



## ACQUISITION OF BMP TAPPI

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### **Essentra PLC ("Essentra" the "Company" or the "Group")**

#### **Acquisition of BMP TAPPI**

Essentra plc, a leading global provider of essential components and solutions, is pleased to announce the acquisition of BMP s.r.l ("BMP TAPPI"), a family-owned, leading Italian manufacturer and distributor of protective caps and plugs for an initial cash consideration of EUR33.5m, in line with its inorganic growth strategy previously communicated at the Capital Markets event in November 2022.

Based in Milan, Italy, BMP TAPPI has over 60 years of history and a track-record of consistent growth. BMP TAPPI manufactures and distributes an extensive range of protective caps and plugs from their Italian based facilities, serving thousands of customers predominantly across Europe, in multiple end-markets, including mechanical, automotive and pharmaceutical sectors, and has been a trading partner to Essentra for over 20 years, with a well-established relationship. With over 100 injection moulding machines and located in a modern facility, BMP TAPPI's strong market position is well-invested, and further enhanced by its R&D capabilities focusing on developing more sustainable products, and a number of sustainably sourced products are already included within its current range.

BMP TAPPI is a complementary and strategically aligned bolt-on acquisition, demonstrating the continued momentum of Essentra's disciplined inorganic strategy, following the successful acquisition and integration of the Wixroyd Group in December 2022. In line with the Group's acquisition criteria, BMP TAPPI will strengthen and enhance the Group's existing core, profitable product range, further expand the Group's manufacturing footprint in Europe, and deliver attractive cost and revenue synergies through cross-selling opportunities into both the Essentra and BMP TAPPI customer base. BMP TAPPI will be led by Essentra's established Italian management team, who have successfully led the Group's existing business in Bologna since the acquisition of the Richco business in 2011, providing a strong base from which Essentra has been able to grow.

The consideration payable comprises an initial cash consideration of EUR33.5m, and deferred contingent consideration<sup>1</sup> of up to EUR3.5m on a cash-free, debt-free basis. For the year ended 31 December 2023, BMP TAPPI is forecast to generate revenues of EUR13.4m and the initial consideration is forecast to represent an acquisition multiple of c.8.0x EBITDA on a full year 2023 basis. Essentra anticipates a post-synergy multiple approaching 5.3x EBITDA<sup>2</sup>.

The initial acquisition consideration, and any subsequent contingent consideration will be financed from Essentra's existing debt facilities, the majority of which is funded by low interest, fixed long term debt, and from free cash flow. Essentra's ongoing share buyback programme, announced on 29 March 2023 remains in place. The Company's balance sheet remains strong, with the pro-forma net debt position of the Group remaining comfortably within the mid-term leverage guidance of <1.5x, providing the Group with sufficient headroom to continue to support further organic and inorganic growth opportunities. Essentra continues to maintain a strong and active bolt-on acquisition pipeline.

The acquisition of BMP TAPPI is expected to be accretive to Group margins and adjusted EPS<sup>3</sup> in the first full year post-completion, with a ROIC<sup>4</sup> of c.15% expected to be delivered within three years.

The acquisition is expected to complete before the end of 2023, subject to local government approvals and competition clearances.

Essentra's leadership team look forward to working with BMP TAPPI's existing management and former owner during the transition period.

**Scott Fawcett, CEO of Essentra plc, commented:**

*"I am delighted to announce the acquisition of BMP TAPPI, a business we have known for 20 years, which strengthens Essentra's market leading product portfolio and expands our offering, while unlocking further cross-selling opportunities and growing our presence in Europe. This transaction continues to demonstrate our successful inorganic growth strategy in action, as we leverage our strong balance sheet to capitalise on the significant opportunities we see for product expansion and market share gains, and brings another high quality business into Essentra, which will be accretive to both underlying earnings and margins."*

#### Notes

1. Deferred contingent consideration of up to EUR3.5m is subject to certain performance conditions over a two-year period
2. Post-synergy multiple is based on a three-year projection and includes deferred contingent consideration of EUR3.5m
3. The term adjusted excludes the impact of amortisation of acquired intangible assets and adjusting items
4. ROIC is calculated as adjusted operating profit expressed as a percentage of invested capital. Invested capital is defined as initial consideration and deferred contingent consideration, plus capex investment, and associated acquisition transaction fees

#### MAR Statement

Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014), as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR") prior to its release as part of this announcement, and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations.

#### Enquiries

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#### Additional information

The acquisition constitutes a Class 2 transaction for the purposes of the UK Financial Conduct Authority's Listing Rules. For the year ended 31 December 2022, BMP TAPPI had a pre-tax profit of EUR1.3m and held total gross assets of EUR7.3m excluding cash and goodwill.

More information on BMP TAPPI can be found on its website at [www.bmp-tappi.com](http://www.bmp-tappi.com)

#### Cautionary forward-looking statement

These results contain 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 future results or developments expressed or implied from the forward-looking statements. Each forward-looking statement speaks only as of the date of this document. The Company accepts no obligation to revise or update these forward-looking statements publicly 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.

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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, focusing on the manufacture and distribution of plastic injection moulded, vinyl dip moulded and metal items.

Headquartered in the United Kingdom, Essentra's global network extends to 28 countries worldwide and includes over 3,000 employees, 13 manufacturing facilities, 24 distribution centres and 33 sales & service centres serving c.74,000 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.

For further information, please visit [www.essentraplc.com](http://www.essentraplc.com)

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