

CEPS INDUSTRIALS

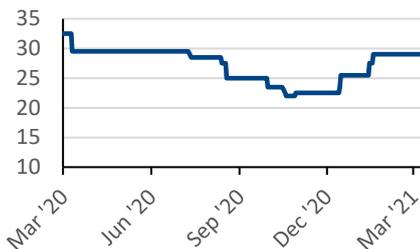
18 March 2021

CEPS.L

29p

Market Cap: £4.9m

SHARE PRICE (p)



12m high/low 33p/22p

Source: LSE Data

KEY DATA

Net (Debt)/Cash	£(7.5)m (at 30/06/20)
Enterprise value	£12.5m
Index/market	AIM
Next news	FY20 results, May '21
Shares in Issue (m)	17.0
Executive Chairman	David Horner
Finance Director	Vivien Langford

COMPANY DESCRIPTION

CEPS is an industrial holding company that buys majority stakes in profitable, growing entrepreneurial UK companies.

www.cepsplc.com

CEPS IS A RESEARCH CLIENT OF PROGRESSIVE

ANALYSTS

Gavin Wood

+44 (0) 20 7781 5300

gwood@progressive-research.com



Gareth Evans

+44 (0) 20 7781 5301

gevans@progressive-research.com



www.progressive-research.com

Hickton Group acquires Millington Lord

£1.1m acquisition funded from existing cash resources

CEPS has announced the acquisition by its subsidiary Hickton Group of Millington Lord, a gas and electrical safety consultancy based in Selby, North Yorkshire that provides auditing, consulting and training services. The total consideration for the transaction is a maximum of £1.1m in cash, including £0.1m subject to certain turnover targets being met, with the £0.7m initial cash payment funded by available cash resources within the Hickton Group. The services provided by Millington Lord are complementary to Hickton Group's current Clerk of Works and Corporate Approved Inspector businesses and it is expected that there will be cross-selling opportunities as well as scale efficiencies that can be achieved following the acquisition.

- Millington Lord is a holding company with two actively trading subsidiaries that provide gas and electrical safety auditing, consulting and training services to different market segments. The principal subsidiary Morgan Lambert services clients in the social housing market, while the secondary business Qualitas Compliance provides services to private sector clients. Millington Lord's management team will continue to run the businesses following the acquisition.
- The acquisition of Millington Lord fits Hickton Group's strategy of broadening its Clerk of Works and Corporate Approved Inspector service offering into complementary areas and working with a management team that are committed to developing the business further.
- Consideration for the acquisition comprises a £0.7m cash payment on completion plus a further £0.3m to be paid in two instalments: £0.15m on or before 30 June 2021 and £0.15m on or before 31 August 2021. An additional payment of up to £0.1m may be payable dependent on the Millington Lord group achieving certain turnover targets over the payment period.

We see the acquisition of Millington Lord as a positive development for CEPS, consistent with its stated growth strategy. We also believe that, by supporting Hickton Group in committing capital to this acquisition, the CEPS board is signalling an increased confidence in the outlook for the group, following the restructuring that has taken place over the last two years (see our recent [Research note](#) for details).



Disclaimers and Disclosures

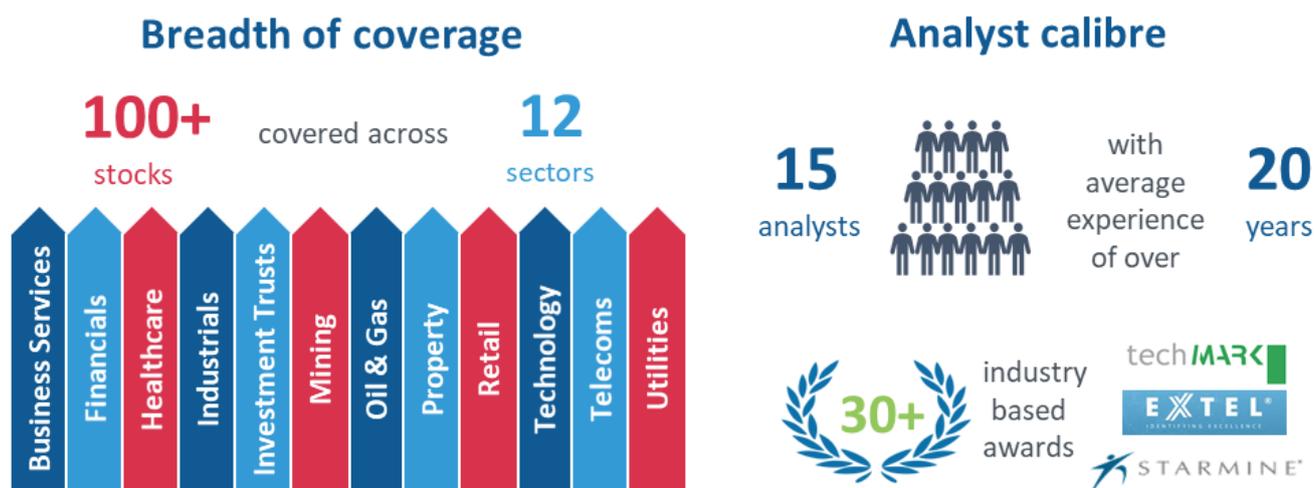
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To arrange a meeting with the management team, or for further information about Progressive, please contact:

Emily Ritchie

+44 (0) 20 7781 5311

eritchie@progressive-research.com