

TURNING POINT BRANDS ACQUIRES VAPOR SUPPLY

NYSE **TPB****\$31.62** ▼ \$-0.1708/05/2020 04:00 PM EDT
Price is delayed by 15 mins

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LOUISVILLE, Ky.--(BUSINESS WIRE)-- Turning Point Brands, Inc. (NYSE: TPB), a leading provider of Other Tobacco Products ("OTP"), today announced that it has acquired related assets of Vapor Supply, VaporSupply.com and some of its affiliates.

Vapor Supply is a leading B2B e-commerce marketing and distribution platform servicing vapor stores. Additionally, the company manufactures and markets proprietary e-liquids under the DripCo brand and operates eight company-owned stores in the Oklahoma market area. Included in the assets is the eCig.com domain, which will be used to educate consumers on the growing dynamics of the electronic cigarette space.

For the year ending December 31, 2017, Vapor Supply had revenue of approximately \$33 million and gross profit of \$6 million. After rationalization of inventory, TPB expects an annual sales rate of approximately \$25-\$28 million. The transaction will be funded with cash on hand and is immediately earnings accretive. TPB will update the 2018 outlook with its first quarter earnings release on May 9, 2018.

"We are delighted to welcome Vapor Supply to the Turning Point Brands family," said Larry Wexler, President and CEO. "Vapor Supply has swiftly built a compelling business model, including a powerful B2B marketing platform that ships to over 1,400 U.S. retail vapor stores and an efficient e-liquid manufacturing facility for its proprietary products. Given our now well established NewGen distribution engine via the VaporBeast and Vapor Shark businesses, we intend to release operational and financial synergies through thoughtful integration and a transfer of best-in-class business practices."

"Given our existing NewGen infrastructure, we are confident we can increase operating contribution over the next eighteen months through a variety of actions including improved purchasing power, broadened product selection, accelerated sales growth and business process optimization," said Graham Purdy, President, New Ventures. "This acquisition further demonstrates TPB's continued commitment to the vaping segment. As a founding member of the Vapor Technology Association, TPB takes seriously the fight to protect this burgeoning industry for the many adult consumers and small businesses who depend on using and selling these products. TPB's continued investment in our growing NewGen segment provides our wholesale and retail customers with a strong, reliable partner to help navigate this rapidly changing marketplace in the face of a shifting regulatory regime."

About Turning Point Brands, Inc.

Louisville, Kentucky-based Turning Point Brands, Inc. (NYSE: TPB) is a leading U.S. provider of Other Tobacco Products. TPB, through its three focus brands, Stoker's® in Smokeless products, Zig-Zag® in Smoking products and the VaporBeast® distribution engine in NewGen products, generates solid cash flow which it uses to finance acquisitions, increase brand support and strengthen its capital structure. TPB does not sell cigarettes. More information about the company is available at its corporate website, www.turningpointbrands.com.

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