

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN OR INTO ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

**20 September 2019**

**RECOMMENDED CASH ACQUISITION**

**of**

**Low & Bonar PLC**

**by**

**FV Beteiligungs-GmbH**

**a wholly-owned subsidiary of Freudenberg SE**

**to be effected by means of a Scheme of Arrangement  
under Part 26 of the Companies Act 2006**

**Summary**

- The boards of directors of FV Beteiligungs-GmbH ("**FVB**") and Low & Bonar PLC ("**Low & Bonar**") are pleased to announce that they have reached agreement on the terms of a recommended cash acquisition under which the entire issued and to be issued ordinary share capital of Low & Bonar will be acquired by FVB, a company wholly and directly owned by Freudenberg SE ("**Freudenberg**") (the "**Acquisition**").
- Under the terms of the Acquisition, each Scheme Shareholder will be entitled to receive:

**15.5 pence in cash for each Low & Bonar Share**

- The Acquisition values Low & Bonar's existing issued and to be issued ordinary share capital at approximately £107.0 million.
- The price of 15.5 pence per Low & Bonar Share represents:
  - a premium of approximately 101 per cent. to the Low & Bonar share price on 19 September 2019 being the latest practicable dealing day before this Announcement of 7.7 pence per share; and
  - a premium of approximately 119 per cent. to the Low & Bonar 30 trading day volume weighted average share price for the period ended 19 September 2019.

**Low & Bonar recommendation**

- The Low & Bonar Directors, who have been so advised by Rothschild & Co as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. Accordingly, the Low & Bonar Directors intend unanimously to recommend Low & Bonar Shareholders to vote in favour of the Scheme at the Court Meeting and the

resolutions to be proposed at the General Meeting as those Low & Bonar Directors (including an immediate family member of one Low & Bonar Director) who hold Low & Bonar Shares have irrevocably undertaken to do in respect of their own Low & Bonar Shares, representing approximately 0.17 per cent. of the issued ordinary share capital of Low & Bonar in issue on 19 September 2019, being the latest practicable date prior to this Announcement. In providing its advice, Rothschild & Co has taken into account the commercial assessments of the Low & Bonar Directors. The undertakings from the Low & Bonar Directors will cease to be binding if the Scheme lapses or is withdrawn.

- In addition, FVB has received support for the Acquisition from Low & Bonar Shareholders in respect of 440,888,845 Low & Bonar Shares representing, in aggregate, approximately 63.9 per cent. of the existing issued ordinary share capital of Low & Bonar in issue on 19 September 2019 (being the latest practicable date prior to this Announcement).
- This support comprises:
  - irrevocable undertakings to vote, or procure the vote, in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting from Sterling Strategic Value Fund S.A., SICAV-RAIF, Aberforth Partners LLP, The Wellcome Trust Limited (as trustee of The Wellcome Trust), J O Hambro Capital Management Limited, Luxempart SA and AXA Investment Managers UK Limited in respect of 403,472,289 Low & Bonar Shares representing, in aggregate, approximately 58.5 per cent. of the existing issued ordinary share capital of Low & Bonar; and
  - a letter of intent to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting from J O Hambro Capital Management Limited in respect of 37,416,556 Low & Bonar Shares representing approximately 5.4 per cent. of the existing issued ordinary share capital of Low & Bonar.
- Further details of these irrevocable undertakings and the letter of intent are set out in Appendix 3 of this Announcement.

### **Information relating to Freudenberg and FVB**

Freudenberg is a family-owned global technology group that seeks to strengthen its customers and society long-term through forward-looking innovations. Together with its partners, customers and the world of science, Freudenberg develops technologies, and products, solutions and services for numerous market segments.

Based in Weinheim, Germany, the Freudenberg Group operates over 500 sites in some 60 countries worldwide. In 2018 the Freudenberg Group employed almost 49,000 associates around the globe and posted sales of €9.5 billion and an operating profit of €910.3 million.

One of Freudenberg's major business groups is FPM, such business group consisting of FVB and other group companies. As a global manufacturer of nonwovens, FPM offers high-performance technical textiles for a wide range of industries and applications. These

include solutions for automotive, the building industry, apparel, hygiene, medical, shoe components and leather goods, as well as many special applications.

Freudenberg is a wholly-owned subsidiary of the ultimate parent company of the Freudenberg Group, Freudenberg & Co. Kommanditgesellschaft. FVB is a German limited liability company and its sole shareholder is Freudenberg. FVB currently serves as a holding company within FPM.

### **Information relating to Low & Bonar**

Low & Bonar is a global manufacturer and supplier of advanced, high-performance materials created from polymer-based yarns and fibres which are used in a wide range of demanding applications, covering building and industrial, interior and transportation applications and broad markets for technical coated fabrics. It has a high-quality range of performance materials based around its strong and versatile core technologies and develops solutions to meet the demands of its customers.

Its activities begin with the sourcing of widely available polymers including polypropylene, polyethylene, polyester and polyamide. Using proprietary technology, these polymer mixes are extruded to form a variety of yarns, which are transformed into fabrics using a broad range of technologies and produce a mixture of woven, non-woven and composite materials, used by customers to enhance performance in their final product or improve efficiency in their own processes.

### **General**

- It is intended that the Acquisition will be implemented by way of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act.
- It is expected that the Scheme Document, containing further information about the Acquisition and notices of the Court Meeting and General Meeting, together with the Forms of Proxy, will be posted to Low & Bonar Shareholders and (for information only) in separate letters to participants in the Low & Bonar Share Plans as soon as practicable and that the Scheme will become effective during H1 2020, subject to the satisfaction of all relevant conditions, including the Conditions and certain further terms set out in Appendix 1 to this Announcement.

Commenting on the Acquisition, Dr Mohsen Sohi, CEO of Freudenberg said:

“We are very excited to expand our business by integrating Low & Bonar into the Freudenberg Group. Low & Bonar's Colbond business, with major plants in Asheville, Arnhem, and Changzhou fits well with the Freudenberg Performance Materials business and the combination will greatly enhance our geographical presence and product offering, allowing us to better serve the customers of both businesses. Low & Bonar's CTT division provides an opportunity for Freudenberg to enter the attractive coated technical textiles market, with a strong European position, where we see opportunities to improve the operations and the business' prospects.

The combination is both strategically and financially compelling, providing both businesses with additional avenues for growth and diversification in several attractive markets, while simultaneously creating an opportunity for synergies across the Enlarged Group. I am delighted to welcome Low & Bonar employees to the Freudenberg family and look forward to working with them to further enhance the platform that we have built over the past 169 years.”

Commenting on the Acquisition, Daniel Dayan, Executive Chairman of Low & Bonar said:

“I am delighted that FVB have made an attractive cash offer to acquire Low & Bonar. During my short tenure at Low & Bonar, the strengths of our people, technologies and market positions have been apparent, but the group faces a challenging financial position and highly competitive markets. Freudenberg will provide Low & Bonar’s businesses and people with opportunities to develop and grow, as well as enhancing the value proposition to the customers of both businesses. I said at Low & Bonar’s AGM and in Low & Bonar’s recent results announcement that we would prioritise reviewing strategic options for the group and seek to realise shareholder value. Low & Bonar’s Board is convinced that this offer represents an excellent opportunity to realise the value of the group and that this is the right time for Low & Bonar’s businesses to become part of a much larger and more diverse group.”

**This summary should be read in conjunction with, and is subject to, the full text of the following announcement (including its Appendices). The Acquisition will be subject to the Conditions and certain further terms set out in Appendix 1 and to the full terms and conditions to be set out in the Scheme Document. Appendix 2 contains the sources and bases of certain information contained in this summary and the following announcement. Appendix 3 contains details of the irrevocable undertakings received by FVB. Appendix 4 contains the definitions of certain terms used in this summary and the following announcement.**

## Enquiries

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Low & Bonar PLC

Jones Day are retained as legal advisers to Freudenberg. Freshfields Bruckhaus Deringer are retained as legal advisers to Low & Bonar.

## Important notices

*Barclays Bank PLC, acting through its Investment Bank ("Barclays"), which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the FCA and the Prudential Regulation Authority, is acting exclusively for Freudenberg and no one else in connection with the Acquisition and will not be responsible to anyone other than Freudenberg for providing the protections afforded to clients of Barclays nor for providing advice in relation to the Acquisition or any other matter referred to in this Announcement.*

*N.M. Rothschild & Sons Limited ("Rothschild & Co"), which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for Low & Bonar and no one else in connection with the Acquisition and will not regard any other person as its client in relation to the Acquisition and will not be responsible to anyone other than Low & Bonar for providing the protections afforded to clients of Rothschild & Co, nor for providing advice in relation to any matter referred to in this Announcement.*

## **Further information**

*This Announcement is for information purposes only and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Acquisition or otherwise, nor shall there be any sale, issuance or transfer of securities of Low & Bonar in any jurisdiction in contravention of applicable law. The Acquisition will be made solely by means of the Scheme Document or any document by which the Acquisition is made, which will contain the full terms and conditions of the Acquisition including details of how to vote in respect of the Acquisition. Any vote in respect of the Scheme or other response in relation to the Acquisition should be made only on the basis on the information contained in the Scheme Document.*

*Please be aware that addresses, electronic addresses and certain other information provided by Low & Bonar Shareholders, persons with information rights and other relevant persons for the receipt of communications from Low & Bonar may be provided to FVB during the offer period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c) of the Code.*

## **Overseas Shareholders**

*The release, publication or distribution of this Announcement in certain jurisdictions may be restricted by law and/or regulation. Persons who are not resident in the United Kingdom or who are subject to the laws and regulations of other jurisdictions should inform themselves of, and observe, any applicable requirements. In particular, the ability of persons who are not resident in the United Kingdom to vote their Low & Bonar Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws and/or regulations of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. This Announcement has been prepared for the purposes of complying with U.K. company law and the Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of other jurisdictions.*

*Unless otherwise determined by FVB or required by the Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Scheme by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Announcement and all documents relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this Announcement and all documents relating to the Acquisition (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in, into or from such jurisdictions where to do so would violate the laws in that jurisdiction.*

*The availability of the Acquisition to Low & Bonar Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are*

resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.

Further details in relation to Overseas Shareholders will be contained in the Scheme Document.

### **Additional Information for US Investors**

The Acquisition relates to the shares of a Scottish company and is proposed to be effected by means of a scheme of arrangement under the laws of Scotland. Neither the proxy solicitation rules nor the tender offer rules under the US Securities Exchange Act of 1934, as amended, will apply to the Acquisition. Moreover, the Acquisition is subject to the disclosure requirements and practices applicable in the United Kingdom and under the Code to schemes of arrangement, which differ from the disclosure requirements of the US proxy solicitation rules and tender offer rules. Financial information included in this Announcement has been prepared, unless specifically stated otherwise, in accordance with accounting standards applicable in the UK and thus may not be comparable to the financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US.

It may be difficult for US holders of Low & Bonar Shares to enforce their rights and claims arising out of the US federal securities laws, since FVB and Low & Bonar are located in countries other than the United States, and some or all of their officers and directors may be residents of countries other than the United States. US holders of Low & Bonar Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

The receipt of cash pursuant to the Acquisition by a US holder as consideration for the transfer of its Scheme Shares pursuant to the Scheme will likely be a taxable transaction for United States federal income tax purposes and under applicable United States state and local, as well as foreign and other, tax laws. Each Low & Bonar Shareholder is urged to consult his or her independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to him or her.

In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, FVB or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Low & Bonar Shares outside of the US, other than pursuant to the Acquisition, until the date on which the Acquisition and/or Scheme becomes effective, lapses or is withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com).

### **Forward looking statements**

This Announcement (including information incorporated by reference in this Announcement), oral statements made regarding the Acquisition, and other information published by Freudenberg, FVB and Low & Bonar contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management

of FVB and Low & Bonar about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. The forward-looking statements contained in this Announcement include statements relating to the expected effects of the Acquisition on Freudenberg, FVB and Low & Bonar, the expected timing and scope of the Acquisition and other statements other than historical facts. All statements other than statements of historical facts included in this Announcement may be forward-looking statements. Without limitation, any statements preceded or followed by or that include the words “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “will”, “should”, “could”, “would”, “may”, “anticipates”, “estimates”, “synergy”, “cost-saving”, “projects”, “goal”, “strategy”, “budget”, “forecast” or “might” or, words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Freudenberg, FVB’s or Low & Bonar’s operations and potential synergies resulting from the Acquisition; and (iii) the effects of government regulation on Freudenberg, FVB’s or Low & Bonar’s business.

