

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Dewhurst plc (“Dewhurst” or the “Group”)

Proposed Disposal of Thames Valley Controls Limited

Dewhurst plc (AIM: DWHT) is pleased to announce that it has entered into a conditional sale and purchase agreement to sell the entire issued and outstanding shares in Thames Valley Controls Limited (“TVC”), the supplier of lift control and monitoring solutions, to Elevation AcquisitionCo LLC, which trades under Vantage Elevator Solutions (“Vantage”) (the “Disposal”) for a total cash consideration of £8.0 million on a debt free, cash free basis payable on completion, and an adjustment for actual versus targeted working capital on completion. Completion of the Disposal is expected to occur on 30 September 2019.

Commenting on the Disposal, Richard Dewhurst, Chairman of Dewhurst, said:

“We have worked with Vantage on lift fixtures in North America and distribute some of their product ranges in Australia, so we have known the people in that business for many years. We will be sad to lose TVC as part of the Dewhurst Group, but believe that Vantage will provide TVC with greater opportunities to grow and prosper, through their greater scale in the lift controller business.”

Background to and reasons for the Disposal

TVC has been part of the Dewhurst Group for over 25 years, which is a little over half its lifetime. For at least the last 20 of those years TVC has been profitable. Despite this success, we have been mindful in the last few years that the cost and complexity of developing each new generation of lift controller and lift monitoring system has been rising and our sales volumes for these products are relatively small on a global basis. As a result and from time to time, we have assessed the possibility of partnering with other businesses to share the research and development expenditure.

Vantage is a leading North American independent manufacturer of elevator components and systems for new equipment applications, equipment upgrade projects and service replacement parts. Vantage manufactures and supplies lift controllers through its GALaxy and Pixel brands and has extensive research and development capabilities that will benefit TVC’s ongoing growth. Founded in 1927, Vantage is headquartered in the Bronx, New York and employs approximately 1,000 staff in multiple locations across the United States and Canada.

Dewhurst’s Board believes that the Disposal is in the best interests of Dewhurst’s shareholders for the following key reasons:

- it represents an attractive opportunity to crystallise the current value of TVC for shareholders;
- it eliminates the inherent risks and costs in developing the next generation of products;
- lift controllers and monitoring are not products that Dewhurst sell elsewhere in the Group; and
- it provides funds for potential investment in future acquisitions.

A condition of the Disposal is a Flexible Apportionment Arrangement (FAA) to transfer TVC’s defined benefit pension scheme obligations to Dewhurst plc. The Dewhurst Board believe this transfer will not have a material effect on the Group’s liability for the pension scheme as Dewhurst plc is the principal employer and had ultimate responsibility for servicing these liabilities anyway. The terms of the FAA provide for £1.1 million of the sale proceeds to be transferred to the Dewhurst plc defined benefit pension scheme, reducing the scheme’s deficit. The amount to be transferred to the pension scheme has been agreed with the Trustees, who have taken independent financial and legal advice to confirm that the FAA meets the Pensions Regulator’s funding test and that the Disposal is not considered

likely to be materially detrimental to the ability of the principal employer (i.e. Dewhurst) to continue to fund the scheme.

Financial effects of the Disposal

During the financial year ended 30 September 2018, TVC generated revenues of £8.8 million and operating profit of £0.7 million.

The net assets of TVC as at 31 March 2019, on a debt free, cash free basis were approximately £1.7 million.

Accordingly, net assets of the Group (excluding the effect of any working capital adjustment required on completion) are expected to increase by approximately £6.3 million due to the cash consideration exceeding the net assets of TVC.

Board change

As a result of the Disposal and with effect from the date of completion, Richard Young, Managing Director of TVC, will step down from the Board of Dewhurst plc.

For further details please contact:

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Person responsible:

The person responsible for arranging the release of this announcement on behalf of Dewhurst plc is Jared Sinclair.