SCAPA GROUP PLC

2006/2007

PRELIMINARY RESULTS

ANALYSTS' PRESENTATION

7 June 2007

Highlights

- Underlying[§] sales 6% up due to growth in Europe following operational improvement initiatives
- Trading Profit* of £7.0m - £1.6m up on last year's result despite £1.2m detriment from currency and £0.6m due to business disposals (£3.4m up on an underlying[§] basis)
- Positive headline[§] earnings per share for the first time in 6 years
- Further stage of major cost reduction programme put in place - cost of £1.5m with estimated annual savings of £1.2m
- Sale of three businesses during the year. Total net proceeds £23.0m with a combined profit on disposal of £11.9m
- New legal cost apportionment agreement on asbestos saving £0.5m of cash in the full year - exceptional credit in year of £0.9m. Over 12,500 claims (40% of total) dismissed since March 2006

[§] Underlying sales and trading profits adjust for business disposals, currency and exceptional items. Headline earnings per share adjust for business disposals and exceptional items.
* Operating Profit before exceptional costs, impairments and profit on business disposals

Strategic Review Update

- Business Spread
  - Focus on core speciality tapes
  - Disposal of our small loss-making Irish distribution business for £1.0m - completed on 19 June 2006
  - Disposal of our Megolon compounding business for £16.75m - completed on 13 October 2006.
  - Disposal of our Lymington sealants business for £4.9m - completed on 9 February 2007
- Operations
  - Turnaround of loss-making operations continues
  - Emphasis on relentless cost reduction
  - Further stage of major cost reduction programme actioned - total cost to date £4.1m, annual savings in ongoing businesses £3.5m

Profit and Loss Account

£m	Year Ended 31.3.07	Year Ended 31.3.06
Sales	184.3	191.5
Trading Profit*	7.0	5.4
Profit on disposal of businesses	11.9	-
Exceptional Costs	(0.3)	(3.3)
Impairments	(2.9)	(13.7)
Operating Profit/(Loss)	15.7	(11.6)
Bank interest and finance costs	(2.8)	(2.9)
Profit/(Loss) before tax	12.9	(14.5)
Taxation	0.4	(0.8)
Profit/(Loss) after tax	13.3	(15.3)
ROS	3.8%	2.9%
Headline EPS	1.1p	(0.1)p

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Profit and Loss Account

- Underlying sales increase of 6% with good growth in our European operations
- Margins eased a little due to raw material price pressures
- Benefit of cost saving initiatives
- £0.7m detriment primarily from weaker US$ - translation effect plus net loss on terminated currency swaps
- Current year tax charge of £3.5m due to the tax paying position in Canada, France and the USA offset in part by prior year tax credits of £0.9m to give a net charge of £2.6m
- Benefit in tax charge of £3.0m due to resolution of historical issues
- Group ROS up to 3.8% from 2.9% last year
- Positive headline earnings for the first time in 6 years

Profit on Disposal of Businesses

£m	Ann Sales 2005/06	Gross Proceeds	Profit/(Loss) on Disposal
Irish distribution - completed 19 June	4.4	1.0	(0.1)
Megolon compounding - completed 13 October	20.3	16.8	9.4
Lymington sealants - completed 9 February	7.0	4.9	2.6
	31.7	*22.7	11.9

* Excludes estimated working capital release of £2.0m, disposal costs of £1.5m and grant repayment of £0.2m. Proceeds include deferred consideration of £0.4m

Exceptional Costs

	Year Ended 31.3.07	31.3.06
Reorganisation costs*	1.5	2.4
Dilapidations, onerous lease provisions and other	0.2	1.0
Movement in asbestos litigation costs provision	(0.9)	-
Profit on disposal of residual properties	(0.5)	(0.1)
	0.3	3.3

*2006/7 European restructuring following Megolon and Lymington disposals. 2005/6 European and North American redundancies, consolidation and closure of Corporate HQ. Total annual savings £3.5m in ongoing businesses.

Impairments

		Year Ended 31.3.07	31.3.06
Goodwill:			
2005/6 -	Lusa, CCL, Medifix & Boldscope acquisitions	-	10.9
2006/7 -	China	0.1	-
Fixed asset carrying values:-			
2005/6 -	UK, Korea and Lusa US	-	2.8
2006/7 -	Ashton & Rorschach sites	2.8	-
		2.9	13.7

Geographic - Europe

£m	Year Ended	
	31.3.07	31.3.06
Sales	111.2	117.1
Trading Profit*	2.1	0.7
ROS	1.9%	0.6%

- Three business disposals in the year reducing sales by £14.1 and trading profits by £0.6m
- Strong underlying sales growth of 8% with major gains in the automotive, construction and printing and graphics markets
- Improved customer service
- Increase in raw material/energy costs offset in the main by sales price increases
- Cost savings in year due to the three-phase reorganisation programme £2.1m

* Operating Profit before exceptional costs, impairments and profit on business disposals

Geographic - North America

£m	Year Ended 31.3.07	31.3.06
Sales	65.3	66.7
Trading Profit*	7.6	7.7
ROS	11.6%	11.5%

- Underlying sales (in currency) up 3%
- Medical, sports and entertainment and cable sales increases
- Automotive sales down and construction flat due to depressed market conditions
- Raw material/energy cost increases partly offset by selling prices
- Carlstadt fire in the second half of the year impacted performance - exceptional cost £0.2m
- Tight operating control and savings initiatives helping margin maintenance
- Underlying profit £0.4m up before £0.5m detriment on translation due to weaker US$