These forward-looking statements are not guarantees of future financial performance. Except as expressly provided in this Announcement, they have not been reviewed by the auditors of Freudenberg, FVB or Low & Bonar or their respective financial advisers. Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. These factors include the satisfaction of the Conditions, as well as additional factors, such as: fluctuations in the capital markets; fluctuations in interest and exchange rates; the occurrence of unforeseen disasters or catastrophes; political or economic instability in principal markets; adverse outcomes in litigation; and general, local and global economic, political, business and market conditions. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Neither Freudenberg, FVB nor Low & Bonar, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements. All subsequent oral or written forward-looking statements attributable to Freudenberg, FVB or Low & Bonar or any of their respective members, directors, officers or employees or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. Freudenberg, FVB and Low & Bonar disclaim any obligation to update or revise any forward-looking or other statements contained herein other than in accordance with their legal and regulatory obligations.

### **No profit forecasts or estimates**

No statement in this Announcement is intended as a profit forecast or estimate for any period and no statement in this Announcement should be interpreted to mean that earnings or earnings per share for Low & Bonar for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Low & Bonar.



## **Disclosure requirements of the Code**

*Under Rule 8.3(a) of the Code, any person who is interested in one per cent. 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) of the Code 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 one per cent. 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 of the Code. A Dealing Disclosure by a person to whom Rule 8.3(b) of the Code 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 of the Code.*

*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 of the Code).*

*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 Panel's website at [www.thetakeoverpanel.org.uk](http://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.*

*In accordance with the Code, normal United Kingdom market practice and Rule 14e-5(b) of the US Exchange Act, Barclays and its affiliates will continue to act as exempt principal trader in Low & Bonar securities on the London Stock Exchange. These purchases and activities by exempt principal traders which are required to be made public in the United Kingdom pursuant*

*to the Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com). This information will also be publicly disclosed in the United States to the extent that such information is made public in the United Kingdom.*

***Publication on website and hard copies***

*A copy of this Announcement and the documents required to be published by Rule 26 of the Code will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Freudenberg's website at [www.freudenberg.com/index.php?id=562](http://www.freudenberg.com/index.php?id=562) and Low & Bonar's website at [www.lowandbonar.com](http://www.lowandbonar.com). For the avoidance of doubt, the contents of those websites are not incorporated into and do not form part of this Announcement.*

*You may request a hard copy of this Announcement by contacting Low & Bonar on +44 (0) 20 7535 3180. You may also request that all future documents, announcements and information to be sent to you in relation to the Acquisition should be in hard copy form.*

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under Part 26 of the Companies Act 2006**

**1. Introduction**

The boards of directors of FV Beteiligungs-GmbH ("**FVB**") and Low & Bonar PLC ("**Low & Bonar**") announce that they have reached agreement on the terms of a recommended cash acquisition under which the entire issued and to be issued ordinary share capital of Low & Bonar will be acquired by FVB, a company wholly and directly owned by Freudenberg SE ("**Freudenberg**"). It is intended that the Acquisition will be implemented by way of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act. FVB reserves the right to elect to implement the Acquisition by way of a Takeover Offer, subject to the Panel's consent, if required, and the terms of the Cooperation Agreement.

**2. The Acquisition**

Under the terms of the Acquisition, which will be subject to the Conditions and further terms set out in Appendix 1 to this Announcement and the full terms and conditions to be set out in the Scheme Document, Scheme Shareholders who are on the register of members of Low & Bonar at the Scheme Record Time will be entitled to receive:

**15.5 pence in cash for each Low & Bonar Share**

The Acquisition values Low & Bonar's entire issued and to be issued share capital at approximately £107.0 million.

The price of 15.5 pence per Low & Bonar Share represents:

- a premium of approximately 101 per cent. to the Low & Bonar share price on 19 September 2019 being the latest practicable dealing day before this Announcement of 7.7 pence per share; and

- a premium of approximately 119 per cent. to the Low & Bonar 30 trading day volume weighted average share price for the period ended 19 September 2019.

If, after the date of this Announcement, any dividend and/or other distribution and/or return of capital is announced, declared, made or paid or becomes payable in respect of the Low & Bonar Shares, FVB reserves the right to reduce the consideration payable under the terms of the Acquisition by an amount up to the amount of such dividend and/or distribution and/or return of capital so announced, declared, made or paid.

### **3. Background to and reasons for the Acquisition**

The Freudenberg Group has worldwide operations, with well-established activities across numerous applications. The commitment to quality, financial strength and independence, and commercial foresight continue to be the pillars of the Freudenberg Group's 169-year history as a family-owned business.

As a global technology group, Freudenberg aims to set standards in technology, innovation and quality. Low & Bonar is also known for the quality of its products and its business complements the existing businesses of Freudenberg while providing exciting new avenues for growth and diversification thanks to Low & Bonar's adjacent technologies. Freudenberg and Low & Bonar also share the same approach to sustainability.

Low & Bonar's Colbond business, with major plants in Asheville, Arnhem, and Changzhou fits well with the FPM business and the combination will enhance Freudenberg's geographical presence and product offering, especially in existing applications for the construction, building interiors, home textiles and automotive sectors, allowing the Enlarged Group to better serve the customers of both businesses. The Acquisition would allow Freudenberg to further expand its technical expertise in spunlaid nonwovens. In particular, Low & Bonar's two-step process solution will provide Freudenberg greater flexibility with respect to its product range and allow Freudenberg to better tailor its solutions to customer requirements.

### **4. Recommendation**

The Low & Bonar Directors, who have been so advised by Rothschild & Co as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable.

Accordingly, the Low & Bonar Directors intend unanimously to recommend Low & Bonar Shareholders to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting as those Low & Bonar Directors who hold Low & Bonar Shares (and an immediate family member of one Low & Bonar Director) have irrevocably undertaken to do in respect of their own Low & Bonar Shares, representing approximately 0.17 per cent. of the issued ordinary share capital of Low & Bonar. In providing advice to the Low & Bonar Directors, Rothschild & Co has taken into account the commercial assessments of the Low & Bonar Directors.

Rothschild & Co has given and not withdrawn its consent to the inclusion in this Announcement of reference to its advice to the Low & Bonar Directors in the form and context in which it appears.

## **5. Background to and reasons for the recommendation**

Following a challenging period in 2017 and 2018 during which Low & Bonar changed Chairman, CEO and CFO and reversed its previous strategy to grow its Civil Engineering division, the Low & Bonar Board embarked on a turnaround programme to drive sustainable improvement in Low & Bonar's performance and financial position.

The £54 million equity raise, accomplished in early 2019, provided some necessary support to the balance sheet and enabled the company to begin much needed investment, especially in its Asheville facility in the US and both CTT plants in Germany. Whilst progress has been made in reducing net debt, continued challenging market conditions and ongoing operational inefficiencies resulted in lower profitability than anticipated during 2019 and hence greater pressure on banking covenants. Low & Bonar accordingly renegotiated its banking arrangements in July 2019, securing a limited and short-term relaxation of covenants to provide the company with additional financial headroom while implementing its turnaround programme.

Low & Bonar became a more focused organisation following the disposal of its Civil Engineering division through two separate transactions, finalised on 3 September 2019. The combined net proceeds of £21 million were used to further reduce the group's debt position. At the same time, further simplification of the organisational structure was implemented by removing layers, aligning responsibilities with the principal business drivers and streamlining the reporting structures within the Low & Bonar group. This has resulted in lower costs, improved customer engagement and new business development opportunities.

Although the Low & Bonar Board sees 2019 as a year of transition, it is also very aware that many of the company's end markets remain difficult, competition is becoming more intense and it is likely that heightened levels of uncertainty will continue to persist in the short term, which is making it more difficult to resolve the company's legacy issues and improve its financial performance. Furthermore, and despite the challenging backdrop, continued investment, especially in Low & Bonar's US Colbond site and in its CTT businesses, is required to establish a robust, long-term manufacturing platform for the Low & Bonar group.

The difficult trading conditions that impacted performance in the first half of 2019 have continued in the second half to date. As a result, Low & Bonar group sales in the third quarter were lower than expected and profit was also below the Low & Bonar Board's expectations. Whilst the group is benefiting from slightly lower than expected raw material costs, as well as the impact of cost saving initiatives put in place in recent months, it is not expected that conditions in the group's markets will improve in the short term and consequently the Low & Bonar Board does not expect to recover the shortfall in third quarter trading within the current year.

It is against this background that the Low & Bonar Board has considered the merits of the Acquisition, assessing Low & Bonar's prospects as an independent entity against being part of a larger and better capitalised group. The Low & Bonar Board has considered the risks inherent in the execution of its turnaround programme and the potential for future growth in equity value for Low & Bonar Shareholders, as well as the outlook for employees and other key stakeholders.

The Low & Bonar Board has concluded that the Acquisition represents an attractive strategic option for Low & Bonar, its customers and its employees. As a leading player in the global market for performance materials, with large and complementary activities, Freudenberg will provide Low & Bonar's businesses and people with opportunities to develop and grow, as well as enhancing the value proposition to the customers of both businesses.

Furthermore, the Acquisition represents an opportunity for Low & Bonar Shareholders to realise their investment in Low & Bonar in cash in the near term, at a significant premium to the prevailing price per Low & Bonar Share, an opportunity which the Low & Bonar Board considers may not be otherwise achievable in the near term, particularly given the limited liquidity in Low & Bonar Shares.

Accordingly, following careful consideration of the above factors, the Low & Bonar Board intends unanimously to recommend Low & Bonar Shareholders to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting.

## **6. Irrevocable Undertakings and Letter of Intent**

FVB has received irrevocable undertakings from each of the Low & Bonar Directors (including an immediate family member of one Low & Bonar Director) who hold Low & Bonar Shares to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting in respect of a total of 1,172,790 Low & Bonar Shares, representing approximately 0.17 per cent. of the issued ordinary share capital of Low & Bonar in issue on 19 September 2019, being the latest practicable date prior to this Announcement. These undertakings will cease to be binding if the Scheme lapses or is withdrawn unless FVB publicly confirms that it intends to implement the Acquisition by way of a Takeover Offer, or otherwise, within four Business Days after any such withdrawal or lapse.

In addition, FVB has received support for the Acquisition from Low & Bonar Shareholders in respect of 440,888,845 Low & Bonar Shares representing, in aggregate, approximately 63.9 per cent. of the existing issued ordinary share capital of Low & Bonar in issue on 19 September 2019 (being the latest practicable date prior to this Announcement).

This support comprises:

- irrevocable undertakings to vote, or procure the vote, in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting from Sterling Strategic Value Fund S.A., SICAV-RAIF, Aberforth Partners LLP,

The Wellcome Trust Limited (as trustee of The Wellcome Trust), J O Hambro Capital Management Limited, Luxempart SA and AXA Investment Managers UK Limited in respect of 403,472,289 Low & Bonar Shares representing, in aggregate, approximately 58.5 per cent. of the existing issued ordinary share capital of Low & Bonar; and

- a letter of intent to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting from J O Hambro Capital Management Limited in respect of 37,416,556 Low & Bonar Shares representing approximately 5.4 per cent. of the existing issued ordinary share capital of Low & Bonar.

Further details of these irrevocable undertakings are set out in Appendix 3 to this Announcement.

## **7. Information relating to Freudenberg and FVB**

Freudenberg is a family-owned global technology group that seeks to strengthen its customers and society long-term through forward-looking innovations. Together with its partners, customers and the world of science, Freudenberg develops technologies, and products, solutions and services for numerous market segments.

Based in Weinheim, Germany, the Freudenberg Group operates over 500 sites in some 60 countries worldwide. In 2018, the Freudenberg Group employed almost 49,000 associates around the globe and posted sales of €9.5 billion and an operating profit of €910.3 million.

One of Freudenberg's major business groups is FPM, such business group consisting of FVB and other group companies. As a global manufacturer of nonwovens, FPM offers high-performance technical textiles for a wide range of industries and applications. These include solutions for automotive, the building industry, apparel, hygiene, medical, shoe components and leather goods, as well as many special applications.

Freudenberg is a wholly-owned subsidiary of the ultimate parent company of the Freudenberg Group, Freudenberg & Co. Kommanditgesellschaft. FVB is a German limited liability company and its sole shareholder is Freudenberg. FVB currently serves as a holding company within FPM.

## **8. Information relating to Low & Bonar**

Low & Bonar is a global manufacturer and supplier of advanced, high-performance materials created from polymer-based yarns and fibres which are used in a wide range of demanding applications, covering building and industrial, interior and transportation applications and broad markets for technical coated fabrics. It has a high-quality range of performance materials based around its strong and versatile core technologies and develops solutions to meet the demands of its customers.

