



## PRESS RELEASE

### SAFE BAG CONCLUDES A BINDING AGREEMENT FOR THE ACQUISITION OF 51% OF THE PACKANDFLY GROUP

*Milan – 3 April 2018* – Safe Bag S.p.A., world leader in luggage protection and tracking services for airport passengers, notifies that it has signed with reference shareholders, Polad Akmedov and Alexander Fedoseev, a binding agreement for the acquisition of 51% of the companies in the PackandFly Group ([www.packandfly.eu](http://www.packandfly.eu)), the main operator in the Russian Federation, also operating in Europe and Asia, present in 24 airports with around 60 points of sale and a group turnover in 2017 equal to around 16 million euros and a group EBITDA 2017 equal to about 3.5 million euro. The agreement follows the negotiations resulting from the letter of intents signed on 1st February 2018, notified to the market with the press release of 1st February 2018 and the subsequent integration of 2nd February 2018.

Completion of due diligence is expected by 30 April 2018 and in the following 7 working days Safe Bag will notify the Pack & Fly Group in writing about the result of the same. If successful, the investment agreement (Closing) is expected to be signed by 30th July 2018.

The price Regulations will be defined in more detail in points 3, 4, 5 and 6 below also bearing in mind that Safe Bag is committed to paying the vendors, on conclusion of due diligence, an amount equal to € 100,000 as an advance on the final price.

The PackandFly Group, founded in 2011, is strongly rooted in Russia with 17 locations (including those of Moscow Domodedovo, Moscow Sheremetyevo and Saint Petersburg) and present in Lithuania with 2 airports, including that of the capital Vilnius, in Kyrgyzstan with 2 airports, including that of the capital Bishkek and in Lithuania and Estonia with, respectively the capitals Riga and Tallinn. In recent years it has also launched a penetration campaign in Asia, acquiring the airport of Krabi in Thailand.

**The agreement** signed today presents the following **main elements**.

1. the acquisition by Safe Bag of 51% of the capital of the companies in the PackandFly Group is envisaged
2. the counter-value of the transaction will be established on the basis of a multiple equal to 5 times the Adjusted EBITDA 2017, currently still subject to due diligence, on the basis of a Net Financial Position expected at Closing equal to zero; For the purposes of establishing the final price note that the EBITDA 2017 of PackandFly could be adjusted, where applicable, by extraordinary and non-recurrent components as well as by the

- marginality relating to existing concession contacts which almost certainly will not be renewed (hereinafter also “adjusted Ebitda 2017”);
3. a part of the shares, equal to 25.5% of the capital of the companies of the PackandFly Group, will be acquired by Safe Bag through payment in cash at closing;
  4. the remaining 25.5%, subject to approval by the Safe Bag shareholders’ meeting, through a capital increase “reserved” to Alexander Fedoseev and Polad Akhmedov (to be carried out within Closing) who will underwrite through conferment of the relevant shares. In establishing the issue price of Safe Bag shares, the parties have agreed to assume as reference value the value corresponding to the average of the listing values of Safe Bag shares in the 3 months prior to the Closing, with the understanding that (i) such a value may be no lower than 5 euro per share and no higher than 7 euro per share (ii) that the afore-mentioned value shall be in any case established in respect of art. 2441 of the Italian civil code;
  5. following such a transaction Alexander Fedoseev and Polad Akhmedov will become minority shareholders of the Safe Bag Group with an approximate overall quota within the range of 4% - 6% of the reference value of the shares;
  6. it was also provided that only Mr. Alexander Fedoseev would be paid a sum of *i*) € 500,000, simultaneously with the Closing, as a bonus paid to the majority shareholder as a consideration for the commitments included in the inter-company agreement; *ii*) a further € 500,000 as of 31st December 2018 as an “*earn out*”, subject to obtaining the licences relating to strategic airports;
  7. the shares allocated to Mr. Polad Akhmedov and Mr. Alexander Fedoseev will be subject to a lock-up period of 3 years;
  8. then, in the agreement the main representations and guarantees (typical of M&A transactions) which will be recognised by the vendors in favour of Safe Bag in the context of the agreement to transfer the holdings that will be signed at Closing are already established;
  9. the agreement provides that at Closing an inter-company agreement will be signed with Mr. Fedoseev alone – who will maintain the entire minority quota of the capital of the companies in the PackandFly Group equal to 49% - relating to the holdings in the companies of the PackandFly Group, the contents of which are already established within the sphere of the agreement now concluded. In addition to the commitment of Mr. Fedoseev to assume and maintain the role of CEO and to observe the rules relating to governance of the PackandFly Group, some transfer/acquisition commitments (the so-called put and call) are provided regarding the minority quota (49%) between Safe Bag and Mr. Alexander Fedoseev on the occurrence of specific preconditions. In particular the put option may be exercised by Mr. Fedoseev if the minimum EBITDA targets of PackandFly are achieved, while the call option may be exercised by Safe Bag if circumstances connected to breaches of the commitments assumed by Mr. Fedoseev in

the intercompany agreement occur. A lock-up period was then provided relating to holdings in the Companies of the PackandFly Group for a duration of 5 years;

10. Thanks to the positive Net Financial Position (Cash) of Safe Bag payment of the 25.5% of the shares of the PackandFly Group which according to the signed agreements will be paid by Safe Bag in cash, will be partially funded by resorting to shareholders' equity and partially to bank debt.

Establishment of the final price is subject to the results of the due diligence (accounting, legal, fiscal and business) which must confirm that represented by Messrs. Alexander Fedoseev and Polad Akhmedov. To such an end Safe Bag avails itself of the support and collaboration of PricewaterhouseCoopers.

“With acquisition of PackandFly, we are achieving the objectives of Plan 2020 2 years ahead of schedule – **declares Alessandro Notari, CEO of Safe Bag** –. I would like, here, to thank our new partners Alexander Fedoseev and Polad Akhmedov – **continues Notari** – with whom we share the passion for excellence and attention to results and with whom we are already working to identify and launch all the potential economic opportunities deriving from the merger of the two groups such as the cross selling of certain products and the synergic rationalisation of structure. The future is smiling at us”.

“Today's agreement marks the positive start of a new successful growth path – **declares Rudolph Gentile, Chairman of Safe Bag** –. as already announced, we will continue to commit ourselves to ensuring that the Group continues to grow in an exponential manner and to achieve this we are already negotiating with other important realities in the sector. On these assumptions of development – **continues Gentile** – I invite shareholders to consider Safe Bag in the medium-long term so as to continue in sharing this success story with us”.

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**Safe Bag**, founded in 1997 by Rudolph Gentile and guided by him together with the CEO Alessandro Notari, is the leader in the luggage protection and tracing service for airport passengers, through an integrated portfolio of solutions for passenger safety and comfort: luggage wrapping; traceability, reimbursement in the event of loss or damage to luggage, travel products and accessories.

The company has been listed on the Italian Stock Exchange Borsa Italiana –AIM segment – since September 2013.

Safe Bag, with headquarters in Gallarate (VA), has around 400 collaborators at global level, with around 2 million customers, and is present in the airports of Italy, France, Portugal, Switzerland, USA, Canada, Poland and Brazil with around 100 points of sale.

The Group closed 2016 with a turnover of around 26.5 million euro. [www.safe-bag.com/it/](http://www.safe-bag.com/it/)

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