

IK Partners to invest in HSL Compliance

Press Release

Tuesday, 4 February 2025

London, United Kingdom – IK Partners (“IK”) is pleased to announce that the IK Small Cap III (“IK SC III”) Fund has signed an agreement to invest in HSL Compliance (“HSL” or “the Company”), a leading provider of environmental compliance services in the UK, alongside the management team who are re-investing as part of the transaction. This follows HSL’s successful six-year partnership with LDC, the private equity investor which is part of Lloyds Banking Group. LDC is also reinvesting in HSL for a minority stake alongside IK as the majority owner to support the continued growth of the business. Financial terms of the transaction are not disclosed and completion is subject to customary regulatory approvals.

Headquartered in Herefordshire and founded in 1976, HSL is a leading UK environmental testing, inspection, certification and compliance (“TICC”) company which provides a range of services across water hygiene, water treatment and other compliance activities. The Company boasts extensive national coverage with 19 offices across the UK and Ireland and employs approximately 650 people who serve a diversified base of more than 370 customers across a variety of private and public sectors, including Food and Beverage, Manufacturing, Facilities Management, Healthcare and Education.

Since LDC’s investment in 2019, HSL has quadrupled pro-forma revenues to £77 million and doubled headcount to 650 employees, establishing itself as a high-quality business capable of meeting the needs of nationally or regionally complex estates seeking a full-service provider for water hygiene and treatment services, alongside fire and air compliance services. With LDC’s support and follow-on funding, HSL has delivered a successful M&A programme and completed 11 bolt-on acquisitions, significantly increasing the breadth of its UK coverage and client base.

In partnership with IK, HSL will aim to lead the market in delivering solutions that keep its clients’ people protected, their businesses compliant and their environments safe. Through its extensive experience of investing in TICC platforms, IK will work closely with the HSL management team to accelerate growth both organically and through further consolidation of its target markets.

Gavin Hartley, CEO of HSL, said: “HSL has grown tremendously since inception and with the recent add-on acquisitions, I believe we have built an extremely solid foundation for the future. With the support of LDC, we have established HSL as a market-leading TICC service provider in the UK. The new partnership with IK will allow us to continue executing a targeted buy-and-build strategy and explore new opportunities to broaden our service offering. I’d like to take this opportunity to thank the LDC team for their unwavering support over the last few years and look forward to working with them alongside the team at IK.”

Tom Salmon, Partner at IK and Advisor to the IK SC III Fund, added: “We have been closely following the progress made by HSL in recent years and have been impressed by its unwavering commitment to quality and service delivery. We are looking forward to working with Gavin and his experienced team in their efforts to drive continued growth, by utilising our experience and expertise in executing successful buy-and-build strategies, while also supporting growth across a range of operational initiatives.”

Jonathan Bell, Managing Partner at LDC, added: “This has been a truly transformational period for HSL following the carve-out from global testing, inspection and certification group Kiwa in 2019. Since then, Gavin and the team have delivered on an ambitious growth strategy, underpinned by investment in its proposition and a series of successful strategic acquisitions. We’re excited to support HSL alongside IK as it continues to capitalise on high demand for its market-leading services in an attractive sector.”

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About IK Partners

IK Partners ("IK") is a European private equity firm focused on investments in the Benelux, DACH, France, Nordics and the UK. Since 1989, IK has raised more than €17 billion of capital and invested in over 195 European companies. IK supports companies with strong underlying potential, partnering with management teams and investors to create robust, well-positioned businesses with excellent long-term prospects. For more information, visit ikpartners.com

About LDC

LDC is a private equity investor and part of Lloyds Banking Group. It is authorised and regulated by the Financial Conduct Authority. We have partnered with more than 675 management teams since 1981 and have a portfolio of more than 90 businesses across the UK. We have made investments across all major sectors of the UK economy and are actively supporting businesses in industries including Business Services, Consumer, Healthcare, ICT, Industrials, Media and Technology. Our teams are based in every part of the UK. For more information, visit ldc.co.uk

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