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Copies of the Admission Document will, following publication and subject to applicable securities laws, be available for inspection on the Group's Investor website www.midwichgroupplc.com and from the Group's registered office. This announcement is not an offer to sell, or a solicitation of an offer to acquire, securities in any jurisdiction.

For Immediate Release

3 May 2016

**Midwich Group plc
("Midwich" or "the Group")**

Pricing of Initial Public Offering

**Offer to raise gross proceeds of £75.2 million at 208 pence per Ordinary Share
and
Admission to trading on AIM**

Midwich, a specialist audio visual and document solutions distributor to the trade market with operations in the UK and Ireland, France, Germany and Australasia, today announces the successful pricing of its initial public offering (the "IPO") and the placing of 36,157,010 new and existing ordinary shares ("Ordinary Shares") at 208 pence per ordinary share (the "Placing Price") by Investec Bank plc ("Investec") (the "Placing").

Following the Placing, the Group will have 79,448,200 Ordinary Shares in issue, all of which will be admitted to trading on AIM ("Admission"). It is expected that Admission will become effective and that dealings will commence in the Ordinary Shares on AIM at 8.00 a.m. on 6 May 2016.

Key Highlights

- The Placing Price of 208 pence per Ordinary Share will equate to a market capitalisation of approximately £165.3 million on Admission.
- The Placing is expected to raise approximately £75.2 million of gross proceeds, of which approximately £26.0 million is for the benefit of the Group to partially pay down debt under the Group's existing facilities, fund the final cash consideration relating to the acquisition of Kern & Stelly and repay existing shareholder loans, and approximately £49.2 million is for the benefit of selling shareholders ("Selling Shareholders").

- Following Admission:
 - Stephen Fenby, Managing Director of the Group, and related parties will hold approximately 27.9% of the issued ordinary share capital of the Group; and
 - In total, other Directors, senior management and employees of the Group will hold approximately 26.6% of the issued ordinary share capital of the Group.
- The Selling Shareholders have committed to one year lock-up arrangements with Investec following Admission and have also signed up to a restricted sale period of a further four years with the Group.
- Admission to AIM and the commencement of dealings are expected to take place at 8.00 a.m. on 6 May 2016 under the AIM ticker MIDW and with ISIN number GB00BYSSXWW41.
- In relation to Admission and the Offer, Investec is acting as Nominated Adviser, Sole Bookrunner and Broker to the Group.

Full details of the Placing will be included in the Admission Document, which is expected to be published and available on the Group's website later today. The full terms and conditions of the Placing are set in Part IV of the Admission Document.

Stephen Fenby, Managing Director of Midwich commented:

“We are delighted to announce the pricing of our IPO and forthcoming admission to AIM. Today represents an important milestone in the Group's history and becoming a public company will further enhance Midwich's leading competitive position as a specialist AV and document solutions distributor to the trade market. I would like to welcome our new shareholders and I am very excited about the next stage of our journey as we continue to grow both in the UK and internationally.”

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Notes to Editors:

Midwich is a specialist AV and document solutions distributor to the trade market, with operations in the UK and Ireland, France, Germany and Australasia. The Group's long-standing relationships with over 300 vendors, including blue-chip organisations such as Samsung, LG, Epson and NEC, supports a comprehensive product portfolio across major audio visual categories such as large format displays, projectors, digital signage and printers. The Group operates as the sole or largest in-country distributor for a number of its vendors in their respective product sets. The Directors attribute this position to the Group's technical expertise, extensive product knowledge and strong customer service offering built up over a number of years. The Group has a large and diverse base of approximately 10,000 customers, most of which are professional AV integrators and IT resellers serving sectors such as corporate, education, retail, residential and hospitality. Although the Group does not sell directly to end users, it believes that the majority of its products are used by commercial and educational establishments rather than consumers.

Initially a UK only distributor, the Group now has 481 employees across the UK, Germany, France, Ireland, Australia and New Zealand, and for the year ended 31 December 2015, 30 per cent. of the Group's revenues were derived from outside the UK. A core component of the Group's growth strategy is further expansion of its international operations and footprint into strategically targeted jurisdictions.

