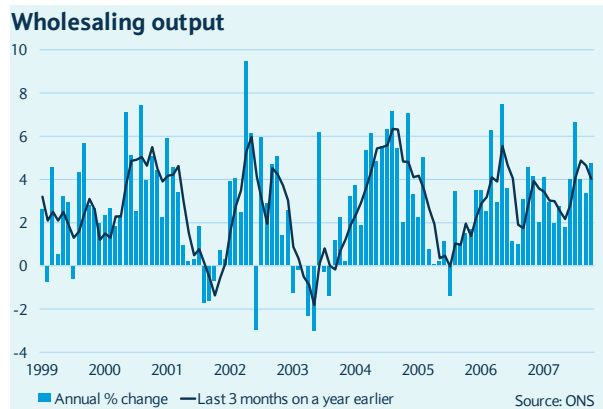


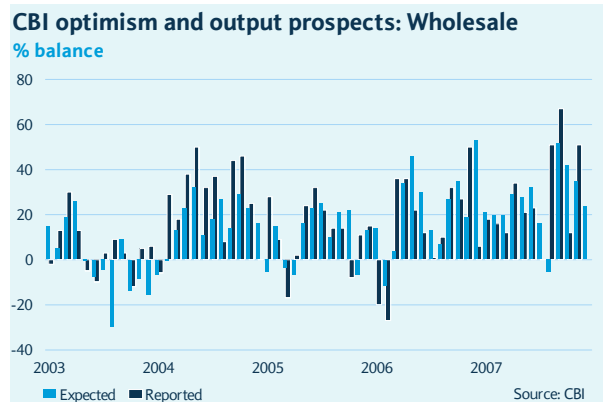
Wholesaling Review

December 2007

Sector Overview



Wholesaling sector output grew by 4.7% in the year to October according to official government data while the underlying rate of growth was 4.0% in the three months to October compared with the same period a year ago.



- The November CBI Distributive Trades survey reported that sales volumes (i.e. turnover adjusted for inflation) exceeded expectations by a balance of 16%.
- The most buoyant sectors were durable household goods, food and drink and builders' merchants.

- No sectors reported any contraction of sales volumes; however wholesalers of agricultural machinery remained stagnant.
- Respondents are expecting a weaker but positive trend in sales growth for the month of December.

Outlook

- With general economic growth having proved to be a little stronger than expected so far in 2007, it now seems that wholesalers' output will rise by about 3% this year. We expect some slowing next year, to around 2%, reflecting forecasts of a slowdown in the wider economy. Those wholesalers supplying consumer and durable goods are likely to be impacted most by the expected slowdown.

Wholesaler news

DS Smith PLC, the British wholesaler of office and packaging goods has reported a 44% annual increase in profit for the first half of the year. In the six months to October, the firm achieved a pre-tax profit of £56.1 million on revenue of £943 million. Source: Reuters News (05.12.07)

Dawson Holdings, the UK's third largest newspaper and magazine distributor reported a pre-tax profit of £9 million for the year to 29th September. Although turnover rose to £770.3 million, from £715.1 million last year, pre-tax profit was down from £12.2 million reported in 2006. Source: AFX UK Focus (05.12.07)

John Maclean and Sons, the Scottish electrical wholesaler is performing strongly due to sustained high oil and gas prices and activity, which is boosting local demand. For the year to March 31st, it has been reported that turnover rose by 33% from £51.82 million to £69.1 million and pre-tax profits from £3.68 million to £6.13 million.

Source: Aberdeen Press & Journal (08.12.07)

Wishing you a Merry Christmas and Happy New Year.

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Source of ONS data: National Statistics website
www.statistics.gov.uk

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