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16 November 2017

Victoria PLC

("Victoria", the "Company", or the "Group")

Acquisition of Keraben Grupo S.A.

Vendor Placing and Firm Placing to raise £180 million

The Board of Victoria (LSE: VCP), the international designers, manufacturers and distributors of innovative floorcoverings, is pleased to announce that it has entered into an agreement to acquire the entire issued share capital of Keraben Grupo S.A. ("**Keraben**"), a substantial European manufacturer of branded floor and wall ceramic tiles, for a total consideration of €274.1 million (£246.5 million) (the "**Consideration**") from Tensile-Keraben Holdings S.a.r.l. (an associated company of Tensile Capital Management LLC) and the founding family (the "**Vendors**") (the "**Acquisition**").

The Consideration is payable in cash on completion and will be satisfied in part through a placing of 22,988,506 new Ordinary Shares (consisting of 20,271,140 "**Vendor Placing Shares**" and 2,717,366 "**Firm Placing Shares**") at a price of 783 pence per Ordinary Share (the "**Placing Price**") to raise gross proceeds of approximately £180 million. The Vendor Placing Shares and Firm Placing Shares have been placed by Cantor Fitzgerald Europe and Berenberg, as Joint Bookrunners, with certain existing and new institutional investors.

Subject to admission of the Vendor Placing Shares and the Firm Placing Shares, the Acquisition is expected to complete today, Thursday 16 November 2017.

Highlights

Acquisition

- Keraben is a large, well-invested business with a strong market reputation. It is led by a proven, established management team which has successfully and consistently grown the business over recent years, executing a clear strategy to drive continued profitable growth.
- The Acquisition is expected to be significantly accretive to earnings per share for Victoria shareholders in the first full year of ownership (even after accounting for the impact of the new Ordinary Shares).
- For the year ended 31 December 2016, Keraben generated audited revenues of €118.3 million (£106.4 million), adjusted EBITDA of €36.4 million (£32.7 million), and adjusted EBIT of €27.5 million (£24.7 million). The Board expects that normalised earnings should be about 10% higher for the year to 31 December 2017.

- The Acquisition continues Victoria's drive into the European hard flooring market, following the recently announced proposed acquisition of Ceramiche Serra S.p.A. (which is expected to complete in December 2017).
- The Acquisition further enhances Victoria's international reach and diversification of earnings.
- In line with Victoria's acquisition criteria, the management team at Keraben are financially incentivised to run the business as part of Victoria for a minimum period of three years and continuing to develop its growth.

The Placing

- 20,271,140 Vendor Placing Shares and 2,717,366 Firm Placing Shares have been placed at the Placing Price with certain existing and new institutional investors, raising gross proceeds of £180 million.
- The Vendor Placing will be used to part-fund the Acquisition, with the balance of the Acquisition consideration (plus associated transaction costs, taxes and other expenses) to be funded from a new €178 million banking facility provided by the Company's existing group of lenders.
- The Firm Placing will be deployed in due course to part-fund further carefully scrutinised acquisitions as the Company continues to execute its strategy designed to create value for shareholders.
- The Vendor Placing and Firm Placing (together the "**Placing**") are conditional upon admission of the Vendor Placing Shares and Firm Placing Shares to trading on AIM ("**Admission**") by no later than 8.00 a.m. today, Thursday 16 November 2017.
- Cantor Fitzgerald Europe acted as Nominated Adviser, Joint Bookrunner and Broker in relation to the Placing. Joh. Berenberg, Gossler & Co KG acted as Joint Bookrunner and Broker in relation to the Placing.

Geoff Wilding, Chairman of Victoria commented:

"We believe that Keraben is a high-quality addition to the Group. Notwithstanding its further strong organic growth prospects, the acquisition of Keraben will be materially earnings accretive in the first year of ownership and continues to increase our geographic diversity. Post-completion, over 50 per cent. of Victoria's earnings will be generated from outside the UK – continuing our transformation into a genuinely international flooring business.

We are delighted by the level of support we have received from both existing and new investors, with the placing oversubscribed by a multiple of the funds sought."