Its activities begin with the sourcing of widely available polymers including polypropylene, polyethylene, polyester and polyamide. Using proprietary technology,

these polymer mixes are extruded to form a variety of yarns, which are transformed into fabrics using a broad range of technologies and produce a mixture of woven, non-woven, coated and composite materials used by customers to enhance performance in their final product or improve efficiency in their own processes.

## **9. Financing**

The cash consideration payable by FVB under the terms of the Acquisition will be funded from Freudenberg's existing cash resources.

Barclays, financial adviser to Freudenberg, is satisfied that sufficient resources are available to FVB to satisfy in full the cash consideration payable to Low & Bonar Shareholders under the terms of the Acquisition.

## **10. Management, employees and locations**

Freudenberg is built on its people and has a family ownership culture that fits well with the culture of Low & Bonar and its employees. Freudenberg recognises that Low & Bonar has many committed and talented employees who have worked hard to support Low & Bonar and have played an important role in the development and success of Low & Bonar.

Freudenberg has given assurances to the Low & Bonar Directors that existing employee rights, including pension rights, of current employees will be fully safeguarded.

In order to achieve some of the expected benefits of the combination of Freudenberg and Low & Bonar, it will be necessary to perform a detailed review of how best to integrate and further develop the two businesses. This review is likely to result in a reorganisation of certain central administrative functions where duplication exists, including but not limited to executive management and other corporate functions. Freudenberg's intention is to close Low & Bonar's London head office and provide the respective functions from Freudenberg's existing offices in the UK or Freudenberg's headquarters in Weinheim, Germany. This office will be closed within 18-24 months following completion of the Acquisition as part of the wider integration process, but such closure is not expected to take place within the first six months following completion of the Acquisition. No decision has been taken on any other Low & Bonar sites, but this is expected to be part of the review process described below.

The finalisation and implementation of any repositioning, restructuring and/or integration of Low & Bonar's businesses and potential workforce adjustments will be subject to detailed and comprehensive planning as part of the review to be undertaken following completion of the Acquisition. This review is expected to take three to six months following completion of the Acquisition and is expected to cover all existing Low & Bonar businesses.

Any restructuring or reorganisation plans or measures developed out of this review will be subject to applicable and appropriate consultations and engagement with stakeholders including customers, potentially affected employees and any appropriate employee representative bodies in accordance with the legal obligations of the Enlarged



Group. While any changes will depend on the outcome of the review, Freudenberg considers the retention of most of Low & Bonar's key business executives and employees as critical to the successful integration and future success of Low & Bonar and FPM and therefore does not expect to implement a material reduction in the number of Low & Bonar employees.

The overall integration process is expected to be completed within 18-24 months following completion of the Acquisition.

It is intended that, with effect from the Effective Date, all current Low & Bonar Directors will resign as directors.

The Low & Bonar UK Pension Scheme is closed to new entrants and to the future accrual of benefits for existing members. Freudenberg intends that Low & Bonar, under the control of Freudenberg, will continue to meet its existing obligations in respect of the Low & Bonar UK Pension Scheme to fund any pension scheme deficit in accordance with the agreements reached with the Trustee of the Low & Bonar UK Pension Scheme following the actuarial valuation as at 31 March 2017.

Subject as set out above, there are no plans to make any changes to Low & Bonar's research and development functions, there are no plans to redeploy any of the fixed assets of Low & Bonar and it is not envisaged that there will be any material change to the balance of skills and functions of the employees and management of Low & Bonar.

## **11. Low & Bonar Share Plans**

Participants in the Low & Bonar Share Plans will be contacted regarding the effect of the Acquisition on their rights under those plans, and appropriate proposals will be made to those participants in due course in accordance with Rule 15 of the Code. Details of these proposals will be set out in the Scheme Document and/or in separate letters to be sent to participants in the Low & Bonar Share Plans.

The Acquisition will apply to any Low & Bonar Shares which are unconditionally allotted, issued or transferred to satisfy the exercise of options or the vesting of awards under the Low & Bonar Share Plans prior to the Scheme Record Time.

Amendments to the Articles will be put forward for approval at the General Meeting by Low & Bonar Shareholders to provide that any Low & Bonar Shares allotted, issued or transferred following the Scheme Record Time in satisfaction of the exercise of options or the vesting of awards under the Low & Bonar Share Plans be immediately acquired by FVB for consideration equal to the consideration per Low & Bonar Share to which such person would have been entitled had such Low & Bonar Shares been Scheme Shares.

## **12. Offer-related Arrangements**

### Cooperation Agreement

FVB and Low & Bonar have entered into a cooperation agreement dated 20 September 2019 pursuant to which, among other things: (i) FVB and Low & Bonar have agreed to co-operate for the purposes of obtaining all approvals, consents, clearances,

permissions, confirmations, comfort letters and waivers which may need to be obtained from any relevant authority in connection with the implementation of the Acquisition; (ii) FVB agrees to provide information and assistance to Low & Bonar for the purposes of preparing the Scheme Document and any other document required by law to be published in connection with the Scheme; (iii) FVB has agreed to certain provisions if the Scheme switches to a Takeover Offer; (iv) FVB and Low & Bonar have agreed to implement appropriate proposals in relation to the Low & Bonar Share Plans, the Low & Bonar Employee Benefit Trust and matters concerning Low & Bonar group employees; and (v) FVB has agreed to pay Low & Bonar, subject to the terms of the Cooperation Agreement, a break payment in the amount of £1.5m if the Acquisition lapses or is withdrawn as a result of FVB invoking (with the permission of the Panel if required) the antitrust conditions set out at paragraphs 3 and 4(a) of section A of Appendix 1 or £750,000 if the Acquisition lapses or is withdrawn as a result of FVB invoking (with the permission of the Panel if required) the antitrust condition at paragraph 4(b) of section A of Appendix 1, or, in the case of each such aforementioned amounts if the Acquisition lapses or is withdrawn as a result of the applicable conditions becoming incapable of satisfaction or not being satisfied by the Longstop Date and not having been waived by FVB. The break payment is not payable in certain circumstances as set out in the Cooperation Agreement.

The cooperation agreement will terminate in certain circumstances, including: (i) if the Low & Bonar Board withdraws its recommendation of the Acquisition; (ii) the Low & Bonar Board recommends a competing proposal or a competing proposal becomes effective or is declared or becomes unconditional in all respects; (iii) the Acquisition lapses or terminates in accordance with its terms; or (iv) if key milestones for the Scheme process are not met within certain time periods; or (v) otherwise as agreed between FVB and Low & Bonar.

#### Non-Disclosure Agreement

Freudenberg and Low & Bonar have entered into a non-disclosure agreement dated 2 August 2019 (the “**NDA**”) pursuant to which each party has undertaken, amongst other things, to: (a) keep confidential information relating to the Acquisition and the other party and not to disclose it to third parties unless permitted by the terms of the NDA; and (b) only use the confidential information for the purposes of the potential Acquisition and obtaining related antitrust clearances. With certain exceptions, the confidentiality obligations will expire upon the earlier of: (i) 24 months from the date of the NDA; and (ii) completion of the Acquisition.

The NDA also contains undertakings from Freudenberg that for a period of 12 months, none of Freudenberg or any of its group undertakings and certain other associated persons shall not, without the prior written consent of Low & Bonar, acquire or offer to acquire any interest in shares or other securities of Low & Bonar (which undertaking ceases as at the date of this Announcement) and Low & Bonar and Freudenberg each provide undertakings that, for a period of 12 months from the date of the NDA, they shall not, without the other party’s prior written consent, solicit certain employees or officers or entice away any suppliers or customers of the other party, subject to customary carve-outs.

### Clean Team Agreement

Freudenberg and Low & Bonar have entered into a due diligence clean team agreement dated 5 August 2019 (the "**Clean Team Agreement**"), the purpose of which is to ensure that the disclosure of certain materials relating to Low & Bonar to certain Freudenberg employees, external legal counsel and external experts hired by Freudenberg, is appropriately ring-fenced in order to preserve the confidentiality of such materials and ensure disclosure is made in compliance with all applicable antitrust laws.

### Regulatory Clean Team Protocols

Freudenberg and its external legal advisors have also entered into regulatory clean team protocols dated 8 August 2019 (the "**Clean Team Protocols**"), the purpose of which is to ensure that the disclosure of certain materials relating to Low & Bonar required for the purpose of obtaining all necessary antitrust approvals and clearances to Freudenberg's external advisors, is ring-fenced in order to preserve the confidentiality of such materials and ensure disclosure is made in compliance with all applicable antitrust laws.

## **13. Structure of the Acquisition**

It is intended that the Acquisition will be implemented by means of a Court-sanctioned scheme of arrangement between Low & Bonar and Scheme Shareholders, under Part 26 of the Companies Act. The procedure involves, among other things, an application by Low & Bonar to the Court to sanction the Scheme, in consideration for which Scheme Shareholders will receive cash on the basis described in paragraph 2 above. The purpose of the Scheme is to provide for FVB to become the owner of the entire issued and to be issued ordinary share capital of Low & Bonar.

The Acquisition is subject to the Conditions and certain further terms set out in Appendix 1 to this Announcement and to the full terms and conditions to be set out in the Scheme Document. The Scheme will only become effective if, among other things, the following conditions are satisfied, or if applicable, waived by FVB on or before the Longstop Date:

- a resolution to approve the Scheme is passed by a majority in number of the Scheme Shareholders present and voting (and entitled to vote) at the Court Meeting, either in person or by proxy, representing 75 per cent. or more in value of the Scheme Shares held by those Scheme Shareholders;
- the Special Resolution necessary to implement the Scheme is passed at the General Meeting of Low & Bonar, which will require the approval of Low & Bonar Shareholders representing at least 75 per cent. of the votes cast at the General Meeting;
- following the Court Meeting and General Meeting, the Scheme is sanctioned by the Court, without modification or with modification, on terms agreed by FVB and Low & Bonar;
- the Court Meeting is held on or before the 22nd day after the expected date of the Court Meeting as set out in the Scheme Document, or such later date as FVB and Low & Bonar may agree and the Court may allow;

- the General Meeting is held on or before the 22nd day after the expected date of the General Meeting as set out in the Scheme Document, or such later date as FVB and Low & Bonar may agree;
- the Scheme Court Hearing being held on or before the 22nd day after the expected date of the Scheme Court Hearing as set out in the Scheme Document, or such later date as FVB and Low & Bonar may agree;
- a certified copy of the Scheme Court Order is delivered to the Registrar of Companies, whereupon the Scheme will become effective; and
- various antitrust approval and clearances are obtained as detailed in Appendix 1.

Upon the Scheme becoming effective: (i) it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting and the General Meeting (and if they attended and voted, whether or not they voted in favour); and (ii) share certificates in respect of Low & Bonar Shares will cease to be of value and should be destroyed and entitlements to Low & Bonar Shares held within the CREST system will be cancelled.

Any Low & Bonar Shares issued before the Scheme Record Time will be subject to the terms of the Scheme. The Special Resolution to be proposed at the General Meeting will, among other matters, provide that the Articles be amended to incorporate provisions requiring, among other things, any Low & Bonar Shares issued after the Scheme Voting Record Time or after the Scheme Record Time, other than to FVB and/or its nominees, to be automatically transferred to FVB on the same terms as the Acquisition (other than terms as to timings and formalities). The provisions of the Articles (as amended) will avoid any person, other than FVB and its nominees, holding ordinary shares in the capital of Low & Bonar after the Effective Date.

The Scheme shall lapse if the Scheme does not become effective by the Longstop Date which may be extended by agreement between FVB and Low & Bonar, with the consent of the Court and Panel if required.

The Scheme Document will include full details of the Scheme, together with notices of the Court Meeting and the General Meeting. The Cooperation Agreement provides that it is the intention of Low & Bonar and FVB that the Court Meeting and the General Meeting will be convened for a date that is no more than 28 days after the date of the Scheme Document. The Scheme Document will also contain the expected timetable for the Scheme, and will specify the necessary actions to be taken by Low & Bonar Shareholders. The Scheme Document together with Forms of Proxy will be posted to Low & Bonar Shareholders and, for information only, to persons with information rights and to holders of options and awards granted under the Low & Bonar Share Plans, as soon as practicable. Subject, among other things, to the satisfaction or waiver of the Conditions, it is expected that the Scheme will become effective during H1 2020.

FVB reserves the right, subject to the terms of the Cooperation Agreement and the prior consent of the Panel, to implement the Acquisition by way of a Takeover Offer for the entire issued and to be issued share capital of Low & Bonar as an alternative to the Scheme. In such an event, a Takeover Offer will be implemented on the same terms

(subject to appropriate amendments, including, if the Panel so agrees, an acceptance condition set at up to 90 per cent. of the shares to which such offer relates or such lesser percentage, being more than 50 per cent., as FVB may decide), so far as applicable, as those which would apply to the Scheme.

