

13 September 2018

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**Scapa Group plc (“Scapa” or “the Group”)
Acquisition of Systagenix Wound Management Manufacturing Limited**

**Acquisition of development and manufacturing assets of Systagenix Entering
a 5-year exclusive manufacturing and supply agreement**

A milestone in Scapa’s journey to become a global healthcare company

Scapa Group plc (AIM: SCPA) is pleased to announce the acquisition of the share capital of Systagenix Wound Management Manufacturing Limited, an Acclivity Company*. Systagenix’s manufacturing operations, sterilisation services, warehouse facilities and the R&D and regulatory support functions in Gargrave, UK will be acquired by Scapa for a cash consideration of £31 million**. In addition, Scapa has also entered into a five-year exclusive Manufacturing Supply Agreement with Acclivity for Systagenix advanced wound care products which expands Scapa’s existing partnership with Acclivity (referred to together with the Share Purchase Agreement as the “Transaction”).

Systagenix is a global leader in advanced wound care, developing and marketing therapeutic solutions and supplying over 20 million advanced wound dressings per month to more than 75 countries. Its longstanding commitment to skin and wound care began with innovative wound care treatments developed by the experienced team of R&D scientists at the Gargrave Centre of Excellence for Wound Healing in North Yorkshire, England since 1934. Systagenix Wound Management Limited and the Systagenix Brand will remain part of Acclivity.

Background to the Transaction

Scapa’s strategy in healthcare is to be the trusted strategic partner of choice for our customers. We strive to support our customers by continuing to expand our portfolio of capabilities, technologies and services which in turn enables our customers to invest and focus on their strategic priorities.

As part of our strategy and reflecting our relationships with customers, we are participating in technology transfers whereby we acquire their assets and resources that will benefit from greater economies of scale and investment within Scapa; this is the third, and largest, such technology transfer, all signed within the last 12 months.

The addition of the well invested 335,000-square-foot Gargrave site will position Scapa as one of the leading global B2B manufacturers of advanced wound care products. The site will significantly enhance Scapa’s capabilities, services and footprint. The Transaction will also further deepen our relationship with Acclivity as its seamless partner of choice for advanced wound dressings.

The terms of the five-year exclusive Manufacturing Supply Agreement and ancillary agreements relating to sterilisation services, warehouse facilities and R&D and regulatory support (the “Agreements”) between Scapa and Systagenix Wound Management Limited (a subsidiary of Acclivity) are substantially agreed and will be effective from closing of the acquisition expected to occur on or around 1 October 2018.

Financial Impacts

As at 31 December, 2017, the pro forma unadjusted net assets acquired were £31 million. Scapa expects pro forma revenue from the Agreements to be approximately £37.0 million per year on a statutory basis. The Transaction will be funded from existing cash reserves and bank facilities. Further details with respect to the implementation of the Agreements will be set out at the time of the Interim Results in November.

Benefits of the Transaction

- Gargrave will serve as Scapa's European centre of excellence for Healthcare - The acquisition:
 - o Significantly enhances Scapa's capabilities, services and footprint
 - o Adds gamma sterilisation to Scapa's capabilities, providing a unique value proposition and additional flexibility
 - o Further deepens Scapa's strategic relationship with Acelyt
 - o Brings to the Group 22 R&D scientists with 196 years' combined experience and over half with advanced degrees
 - o Further strengthens Scapa's Regulatory and Quality capabilities o Will help maximise operational efficiencies for Healthcare
- The acquired operations have existing third party Contract Manufacturing Operations and a sterilisation business operated out of Gargrave
- Scapa will leverage the acquired assets and capabilities to continue its organic growth

Commenting on the Transaction, Heejae Chae, Group Chief Executive of Scapa Group said:

"The Transaction marks a milestone in our healthcare journey from a material supplier to a global healthcare company. It bridges the final gaps in our value proposition in capabilities, services and footprint. The Gargrave facility will serve as our European centre of excellence with its state of the art manufacturing facility and significant innovation and development capability. Additionally, the Transaction will further strengthen our strategic relationship with Acelyt by supporting its strategy for continued growth as the leading wound care company in the world."

This announcement contains inside information for the purposes of article 7 of the Market Abuse Regulation (EU) No 596/2014.

* The Parties to the Share Purchase Agreement entered into on 13 September 2018 are Systagenix Wound Management B.V (Seller), Kinetic Concepts Inc. (Seller Guarantor) and First Water Limited (Buyer); Scapa Group plc (Buyer Guarantor)

** Subject to customary closing adjustments

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