Except where the context otherwise requires, defined terms used in these notes to editors and this announcement have the meanings given to such terms in the Admission Document to be published by Midwich Group plc and expected to be dated 3 May 2016. Following its publication the Admission Document will (subject to certain access restrictions) be available online at www.midwichgroupplc.com.

Group Overview

Midwich is a specialist AV and document solutions distributor to the trade market, with operations in the UK and Ireland, France, Germany and Australasia. The Group's long-standing relationships with over 300 vendors, including blue-chip organisations such as Samsung, LG, Epson and NEC, supports a comprehensive product portfolio across major audio visual categories such as large format displays, projectors, digital signage and printers. The Group operates as the sole or largest in-country distributor for a number of its vendors in their respective product sets. The Directors attribute this position to the Group's technical expertise, extensive product knowledge and strong customer service offering built up over a number of years. The Group has a large and diverse base of approximately 10,000 customers, most of which are professional AV integrators and IT resellers serving sectors such as corporate, education, retail, residential and hospitality. Although the Group does not sell directly to end users, it believes that the majority of its products are used by commercial and educational establishments rather than consumers.

Founded in 1979 as a distributor of computers, computer components and printers, the Group's strategy shifted in the 1990's through the introduction of AV products to the portfolio and the implementation of a trade-only channel approach. The Group ceased selling computers in 2007 and AV now represents the core focus of the business (84 per cent. of revenue for the year ended 31 December 2015), supplemented by document solutions products such as printers and scanners. The Group has grown organically and through targeted acquisitions which have enabled it to enter new geographies and expand both its product offering and end market exposure. The Group now has a diverse set of specialist brands operating across multiple jurisdictions and market segments, with each brand positioned as a specialist distributor with a focus on products in their early to mid-growth phase or where the technology is new and/or technically complex and therefore active selling is required. The Group seeks to deliver a high value-add service proposition in order to allow it to compete effectively against a number of IT broad-line (high margin, low volume) distributors focused on the commoditised end of the AV market.

Midwich's long term track record of revenue and profitability has been driven by its ability to identify and react to technological developments whilst leveraging its strong market position. Furthermore, the relevance of Midwich and its brands to both vendors and customers is derived from, and enhanced by, the provision of value-added service and expertise. This comprises specialisms in product areas and technologies and, in some cases, the ability to offer full project and networking solutions through the Midwich Solutions team that provides a complementary value-add skillset in terms of technical know-how and product specification. Unlike some other distributors, Midwich does not compete with its vendors by selling own branded products.

The Group has a demonstrably successful track record within the broader European AV market, which itself is forecast to grow at an 8 per cent. CAGR between 2014 and 2016. This performance and market growth expectations are underpinned by compelling growth drivers such as technology advancements, increases in AV adoption, evolving workplace practices and social/consumer trends. Strong execution of the Group's organic and acquisitive strategy has delivered revenue CAGR between 2013 and 2015 of 16.0 per cent. (organic revenue CAGR of 9.3 per cent.) and EBITDA CAGR of 26.4 per cent. (organic EBITDA CAGR of 17.8 per cent.). The Group's key financial focus has been on gross margin improvement through changes to its product mix towards more specialised and high growth technology groups, supported by effective buying and procurement. Gross margins have increased from 13.7 per cent. in 2013 to 14.9 per cent. in 2015. The Directors believe that the strength and depth of relationships that the Group has with both vendors and customers, combined with its diverse market access and relevance, is supportive of continued strong and stable margins.

Initially a UK only distributor, the Group now has 481 employees across the UK, Ireland, Germany, France, Australia and New Zealand, and for the year ended 31 December 2015, 30 per cent. of the Group's revenues were derived from outside the UK. A core component of the Group's growth strategy is further expansion of its international operations and footprint into strategically targeted jurisdictions. The Directors see the Group's strong competitive positioning across its market segments and geographies, coupled with its long-term vendor and customer relationships, as providing a compelling platform for future growth, with Admission providing a stable, independent ownership structure and a long-term framework to support future growth and investment.

