

Tyman plc

Acquisition of Giesse

Tyman plc ("Tyman" or the "Company" or the "Group"), a leading international supplier of engineered components to the door and window industry, announces the acquisition of Giesse, an Italian based manufacturer of hardware for aluminium windows and doors.

The Acquisition represents a strategic opportunity to add a design led hardware offering to Schlegel, the Group's International Division, with presence in EMEA and other markets.

The Acquisition is in line with the Group's strategy to develop and extend the Group's product portfolio through a combination of internal R&D and targeted acquisitions.

Highlights of the Acquisition

- Enterprise Valuation of €78.9 million (approximately £61.1 million) on a cash / debt free basis, representing an acquisition multiple of 7.31x Giesse's Adjusted EBITDA for the year ended 31 December 2015
- The Board believes that the Acquisition will provide a number of operational and financial benefits which are expected to create value for Shareholders. In particular:
 - The Acquisition brings to the Group a high quality engineered hardware product offering for the EMEA aluminium window and door market
 - The Acquisition provides the Group with local presence for the first time in a number of markets worldwide including Argentina, France, Greece, India, Portugal, Turkey and the United Arab Emirates as well as a hardware offering for the Brazilian market, a North American commercial offering and a manufacturing facility in mainland China
 - Giesse's product portfolio and capabilities are highly complementary to those of Schlegel International, which at present derives over 90 per cent. of its revenues from sales of seals and extrusion products
 - Giesse's aluminium door and window products encompass both residential and commercial applications which will broaden the Group's hardware offering in AmesburyTruth and ERA and help open up new routes to market
 - Giesse has well invested strategically positioned facilities with significant capacity through which the Group can drive increased production without the need for major investment
 - Giesse has a highly regarded NPD and engineering team who have developed and brought to market a number of innovative products in recent years and whose expertise will now be available to all Tyman Divisions
 - The Board believes that the acquisition of Giesse will significantly strengthen the Group's existing business model and help deliver its growth objectives

- Estimated annual pre-tax costs synergies and revenue benefits of at least €4.0 million are expected to be delivered from 2018. The expected one-off cash costs to implement the integration and delivery synergies are estimated at approximately €4.0 million
- The Acquisition will be immediately accretive to the Group's underlying earnings per share following Completion and, assuming delivery of the synergy plan and no material deterioration in Giesse's end markets, the Board expects that the ROAI of the Acquisition will meet or exceed the Group's target run rate of 15 per cent. by March 2018*

Financing of the Acquisition

- The Acquisition and associated expenses will be funded from the Group's cash reserves and a draw down on the Group's existing committed banking facilities

Financial Effects of the Transaction*

- For the year ended 31 December 2015, Giesse recorded unaudited revenue of approximately €80.8 million (2014: €72.1 million) and Adjusted EBITDA of €10.8 million (2014: €7.1 million)
- The Acquisition will be immediately accretive to the Group's underlying earnings per share following Completion and, assuming delivery of the synergy plan and no material deterioration in Giesse's end markets, it is expected to meet or exceed the Group's 15 per cent. run rate ROAI target by 2018
- Estimated annual pre-tax cost synergies and revenue benefits of at least €4.0 million are expected to be delivered from 2018. The expected one-off cash costs to implement the integration and deliver synergies are estimated at approximately €4.0 million
- The Board expects Leverage on Completion to be approximately 2.20x (2015 Reported: 1.35x). Leverage is projected to increase to the half year before reducing towards the Group's year end target range of 1.5x to 2.0x by the end of 2016
- On the 2015 Proforma Basis, the Enlarged Group's 2015 Revenue would have been approximately £403.1 million and Underlying Operating Profit would have been approximately £55.4 million

** This financial effects statement should not be construed as a profit forecast or interpreted to mean that the future earnings per share, profits, margins, returns on capital or cashflows of the Group will necessarily be greater than the historic published figures or that Leverage will necessarily be lower than the historic published figures.*

Louis Eperjesi, Chief Executive of Tyman, commented:

"The acquisition of Giesse represents a strategic opportunity to add an initial hardware offering to our International Division, Schlegel, as we seek to expand the range of engineered components we can offer our customers in all regions.

"The Acquisition will be immediately accretive to the Group's underlying earnings per share, will significantly strengthen the Group's existing business model and help deliver our growth objectives.*

"Giesse offers an excellent fit with our business model and significantly broadens our coverage of the aluminium window and door market in Europe as well as giving Tyman local presence for the first time in a number of markets world-wide.

"Giesse brings established customer relationships and product development capabilities that will complement our existing businesses and positions Schlegel International to benefit from future market growth.

"On behalf of the Board I am pleased to welcome Giesse's management and employees to the Group."

