



Delivering managed procurement and business critical services

Preliminary Results

for the year to 31 December 2010

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2010 highlights

Revenue increased to £207.6m, business critical services division scaled – many opportunities for growth created



2010 highlights

- Group revenue increased 10.8% to £207.6m (2009: £187.5m) reflecting beneficial impact of acquisitions
- Gross profit increased to £58.8m (2009: £57.5m)
- Underlying profit before tax fell to £11.2m (2009: £13.1m) reflecting impact of external events
- Final dividend maintained of 7.8p per share (2009: 7.8p), making a total dividend per share of 11.4p (2009: 11.4p)
- Net indebtedness of £31.4m (2009: £27.8m) includes cost of acquisitions (£1.4m) and the consequent non-recurring integration costs (£3.9m).

But for these costs, net debt would have been £26.1m.



2010 highlights

- In H1:
 - strong Q1 trading
 - acquired trade and assets of the business process outsourcing (BPO) division of The Print Factory (TPF) - now integrated and profitable
 - TPF customer base secured and supplier confidence restored
- In H2:
 - downturn in public sector sales volumes and margins following the General Election in May
 - adverse weather conditions impacted Q4 results
 - exceptional costs incurred to integrate TPF and rationalise underlying cost base



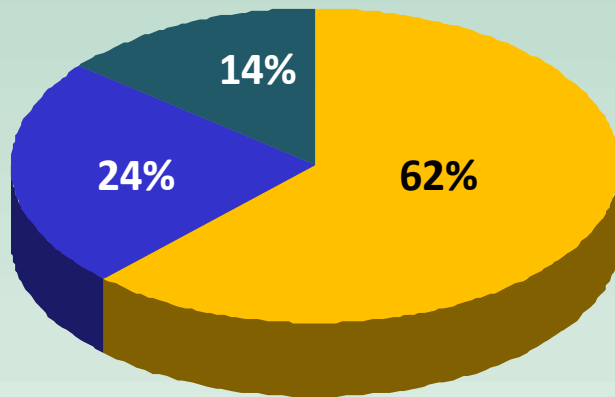
2010 highlights

- A challenging year where we responded rapidly. o2o is now:
- **A better balanced business**
 - the public sector is now only 38% of our revenue
 - the acquisition of TPF gives us scale in BPO - we are now much more than “just a stationer”
- **A more efficient business with three key business areas**
 - AccessPlus and TPF fully integrated and rebranded as “Banner Managed Communication” (BMC)
 - warehousing operations rationalised
 - Group cost to serve as a % of sales further reduced to 9.3%
- **A business with great opportunities**
 - “Closed Loop” proposition strengthened by 100% ownership of Banner Document Services and new partnership with PHS Datashred, a trading division of Personal Hygiene Services Ltd (PHS)
 - BPO activities (BMC) is now an increasingly significant and growing profit contributor to the Group
 - other substantial commercial opportunities in active development



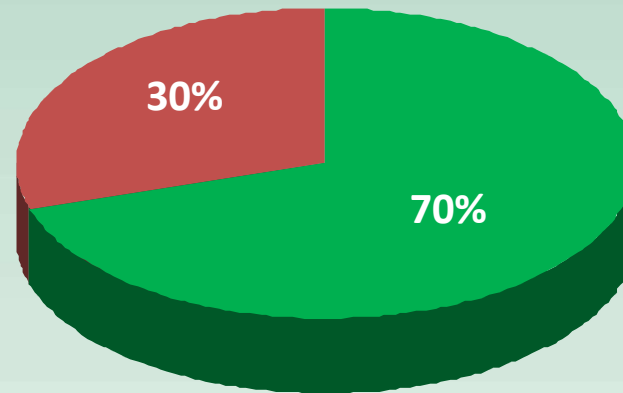
A better balanced business

Group sales by sector



- Corporate/private sector
- Public sector
- Outsourced public to private

Sales by segment



- Managed procurement
- Business critical services

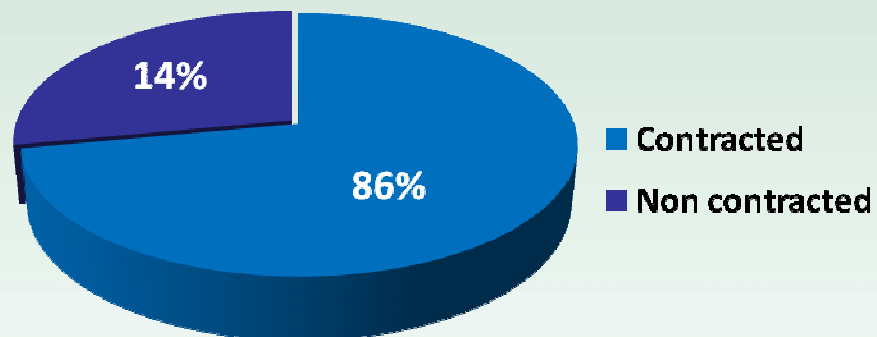




Managed procurement

70% of Group sales

“Open book” managed procurement model gaining traction



Banner Business Services (BBS)

