



Data-driven insights

May 2011

Ebiquity plc

Acquisition of Echo Research

Placing to raise £2.6 million

Ebiquity plc (“Ebiquity” or the “Company”) is pleased to announce the acquisition of the entire issued share capital of TCRG Holdings Limited, the holding company of Echo Research (“Echo”) (the “Acquisition”). Echo is being acquired for initial consideration of £3.5 million with a maximum aggregate consideration of up to £10.0 million, conditional on the business achieving certain demanding growth targets over the next two years. Echo has been acquired from the shareholders of the Company, the ultimate majority shareholder of which was Sandra Macleod.

Echo is a leading global reputation analysis, media measurement and stakeholder research specialist with offices in London, New York, Paris and Singapore. Sandra Macleod, Echo Research’s founder, will remain as Chief Executive of the Echo business. Echo’s business focuses on brand reputation and stakeholder insights, as well as analysis of non-paid media, including social media. Echo’s clients include over 60 global blue chip companies.

The acquisition of Echo allows Ebiquity to offer its existing clients industry leading analysis and advice that will compliment its current analytics and insight offerings and deliver a comprehensive, global and in depth understanding of the evolving media landscape. “Non-paid”, “earned” and, in particular, social media, are playing an increasingly vital role in how brands, businesses and management teams are perceived. The lines between paid and non-paid media are also rapidly blurring as brand owners exploit digital channels in ever more inventive ways to influence consumer perceptions, often in support of more traditional paid media activity.

The Acquisition will be materially earnings enhancing in the first full financial year following completion and the realisation of identified synergies.

Echo’s turnover for the year ended 31 March 2011 was £5.0m and generated an operating profit before highlighted items of £0.5m. Echo had net assets of £1.4m at 31 March 2011 and employs 45 people.

Michael Greenlees, Chief Executive Officer of Ebiquity:

“The Directors believe the acquisition of Echo will further establish our global leadership in marketing analytics and insight and will deepen our presence in the rapidly growing non-paid media market. With social media becoming a larger and ever more prominent part of the media landscape, the Directors believe that businesses and brands increasingly need to understand what is being said about them and how that affects their perception and brand values and reputation. Echo’s business

and global footprint compliments Ebiquity's already well developed international network. We look forward to welcoming Sandra and her team into the Ebiquity Group."

Sandra Macleod, Chief Executive of Echo:

"Combining our reputation and communication research strength with Ebiquity's leadership in advertising and media tracking will provide a truly holistic insight on competitive differentiation, leadership and valuing intangible reputational assets. We believe that this is a natural and exciting progression to support our clients globally with a compelling and unrivalled proposition."

Current trading

The Board is pleased to announce that trading in the second half of the financial year ended 30 April 2011 has continued to be strong, with a particularly good performance in the US, and that the Company will be comfortably in line with market expectations for the financial year ended 30 April 2011.

We are also pleased to announce that the planned integration of Xtreme is now complete, ahead of the original schedule.

It is expected that the Company's final results for the year ended 30 April 2011 will be announced on 27 July 2011.

Terms of the Acquisition

An initial consideration of £3.5m was payable in cash on completion of the Acquisition with a further payment of £0.3m to be made in May 2012. Two further tranches of deferred consideration, with a maximum value of £6.2m, may become payable over a two year period conditional on the business meeting certain demanding growth targets. The first tranche of the deferred consideration is for up to a maximum of £3.2m and is conditional upon Echo achieving certain gross revenue targets for the financial year ending 30 April 2012 (the "2012 Financial Year"), with a minimum target of £5.57m. The maximum amount would be payable if Echo achieved gross revenue of £9m for the 2012 Financial Year (the "First Tranche"). The second tranche of the deferred consideration is for up to a maximum of £3m and is conditional upon Echo achieving certain gross revenue growth during the financial year ending 30 April 2013, compared to the gross revenue achieved in the 2012 Financial Year (if the actual gross revenue in the 2012 Financial Year is less than £5.3m, then an assumed gross revenue for 2012 Financial Year of £5.3m is used in the growth calculation), with a minimum growth target of 5% (the "Second Tranche"). For the Second Tranche, the maximum amount would be payable if Echo achieved gross revenue growth of more than 40.2%. The Company has the option to satisfy not more than 50% of the deferred consideration through the issue of ordinary shares.

The share sale and purchase agreement detailing the Acquisition contains prudent warranties and indemnities in favour of the Company.

New debt facilities

The Company has entered into an amended acquisition facility with Bank of Ireland with an increased term facility of £5.0m. This increased acquisition facility, along with the Company's other existing debt facilities with Bank of Ireland, will be used initially to partially fund the Acquisition and other potential future acquisitions.

Placing

The Company has raised £2.6 million (before expenses) through the placing of 2,850,000 new ordinary shares of 25p each in the capital of the Company (the "Placing Shares") with existing shareholders at a price of 90 pence per Placing Share ("Placing Price") (the "Placing"). The Placing Price is at a discount of 2.2 per cent to the closing middle market price of 92 pence per ordinary share on 19 May 2011, the latest date prior to this announcement.

The net proceeds of the Placing will be used to partially fund the Acquisition and provide the Company with additional working capital.

The Placing is conditional, amongst other things, on the placing agreement between the Company and Numis Securities Limited ("Numis") becoming unconditional and on admission of the Placing Shares to trading on AIM ("Admission") becoming effective by no later than 8.00 a.m. on 3 June 2011. The Placing has been fully underwritten by Numis, subject to certain conditions set out in the placing agreement.

It is expected that Admission will occur, and dealings in the Placing Shares will begin, at 8.00 a.m. on 26 May 2011. The Company has agreed to pay to Numis a placing commission together with certain costs and expenses incurred in connection with the Placing. The Placing Shares will, when issued, rank pari passu in all respects with the existing ordinary shares in the Company. Following completion of the Placing, the total number of issued ordinary shares in the Company will be 58,825,315 (and if the convertible loan notes issued in connection with the acquisition of Xtreme were converted in full into ordinary shares, the total number of issued ordinary shares in the Company would be 72,628,176).

Enquiries:

Ebiquity Plc

Michael Greenlees, Chief Executive Officer
Andrew Beach, Chief Financial Officer

Tel. +44 (0)20 7650 9600

Numis Securities Limited

Nick Westlake (Financial Adviser and Nominated Adviser)
David Poutney (Corporate Broking)

Tel. +44 (0)20 7260 1000

College Hill

Matthew Smallwood
Jamie Ramsay

Tel. +44 (0)20 7457 2020

Numis, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is the Company's nominated adviser and broker. Numis' responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person. Numis is acting exclusively for the Company in relation to the matters, transactions and arrangements detailed in this announcement and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the content of this announcement or any matter, transaction or arrangement discussed or referred to in it.