8 June 2017
AIM: MLIN

Molins PLC
("Molins", "the Company" or "the Group")

Global packaging solutions group

Proposed Sale of Molins Instrumentation & Tobacco Machinery division

and Notice of General Meeting

Molins, the global packaging solutions group, today announces that it has entered into a conditional agreement with G.D S.p.A., a wholly owned subsidiary of Coesia S.p.A., to sell its Instrumentation & Tobacco Machinery division ("I&TM") for a gross cash consideration of £30 million on a cash free debt free basis. In line with the Company's strategy, the net proceeds of the Sale will primarily be used to invest in the Group's packaging machinery activities to capitalise on the attractive growth opportunities in their end markets.

Highlights

- The Sale provides the opportunity to accelerate the Group's strategy to be a global leader of packaging solutions and will provide the platform to invest in the Group's existing Langen and Molins Technologies businesses and acquire complementary businesses
- Gross consideration for I&TM of £30 million, with net cash proceeds after fees and taxation expected to be £27.3 million, similar to the book value of the net assets, including goodwill, being sold
- The Company has agreed to make a one-off contribution to the Molins UK Pension Fund of 10% (approximately £2.7 million) of the net cash proceeds and has formalised an agreement with the Fund's trustees following the completion of the valuation as at 30 June 2015
- £1.5 million of the consideration will be retained within an escrow account for up to two years in accordance with warranties and indemnities given by Molins in the Sale Agreement
- Balance of net proceeds of £23.1 million will be retained to execute growth strategy, strengthen the Group's balance sheet and leave it in a cash-positive position
- As part of the transaction the Company has agreed to transfer the name 'Molins' to G.D, an Italian leading supplier of tobacco machinery - following completion, Molins will retain the right to use the name for a period of six months
- The first part of Molins' financial year has resulted in order intake in all parts of Molins being at levels ahead of the same period last year, with trading also ahead
- Completion subject to conditions including the approval of Shareholders at a General Meeting to be held on 27 June 2017

Panmure Gordon (UK) Limited is acting as financial adviser, nominated adviser and sole broker to the Company.

Commenting on the Sale, Tony Steels, Chief Executive, said:

"The Sale will provide Molins with the platform to accelerate the execution of its strategy to invest in growth packaging machinery sectors.

Molins has a presence in large and attractive growth markets, an enviable portfolio of global multinational customers, an impressive range of innovative technologies and above all a very talented and engaged workforce. With the proceeds from the sale of I&TM, I am even more confident about the growth opportunities for the Group."

Notice is therefore given of a General Meeting of the Company, at which Shareholders will be asked to approve the Sale by way of an ordinary resolution. The General Meeting will be held at the registered offices of Molins PLC, Rockingham Drive, Linford Wood East, Milton Keynes MK14 6LY at 2.00 p.m. on 27 June 2017. A circular, including notice of the General Meeting ("**Circular**"), will today be posted to Shareholders and a copy will also be made available to view on the Company's website at www.molins.com.

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

For further information, please contact:

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Expected Timetable of Principal Events

Date of the Circular	8 June 2017
Latest time and date for receipt of Form of Proxy in respect of the General Meeting	2.00 p.m. on 25 June 2017
Date and time of the General Meeting	2.00 p.m. on 27 June 2017
Anticipated completion of the Sale	On or around 31 July 2017

1. Each of the times and dates in the above timetable is subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement on a Regulatory Information Service.
2. All of the above times refer to London time unless otherwise stated.
3. Completion of the Sale is conditional upon approval by Shareholders of the Resolution.

Panmure Gordon (UK) Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Molins PLC and no one else in connection with the matters referred to in this announcement and apart from the responsibilities and liabilities, if any, which may be imposed on Panmure Gordon (UK) Limited by the Financial Services and Markets Act 2000 and the regulatory regime established thereunder, Panmure Gordon (UK) Limited will not be responsible to anyone other than Molins PLC for providing the protections afforded to clients of Panmure Gordon (UK) Limited or for providing advice in relation to the matters referred to in this announcement.

