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Stirling Industries PLC
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Stirling Industries plc

("Stirling" or "the Company")

Placing and Admission of Ordinary Shares to AIM and First Day of Dealings

£8.9 million raised, creating platform for M&A from £50 million to £750 million enterprise value
Stirling will acquire, develop and sell industrial businesses
Focus on investment in assets, implementing strategic and operational improvements

Stirling Industries plc, (AIM: STRL.L) the specialist industrial investment business, is pleased to announce the Admission today of its ordinary shares of £0.01 each ("Ordinary Shares") to trading on the AIM market of the London Stock Exchange ("AIM"). Dealings in the new Ordinary Shares will commence at 8.00 am. Numis Securities was sole bookrunner for the placing and is acting as Nominated Adviser and Broker to the Company.

Highlights

- The listing creates Stirling as a vehicle to pursue its "Acquire, Develop and Sell" strategy, with the objective of creating value for shareholders
- Acquisition targets are industrial businesses in the building materials, engineering and manufacturing sectors operating in the UK, Europe and US with strong fundamentals and enterprise values between £50 million and £750 million
- Stirling will: identify businesses where it can implement strategic, operational and performance improvements; acquire these businesses; invest in and develop its acquisitions; and then sell them returning the proceeds to shareholders
- The Company's Board and management team is experienced across a variety of sectors and geographies, creating value through proactive operational and strategic management
- The core of the team worked as part of Melrose plc, where they observed and understood the strength, simplicity and success of its model
- The Board has developed the Company over the past 18 months and management has been supported by a chairman and non-executive director who have considerable relevant experience

Blair Illingworth, Stirling's Chief Executive, said:

"Stirling has been created to acquire businesses where our unique mix of skills and experience can drive performance improvements and create value. We will finance acquisitions with a mixture of equity and conservative debt levels, enabling us to focus on improving margins, generating sustainable cash flows and delivering profitable growth.

"We are delighted to have attracted support from a powerful mix of blue chip institutional investors, high net worth individuals and family offices. The Company also enjoys the support of a further group of equity investors keen to support Stirling's first acquisition. We are very grateful to these investors for their support and look forward to working with them and for them in the years ahead.

"We are already in discussions with a number of potential asset vendors and today's listing gives us the flexibility to raise funds in order to implement our "Acquire, Develop and Sell" strategy as a listed vehicle."

Placing and Admission statistics

Placing Price per new Ordinary Share	£1.00
Gross proceeds of the Placing	£8.9 million
Net proceeds receivable by the Company	£8.4 million

Number of Ordinary Shares post-Admission	8,931,003
Expected market capitalisation on Admission at the Placing Price	£8.9 million
TIDM code	STRL
ISIN number	GB00BFX0W490

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Business overview

Stirling has been established to acquire companies or businesses which the Directors believe have the potential for strategic, operational and performance improvement so as to create shareholder value. The Directors intend to follow an "acquire, develop, sell" strategy raising equity and debt finance to fund the Company's acquisitions, developing the acquired assets through proactive, strategic and operational management, (including capital investment and/or bolt-on acquisitions) and after a period of time returning the proceeds from disposal(s) to shareholders.

The Company's Board has a strong track record of strategic and operational leadership across a broad range of geographies and industries where they have created significant shareholder value. The Board has extensive experience of identifying and evaluating acquisition opportunities, both quoted and unquoted, and maximising value on divestments, both in the United Kingdom and overseas.

The Board believes that its significant in-market experience and extensive industry networks will support proprietary deal flow opportunities; and that the Company's sector remit covers a substantial number of eligible assets. The Executive Directors have identified a number of possible acquisition opportunities. The Company intends to progress those opportunities as quickly as prudently possible, albeit whilst the Company is currently in discussions with potential acquisition targets there can be no certainty at this stage as to the basis of such transactions that may be agreed, that any such transactions will be completed and/or on what timeframe any such transactions might occur.

Stirling will acquire all of, (or a controlling stake in) a target company or business with a priority given to acquiring such assets outside of competitive auction processes. Due diligence will be carried out on all potential acquisition targets and will be managed by the Executive Directors, overseen by the Board and assisted by the Company's employees and professional advisers. The Company's first acquisition is expected to constitute a Reverse Takeover under the AIM Rules for Companies and will be subject to the prior approval of shareholders at a general meeting. Subsequent acquisitions may or may not require the approval of shareholders, depending on the size and scale of the acquisition and/or associated equity fund raising that is required.