For the year ended 31 December 2015, Midwich generated revenues of £314.3 million (2014: £280.8 million), gross profit of £47.0 million (2014: £40.2 million), and EBITDA of £15.9 million (2014: £12.7 million).

Key strengths:

The Directors believe that the key strengths of the Group are as follows

- **Proven buy and build capabilities.** The Group has proven expertise in entering new geographies and product markets through acquisition and then substantially growing the acquired businesses.
- **Strong financial track record and delivery of growth strategy.** For each of the last ten years, the Group has delivered revenue growth and gross margin improvement.
- **Focus on the AV and document solutions markets.** Depth of expertise and focus ensures that the Group has built up a strong position in the AV and document solutions markets, and is at the forefront of technological developments.
- **Key long-term, value-add relationships with major vendors and customers.** Expertise and consistent delivery of high value-add services has built mutually beneficial long-term trading relationships with the Group's key vendors and customers. The Group's market insight, highly effective sales and marketing operations and efficient logistics provide significant value to both vendors and customers.
- **High value-add distribution with specialisms and bespoke service offering acting as a key differentiator.** The focus on adding value rather than just cost differentiates the Group from its competitors and increases its relevance to customers and vendors. The Group's focus on products and technologies that are in their early to mid-growth phase increases its ability to provide a value-add service and enhances the value that vendors and customers can gain from the Group's offering.
- **Leading competitive position and established international platform for future growth, underpinned by compelling market drivers.** With strong market positions in most of its product and geographical markets, the Group is well placed to take advantage of the opportunities presented by increased demand for AV products and the development of new technologies.
- **Experienced management team with long-standing industry expertise.** Senior management team with an average of 18 years' experience in the AV and/or document solutions markets. Experience gained through distributors, integrators and manufacturers gives an in-depth understanding of the needs of different parts of the market.

Group Strategy and Growth Opportunities

The Group's growth strategy is both organic and inorganic, reflective of the contributors to the successful growth track record in recent years. Underpinning the Group's growth strategy is its success in sourcing, executing and integrating its chosen acquisitions. The Group takes a disciplined approach to acquisitions, seeking to add capital value without an adverse impact on the existing business. Acquisitions remain a fundamental aspect of the Group's strategy, of which it has a strong ongoing pipeline of multiple opportunities that it will be reviewing and actively engaging with at any given time. The Group expects its future acquisitions to fit a similar mould to those it has completed historically with regards size and valuation. The Board believe they have had success in acquiring businesses for sensible multiples and driving good growth post-acquisition and is something they will continue to target.

Overall strategy comprises development across the Group's established jurisdictions, developing jurisdictions and potential new jurisdictions. It involves continued progression in areas of technology,

product and vendor selection to ensure that the right growth areas are targeted in order to maximise the value that the Group can add to customers in a manner that maximises gross margins.

Established jurisdictions

Across the UK and Ireland, the core focus is on the continued development of the respective product portfolios and the appropriate mix of higher margin and higher growth product sets. Areas of particular focus are currently large format display, LED display technology, audio and technical products. The development of the business is reliant on continued success in identifying and developing the business into new product areas and technologies. In addition, the success of the Group's operations in its established markets has been underpinned by the high levels of service provided to both vendors and customers. The future growth of the business will continue to be driven by the ability of the Group to consistently deliver high general service levels and further penetration of the Midwich Solutions offering across the client base. The Group will also continue to use selective acquisitions to enter or grow its presence in market niches where it sees opportunities. This is most likely to include acquisitions that will add to the Group's capability in a new or underweight technology or product area, such as security or broadcast equipment.

Developing jurisdictions

Across the Group's developing markets – France, Germany, Australia and New Zealand – the core focus is on driving profitable market share growth in these regions. The means of driving this growth will be the continued expansion of the product range, which are more limited in these geographies than in the Group's more established UK market, with a bias towards higher margin and technical products. The Group has established a successful blueprint in the UK for targeted acquisitions to bolster its product offering and sector penetration. Bolt-on acquisitions to either gain access to new areas or increase scale will be a key focus of the Group in its developing markets.