If the Acquisition is effected by way of a Takeover Offer, there can be no certainty as to the level of the acceptance condition, or of FVB's willingness to waive or lower such acceptance condition. If such Takeover Offer becomes or is declared unconditional in all respects, where:

- acceptances are received from Low & Bonar Shareholders such that, together with any other Low & Bonar Shares unconditionally acquired, owned or controlled by FVB, FVB will hold at least 75 per cent. of the voting rights attaching to the Low & Bonar Shares, FVB intends to request that the then appointed Low & Bonar Directors (subject to their fiduciary duties) will apply to the London Stock Exchange and the FCA respectively to cancel trading in Low & Bonar Shares on the London Stock Exchange's market for listed securities and cancel the listing of the Low & Bonar Shares on the Official List, which cancellations would eliminate the liquidity of Low & Bonar Shares for any remaining Low & Bonar Shareholders; and
- FVB receives acceptances under the Takeover Offer in respect of, or otherwise acquires, 90 per cent. or more of the Low & Bonar Shares to which the Takeover Offer relates by nominal value and voting rights attaching to such shares, FVB intends to exercise its rights pursuant to sections 974 to 991 of the Companies Act to acquire compulsorily the remaining Low & Bonar Shares in respect of which the Takeover Offer has not been accepted on the same terms as the Takeover Offer.

The availability of any such Takeover Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions.

Such persons should inform themselves about and observe any applicable requirements.

#### **14. Low & Bonar Cumulative Preference Stock and Low & Bonar Deferred Shares**

The Scheme will not affect the Low & Bonar Cumulative Preference Stock or Low & Bonar Deferred Shares, which shall continue in issue in accordance with their terms following the Acquisition. Low & Bonar has confirmed that no amount of dividend on the Low & Bonar Cumulative Preference Stock is outstanding or in arrears and that the Low & Bonar Cumulative Preference Stock therefore currently carry no right to receive notice of or attend or vote at the Court Meeting or any general meeting of Low & Bonar, including the General Meeting.

#### **15. Delisting and re-registration**

Prior to the Scheme becoming effective, it is intended that applications will be made to the London Stock Exchange to cancel trading in Low & Bonar Shares on the London Stock Exchange's Main Market for listed securities and to the FCA to cancel the listing of

the Low & Bonar Shares from the Official List, in each case, with effect from or shortly following the Effective Date.

It is also intended that, following the Scheme becoming effective, Low & Bonar will be re-registered as a private company under the relevant provisions of the Companies Act.

#### **16. Disclosure of interests in Low & Bonar relevant securities**

Except for the irrevocable undertakings referred to in paragraph 6 above, as at close of business on 19 September 2019 (being the latest practicable date prior to the date of this Announcement), none of FVB, any of the directors of FVB and any member of the Freudenberg Group, nor, so far as the directors of FVB are aware, any person acting in concert with FVB for the purposes of the Acquisition had any interest in, right to subscribe for, or had borrowed or lent any Low & Bonar Shares or securities convertible or exchangeable into Low & Bonar Shares, nor did any such person have any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to take delivery, or any dealing arrangement of the kind referred to in Note 11 of the definition of acting in concert in the Code, in relation to Low & Bonar Shares or in relation to any securities convertible or exchangeable into Low & Bonar Shares.

In the interests of secrecy prior to this Announcement, FVB has not made any enquiries in respect of the matters referred to in this paragraph of certain parties who may be deemed under the Code to be acting in concert with FVB for the purposes of the Scheme. Enquiries of such parties will be made as soon as practicable following the date of this Announcement and FVB confirms that further disclosure in accordance with Rule 8.1(a) and Note 2(a)(i) on Rule 8 of the Code will be made as soon as possible, if required.

#### **17. Overseas Shareholders**

The availability of the Acquisition and the distribution of this Announcement to Low & Bonar Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. Low & Bonar Shareholders who are in any doubt regarding such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

This Announcement does not constitute an offer for sale for any securities or an offer or an invitation to purchase any securities. Low & Bonar Shareholders are advised to read carefully the Scheme Document and related Forms of Proxy once these have been dispatched.

#### **18. Low & Bonar issued share capital**

In accordance with Rule 2.9 of the Code, Low & Bonar confirms that it has 689,756,295 Low & Bonar Shares in issue. The International Securities Identification Number for the Low & Bonar Shares is GB0005363014.

## **19. Documents published on website**

Copies of the following documents will, by no later than 12 noon (London time) on 23 September 2019, be published on Low & Bonar's website at [www.lowandbonar.com](http://www.lowandbonar.com) and FVB's website at [www.freudenberg.com/index.php?id=562](http://www.freudenberg.com/index.php?id=562) until the end of the Acquisition:

- this Announcement;
- the irrevocable undertakings and letter of intent referred to in paragraph 6 above;
- the NDA, Clean Team Agreement and Clean Team Protocols referred to in paragraph 12 above;
- the Cooperation Agreement referred to in paragraph 12 above; and
- the consent letters from each of Barclays and Rothschild & Co referred to in paragraphs 4 and 9 above.

## **20. General**

The Acquisition will be subject to the Conditions and certain further terms set out in Appendix 1 and the further terms and conditions set out in the Scheme Document when issued.

The Scheme will be governed by Scots law and will be subject to the jurisdiction of the Court. The Scheme will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange and the FCA.

The bases and sources of certain financial information contained in this Announcement are set out in Appendix 2. Certain terms used in this Announcement are defined in Appendix 4.

## Enquiries

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Low & Bonar PLC

Jones Day are retained as legal advisers to Freudenberg and Freshfields Bruckhaus Deringer are retained as legal advisers to Low & Bonar.

## Important notices

*Barclays Bank PLC, acting through its Investment Bank ("Barclays"), which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the FCA and the Prudential Regulation Authority, is acting exclusively for Freudenberg and no one else in connection with the Acquisition and will not be responsible to anyone other than Freudenberg for providing the protections afforded to clients of Barclays nor for providing advice in relation to the Acquisition or any other matter referred to in this Announcement.*

*N.M. Rothschild & Sons Limited ("Rothschild & Co"), which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for Low & Bonar and for no one else in connection with the Acquisition and will not regard any other person as its client in relation to the Acquisition and will not be responsible to anyone other than Low & Bonar for providing the protections afforded to clients of Rothschild & Co, nor for providing advice in relation to any matter referred to in this Announcement.*



## **Further information**

*This Announcement is for information purposes only and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Acquisition or otherwise, nor shall there be any sale, issuance or transfer of securities of Low & Bonar in any jurisdiction in contravention of applicable law. The Acquisition will be made solely by means of the Scheme Document or any document by which the Acquisition is made, which will contain the full terms and conditions of the Acquisition including details of how to vote in respect of the Acquisition. Any vote in respect of the Scheme or other response in relation to the Acquisition should be made only on the basis on the information contained in the Scheme Document.*

*Please be aware that addresses, electronic addresses and certain other information provided by Low & Bonar Shareholders, persons with information rights and other relevant persons for the receipt of communications from Low & Bonar may be provided to FVB during the offer period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c) of the Code.*

## **Overseas Shareholders**

*The release, publication or distribution of this Announcement in certain jurisdictions may be restricted by law and/or regulation. Persons who are not resident in the United Kingdom or who are subject to the laws and regulations of other jurisdictions should inform themselves of, and observe, any applicable requirements. In particular, the ability of persons who are not resident in the United Kingdom to vote their Low & Bonar Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws and/or regulations of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. This Announcement has been prepared for the purposes of complying with UK company law and the Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of other jurisdictions.*

*Unless otherwise determined by FVB or required by the Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Scheme by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Announcement and all documents relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this Announcement and all documents relating to the Acquisition (including custodians, nominees and trustees) must not mail or otherwise forward,*

*distribute or send them in, into or from such jurisdictions where to do so would violate the laws in that jurisdiction.*

*The availability of the Acquisition to Low & Bonar Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.*

*Further details in relation to Overseas Shareholders will be contained in the Scheme Document.*

### **Additional Information for US Investors**

*The Acquisition relates to the shares of a Scottish company and is proposed to be effected by means of a scheme of arrangement under the laws of Scotland. Neither the proxy solicitation rules nor the tender offer rules under the US Securities Exchange Act of 1934, as amended, will apply to the Acquisition. Moreover, the Acquisition is subject to the disclosure requirements and practices applicable in the United Kingdom and under the Code to schemes of arrangement, which differ from the disclosure requirements of the US proxy solicitation rules and tender offer rules. Financial information included in this Announcement has been prepared, unless specifically stated otherwise, in accordance with accounting standards applicable in the UK and thus may not be comparable to the financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US.*

*It may be difficult for US holders of Low & Bonar Shares to enforce their rights and claims arising out of the US federal securities laws, since FVB and Low & Bonar are located in countries other than the United States, and some or all of their officers and directors may be residents of countries other than the United States. US holders of Low & Bonar Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.*

*The receipt of cash pursuant to the Acquisition by a US holder as consideration for the transfer of its Scheme Shares pursuant to the Scheme will likely be a taxable transaction for United States federal income tax purposes and under applicable United States state and local, as well as foreign and other, tax laws. Each Low & Bonar Shareholder is urged to consult his or her independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to him or her.*

*In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, FVB or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Low & Bonar Shares outside of the US, other than pursuant to the Acquisition, until the date on which the Acquisition and/or Scheme becomes effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service and*

will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com).

### **Forward looking statements**

*This Announcement (including information incorporated by reference in this Announcement), oral statements made regarding the Acquisition, and other information published by FVB and Low & Bonar contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of FVB and Low & Bonar about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. The forward-looking statements contained in this Announcement include statements relating to the expected effects of the Acquisition on Freudenberg, FVB and Low & Bonar, the expected timing and scope of the Acquisition and other statements other than historical facts. All statements other than statements of historical facts included in this Announcement may be forward-looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "should", "could", "would", "may", "anticipates", "estimates", "synergy", "cost-saving", "projects", "goal", "strategy", "budget", "forecast" or "might" or, words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Freudenberg, FVB's or Low & Bonar's operations and potential synergies resulting from the Acquisition; and (iii) the effects of government regulation on Freudenberg, FVB's or Low & Bonar's business.*

*These forward-looking statements are not guarantees of future financial performance. Except as expressly provided in this Announcement, they have not been reviewed by the auditors of Freudenberg, FVB or Low & Bonar or their respective financial advisers. Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. These factors include the satisfaction of the Conditions, as well as additional factors, such as: fluctuations in the capital markets; fluctuations in interest and exchange rates; the occurrence of unforeseen disasters or catastrophes; political or economic instability in principal markets; adverse outcomes in litigation; and general, local and global economic, political, business and market conditions. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Neither Freudenberg, FVB nor Low & Bonar, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements. All*

subsequent oral or written forward-looking statements attributable to Freudenberg, FVB or Low & Bonar or any of their respective members, directors, officers or employees or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. Freudenberg, FVB and Low & Bonar disclaim any obligation to update or revise any forward-looking or other statements contained herein other than in accordance with their legal and regulatory obligations.

### **No profit forecasts or estimates**

No statement in this Announcement is intended as a profit forecast or estimate for any period and no statement in this Announcement should be interpreted to mean that earnings or earnings per share for Low & Bonar for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Low & Bonar.

### **Disclosure requirements of the Code**

Under Rule 8.3(a) of the Code, any person who is interested in one per cent. 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) of the Code 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 one per cent. 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 of the Code. A Dealing Disclosure by a person to whom Rule 8.3(b) of the Code 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 of the Code.

*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 of the Code).*

*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 Panel's website at [www.thetakeoverpanel.org.uk](http://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.*

*In accordance with the Code, normal United Kingdom market practice and Rule 14e-5(b) of the US Exchange Act, Barclays and its affiliates will continue to act as exempt principal trader in Low & Bonar securities on the London Stock Exchange. These purchases and activities by exempt principal traders which are required to be made public in the United Kingdom pursuant to the Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com). This information will also be publicly disclosed in the United States to the extent that such information is made public in the United Kingdom.*

***Publication on website and hard copies***

*A copy of this Announcement and the documents required to be published by Rule 26 of the Code will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Freudenberg's website at [www.freudenberg.com/index.php?id=562](http://www.freudenberg.com/index.php?id=562) and Low & Bonar's website at [www.lowandbonar.com](http://www.lowandbonar.com). For the avoidance of doubt, the contents of those websites are not incorporated into and do not form part of this Announcement.*

*You may request a hard copy of this Announcement by contacting Low & Bonar on +44 (0)20 7535 3180. You may also request that all future documents, announcements and information to be sent to you in relation to the Acquisition should be in hard copy form.*

**Appendix 1**  
**Conditions and Certain Further Terms of the Scheme and the Acquisition**

**A. Conditions to the Scheme and Acquisition**

1. The Acquisition will be conditional upon the Scheme becoming unconditional and becoming effective in accordance with its terms, subject to the provisions of the Code, by no later than the Longstop Date.