What we do	BBS helps our clients reduce their costs for non-core office products and services, transparently, ethically and sustainably
Who we do it for	BBS - for larger, blue-chip organisations and the public sector Accord - for the SME sector
Challenges	Public sector business declined sharply post General Election: <ul style="list-style-type: none"> • behavioural change towards greater compliance • growing demand for lower margin core products, at the expense of higher margin lines
Our response	Engaged with Government at a senior level, delivering savings and securing an extended term on our largest framework
Themes	Corporate & SME business resilient (market has stabilised following the banking crisis in 2009) Market size £5.5bn pa: Corporate & Public £2.5bn, SME £3bn
Outlook / Priorities	Cross selling business critical services into existing managed procurement accounts



OPPORTUNITY
**Growing market share by
 leveraging our “open book” managed procurement model**

Material 'wins and retentions'

Retentions – of which £12m converted to “open book” managed procurement model



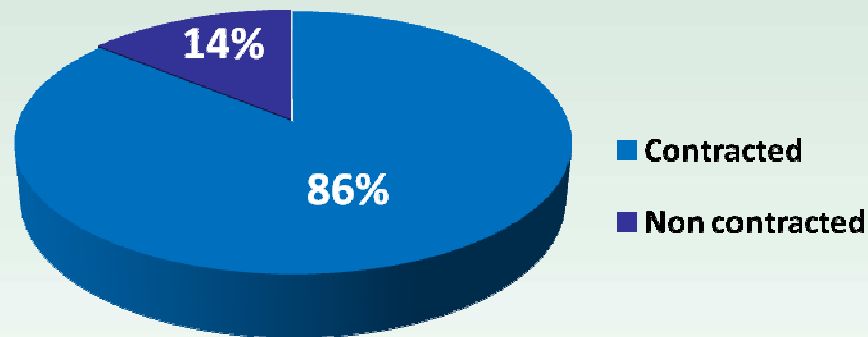
New business





Business critical services

30% of Group sales and growing



Banner Managed Communication (BMC)

What we do	BMC is an outsourced business process provider, managing our clients third party communications through: <ul style="list-style-type: none"> • print & document management • marketing services • direct marketing • consultancy
Who we do it for	Mainly private customers of all sizes
Challenges	Integration of TPF, rectification of brand damage resulting from administration
Our response	<ul style="list-style-type: none"> • Customer base secured • Relationships with key suppliers stabilised • New MD appointed • “Noah’s ark” (two of everything) rationalised • Closed TPF warehouse at Irthlingborough • Rebranded BMC to leverage strength of Banner brand • Now stable, profitable and cash generative
Themes	<p>Corporate business resilient (market has stabilised following the banking crisis in 2009)</p> <p>Market size £20bn pa – sub sector of £120bn pa wider BPO market</p>
Outlook / Priorities	Scale & capability reflected in number of new business wins



OPPORTUNITY
**Significant growth potential -
 leverage our scale in growing £20bn market**