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "plans", "targets", "continues", "expects", "intends", "may", "will", "would" or "should", or in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout this announcement and include statements regarding the Group's and the Directors' intentions, beliefs or current expectations concerning, among other things, the Group's prospects, growth strategies and the industries in which the Group operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including without limitation: conditions in the markets, market position of the Group, earnings, financial position, cash flows, return on capital, anticipated investments and capital expenditures, changing business or other market conditions and general economic conditions.

ADDITIONAL INFORMATION

The following information has been extracted from the Circular.

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LETTER FROM THE CHAIRMAN

Dear Shareholder

Proposed sale of I&TM and Notice of General Meeting

1. Introduction

The Company announced today that it has entered into a conditional agreement with G.D pursuant to which it has agreed to sell I&TM, which includes the trademarks relating to Cerulean and Molins Tobacco Machinery, including the name 'Molins'. The Transaction values I&TM on a cash free debt free basis at £30 million.

The Consideration payable to the Group of £30 million will be adjusted by the value of the Net Financial Position and the extent to which the Net Working Capital is higher or lower than a target value at Completion, to be calculated through a completion accounts process. Of the net consideration, an amount of £1.5 million will be held in escrow for a period of up to two years, as security to G.D for possible future warranty and indemnity claims against the Company. After taking into account the Group's costs, including fees and taxation costs, associated with the Sale of approximately £2.7 million, it is expected that the net proceeds of the Sale receivable by the Company (including the amount held in escrow at Completion) will be approximately £27.3 million. The principal terms of the Sale Agreement are summarised in paragraph 8 below.

As a consequence of the size of the consideration arising from the Sale relative to the Company's market capitalisation, pursuant to Rule 15 of the AIM Rules, the Sale is deemed to constitute a disposal resulting in a fundamental change of business of the Company, which requires the approval, by way of an ordinary resolution, of the Shareholders at the General Meeting.

The purpose of the Circular is to provide Shareholders with further information on the Sale and the Resolution, as well as the Company's ongoing strategy, and the reasons why the Directors consider that the Sale is in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the Resolution.

2. Background to and reasons for the Sale

Overview

Following his appointment as the Company's Chief Executive in June 2016, Tony Steels initiated a comprehensive review of the Group's strategic direction, with a focus on market opportunities and operational efficiency.

The conclusions of the strategic review process, which are set out in the Company's announcement of its final results for the year ended 31 December 2016, recognised that the Group's accessible markets have two contrasting dynamics:

- the pharmaceutical, healthcare, nutrition and beverage end-markets for the Group's Packaging Machinery division are expanding at around 5 per cent. per annum and have attractive underlying long-term growth drivers such as urbanisation, convenience and health awareness; and

- I&TM's nicotine delivery market, although cash generative and relatively stable, is undergoing a shift as sales of traditional products are under pressure due to health awareness and government tax schemes and the introduction to the market of a large number of new nicotine delivery products.

In light of these contrasting market dynamics, together with positive progress in the Packaging Machinery division arising from the initial implementation of the plans identified from the strategic review, the Board believes that the Sale is consistent with the strategy adopted by the Board and will enhance the platform from which to accelerate the growth of the Continuing Group.

The Sale follows an unsolicited approach from Coesia (the ultimate owner of G.D) to Molins to acquire I&TM. The Board has concluded, as summarised below, that the Sale is in the best interests of the Company and Shareholders.

Information on I&TM

I&TM comprises Cerulean, the Group's quality control, testing and analytical instrumentation business and Molins Tobacco Machinery, which designs, manufactures and services secondary tobacco processing machinery. As at 31 December 2016, 354 people were employed within I&TM.

Cerulean, based in Milton Keynes, UK, with an international network of sales and service offices, develops, assembles, sells and maintains process and quality instruments mainly for the tobacco sector, with a small proportion of its business in other FMCG sectors.

Molins Tobacco Machinery operates globally from its headquarters in Princes Risborough, UK, where the central engineering, sales and logistics teams are located. Additional sales and service operations are based in the USA, Brazil and Singapore, with manufacturing facilities in the Czech Republic and Brazil.

