



ESSENTRA

COMPONENTS ACQUISITION IN CHINA

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ESSENTRA PLC

A leading global provider of essential components and solutions

COMPONENTS ACQUISITION IN CHINA

Essentra PLC announces that its subsidiary, Essentra Overseas Limited ("Essentra"), has signed an agreement to purchase the business of Jiangxi Hengzhu Electrical Cabinet Lock Co., Ltd ("Hengzhu") via a newco. Closing of this transaction is subject to customary conditions, including regulatory approval and incorporation of the newco, and is anticipated in Q3 2021. Essentra will initially hold a 73% stake in the newco, with the remainder held by the current principal owner of Hengzhu. The remaining 27% stake is subject to put and call options whereby Essentra may acquire the minority shareholding for a consideration determined by future operating performance and capped to a maximum upper limit of ¥37.5m (or c.£4m).

The initial consideration to be paid by Essentra for this transaction is ¥100m (or c.£11m), which will be fully funded from existing facilities.

Hengzhu is an access hardware manufacturer and distributor in China. The business operates from a single facility in Yichun, Jiangxi and has a workforce of c.490 employees. The majority of Hengzhu's sales (c70%) are domestic and the business serves over 7,000 customers which are typically mid-sized industrial manufacturers focused on market categories such as data centre storage equipment and power distribution.

Commenting on today's announcement, Paul Forman, Chief Executive said:

"This transaction strengthens our position in China, enabling us to expand our access hardware range. Hengzhu has excellent growth prospects and is a strong fit for the Components division. We have proven strong cross selling opportunities for this product range in Europe and Hengzhu provides us with the ideal platform to further penetrate Asia. There is also scope to leverage our operations expertise to increase the efficiency of the business. This transaction is earnings accretive and will deliver sustainable value to Essentra over the long-term.

I would like to welcome all at Hengzhu to the Essentra family and wish them every success."

Enquiries

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Notes to Editors

About Essentra plc

Essentra plc is a FTSE 250 company and a leading global provider of essential components and solutions. Organised into three global divisions, Essentra focuses on the light manufacture and distribution of high volume, enabling components which serve customers in a wide variety of end-markets and geographies.

Headquartered in the United Kingdom, Essentra's global network extends to 34 countries and includes 7,065 employees, 50 principal manufacturing facilities, 32 sales & distribution operations and 3 research & development centres. For further information, please visit www.essentraplc.com.

Essentra Components

Essentra Components is a global market leading manufacturer and distributor of plastic injection moulded, vinyl dip moulded and metal items. Operating in 25 countries worldwide, 15 manufacturing facilities and 25 sales & distribution centres serve more than 82,000 customers with a rapid supply of low cost but essential products for a variety of applications in industries such as equipment manufacturing, automotive, fabrication, electronics and construction. The division also includes the Reid Supply business, which provides a wide range of branded hardware supplies to a broad base of industrial customers, largely located in the US Mid-West.

Essentra Packaging

Essentra Packaging is one of only two multicontinental suppliers of a full secondary packaging range to the health and personal care sectors, with 25 facilities across three geographic regions. The division's innovative products include cartons, leaflets, self-adhesive labels and printed foils used in blister packs, which help customers to meet the rapidly-changing requirements of these end-markets and can also be combined with Essentra's authentication solutions to help the fight against counterfeiting.

Essentra Filters

Essentra Filters is the only global independent cigarette filter supplier. The twelve sites across nine countries, including three R&D centres, provide a flexible infrastructure strategically positioned to serve the tobacco sector. The business supplies a wide range of value-adding high quality innovative filters, packaging solutions to the roll your own segment and analytical laboratory services for ingredient measurement to the industry. Essentra's offering also includes Heat Not Burn and e-cigarette solutions to the rapidly evolving market for Next Generation Products. The division also includes the Tear Tapes business, which is globally recognised as the leading manufacturer and supplier of pressure-sensitive tear tapes, that are largely used in the tobacco, food and drink and specialist packaging.

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