New jurisdictions

The Group intends to continue executing its successful strategy of entering into new jurisdictions through carefully targeted acquisitions, as was the case with its entry into each of the German, French, Irish and Australasian markets. The Group has so far chosen to enter new jurisdictions by way of acquisition rather than organically in order to ensure immediate local market knowledge, an established brand name and a local reputation. However, the Group may choose to enter organically in some circumstances.

The Group takes a disciplined approach to acquisitions with assessments made as to the long-term strategic rationale of opportunities based on the following criteria used to assess opportunities and new markets:

- Size of the local market
- Global brand penetration and interest
- Vendor perceptions
- Market dynamics
- Competitive positions
- Cultural fit of brands and management teams

Further expansion opportunities have been identified across Europe and the Group expects to increase its European footprint within three years. Specifically, the Netherlands, Italy, Spain, Sweden and Poland are large AV European markets and could all present attractive opportunities for the Group. Outside of Europe, it is intended that the Group will further develop its Asia Pacific presence from its current Australasian base.

Financial Highlights

The table below sets out a summary of the Group's financial results for the years ended 31 December 2013, 2014 and 2015, which has been extracted from the historical financial information section of the Admission Document.

£000s	<u>Year ended 31 December</u>		2015
	2013	2014	
Revenue	233,742	280,750	314,283
Gross profit	32,111	40,150	46,961
EBITDA	9,975	12,737	15,924
Adjusted profit after taxation	7,054	9,718	11,722

Current Trading

Since 31 December 2015, the Group has continued to trade well and in line with the Board's expectations, with no significant change in the financial or trading position of the Group. The Board continues to implement the Group's strategy as set out above and in the Admission Document, and remains confident about the future prospects of the Group.

Dividend Policy

The Board intends to adopt a progressive dividend policy to reflect the Group's strong earnings potential and cash generative qualities whilst maintaining an appropriate level of dividend cover to allow the Board to invest in the Group's long term growth. The Board intend to target a dividend cover of c.1.7x Adjusted profit after tax.

It is envisaged that the Group will pay an interim dividend and a final dividend, to be announced at the time of the interim and preliminary results in approximate proportions of one-third and two-thirds, respectively, of the total annual dividend. The Board expects the Group's first dividend payment will be a pro-rated interim dividend for the six months ended 30 June 2016 to reflect the proportion of this half year as a listed business.

The Board may revise the Group's dividend policy from time to time in line with the actual results of the Group.

Board of Directors

Executive Directors

Stephen Fenby – *Managing Director*

After qualifying as a Chartered Accountant with Ernst & Young, Stephen joined Deloitte and worked for 16 years in the corporate finance team, latterly in the Cambridge office. Stephen joined Midwich as Finance Director in 2004 and became the Managing Director in 2010. He has led the Group's acquisition and development programme.

Stephen has a BSc in Accounting and Financial Analysis from the University of Warwick and is an associate of both the Institute of Chartered Accountants in England and Wales and the Chartered Institute of Management Accountants.

Anthony Bailey – *Finance Director*

Tony joined Midwich as Finance Director in September 2011. He is qualified as a Chartered Certified Accountant.

Previously Tony was Finance Director at Kettle Foods for seven years, having been promoted from Financial Controller. He was involved in the sale of the business to Lion Capital, a private equity firm, in 2006. After this transaction he was appointed Group Head of Treasury, UK and USA, in addition to his core role Tony was involved in the sale of Kettle Foods to Nasdaq listed Diamond Foods in 2010. Tony has also had roles at Mills & Reeve and Lakeside Foods of Norfolk.

Tony has an MA in French and German from the University of St. Andrews.

Non-Executive Directors

Andrew Herbert - *Non-Executive Chairman*

Andrew was Group Finance Director of Domino Printing Sciences plc from 1998 until the sale of the company to Brother Industries in 2015. He joined the business in 1986 and held senior Finance, Operational and General Management roles prior to joining the Board of Domino Printing Sciences plc. He has extensive experience of managing profitable growth in a global business, including acquisition and disposal strategy and line management of overseas subsidiaries.