For the year ended 31 December 2016, I&TM generated turnover and a profit before interest and taxation of £38.6 million and £0.3 million respectively, the latter after the recharge of certain central costs of the Group of £1.9 million which will remain with the Continuing Group immediately following the Transaction. As I&TM is not required to prepare its own consolidated accounts, its post-tax profits or losses are not disclosed.

At 31 December 2016, I&TM had gross assets of £30.2 million and net assets of £21.3 million. In addition the Group carried goodwill arising on consolidation in relation to Cerulean on its balance sheet, amounting to £7.8 million at 31 December 2016.

The value of I&TM's unaudited net assets, including goodwill, at 31 March 2017, which is the date being used as the reference point to agree with G.D the value of net assets that will be transferred on Completion, was £28.5 million. With consideration of £30 million, fees and taxes arising from the Transaction estimated at approximately £2.7 million and the release of certain items held in the Group's balance sheet, it is expected that the Sale will generate a broadly neutral profit and loss impact.

Reasons for the Sale

I&TM is heavily reliant upon the tobacco industry, the market for which is not growing. Furthermore, the cigarette making and packing capacities in many regions of the world are in excess of consumption. Together with strong competition in this area of the market, demand for Molins Tobacco Machinery's new machinery is lower than it has been historically, and typically at prices that deliver profit margins that are lower than in the rest of the Group. The tobacco industry is undergoing a transformation, with the introduction of heat-not-burn products set to progressively displace sales of traditional cigarettes. This change will require significant and timely investments in new product development, as yet not planned within Molins. Cerulean is the market-leading supplier of quality control instruments and its performance has been, and continues to be, strong. Cerulean is, however, subject to increasing competitive pressures.

Whilst the Board believes that I&TM has a strong portfolio of products, its market position is well-established and it would continue to benefit from being part of the Group, the Board has considered the strategic options available to I&TM following Coesia's unsolicited approach. The Board has concluded that I&TM would benefit from being part of a larger group with a greater presence in the tobacco market. In light of these factors, the Board entered into negotiations with G.D leading to the Sale.

The Sale provides the opportunity to convert the value of all I&TM related assets, including intangible assets, into cash. The Sale will also:

- provide the Board with the platform to execute its strategy of focusing on attractive growth markets;
- provide Molins with greater potential to invest in and acquire complementary businesses in its packaging machinery activities; and
- strengthen the Continuing Group's balance sheet, leaving it in a net cash-positive position and not reliant on debt funding over the short-term.

The Board has therefore concluded that the Sale is in the best interests of the Company and its Shareholders, thereby providing the Board with the opportunity to accelerate the execution of its strategy for the Continuing Group.

3. Illustrative financial effects of the Sale

On a pro-forma basis, i.e. excluding I&TM, for the year ended 31 December 2016, the Continuing Group would have recorded revenues of £41.5 million (2015: £51.0 million) and a loss before non-underlying items (reorganisation costs and pension administration costs), interest and tax of £1.2 million (2015: £2.6 million profit).

The Packaging Machinery division recorded a strong performance in 2015, generating good levels of profitability even if all the Group's central costs had been allocated against this division on a pro-forma basis. Trading in 2016 suffered as a result of entering the year with a lower order book and order intake in the year, except for the last few months, was lower than expected. This resulted in the operational efficiencies of the businesses suffering through under-utilisation. The opportunity to reduce the cost base of the business was taken towards the end of 2016. With strong order intake in the last few months of 2016 continuing in the first five months of 2017 the Board believes that the division is well placed to match 2015's sales levels. Whilst the division's profitability will, in the short-term, be impacted by the allocation of all of the Group's central costs, the impact of this is expected to be dissipated as the Continuing Group grows.

On a pro-forma basis, to illustrate the effect on the net cash position of the Continuing Group had Completion occurred on 31 December 2016 and, thereby, included the Group's net cash position of £0.8 million at that date, the £27.3 million net proceeds receivable by the Company from the Sale (including £1.5 million to be held in escrow but less amounts payable in respect of fees and taxes arising from the Transaction of approximately £2.7 million), less approximately £2.7 million that will be paid to the Fund shortly after Completion (see paragraph 9 below), the Continuing Group would have had net cash of £25.4 million.