8 March 2016**Analyst presentation**

Tyman will host an analyst and investor presentation at 11.00 a.m. today, Tuesday 8 March 2016, at the offices of Canaccord Genuity, 88 Wood Street, London EC2V 7QR.

Conference Call Dial In Details

Toll number	020 3139 4830
Toll-free number	080 8237 0030
Participant PIN	71396438#

Copies of this announcement, the results announcement for the year ended 31 December 2015 and the management presentation concerning the Acquisition and the 2015 results are available on Tyman's website (www.tymanplc.com).

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This summary should be read in conjunction with the full text of this announcement.

Further information in relation to the Acquisition

1. Introduction

The Board announces that the Group has acquired Giesse for an Enterprise Value of €78.9 million (approximately £61.1 million).

The Acquisition represents a strategic opportunity to add a design led hardware offering to the Group's International Division with presence in EMEA and other markets. This is in line with the Group's strategy to develop and extend the Group's product portfolio through a combination of internal R&D and targeted acquisitions. In addition, the Board believes that the Acquisition will strengthen the Group's existing business model and help deliver Tyman's growth objectives.

The Board believes the combination of Giesse with Schlegel International will lead to an expanded product portfolio, deeper customer relationships, an enlarged manufacturing footprint and other significant operational benefits which will create long-term value for Shareholders.

The Acquisition and associated expenses will be funded from a combination of a drawdown of the Group's existing revolving credit facility and the Group's cash reserves.

2. Background to, reasons for and expected benefits of the Acquisition

Giesse represents a significant opportunity in the context of the Group's growth strategy and was identified as an attractive potential acquisition by Tyman some time ago.

The Group's strategy for the International Division is to develop Schlegel's portfolio offering such that Schlegel can offer its customer base the full range of engineered components encompassing hardware, seals and extrusions and thereby emulate the business model successfully deployed in AmesburyTruth and ERA.

The Acquisition accelerates this strategy and brings to Schlegel a strong internationally recognised European hardware brand with established customer relationships which would take the Group many years to develop organically.

The Board believes that the Acquisition will provide a number of operational and financial benefits which are expected to create value for Shareholders. In particular:

- The Acquisition brings to the Group a high quality, engineered hardware product offering for the EMEA aluminium window and door market
- The Acquisition provides the Group with local presence for the first time in a number of markets worldwide including Argentina, France, Greece, India, Portugal, Turkey and the United Arab Emirates as well as a hardware offering for the Brazilian market, a North American commercial offering and a manufacturing facility in mainland China
- Giesse's product portfolio and capabilities are highly complementary to those of Schlegel International which at present derives over 90 per cent. of its revenues from sales of seals and extrusion products
- Giesse's aluminium door and window products encompass both residential and commercial applications which will allow the Group to expand its hardware offering in AmesburyTruth and ERA and help open up new routes to market
- Giesse has well invested strategically positioned facilities with significant capacity through which the Group could drive increased production without the need for major investment

- Giese has a highly regarded NPD and engineering team who have developed and brought to market a number of innovative products in recent years and whose expertise will be available to all Tyman Divisions
- The Acquisition is expected to be immediately accretive to the Group's underlying earnings per share following Completion and, assuming delivery of the synergy plan and no material deterioration in Giese's end markets, the Board expects that the ROAI of the Acquisition will meet or exceed the Group's target run rate of 15 per cent. by March 2018*

3. Summary information on Giese

Giese was founded in 1965 in Bologna, Italy by the Lambertini and Sermasi families and is a manufacturer of hardware products predominately used in the aluminium windows and door industry.

Facilities

The main manufacturing facilities of Giese and its corporate headquarters are located in Bologna, Italy with additional manufacturing located in Beijing, China.

Giese also has further light assembly and distribution facilities located in Argentina, Brazil, France, Greece, India, Portugal, Spain, Turkey, the United Arab Emirates and the United States of America. Giese currently employs approximately 465 individuals across its various locations worldwide.

Markets

Aluminium Window and Door Systems	Residential	Commercial
EMEA	12 %	38 %
Asia	60 % – 80 %	n/a
Australia	80 %	n/a
South America	30 %	n/a
North America	8 %	90 %

Tyman estimates of aluminium window systems as a percentage of the overall market for window and door systems (including steel, timber, pvc and other). At present Giese does not supply product into commercial markets in Asia, Australia or South America.

Following the Acquisition, Tyman estimates that the Group will have a market share of approximately eight per cent. of the European aluminium residential hardware market.

Products

Giese estimates that approximately 77 per cent. of its products are sold for use in residential applications and 23 per cent. in commercial applications. Giese's core residential product range comprises hinges, cremone locking systems and window handles for casement windows, engineered tilt and turn operating mechanisms, and handles, hinges and locks for use in sliding and hinged door applications. In commercial

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applications Giese has developed hardware for pivot windows, tilt and turn, folding and pocket doors along with curtain wall fastening and window arms.