New business 2010

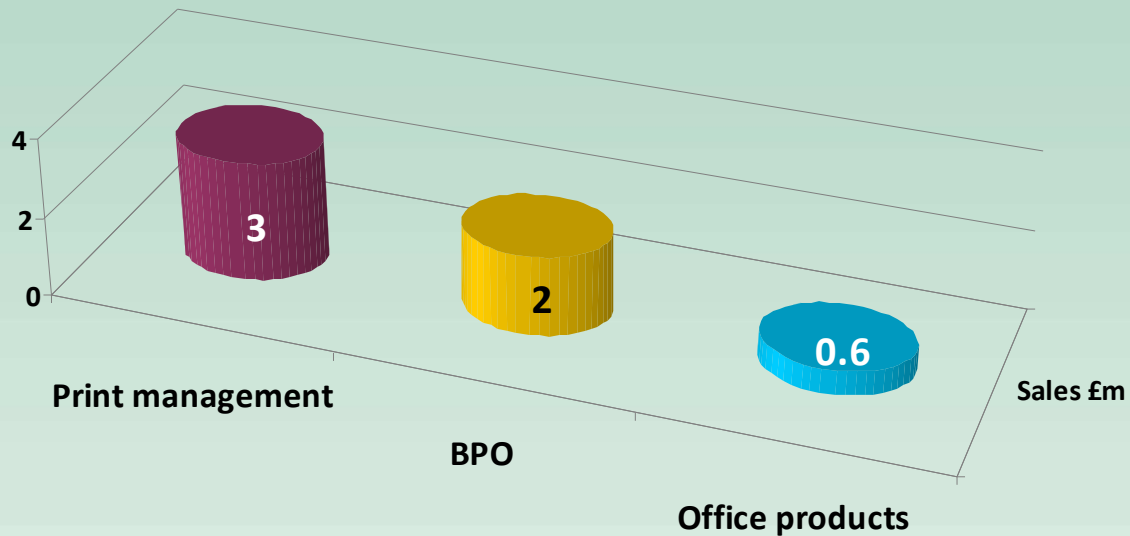


Banner Document Services (BDS)

What we do	BDS provides our clients with a secure shredding and recycling service for paper and other materials "Closed Loop" – currently 2% of Group sales
Who we do it for	Corporate customers of all sizes and public sector ("Closed Loop")
Challenges	Joint venture with Shred Easy – o2o didn't have full control Highly competitive market place
Our response	Acquired Shred Easy's minority interest – o2o has complete control New partnership with PHS – allows us to offer wider services in an enlarged geographical area at a lower cost (through greater scale) "Closed Loop" is trademarked and patent pending
Themes	Leader in "Closed Loop" likely to be included in forthcoming Government tender for office products - size of market £300m
Outlook / Priorities	Tender likely to encompass all Central Government Departments Key opportunity for growth to replace declining public sector sales volumes elsewhere



OPPORTUNITY
Leverage our unique "Closed Loop" service to the corporate and public sector

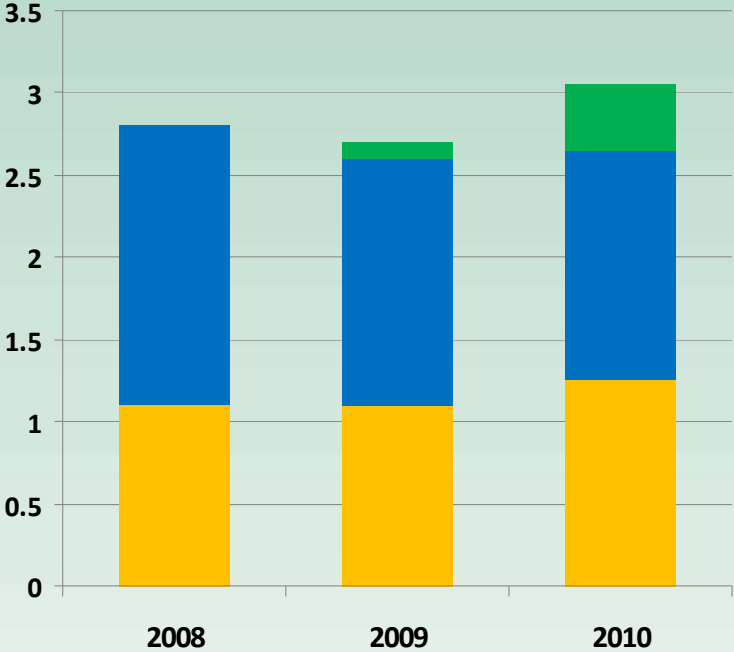


Provision of outsourced marketing operations and office product procurement

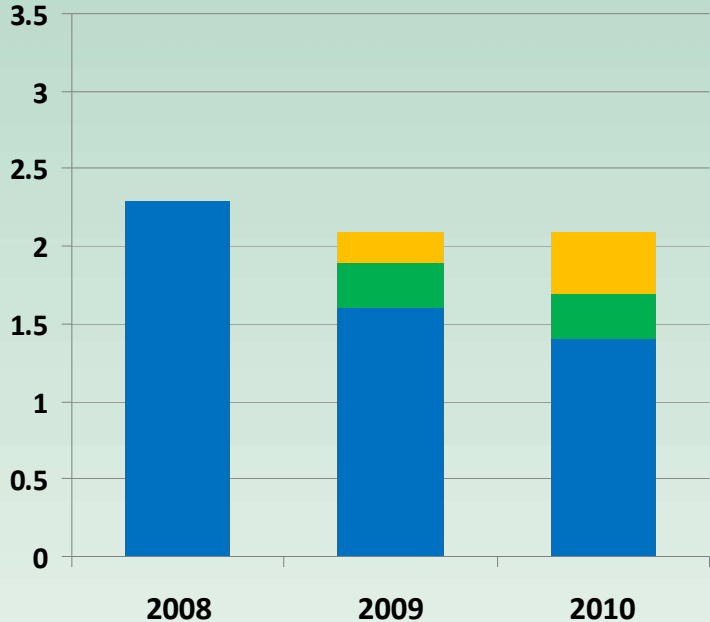
- Print management
- IT document / database design
- IT transactional / bill printing
- Direct mail & 1:1 digital (IFA network & direct to consumer)
- Warehouse & distribution including postage solutions
- Scanning / data capture
- Mailroom
- Electronic and physical archiving
- Design
- Office products – managed procurement

