

Learning Technologies Group PLC

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Learning Technologies buying US group in a deal worth up to US\$30m

Learning Technologies Group PLC (LON:LTG) saw its shares rise on Wednesday following news the firm is buying a US recruitment software group in a deal worth up to US\$30m.

The group is putting down an initial US\$12m for Breezy HR, whose products are used by 10,000 companies in 72 countries. Further performance-based payments capped at US\$18m could be distributed over a three-year earn-out period.

READ: Goldman Sachs thinks Learning Technologies' shares could see around 50% upside potential over 12 months

The deal is part of LTG's drive to boost earnings before tax (EBIT) to a run rate of at least US\$72m (£55m) by the end of 2021.

Breezy, which will become part of LTG's PeopleFluent operation, generated revenues of US\$3.6m last year and EBIT of US\$280,000. It is operationally geared, which means most of the incremental revenue growth from here on in drops to the bottom line.

Those revenues are derived from recurring subscription fees, which provide a solid base for a predictable and scalable business. For this reason, recurring sales-based companies are highly prized by the market.

Acquiring strong tech capabilities

LTG's chief executive Jonathan Satchell said: "Together with PeopleFluent, our talent acquisition software will span the market from large enterprise to early-stage start-up, with excellent organic growth potential in the mid-market segment.

"When evaluating Breezy, I recognised similar characteristics to our successful 2016 acquisition of Rustici - another acknowledged leader in its field, with substantial recurring revenues and a high-quality management team."

In a note to clients, analysts at Peel Hunt commented: "The acquisition today opens the door to the market for talent acquisition software for small and medium-sized businesses but more importantly it adds to the technological expertise of the group.

"PeopleFluent's own talent acquisition software will be improved by leveraging on the capabilities of Breezy. It is a good example of LTG utilising their balance sheet to acquiring strong tech capabilities to enhancing existing products within the group."

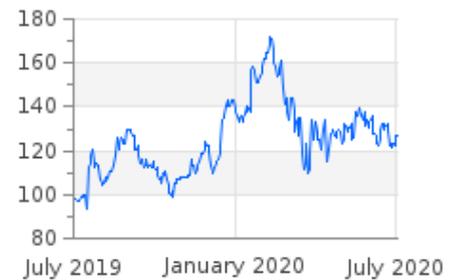
Peel Hunt reiterated a 'buy' rating and 150p target price on Learning Technologies shares.

In late morning trading, shares in Learning Technologies were nearly 9% higher at 71.90p.

Price: 126.6

Market Cap: £933.34 m

1 Year Share Price Graph



Share Information

Code: LTG

Listing: AIM

52 week High Low
 174.4 92.3

Sector: Hardware & electrical equipment

Website: www.ltgplc.com

Company Synopsis:

Learning Technologies Group PLC (LTG) is a market-leader in the fast-growing workplace digital learning and talent management market. LTG offers large organisations a new approach to learning and talent in a business world driven by digital transformation.

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-- Adds analysts comment, share price --

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