The business currently offers approximately 9,000 individual SKUs and the biggest product category by revenue is hardware used in tilt and turn residential applications.

Approximately 65 per cent. of Giese's Revenue is sold through distribution and 35 per cent. through OEMs.

*Giese Financials**

Giese Revenues by geography

	2015 €'m	2014 €'m	2015 £'m	2014 £'m
EMEA	57.1	52.8	41.5	42.5
China and APAC	10.9	10.6	7.9	8.6
South America	10.2	6.6	7.4	5.3
North America	2.6	2.1	1.9	1.7
Revenue	€80.8m	€72.1m	£58.7m	£58.1m
CC Revenue in £'million	£62.6m	£55.8m	£62.6m	£55.8m

Profit and Loss Account highlights

	2015 €'m	2014 €'m	2015 £'m	2014 £'m
Revenue	80.8	72.1	58.7	58.1
Adjusted EBITDA	10.8	7.1	7.9	5.8
Adjusted Operating Profit	8.4	4.7	6.1	3.8
<i>Adjusted Operating Margin</i>	10.4 %	6.5 %	10.4 %	6.5 %

During 2014 Giese closed certain loss making Brazilian businesses. The Adjusted EBITDA and Operating Profit for 2014 includes approximately €1.5 million of Brazilian trading losses which did not repeat in 2015.

Balance Sheet highlights

As at 31 December 2015 Giese's gross tangible assets were approximately €41.6 million and its net assets were approximately €32.9 million.

** Giese financials are unaudited and extracted from Giese's management accounts. These are prepared under Italian GAAP and so are not directly comparable to Tyman accounts which are prepared under IFRS.*

Financials, other than constant currency, have been translated at average exchange rates for the year in question. CC (Constant Currency) Revenue in £'million is the Euro Revenue translated into Sterling at the prevailing rate on 4 March 2016 of €1.2922: £1 for 2014 and 2015.

4. Integration of Giese into Tyman and synergies

Integration

As with all Tyman acquisitions, the Group intends that Giese will be fully integrated into the Tyman Group. All Giese businesses outside North America will report through Schlegel International whose corporate head office is now located in Bologna. Giese North America will be integrated into AmesburyTruth and the Giese North America facility in Blountville, Tennessee will close during the course of 2016.

A detailed integration plan, led by senior executives of Tyman, Schlegel International and Giese, has been established to deliver benefits from the combination of Giese and the Group. The integration plan includes the full integration of Giese into Tyman, the implementation of the synergy plan, communication with customers, suppliers and employees, evaluation of the most appropriate footprint for the Enlarged Group and encouraging the use of best practice across the Enlarged Group.

*Synergies**

The Board believes there are several potential areas where the Enlarged Group may be able to derive cost synergy benefits following the Integration including:

- Consolidation of surplus offices and facilities
- Elimination of duplicate administrative overheads
- Alignment of sales and marketing resources
- Co-ordination of third party sourcing, freight and logistics
- Sharing of best practice between Tyman Group companies and Giese

The Board expects the combination of Giese and Schlegel International will deliver annual pre-tax cost savings and revenue benefits of at least €4.0 million from 2018 onwards. The expected one-off cash costs to implement the integration and deliver the cost synergies are estimated at approximately €4.0 million.

Tyman will report on the status of the Integration and progress towards delivery of the synergies at each half and full year results announcement.

5. Principal terms and conditions and financing of the Acquisition

The Group has agreed to purchase the entire issued and to be issued share capital of Giese Gruppo Industriale S.p.A and that of Giese Brazil, as well as the Giese Gulf Trade and Assets from the Vendors. Completion of each component of the Acquisition, other than the acquisition of the Giese Gulf Trade and Assets, was effective on 7 March 2016. The acquisition of the Giese Gulf Trade and Assets is expected to complete by 30 September 2016.

The Enterprise Value has been agreed on a cash free/debt free basis, subject to customary adjustments to cash consideration payable, including working capital. Up to €1.5 million of the consideration is deferred and payable in May 2018 dependent on future business performance. At Completion the net indebtedness of Giese is estimated to be approximately €29.0 million.

** This statement of estimated synergy benefits relates to future actions and circumstances which by their nature involve risks, uncertainties, contingencies and other factors. As a result, the synergies referred to may not be achieved, or those achieved and the investment required to secure the synergy benefits may be materially different from the estimates. The synergy benefits and costs set out in this announcement are unaudited numbers based on Tyman estimates.*

Marco Lambertini, previously the Chairman and majority shareholder of Giese, has been engaged as a consultant to the Giese business following Completion.

Fees and expenses incurred by Tyman plc in connection with the proposed acquisition are estimated at approximately €2.0 million.