Other than the Group's net cash position at 31 December 2016, all of the figures in this paragraph 3 are unaudited. This pro-forma analysis has been prepared for illustrative purposes only.

4. Use of Proceeds

It is expected that the net Consideration receivable by the Company on Completion, after fees and taxes, will be £27.3 million. £1.5 million of these net cash proceeds will be retained within an escrow account, £0.75 million of which will be released after 12 months and the balance after 24 months, subject to any deductions arising from valid warranty or indemnity claims made by G.D under the Sale Agreement. The Company has agreed with the Fund's trustees to make a one-off contribution to the Fund of 10 per cent. of the net cash proceeds of approximately £2.7 million. The balance of the net proceeds of £23.1 million will be used to repay any outstanding bank debt the Company might have at that time and the rest will be retained by the Company to execute its growth strategy for the Continuing Group, as outlined in further detail below.

At Completion, Lloyds Bank plc will cease to provide borrowing facilities to the Continuing Group, but will continue to provide day to day banking arrangements. In the short-term following Completion, Molins will not have a requirement for borrowing facilities. The requirement for debt funding over the medium-term will be re-evaluated from time to time as the Board's plans for the Continuing Group develop.

5. Strategy for the Continuing Group

Overview

Following Completion, the Continuing Group will comprise Langen Group and Molins Technologies, which together make up the packaging machinery activities of the Group. As at 31 December 2016, 303 people were employed within the Continuing Group.

Langen is a designer and manufacturer of cartoning machinery, case packers, end-of-line and robotic packaging solutions, with locations in Canada and the Netherlands, and service engineers across the world, servicing a global customer base including a portfolio of household brands, as well as a provider of complete turnkey projects involving design and integration of packaging systems. Molins Technologies is a specialist engineering business, developing innovative technology and associated production and packaging machinery, located in Coventry, UK.

The Continuing Group's operations are mainly focused on the global pharmaceutical, healthcare, food and beverage sectors, all of which are attractive end-markets with long-term growth characteristics. It has an extensive portfolio of innovative solutions which are well matched to its customers' needs, supported by a global organisation of highly skilled, motivated employees.

The vision of the Continuing Group is to be a global leader of packaging solutions, focused on these attractive growth markets. This will be enhanced by a world class services programme which the Board believes has strong growth potential, aimed at proactively supporting our customers worldwide in order to help them optimise their operational efficiencies. As a result of the Sale, Molins will be focused entirely on these growth markets. At present, Langen is focused principally on secondary packaging and Molins Technologies on both primary and secondary packaging and in combination they provide full line solutions in our target markets. Molins Technologies can open new opportunities by partnering with customers at the onset of new product development, supporting them with feasibility studies and concept engineering capabilities, from which Langen can subsequently benefit. This places the business in a strong position to support the Continuing Group's customers over the life cycle of their investment projects, rather than only at the secondary stage as is often the case at present.

Growth of the Continuing Group will be supported by investment in internal capabilities and product innovation, as well as the development of a stronger services organisation supporting these organic growth opportunities.

Acquisition strategy

In addition to organic growth, the Company will seek opportunities to grow through acquisition that will enhance the Continuing Group’s customer proposition offering full line packaging solutions from product fill to palletisation, enhanced by life-cycle service and support programmes that help customers optimise their returns on investment. In addition, acquisitions that broaden the Continuing Group's accessible markets will provide increased opportunities to promote its complete solutions concept.

The Board’s acquisition strategy will therefore principally focus on further developing the Continuing Group’s proposition of being a complete line packing solution provider to its current and prospective customers.

The Board’s intended focus is on two key areas: innovative upstream fill solutions and higher volume technology solutions, although the Board would consider opportunities in the broader packaging machinery sector, focused on attractive growth markets, in order to increase the Continuing Group’s customer engagement and to expand the customer base. In the services area, the Board will seek to add to the Continuing Group’s capabilities to provide comprehensive asset life-cycle services from within its internal resources, but which could be supplemented by acquisition. As such, it is expected that acquisitions will be in adjacent and/or complementary areas to the Continuing Group rather than transformational acquisitions in unrelated areas.