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About Victoria

Established in 1895 and listed since 1963 and on AIM since 2013 (VCP.L), Victoria PLC, is an international manufacturer and distributor of innovative flooring products. The Group, which is headquartered in Kidderminster, designs, manufactures and distributes a range of carpet, underlay, LVT (luxury vinyl tile), artificial grass and flooring accessories. Victoria has operations in the UK, Belgium, the Netherlands and Australia and employs approximately 1,800 people across 20 sites. Victoria is the UK's largest carpet manufacturer and the second largest in Australia.

The Group's strategy is designed to create value for its shareholders, focused on consistently increasing earnings per share via acquisitions and sustainable organic growth.

The Group's trading subsidiaries, as set out segmentally, include:

UK & Europe: Abingdon Flooring Ltd, Alliance Distribution Ltd, Avalon B.V, Distinctive Flooring Ltd, Ezi Floor Ltd, Grass Inc. B.V, Interfloor Ltd, Victoria Belgium N.V, Victoria Carpets Ltd, View Logistics Ltd, Westex (Carpets) Ltd, Whitestone Weavers Ltd

Australia: Quest Flooring Pty Ltd, Primary Flooring Pty Ltd, The Victoria Carpet Co. Pty Ltd

The person responsible for arranging the release of this announcement on behalf of Victoria is Michael Scott, Chief Financial Officer.

Cantor Fitzgerald Europe which is regulated in the UK by the Financial Conduct Authority, and Joh. Berenberg, Gossler & Co KG which is authorised by the German Federal Financial Conduct Authority (BaFin) and subject to limited regulation by the Financial Conduct Authority, are acting for the Company and no one else in connection with the Placing, and will not be responsible to any person other than the Company for providing the regulatory and legal protections afforded to their respective clients nor for providing advice in relation to the contents of this announcement or any matter, transaction or arrangement referred to in it.

This Announcement includes statements, estimates, opinions and projections with respect to anticipated future performance of the Company ("forward-looking statements") which reflect various assumptions concerning anticipated results taken from the Company's current business plan or from public sources which may or may not prove to be correct. These forward looking statements can be identified by the use of forward looking terminology, including the terms "anticipates", "target", "believes", "estimates", "expects", "intends", "may", "plans", "projects", "should" or "will", or, in each case, their negative or other variations or comparable terminology or by discussions of strategy, plans, objectives, goals, future events or intentions. Such forward-looking statements reflect current expectations based on the current business plan and various other assumptions and involve significant risks and uncertainties and should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not such results will be achieved. As a result, prospective investors should not rely on such forward-looking statements due to the inherent uncertainty therein. No representation or warranty is given as to the completeness or accuracy of the forward-looking statements contained in this announcement. Forward-looking statements speak only as of the date of such statements and, except as required by the FCA, the London Stock Exchange or applicable law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. No statement in this Announcement is intended to be a profit forecast and no statement in this Announcement should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

Further details on the Acquisition and Placing

Information on Keraben

Keraben, operating from sites in Castellon, (near Valencia), the heart of the Spanish ceramics industry, manufactures mid to high-end ceramic flooring and wall tiles, which are sold domestically and exported internationally. It sells to a combination of wholesalers, retail groups, independent speciality stores, and DIY chains throughout Continental Europe, North America, and the Far East.

Keraben enjoys long-term customer relationships, many in excess of 15 years, but without customer concentration (top ten customers account for approximately 16 per cent. of sales for the financial year ended 31 December 2016).

Keraben is a well-invested business, managed by a proven and established management team who have identified and are executing a clear strategy to drive profitable growth and gains of market share.

Summary financials

Summary adjusted financial results for Keraben for the year ended 31 December 2016, together with comparative information for the prior two years, are set out below:

<i>Year to 31 December (€m)</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
Revenue	97.3	107.5	118.3
Adjusted EBITDA	24.7	28.4	36.4
Adjusted EBIT	19.6	21.4	27.5

As at 31 December 2016, Keraben had total assets of €195.6 million (£175.9 million).

Current trading for Keraben

During the nine months to 30 September 2017, Keraben has continued to trade strongly and delivered more than 10 per cent. year-on-year growth in EBITDA on an unaudited basis.

