

ACQUISITION OF THE WIXROYD GROUP

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ESSENTRA PLC ACQUISITION OF THE WIXROYD GROUP

Essentra plc ("Essentra", the "Company" or the "Group"), a leading global provider of essential components and solutions, is pleased to announce the acquisition of Wixroyd Holdings Limited (the "Wixroyd Group"), a leading UK supplier of industrial parts for the engineering sector, for an initial consideration of £29.5m.

This is the first acquisition to be announced since Essentra outlined its new strategy as a pure-play components business and continues a successful track record of acquisitions in the components business over the last ten years. The acquisition of the Wixroyd Group expands Essentra's capabilities in hardware components and creates significant additional cross-selling opportunities across a range of Essentra's current end markets with the initial focus on Essentra's customer base in Continental Europe.

The acquisition fully supports the Company's strategy, as set out at the recent Capital Markets Event, to accelerate and supplement organic growth through value enhancing bolt-on acquisitions that expand its product, market and geographic breadth. The acquisition is expected to be accretive to adjusted¹ EPS in the first full year of ownership, with ROIC² expected to exceed 15% within three years, and delivers profit margins significantly ahead of the current Group level.

Based in Chichester, the Wixroyd Group comprises three leading UK brands of differentiated mechanical components. With a 70 year history, it has earned a reputation for high quality components delivered with an excellent level of service to its 9,000 customers. The Wixroyd Group manufactures and supplies one of the broadest ranges of innovative mechanical components, with an extensive portfolio of over 100,000 products available across the online range providing solutions for product design and engineering challenges.

The consideration payable for the Wixroyd Group comprises an initial cash consideration of £29.5m and up to £7.0m deferred earn-out consideration on a cash-free, debt-free basis. For the year ended 31 December 2021, the Wixroyd Group generated revenue of £10.4m, and EBITDA of £2.6m. Based on the Wixroyd Group achieving its forecast performance for the year ended 31 December 2022, the initial consideration would represent an acquisition multiple of c.9x EBITDA.

In determining the base case the Board expects a similar EBITDA performance in 2023 given the macro-economic environment. The deferred earn-out consideration is conditional on achieving certain performance criteria for the 12 month period commencing 1 January 2023, which would exceed the base case. The Board expects revenue and purchasing synergies arising from the acquisition to materially benefit performance from 2024 onwards.

The initial acquisition consideration, and any subsequent conditional consideration will be financed from Essentra's existing cash flow and debt facilities. Following the acquisition Essentra's balance sheet will remain strong, with the proforma net debt position of the continuing components business representing significantly less than 1.0x EBITDA, providing the capacity to drive further organic and inorganic growth ambitions.

Scott Fawcett, Chief Executive Designate of Essentra plc, commented:

"I am delighted to announce the acquisition of the Wixroyd Group, which will further strengthen Essentra's expertise and leading product portfolio to the benefit of our customers. Our plan is to launch Wixroyd products to Essentra's Continental European customers, further strengthening the breadth of our offer."

"This transaction is a great example of the Components' strategy in action as we leverage our strong balance sheet and the significant opportunities for product expansion in highly fragmented markets to accelerate our potential as a pure-play components business."

Marcus Iafrate, MD of the Wixroyd Group, and Anthony Iafrate, Chair of the Wixroyd Group, commented:

"The achievements of the Wixroyd team, and the role our products have played in enabling design engineers across the UK to innovate and solve countless engineering challenges, has been a great source of pride for both of us as we have guided the Wixroyd Group over the last 30 years.

The next phase in Wixroyd's development is hugely exciting. We have seen substantial growth in our business, predominately in the UK, and look forward to scaling this to a wider, more international customer base, in the next phase of our development. The culture of Essentra Components places the same importance on people as we have at Wixroyd, which, along with the excellent product and customer fit, makes this an exciting time in our company's history."

Notes:

1. The term adjusted excludes the impact of amortisation of acquired intangible assets and adjusting items
2. ROIC is calculated as adjusted operating profit expressed as a percentage of invested capital. Invested capital is defined as initial consideration and capex investment, plus associated acquisition transaction fees and integration costs

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Additional information

The acquisition constitutes a Class 2 transaction for the purposes of the UK Financial Authority's Listing Rules. Total gross assets excluding cash and goodwill as of 31 December 2021 were £9.5m.

More information on Wixroyd Group can be found on its website at <https://www.wixroyd.com/en>.

Cautionary forward-looking statement

This announcement contains forward-looking statements based on current expectations and assumptions. Various known and unknown risks, uncertainties and other factors may cause actual results to differ from any future results or developments expressed or implied by the forward-looking statement. Each forward-looking statement speaks only as of the date of this announcement. The Company accepts no obligation to revise or publicly update these forward-looking statements or adjust them to future events or developments, whether as a result of new information, future events or otherwise, except to the extent legally required.

The release, publication or distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by law and, therefore, any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. Any failure to comply with these requirements or restrictions may constitute a violation of the securities laws or regulations of any such jurisdiction. This announcement has been prepared for the purposes of complying with English law and the UK Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside of England.

No profit forecasts or estimates

No statement in this announcement is intended as a profit forecast or estimate for any periods.

Notes to Editors

About Essentra plc

Essentra plc is a FTSE 250 company and a leading global provider of essential components and solutions. As a result of the completion of the sale of Packaging to the Mayr-Melnhof Group, the Group is now organised into two 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 32 countries and includes over 4,500 employees, 24 principal manufacturing facilities, 28 sales & distribution operations and two 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, 12 manufacturing facilities and 23 sales & distribution centres serving c.80,000 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, medical and renewable energy.

Essentra Filters

Essentra Filters is the only global independent cigarette filter supplier. Currently headquartered

in Singapore, the division has 12 sites across nine countries, including two innovation centres, providing 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, e-commerce, food and beverage and specialist packaging sectors.

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