

Acquisition and Director Appointment  
4 June 2018

## **Dewhurst plc**

### **("Dewhurst" or the "Company")**

#### **Acquisition of A&A Electrical Distributors Ltd and Director Appointment**

Dewhurst plc, an independent supplier of quality components to the lift, keypad and transport industries is pleased to announce it has entered into an agreement to acquire the entire issued share capital of A&A Electrical Distributors Limited ("A&A") for an initial consideration of £10.5 million plus a deferred consideration based on profits generated over the next two years (the "Acquisition"). The Acquisition will be funded from existing cash resources.

The Board expects the Acquisition will be immediately earnings enhancing.

#### **Summary of A&A's business**

A&A, based in North East London, is a lift and electrical distribution company which works with major and independent lift companies operating in the UK. A&A recently acquired the trade, non-current tangible assets and inventory including work in progress of A. & A. Electrical Distributors Limited (the "Business"), which was founded by Alan and Ann Warren thirty five years ago. Alan and Ann Warren have grown the Business to be a leading supplier of lift components across the UK and have been a long-standing customer of Dewhurst. Whilst Alan and Ann Warren will retire from the day-to-day running of the Business following the Acquisition, they will both remain for a short period to ensure a smooth transition.

Prior to acquiring the trade and certain assets of the Business, A&A was a shell company named A&A Woodford Limited with no assets or liabilities.

#### **Summary of the Acquisition terms**

The Company will acquire the entire issued share capital of A&A for initial cash consideration of £10.5 million plus or minus a cash adjustment for normalised working capital expected to be no more than £250k. In addition, deferred consideration of 25% of the adjusted pre-tax profit generated over the 24 months following the acquisition date which, based on historic profit generated, management anticipate this will result in further consideration payable of approximately £1.5 million.

For the year ended 30 June 2016, A&A generated (audited) profit before tax of £3.3 million on turnover of £11.4 million. The reported profit excludes the employment costs of Alan and Ann Warren. The acquired net assets in A&A are expected to be in the region of £0.8 million.

### **Board appointment**

On completion of the Acquisition, Alan Warren will join the Dewhurst Group Board as a non-executive director on a remuneration of £20k per annum for an initial period of two years effective 13 June 2018.

### **Richard Dewhurst, the Chairman of Dewhurst, said:**

"A&A is a significant acquisition for Dewhurst and it is important that we are able to replace Alan and Ann with a strong Dewhurst senior team. We are pleased to announce that John Bailey with his wealth of experience within the Group is rejoining us in an executive role as Managing Director of A&A and will remain on the Group Board. We are also delighted that Jeremy Dewhurst is joining the Group as A&A's Finance Director. Jeremy is a qualified Chartered Accountant who was previously a Senior Manager with the Equity Capital Markets team at Deloitte in London."

### **Commenting upon the Acquisition, John Bailey, the new Managing Director of A&A, said:**

"As one of the UK's leading independent distributors of lift and electrical components, this Acquisition provides an exciting opportunity for A&A and the Dewhurst group to expand our services to the lift industry both in the UK and other overseas markets. The Acquisition is in line with Dewhurst's strategy of providing a broad range of high quality products and services to the lift industry and will be immediately earnings enhancing."

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