

24 May 2016



Scapa Group plc

Acquisition of EuroMed, Inc

Scapa Group plc (“Scapa”) (AIM:SCPA), a leading global manufacturer of bonding products and adhesive components for applications in the healthcare and industrial markets, is pleased to announce that it has acquired the entire issued share capital of EuroMed, Inc (“EuroMed”), the hydrocolloid-based wound care solutions business based in Orangeburg, New York. The purchase price comprises an initial cash payment of USD\$35 million and a contingent deferred payment of up to USD\$7 million depending on performance in CY2016.

As at 31 December 2015, the unaudited gross assets acquired were USD\$7.4 million. Underlying adjusted EBITDA for the year ended 31 December 2015 was USD\$2.5 million on sales of USD\$18 million. The acquisition is expected to be earnings enhancing in the first full year.

EuroMed specialises in developing and manufacturing hydrocolloid-based advanced and consumer wound care products, offering its partners a wide variety of solutions to meet chronic wound management, consumer wellness and health and beauty needs. EuroMed’s hydrocolloid-based products are manufactured in the company’s ISO certified, state-of-the-art class 8 Clean Room. EuroMed has developed and manufactures HydroSoft™, an ultra skin-friendly hydrocolloid fixation technology whose low-trauma removal is ideal for fragile skin 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 wound care, consumer wellness, medical devices and drug delivery. We believe that we are well positioned to benefit from the increasing trend towards outsourcing in the healthcare sector and to increase our share of our customers’ total spend.

EuroMed’s innovative and patented technology positions it to provide customers with unique products across a wide range of applications. The addition of EuroMed expands Scapa’s customer base geographically and broadens the Group’s market accessibility in advanced wound care and consumer wellness through the enhanced technology offering of hydrocolloids and HydroSoft™.

EuroMed’s management team will remain in the business and strengthen the enlarged Scapa Healthcare’s management expertise.

Benefits of the Acquisition

The Directors believe that the acquisition of EuroMed brings multiple advantages to Scapa, including:

- Proprietary and patented technology to broaden and strengthen Scapa Healthcare’s turn-key value proposition
- Innovative R&D capabilities complementing Scapa Healthcare’s existing resources
- Expanded opportunities for growth in new markets and with new customers
- Significant cross-selling opportunities across the customer base
- Improved manufacturing infrastructure
- Acceleration in Scapa Healthcare’s growth

- The acquisition is expected to be earnings enhancing in the first full year in the enlarged Group.

Terms of the Acquisition

Scapa has acquired the entire issued share capital of EuroMed, Inc. for an initial cash consideration of USD\$35 million, subject to adjustment following the production of completion accounts to ensure normalised working capital. A further payment of up to USD\$7 million will be payable depending on achievement of EBITDA targets for the year ending 31 December 2016.

The acquisition will be funded from existing cash reserves and bank facilities in respect of which Scapa has accessed its accordion facility.

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

“The acquisition of EuroMed is another key step in the execution of our Healthcare strategy, to become the strategic outsourcing partner of choice for our global customers. EuroMed has a strong and well established history of delivering high quality, innovative products and technologies which will bring added benefit to Scapa Healthcare’s customers in advanced wound care and consumer wellness. The acquisition further enhances our capabilities to be the single source for turn-key solutions to our global healthcare customers.”

Enquiries:

Scapa Group plc

0161 301 7430

Heejae Chae, Group Chief Executive

Graham Hardcastle, Group Finance Director

Numis Securities Limited

020 7260 1000

(Nominated Adviser and Broker)

Mark Lander / Richard Thomas

Weber Shandwick (Financial PR)

020 7067 0721

Nick Osborne