

29 November 2011

St Ives plc – Interim Management Statement

St Ives, the UK's leading marketing services and print group, is today publishing its Interim Management Statement covering the period from 30 July 2011 to date.

We are pleased to report that we have made a good start to the current financial year with sales for the 13 week period ending 28 October 2011 approximately 10% ahead of the corresponding period in the prior year. This increase is predominantly from both acquisitive and organic growth in our marketing services segment, whilst sales across the print businesses are broadly in line with last year, despite the ongoing tough economic climate.

We continue to make good progress with our strategy to reposition the business away from commoditised print markets and toward higher added value services that are complementary to our print offering. The recently acquired Response One and Pragma businesses have been successfully integrated and have significantly strengthened and extended the Group's marketing services capabilities. We are very pleased to have acquired these businesses and, building on the success of our previous acquisitions, Occam and Tactical Solutions, we are already exploring opportunities to cross sell their services to existing customers as well as including them in our broader customer proposition.

As a result of the ongoing structural changes in our traditional print markets, we have proposed the closure of our Westerham and Blackburn manufacturing sites, which print company reports and CD/DVD inserts respectively.

Print

Despite the difficult trading conditions we have managed to maintain overall print sales in line with last year, achieve further cost reductions and gain additional market share. The commercial print market remains fiercely competitive and significant excess capacity continues to exert pressure on price. However, our book business remains very strong and our eBook strategy has been enhanced by our recently announced investment in the eBook conversion software provider, Evolved Group. Our point of sale business continues to make progress and there are some signs that the market for large format graphics is improving ahead of the 2012 Olympics.

Marketing Services

From a standing start we have successfully built a credible and extensive range of marketing services capabilities through acquisition and organic development. In addition to being individually strong businesses, our combined range of complementary services create a unique proposition which presents the Group with good opportunities for growth and margin improvement. We will continue to invest carefully in all of these businesses and to seek further selective acquisitions.

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Outlook

The economic climate is challenging and margins remain under pressure, requiring us to keep the cost base of the Group under close review. The Group's financial position remains strong and the necessary restructuring of those businesses exposed to commoditised print markets is nearing completion. Whilst visibility is poor and there are no signs of improvement in underlying market conditions, we remain confident that the actions we have taken to strategically reposition the Group will enable us to make further progress this year.

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