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Media release, 14 June 2016

Datwyler to acquire Premier Farnell for an enterprise value of CHF1,092\(^1\) million in a recommended all-cash offer

Today, the boards of Dätwyler Holding AG ("Datwyler") and Premier Farnell plc ("Premier Farnell") have reached agreement on the terms of a recommended all-cash offer by Datwyler for the entire issued and to be issued share capital of Premier Farnell (the "Transaction"). Premier Farnell and Datwyler are two leading distributors of electronic components with complementary product ranges and geographic market presence. The combination of Premier Farnell and Datwyler creates a leader in high-service distribution of electronic components and in doing so realises significant value for the shareholders of both companies.

Transaction highlights

Premier Farnell is a leading multi-channel, high-service electronic components distributor, marketing and distributing a comprehensive range of products and services and solutions globally. The transaction is in line with and supports Datwyler’s stated strategy:

- Complementary product ranges and geographic footprints strengthen our position as a leading high-service electronic components distributor
- Increases scale and global presence, with combined revenues of c. CHF1.8 billion in the distribution business and combined revenues of c. CHF2.5 billion for the new combined group\(^2\)
- EPS accretive from year one (before any impact of synergies and implementation costs)
- Expected run-rate synergies of CHF50-70 million p.a. on an EBITDA level by the end of 2019

Under the terms of the Transaction, Datwyler has agreed to pay each Premier Farnell shareholder 165 pence in cash per Premier Farnell share, which represents a premium of approximately 51 per cent to the closing price of 109.3 pence on 13 June 2016. The Transaction values the entire share capital of Premier Farnell at approximately CHF848 million (£615 million) with an enterprise value of CHF1,092 million (£792 million)\(^1\).

\(^1\) Enterprise value composed of offer value of CHF848 million (£615 million), net debt of CHF336 million (£243 million), net cash proceeds arising from the sale of Akron Brass of CHF172 million (£125 million) and a pension deficit of CHF80 million (£58 million) as set out in Premier Farnell’s most recent consolidated audited balance sheet dated 31 January 2016 and Premier Farnell's Class 1 circular pursuant to the sale of Akron Brass Holding Corp. dated 29 February 2016. £ figures converted into CHF at 1.38 CHF/£ as at 13 June 2016.

\(^2\) Based on sum of companies’ respectively revenues from Datwyler’s 2015 Annual Report and Premier Farnell’s 2015/16 Annual Report, in each case without adjustments for differing accounting standards. £ figures converted into CHF at 1.44 CHF/£ as at 31 January 2016.
It is intended that the Transaction will be effected by means of a court-sanctioned scheme of arrangement under Part 26 of the UK Companies Act 2006 (the "Scheme"). The Transaction is subject to the satisfaction or (where permitted) waiver of certain conditions including approval of the Scheme by Premier Farnell shareholders and the Court, certain anti-trust approvals and other customary conditions, and to such further terms as set out in today's firm offer announcement (the "2.7 Announcement") and as will be set out in the Scheme document.

Commenting on today’s announcement, Ulrich Graf, the Chairman of Datwyler said:

- “Premier Farnell and Datwyler both have long and successful histories in high-service distribution for electronic components. By combining forces, we expect to significantly increase our competitiveness and extend our product range, facilitating a one-stop-shopping experience for our wide range of customers from a multitude of industries.”

**Strategic rationale**

Scale, product availability and short delivery times represent the key differentiators for B2B distributors for both sales and sourcing. In the electronic components industry, spanning a range of product offerings for EDE (Electronic Design Engineers) and MRO (Maintenance Repair Operations), manufacturers and suppliers look for high-service distributors with strong brands, high quality technical support and readiness for delivery.

