

PROJECT BULLETIN - October 2024

An exciting opportunity to invest in a Group offering a diverse range of news services with a presence in UK, Belgium, USA and India. The Group is facing short-term liquidity challenges and requires immediate investment

Overview

- Our client has been appointed to solicit offers to acquire an equity interest in the Group. A comprehensive information memorandum about the Group will be made available to interested parties on signing an NDA.
- The Group is headquartered in London and comprises three primary service lines:
 - i. news and factual channel start-up and consultancy.
 - ii. content, production and streaming for corporate clients along with rapid response news coverage for broadcasters; and
 - iii. an online newsroom solution including content distribution, fully integrated into their website, for major global brands.
- The Group has completed 2 successful and margin-contributing acquisitions in the past 7 years to expand its offering in the news, content and production space. The Group would be an excellent platform for a buy-and-build strategy.
- The online newsroom solution provides stability for the Group via its long-term contracts and long running relationships (weighted average 12 years). This area of the Group generates SaaS recurring revenue (Software as a Service) with the product being highly scalable.
- The Group is facing short-term liquidity challenges resulting from the amortisation profile of current debt, which was taken on to manage the significant impact of COVID on the business, combined with some slippage in the execution and commencement of significant contracts.

- Due to the current challenges, any transaction will need to be completed on an accelerated timeline. We are seeking indicative offers by Wednesday 9 October, with the aim of concluding a transaction by Friday 18 October at the latest.
- The preference would be for a new equity provider to fund on a solvent basis, however given the challenges and the short timeframe, we recognise that interested parties may seek to deliver a transaction through an alternate structure.

Key Highlights

- The business has recovered well from disruption caused by COVID and expects to deliver revenue of £4.6m and EBITDA of £1.4m in FY24 (29% margin).
- The commencement of two significant contracts for the news channel start-up business is forecast to see revenue increase to £7.4m in FY25, with EBITDA forecast to increase to £2.0m.
- The business expects to generate operating cashflows of £0.9m in FY24, increasing to £2.0m in FY25.

Financial Highlights

Historical and Forecast EBITDA				
	Actual		Forecast	
£'000	2022	2023	2024	2025
Revenue	4,492	5,221	4,576	7,410
Gross Profit	2,249	2,874	2,683	3,236
Administrative expenses	(1,865)	(1,722)	(1,334)	(1,190)
EBITDA (reported)	384	1,153	1,349	2,046
Total Normalisations	455	0	0	0
EBITDA (Normalised)	839	1,153	1,349	2,046
Revenue growth %		16%	12%	62%
Gross profit %	50%	55%	59%	44%
EBITDA (normalised) %	19%	22%	29%	28%

For Further Information

Further information is available upon completion of a Non-Disclosure Agreement (NDA), which will permit access to a comprehensive Information Memorandum. Enquiries should be directed in the first instance to : Kevin McAndrew who will forward the Interest on to his client

Kevin McAndrew

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Important Notice

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