Acquisition targets are expected to be focused on serving speciality markets with valued added products that also have the potential for international market expansion, and with strong technology and customer relationships. With regards to financial metrics, acquisitions will be required to meet strict financial criteria, including profitability, cash flow and return on investment, save that selected acquisitions with visibility over significant cost-saving opportunities could be identified. All acquisitions will be subject to a detailed plan to ensure that they are fully integrated into the Continuing Group in a way that optimises the synergies created by the enlargement of the Group.

6. Current trading and prospects

Molins entered the 2017 financial year with an order book that was substantially stronger than at the start of 2016, with the increase arising in the Packaging Machinery division, demonstrating some early progress in the implementation of the new strategy. The first part of the year has resulted in order intake in all parts of Molins being at levels ahead of the same period last year.

In particular, order intake in the Continuing Group at the end of May 2017 was considerably ahead of order intake for the same period last year. Trading is as expected and ahead of last year in all parts of the Continuing Group, such that the Board is confident that the Continuing Group's sales in 2017 are likely to be significantly ahead of last year.

The Board is confident that the implementation of the strategy will appropriately position the Continuing Group, both commercially and in its product offering, such that it can readily capitalise on the opportunities available to it. The Board believes that prospects in the medium-term are positive, with the Continuing Group's focus on the development of and investment in growth markets, and improving the operational effectiveness of the business, supported by a globally co-ordinated management team.

7. Information on the buyer

G.D is a leading supplier of high-technology machinery for cigarette making and packing, filter production, other tobacco products, and special products. It is headquartered in Bologna, Italy and has branches and service centres worldwide, providing an extensive sales and service network. G.D has annual sales of more than 700 million Euros and 2,600 employees. G.D is a 100 per cent. owned subsidiary of Coesia, a Bologna-based privately-owned group of innovation-based industrial and packaging solutions companies operating globally, with annual sales of 1.5 billion Euros and 6,000 employees.

8. Summary of the Transaction structure

MPRD is at the date of the Circular a wholly owned subsidiary of the Company and has been incorporated for the purposes of effecting the Transaction. Under the Sale Agreement, the entire issued share capital of MPRD will be transferred to G.D subject to the satisfaction of the relevant conditions detailed further below.

The Company, Molins Overseas Holdings Limited and MPRD will enter into the applicable Transfer Documents under which the trade and net assets relating to I&TM (save for the US Assets and the Post March 2002 IP) will be transferred to MPRD prior to Completion. The shares in the Overseas Subsidiaries will also be transferred to MPRD under the Transfer Documents.

The US Assets will then be transferred on Completion to G.D USA, Inc, a subsidiary of Coesia, under the US Asset Transfer Agreement.

The Post March 2002 IP will be transferred to MPRD immediately following Completion under a separate assignment deed.

A brief description of the Sale Agreement and other key aspects of the Transaction is set out below.

Sale Agreement

Pursuant to the Sale Agreement, the Company has agreed to sell I&TM for a consideration of £30 million on a cash free debt free basis payable on Completion (subject to £1.5 million being retained in escrow). G.D will also pay in cash to Molins the value of the Net Financial Position, which at 31 March 2017 was £3.6 million and which will be adjusted to reflect the actual Net Financial Position at Completion. In addition, to the extent Net Working Capital at Completion is less than £11.7 million Molins will reimburse the value of any shortfall to G.D. If Net Working Capital is higher than £13.2 million at Completion, G.D will compensate Molins for the value of any difference. At 31 March 2017 the value of Net Working Capital was £11.6 million.

Completion is subject to the satisfaction of a number of conditions, including approval by Shareholders of the Sale at the General Meeting and completion by the Company of the Transfer Documents. Shareholders should note that although completion of the Transfer Documents is largely within the control of the Company, certain registrations must be made in a number of overseas jurisdictions. Completion will not take place until these registrations are effected, which is likely to take several weeks, with a date of 31 July 2017 being targeted. The Board will make a further announcement as regards the timing of Completion in due course. G.D may terminate the Sale Agreement in certain circumstances considered standard for an arrangement of this nature.

