



2 March 2015

Scapa Group plc

Acquisition of First Water Limited ("First Water" or "the Acquisition") and trading update

Scapa Group plc ("Scapa"), a global supplier of bonding materials and solutions, is pleased to announce that it has acquired 100% of the issued share capital of First Water Limited ("First Water") based in Ramsbury, UK. The purchase price is comprised of an initial cash consideration of £11.3m with a further cash consideration of up to £4m payable depending on performance in 2016, 2017 and 2018, for a total consideration of up to £15.3m.

As at 31 January 2015, unaudited gross assets acquired were £4.0m. Underlying EBITDA for the 12 months to 31 January 2015 was £0.9m on sales of £5.4m. The Acquisition is expected to be earnings enhancing in its first year.

First Water has built a reputation as one of the leading designer-manufacturers of advanced wound dressings and skin adhesives. Its patented adhesive polymers and dressing designs allow it to offer its OEM partners - typically multinational woundcare and consumer wellness companies - unique and compelling products for a wide range of clinical and commercial applications.

Background to the Acquisition

Scapa's strategy in healthcare is to become the outsourcing partner of choice to our global healthcare customers by offering turn-key solutions in our chosen market sectors of advanced woundcare, consumer wellness, medical devices and drug delivery. We believe we are well positioned to exploit the current trend in healthcare towards outsourcing while increasing our share of customers' total spend. The addition of First Water's strong patent portfolio and technological knowhow to Scapa's expertise in materials, coating and conversion capabilities significantly enhances the value proposition to our customers. First Water also brings a global customer base to which we can offer our full capabilities, leveraging our global footprint to accelerate First Water's growth.

First Water's highly experienced management team will remain within the enlarged Group and will strengthen Scapa's Healthcare management expertise and further facilitate the Group's growth in this sector.

Details of the Acquisition agreement

Scapa has acquired 100% of the issued share capital of First Water for an initial cash consideration of £11.3m (subject to adjustment following the production of a completion balance sheet to ensure normalised working capital).

Three further cash payments of up to £4m in aggregate will be payable depending upon the achievement of operating profit targets over the following three financial years. The Acquisition will be funded from existing cash reserves and bank facilities.

Benefits of the Acquisition

The Directors believe that the Acquisition brings the following advantages to Scapa:

- a strengthened turn-key value proposition
- a broadened healthcare technology portfolio with proprietary and patented products
- enhanced innovation and development capabilities
- adds new global customers and potential markets
- the opportunity to leverage global sales channels providing significant cross-selling opportunities and product development potential
- improved global manufacturing infrastructure
- further acceleration of the growth of the Group's Healthcare business
- the Acquisition is expected to be earnings enhancing in the first full year of acquisition

Commenting on the Acquisition, Heejae Chae, Chief Executive of Scapa Group, said:

“The acquisition of First Water further enhances our strategy in healthcare to provide turn-key solutions as a strategic outsourcing partner to our global customers. First Water has a strong track record of delivering proven proprietary innovations and technologies which Scapa can now offer to our customers in consumer wellness and advanced woundcare markets in addition to expanding our offering in the medical device and drug delivery markets. Combining Scapa’s strengths in material coating, converting and packaging with First Water’s R&D and innovation capabilities will enable us to provide a unique one stop solution to our customers.”

Commenting on the Acquisition, Justin Barnes and Phil Andrews, Co-owners and Directors of First Water, said:

“Becoming part of Scapa’s rapidly growing global Healthcare business is a very exciting new chapter in First Water’s development. From the outset, it was evident that there is great overlap and opportunity in terms of the enhanced global footprint and technology combinations that the expanded group can access. However, as important to the shareholders and employees of First Water, it was also clear that we share a common culture, a passion for what we do, and considerable care for putting our customers’ priorities first. It will remain business as usual but with so much more horizon and opportunity.”

Scapa Group current trading update

Whilst the year is not yet finished it is anticipated that the Group will have seen good growth over the same period last year, despite currency headwinds. It is anticipated that trading profits will be ahead of market expectations and we look forward to the forthcoming year with confidence.

Scapa Group plc will issue a pre close update on the 9 April 2015.

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