

BCMS advises packaging specialist GWP Group on its sale to Macfarlane Group PLC

BCMS has advised the shareholders of GWP Holdings Limited, the owner of GWP Group Limited (“GWP”), on the sale of the business to Macfarlane Group PLC (“Macfarlane”), LSE: MACF.

GWP is a protective packaging manufacturing and distribution business based in Wiltshire, South West England. First established in 1990, with manufacturing facilities in Swindon and Salisbury, GWP designs and manufactures an extensive range of bespoke packaging products, specialising in providing solutions for the safe transportation and long-term storage of valuable and fragile products. The business sells to a prestigious customer base in South West England and across the UK, in a diverse range of sectors including aerospace/defence, electronics, food and drink, technology, medical, manufacturing and online retail.

GWP provides all forms of industrial packaging: corrugated cardboard transit packaging, protective cases, presentation cases, engineered foam inserts, anti-static/electrostatic discharge (ESD) safe packaging, re-usable Correx® packaging and specialist coatings. In addition, GWP offers a full vendor-managed inventory system, with a suite of services from design consultancy and packaging audit to materials handling, warehousing and Just In Time (JIT) supply to end users.

For the year ended 30 September 2020, GWP generated sales of £13.2 million, EBITDA of £2.1 million and pre-tax profits of £1.6 million. The business has an experienced team of 107 employees, including its six Directors. Five of the Directors will remain with the company following its acquisition.

Macfarlane Group PLC has been listed on the Main Market of the London Stock Exchange since 1973 and has over 70 years’ experience in the UK packaging industry. Through its two divisions, Macfarlane Group services a broad range of business customers supplying them with high quality protective packaging and labels which help customers reduce supply chain costs, improve their operational efficiencies and enhance their brand presentation.

Deal insights

Macfarlane’s wholly owned subsidiary, Macfarlane Group UK Limited, has acquired 100% of GWP for a maximum cash consideration of £15.1 million (including an earn-out of £5.1 million based on agreed profit growth targets over two years) and a further adjustment for net assets in excess of £1.6 million with the expected net assets on completion being £4.3 million, including £3.8 million of net cash. The acquisition is in line with Macfarlane’s declared strategy of building its protective packaging business through a combination of organic and acquisitive growth.

Macfarlane says there are significant opportunities for both GWP and Macfarlane to benefit from access to their respective ranges of protective packaging products and services.

Commenting on the acquisition, Peter Atkinson, Chief Executive of Macfarlane, said: “GWP is a profitable, growing, well invested company with an experienced management team that is fully committed to the business going forward. The acquisition will be funded using bank debt and will be earnings enhancing. We look forward to working with the team at GWP to support its continued growth and develop opportunities for us to work together to provide all our customers with a broader portfolio of value-add and sustainable protective packaging solutions.”

Commenting on BCMS’ role in the transaction, GWP Chairman David Pedley said: “BCMS have worked very closely with the shareholders of GWP to fully understand our business and how we differentiate ourselves in the market. It was quite a complex deal and we were working to an exacting timescale. Despite this, they kept the deal on track all the way through the sale process. The

shareholders are very happy with our deal, most importantly we've secured a fantastic future for the GWP business and our staff."

BCMS Assistant Director Emma Tipper said: "Our goal at BCMS is to deliver the very best outcomes for our clients. I have been honoured to work with the GWP team to allow them to realise the huge opportunity that working with Macfarlane brings. They have traded extremely well through the Covid-19 pandemic and I put this down to incredibly hard work, excellent customer relationships, their first-class design capability and a desire to go the extra mile for their clients. Everyone at BCMS wishes GWP and Macfarlane all the very best moving forward together."

Philip Humphreys and the team at Clark Holt provided legal advice to GWP on the transaction.

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