

29 October 2024

Van Elle Holdings plc
(‘Van Elle’, the ‘Company’ or the ‘Group’)

Acquisition of Albion Drilling Group
Issue of Equity & TVR

Van Elle Holdings plc (AIM: VANL), the UK’s largest ground engineering contractor, is pleased to announce that it has acquired the entire issued ordinary share capital of Albion Drilling Holdings Limited (“Albion”), a market leading specialist piling and drilling business, for total consideration of up to £3.5m, of which £0.5m is net cash acquired (the “Acquisition”).

Based in Stirling, Albion is a leading specialist piling and drilling business with a strong track record of delivering complex infrastructure projects across Scotland. The business is privately owned, founded in 1986, providing a range of specialist piling, technical drilling and geotechnical engineering including quarry and close-proximity blasting, marine drilling, ground stabilisation and rock anchoring.

Albion is a complementary and strategically aligned bolt-on acquisition, which expands Van Elle’s presence in Scotland and further extends the Group’s technical capabilities. The business has a high-quality rig fleet and skilled workforce, and a strong track record in infrastructure projects, with a blue-chip customer base that complements the Group’s. Albion’s track record in the energy sector aligns to the Group’s strategy, where Van Elle is currently delivering two energy infrastructure schemes in Scotland and expects to mobilise further, larger schemes in early 2025.

Albion will be aligned to the Group’s Specialist Piling division, which shares a similar operating model. The Group will co-locate its facilities at Stirling and integrate its resource to grow its Scotland-based capability to meet the demand of a series of major long-term opportunities. The Acquisition is expected to be earnings accretive in the first full year of ownership and the Board believes there are modest cost synergies to be achieved.

Acquisition consideration

The initial consideration comprises cash consideration of £2.1m, funded from the Group’s existing cash resources and partial use of its funding facility, and £0.6m satisfied through the issue of 1,459,817 new ordinary shares of 2 pence each in the Company (“Ordinary Shares”) at an issue price of 40.1 pence per ordinary share, being the 30-day average closing mid-market share price in the period to 25 October 2024 (the “Consideration Shares”). The Consideration Shares are subject to a 12-month lock up, subject to customary carve-outs, followed by a 12-month orderly market arrangement. In addition, deferred consideration of up to £0.8m will be paid in cash, subject to the achievement of certain criteria over a two-year period.

Financial performance

For the year ended 31 January 2024, Albion delivered (unaudited) revenue of £5.5m, an EBITDA of £1.0m and profit before tax of £0.8m. Net assets at the same date were £2.6m. The Group’s assessment of the market valuation of net assets acquired exceeds the total consideration of £3.5m.

Managing Director, Jim King, and the entire workforce consisting of 31 employees will become part of the Van Elle Group, and the business will continue to operate under the Albion brand. Jim King will assume a wider role as Van Elle’s director for Scotland, reporting to Chief Operating Officer, Malcolm O’Sullivan.

Chief Executive, Mark Cutler, commented: *“The acquisition of Albion represents an exciting and important step towards the delivery of our growth strategy in the energy sector. It also broadens the Group’s range of specialist capabilities and customer base. Albion is a highly regarded specialist contractor with complementary capabilities and an experienced workforce who will fit perfectly into the Group’s operating structure. May I welcome Jim King our new Scotland director, and all Albion employees to the Van Elle Group.”*

Issue of equity and total voting rights

Application has been made for the 1,459,817 Consideration Shares to be admitted to trading on AIM of London Stock Exchange plc (“Admission”). The Consideration Shares will rank, *pari passu*, with the Company’s existing Ordinary Shares, and it is expected that Admission will become effective, and that dealings will commence in the Consideration Shares at 08.00 a.m. on 30 October 2024.

In accordance with the FCA’s Disclosure Guidance and Transparency Rules (DTR 5.6.1) the Company notifies that following Admission, its issued share capital will consist of 108,200,751 Ordinary Shares. There are no Ordinary Shares held in treasury. Shareholders may therefore use this figure as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the FCA’s Disclosure Guidance and Transparency Rules.

Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014) (“MAR”) prior to its release as part of this announcement and is disclosed in accordance with the Company’s obligations under Article 17 of those Regulations.

More information on Albion can be found on its website at: www.albiondrillinggroup.co.uk/

For further information, please contact:

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About Van Elle Holdings plc:

Van Elle Holdings is the UK's largest specialist geotechnical engineering contractor. Formed in 1984 and listed on AIM in 2016, the Company provides a wide range of ground engineering techniques and services including ground investigation, general and specialist piling, rail geotechnical engineering, modular foundations, and ground improvement and stabilisation services.

Van Elle operates through three divisions: General Piling, Specialist Piling and Rail, and Ground Engineering Services; and is focused on diverse end markets including residential and housing, infrastructure and regional construction - across which the Group has completed more than 20,000 projects over the last 35 years.

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