

Macfarlane Group PLC
(“Macfarlane” or the “Group”)

Earnings accretive acquisition of protective packaging manufacturer, Polyformes

Macfarlane Group PLC announces the acquisition of Polyformes Limited (“Polyformes”) for up to a maximum cash consideration of £11.5 million, including an earn-out of up to £4.8 million over two years. This earnings-enhancing acquisition demonstrates further progress in our strategy to build the Group’s protective packaging business through a combination of organic and acquisitive growth.

Strategic highlights

- Founded in 1977, Polyformes designs and converts foam primarily for specialist protective packaging applications supplying to customers in the aerospace, medical, defence and industrial sectors, throughout the UK.
- Polyformes is based in Leighton Buzzard and has an experienced team of 60 employees, including its three directors who will all remain with the Group following the acquisition.
- There are significant opportunities for both Polyformes and Macfarlane to benefit from access to their respective industry expertise, ranges of bespoke protective packaging products and common supplier base.
- For the year ended 31 December 2023, Polyformes generated sales of £9.3 million, with EBITDA of £1.5 million and pre-tax profits of £1.4 million.
- This earnings accretive acquisition further demonstrates Macfarlane’s comprehensive ‘buy and build’ strategy in delivering further stakeholder value.

Transaction details

- Macfarlane’s wholly owned subsidiary, Macfarlane Group UK Limited, has acquired 100% of Polyformes for a maximum cash consideration of £11.5 million (including an earn-out of up to £4.8 million based on agreed profit growth targets over two years).
- A further adjustment is due for net assets in excess of £1.6 million with the expected net assets on completion being £1.8 million, including £0.7 million of net cash.
- The consideration is being financed entirely from Macfarlane’s existing bank facility. The Group continues to operate well within its bank facilities of £35 million and related covenants, which are committed until December 2025.

Peter Atkinson, Chief Executive of Macfarlane, said:

“Polyformes is a profitable, growing, well invested company with an experienced management team that is fully committed to the business. We look forward to working with the team at Polyformes to support its continued growth and develop opportunities for us to work together to provide our customers with a broader portfolio of protective packaging solutions.”

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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 with high quality protective packaging products which help customers reduce supply chain costs, improve operational efficiencies and sustainability 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** is a UK market leader in the design and production of protective packaging for high value and fragile products.
- Headquartered in Glasgow, Scotland, Macfarlane Group employs over 1,000 people at 40 sites, principally in the UK, as well as in Ireland, Germany 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 supplying to a wide range of sectors, including: retail e-commerce; consumer goods; food; logistics; mail order; electronics; defence; medical; automotive; and aerospace.