**Scheme approval**

2. The Scheme becoming effective will be conditional upon:
  - (a) approval of the Scheme at the Court Meeting and at any separate class meeting that may be required by a majority in number of the Scheme Shareholders (or the relevant class or classes thereof, if applicable) present and voting, either in person or by proxy, representing three-quarters or more in value of the Scheme Shares held by those Scheme Shareholders and such Court Meeting being held on or before the 22nd day after the expected date of the Court Meeting as set out in the Scheme Document, or such later date as FVB and Low & Bonar may agree and the Court may allow;
  - (b) all resolutions in connection with or required to approve and implement the Scheme as set out in the notice of the General Meeting (including, without limitation, the Special Resolution) being duly passed by the requisite majority at the General Meeting;
  - (c) such General Meeting being held on or before the 22nd day after the expected date of the General Meeting as set out in the Scheme Document (or such later date as may be agreed by FVB and Low & Bonar);
  - (d) the sanction of the Scheme by the Court without modification or with modification on terms acceptable to FVB and Low & Bonar and the delivery of a certified copy of the Scheme Court Order to the Registrar of Companies;
  - (e) the Scheme Court Hearing being held on or before the 22nd day after the expected date of the Scheme Court Hearing as set out in the Scheme Document (or such later date as may be agreed by FVB and Low & Bonar);

In addition, subject as stated in Part B below, FVB and Low & Bonar have agreed that the Acquisition will be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme effective will not be taken unless such conditions (as amended, if appropriate) have been satisfied or, where relevant, waived:

**Antitrust approvals and clearances**

3. insofar as the Acquisition constitutes a relevant merger situation for the purpose of the Enterprise Act 2002 and is reviewed by the CMA pursuant to the provisions of the Enterprise Act 2002, the CMA issuing a decision in terms satisfactory to FVB that it is not the CMA's intention to make a CMA Phase 2 Reference (or the applicable time period for the CMA to issue either decision having expired without it having done so and without it having made a CMA Phase 2 Reference);

4. insofar as the Acquisition does not constitute a concentration with a Union dimension within the meaning of the EU Merger Regulation, either:
  - (a) in the event that a referral request under Articles 4(5) or 22(3) of the EU Merger Regulation is made and accepted, the European Commission:
    - (i) not having referred (or having been deemed to have referred) any part of the Acquisition to the Merger Control Authority of one or more Member States of the European Union under Article 9 of the EU Merger Regulation; and
    - (ii) adopting, or being deemed to have indicated in terms satisfactory to FVB that it will adopt, a decision pursuant to Articles 6(1) or 6(2) of the EU Merger Regulation declaring the Acquisition or any matters arising from the Acquisition, to be compatible with the common market pursuant to the EU Merger Regulation; or
  - (b) except where the Acquisition is reviewed by the CMA (in which case Condition 3 above will apply), in the event that such a referral request is either not made or is made and is rejected, or in the event that following an accepted referral request the European Commission has referred (or has been deemed to have referred) any part of the Acquisition to the Merger Control Authority of one or more Member States of the European Union under Article 9 of the EU Merger Regulation, and any other necessary merger control filings and notifications identified by Freudenberg have been made to the competent Merger Control Authority of a Member State of the European Union, all approvals, consents or clearances necessary or appropriate having been obtained from such competent Merger Control Authorities in terms satisfactory to FVB (in each case within the relevant preliminary review period ('Phase 1' or equivalent) without the Merger Control Authority having initiated further in-depth proceedings ('Phase 2' or equivalent));
5. insofar as any other necessary or expedient merger control filings and notifications identified by Freudenberg have been made to the competent Relevant Authority in each relevant jurisdiction and all approvals, consents or clearances necessary or appropriate having been obtained from such competent Relevant Authorities in terms satisfactory to FVB (in each case within the relevant preliminary review period ('Phase 1' or equivalent) without the Relevant Authority having initiated further in-depth proceedings ('Phase 2' or equivalent));

#### **Other notifications, waiting periods and Authorisations**

6. all necessary notifications, filings or applications having been made in connection with the Acquisition and all necessary waiting periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory obligations in any jurisdiction having been complied with in each case in respect of the Acquisition and all Authorisations necessary or appropriate in any jurisdiction for or in respect of the Acquisition and, except pursuant to Chapter 3 of Part 28 of the Companies Act, the acquisition or the proposed acquisition of any shares or other securities in, or control or management of, Low & Bonar or any other member of the Wider Low & Bonar Group by any member of the Wider Freudenberg Group having been obtained in terms and in a

form satisfactory to FVB from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any persons or bodies with whom any member of the Wider Low & Bonar Group or the Wider Freudenberg Group has entered into contractual arrangements and all such Authorisations necessary to carry on the business of any member of the Wider Low & Bonar Group in any jurisdiction having been obtained and all such Authorisations remaining in full force and effect at the time at which the Acquisition becomes effective or otherwise wholly unconditional and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations and all such necessary statutory or regulatory obligations in any jurisdiction having been complied with;

7. except with the consent or the agreement of FVB, no resolution of Low & Bonar Shareholders in relation to any acquisition or disposal of assets or shares (or the equivalent thereof) in any undertaking or undertakings (or in relation to any merger, demerger, consolidation, reconstruction, amalgamation or scheme) being passed at a meeting of Low & Bonar Shareholders other than in relation to and as necessary to implement the Acquisition or the Scheme and, other than with the consent or the agreement of FVB, no member of the Wider Low & Bonar Group having taken (or agreed or proposed to take) any action that requires, or would require, the consent of the Panel or the approval of Low & Bonar Shareholders in accordance with, or as contemplated by, Rule 21.1 of the Code;

### **General regulatory**

8. other than to the extent arising in connection with the antitrust conditions at paragraph 3, 4 and 5 of section A of this Appendix 1 no antitrust regulator or Third Party having given notice of a decision or proposal to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and in each case, not having withdrawn the same), or having required any action to be taken or otherwise having done anything or taken any steps, or having enacted or made or proposed to enact or make any statute, regulation, decision, order or change to published practice (and, in each case, not having withdrawn the same) and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to:
  - (a) require, prevent or materially delay the divestiture or materially alter the terms envisaged for such divestiture by any member of the Wider Freudenberg Group or by any member of the Wider Low & Bonar Group of all or any material part of its businesses, assets or property or impose any material limitation on the ability of all or any of them to conduct their businesses (or any part thereof) or to own, control or manage any of their assets or properties (or any part thereof);
  - (b) except pursuant to Chapter 3 of Part 28 of the Companies Act, require any member of the Wider Freudenberg Group or the Wider Low & Bonar Group to acquire or offer to acquire a material number of any shares, other securities (or the equivalent) or interest in any member of the Wider Low & Bonar Group or any asset owned by any third party (other than Scheme Shares in the implementation of the Acquisition);
  - (c) impose any limitation on, or result in a delay in, the ability of any member of the Wider Freudenberg Group directly or indirectly to acquire, hold or to exercise



effectively all or any rights of ownership in respect of shares or other securities in or loans to any member of the Wider Freudenberg Group or on the ability of any member of the Wider Low & Bonar Group or any member of the Wider Freudenberg Group directly or indirectly to hold or exercise effectively all or any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise voting or management control over, any member of the Wider Low & Bonar Group;

- (d) otherwise materially adversely affect any or all of the business, assets, prospects or profits of any member of the Wider Low & Bonar Group or the Wider Freudenberg Group;
- (e) result in any member of the Wider Low & Bonar Group ceasing to be able to carry on business under any name under which it presently carries on business to an extent which is material in the context of the Wider Low & Bonar Group taken as a whole or in the context of the Acquisition (as the case may be);
- (f) make the Acquisition, or any aspect of the Acquisition, its implementation or the acquisition of any shares or other securities in, or control or management of, Low & Bonar by any member of the Wider Freudenberg Group void, unenforceable and/or illegal under the laws of any relevant jurisdiction, or otherwise directly or indirectly materially prevent or prohibit, restrict, restrain, or delay or otherwise materially interfere with the implementation of, or impose additional materially adverse conditions or obligations with respect to, or otherwise materially challenge, impede, interfere or require material amendment of the Acquisition or the acquisition of any shares or other securities in, or control or management of, Low & Bonar by any member of the Wider Freudenberg Group;
- (g) require, prevent or materially delay a divestiture by any member of the Wider Freudenberg Group of any shares or other securities (or the equivalent) in any member of the Wider Low & Bonar Group or any member of the Wider Freudenberg Group; or
- (h) impose any material limitation on the ability of any member of the Wider Freudenberg Group or any member of the Wider Low & Bonar Group to conduct, integrate or co-ordinate all or any part of its business with all or any part of the business of any other member of the Wider Freudenberg Group and/or the Wider Low & Bonar Group in a manner which is materially adverse to the Wider Low & Bonar Group taken as a whole or the Wider Freudenberg Group taken as a whole or in the context of the Acquisition (as the case may be),

and all applicable waiting and other time periods (including any extensions thereof) during which any such antitrust regulator or Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any relevant jurisdiction in respect of the Acquisition or the acquisition of any Low & Bonar Shares or of management or voting control of Low & Bonar or any member of the Wider Low & Bonar Group or otherwise intervene having expired, lapsed or been terminated;

**Certain matters arising as a result of any arrangement, agreement, etc.**

9. except as Disclosed, there being no provision of any arrangement, agreement, lease, licence, franchise, permit or other instrument to which any member of the Wider Low & Bonar Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject or any event or circumstance which, as a consequence of the Acquisition or the acquisition or the proposed acquisition by any member of the Wider Freudenberg Group of any shares or other securities in Low & Bonar or because of a change in the control or management of any member of the Wider Low & Bonar Group or otherwise, could or might reasonably be expected to result in, in each case to an extent which is material in the context of the Wider Low & Bonar Group taken as a whole or material in the context of the Acquisition:
- (a) any monies borrowed by, or any other indebtedness, actual or contingent, of, or any grant available to, any member of the Wider Low & Bonar Group being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
  - (b) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider Low & Bonar Group or any such mortgage, charge or other security interest (wherever created, arising or having arisen) becoming enforceable or being enforced;
  - (c) any assets of any such member being disposed of or charged or ceasing to be available to any such member, or any right arising under which any asset could be required to be disposed of or charged or could cease to be available to any such member other than in the ordinary course of business;
  - (d) any obligation to obtain or acquire any licence, permission, approval, clearance, permit, notice, consent, authorisation, waiver, grant, concession, agreement, certificate, exemption order or registration from any Third Party;
  - (e) any arrangement, agreement, lease, licence, permit licence, permission, approval, clearance, notice, consent, authorisation, waiver, grant, concession, certificate, exemption order or registration or other instrument being terminated or becoming capable of being terminated or adversely modified or the rights, liabilities, obligations or interests of any member of the Wider Low & Bonar Group being adversely modified or adversely affected or any obligation or liability arising or any adverse action being taken or arising thereunder;
  - (f) any liability of any member of the Wider Low & Bonar Group to make any severance, termination, bonus or other payment to any of its directors or other officers;
  - (g) the rights, liabilities, obligations, interests or business of any member of the Wider Low & Bonar Group or any member of the Wider Freudenberg Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider Low & Bonar Group or any

member of the Wider Freudenberg Group in or with any other person or body or firm or company (or any arrangement or arrangement relating to any such interests or business) being or becoming capable of being terminated, or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken thereunder;

- (h) any member of the Wider Low & Bonar Group ceasing to be able to carry on business under any name under which it presently carries on business;
- (i) the creation or acceleration of any liability to taxation or an adverse effect on the tax position of any member of the Wider Low & Bonar Group;
- (j) the value of, or the financial or trading position of, any member of the Wider Low & Bonar Group being prejudiced or adversely affected; or
- (k) the creation or acceleration of any liability (actual or contingent and including without limitation for taxation) by any member of the Wider Low & Bonar Group or for which any such member may be responsible other than trade creditors or other liabilities incurred in the ordinary course of business,

and no event having occurred which, under any provision of any such arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider Low & Bonar Group is a party or by or to which any such member or any of its assets are bound, entitled or subject, would or could reasonably be expected to result in any of the events or circumstances as are referred to in Conditions 9(a) to (k);

10. except as Disclosed, no member of the Wider Low & Bonar Group having:
- (a) entered into any agreement, contract, transaction, arrangement or commitment or terminated or varied the terms of any agreement or arrangement (other than in the ordinary course of business);
  - (b) entered into any contract, transaction or arrangement which would be restrictive on the business of any member of the Wider Low & Bonar Group or the Wider Freudenberg Group or which is or could involve obligations which would or might reasonably be expected to be so restrictive; or
  - (c) entered into, implemented or authorised the entry into, any joint venture, asset or profit sharing agreement, partnership or merger of business or corporate entities,

and which in any such case is material in the context of the Wider Low & Bonar Group taken as a whole or in the context of the Acquisition.

