



30 September 2008

**RPC Group Plc (“RPC” or the “Group”)
Pre-close trading statement and strategic review update**

Trading statement

As detailed in RPC’s July Interim Management Statement, the Group’s operating profit (before restructuring costs and impairment losses) for the first half is expected to be lower than that of the first half of 2007/8, due to increases in polymer prices and other input costs and challenging underlying economic conditions in some of the markets the Group serves.

We are making significant progress in increasing selling prices across all our end customer markets. When combined with recent favourable developments in polymer pricing, the Board of RPC (the “Board”) expects margins for the second half of 2008/9 to improve.

A decision has been taken to rationalise the Beaute operations and combine them within the Bramlage Wiko cluster. Exceptional costs for the first half will include the cost of this restructuring and in particular the closure of the Mozzate site.

With improving overall pricing dynamics and the upcoming finalisation of the strategic review, the Board of RPC (the “Board”) looks to the future with confidence. A significant part of the Group’s sales are into market segments with solid defensive qualities which provide some protection from the challenging economic backdrop for volumes.

RPC will announce its interim results for the six months ended 30 September 2008 on 28 November 2008.

Strategic review update

As previously announced, the Board has initiated a detailed strategic and performance review covering each of the Group’s business clusters. The resultant strategies are being reviewed with emphasis on the sustainability and growth of return on invested capital. Rothschild, PricewaterhouseCoopers and King Sturge have been engaged to assist the Board in carrying out the strategic review.

We are part way through this strategic review process with the following initial conclusions:

- Overall the Group is focusing on attractive rigid plastic packaging sectors where RPC has strong market positions and good long term prospects.
- Through operating in the three manufacturing processes (injection moulding, thermoforming and blow moulding) and by organising the business into six clusters, RPC provides its customers with a strong product offering on a competitive basis.
- RPC has achieved its current position as a result of both organic growth and a series of acquisitions, however there is a wide range of differing performance levels across the Group’s businesses. A key focus of the strategic review process is therefore to evaluate the scope for improving operational performance through further plant optimisation and rationalisation.



- Detailed work is being carried out to quantify the scope for and cost of improvements in each of these areas. However, it is already evident that a number of plants either do not fit within the overall strategy of the Group or are unlikely to meet the required financial performance within an acceptable timeframe. The Board is therefore proposing to close a minimum of six plants (including Mozzate) and sell a minimum of a further two operations. Management is confident that customer commitments will be met and a significant proportion of current production will be transferred to other facilities within the Group. This initiative is expected to improve group profitability, the benefit of which should become evident during the course of next year.
- The Board also believes that there are further opportunities to improve performance across the retained operating units through a range of actions including continued cost optimisation, more centrally coordinated procurement and improved working capital management.

A coherent plan of action drawing on the conclusions of the strategic review is being formulated which is expected to improve profitability and have a significant positive impact on the Group's return on invested capital. More details will be given on 28 November 2008 which will identify the expected benefits, costs and timetable of the programme.

Board composition

A decision has been taken to simplify the Board structure and ensure compliance with the Combined Code. By the time of the next Annual General Meeting, the Board will comprise a Chairman, three independent non-executive directors and three non-independent directors, including Ron Marsh, Chief Executive and Pim Vervaat, Finance Director.

Commenting on this announcement, Jamie Pike, Chairman of RPC said:

“RPC is entering the second half on a more positive note with improvements in our overall pricing position. The trading conditions RPC faces are challenging, however I am convinced that regardless of external circumstances there is further significant scope to improve the business.”

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