A detailed explanation of the principal terms of the Sale Agreement is set out below.

Transitional Services Agreement

The Company and MPRD have agreed to enter into transitional services agreements pursuant to which:

- the Company will provide MPRD with certain IT and administration services; and
- MPRD will provide certain administration services and make office space available to the Company.

The respective obligations on the Company and MPRD under these agreements will terminate six months after Completion at the latest.

Change of name

The Company has agreed as part of the Transaction to transfer the name "Molins" to MPRD. MPRD has agreed to licence back to the Company the use of the name for a period of six months following Completion, after which the Company will be required to change its name and remove all associated "Molins" branding. The Board is authorised under the Company's articles of association to change the Company's name by passing a Board resolution.

9. Arrangement with the Fund

The Company has formalised an agreement with the Fund's trustees, following the completion of the funding valuation as at 30 June 2015 and in consideration of the Sale. The principal terms of the agreement are as follows:

- Molins will continue to pay a sum of £1.8 million per annum to the Fund (increasing at 2.1 per cent. per annum) in deficit recovery payments;
- if underlying operating profit (operating profit before non-underlying items) in any year is in excess of £5.5 million, the Company will pay to the Fund an amount of 33 per cent. of the difference between the annual underlying operating profit and £5.5 million, subject to a cap on underlying operating profit of £10 million for the purpose of calculating this payment; this part of the agreement will fall away in 2021 if the funding deficit is above certain levels;
- the Company will pay a one-off amount to the Fund of 10 per cent. of the net proceeds (after costs and taxation) of the Sale on Completion, which is expected to be approximately £2.7 million; and
- payment of dividends by Molins will not exceed the value of payments being made to the Fund in any one year.

The next funding valuation will be carried out as at 30 June 2018 and every three years thereafter, and the agreement between the Company and the Fund will be reassessed at each of those valuations.

10. General Meeting

A notice convening the General Meeting, which is to be held at the offices of Molins, Rockingham Drive, Linford Wood East, Milton Keynes, MK14 6LY at 2.00 p.m. on 27 June 2017, is set out at the end of the Circular, at which an ordinary resolution will be proposed to approve the sale of I&TM, which constitutes a disposal resulting in a fundamental change of business of the Company under AIM Rule 15.

11. Directors' recommendation

The Directors believe that the Sale is in the best interests of the Company and shareholders as a whole and unanimously recommend the Shareholders vote in favour of the Resolution as they intend to do in respect of their own beneficial holdings amounting, in aggregate, to 143,519 Ordinary Shares, representing approximately 0.7 per cent. of the Company's issued share capital.

SUMMARY OF THE PRINCIPAL TERMS AND CONDITIONS OF THE SALE AGREEMENT

Under the Sale Agreement Molins has agreed to sell and G.D has agreed to purchase: (i) the entire issued share capital of MPRD; (ii) the US Assets; (iii) the Vendor Outstanding Payable; and (iv) the Post March 2002 IP. Molins Overseas Holdings Limited has also agreed to sell and G.D has agreed to purchase the MOHL Outstanding Payable.

The key terms of the Sale Agreement are as follows:

Consideration

The cash amount payable to the Company on Completion is the Consideration of £30 million plus £3.6 million being the estimated Net Financial Position. This amount is subject to a pound for pound adjustment (upwards or downwards) to the extent that: (i) the Net Financial Position at Completion is more or less than the Net Financial Position at 31 March 2017 of £3.6 million; and (ii) Net Working Capital at Completion is more than £13.2 million or to the extent Net Working Capital at Completion is less than £11.7 million.

£1.5 million of the Consideration will be retained for a period of 24 months in an escrow account in respect of potential warranty and indemnity claims under the Sale Agreement. Half of the retention will be released from the escrow account after 12 months if no claims have been made which exceed £0.75 million in aggregate.