Datwyler believes the combination with Premier Farnell represents a strong strategic fit. Both companies share very similar strategies and business models and are complementary in terms of product range, distribution channels and geographic footprint. While Premier Farnell holds a strong position in the EDE segment, Datwyler has historically focused more on the MRO segment. The Transaction creates a leading electronic components distributor for all customer groups globally. We believe that the new size enables the combined group to realise significant economies of scale compared to a standalone strategy. Complemented by efficiency gains from overlapping cost bases, increased capillarity and acceleration of ongoing restructuring efforts on both sides, the combined group is also expected to deliver enhanced margins going forward. The Transaction is expected to close in Q4 2016 and to be EPS accretive from year one (before any impact of synergies and implementation costs).

**Significant expected synergies**

The combined group will target run-rate synergies of CHF50-70 million p.a. on an EBITDA level by the end of 2019. These expected synergies include approximately CHF25-35 million of annual cost savings to be achieved over the first three years following completion of the Transaction. In addition, the increased scale and complementary nature of the Transaction is expected to generate gross profit synergies of c. CHF25-35 million. One-time integration and acquisition related costs are expected to be c. CHF40 million incurred over two years. Further, in order to achieve the targeted synergies, we expect additional capital expenditures of approximately CHF80 million for investments in our combined infrastructure within the first three years following the Transaction. Taking into account the depreciation on the envisaged additional investments, the expected run-rate synergies on EBIT level are in a range of CHF40-60 million p.a. by end of 2019.
The combined group

Based on financials of the two companies for the most recent financial year, the combination of Datwyler and Premier Farnell is expected to create a leading high-service electronic components distributor with combined revenues of c. CHF1.8 billion in the Technical Components division, complemented by Datwyler’s Sealing Solutions revenues of c. CHF0.7 billion which results in combined revenues of c. CHF2.5 billion for the new Group. With its two focused divisions, the combined group is targeting revenues in excess of CHF3 billion and an EBIT-margin above 12% by 2020. The new Technical Components division, including Premier Farnell’s business, is targeting total revenues in excess of CHF2 billion and an EBIT-margin above 10% by 2020.

Financing of the Transaction³

The financing requirement for the transaction in the amount of £615 million (CHF848 million) is secured through £118 million (CHF162 million) of existing cash, a five-year £207 million (CHF286 million) term loan³ and a £290 million (CHF400 million) bridge facility, of which CHF140 million (£102 million) is expected to be refinanced at a later stage in the public bond market and the remainder through an equity issuance. The equity component is expected to be raised through a capital increase in the amount of approximately CHF200 million (£145 million) and a placement of treasury shares with proceeds of c. CHF60 million (£43 million). This financing structure has been chosen to maintain a solid capital structure post-acquisition, with an expected initial leverage ratio of less than 2.5x net debt to last twelve months EBITDA and an expected strong de-leveraging profile.

The Board of Directors expects that Pema Holding AG, the long-time majority shareholder of Datwyler, would participate proportionally in any envisaged capital increase, thus maintaining its current ownership as a percentage of capital and votes.

UBS acts as sole financial adviser and as sole underwriter of the acquisition financing facilities available to Datwyler.

Preliminary Schedule (indicative)

14 June 2016 – 2.7 Announcement
July 2016 – Posting of Scheme document to Premier Farnell shareholders
August 2016 – Court meeting and Premier Farnell shareholder meeting
Q4 2016 – Anti-trust approvals received
Q4 2016 – Court approval of Scheme
Q4 2016 – Closing of transaction

³ £ amounts converted into CHF at 1.38 CHF/£ as at 13 June 2016
⁴ The term loan facility commitment is up to £240 million and also comprises a revolving credit facility which is intended to be used for general corporate purposes (including the refinancing of existing debt)
Invitation to the analyst and press conference

- An analyst and press conference by Datwyler including a video webcast in English will be held today, Tuesday, 14 June 2016, at 11.00am CET. The conference will take place at Hotel Park Hyatt, Beethovenstrasse 21, 8002 Zürich. To watch the conference as a live video webcast please use the following link from 10.45am CET: http://services.choruscall.eu/links/datwyler160614.html
- A repeat of the conference will be available via the same (above) link or online at www.datwyler.com from about 3.00pm CET.
- The 2.7 Announcement as well as the press releases in German and English can be downloaded immediately online at www.datwyler.com. The slides for the press and analysts' conference are available online from 12pm CET.

