

Marshalls plc

Acquisition of Edenhall





Acquisition of Edenhall


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Acquisition of Edenhall

Strategic background

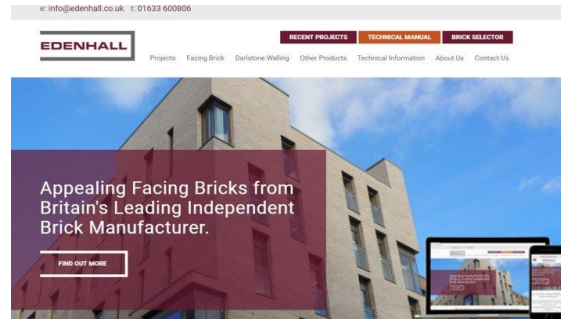
- This is in line with our stated strategy of expanding into adjacent building products related to New Build Housing
- It is a strategic focus for Marshalls and is a key part of our Group Strategy
- Edenhall is a concrete brick manufacturer capable of producing a spectrum of colours, shades and textures to meet any specification requirements for facing bricks and specials
- The acquisition will enable us to offer customers a broader product choice



Acquisition of Edenhall

Business overview

- Edenhall is a leading UK supplier of sustainable concrete products for the construction industry
- Manufacturing takes place at a number of sites across England, Scotland and Wales and offers full national coverage and distribution
- The business has approximately 250 employees
- Edenhall is a profitable business with a strong track record of quality, reliability and service



Acquisition of Edenhall

Market background

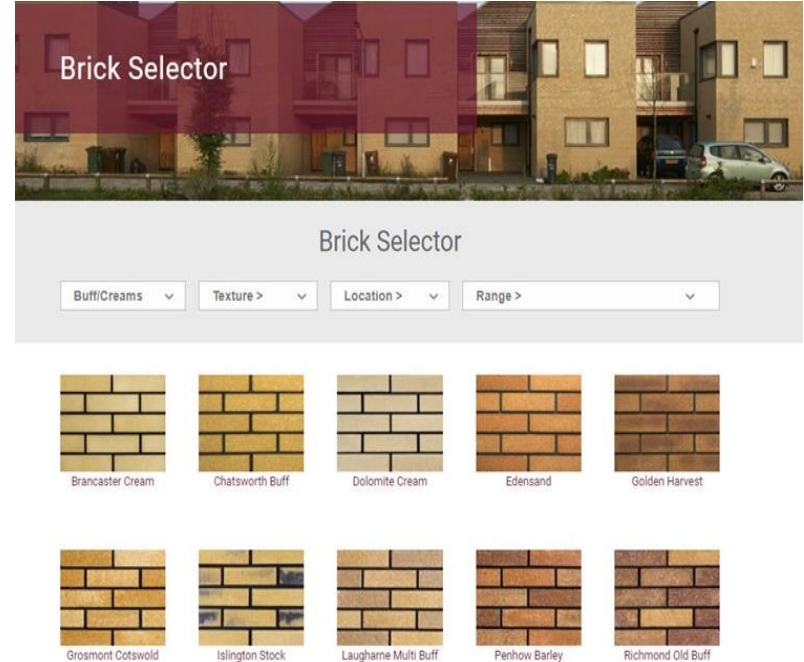
- New Build residential is our biggest segment for Commercial Sales
- We have strong frameworks with the New Build Housing Sector, and this would fit in with our existing customer frameworks and agreements
- Edenhall has a footprint in the South West that could take our Cromwell walling offer further
- The combination of our offer and Edenhall will build our specification ability for both brands
- We can leverage our existing business in Mortars and Screeds as they sell directly into this sector also



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Product range

- Edenhall offers facing brick colours in all shades from white to blue and in a wide variety of textures from smooth to sand-faced and weathered finishes.
- The ranges include
 - Border Collection (Northern / Scotland)
 - Northern Traditional (Northern)
 - Contemporary Collection (National)
 - Kingdom Collection (South Wales)
 - Peakdale Collection (South East / National)
 - Sandstock Collection (South East / National)
 - Torr Collection (South West)
 - Traditional Collection (Southern)



Acquisition of Edenhall

Financial information

- Revenue for the year ended 31 December 2017 was £33.0 million
- Profit before tax for 2017 was £2.8 million
- Forecast EBITDA in 2018 is £4.2 million (2017: £3.5 million)
- New factory in South Wales due to be commissioned in Q2 2019 to increase capacity and drive growth
- Strong fixed asset base - reported gross assets were £17.0 million at 31 December 2017

Note: 2018 forecast figures are Edenhall management estimates



Acquisition of Edenhall

Deal structure and acquisition metrics

- Initial cash consideration of £11.8 million for the entire share capital of Edenhall
- The acquisition is on a cash free / debt free basis and net debt of £5.2 million has been deducted to derive the initial cash consideration
- Deferred consideration of up to £5.4 million, dependent on business performance over a 3 year period
- The acquisition cost represents
 - 8.0 x 2017 EBIT
 - 6.4 x 2017 EBITDA
- The acquisition is expected to be EPS enhancing in its first full year after completion
- In terms of net debt, funding the transaction is through an additional £25 million debt facility line
- Post transaction “Net debt : EBITDA” and gearing will remain well within our Group target metrics with continuing headroom capacity

Acquisition of Edenhall

Funding and facilities update

	Facility £m	Cumulative Facility £m
Expiry date		
Committed facilities:		
Q3 2023	45	45
Q3 2022	20	65
Q3 2021	20	85
Q3 2020	20	105
Q3 2019	20	125
On demand facilities:		
Available all year	15	140
Seasonal (February to August inclusive)	10	150

- Additional £25 million facility arranged – 2023 maturity
- Comfortable facilities and headroom
- Balance of committed and uncommitted facilities
- Continuing strong comfort against covenants



Marshalls

Creating Better Spaces



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