



29th August 2019

Dear Fellow Shareholder

Update for All Shareholders

On the 10th June we announced that we had received an expression of interest from a third party to acquire the Group's operating subsidiaries.

I am now pleased to be able to say that your Board of Directors has accepted an offer to sell all the Group's operating subsidiaries to the Quaker Chemical Corporation of Pennsylvania, USA, known publicly as Quaker Houghton.

These subsidiaries are:

Applied Surface Concepts Holdings Ltd.
Norman Hay Engineering Ltd.
Surface Technology (East Kilbride) Limited.
Surface Technology (Holdings) Limited.
Ultraseal International Group Limited.

The consideration for the acquisition amounts to an enterprise value of £80m plus or minus net cash; the precise amount will be clarified through the preparation of completion accounts, and your Directors are satisfied that this offer represents good value for all our shareholders

The acquisition will require German Antitrust approval which we do not envisage to be an issue. Approval should be confirmed within the next 30 days at which point the acquisition will finally complete.

You will appreciate that the way forward for the Company depends on the outcome of the German Antitrust decision which is required to allow the proposed sale to complete.

Accordingly, we are currently taking advice and considering the options available for Norman Hay plc once the sale has completed and expect to be able to provide shareholders with a further update shortly after we have some certainty that the sale will proceed as anticipated.

I would like to thank you again for your continuing patience.

Yours faithfully

Peter L Hay
Chairman

