

7 March 2001

FINAL RESULTS FOR THE YEAR TO 31 DECEMBER 2000

communisis plc, the information management and communications business, announces its final audited results for the year to 31 December 2000.

HIGHLIGHTS

- Group restructuring completed earlier than expected
- 10 non-core businesses divested in the year, realising £221 million gross
- Turnover at £194 million (6 months to 30 June 2000: £74 million), operating profit before goodwill amortisation: £18 million (6 months to 30 June 2000: £7 million)
- Strong financial base for growth. Year-end borrowings of £7m
- IBM alliance formed to develop CRM
- communisis is the UK's leading personalised communications group with a market capitalisation of £269 million.

Commenting on the results David Jones, Chief Executive of communisis plc, said:

“We have now successfully re-positioned the group as the UK's leading provider of data driven personalisation products. Across our five divisions, we are enabling our clients to communicate more effectively with their customers and we continue to see our businesses develop stronger trading relationships with our client base particularly in the financial services sector.”

For further information, please contact:

David Jones, Chief Executive
communisis plc

Tel: 0113 277 0202

Andrew Lipinski, Finance Director
communisis plc

Tel: 0113 277 0202

William Clutterbuck/Nick Freer
The Maitland Consultancy

Tel: 020 7379 5151

Chairman's Statement

Following the acquisitions of Waddington PLC (Waddington) and the Printing Division of Rexam plc (RPD) for respectively £287m and £87m early in the financial year, your company has now completed the promised major re-focusing of its activities ahead of schedule.

The integration of the core Waddington and RPD businesses has been successfully accomplished and the five trading divisions together constitute the information management and communications business going forward.

The name change to communisis plc signalled the completion of the rapid transformation in 2000 culminating in the re-classification of the share quotation to Support Services within the FTSE Index.

Disposal programme completed

The disposal programme involved ten transactions and shortly after the end of the half year the largest of these was completed when the Food Services Division of Waddington was sold for £145m before costs.

Toughening lending criteria in the US and generally reduced trade buyer interest in packaging resulted in more protracted negotiations for disposing of the former Waddington Pharmaceutical Division. This was eventually sold in two separate parts, the US and UK, for £31m and £29m gross respectively.

The sale of Rexam Envelopes to Bong, the European market leader in envelope production, and Howitt to a management buy out team, apart from raising £7.5m and £5m respectively, emphasised the group's commitment to strategic alliances with its suppliers as the group moved away from non-personalised commercial print.

Completion of the smaller disposals of Cartonmaster, Johnsen & Jorgensen, Essex Business Forms, and John Mansfield Timber and Studios separately, was achieved through the year for approximately £4m in total.

Minimum borrowings

Your company had peak borrowings in April 2000 of £242m just after the major acquisitions and completion of its strategic review. The balance sheet at the year end shows only £7m of net debt, reflecting the importance of completing the disposal programme and providing a secure platform for growth going forward.

This will enable the group to have maximum flexibility with its investment programme and acquisition policy in 2001.

Final results

The profit before interest and taxation on continuing operations was £18m on sales of £194m, a 9.3% return on sales (ROS) overall. The performance of each division is disclosed in the accounts, which include eleven months of ex-Waddington and eight months of ex-Rexam printing businesses.

The result is in line with market expectations and has moved us strongly towards the minimum 10% ROS target highlighted at the interim stage.

At the half year it was indicated that there would be non-recurring exceptional items representing the costs of streamlining manufacturing capacity linked to the reduction in commercial print undertaken. Accounting standards dictate that all the planned exceptionals cannot be provided for in these accounts and accordingly approximately £5m will be charged in 2001.

Strategic alliance

In December 2000 it was announced that a strategic technology alliance had been created with IBM with a view to developing the group's Customer Relationship Management (CRM) business within the e-comms division.

The signs are very encouraging that the group can develop significant trading relationships with its customer base, especially in the financial services sector. Your directors believe that CRM represents a major opportunity for communis in an important emerging industry.

communis has evolved very quickly since its printing and packaging roots were first disturbed in March 2000 and the alliance with IBM will create exciting new opportunities for the company in the months ahead.

Dividend policy

The Board continues to review dividend policy but at this stage believes it is in the best interests of its shareholders to conserve resources for future development. It is the Board's intention to pay a dividend in respect of the 2001 financial year.

Stuart Wallis
Chairman

Chief Executive's Report

communisis plc (formerly John Mansfield Group plc) was transformed during 2000 from a small timber company to an information management and communications group, with a platform for growth through Customer Relationship Management (CRM).

The transition process included:

- Waddington PLC acquired
- Rexam Printing Division acquired
- Executive Management Committee (EMC) and operating structure formed
- Name changed
- Reclassified to Support Services
- Disposal programme, 10 businesses, completed
- Cost base reorganisations more than 50% complete
- IBM technology alliance launched
- CRM/personalisation strategy developed

The review of 2000 is based upon the five operating divisions that report through the EMC. However, despite the traditional divisional structure, the essential culture of communisis means that there are no borders or barriers to open communications and freedom of expression. The flat operating structure ensures that a single agenda binds the group. High-end printing technology links the five divisions, embracing depositing and coating through to offset and our unique capability in personalisation via medium to long run Scitex, laser and short run full colour variable digital. Strong financial control and focus on cash generation underpin our primary growth objective.

