

Regulatory Story

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Ideagen PLC - IDEA Acquisition of EIBS Ltd
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Ideagen PLC

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Ideagen plc

("Ideagen" or the "Group")

Acquisition of EIBS Ltd

Ideagen (AIM; IDEA), a leading supplier of Information Management Software to regulated industries, is pleased to announce the acquisition of the entire issued share capital of EIBS Limited ("EIBS") for a net cash consideration of £1.25 million ("the Acquisition") payable from Ideagen's existing cash reserves.

Highlights

- EIBS is a software company that has developed proprietary Information Portal, Internet and Mobile solutions for the NHS and numerous public sector, not for profit and commercial organisations.
- EIBS has approximately 140 customers, including 40 NHS Trusts.
- The Acquisition:
 - delivers strong internet, mobile and portal IP that can be integrated across the Group's product portfolio
 - further consolidates the Group's position in the NHS providing 40 trusts as customers
 - increases the Group's customer base within a number of regulated market sectors
 - delivers significant cross-selling and up-selling opportunities for the Group

- rapidly accelerates the delivery of the Group's mobile product strategy
- Ideagen and EIBS have identified approximately £0.4m of synergies, which the Directors anticipate will be achievable during the 12 month period ending 30 April 2016 and will deliver significant operational efficiencies and cost savings across the enlarged Group
- the Acquisition is therefore expected to be earnings enhancing in the first full financial period following completion of the Acquisition
- Consideration:
 - total cash consideration of £1.55m
 - EIBS has net cash reserves of £0.3m, giving net cash consideration of £1.25m
 - the net consideration will be met from Ideagen's existing cash reserves
- In the year ended 31 July 2013 EIBS generated revenues of £1.6m and a loss before tax of £0.1m. Current recurring revenues are £0.9m per annum
- EIBS's Chief Technology Officer, Matt Burnett will remain with the enlarged Group and will be appointed the role of "Chief Technology Officer - Content Solutions" reporting directly to the CEO on completion of the Acquisition

David Hornsby, CEO, commented; "I am delighted to announce the acquisition of EIBS which we believe will augment the Group, both strategically and financially, thereby enhancing shareholder value. EIBS has established an extremely compelling value proposition comprising strong IP and long-term relationships with its extensive customer base which includes a number of NHS trusts.

"The combination of EIBS and Ideagen will enable the enlarged Group to rapidly develop new applications for our key markets and we believe the Acquisition provides an outstanding opportunity to leverage our position in the NHS and other regulated market sectors. We are confident that we can make the EIBS business significantly more profitable over the next 12 months as we integrate it into the rest of the Group."

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Acquisition Rationale

The Acquisition is in line with the Group's strategy of acquiring businesses with strong IP and recurring revenues that supply Information Management Solutions to regulated sectors.

EIBS has strong IP that can be readily integrated with the Group's existing product set to build a broader and more valuable Information Management solution, which will provide significant cross selling opportunities and provide a strong platform for future growth.

EIBS has a talented workforce, including current director Matt Burnett who will remain with the Group, and who understands the key business drivers for mobile and portal applications.

Further Details of the Acquisition

The net cash consideration is £1.25m which will be met from the Group's existing cash reserves, which were £4.0m as of 30 April 2014.

Ideagen and EIBS have identified approximately £0.4m of synergies, which the Directors anticipate will be fully realised during the year ending 30 April 2016 and will deliver significant operational efficiencies and cost savings across the enlarged Group

The Acquisition is therefore expected to be earnings enhancing for the first full year of trading to 30 April 2016 following successful integration.

About EIBS

EIBS is a Nottingham based Software Company, established in 1999, which has developed and commercialised a proprietary Web Content Management software application called Easysite.

EIBS currently has approximately 140 customers including Great Ormond Street Hospital, BUPA, Southern Health NHS Foundation Trust, Nottingham County Council, Leicester City Council, Engage Assurance and PA Consulting.

Easysite V7 has recently been released following approximately 30 man years of development and was specifically designed to manage mobile, intranet, extranet and web portals through a single, intuitive web based system.

EIBS reported unaudited revenue of approximately £1.6m and generated a loss before tax of £0.1m for the year ended 31 July 2013. In addition EIBS currently has recurring revenues of approximately £0.9m per annum. EIBS is debt free with approximately £0.3m cash at bank. As at 31 July 2013, EIBS had gross assets of £0.9m.

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