

**Mincon Group plc**  
**(“Mincon” or the “Group”)**

**Acquisition of Driconeq AB for c. €8 million (inclusive of costs)**

On 19th March 2018, the Group completed the acquisition of Driconeq AB, the holding company for the Driconeq Group of companies.

Driconeq is a leading global supplier of high quality drill pipes and accessories for down-the-hole (DTH), rotary and reverse-circulation applications with factories in Sunne, Sweden, Johannesburg, South Africa and Perth Australia. An integral part of the group is the heat treatment business, HARDtekno, located in Kristinehamn in Sweden.

The combined businesses for their financial year ended 31<sup>st</sup> December, 2017 had revenues of SEK 254 million, SEK 18.4 million of EBITDA, and operating profit of SEK 9 million. This equates to approximately €25.2 million of sales, €1.82 million of EBITDA, and an operating profit of about €892,000. Altogether another 140 staff will join the Mincon Group with this acquisition.

The net assets being acquired, after certain adjustments, total approximately SEK 45 million (€4.46 million). There is no debt being brought on as part of the transaction. The agreed price is SEK 65 million, plus the buy-in of a minority interest in a subsidiary for SEK 6.95 million, plus a contingency payment based on performance in 2018 of up to SEK 5 million. Together with costs the whole transaction, with full pay-out, will total some SEK 81 million (c. €8 million).

The payment will be made from the cash resources of the Mincon Group plc. As is normal in the Mincon Group plc, we have not placed any debt in our subsidiaries.

The factories are an excellent fit for the Mincon manufacturing and business footprint, being close to existing key Mincon facilities and management and giving us a worldwide brand in drillpipe and associated products. This is a fine addition to our product categories and will fit naturally with the products we already sell, and the many customers we already supply.

Since Mincon is already a large customer of Driconeq, accounting for approximately €4 million of Driconeq’s revenue in 2017, such revenue will not be an addition to the Group’s revenue, but we would expect Driconeq to add some net €21 million of sales, and develop their profitability over the rest of the current year to make a contribution from the date of acquisition.

Our current drillpipe manufacturer, Viqing Group, which we acquired last year, will be combined with the Driconeq Group, and add its rapidly building sales to this product category for the Group. The management teams in Sunne, where both businesses are headquartered, will be merged as agreed.

Joe Purcell, Chief Executive Officer of Mincon, commenting on the acquisition, said:

*“We are delighted to add these businesses and their teams to our Group. We are at heart an engineering group, an industrial group, and these businesses should receive an opportunity to grow and develop over the coming years.”*

*We would take this opportunity to thank Nordea Bank AB for their support of the Driconeq Group over the last years. They made a significant contribution to the continuing existence of the business and should be recognised for their commitment to the maintenance of employment in Sweden and across the business footprint.”*

ENDS

20 March 2018

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