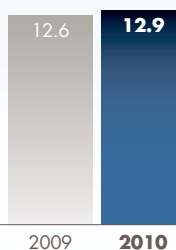
To achieve an improved adjusted earnings per share between one business cycle and the next.

Definition

Net profit attributable to shareholders before exceptional items divided by the weighted average number of shares outstanding (see note 8 on page 76).

12.9 pence

2009: 12.6 pence



Net debt/adjusted EBITDA

Target

To maintain a healthy balance sheet, sufficient to support our dividend through the business cycle.

Definition

Net debt divided by earnings before interest, tax, depreciation, amortisation and exceptional items.

1.4 times

2009: 1.8 times