Andrew has a BA in Business Studies from Hatfield Polytechnic and is a Fellow of the Chartered Institute of Management Accountants.

Andrew joined the Board of the Company on 13 April 2016.

Michael Ashley - *Non-Executive Director*

Michael joined retailer Wickes, owned by Travis Perkins PLC, in 2014 as Chief Commercial Officer. Prior to this Michael led the turnaround of Harvard International PLC (formerly Alba PLC) as Chief Executive Officer, culminating in the successful sale to a listed Chinese consumer electronics business. Michael was a member of the Executive Board for five years with 30 months as Chief Executive Officer, experiencing and driving several corporate transactions.

Michael has extensive retail and consumer experience through senior commercial, marketing and strategic roles at Boots, Argos and Dixons Retail Group.

Michael completed retail MBA modules at Manchester Business School sponsored by Home Retail Group.

Michael joined the Board of the Company on 13 April 2016.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of the Admission Document	3 May 2016
Admission and commencement of dealings in the Enlarged Ordinary Share Capital on AIM	8.00 a.m. on 6 May 2016
Delivery of Ordinary Shares in CREST accounts (where applicable)	6 May 2016
Dispatch of definitive share certificates (where applicable)	by 20 May 2016

Each of the times and dates set out above and mentioned elsewhere in this announcement may be subject to change at the absolute discretion of the Company and Investec without further notice. References in this announcement to time are to London time unless otherwise stated.

OFFER STATISTICS

Placing Price	208 pence
Number of Placing Shares	36,157,010
Percentage of Enlarged Ordinary Share Capital being placed pursuant to the Placing	45.5
Number of New Ordinary Shares to be issued by the Company	12,500,000
Gross proceeds of the Placing receivable by the Company	£26.0 million
Estimated net proceeds of the Placing receivable by the Company	£24.2 million
Number of Existing Ordinary Shares to be sold by the Selling Shareholders	23,657,010
Gross proceeds of the Placing receivable by the Selling Shareholders	£49.2 million
Estimated net proceeds of the Placing receivable by the Selling Shareholders	£48.0 million
Number of Ordinary Shares in issue at Admission	79,448,200
Market capitalisation of the Company at the Placing Price at Admission	£165.3 million

Forward looking statements

This announcement contains statements that are, or may be deemed to be, “forward-looking statements”. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including, without limitation, the terms “anticipates”, “believes”, “could”, “envisages”, “estimates”, “expects”, “intends”, “may”, “plans”, “projects”, “should”, “will” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding the intentions, beliefs and current expectations of the Company or the Directors concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth and strategies of the Company and the industry in which the Group operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The actual results, performance or achievements of the Company or developments in the industry in which the Group operates may differ materially from the future results, performance or achievements or industry developments expressed or implied by the forward-looking statements contained in this announcement. Prospective investors are strongly recommended to read the risk factors set out in Part II of the Admission Document for a more complete discussion of the factors that could affect the Company’s future performance and the industry in which the Group operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this announcement may not occur. The forward-looking statements contained in this announcement speak only as at the date of this announcement. The Company undertakes no obligation to update or revise publicly the forward-looking statements contained in this announcement to reflect any change in expectations or to reflect events or circumstances occurring or arising after the date of this announcement, except as required in order to comply with its legal and regulatory obligations (including under the AIM Rules for Companies).

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The timetable, including the date of Admission, may be influenced by a range of circumstances, including market conditions. There is no guarantee that Admission will occur and no person should base any financial decisions on the Company's intentions in relation to the Placing or Admission at this stage. Investments to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested. Persons considering investment in such investments should consult an authorised person specialising in advising on such investments. This announcement does not constitute a recommendation concerning the Placing. The value of shares can decrease as well as increase. Potential investors should consult a professional adviser as to the suitability of the Placing for the person concerned. Past performance cannot be relied upon as a guide to future performance.

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