

2 September 2019

Macfarlane Group announces acquisition of Leyland Packaging Company (Lancs) Limited

Macfarlane Group PLC (“**Macfarlane**”) is pleased to announce the acquisition of Leyland Packaging Company (Lancs) Limited (“**Leyland**”). The acquisition is in line with Macfarlane’s strategy of building the business through a combination of organic and acquisitive growth.

Macfarlane has acquired 100% of Leyland for a maximum consideration of £3.25 million (including an earn-out of £1.0 million). In the year ended 31 December 2018, Leyland generated sales of £4.06 million and pre-tax profits of £0.55 million. The initial consideration of £2.25 million comprises £2.00 million in cash and as part of the consideration the Vendors will receive 264,382 ordinary shares of 25p each in Macfarlane at a value of £0.25 million (“**Vendor Shares**”). The issue price represents the average share price in the 5 days prior to acquisition. The Vendor Shares will rank *pari passu* with the existing ordinary shares of 25 pence each of the Company and admission of the Vendor Shares is expected to take place on 5 September 2019. The deferred consideration of up to £1.0m will be payable in cash in Q4 2020 subject to certain trading targets being met for EBITDA in the twelve month period ending 31 August 2020.

Leyland is a successful protective packaging distributor, focusing on industrial customers within a close radius of its 37,000 sq. ft. facilities in Leyland, which is well located for easy access to M6, M61 and M65. The business has an experienced team of 12 employees all of whom will remain in the business following the acquisition and will benefit from access to Macfarlane’s extended range of protective packaging products and services and the significant overlap of our respective suppliers.

Peter Atkinson, Chief Executive of Macfarlane, said:

“Leyland is a high-quality protective packaging business that meets our acquisition criteria and will be earnings-enhancing in its first full year in the Group. I am confident that the business will be another good acquisition for Macfarlane improving our geographic coverage in the North-West of England and extending our customer reach.”

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Notes to Editors:

- Macfarlane Group PLC is listed on the London Stock Exchange (LSE: MACF) in the Industrials Sector
- The company is headquartered in Glasgow, Scotland and has more than 70 years’ experience in the UK packaging industry
- The Group’s businesses are:
 - **Packaging Distribution**
Macfarlane Packaging is the leading UK distributor of a comprehensive range of protective packaging products
 - **Manufacturing Operations**
Macfarlane Packaging Design and Manufacture designs and produces protective packaging for high value, fragile products and Macfarlane Labels designs and prints high quality self-adhesive and resealable labels, principally for FMCG companies
- Macfarlane employs over 925 people at 30 sites, principally in the UK, but also in Ireland and Sweden
- The Group has 20,000+ customers in the UK, Europe and the USA and provides 600,000+ lines to a wide range of industry sectors including: industrial, consumer goods; food manufacturing; logistics; internet retail; mail order; electronics; defence and aerospace