Strategic Rationale for the Acquisition

The Acquisition furthers Victoria's stated strategy of growing earnings via carefully scrutinised, high quality international acquisitions and organically via a committed sales focus and operational synergies, and the board expect the acquisition of Keraben will be materially earnings accretive in the first year of ownership.

The Acquisition is highly complementary to Victoria's existing product offering. In addition, the Acquisition continues the drive into the European hard flooring market, following the recently announced proposed acquisition of ceramic flooring manufacturer Ceramiche Serra S.p.A., further enhancing Victoria's international exposure and diversifying earnings outside of the UK.

The Board has previously noted that ceramic flooring is the world's largest flooring sector, representing over 60 per cent. of the 12.5 billion sqm of flooring sold globally and 30 per cent. of flooring sold in Europe. Acquiring these businesses has opened a large new flooring market to Victoria. The Board believes that there is significant opportunity for further acquisitions in the sector, which should result in a number of commercial, operational and financial synergies – creating additional value for Victoria's shareholders in the medium term.

The Board does not envisage significant integration costs arising from the Acquisition and as with other of the Group's businesses, Keraben will operate with a significant degree of autonomy.

Details of the Acquisition

On 15 November 2017, the Company entered into an acquisition agreement made between the Company and the Vendors pursuant to which the Company, via a new wholly owned subsidiary Kinsan Trade S.L., has agreed, conditional on Admission, to acquire all of the issued share capital of Keraben (the "**Acquisition Agreement**") for a total consideration of €274.1 million (£246.5 million).

The Consideration is to be satisfied in part from the proceeds pursuant to the Vendor Placing, with the balance (plus associated transaction costs, taxes, and other expenses) from new banking facilities.

Completion of the Acquisition Agreement is expected to occur later today.

Details of the new banking facilities

Banking facilities to support the Acquisition have been provided by the Company's existing group of lenders (comprising Barclays, HSBC, RBS and Allied Irish Bank), including a new term loan of €178 million (£160 million) being underwritten by HSBC and Barclays under a new facility agreement dated 15 November 2017. The new term loan matures in line with the existing revolving credit facilities in October 2020.

Details of the Placing

Cantor Fitzgerald Europe and Berenberg, as agents for the Company, have agreed to place 20,271,140 Vendor Placing Shares and 2,717,366 Firm Placing Shares (together the "**Placing Shares**") at the Placing Price with certain existing and new institutional investors, raising gross proceeds of £158.7 million and £21.3 million respectively.

The Placing Shares will represent approximately 20.17 per cent. of the enlarged share capital of the Company.

The Placing Price represents a discount of 0.57 per cent. to the closing mid-market price of 787.5 pence per Ordinary Share on 15 November 2017 (being the last day prior to this announcement).

The allotment and issue of the Placing Shares will not exceed the Company's existing authorities. No shareholder approval is therefore required.

In connection with the Placing, the Company has entered into a placing agreement pursuant to which Cantor Fitzgerald Europe and Berenberg, as agents for the Company, have agreed to use their reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price (the "**Placing Agreement**"). The Placing is not being underwritten.

The placing agreement contains customary warranties given by the Company to Cantor Fitzgerald Europe and Berenberg with respect to the Company's business and customary indemnities given by the Company to Cantor Fitzgerald Europe and Berenberg in respect of liabilities arising out of or in connection with the Placing.

The Placing is conditional upon Admission of the Placing Shares becoming effective by no later than 8.00 a.m. on 16 November 2017 (or such later time and/or date as the Company and Cantor Fitzgerald Europe may agree, but in any event not later than 8.00 a.m. on 24 November 2017).

Current Trading and Prospects for the Group

The Board confirms that it is confident that the Group's performance will be in line with current market expectations for the year to 31 March 2018.

We look to forward to the completion of the recently announced proposed acquisition of Ceramiche Serra in December.

Notwithstanding the implementation of the manufacturing reorganisation announced on 26 June 2017, which is now substantially completed, the Group has continued to deliver organic growth in addition to incremental contribution from acquisitions made within the last twelve months.

The Company will be announcing its full interim results for the six months to 30 September 2017 on 28 November 2017.

Note: All figures based on £1/€1.112