New acquisitions will be funded from existing cash resources in conjunction with the proceeds of an equity or debt raise, as may be required. The Board may issue new Ordinary Shares as acquisition consideration to vendors of assets, as appropriate, and the Board would expect such new Ordinary Shares to be a minority shareholding in Stirling at that point in time. The Board is committed to maintaining a prudent and conservative capital structure for the Company and accordingly does not in principle expect to incur debt in excess of 2.5 times earnings before interest tax and depreciation. It is expected that any equity fundraising will be carried out on a pre-emptive basis.

Investment policy

The Company will implement its investment strategy within the following parameters:

- **Geographic focus:** The Company's principal initial focus will be investing in businesses based in or operating principally in the United Kingdom, Europe or North America. It may consider investing globally in the future, including in emerging markets
- **Sector focus:** The Company intends to focus on the industrials sector
- **Target companies:** The Company will target companies with good market fundamentals in their specific segment which fit into its geographic and asset criteria and where the Directors believe there is the potential for material strategic, operational and performance improvement
- **Types of investment and control of investments:** It is anticipated that the Company will acquire and control one or

more businesses or companies on a long-term basis. The Board may issue new Ordinary Shares as acquisition consideration to vendors of assets, as appropriate, and the Board would expect such new Ordinary Shares to represent a non-controlling or minority shareholding in Stirling at that point in time

- **Investment size:** The Directors intend that initial funds raised pursuant to the Placing will be used for the purposes of funding operational expenses and to undertake due diligence on potential target acquisitions. It is envisaged that the Company's first acquisition will be in the region of an enterprise value of £50 million to £750 million and will be all of, (or a controlling stake in) a business
- **Nature of returns:** It is anticipated that returns to Shareholders will be delivered through a combination of an appreciation in the Company's share price and, if appropriate, regular annual dividends paid out of retained earnings, (following completion of an acquisition) as well as return of cash to Shareholders following any disposal of assets or businesses

Any material change to the Investment Policy will be made only with the approval of shareholders. In accordance with the AIM Rules for Companies, if the Company fails to make an acquisition or has not substantially implemented its Investment Policy within 18 months of Admission, it will seek shareholder approval for its Investment Policy at each subsequent annual general meeting until such time as there has been an acquisition or the Investment Policy has been substantially implemented. The Directors will, at any subsequent annual general meeting, ask shareholders to consider whether to wind up the Company and return funds, (after payment of the expenses and liabilities of the Company) to shareholders.

Reasons for Admission to AIM and use of Placing proceeds

The Directors believe that Admission to AIM will have the following benefits:

- AIM may provide access to substantial equity funding from investors to support future acquisitions
- Quoted shares may be an attractive form of consideration to vendors of potential acquisition targets
- It should enhance the Company's reputation and profile with acquisition targets, consumers and suppliers by virtue of its status as a quoted company
- It should enhance the Company's ability to retain and attract key staff with share incentive arrangements

The net proceeds of the Placing, estimated at approximately £8.4 million, will be used to fund working capital and due diligence in relation to potential acquisition targets, in accordance with the Investment Policy.

Directors

Robin George Walton Williams (Chairman), aged 60.
Mr Williams co-founded the Britton Group in 1992 which grew by acquisition and organic investment to sale in 1998. He was then appointed executive director at Hepworth plc in 1998, where performance was improved leading to a successful trade sale in 2001. Since 2003, Mr Williams has been engaged in a number of non-executive director roles across public companies, private equity backed, public sector and family owned businesses.

Richard Blair Illingworth (Chief Executive Officer), aged 54.
Mr Illingworth has been a engaged in a number of roles since 1992, including as Divisional CEO and executive director at Marshalls plc. Between 2004 and 2006, Mr Illingworth acted as CEO of Polypipe before moving on to take up a similar role at Tarmac Building Products in 2009. Between 2013 and 2016, Mr. Illingworth held the position as CEO of the Brush Group (a Melrose plc company).

