RNS Number : 8046T
Stirling Industries PLC
19 November 2019

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Stirling Industries plc

("Stirling" or the "Company")

Update on proposed acquisition of Ipsen International and proposed cancellation of admission of Ordinary Shares to trading on AIM

The Company announces its proposed wind-up, de-listing and liquidation.

In accordance with the AIM Rules for Companies (the "AIM Rules"), the Company hereby notifies the proposed cancellation of the admission of its ordinary shares to trading on AIM (the "Cancellation"), on 24 December 2019 subject to shareholder approval at a general meeting to be held at Ashurst LLP, London Fruit & Wool Exchange, 1 Duval Square, London, E1 6PW at 1.00 pm on 16 December 2019 (the "General Meeting").

Background to, and reasons for, the Cancellation

In its announcement on 17 October Stirling (AIM: STRL.L) confirmed that the Company was exploring a variety of solutions with potential providers of equity and private capital that would enable the acquisition of Ipsen International GmbH ("Ipsen") (the "Transaction) to proceed. The board acknowledged at that time that the transaction could not be funded through the public markets due to the deteriorating capital market conditions weighing on investor sentiment .

The Company has sought alternative sources of funding for the Transaction, while also taking steps to reduce its cost base. Having explored a number of alternative scenarios the board is disappointed to confirm that no viable source of funding has been secured. In addition, given the continued headwinds in the macro environment and in particular in the midcap industrial sector, the board has concluded that it is in the best interests of all shareholders that it proceeds to focus on the preparation for an orderly delisting and winding up of the company and to return remaining funds to shareholders.

The board continues to believe that the long-term value creation opportunity of the Transaction is compelling, and entirely consistent with the objectives stated at the time of our AIM admission. However, the prevailing equity market environment and macro uncertainty have deteriorated since terms were agreed with the vendor, and accordingly the Company has not been able to complete the fully funded Transaction at this time.

The board believes that the costs to shareholders of continuing the company in its current form and maintaining an AIM listing are now outweighed by the benefits of completing the Cancellation, at which point it is intended the Company would be wound up by the liquidators (subject to the passing of the required shareholder resolutions at the General Meeting). The liquidation resolutions are conditional on the passing of the Cancellation resolution.

The costs which would no longer be incurred as a result of the proposals would be substantial and would include (without limitation):

- running costs being reduced following notice being served in October to the three executive directors of the Company in their capacity as employees;
- the Company no longer being required to bear the costs of maintaining a nominated adviser for the purposes of the AIM Rules; and
- the Company no longer being required to pay listing fees to the London Stock Exchange in respect of its AIM listing.

The Company's shares remain suspended and an explanatory circular will be sent to shareholders shortly containing a notice of an EGM. The **"Circular"** details the process for the winding up of the Company and cessation of activities and seeking shareholder approval for the Cancellation. The board expects the winding up of the Company to be carried out in the spring of 2020 and that this will realise approximately 7.00 pence per ordinary share.

Circular and General Meeting

The Board is proposing resolutions to approve the Cancellation at the General Meeting. The Circular is being prepared and will shortly be posted to shareholders further detailing the proposals (including the Cancellation and appointment of liquidators) and will set out the reasons for the proposed Cancellation and the winding-up of the Company. It also explains why the board unanimously considers the proposed Cancellation and winding-up to be in the best interests of the Company and its shareholders as a whole and why it is recommending that shareholders should vote in favour of the proposed Cancellation at the General Meeting. The notice convening the General Meeting will also be set out in the Circular.

The Cancellation is conditional, pursuant to Rule 41 of the AIM Rules for Companies (the "AIM Rules"), upon the approval of not less than 75 per cent of the votes cast by shareholders (whether present in person or by proxy) at the General Meeting.

In accordance with Rule 41 of the AIM Rules, the Company will notify the London Stock Exchange of the date of the proposed Cancellation prior to the publication of the Circular and a detailed timetable of the principal events leading up to the Cancellation will be included in the Circular.

Members' Voluntary Liquidation

The board considers that the most efficient means of returning capital to shareholders is by way of members' voluntary liquidation. Conditional on the passing of the resolutions, James Money and Mike Rollings of Rollings Butt LLP have agreed to act as liquidators of the Company. Pursuant to their engagement, the liquidators have agreed to do all things necessary to facilitate the winding up of the Company and its subsidiaries.

Cancellation of Admission to Trading on AIM

The effect of the Cancellation will be that the ordinary shares will no longer be quoted or tradable on AIM and shareholders will not therefore be readily able to sell their ordinary shares. The only opportunity for shareholders to sell their ordinary shares would arise upon a sale of all of the issued share capital of the Company to a third party. There is no current intention to do this and the only proposals in respect of the Company are to wind it up.

Recommendation

The Directors consider that the proposals are in the best interests of the Company and its shareholders and, accordingly, unanimously recommend that shareholders vote in favour of the resolutions in the Circular.

Blair Illingworth, Chief Executive, said:

"Ipsen is an ideal asset with strong performance improvement potential and very much in line with our investment policy and raison d'etre. It is with great disappointment that we have concluded that the timing and financing markets are not currently supportive of this transaction and therefore the Stirling Industries' model. We have done what we clearly set out at our IPO and the team has performed extremely well in getting this potential transaction to this point. It is both disappointing and frustrating that circumstances beyond our control have conspired to prevent further progress. Notwithstanding we are very grateful to our investors and advisors for their support, and we thank them.

We will ensure that the winding up process is handled expeditiously and efficiently to maximise the net proceeds returned to shareholders."

This announcement contains inside information for the purposes of the Market Abuse Regulation (EU) NO. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain. The person responsible for arranging for the release of this announcement on behalf of Stirling is Simon Thomas, Chief Operating Officer and Company Secretary of Stirling.

- Ends -

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About Stirling

Stirling was established to offer a differentiated management and ownership approach for industrial businesses where the strategic and operational expertise of its team combines with that of the portfolio company's management to drive and enable improvements that create long-term shareholder value.

The Company focused on acquiring businesses with strong fundamentals and enterprise values between £100 million and £750 million. Transactions would be financed through a combination of new equity and prudent leverage, with the Company's target debt to be no more than 2.5x the Company's EBITDA.

Stirling's approach began with the belief that many companies have the potential to achieve material operational enhancement and margin improvement. Stirling's value add was to ensure operating assets have the right strategy, the right focused leadership, empowered and incentivised management teams and the appropriate capital investment to support growth.

The Company's leadership team has significant experience of identifying the key value drivers of a given business, implementing change strategies across a diverse range of industries and delivering significant operational value creation.

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