**Certain events occurring since the Accounts Date:**

11. except as Disclosed, no member of the Wider Low & Bonar Group having since the Accounts Date:
- (a) issued, proposed or agreed to issue, or authorised or announced its intention to authorise or propose the issue, of, additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the

transfer or sale of Low & Bonar Shares (except, where relevant, as between Low & Bonar and wholly-owned subsidiaries of Low & Bonar or between the wholly owned subsidiaries of Low & Bonar) or redeemed, purchased or reduced any part of its share capital or sold or transferred or agreed to sell or transfer any Low & Bonar Shares held by Low & Bonar as treasury shares save as pursuant to the exercise of options or vesting of awards granted under the Low & Bonar Share Plans or for the grant of options or awards in accordance with normal practice under the Low & Bonar Share Plans or with the prior written consent of both the Panel and FVB;

- (b) recommended, declared, paid or made, or proposed to declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) other than dividends (or other distributions, whether payable in cash or otherwise) lawfully paid or made by any wholly-owned subsidiary of Low & Bonar to Low & Bonar or any of its wholly-owned subsidiaries;
- (c) save as between Low & Bonar and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, effected, authorised, proposed or announced its intention to propose any change in its share or loan capital (or equivalent thereof);
- (d) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or made any other change to any part of its share capital;
- (e) proposed or agreed to provide or modify the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the Wider Low & Bonar Group;
- (f) save as between Low & Bonar and its wholly-owned subsidiaries and other than pursuant to the Acquisition, implemented, effected, authorised, proposed or announced its intention to propose any merger, demerger, reconstruction, arrangement, amalgamation, commitment or scheme or any acquisition or disposal or transfer of assets, shares (other than in the ordinary course of business) or loan capital (or the equivalent thereof) or any right, title or interest in any assets, shares or loan capital (or the equivalent thereof) or other transaction or arrangement in respect of itself or another member of the Wider Low & Bonar Group which in each case would be material in the context of the Wider Low & Bonar Group taken as a whole;
- (g) save as between Low & Bonar and its wholly-owned subsidiaries, acquired or disposed of or transferred (other than in the ordinary course of business) or mortgaged, charged or encumbered any assets or shares or any right, title or interest in any assets or shares (other than in the ordinary course of business) or authorised the same or entered into, varied or terminated or authorised, proposed or announced its intention to enter into, vary, terminate or authorise any agreement, arrangement, contract, transaction or commitment (other than in the ordinary course of business and whether in respect of capital expenditure or otherwise) which is of a loss-making, long-term or unusual or onerous nature or magnitude, or which involves or could involve an obligation of such a nature or

magnitude, in each case which is material in the context of the Wider Low & Bonar Group taken as a whole or in the context of the Acquisition (whether in respect of capital expenditure or otherwise);

- (h) exercised any pre-emption rights, or any similar rights that allow any member of the Wider Low & Bonar Group to subscribe for, or acquire, shares in any other person;
- (i) issued, authorised or proposed the issue of or made any change in or to any debentures, or (other than in the ordinary course of business) or, save as between Low & Bonar and its wholly-owned subsidiaries, incurred or increased any indebtedness or liability, actual or contingent, which is material in the context of the Wider Low & Bonar Group taken as a whole or in the context of the Acquisition;
- (j) made, or announced any proposal to make, any change or addition to any retirement, death or disability benefit or any other employment-related benefit (including, but not limited to, bonuses, retention arrangements or share incentive schemes or other benefit relating to the employment or termination of employment of any employee of the Wider Low & Bonar Group) of or in respect of any of its directors, employees, former directors or former employees;
- (k) except in relation to changes made or agreed to be made as required by applicable legislation or other laws or changes to legislation or other laws, having made or agreed or consented to any change to:
  - (i) the terms of the trust deeds or other documentation constituting and/or governing the pension scheme(s) (or other arrangements for the provision of retirement benefits) established by any member of the Wider Low & Bonar Group for its directors, employees or their dependents;
  - (ii) the contributions payable to any such pension scheme(s) or other retirement benefit arrangements or the benefits which accrue or the retirement benefits which are payable thereunder;
  - (iii) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
  - (iv) the basis upon which the liabilities (including pensions or other retirement or death benefits) of such pension schemes or other retirement benefit arrangements are funded, valued or made;
- (l) save as between Low & Bonar and its wholly-owned subsidiaries, granted any lease or third party rights in respect of any of the leasehold or freehold property owned or occupied by it or transferred or otherwise disposed of any such property;
- (m) entered into or varied or made any offer (which remains open for acceptance) to enter into or vary the terms of any service agreement, commitment or arrangement with any director or senior executive of Low & Bonar or any director or senior executive of the Wider Low & Bonar Group;

- (n) taken any action which results in the creation or acceleration of any material tax liability or any member of the Wider Low & Bonar Group or a material adverse effect on the tax position of any such member;
- (o) made any amendment to its memorandum or articles of association;
- (p) waived, compromised or settled any claim or authorised any such waiver or compromise, save in the ordinary course of business, which is material in the context of the Wider Low & Bonar Group taken as a whole or material in the context of the Acquisition;
- (q) been unable or admitted that it is unable to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business or proposed or entered into any composition or voluntary arrangement with its creditors (or any class of them) or the filing at court of documentation in order to obtain a moratorium prior to a voluntary arrangement or, by reason of actual or anticipated financial difficulties, commenced negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;
- (r) taken or proposed any corporate action or had any steps taken or had any legal proceedings started or threatened against it for its winding-up (voluntary or otherwise), dissolution, striking-off or reorganisation or for the appointment of a receiver, administrator (including the filing of any administration application, notice of intention to appoint an administrator or notice of appointment of an administrator), administrative receiver, trustee or similar officer of all or any material part of its assets or revenues or for any analogous proceedings or steps in any jurisdiction or for the appointment of any analogous person in any jurisdiction;
- (s) taken, entered into or had started or threatened against it in a jurisdiction outside Scotland any form of insolvency proceeding or event similar or analogous to any of the events referred to in Conditions 11(q) and (r) above; or
- (t) agreed to enter into or entered into an agreement or arrangement or commitment or passed any resolution or announced any intention or made any offer (which remains open to acceptance) with respect to any of the transactions, matters or events referred to in this Condition 11;

**No adverse change, litigation, regulatory enquiry or similar**

12. except as Disclosed there having been since the Accounts Date:

- (a) no adverse change and no circumstance having arisen which would or might reasonably be expected to result in any adverse change in, the business, assets, financial or trading position or profits or prospects or operational performance of any member of the Wider Low & Bonar Group which is material in the context of the Wider Low & Bonar Group taken as a whole or is material in the context of the Acquisition;

- (b) no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened, announced or instituted by or against or remaining outstanding against or in respect of any member of the Wider Low & Bonar Group or to which any member of the Wider Low & Bonar Group is or may become a party (whether as claimant, defendant or otherwise) having been threatened, announced, instituted or remaining outstanding by, against or in respect of, any member of the Wider Low & Bonar Group, in each case which is or might reasonably be expected to be material in the context of the Wider Low & Bonar Group, or the Wider Freudenberg Group, taken as a whole or in the context of the Acquisition;
- (c) no enquiry, review or investigation by, or complaint or reference to, any Third Party against or in respect of any member of the Wider Low & Bonar Group having been threatened, announced or instituted or remaining outstanding by, against or in respect of any member of the Wider Low & Bonar Group, in each case which might reasonably be expected to have a material adverse effect on the Wider Low & Bonar Group, or the Wider Freudenberg Group, taken as a whole or is material in the context of the Acquisition;
- (d) no contingent or other liability having arisen or increased which is reasonably likely to affect adversely the business, assets, financial or trading position or profits or prospects of any member of the Wider Low & Bonar Group to an extent which is material in the context of the Wider Low & Bonar Group taken as a whole or in the context of the Acquisition;
- (e) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Low & Bonar Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which might reasonably be expected to have a material adverse effect on the Wider Low & Bonar Group taken as a whole or is material in the context of the Acquisition;

**No discovery of certain matters regarding information, liabilities and environmental issues**

13. except as Disclosed, FVB not having discovered:

- (a) that any financial, business or other information concerning the Wider Low & Bonar Group publicly announced prior to the date of this Announcement or disclosed at any time to any member of the Wider Freudenberg Group by or on behalf of any member of the Wider Low & Bonar Group prior to the date of this Announcement is misleading, contains a material misrepresentation of any fact, or omits to state a fact necessary to make that information not misleading, which was not subsequently corrected at least three Business Days before the Announcement Date by disclosure via a Regulatory Information Service, in any such case to a material extent;

- (b) any member of the Wider Low & Bonar Group is subject to any liability, contingent or otherwise, which is not disclosed in the annual reports and accounts of Low & Bonar for the financial year ended on the Accounts Date;
- (c) that any member of the Wider Low & Bonar Group or any partnership, company, joint venture or other entity in which any member of the Wider Low & Bonar Group has a significant economic interest and which is not a subsidiary undertaking of Low & Bonar is subject to any liability, contingent or otherwise;
- (d) any past or present member, director, officer or employee of the Wider Low & Bonar Group has not complied with all applicable legislation, regulations, requirements or any Authorisations relating to the use, treatment, storage, carriage, disposal, discharge, spillage, release, leak or emission of any waste or hazardous substance or any substance likely to impair the environment (including property) or harm human or animal health or otherwise relating to environmental matters or the health and safety of humans, which non-compliance would be likely to give rise to any material liability, including any penalty for non-compliance (whether actual or contingent) on the part of any member of the Wider Low & Bonar Group;
- (e) that there has been a disposal, discharge, spillage, accumulation, release, leak, emission or the migration, production, supply, treatment, storage, transport or use of any waste or hazardous substance or any substance likely to impair the environment (including any property) or harm human or animal health which (whether or not giving rise to non-compliance with any law or regulation), would be likely to give rise to any material liability (whether actual or contingent) on the part of any member of the Wider Low & Bonar Group;
- (f) that there is or is reasonably likely to be any material obligation or liability (whether actual or contingent) or requirement to make good, remediate, repair, reinstate or clean up any property, asset or any controlled waters currently or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider Low & Bonar Group (or on its behalf), or in which any such member may have or previously have had or be deemed to have had an interest, under any environmental legislation, common law, regulation, notice, circular, Authorisation or order of any Third Party in any jurisdiction or to contribute to the cost thereof or associated therewith or indemnify any person in relation thereto; or
- (g) that circumstances exist (whether as a result of making the Acquisition or otherwise) which would or would be reasonably likely to lead to any Third Party instituting (or whereby any member of the Wider Low & Bonar Group would be required or likely to be required to institute) an environmental audit or take any steps which would in any such case result or be reasonably likely to result in any actual or contingent liability to improve or install new plant or equipment or to make good, repair, reinstate or clean up any property of any description or any asset now or previously owned, occupied or made use of by any past or present member of the Wider Low & Bonar Group (or on its behalf) or by any person for which a member of the Wider Low & Bonar Group is or has been responsible, or



in which any such member may have or previously have had or be deemed to have had an interest, which is material in the context of the Wider Low & Bonar Group taken as a whole or in the context of the Acquisition;

### **Anti-corruption and criminal property**

14. except as Disclosed, FVB not having discovered:
- (a) any past or present member, director, officer or employee of the Wider Low & Bonar Group or any person that performs or has performed services for or on behalf of any such company is or has engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, as amended or the US Foreign Corrupt Practices Act 1977, as amended or any other anti-corruption legislation applicable to the Wider Low & Bonar Group;
  - (b) any past or present member of the Wider Low & Bonar Group has engaged in any activity or business with, or made any investments in, or made any payments to any government, entity or individual covered by any of the economic sanctions administered by the United Nations or the European Union (or any of their respective member states) or the United States Office of Foreign Assets Control or any other governments or supranational body or authority in any jurisdiction in breach of any such sanctions;
  - (c) any asset of any member of the Wider Low & Bonar Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition); or
  - (d) that any past or present member, director, officer or employee of the of Wider Low & Bonar Group has engaged in any business with or made any investments in, or made any payments, funds or assets available, to or received any funds or assets from: (i) any government, entity or individual in respect of which US or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control or HM Treasury & Customs; or (ii) any government, entity or individual named by any of the economic sanctions of the United Nations or the European Union or any of their respective member states, or any governments or supranational body or authority in any jurisdiction in breach of any applicable laws or sanctions.

