

CentralNic Group PLC

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CentralNic closes transformational acquisition of KeyDrive

CentralNic Group PLC (LON:CNIC) has entered into a conditional agreement to acquire the entire share capital of KeyDrive.

The initial consideration is US\$35.8m, representing an enterprise value of US\$44.5m, plus a performance-based earn-out of up to US\$10.5m.

READ: CentralNic Group PLC has entered into a conditional agreement to acquire the entire share capital of KeyDrive

KeyDrive is a global technology business that operates in the internet domain name services industry. KeyDrive develops and operates software platforms used for selling subscription-based tools for businesses to operate online, including domain names, hosting, email, domain portfolio management and online advertising services.

In 2017, KeyDrive generated revenues of US\$58.26m and adjusted underlying earnings (EBITDA) of US\$5.87m.

CentralNic, which derives its revenue from the worldwide sales of internet domain names and associated web presence services, said the acquisition would substantially increase its scale and product range, adding KeyDrive's strength in the domain reseller and corporate services market to CentralNic's existing expertise in the domain registry and retail registrar segments.

The directors believe that opportunities for both cost and revenue synergies exist, which the board expects to be realised as the two businesses are integrated.

The consideration for the acquisition comprises US\$16.5m in cash funded from a proposed placing of 46.1m shares at 52p a share plus the issue of 28m shares, valued at US\$19.3m (based on a value of 52p a share) to Inter.Services, a holding company whose largest shareholder is Alex Siffrin, the chief executive officer (CEO) of KeyDrive.

A performance-based earn-out of up to US\$10.5m will be put in place, of which a minimum of 15% will be settled in cash with the rest settled by the issue of CentralNic shares at the prevailing market price.

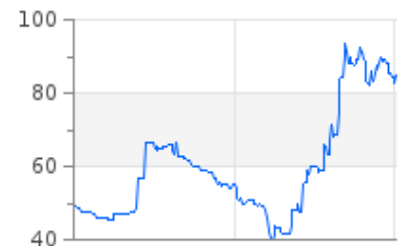
Trading in CentralNic's shares, which had been suspended pending the KeyDrive announcement, resumed at 8.00am on Monday, June 16, down 2.5p at 55.5p.

"The acquisition of KeyDrive is transformative for CentralNic, significantly increasing the Company's scale and giving it significant extra firepower in the domain name industry to rival the traditional major players. KeyDrive's values and reputation within the industry match CentralNic's. The acquisition makes strong strategic sense to CentralNic and is a leap forward towards becoming a global leader," said Ben Crawford, CEO of CentralNic.

Price: 85

Market Cap: £157.85 m

1 Year Share Price Graph



February 2017 September 2017 February 2018

Share Information

Code: CNIC

Listing: LSE

52 week High Low
97 39

Sector: Software & services

Website: www.centralnic.com

Company Synopsis:

CentralNic Group PLC's Registry division is a leading distributor of domain names, on an exclusive basis, through retailers globally. It is the only distributor with eight of the top twenty new TLDs on its platform.

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