Condition

Completion is conditional upon: (i) the passing of the Resolution by Shareholders; (ii) completion of the Hive-Out; (iii) the Company consulting with its UK employees related to I&TM regarding their transfer to MPRD; (iv) the Company seeking certain consents from key customers and suppliers to the assignment of their contracts from the Company to MPRD; (v) no warranty claims arising prior to Completion which would have a material adverse effect on I&TM; and (vi) certain negative confirmations being made in respect of the Company's arrangements with the trustees of the Fund.

Conduct Covenants

Between the date of the Sale Agreement and Completion the Company is required to comply with a series of obligations that ensure Molins operates I&TM in its ordinary course, in compliance with applicable laws and preserves and protects its assets and goodwill, including existing relationships with customers and suppliers so as to maintain the business as a going concern.

Warranties, Tax Covenant, Indemnities

The Sale Agreement contains customary warranties about the corporate history of MPRD and I&TM. The warranties are given by the Company at the date of the Sale Agreement and are repeated again at Completion.

The Sale Agreement also contains a tax covenant in favour of G.D which includes customary provisions relating to the tax affairs of MPRD as at Completion. The Sale Agreement contains a number of indemnities in favour of G.D including in respect of (i) losses connected to the Hive-Out arising during a period of five years from Completion; (ii) losses related to assets excluded from the Sale; (iii) losses arising out of certain claims during a period of three years from Completion from employees transferring to MPRD; and (iv) certain liabilities that may arise in respect of the Molins UK Pension Fund.

The Company's liability in respect of indemnity claims is capped at the Consideration and (except in certain specified cases) there is no time limit on when indemnity claims may be brought. The Company will only be liable in respect of warranty claims under the Sale Agreement to the extent that such claims exceed £30,000 individually and £200,000 in aggregate. In addition the maximum liability of the Company under the Sale Agreement in respect of all warranty claims (other than those relating to capacity, title and solvency) is capped at £3.0 million.

Claims for breach of warranties must be brought within two years of Completion and claims for breach of tax warranty or the tax covenant must be brought within seven years of Completion.

Right to Terminate

G.D is entitled to elect not to complete the Sale Agreement if there is any breach of the Warranties between the date of the Sale Agreement and Completion which would have or which would reasonably be expected to have a material adverse effect on I&TM.

If the relevant conditions have not been satisfied, or waived, within a longstop date of four months from the date of the Sale Agreement, then the Sale Agreement shall immediately cease to have effect, unless otherwise agreed by the parties.

Non-Compete

The Company has given covenants to G.D not to compete with the business of I&TM or to solicit customers or certain employees of I&TM for the period of two years from Completion.

Governing Law

The Sale Agreement is governed by English law.

DEFINITIONS

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

"**Act**"	the Companies Act 2006
"**AIM**"	the AIM market operated by London Stock Exchange
"**AIM Rules**"	the AIM Rules for Companies published by London Stock Exchange from time to time
"**Board**" or "**Directors**"	the board of directors of the Company whose names appear on page 6 of the Circular
"**Business Day**"	a day (other than a Saturday or Sunday) when banks are usually open for business in London
"**Coesia**"	Coesia S.p.A., a company incorporated in Italy
"**Cerulean**"	the trade and assets owned by Molins PLC relating to the Cerulean business, the trade and assets owned by Cerulean Corporation, a wholly owned subsidiary of Molins PLC, and the entire share capital of Cerulean Shanghai Co Ltd (a company incorporated in China) and Cerulean GmbH (a company incorporated in Germany) which are ultimately wholly owned subsidiaries of Molins PLC
"**Company**" or "**Molins**"	Molins PLC, a company incorporated in England and Wales with registered number 124855
"**Completion**"	completion of the Sale on the terms set out in the Sale Agreement
"**Consideration**"	the cash amount of £30 million on a cash free debt free basis
"**Form of Proxy**"	the form of proxy for use by Shareholders in connection with the General Meeting, which is enclosed with the Circular
"**Fund**"	Molins UK Pension Fund
"**G.D**"	G.D S.p.A., a company incorporated in Italy, being a wholly owned subsidiary of Coesia
"**General Meeting**"	the general meeting of the Company convened for 2.00 p.m. on 27 June 2017, notice of which is set out at the end of the Circular
"**Group**" or "**Continuing Group**"	the Company and its subsidiaries, either before or after Completion, as the context requires
"**Hive-Out**"	the transfer prior to Completion of Cerulean and Molins Tobacco Machinery to MPRD (save for the US Assets and Post March 2002 IP)
"**IFRS**"	International Financial Reporting Standards

