Proposed Disposal

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Acal plc

Proposed disposal of the Supply Chain Division's UK Parts Business

Introduction

Acal plc (LSE: ACL, "Acal", the "Group" or the "Company"), a European leader in advanced technology solutions, announces the proposed disposal of one of the businesses contained within its Supply Chain Division (the "Disposal"). The Company has agreed to sell its UK new and refurbished parts distribution and outsourcing business (the "UK Parts Business") to its management team. The disposal is subject to shareholder approval and dependent on completion of the purchaser's committed funding arrangements. For the year ended 31 March 2012, the UK Parts Business had revenues of £22.7m (9% of Group revenues) and generated a loss before tax of £0.5m.

The Disposal reflects Acal's continued strategy of building a value-add specialist supplier in the electronics sector. By disposing of this non-core and capital intensive business, the Group will be able to focus its resources on enhancing the value of its core Electronics Division which, for the year ended 31 March 2012, represented 80% of Group revenues and 89% of Group underlying operating profits.

Initial gross consideration for the Disposal, if approved, will be £2.0m on a debt free basis, before transaction costs and subject to certain completion adjustments. In addition, if the UK Parts Business is subsequently sold, Acal will receive 25% of any incremental consideration over £2.0m up to a maximum additional consideration of £9.0m. The Disposal is expected to be enhancing to underlying earnings.(1)

The Disposal is anticipated to result in a loss on disposal of £4.9m (before transaction costs, completion adjustments and additional consideration). This loss would be recognised in the Group's second half results assuming the Disposal is approved.

Sale proceeds from the Disposal will be retained for working capital purposes, for future investment within the Group or as consideration for future acquisitions by the Electronics Division.

The disposal of the UK Parts Business

The UK Parts Business supplies a full range of high quality new and refurbished computer parts to IT maintenance companies and provides logistics support including planning, supply, returns and repairs. It has faced difficult trading conditions, is loss making, capital intensive and non-core to the Group.

The Disposal will involve the sale of the Company's subsidiary Acal Supply Chain Ltd ("ASC") to JCCO 313 Limited, a company established by the ASC management team, the main members of which are listed below. The ASC management team is considered a related party for the purposes of the Listing Rules and the Disposal is therefore a related party transaction and subject to shareholder approval.

The Company's profitable enterprise services business (the "Enterprise Business"), which is currently part of ASC Ltd, will be transferred into the remaining Group prior to completion of the Disposal. The Enterprise Business will therefore not form part of the Disposal but will share certain services with ASC Ltd for at least 12 months under a transitional services agreement. Acal will keep these transitional arrangements under review and will assess whether it should alternatively provide these services from the Group. The Supply Chain Division's European spare parts business will also not be part of the Disposal.

The Board believes that the Disposal represents the best value for shareholders in terms of minimising ongoing losses to the Group and maximising the cash proceeds from a sale.

Further details on the Disposal

Financial information

	Financial year ended 31 March 2012		*As at 30 Sept 2012*
	Revenues	Profit before tax	Gross Assets
UK Parts Business	£22.7m	£(0.5)m*	£9.4m

* Underlying operating losses were £0.4m (being operating losses excluding exceptional costs)

Details of key individuals within the management team of the UK Parts Business are as follows:

Robert Hall **	Managing Director
Mark Hesketh **	Finance Director
Jonathan King	Sales Director

** The above, together with George Buchan (the chairman of ASC Limited), are considered to be related parties under the Listing Rules.

Related Party Transaction

The Disposal is classified as a class 2 transaction under Chapter 10 of the Listing Rules.

Under Listing Rule 11.1.4, the ASC management team meets the definition of a related party because of the directorships of the Company's subsidiary, ASC Ltd, of certain members of that team. As such, the Company is required to send a circular to its shareholders, in accordance with Listing Rule 13.3 and Listing Rule 13.6 and to obtain approval from shareholders for the Disposal. The ASC management team will not vote on the resolution to be put to shareholders and will take all reasonable steps to ensure that any associates of the ASC management team will not vote on that resolution.

Expected Timetable

The expected timetable for the principal events is set out below:

Circular to shareholders	In due course
Expected latest time and date for receipt of Forms of Proxy and receipt of electronic proxy appointments via the CREST system	11.00a.m. on 31 December 2012
Voting Record Time for General Meeting	31 December 2012
General Meeting	11.00a.m. on 3 January 2013

Recommendation

The Board, having been so advised by Oriel Securities, considers the Disposal to be fair and reasonable so far as the shareholders are concerned. The Board also considers that the Disposal is in the best interests of the Company and its shareholders as a whole and, therefore, recommends that shareholders vote in favour of the resolution to be proposed at the General Meeting, as each member of the Board who holds Ordinary Shares intends to do in respect of his own beneficial holdings of Ordinary Shares, such holdings comprising, in aggregate, 128,898 Ordinary Shares, representing approximately 0.45% of the Company's existing issued share capital. In giving its advice, Oriel Securities has taken into account the commercial assessment of the Directors.

Nick Jefferies, Group Chief Executive of Acal plc said:

"The proposed disposal of the UK Parts business from our Supply Chain division is a further step in our stated strategy of focusing on the specialist electronics market and provides additional resources to invest in this area. We wish the ASC management team every success in the future."

For further information please contact:

Acal plc 01483 544500
Nick Jefferies - Group Chief Executive
Simon Gibbins - Group Finance Director

Cubitt Consulting 020 7367 5100
Nicholas Nelson/Guy McDougall

Notes

1. This statement does not constitute a profit forecast and should not be interpreted to mean that the Group's earnings per share for the financial year ending 31 March 2013 will necessarily match, or be greater or less than, historical published earnings per share.

2. Shareholders should read the whole of the Circular to be sent to them and not just rely on the summarised information set out in this announcement.

3. Terms used in this announcement shall have the same meanings as set out in the Circular.

Notes to Editors:

About Acal plc

Acal is a European leader in advanced technology solutions, providing marketing, engineering, design, manufacturing and other services through two divisions: Specialist Electronics and Supply Chain. The Electronics division is Europe's leading specialist electronics supplier and the only such provider with an infrastructure to deliver a broad complementary range of specialist products and bespoke solutions across Europe. The Electronics division has completed four acquisitions in the last three years, more than doubling its underlying Electronics revenues. Acal's long term strategy is to gain significant additional market share through both organic growth and acquisition and to further enhance its value adding capabilities. The Supply Chain division provides inventory optimisation and outsource solutions to leading technology service providers.

Acal has operating companies in the UK, Netherlands, Belgium, Germany, France, Italy, South Africa, Spain, the Nordic region and South Korea.

This information is provided by RNS
The company news service from the London Stock Exchange

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