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Geographic - Asia

£m	Year Ended	
	31.3.07	31.3.06
Sales	7.8	7.7
Trading Profit/(Loss)*	0.2	(0.1)
ROS	2.6%	(1.3)%

- Underlying sales 3% up on prior year
- Negative impact of movement in Korean Won on regional competitiveness
- Change in senior management and team structure
- Improving performance in the second half - profit £0.25m
- £1.0m Megolon distribution account terminated at year end - net impact after cost reduction initiatives £0.1m pa

* Operating Profit before exceptional costs, impairments and profit on business disposals

Corporate

£m	Year Ended	
	31.3.07	31.3.06
Central costs	2.8	3.4
Loss/(gain) on currency swaps	0.1	(0.5)
Net costs	2.9	2.9

- Changes in senior management team
- Intense focus on costs including reduction in the number of support staff and rationalisation of workload with European team
- £0.1m loss on currency swaps (£0.5m profit in previous year). Now terminated
- Seamless move to AIM made on 22 August - exceptional cost of £0.1m
- Lease assigned on the former Blackburn HQ - £0.2m credit to exceptional costs
- Profit on the sale of residual properties £0.5m (£0.1m in 2005/6) - credit again taken to exceptional

Cash Flow

£m	Year Ended 31.3.07	Year Ended 31.3.06
Trading Profit*	7.0	5.4
Depreciation	5.0	6.4
Change in working capital	(1.3)	(2.8)
Capital expenditure	(2.8)	(2.7)
Interest/Tax	(1.8)	(2.1)
Reorganisation costs	(1.5)	(2.4)
Other	0.4	-
	5.0	1.8
Sale of businesses/property	23.1	-
Asbestos litigation	(0.5)	(1.4)
Pensions top-up	(3.8)	(3.3)
	23.8	(2.9)
Waycross deposit release	-	5.7
Net cash inflow	23.8	2.8

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Cash Flow

- Working capital - outflow due to increased activity as well as raw material price increases
- Capital expenditure - tight control continues
- Reorganisation costs - major programme in place; third stage now actioned
- Sale of businesses - net proceeds from disposals including £2.0m of working capital released less £0.2m of grants repaid
- Asbestos litigation - major expenditure reduction with lower legal activity and new legal agreement
- Pensions - additional £3.3m legacy top-up continues plus £0.5m relating to the sale of our Irish subsidiary
- Waycross deposit release of $10m in 2005, final $10m due in 2011
- Secured borrowings repaid in full in October from the proceeds of the Megolon disposal. Facility finally terminated in March and replaced by a committed unsecured line of $15m

Pensions

- IAS 19 deficit at 31 March 2007 £58.3m following improvement in discount rates, updated actuarial assumptions re future accrual, etc, and cash payments made into the Schemes during the year
- Sale of our Irish subsidiary triggered a Section 75 debt which will be funded progressively over a 4-year period, using in part the £0.9m net disposal proceeds as these are received. In addition further payments of £0.6m p.a. will be made over the next 3 years
- Revaluation of all 3 pension funds at 1 April 2006. Closure of schemes to future accrual in progress. Discussions ongoing with the Trustees/Pensions Regulator on future funding levels. A separate market update will be provided as soon as these are concluded
- Other initiatives under review to reduce the deficit further with an update to be provided later in the year with the Interim results

Asbestos Litigation

- Provision for anticipated legal costs over the next 10+ years at 31 March was £6.8m
- Robust defence continues with one court case in process at present where a verdict is expected in the next day or so
- Step reduction in outstanding litigation with over 12,500 plaintiffs dismissed in last 6 months - 40% of total outstanding claims
- Discussions with insurers for a reduction in our share of legal costs concluded, with our share to halve for the 3 years commencing 1 April 2006
- Provision for anticipated legal costs reduced by £0.9m giving rise to a credit to exceptional costs

Balance Sheet

£m	Year Ended 31.3.07	Year Ended 31.3.06
Goodwill	9.8	11.2
Fixed assets	33.5	46.9
Operating working capital	26.0	32.5
Other provisions	(3.2)	(3.8)
Tax	2.1	1.1
	68.2	87.9
Provision for asbestos litigation	(6.8)	(8.8)
Waycross deposit	5.1	5.7
Pension deficit	(58.3)	(63.4)
Net (borrowings)/cash	11.2	(13.2)
Net assets	19.4	8.2

Outlook

- Markets
  - Impact of US weakness on domestic automotive producers/construction markets
- Margins
  - Oil price stability but still at relatively high level
  - Upward pressure on certain raw materials moderating a little
- Current Trading
  - US volumes strengthened a little in last few months with Europe continuing to show positive volume trend
  - Trading in April and May in line with expectations
  - Further internal initiatives to improve performance following business disposals and phase three of rationalisation programme

Summary

- Major progress on trading with strong ongoing performance in North America and improvement in Europe due to the operational initiatives put into place in the last 18 months
- Transformation in the financial position of the Group with elimination of debt following the sale of three businesses during the year
- Progress on legacy issues with new legal cost apportionment on asbestos. Funding discussions underway on pension deficits
- Good start to the year with performance after two months in line with expectations