



## PRESS RELEASE

### SAFE BAG ACQUIRES 51% OF THE WRAPPING SERVICE OF SAINT PETERSBURG CONCLUDING THE FIRST PART OF THE PACKANDFLY CLOSING

#### THE REMAINING PART OF THE GROUP WILL BE ACQUIRED TOMORROW IN TALLINN

*Milan, 26 June 2018.* Safe Bag S.p.A. (AIM Italia – Ticker SB), world leader in luggage protection and tracing services for airport passengers notifies that it has positively concluded the acquisition of 51% of Wrapping Service LLC, the first of the two main companies of the PackandFly Group being acquired ([www.packandfly.eu](http://www.packandfly.eu), hereinafter: **The Group**), which will take over all the activities managed in Russia, allowing Safe Bag to fully benefit from the marginalities produced in all the Russian airports where the PackandFly Group operates.

Tomorrow in Tallinn the acquisition will take place of 51% of the company PackandFly Group OU (a company operating under Estonian law which includes all the other activities of the Group in the rest of the world).

Note that the Adjusted 2017 EBITDA, recognised to vendors at the time of due diligence, is equal to around 2.4 million euros and is generated by an overall Group turnover of around 14 million euros.

According to that defined in the agreements, Safe Bag will legally benefit from the profits of the PackandFly Group from 1st January 2018.

The acquisition taking place today follows the negotiations underway following the letter of intents signed on 1st February 2018, information of which was given to the market in the press release of 1st February 2018 (with subsequent integration of 2nd February 2018) of the binding agreement communicated on 3 April 2018 and the Preliminary notification communicated on 21 May 2018.

The PackandFly Group, the main operator in the Russian Federation, also operates in Europe and Asia, and is currently present in 24 airports with around 60 points of sale. Founded in 2011, it has strong roots in Russia with 17 locations (including those of Moscow Domodedovo, Moscow Sheremetyevo and Saint Petersburg) and is present in Lithuania with 2 airports, including the one in the capital Vilnius, in Kyrgyzstan with 2 airports, including that of the capital Bishkek and in Latvia 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 Krabia in Thailand.

The agreements just signed on Closing confirm the main elements of the transaction already announced on 3 April and 21 May 2018 and are summarised below:

1. the acquisition concluded today by Safe Bag of quotas representing 51% of the capital of the company Wrapping Service LLC (a company operating under Russian law which, following a process of reorganisation and simplification of the structure of the PackandFly Group, will acquire and include all activities on Russian soil);
2. the acquisition which will be concluded tomorrow, of 51% of the capital of the company PackandFly Group OU (a company operating under Estonian law which includes all the other activities of the group in the rest of the world);
3. an Equity Value of the acquired companies of 14.2 million euros (equal to 5.6 times the 2017 Adjusted EBITDA during due diligence which includes a positive Net Financial of 0.8 million euros. To this evaluation can be added 0.5 million euro paid as a majority bonus to Mr. Alexander Fedoseev;
4. The operation was financed as follows:
  - i. for a part of the quotas indicated above, equal to 26% of the company Wrapping Service (acquired today) and to 25.5% of the company PackandFly (which will be acquired tomorrow) through a medium-long term financing of a maximum overall amount of 5 million euros granted by Unicredit;
  - ii. while for the remaining part of the quotas involved in the contract, equal to 25% of Wrapping Service e and 25.5% of PackandFly through a capital increase deliberated yesterday which envisages the issue of 739,376 new Safe Bag shares, with an issue value of 5 euros per share for a total of 3,696,880 euros, reserved at the signature of Alex Fedoseev and Polad Akhmedov, who, following conclusion of the transaction, will hold a quota equal to 4.77% of Safe Bag capital;
5. The cash out referring to the acquisition, for Safe Bag, is equal to 4.1 million euros plus an earn out of 0.5 million euros (to be paid to Alexander Fedoseev within 31 December 2018 on condition that the licences relating to strategic airports are obtained and/or renewed) and expenses connected to the due diligences and to contracts amounting to around 0.3 million euros;
6. once the transaction has been concluded, Safe Bag will not only hold 51% of the share capital of Wrapping Service LLC acquired today, but also 51% of PackandFly Group OU, while the remaining 49% of the capital of the same companies will belong to Mr. Alexander Fedoseev;
7. as far as the two overseas companies are concerned, relations between Safe Bag and Mr. Alexander Fedoseev will be governed by an inter-company agreement, also signed today. In particular, in addition to Mr. Fedoseev's commitment to take over and retain the role of administrator of the two companies and the rules relating to the transfer of

the quotas and their governance, the inter-company agreement regulates certain transfer/acquisition commitments (the so-called put and call) of the minority quota belonging to Mr. Fedoseev (49%), destined to operate when specific conditions occur. Specifically the put option can be exercised by Mr. Fedoseev if the minimum EBITDA targets of the two companies are achieved, while Safe Bag can exercise the call option if circumstances connected to the following occur (i) achievement of the minimum EBITDA targets of the two companies or (ii) non-fulfilment of the commitments assumed by Mr. Fedoseev in the inter-company agreement;

8. Safe Bag's shares assigned to Polad Akhmedov and Alexander Fedoseev following conclusion of the capital increase will be subject to a lock-up of 3 years and, in guarantee of fulfilment of some of the obligations assumed by Polad Akhmedov and Alexander Fedoseev regarding Safe Bag (including, in particular, those concerning the declarations and guarantees issued regarding the companies concerned in the transaction), will remain lodged, for the agreed period of time, in an Escrow Account, managed by one of the main Trust Companies operating under Italian law designated by the parties;

As already mentioned on 21 May 2018, presumably next September, a new Industrial Plan including the PackandFly acquisition will be communicated to the market.

Safe Bag was assisted in the transaction by PricewaterhouseCoopers regarding the accounting, fiscal and legal due diligences, by Studio GBX for legal contractual matters and by Studio Pavia & Ansaldo for banking matters.

“Today we welcome the two new partners Alexander Fedoseev and Polad Akhmedov. The strategic significance of this transaction goes way beyond the algebraic sum of the two groups which sees 50 airports located in 3 continents, 13 Countries, 150 points of sale and more than 4.5 million clients a year, declares **Rudolph Gentile, Chairman of Safe Bag**. In fact, there are important economic, industrial and strategic synergies already in progress and the results of which we will be able to see fully from 2019. Particularly, – **continues Gentile** – the sale of SOSTRAVEL.COM services on the PACK&FLY network, the lowering of royalties to licensees due to the reduced competitive scenario and last of all, thanks to a more efficient establishment per geographical area, renewed commercial energy in particular in the passenger market with a higher growth rate in Asia and the Middle East. Solid bases for continuing to grow”.

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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 a year, and is present in the airports of Italy, France, Portugal, Switzerland, USA, Canada and Poland with around 100 points of sale.

The Group closed 2017 with a turnover of around 30.5 million euro. [www.safe-bag.com/it/](http://www.safe-bag.com/it/)

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