Cross-selling case studies

BMI Healthcare



skandia /Old Mutual



■ Office products
 ■ Print management
 ■ BPO
 ■ Print management
 ■ BPO
 ■ Office products



Financials



Income statement

	2010 Full Year £'m		2009 Full Year £'m
Revenue	207.6	+10.8%	187.5
Gross margin %	28.3%		30.7%
Underlying profit before finance costs and income tax*	12.2		14.0
Finance costs	(1.0)		(0.9)
Underlying profit before income tax	11.2	-14.9%	13.1
Share option costs	(0.1)		(0.4)
Non-recurring costs	(5.3)		(3.6)
Negative goodwill	0.2		0.0
Amortisation	(1.4)		(1.0)
Profit before tax ("statutory")	4.6		8.1

*Underlying profit before finance costs and income tax, non-recurring costs, amortisation, negative goodwill and share option expense



Balance sheet

	2010 Full Year £'m	2009 Full Year £'m
Non current assets		
Intangible assets	61.1	58.3
Plant and equipment	3.2	3.4
Deferred tax asset	1.8	1.2
	66.1	62.9
Current assets		
Stock	6.0	6.4
Debtors	28.8	24.1
Cash*	3.7	6.0
	38.5	36.5
Creditors <1 year	(41.4)	(37.5)
Borrowings <1 year*	(14.4)	(10.3)
Borrowings >1 year*	(20.7)	(23.5)
Deferred tax liability	(3.0)	(2.2)
Provisions	(2.7)	(3.1)
	22.4	22.8
Net assets		
Stock days	14	18
Debtor days	35	34
Creditor days	74	79
Net debt*	(31.4)	(27.8)



Cash flow statement

	2010 Full Year £'m	2009 Full Year £'m
Operating profit (before share options, amortisation and negative goodwill)	12.2	14.0
Non-recurring costs	(5.3)	(3.6)
Depreciation	0.8	1.0
Working capital movement	(2.7)	0.3
Cash generated from operations	5.0	11.7
Finance costs	(1.0)	(0.9)
Tax paid	(1.3)	(2.8)
Net cash generated from operating activities	2.7	8.0
Increase in finance leases	(0.2)	(1.0)
Purchase of property, plant and equipment	(0.4)	(1.1)
Acquisitions*	(1.6)	0.0
Dividends	(4.1)	(4.0)
Net movement	(3.6)	1.9
Net debt movement		
Net debt at 1 January	(27.8)	(29.7)
Cash generated from operating activities (before non-recurring costs)	8.0	11.6
Increase in finance leases	(0.2)	(1.0)
Purchase of property, plant and equipment	(0.4)	(1.1)
Dividends	(4.1)	(4.0)
Underlying net debt at 31 December	(24.5)	(24.2)
Acquisitions*	(1.6)	0.0
Non-recurring costs	(5.3)	(3.6)
Net debt at 31 December	(31.4)	(27.8)

* Includes £0.2m dividend paid to minority interest in BDS at time of acquisition



Outlook



Outlook

- o2o is now truly more than “just a stationer”
- Our Banner Managed Communication activity is sizeable, cash generative and profitable, positioned to take advantage of the economic upturn
- Public sector sales volumes appear to have stabilised and whilst an important customer group now only represents just over one third of the Group’s revenues
- The forthcoming Central Government tender for office products and “Closed Loop” services is a key opportunity and threat for 2011
- We remain focused on delivering cross-selling opportunities, leveraging the Banner brand
- Q1 2011 is robust and in line with expectations, new business wins total **£5m across the Group**
- We are engaged in a number of material commercial opportunities, Groups sales pipeline in excess of £150m pa





Thank You