

4 January 2022

Macfarlane Group PLC

Sale of Labels Division

Macfarlane Group PLC (“Macfarlane”, “the Group”) announces the sale of Macfarlane Labels Limited and its subsidiaries, Macfarlane Group Ireland (Labels & Packaging) Limited and Macfarlane Group Sweden AB (collectively “Macfarlane Labels”) which was completed on 31 December 2021. Macfarlane Labels designs and prints high quality self-adhesive and resealable labels, principally for FMCG companies.

Macfarlane Labels is being acquired by The Reflex Group Limited (“Reflex”), a well-established, privately owned company, focused on the manufacture of labels and flexible packaging, with revenues of £135m and over 800 employees, primarily in the United Kingdom.

The consideration for Macfarlane Labels is £6.4m, which will broadly align with net asset value. 95% of the consideration was paid on completion with the balance payable within three months of completion, subject to any adjustment following finalisation and agreement of the net asset value of Macfarlane Labels at the completion date. The Group’s net bank debt at 30 November 2021 was £3.2m (30 June 2021: £8.7m). The Group’s bank facility of £30m is in place until December 2025.

For the year ended 31 December 2020, Macfarlane Labels generated profit before tax of £0.3m*, and as at 31 December 2020 had gross assets of £15.1m. Macfarlane Labels employs 109 employees who will remain in the business after the sale.

The proceeds from the sale will be strategically invested in the continuing growth of Macfarlane’s protective packaging businesses.

Peter Atkinson, Chief Executive of Macfarlane, said:

“Macfarlane Labels has been a long-standing part of the Group. We believe that its sale to Reflex, with their well-established position and scale in the labels market, creates the best opportunity for Macfarlane Labels to develop.

“The sale will allow the Group to focus resources on growing our protective packaging businesses both in the UK and Europe.”

*£0.6m after adding back Group management and interest charges.

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Legal Entity Identifier (LEI): 213800LVRYDERSJAAZ73


Notes to Editors:

- Macfarlane Group PLC has been listed on the Premium segment of the Main Market of the London Stock Exchange (LSE: MACF) since 1973 with over 70 years' experience in the UK packaging industry.
- Through its two divisions Macfarlane Group services a broad range of business customers, supplying them high quality protective packaging which help customers reduce supply chain costs, improve their operational efficiencies and enhance their brand presentation. The divisions are:
 - **Packaging Distribution – Macfarlane Packaging Distribution** is the leading UK distributor of a comprehensive range of protective packaging products; and
 - **Manufacturing Operations - Macfarlane Design and Manufacture** who design and produce protective packaging for high value and fragile products.
- Headquartered in Glasgow, Scotland, Macfarlane Group employs over 900 people at 36 sites, principally in the UK, as well as in Ireland and the Netherlands.
- Macfarlane Group supplies more than 20,000 customers principally in the UK and Europe.
- In partnership with 1,700 suppliers, Macfarlane Group distributes and manufactures 600,000+ lines across a wide range of sectors, including: retail e-commerce; consumer goods; food; logistics; mail order; electronics; defence, automotive and aerospace.