### **B. Waiver and invocation of the Conditions**

1. The Scheme will not become effective unless the Conditions (other than Conditions 2(d) and 2(e) of this Appendix 1) have been fulfilled or (if capable of waiver) waived or, where appropriate, have been determined by FVB to be or remain satisfied by no later than 11.59 pm on the date before the Scheme Court Hearing.
2. Subject to the requirements of the Panel, FVB reserves the right to waive:

- (a) any of the Conditions set out in the above Condition 2 of Part A for the timing of the Court Meeting, the General Meeting and the Scheme Court Hearing. If any such deadline is not met, FVB shall make an announcement by 8.00 a.m. on the Business Day following such deadline confirming whether it has invoked or waived the relevant Condition or agreed with Low & Bonar to extend the deadline in relation to the relevant Condition; and
  - (b) in whole or in part all or any of the above Conditions 3 to 14 of Part A inclusive.
- 3. The Scheme and the Acquisition shall lapse if:
  - (a) insofar as the Acquisition constitutes a concentration with a Community dimension within the scope of the EU Merger Regulation or is referred to the European Commission pursuant to Article 4(5) of the EU Merger Regulation, the European Commission either initiates proceedings under Article 6(1)(c) of the EU Merger Regulation or makes a referral to a competent authority in the United Kingdom under Article 9(1) of the EU Merger Regulation and there is then a CMA Phase 2 Reference; or
  - (b) the Acquisition becomes subject to a CMA Phase 2 Reference,in each case, before the date of the Court Meeting.
- 4. If FVB is required to make an offer or offers for any Low & Bonar Shares under the provisions of Rule 9 of the Code, FVB may make such alterations to the Conditions as are necessary to comply with the provisions of that Rule.
- 5. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.
- 6. Under Rule 13.5 of the Code, FVB may not invoke a condition of the Scheme so as to cause the Scheme not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the condition are of material significance to FVB in the context of the Acquisition. Whether or not such condition can be invoked would be determined by the Panel. The conditions contained in Conditions 1 to 4 (inclusive) of Part A are not subject to this provision of the Code.
- 7. FVB shall not be under any obligation to waive (if capable of waiver), to determine, to be or remain satisfied or to treat as fulfilled any of the Conditions in 2 to 14 (to the extent capable of waiver) by a date earlier than the latest date for the fulfilment of that Condition notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.

**C. Certain further terms of the Acquisition**

- 1. Low & Bonar Shares will be acquired by FVB fully paid and free from all liens, equitable interests, options, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever and together with all rights attaching to them as at the date of this Announcement or subsequently attaching or accruing to them, including voting rights and the right to receive and retain, in full, all dividends and other

distributions (if any) declared, made, paid or payable, or any other return of capital made, on or after the date of this Announcement.

2. If, on or after the date of this Announcement, any dividend and/or other distribution and/or other return of capital is authorised, declared, made or paid or becomes payable in respect of the Low & Bonar Shares, FVB reserves the right (without prejudice to any right of FVB, with the consent of the Panel, to invoke Condition 11(b) in Part A above), to reduce the consideration payable under the terms of the Acquisition for the Low & Bonar Shares by an amount up to the amount of such dividend and/or distribution and/or return of capital, in which case any reference in this Announcement or in the Scheme Document to the consideration payable under the terms of the Acquisition will be deemed to be a reference to the consideration as so reduced. To the extent that any such dividend and/or distribution and/or other return of capital is authorised, declared, made or paid or is payable prior to the Scheme becoming effective in accordance with its terms and it is: (i) transferred pursuant to the Acquisition on a basis which entitles FVB to receive the dividend or distribution and to retain it; or (ii) cancelled, the consideration payable under the terms of the Acquisition will not be subject to change in accordance with this paragraph. Any exercise by FVB of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Acquisition.
3. FVB reserves the right to elect (with the consent of the Panel, if required) to implement the Acquisition by way of a Takeover Offer, in its absolute discretion. In such event, the Acquisition will be implemented on substantially the same terms subject to appropriate amendments, including (without limitation) an acceptance condition set at 90 per cent. (or such less percentage, being more than 50 per cent., as FVB may decide) of the shares to which such offer relates, so far as applicable, as those which would apply to the Scheme.
4. The Acquisition will be subject, *inter alia*, to the Conditions and certain further terms which are set out in this Appendix 1 and those terms which will be set out in the Scheme Document and such further terms as may be required to comply with the Listing Rules and the provisions of the Code.
5. The availability of the Acquisition to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. Any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about and observe any applicable requirements. Further information in relation to Overseas Shareholders will be contained in the Scheme Document.
6. The Acquisition is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any jurisdiction where to do so would violate the laws of that jurisdiction and will not be capable of acceptance by any such use, means, instrumentality or facility or from within any such jurisdiction.
7. FVB reserves the right for any other member of the Wider Freudenberg Group from time to time to implement the Acquisition.

8. This Announcement and any rights or liabilities arising hereunder, the Acquisition, the Scheme, and any proxies will be governed by Scots law and be subject to the jurisdiction of the Court. The Scheme will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange and the FCA.

## **Appendix 2**

### **Bases and Sources**

- (a) The value attributed to the existing issued and to be issued ordinary share capital of Low & Bonar is based upon the 689,756,295 Low & Bonar Shares in issue on 19 September 2019, including 53,253 Low & Bonar Shares held by the Low & Bonar Employee Benefit Trust, plus the 777,918 Low & Bonar Shares underlying outstanding options and awards under the Low & Bonar Share Plans that are expected to be vested and be exercisable as at 31 July 2020 based on the current estimated performance and vesting criteria.
- (b) Unless otherwise stated, the financial information on Low & Bonar is extracted (without material adjustment) from Low & Bonar's Annual Report and Accounts for the year ended 30 November 2018 and from the announcement of Low & Bonar's half year results for the six months ended 31 May 2019.
- (c) The market prices of the Low & Bonar Shares are the closing middle market quotations as derived from the Daily Official List.
- (d) Volume-weighted average prices have been derived from Bloomberg.

**Appendix 3**  
**Details of Irrevocable Undertakings and Letter of Intent**

The following holders of Low & Bonar Shares have given irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting in relation to the following Low & Bonar Shares:

**Part A: Low & Bonar Directors and Immediate Family Members**

<b>Name</b>	<b>Number of Low &amp; Bonar Shares</b>	<b>Percentage of issued ordinary share capital of Low &amp; Bonar</b>
<b>Daniel Dayan</b>	<b>732,560</b>	<b>0.11</b>
<b>Trudy Schoolenberg</b>	<b>144,247</b>	<b>0.02</b>
<b>Peter Bertram</b>	<b>149,597</b>	<b>0.02</b>
<b>Kevin Matthews</b>	<b>68,751</b>	<b>0.01</b>
<b>Kate Powell<sup>1</sup></b>	<b>77,635</b>	<b>0.01</b>

These irrevocable undertakings will cease to be binding and be of no effect if the Scheme is withdrawn or lapses in accordance with its terms unless FVB publicly confirms that it intends to implement the Acquisition by way of a Takeover Offer, or otherwise, within four Business Days after any such withdrawal or lapse.

**Part B: Institutional Shareholders**

The following holders of Low & Bonar Shares have given irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting in relation to the following Low & Bonar Shares:

<b>Name</b>	<b>Number of Low &amp; Bonar Shares</b>	<b>Percentage of issued ordinary share capital of Low &amp; Bonar</b>
<b>Sterling Strategic Value Fund S.A., SICAV-RAIF</b>	<b>150,084,072</b>	<b>21.76</b>
<b>Aberforth Partners LLP</b>	<b>71,795,604</b>	<b>10.41</b>
<b>The Wellcome Trust Limited (as trustee of The Wellcome Trust)</b>	<b>40,672,737</b>	<b>5.90</b>

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<sup>1</sup> Kate Powell is the wife of Mike Powell.

<b>J O Hambro Capital Management Limited</b>	<b>37,416,557</b>	<b>5.42</b>
<b>Luxempart SA</b>	<b>55,708,870</b>	<b>8.08</b>
<b>AXA Investment Managers UK Limited</b>	<b>47,794,449</b>	<b>6.93</b>

The irrevocable undertakings given by Sterling Strategic Value Fund S.A., SICAV-RAIF (“**Sterling**”) and Luxempart SA will cease to be binding and be of no effect if: (i) the Scheme lapses or is withdrawn in accordance with its terms unless at or before the time of, or within five Business Days after, such lapse or withdrawal, FVB has publically confirmed that it intends to implement the Acquisition by way of a Takeover Offer or otherwise; (ii) an announcement is made in accordance with Rule 2.7 of the Code of a competing offer (whether to be made by way of an offer or scheme of arrangement) either wholly in cash or with a full cash alternative in respect of the entire issued and to be issued share capital of Low & Bonar and such competing offer or, as the case may be, full cash alternative, represents a value per Low & Bonar Share at the date and time in London of such announcement of not less than 17 pence, unless FVB announces an improvement to the terms of its offer within five Business Days of the higher competing offer being made such that the price of the improved offer is equal to or greater than the higher competing offer; or (iii) the Scheme is not effective by 11.59 p.m. on 30 April 2020. The irrevocable undertaking given by Sterling will also lapse if the Scheme Document is not posted within 28 days (or such longer period as the Panel may agree, being not more than 10 weeks) of the date of this Announcement.

The irrevocable undertaking given by J O Hambro Capital Management Limited (“**J O Hambro**”) will cease to be binding and be of no effect if: (i) the Scheme lapses or is withdrawn in accordance with its terms unless at or before the time of, or within five Business Days after, such lapse or withdrawal, FVB has publically confirmed that it intends to implement the Acquisition by way of a Takeover Offer or otherwise; or (ii) an announcement is made in accordance with Rule 2.7 of the Code of a competing offer (whether to be made by way of an offer or scheme of arrangement) either wholly in cash or with a full cash alternative in respect of the entire issued and to be issued share capital of Low & Bonar and such competing offer or, as the case may be, full cash alternative, represents a value per Low & Bonar Share at the date and time in London of such announcement of not less than 110% of the value of consideration per ordinary share of Low & Bonar payable pursuant to FVB's offer.

The irrevocable undertaking given by AXA Investment Managers UK Limited (“**AXA**”) will cease to be binding and be of no effect if: (i) the Scheme lapses or is withdrawn in accordance with its terms unless at or before the time of, or within 5 Business Days after, such lapse or withdrawal, FVB has publically confirmed that it intends to implement the Acquisition by way of a Takeover Offer or otherwise; or (ii) an announcement is made in accordance with Rule 2.7 of the Code of a competing offer (whether to be made by way of an offer or scheme of arrangement) either wholly in cash or with a full cash alternative in respect of the entire issued and to be issued share capital of Low & Bonar and such competing offer or, as the case may be, full cash alternative, represents a value per Low & Bonar Share at the date and time in London of such announcement of not less than 110% of the value of consideration per ordinary share of Low & Bonar payable pursuant to FVB's offer, unless FVB has announced an improvement to the

terms of its offer within 5 Business Days of the higher competing offer being made such that the price of the improved offer is equal to or greater than the higher competing offer.

The irrevocable undertakings given by Aberforth Partners LLP (“**Aberforth**”) and The Wellcome Trust Limited (as trustee of The Wellcome Trust) (“**Wellcome**”) will lapse and cease to be enforceable if: (i) the Scheme is withdrawn or does not become effective in accordance with its terms unless at or before the time of, or within 5 Business Days after, such lapse or withdrawal, FVB has publicly confirmed that it intends to implement the Acquisition by way of a Takeover Offer or otherwise; or (ii) an announcement is made in accordance with Rule 2.7 of the Code of a competing offer (whether to be made by way of an offer or scheme of arrangement) in respect of the shares in Low & Bonar which represents, in the opinion of Aberforth or Wellcome (as applicable), a value per ordinary share of Low & Bonar at the date and time in London of such announcement of not less than 110% of the value of consideration per ordinary share of Low & Bonar payable pursuant to FVB's offer and at any time following such announcement Aberforth or Wellcome (as applicable) notifies FVB of such opinion or otherwise makes an announcement or notification that it no longer intends to vote in favour of the Scheme, and nothing in the irrevocable undertaking prevents Aberforth or Wellcome (as the case may be) from selling, transferring or otherwise disposing of all or any of the relevant Low & Bonar Shares at or above such price. All of the obligations of Aberforth and Wellcome under their respective irrevocable undertakings shall be fully discharged and the irrevocable undertakings will cease to have any continuing force and effect at the conclusion of the Court Meeting and the General Meeting (provided that they have voted or procured the vote in favour of the resolutions). The irrevocable undertakings given by Aberforth and Wellcome shall also lapse and be of no further force or effect: (i) if the Scheme Document is not posted within 28 days of the date of this Announcement (or such later date as Aberforth or Wellcome (as applicable) may agree in writing); and (ii) if and to the extent that any relevant Low & Bonar Shares have been lent to a third party and are unable to be recalled using reasonable endeavours.

