

ACQUISITION OF REAL SHAVING COMPANY BRAND

Released : 30/04/15 07:00

RNS Number : 7641L

Swallowfield PLC

30 April 2015

Swallowfield plc
("Swallowfield" or the "Company")

Acquisition of Real Shaving Company Brand

Swallowfield plc, a market leader in the development, formulation, and supply of personal care and beauty products; whose customers include many of the world's leading brands, today announces the conditional acquisition of the 'Real Shaving Company' brand ('Acquisition' or 'Brand') from Creightons plc. The acquisition of the Brand is conditional upon Creightons plc shareholder approval, with completion expected at the end of May 2015.

Background

The Real Shaving Company has been a well-established premium Brand in the male grooming sector since 2002. The positioning of the Brand is based on quality natural and organic ingredients with a classic 'expert' British heritage. The products are distributed in the UK through major supermarkets and Health and Beauty retailers as well as through the fast growing value retail sector. Internationally, the brand is distributed in Canada and France.

The purchase price, payable on completion, comprises an initial cash consideration of £0.9m with further cash consideration of £0.1m dependant on the outcome of certain customer negotiations, plus stock at valuation, which is expected to be £0.17m, to give a total cash consideration of up to £1.17m.

On completion, unaudited gross assets acquired are expected to be c. £0.17m. Underlying EBITDA of the Brand for the 12 months ended 31st March 2015 was £0.3m on net sales of £0.8m. The Acquisition is expected to be earnings enhancing in the first full financial year of ownership.

The Acquisition will be financed with a new five year term loan of £0.72m with the balance from existing bank facilities, all with HSBC Bank plc.

Benefits of the acquisition

As part of our 'Building a Better Swallowfield' strategy we have stated our intention to utilise our product development, manufacturing, and distribution expertise to create innovative ranges of products, which will be taken to market under our own brand names.

The acquisition of the Real Shaving Company brand enables us to accelerate development of this strategic pillar and gives us a branded platform to further leverage already developed innovative technologies such as plastic aerosols. It also gives us a presence in trade channels that we are aiming to access with our other recently introduced brands such as 'Bagsy', our premium beauty brand, and 'Tru', our range aimed at the value retail sector.

The current geographic footprint fits well with our established sales offices in North America and France. Further, it gives us the opportunity to leverage our existing and proven capabilities in female shave formulations and gifting, neither of which currently feature in the Real Shaving Company product range. These innovative brand and product developments provide ample opportunities to create shareholder value.

Chris How, Chief Executive, commented:

'We are delighted to acquire such a well-established and well-loved brand that will increase the branded element of our business, in line with our stated strategy. We look forward to bringing our industry leading innovation, both in packaging and formulation, to the Real Shaving brand, driving profitable growth in the future.'

For further information please contact:

Swallowfield plc

Chris How	Chief Executive Officer	01823 662 241
Mark Warren	Group Finance Director	01823 662 241
Jonny Franklin-Adams /Jen Boorer	N+1 Singer	0207 496 3000
Alan Bulmer	Investor Focus International	07831 654744
Chris Lawrance	JBP Public Relations	0117 907 3400

This information is provided by RNS
The company news service from the London Stock Exchange

END

ACQFMGZDVLKGKZM