The Acquisition and associated expenses will be financed from a combination of the Group's cash reserves and a drawdown on the Group's existing committed revolving credit facility.

6. Financial effects of the Proposals*

The Acquisition will be immediately accretive to earnings per share following Completion and, assuming delivery of the synergy plan and no material deterioration in Giese's end markets, it is expected that the ROAI of the Acquisition will meet or exceed the Group's target run rate of 15 per cent. by March 2018.

The Board expects pro forma Leverage on Completion to be approximately 2.20x net debt/underlying EBITDA, which is above the Board's stated year end target range of 1.50x to 2.00x. Leverage is projected to increase to the half year before reducing towards the Group's year end target range by the end of 2016.

The Group retains full flexibility to realise its additional strategic organic growth objectives and targeted investment opportunities including further acquisitions following the Acquisition.

On the 2015 Proforma Basis, the Enlarged Group's 2015 Revenue would have been approximately £403.1 million and Underlying Operating Profit would have been approximately £56.5 million.

At 31 December 2015, the Group's pro forma indebtedness (including the enterprise value of the Response Electronics and Giese acquisitions assuming they completed on that date, together with associated costs and expenses) would have been approximately £173.7 million; the Group's pro forma committed incremental liquidity would have been approximately £217.4 million; and the Group's pro forma total incremental liquidity would have been £277.4 million.

8 March 2016

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Definitions

The following definitions apply throughout this announcement, unless the context otherwise requires

Acquisition	the acquisition of Giese by Tyman on the terms and conditions set out in the Acquisition Agreement
Acquisition Agreement	the agreement dated 7 March 2016 between Tyman plc and the Vendors concerning the acquisition of the Giese Group
Adjusted EBITDA or Operating Profit	Giese's unaudited EBITDA or Operating Profit as applicable extracted from management accounts and adjusted for income and expense items that will not recur under Tyman ownership
Board or Directors	the Executive Directors and Non-executive Directors of Tyman
Company or Tyman	Tyman plc with registered Company number 02806007
Completion	The completion of the Acquisition of Giese Gruppo Industriale S.p.A, Giese Brazil (including any respective subsidiaries) by Tyman excluding the acquisition of Giese Gulf Trade and Assets
Enlarged Group	the Group as enlarged by Giese following completion of the Acquisition
Euro or €	the single European currency
Sterling or £	the lawful currency of the United Kingdom
Giese or the Giese Group	Giese Gruppo Industriale S.p.A., Giese Brazil (including any respective subsidiaries) as at 7 March 2016 together with the Giese Gulf Trade and Assets
Giese Brazil	Giese Brasil Ltda
Giese Gulf Trade and Assets	the trade and assets of Giese Gulf Group Llc
Group	Tyman and its subsidiaries as at 7 March 2016
Integration	the integration of Giese into the Tyman Group
Leverage	the Group's covenant measurement of Leverage as defined in the Tyman Report and Accounts for the year ended 31 December 2014
2015 Proforma Basis	the aggregation of the Group, Response Electronics and Giese for Revenue and Operating Profit assuming that both Giese and Response Electronics had been owned for the entire 2015 year. The aggregation is not a consolidation and does not include any

amendments or adjustments for acquisition costs, integration costs, synergies, differences in bases of preparation of accounts or other impacts of combination. All figures translated at 2015 average exchange rates

ROAI Annualised Underlying Operating Profit attributable to the acquired business divided by the Acquisition Enterprise Value less the fair value of controllable capital employed as at the date of acquisition plus the value of controllable capital employed at the date of measurement. The denominator is also adjusted for seasonality where appropriate

Schlegel or Schlegel International The Group's International Division

Tyman Tyman plc (registered company number 02806007)

United Kingdom the United Kingdom of Great Britain and Northern Ireland

Vendors the Lambertini and Sermasi families and other parties

Glossary of Terms

APAC Asia Pacific region

EBITDA Earnings Before Interest, Taxes, Depreciation, and Amortisation

EMEA Europe, Middle East, Africa and India region

IFRS International Financial Reporting Standards

NPD New Product Development

OEM Original Equipment Manufacturer

R&D Research and development

ROAI Return on Acquisition Investment

SKU Stock Keeping Unit

Exchange Rates

The following foreign exchange rates have been used in the financial information to translate amounts into Sterling:

Closing Rates:	2015	2014
Euros	1.3572	1.2779

Average Rates:	2015	2014
Euros	1.3772	1.2407

A Euro Exchange Rate of €1.2922, being the prevailing rate on Friday 4 March 2016, has been used in the translation of the Enterprise Value and Constant Currency calculations.

Roundings

Percentage numbers have been calculated using figures rounded to the nearest thousand, which may lead to small differences in some figures and percentages quoted.