

SDI Group plc
("SDI", the "Company", or the "Group")

Acquisition of Collins Walker

4 April 2025 - [SDI Group plc](#), the buy and build group, focused on companies which design and manufacture specialist lab equipment, industrial & scientific sensors and industrial & scientific products, announces the bolt-in acquisition of Collins Walker Ltd ("Collins Walker"), a designer and manufacturer of electric boilers, offering bespoke steam and hot water systems for industrial applications, for a net consideration of c.£1.85m.

Highlights

- Profitable business in the regulatory-driven, high-growth, industrial electric boiler market
- Blue chip customer base and strong international revenues
- Collins Walker will join SDI's Industrial & Scientific Products division
- Bolt-in acquisition for portfolio company, Applied Thermal Control - merging back-office functions and increasing manufacturing capacity for Collins Walker
- Provides intra-Group value-add manufacturing opportunities
- Continuation of SDI's acquisition strategy
- Acquisition is expected to be earnings enhancing¹ in the first full year post-acquisition, with potential for additional integration benefits including increased growth rate

The acquisition of Collins Walker provides SDI with strategic entry into the highly regulatory-driven electric boiler sector, an expanding market boosted by net zero regulations. The addressable market for Collins Walker is currently estimated at 255m. The industrial boiler market, valued at 11bn in 2024, is witnessing a significant shift towards electric solutions.

Collins Walker provides industrial scale electric boilers, for steam and hot water applications, utilising electrode and immersion element technologies. Collins Walker's route to market is within energy-intensive, high-growth industrial applications, encompassing steam production and hot water for sectors such as healthcare, industrial processing, distillation, brewing, commercial buildings and distributed heating applications.

The integration of Collins Walker into Applied Thermal Control is strategically designed to enhance Collins Walker's growth through expanded manufacturing capacity, strengthened sales capabilities, and improved operational efficiencies. This synergy is projected to drive increased sales and margin performance for both entities. Additionally, there are further Group value-added opportunities with LTE Scientific, which utilises electric boilers in its autoclave product line.

For the year ended 31 March 2024, Collins Walker delivered revenue of £0.94m and a reported EBIT of £0.31m (all unaudited).

Stephen Brown, Chief Executive Officer of SDI Group, said:

"Collins Walker represents a strategic acquisition for SDI, aligning with our core investment criteria through its established position within a regulatory-driven, high-growth sector with international reach. Its lean, profitable operations offer a compelling opportunity for expansion, leveraging existing Group manufacturing capacity to capitalise on the growing Net Zero and energy efficiency markets."

The integration of Collins Walker with Applied Thermal Control's manufacturing and operational capabilities, will reduce current capacity constraints and provide a platform for accelerated market penetration."

About Collins Walker

Collins Walker was established in 1972 with the intention of establishing itself as a worldwide leader in the electric boiler market offering bespoke steam and hot water solutions to customers around the world. Key applications range from distillation of alcoholic spirits and brewing, through to healthcare, pharmaceuticals and industrial processing. Collins Walker has a global, blue chip customer base and operates from a site in Bedford. Chris Goddard is the sole shareholder of the business, prior to the acquisition. Chris will remain with the business.

Consideration for the Acquisition

Net consideration is £1.85m, up to a maximum of £1.95m, excluding cash acquired. Total consideration, including acquired cash, is expected to be £2.12m, up to a maximum of £2.22m and consists of:

- £1.75m initially paid in cash, with a further £0.1m to be paid on the finalisation of the completion accounts;
- Acquired cash is £0.27m, £0.22m of which will be paid for in cash on completion and a further £45,000 will be paid for on finalisation of the completion accounts; and
- A balancing cash payment may be made shortly after finalisation of the completion accounts and depends on the final net assets of Collins Walker. This is not expected to be significant and is subject to a cap of £0.1m

The cash consideration will be funded from the Group's revolving credit facility with HSBC UK Bank. As at 28 February 2025, the Group had cash of approximately £1.6m (unaudited), bank debt of £14.7m (unaudited) and £10.3m of undrawn bank facility (excluding the accordion option). The Group has a further £0.5m of deferred consideration payable relating to a previous acquisition.

¹ Analysts from SDI's broker Cavendish Capital Markets Limited, and from Progressive Equity Research regularly provide research on the Company, accessible from SDI's website, and the Group considers the average of their forecasts to represent market expectations which

for FY26 were, prior to announcement of this acquisition, Sales of £12.4m and Adjusted Profit Before Tax of £9.35m. The Collins Walker acquisition will make a c.1 month contribution to SDI's FY25 ending 30 April 2025 and therefore the Company makes no change to its FY25 market guidance.

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About SDI Group plc

SDI Group plc is a group of small to medium size companies with specialist industrial and scientific products in growth sector niches which help solve customers' key challenges. It specialises in the acquisition and development of companies that design and manufacture specialist products for use in lab equipment, industrial & scientific sensors and industrial & scientific products.

Its portfolio of businesses supplies the life sciences, healthcare, plastics and packaging, manufacturing, precision optics and measurement instrumentation markets.

SDI aims to continue its growth through driving the organic growth of its portfolio companies and by the acquisition of complementary technology businesses with established reputations in global markets.

For more information, please see: www.SDIGroup.com

No statement in this announcement is intended to be a profit forecast or estimate and no statement in this announcement should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

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