Joanne Elizabeth Curin (Chief Financial Officer), aged 59.
Ms Curin qualified as a member of the Institute of Chartered Accountants of New Zealand in 1991 and has over 15 years' experience acting as an Executive and Non-executive Director across a number of large scale public companies. Between 1994 and 1998, Ms Curin acted as Divisional CFO for International Paper (CHH) before taking on the role of Divisional CFO and Group CFO with P&O between 1998 and 2003. More recently, Ms. Curin has acted as CFO for Lamprell plc between 2013 and 2014 and Interim CFO at Al Noor plc between 2015 and 2016.

Simon Francis Thomas (Chief Operating Officer), aged 62.
Mr Thomas is a Chartered Management Accountant and has previously held financial roles with APV plc (now known as Invensys plc) between 1992 and 1998. Following this, Mr Thomas held similar financial roles with TI Automotive between 1998 and 2007 before taking up a managerial position at Acument Global Technologies between 2007 and 2011. More recently, Mr Thomas acted as Executive Director for the Brush Group (a Melrose plc company).

Christopher Bruce Dowling (Independent Non-executive Director), aged 64.
Mr Dowling is an Associate of the Institute of Chartered Accountants in England and Wales. Following a career in Investment banking with Barclays de Zoete Wedd, Mr Dowling co-founded Rutland Trust plc in 1987 and was managing Partner of Rutland Partners LLP the private equity turnaround fund from 2000 to 2005. He was European Chairman of Challenger Group between 2006 and 2013 and is currently an independent non-executive director for Electricity North West Ltd.

IMPORTANT INFORMATION

This announcement which has been prepared by, and is the sole responsibility of, the Directors of the Company.

This announcement is for information purposes only and does not constitute a prospectus or admission document in connection with an offering of securities of the Company, nor does it form part of, any offer or invitation to issue, or any solicitation of any offer to subscribe for or buy, any securities in the Company in any jurisdiction nor shall it, or any part of it, or the fact of its distribution, form the basis of, or be relied on in connection with or act as any inducement to enter into, any contract therefor.

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This announcement may not be published, distributed or transmitted by any means or media, directly or indirectly, in whole or in part, in or into the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The new Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "US Securities Act"), or under the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the US Securities Act ("Regulation S")) absent registration except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and otherwise in accordance with any applicable securities laws of any state or other jurisdiction of the United States. The new Ordinary Shares are being offered and sold only to non-US persons outside of the United States in "offshore transactions" within the meaning of and in reliance on Regulation S. There will be no offering of the Ordinary Shares in the United States.

The Company has not been and will not be registered under the US Investment Company Act of 1940, as amended (the "US Investment Company Act"), and investors will not be entitled to the benefits of that act. No offer, purchase, sale or transfer of the Ordinary Shares may be made except in circumstances which will not result in the Company being required to register as an investment company under the US Investment Company Act.

Neither this announcement nor any copy of it may be taken or transmitted into or distributed in Australia, Canada, Japan, the Republic of South Africa or to or for the account or benefit of any national, resident or citizen of Australia, Canada, Japan, the Republic of South Africa or any person located in the United States. Any failure to comply with these restrictions may constitute a violation of the securities laws or the laws of any such jurisdiction. The distribution of this announcement in other jurisdictions may be restricted by law and the persons into whose possession this announcement comes should inform themselves about, and observe, any such restrictions.

This announcement may include "forward-looking statements". All statements other than statements of historical facts included in this announcement, including, without limitation, those regarding the Company's investment strategy, plans and objectives and target returns are forward-looking statements. Forward-looking statements are subject to risks and uncertainties and accordingly the Company's actual future financial results and operational performance may differ materially from the results and performance expressed in, or implied by, the statements. These factors include but are not limited to those described in the admission document. These forward-looking statements speak only as at the date of this announcement. The Company and Numis expressly disclaim any obligation or undertaking to update or revise any forward-looking statements contained herein to reflect actual results or any change in the assumptions, conditions or circumstances on which any such statements are based unless required to do so by the Financial Services and Markets Act 2000, the AIM Rules for Companies or any other applicable laws, regulations or rules.

Neither the content of the Company's website, nor the content on any website accessible from hyperlinks on its website for any other website, is incorporated into, or forms part of, this announcement nor, unless previously published by means of a recognised information service, should any such content be relied upon in reaching a decision as to whether or not to acquire, continue to hold, or dispose of, securities in the Company.

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