The irrevocable undertaking given by Aberforth entitles it to sell, or to instruct the sale of, some or all of the Low & Bonar Shares managed by it if, following any termination or amendment of Aberforth's authority from the relevant beneficial owners of the Low & Bonar Shares, Aberforth (in its sole discretion) considers that such sale is necessary or in the best interests of the beneficial owner(s) of the relevant Low & Bonar Shares or if Aberforth is otherwise required or instructed to do so by such owner(s), and Aberforth's irrevocable undertaking will not apply to any Low & Bonar Shares which are so sold. The irrevocable undertaking given by Aberforth will also not apply to Low & Bonar Shares to the extent that they are the subject of a distribution to a client by way of a redemption in specie.

The irrevocable undertaking given by Aberforth is subject to any termination or amendment of Aberforth's authority from the relevant beneficial owners of the Low & Bonar Shares. Similarly, the irrevocable undertaking given by AXA is subject to any amendment or termination of AXA's authority in respect of the Low & Bonar Shares or instruction to the contrary by AXA's underlying clients or customers. The irrevocable undertaking given by J O Hambro allows it to sell all or any part of its Low & Bonar Shares at any time to any person who has executed and delivered an irrevocable undertaking to FVB which is the same in all material respects as the irrevocable given to FVB.



J O Hambro has also given a letter of intent to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting in relation to the following Low & Bonar Shares:

<b>Name</b>	<b>Number of Low &amp; Bonar Shares</b>	<b>Percentage of issued ordinary share capital of Low &amp; Bonar</b>
<b>J O Hambro Capital Management Limited</b>	<b>37,416,556</b>	<b>5.42</b>

## **Appendix 4 Definitions**

The following definitions apply throughout this Announcement unless the context requires otherwise.

“£”, “Sterling”, “pence” or “p”	the lawful currency of the UK
"Accounts Date"	30 November 2018
“Acquisition”	the direct or indirect acquisition of the entire issued and to be issued ordinary capital of Low & Bonar by FVB (other than Low & Bonar Shares already held by FVB, if any) to be implemented by way of the Scheme or, should FVB so elect, subject to the consent of the Panel, by way of the Takeover Offer
“Announcement”	this announcement made pursuant to Rule 2.7 of the Code
"Announcement Date"	the date of this Announcement
"Articles"	the articles of association of Low & Bonar
“Authorisations”	regulatory authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions or approvals
"Barclays"	Barclays Bank PLC, acting through its Investment Bank
“Business Day”	a day (other than Saturdays, Sundays and public holidays) on which banks are open for business in London, United Kingdom
“Clean Team Agreement”	the clean team agreement entered into by Low & Bonar and Freudenberg on 5 August 2019
"Clean Team Protocols"	the clean team protocols entered into by Freudenberg and its external advisers on 8 August 2019
"CMA"	the UK Competition and Markets Authority
"CMA Phase 2 Reference"	a reference of the Acquisition to the chair of the Competition and Markets Authority for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013
“Code”	the City Code on Takeovers and Mergers
“Companies Act”	the UK Companies Act 2006, as amended from

	time to time
“Conditions”	the conditions to the implementation of the Acquisition (including the Scheme) as set out in Appendix 1 to this Announcement and to be set out in the Scheme Document
“Cooperation Agreement”	the cooperation agreement entered into by Low & Bonar and FVB and effective from the date of this Announcement
“Court”	the Court of Session at Edinburgh
“Court Meeting”	the meeting(s) of the Scheme Shareholders to be convened by order of the Court pursuant to section 896 of the Companies Act, notice of which will be set out in the Scheme Document, for the purpose of approving the Scheme (with or without amendment), including any adjournment, postponement or reconvention thereof
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in such regulations) in accordance with which securities may be held and transferred in uncertificated form
“Daily Official List”	the daily official list of the FCA
“Dealing Disclosure”	an announcement pursuant to Rule 8 of the Code containing details of dealings in interests in relevant securities of a party to an offer
“Disclosed”	the information fairly disclosed by, or on behalf of Low & Bonar, (i) in the annual report and accounts of the Low & Bonar Group for the financial year ended 30 November 2018; (ii) in the interim financial results of Low & Bonar for the six months to 30 May 2019; (iii) any other announcement to a Regulatory Information Service by, or on behalf of Low & Bonar prior to the publication of this Announcement; (iv) in any of the documents, papers or written information made available in the data room maintained by Merrill Corporation entitled Lark VDR before 5.00pm (London time) on 19 September 2019; and (v) any other information fairly disclosed to the Freudenberg Group or its officers, employees, agents or advisers in their capacity as such in writing prior to the date of this Announcement including during management

	presentations and/or site visits conducted in connection with the Acquisition
"Effective Date"	the date upon which: (i) the Scheme becomes effective in accordance with its terms; or (ii) if FVB elects to implement the Acquisition by way of a Takeover Offer, the date on which the Takeover Offer becomes or is declared unconditional in all respects
"Enlarged Group"	the Freudenberg Group following the Effective Date
"EU Merger Regulation"	Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings
"Excluded Shares"	any Low & Bonar Shares beneficially owned by FVB, any parent or subsidiary undertaking (as defined in the Companies Act) of FVB, or any subsidiary undertaking of any such parent, or any person acting in concert with FVB
"FCA"	the United Kingdom Financial Conduct Authority acting in its capacity as the competent authority for the purpose of Part VI of the Financial Services and Markets Act 2000
"Forms of Proxy"	the forms of proxy in connection with each of the Court Meeting and the General Meeting, which shall accompany the Scheme Document
"Freudenberg"	Freudenberg SE
"Freudenberg Group"	Freudenberg & Co. Kommanditgesellschaft and its subsidiaries
"FPM"	Freudenberg Performance Materials
"FVB"	FV Beteiligungs-GmbH
"General Meeting"	the general meeting of Low & Bonar to be convened in connection with the Scheme, notice of which will be set out in the Scheme Document, including any adjournment, postponement or reconvention thereof
"Listing Rules"	the rules and regulations made by the FCA under the Financial Services and Markets Act 2000, and contained in the FCA's publication of the same name

“London Stock Exchange”	London Stock Exchange plc
“Longstop Date”	5.00 pm (London time) on 30 June 2020, or such later date (if any) as FVB and Low & Bonar may agree in writing and (if required) the Panel and the Court may allow
“Low & Bonar”	Low & Bonar PLC
“Low & Bonar Board”	the board of directors of Low & Bonar
"Low & Bonar Cumulative Preference Stock "	the 6 per cent. First Cumulative Preference Stock, the 6 per cent. Second Cumulative Preference stock and the 5.5 per cent. Third Cumulative Preference Stock in the capital of Low & Bonar
"Low & Bonar Deferred Shares"	the non-voting deferred shares of 20 pence each in the capital of Low & Bonar
“Low & Bonar Directors”	the directors of Low & Bonar as at the date of this Announcement
“Low & Bonar Shareholders”	the registered holders of Low & Bonar Shares from time to time
“Low & Bonar Share Plans”	the 1997 Low & Bonar Sharesave Scheme, the Low & Bonar International Sharesave Scheme, the Low & Bonar 2018 Sharesave Scheme and the Low & Bonar 2013 Long Term Incentive Plan each as amended from time to time
“Low & Bonar Shares”	ordinary shares of £0.05 each in the capital of Low & Bonar
“Low & Bonar UK Pension Scheme”	the Low & Bonar Group Retirement Benefit Scheme currently governed by a trust deed and rules dated 21 February 2011, as amended by deeds of amendment dated 7 May 2014, 21 January 2015, 2 September 2015 and 3 December 2015
"Merger Control Authority"	any national, supra-national or regional, government or governmental, quasi-governmental, statutory, regulatory or investigative body or court, in any jurisdiction, responsible for the review or approval of mergers, acquisitions, concentrations, joint ventures, or any other similar matter
“NDA”	the non-disclosure agreement entered into by Low & Bonar and Freudenberg on 2 August 2019
“Official List”	the official list of the London Stock Exchange

“Opening Position Disclosure”	an announcement containing details of interests or short position in, or rights to subscribe for, any relevant securities of a party to the offer if the person concerned has such a position
“Overseas Shareholders”	Low & Bonar Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom
“Panel”	the Panel on Takeovers and Mergers
“Registrar of Companies”	the Registrar of Companies in Scotland
“Regulatory Information Service”	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements
“Restricted Jurisdiction”	any jurisdiction where the relevant action would constitute a violation of the relevant laws and regulations of such jurisdiction or would result in a requirement to comply with any governmental or other consent or any registration, filing or other formality which FVB or Low & Bonar regards as unduly onerous
“Rothschild & Co”	N.M. Rothschild & Sons Limited
“Scheme”	the scheme of arrangement proposed to be made under Part 26 of the Companies Act between Low & Bonar and the Scheme Shareholders, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Low & Bonar and FVB
“Scheme Court Hearing”	the hearing of the Court to sanction the Scheme
“Scheme Court Order”	the order of the Court sanctioning the Scheme under Part 26 of the Companies Act
“Scheme Document”	the document to be sent to (among others) Low & Bonar Shareholders containing and setting out, among other things, the full terms and conditions of the Scheme and containing the notices convening the Court Meeting and General Meeting
“Scheme Record Time”	the time and date specified in the Scheme Document, expected to be 6.00 p.m. on the Business Day immediately prior to the Effective Date
“Scheme Shareholders”	holders of Scheme Shares

“Scheme Shares”	<p>Low &amp; Bonar Shares:</p> <ul style="list-style-type: none"> <li>(a) in issue as at the date of the Scheme Document;</li> <li>(b) (if any) issued after the date of the Scheme Document and prior to the Scheme Voting Record Time; and</li> <li>(c) (if any) issued on or after the Scheme Voting Record Time and before the Scheme Record Time, either on terms that the original or any subsequent holders thereof shall be bound by the Scheme or in respect of which the holders thereof shall have agreed in writing to be bound by the Scheme,</li> </ul> <p>but in each case other than the Excluded Shares</p>
“Scheme Voting Record Time”	the time and date specified in the Scheme Document by reference to which entitlement to vote on the Scheme will be determined
“Significant Interest”	in relation to an undertaking, a direct or indirect interest of 10 per cent. or more of the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act) of such undertaking
“Special Resolution”	the special resolution to be proposed by Low & Bonar at the General Meeting in connection with, among other things, the approval of the Scheme and the alteration of the Articles and such other matters as may be necessary to implement the Scheme and the delisting of the Low & Bonar Shares
“Takeover Offer”	a takeover offer within the meaning of Part 28 of the Companies Act
“Third Party”	any central bank, ministry, government or governmental, quasi-governmental, national, state, municipal or local government (including any subdivision, court, administrative agency or commission or other authority thereof), supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, authority, court, trade agency, association, institution, professional or environmental body, employee representative

body or bodies responsible for the review and/or approval of mergers, acquisitions, concentrations, joint ventures or any other similar matter or any other body or person whatsoever (including any national or supranational anti-trust or merger control authority, any sectoral ministry or regulator and any foreign investment review body), in any jurisdiction

“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“United States of America”, “United States” or “US”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“US Exchange Act”	the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder
“Wider Freudenberg Group”	Freudenberg & Co. Kommanditgesellschaft and associated undertakings and any other body corporate, partnership, joint venture or person in which Freudenberg & Co. Kommanditgesellschaft and such undertakings (aggregating their interests) have a Significant Interest
“Wider Low & Bonar Group”	Low & Bonar and associated undertakings and any other body corporate, partnership, joint venture or person in which Low & Bonar and all such undertakings (aggregating their interests) have a Significant Interest

For the purposes of this Announcement, “subsidiary”, “subsidiary undertaking”, “undertaking”, “associated undertaking” have the meanings given by the Companies Act.

References to an enactment include references to that enactment as amended, replaced, consolidated or re-enacted by or under any other enactment before or after the date of this Announcement. All references to time in this Announcement are to London time unless otherwise stated.