

Grafenia plc

Acquisition of AG Signs

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GRAFENIA PLC ("GRAFENIA" or the "Group") ACQUISITION OF AG SIGNS

Grafenia plc (GRA) announces that it has completed the acquisition of the entire issued share capital of Devon-based AG Signs & Print Limited ("AG Signs"). Martin Baily (aged 34), one of the vendors of AG Signs, joins Grafenia as Regional Director of the main operating company in the Group. The other vendors George and Celia Blake (both aged 71) will be stepping away from the business to enjoy retirement.

In the year ending 31 August 2017, AG Signs' unaudited turnover was approximately £570,000 with an operating profit of circa £65,000. Given the size of the business, the acquisition is not considered a material transaction for Grafenia, but demonstrates progress in its strategy of acquiring businesses in the highly-fragmented signs industry.

Peter Gunning, CEO of Grafenia said "We're delighted to welcome the AG Signs team to Grafenia. Together, we move another step forward with our published plan. In December last year, we acquired Nettl of Exeter, one of our best performing Nettl partner studios. Our team down there has performed well since. Martin will continue to lead the AG Signs team while we work on the next part - opening a Nettl Business Superstore in Exeter, combining our two teams. We opened the first Superstore in Liverpool Waters this year, and we're very pleased with the progress there. We are excited to build something special to help the businesses in and around Exeter".

Martin Baily said "We were thrilled when Grafenia approached us about the possibility of joining the Group. We had a shared vision of the products and services our business should be delivering and were actively looking for ways to enhance our web offering. We've had a relationship with the local Nettl team for many years and when I heard about the

superstore plans, I was extremely excited about the opportunities. Merging the two teams makes sense and we can't wait to build a creative and engaging environment for both the staff and customers."

George Blake commented "It's been a pleasure building the business with Martin over the last decade and working with a committed and very capable team. I believe it will continue to thrive in Martin's extremely capable hands, and am very happy to be leaving in the knowledge that the team is joining a wonderful new environment within the Grafenia group".

Transaction benefits

AG Signs has a strong reputation in the South West, servicing a range of clients from small businesses to larger nationwide enterprises. This acquisition provides Grafenia with a further outlet to offer our growing range of exhibition products, displays and signage. We aim to be at the start of any client's creative process, no matter whether that starts with web or signs. Then we help our clients achieve more for their budget, from our range of complementary offline print marketing, as well as digital services like search engine optimisation. It's our belief, this is best delivered locally.

AG Signs adds further expertise with design, manufacture and installation of a range of vehicle graphics and building signs. It extends our local reach of survey and specialist on-site installation services to encompass Devon and the surrounding area.

Peter Gunning continued "We've learnt from our earlier acquisitions that vehicle wrapping and signs are growth markets. We raised circa £3.5million (before expenses) in an equity fundraise in April this year to accelerate our signs roll-up strategy. We're thrilled to add AG Signs to the Group. We're building a national network of sign and graphics installers and it's important we find more entrepreneurs like Martin."

AG Signs also previously outsourced print to a variety of ad-hoc suppliers. Now, clients of AG Signs will benefit from access to the whole Grafenia print and promo product range, all delivered with our usual service levels and still at compelling value.

Peter Gunning added "When we met AG Signs, we were impressed by how well they'd already diversified into selling web services. We actually met Martin when he started evaluating Nettle and was exploring whether our systems could help his business become more efficient. We shared our plans, asked him 'what if...?' and the rest is history. Part of our integration will be to equip the team with our systems, training and know-how to upskill and efficiently deliver more web services to clients and higher value web projects."

Further acquisitions

We're rolling up the sign sector and we've just got started. Do you own a sign business? Like the look of the Nettle Business Superstore and want one in your city? Maybe we can build one together. Or maybe it's time to retire? We can help with your exit strategy. Either way, let's talk. Email letmein@grafenia.com to arrange an exploratory call.

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