



Smiths News PLC
("Smiths News")

Acquisition of the business and assets of the Bertram group

The Board of Directors of Smiths News (the "Board") today announces that its wholly-owned subsidiary has acquired the business and assets of the Bertram group of companies ("Bertram"), formerly part of the Woolworths Group. The total transaction value of the acquisition is £8.6m. In addition it is anticipated that working capital of approximately £7m will be injected over the period to 31 August 2009 in order to increase stock availability and thereby customer service.

Bertram is a leading book wholesaler to independent, online and multiple retailers. It is also a leading distributor of books and audiovisual products to libraries and acts as a primary distributor for small book publishers. Its principal business activities are:

- Book wholesale and distribution

Bertram is a highly respected wholesale book business that accounts for approximately 75 per cent of Bertram's revenue. The business supplies books to independent and multiple booksellers and to leading internet retailers for whom Bertram provides a bespoke service of branding, packaging and posting direct to customers.

- Library services

Bertram's library services business supplies books to significant regional library services and purchasing consortia, typically under three year agreements. This division accounts for approximately 25 per cent of Bertram's revenue.

Bertram employs some 600 people on a full time equivalent basis.

For the year ended 3 February 2008, Bertram reported revenue of £122.5m, earnings before interest, tax, depreciation and amortisation ("EBITDA") of £4.5m and profit before tax of £2.6m. The value of the gross assets being acquired by Smiths News is £23.9m.

The acquisition of Bertram is in line with Smiths News' stated strategy of broadening its operational base with activities which complement Smiths News group's core operation of newspaper and magazine distribution. It is anticipated that the acquisition will be earnings enhancing in the first full financial year of ownership.

In recent years, Smiths News has developed an enviable track record of driving service performance alongside significant efficiency improvements. As part of the enlarged group Bertram will have access to the skills and experience of Smiths News, enabling Bertram to extend its customer base and improve profitability, and to benefit from the scale and resources to expand its market leading position.

Bertram has established client relationships and highly developed specialist distribution channels. The Board believes that there are a number of opportunities for both businesses following the acquisition. They include:

- offering both businesses an opportunity to drive sales growth and increase market share through Smiths News' and Bertram's relationships with key publishers and retailers;
- developing cross selling opportunities between the businesses, expanding the product and service offering to their respective customers;
- combining Smiths News' and Bertram's expertise in delivering to the requirements of time sensitive and customer focused contracts, which it is intended will enhance Bertram's service offer and ability to secure new business; and
- applying Smiths News' expertise in process management and information systems to create operational efficiencies in the Bertram business over time.

The acquisition consideration, together with the ongoing funding of the enlarged group, will be financed out of Smiths News' existing committed bank facilities and a new committed asset backed facility, which do not expire until June 2011.

The opportunity to acquire Bertram arose as a result of the administration of Woolworths Group plc. Smiths News is acquiring the Bertram business by way of a sale and purchase agreement with the three Bertram group companies (Bertram Group Limited, Bertram Trading Limited and Bertram Books Limited, each in administration) and the administrators of each of these companies.

The Board believes that, following completion of the acquisition, the enlarged group will be well placed to continue to develop its leading positions in both the newspaper and magazine distribution and book wholesale markets.

Mark Cashmore, Chief Executive of Smiths News commented:

“We are delighted to be announcing the acquisition of the Bertram's business today. We believe this represents an excellent strategic opportunity for Smiths News to broaden our business and to utilise further our specialist distribution skill set in the UK. We expect the acquisition to be earnings enhancing in its first full financial year of ownership.

“We believe Smiths News is extremely well placed to move Bertram's business forward and capitalise on a number of exciting opportunities. I look forward to working with Bertram's excellent management team to ensure the continued strong development of the business.”

Michael Neil, Group Managing Director of Bertram commented:

“This is a great opportunity for Bertram. We are looking forward to being part of the Smiths News group with its strong and stable financial base. The Bertram business neatly complements Smiths News' areas of commercial interest.”

Smiths News will announce its interim results for the six months ending 28 February 2009, on 23 April 2009.

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About Smiths News:

Smiths News is the UK's leading wholesaler of newspapers and magazines. The Group was formed on 1 September 2006 following the demerger of WH Smith PLC.

Smiths News distributes newspapers and magazines on behalf of all the major national publishers as well as a large number of regional publishers. The business serves approximately 23,000 customers across England and Wales, supplying large general retailers as well as smaller independent newsagents.

In addition to its distribution activities, Smiths News collects and processes returns, supplies sales information to publishers and provides a range of services for its retail customers.

Smiths News has an approximate 40 per cent share of the magazine wholesaling sector and an approximate 35 per cent share of the newspaper wholesaling sector in the UK.

Smiths News has 44 distribution centres across England and Wales, employing 4,000 staff.

Certain statements in this announcement are, or may be deemed to be, "forward-looking statements". These forward-looking statements include all matters that are not historical facts. Such statements are made as at the date of this announcement (or such earlier date as stated), are based on current intentions, expectations and beliefs and, by their nature, are subject to a number of known and unknown risks and uncertainties that could cause actual results, developments and performance to differ materially from any future results or performance expressed or implied by the forward-looking statement. Accordingly, the information contained in this announcement is subject to change.

No statement in this announcement is, or is intended to be, a profit forecast or to imply that the earnings of Bertram's business for the current or future financial years will necessarily match or exceed the historical or published earnings of Bertram's business.