

Victrex acquires a Kleiss Gears to accelerate the penetration of PEEK into Gears for Auto

Victrex Announcement :

Acquisition of Kleiss Gears

Victrex is pleased to announce the acquisition of Kleiss Gears, a US based polymer gears' manufacturer, for approximately \$6m (£3.8m) in cash.

Kleiss has over 20 years' experience of unique design and precision moulding capability in gears, and will benefit from Victrex's materials know-how, existing customer relationships and global commercial reach. Kleiss has early stage commercialisation of PEEK gear programmes, alongside the rest of its mainly industrial focused gears business.

The acquisition is in line with Victrex's strategy of moving further downstream and investing in growth acceleration opportunities for its pipeline projects. It offers the opportunity to accelerate Victrex's PEEK gear proposition to the automotive industry, in line with our aim to double the amount of PEEK volume in cars over the medium term.

For its 2014 financial year, Kleiss had revenues of approximately \$4m and employed 26 people.

Outlook

For the year as a whole, whilst challenges continue in the Oil & Gas market and in improving Invibio's performance, our overall momentum remains positive and we still expect to fully overcome the impact of foreign currency. Consequently, and reflecting our balanced portfolio, Victrex remains well positioned to deliver profit progress over the full year.

Cash generation remains healthy and there have been no significant changes to the Group's financial position since our interim results announcement.

Additional comments:

Current global PEEK market is about 5500 Tons/year of which roughly 3000 tons are supplied by Victrex.

Peek demand grows +7% CAGR and is driven by Metal and Polymer substitution.

In its May2015 Capital Day presentation to investors, Victrex mentioned that the potential adressable market for PEEK was of ~ 80 000 tons.

Victrex has in its innovation pipeline:

2 major R&D programs with sales potential 20-50 Mi £ within 2 to 5 years (=> 550 Tons PEEK for each)

6 mega R&D programs with sales potential >50 Mi £ within 2 to 5 years (=> 775 Tons PEEK for each)

1 mega R&D program with sales potential >50 Mi £ with a time frame > 5 years (=> 775 Tons PEEK for each)

==> Gears for Auto is one of the 2 short term "Major Programs" of Victrex for which Victrex decided to go downstream with Kleiss acquisition