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Datwyler Group (www.datwyler.com)
The Datwyler Group is a focused industrial supplier with leading positions in global and regional market segments. With its technological leadership and customised solutions, the Group delivers added value to customers in the markets served. Datwyler concentrates on markets that offer opportunities to create more value and sustain profitable growth. The Technical Components division is one of Europe's foremost high-service distributors of electronic, ICT and automation components and accessories. The Sealing Solutions division is a leading supplier of custom sealing solutions to global market segments, such as the health care, automotive, civil engineering and consumer goods industries. With a total of more than 50 operating companies, sales in over 100 countries and some 7,000 employees, the Datwyler Group reported annual net revenue of some CHF1.165 million for the financial year ending 31 December 2015. The Group has been listed on the SIX Swiss Exchange since 1986 (security number 3048677).


Financial Calendar of Datwyler
Interim Report 2016: 12 August 2016
Annual report: Subject to the successful closing of the Transaction, the so far announced date for the publication of the Datwyler annual report 2016 (7 February 2017) might be postponed. The new publication date will be announced in due course.

Premier Farnell (www.premierfarnell.com)
Premier Farnell is a global leader in the distribution of technology products and solutions for electronic system design, production, maintenance and repair. Premier Farnell supports millions of engineers and purchasing professionals globally by distributing a comprehensive range of products, and providing services and solutions throughout Europe, North America and Asia Pacific. The Premier Farnell Group stocks in excess of 650,000 products, represents over 3,000 manufacturer brands and, through its direct presence in 38 countries, trades in over 100 countries.

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Premier Farnell comprises two main businesses: (i) element14 (which trades as Farnell element14 in Europe, Newark element14 in North America and element14 across Asia Pacific) distributes electronic components and related products, and (ii) CPC/MCM supplies mainly finished electrical products to customers in the UK and North America. Premier Farnell employs approximately 3,600 people, and is headquartered in Leeds, United Kingdom.

In March 2016, Premier Farnell completed the sale of Akron Brass for an enterprise valuation of approximately US$224.2 million, representing 8.8x FY15 EBITDA. Premier Farnell reported revenues from continuing operations of £903.9 million for the financial year ended 31 January 2016.

Financial Calendar of Premier Farnell
14 June 2016: Trading update
23 June 2016: Final Ordinary Dividend payment date
15 September 2016: Interim Results 2016/17

Important notices relating to the financial adviser

UBS Limited which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the UK together with UBS AG which is supervised by the Swiss Financial Market Supervisory Authority FINMA in Switzerland (collectively "UBS") are acting as financial advisers to Datwyler and no one else in connection with the matters set out in this announcement. In connection with such matters, UBS, its affiliates, and its or their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person for providing the protections afforded to their clients or for providing advice in relation to the contents of this announcement or any other matter referred to herein.

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The distribution of this announcement in jurisdictions outside the United Kingdom may be restricted by law and therefore persons into whose possession this announcement comes should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities law of any such jurisdiction.

Publication on a website

A copy of this announcement will be made available, subject to certain restrictions relating to persons resident in restricted jurisdictions, on Datwyler’s website at http://www.datwyler.com/en/media/press-releases/ by no later than 12 noon (London time) on 15 June 2016. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.
Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Forward-looking statements

This press release may contain forward-looking statements. Such statements are based on current expectation and are subject to a number of risks and uncertainties that could cause actual results to differ materially from any expected future results in such forward-looking statements. These forward-looking statements speak only as of the date of this press release. Datwyler assumes no obligation to update or correct any forward-looking statements (whether as a result of new information, future events or otherwise). Unless expressly stated otherwise, no statement contained or referred to in this press release is intended to be a profit forecast.
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