"**Instrumentation & Tobacco Machinery**" and "**I&TM**"	the businesses of Cerulean and Molins Tobacco Machinery which together comprise the trade and assets of the Company's instrumentation and tobacco machinery division, including the US Assets, together with the trademarks associated with these businesses, including that of 'Molins', and Post March 2002 IP
"**London Stock Exchange**"	London Stock Exchange plc
"**Molins Tobacco Machinery**"	the trade and assets owned by Molins PLC relating to the Molins Tobacco Machinery business, the trade and assets of Molins Richmond, Inc, a wholly owned subsidiary of Molins PLC, and the entire share capital of Molins do Brasil Maquinas Automaticas Ltda (a company incorporated in Brazil), Molins sro (a company incorporated in Czech Republic) and Molins Far East Pte Ltd (a company incorporated in Singapore) which are ultimately wholly owned subsidiaries of Molins PLC
"**MOHL Outstanding Payable**"	the sum payable by MPRD to Molins Overseas Holdings Limited in respect of the transfer of the shares in Cerulean GmbH, Cerulean Shanghai Co Ltd, Molins do Brasil Maquinas Automaticas Ltda and Molins Far East Pte Ltd
"**MPRD**"	MPRD Limited, a company incorporated in England and Wales with the registered number 10688784
"**Net Financial Position**"	net cash less debt and debt-like items of I&TM
"**Net Working Capital**"	net working capital, excluding Net Financial Position, of I&TM
"**Notice of General Meeting**"	the notice of General Meeting set out at the end of the Circular
"**Ordinary Shares**"	ordinary shares of 25 pence each in the capital of the Company
"**Overseas Subsidiaries**"	Molins sro, Cerulean GmbH, Cerulean Shanghai Co Ltd, Molins do Brasil Maquinas Automaticas Ltda and Molins Far East Pte Ltd
"**Packaging Machinery division**"	the Group's packaging machinery business comprising Langen Group and Molins Technologies
"**Panmure Gordon**"	Panmure Gordon (UK) Limited, the Company's financial adviser, nominated adviser and broker, which is incorporated in England and Wales with the registered number 4915201
"**Post March 2002 IP**"	intellectual property created in relation to I&TM after 31 March 2002
"**Preference Shareholder**"	a holder of Preference Shares
"**Preference Shares**"	6 per cent. fixed cumulative preference shares of £1 each in the Company, of which 900,000 are in issue
"**Resolution**"	the resolution to be proposed at the General Meeting

	and set out in the Notice of General Meeting at the end of the Circular
"**Sale**" or "**Transaction**"	the proposed sale by the Company of I&TM to G.D pursuant to the Sale Agreement
"**Shareholder**"	a holder of Ordinary Shares
"**Sale Agreement**"	the conditional sale and purchase agreement dated 7 June 2017 between the Company, Molins Overseas Holdings Limited and G.D
"**Subsidiary**"	has the meaning given to it in section 1159 of the Companies Act 2006
"**Transfer Documents**"	the transfer agreements, assignments, licences and other agreements in connection with the Hive-Out to be executed prior to Completion
"**UK**" and "**United Kingdom**"	the United Kingdom of Great Britain and Northern Ireland
"**Vendor Outstanding Payable**"	the sum payable by MPRD to the Company in respect of the transfer of the I&TM business (excluding Post March 2002 IP) owned directly by the Company
"**US Assets**"	the assets transferred under the US Asset Transfer Agreement
"**US Asset Transfer Agreement**"	the asset transfer agreement under which the assets of Cerulean Corporation and Molins Richmond, Inc. are transferred to G.D USA, Inc on Completion