

3<sup>rd</sup> April 2017

## Acquisition of Gestra for €186 million (£160 million)

Spirax-Sarco Engineering plc (Spirax Sarco), which specialises in the control and efficient use of steam, and in peristaltic pumping and associated fluid path technologies, announces that it has signed a conditional sale and purchase agreement to acquire Gestra AG and associated businesses (Gestra) from Flowserve Corporation for a cash-free, debt-free consideration of €186 million (£160 million).

Gestra, which has its headquarters in Bremen, Germany, is a technology leader in advanced industrial boiler control systems and specialises in the design and production of valves and control systems for steam and fluid process control.

In 2016, Gestra recorded revenues of €92.5 million (£79.7 million), EBITDA of €16.6 million (£14.3 million) and EBIT of €15.2 million (£13.1 million). Approximately 80% of the company's revenues are in Europe with the balance spread roughly evenly between the Americas and Asia Pacific.

At 31<sup>st</sup> December 2016, Gestra's gross assets were €66.8 million (£57.6 million).

Gestra is highly complementary to the Spirax Sarco Steam Specialties business and will enhance and accelerate the implementation of Spirax Sarco's strategy for growth, as a result of its well-developed capabilities in a wide range of industries and applications.

Due to its strong brand, Gestra will be operated alongside the Spirax Sarco Steam Specialties business, targeting global growth in its key market sectors through the co-ordinated application of the knowledge and strengths of both businesses. Spirax Sarco will invest in Gestra's product and market development to extend its world-leading customer value proposition to an enlarged addressable market.

The purchase consideration will be financed from a combination of existing cash resources and debt facilities. The acquisition will be accretive to Group earnings in 2017 but is expected to have a slightly dilutionary impact on the Group profit margin in this year.

Completion is subject to certain customary conditions, including regulatory approval of the transaction by the merger control authority in Germany. These conditions are expected to be satisfied during the current quarter.

Nicholas Anderson, Chief Executive of Spirax-Sarco Engineering plc, said;

*"We are delighted to be bringing Gestra, its management and employees into the Spirax Sarco family. Our businesses are highly complementary; Gestra will enhance the market and product offering of Spirax Sarco and will benefit from our global footprint and broader product range. We believe that this combination will deliver enhanced value to both customers and shareholders".*

There will be a hosted conference call, including Q&A, for investors and analysts at 9.30am UK time today. Dial-in numbers are UK Toll Free 0808 109 0700 and for Standard International Access +44 20 3003 2666. Please use the password 'Spirax-Sarco'.

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**About Spirax Sarco**

Spirax-Sarco Engineering plc comprises two niche businesses, Spirax Sarco for steam specialties and Watson-Marlow Fluid Technology Group for peristaltic pumps and associated fluid path technologies. The Steam Specialties business provides a broad range of fluid control products, engineered packages, site services and systems expertise for a diverse range of industrial and institutional customers. The Company helps its end users to improve production efficiency, reduce energy costs, water usage and emissions, improve product quality and enhance the safety of their operations. Watson-Marlow Fluid Technology Group offers the ideal solution for a wide variety of demanding fluid path applications with highly accurate, controllable and virtually maintenance free pumps and associated technologies. The Group is headquartered in Cheltenham, England, has strategically located manufacturing plants around the world and employs over 5,300 people, of whom nearly 1,400 are direct sales and service engineers. Its shares have been listed on the London Stock Exchange since 1959 (symbol: SPX).

Further information can be found at [www.spiraxsarcoengineering.com](http://www.spiraxsarcoengineering.com)

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