The growth of your group will come through CRM and personalisation products using emerging technology based upon our very strong customer base of predominantly financial institutions, and complemented by UK and European blue chip customers in the Color Solutions division.

As an example of our progress to date, in November 2000 we won the Marketingfile.com 'Lists & Databases' gold award for our work on British Airways Executive Club News. communisis worked with British Airways in an ongoing programme to improve its communications and targeting. Raw transactional data supplied by loyalty scheme Air Miles was combined with lifestyle and destination records from BA. Each member was then segmented using software created by communisis. The use of variable digital images from the airline's customer magazine combined with data and individual textual messages meant that documents could be created instantly for each member, with no two being alike. This sophisticated development of its membership files has meant that BA can produce relevant, targeted communications in an extremely cost-effective way. High value customers can be targeted individually with totally personalised documents according to their profile and purchasing history.

e-comms

Turnover £4.4m, ROS 24.9%

The e-comms division is the growth engine supported and fed by the other communisis operations. During 2000 it was separated into two operating companies, communisis one and communisis CRM. During 2001, communisis two will be added to the family. Based in a Brussels science park it will be the European equivalent to communisis one, the essential areas of operation being digital asset management (formerly reprographic and typesetting), creative design, multi media and colour digital print.

During 2000 investment was made in communisis one to extend its facilities and instal state of the art colour digital print.

As a complement to the communisis one emerging group of 'creative agencies' there was a growing need through 2000 for a separate company to embody the application of new communications technologies. communisis CRM was set up to develop core capabilities in systems integration, data capture and manipulation, database management, internet technologies, electronic communications and business intelligence systems; in short the capabilities to supply customer relationship management, strategy, tactics and products. In support of this objective we have restructured the communisis chorleys computer bureau to make it an independent production facility, self sufficient and self managed to release the expertise we need for CRM.

communisis CRM will be the link with IBM who will provide technical and consulting resource in support of the targeted key customer programme to deliver CRM/personalisation products.

Direct Marketing

Turnover £77.9m, ROS 10.8%

The Direct Marketing division is made up of communisis chorleys and communisis broadprint.

communisis chorleys has for some time been the UK market leader in direct mail and has additionally benefited from the transfer, mergers and conversions that have over the past five years typified the financial institutions marketplace. In 2000 the Bradford and Bingley conversion was won and managed by communisis chorleys. The business has invested substantially in IT, personalisation and people. In the future, extra manufacturing capacity will be held remotely through strategic alliances such as those with Howitt, for commercial print, and Bong, for envelopes.

communisis broadprint has class leading facilities for the production of large volume direct mail packs. Acquired as part of the Rexam Printing Division, the business came with significantly underutilised capacity. During 2000 activity increased in part from direct sales effort together with the transfer of direct mail work that had been manufactured at Howitt, the business sold towards the end of 2000 and with which we retain a trading relationship for commercial print. communisis broadprint enters 2001 with a strong sales base.

Document Services

Turnover £63.6m, ROS 7.6%

The UK Document Services division is the leader in the business stationery market and is a fundamental part of communisis plc's offering to the major financial institutions. Document Services works particularly closely with the Security Products and Direct Marketing divisions. During 2000 much work was done to reduce the cost base including rationalisation of manufacturing facilities from three to two sites. This, together with the development of higher added value personalised products, will improve ROS further in 2001.

In Europe we are using our Document Services Brussels base as the launch pad for communisis two. With strong sales capability in Belgium and The Netherlands we intend to leverage our existing customer base which is urging us to bring on stream e-products for Europe. Year 2000 saw vital cultural and organisational change in our European businesses with sales and profit improvement expected in 2001.

Security Products

Turnover £24.0m, ROS 11.0%

communisis Security Products division is the UK market leader in the manufacture of cheque and credit products for use in both retail and corporate financial communications. We are sole suppliers of these strategic products to a number of financial institutions and during 2000 won 100% of LloydsTSB cheques and credits. Like its sister division, Document Services, this business is key to communisis plc's position with the major UK financial institutions. We are entrusted with our customers' secure data as well as secure production. In our Crewe facility we are the largest personaliser of its type in the world.

With a substantial share of the UK market, we continue to reduce costs and to improve service for our customers. Four manufacturing facilities will be reduced to three during 2001 without affecting overall capacity.

Security Products' customer relationships are vital to the development of communisis plc and the drive for growth through CRM/personalisation products. In addition the division is expected to continue to contribute strong profits and cash.

Color Solutions

Turnover £30.9m, ROS 10.2%

The Color Solutions division gives the group several additional dimensions through its colour cards and labels businesses: international with locations in the UK, Europe and North America; blue chip global customers in decorative, automotive, cosmetic and fmcg; highest quality print/depositing processes; strong e-products link with traditional manufacturing in several sectors.

The division is expected to continue to deliver 10% ROS and good cash generation whilst offering opportunities for communisis e-comms through communisis two and communisis CRM.

communisis two is expected to be in operation during the second half of 2001. communisis CRM, although in its infancy, has already had enquiries from customers of the Color Solutions division.

David Jones

Chief Executive