

Grafenia plc

Acquisition

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GRAFENIA PLC ("GRAFENIA") ACQUISITION OF ADD SIGNS

Grafenia (GRA) announces that it has completed the acquisition of the entire share capital of Liverpool based ADD Signs (Arthur Diamond Design Limited). Mark Eccleston, the vendor of ADD Signs, joins Grafenia as Regional Director of the main operating company in the Group. He will continue to lead the team at ADD Signs and develop the business. In the year ending 31st December 2016, ADD Signs' turnover was approximately £375,000.

Peter Gunning, CEO of Grafenia said "After working on projects with Mark and his team for several years, we are delighted to welcome them to the Grafenia family. We have ambitious plans for making signs a bigger part of our offering and are excited that Mark shares our vision."

Mark Eccleston said "We've grown our business steadily over the past few years and were looking for ways to take it to the next level. Making cool signs for Netl, I was intrigued by their business model. When the guys shared their plans with me, it just felt like it made sense and I wanted to play a part in making it happen."

Market convergence

Historically print, design and sign-making businesses were discretely different, with limited overlap. More recently, these businesses have converged. Sign makers sell print and most printers supply banners and posters to their clients.

Once a client builds a relationship with a designer, it's common for them to trust the designer to fulfill all graphic requirements - from branding, web,

advertises and print, to expo, displays and signage.

As well as printing, Grafenia supplies a complementary range of expo and point-of-sale signage products through Nettl and printing.com partners. Last year Grafenia invested in equipment to enter the expanding soft signage market which, according to Smithers Pira, is forecast to grow at 20% per year until 2019 and to double in size within 5 years.

Whilst there are several established franchise networks, the signage sector remains highly fragmented. Although some signs can be made centrally and shipped cost-effectively, the majority of vehicle graphics and shop signs require local survey and specialist on-site installation.

Transaction benefits

ADD Signs has a strong reputation servicing a range of clients, from small businesses in the North West, to large enterprises, nationwide. This acquisition provides Grafenia with expertise in designing, manufacturing and installing a wide range of vehicle graphics and building signs.

Peter Gunning said "We want to use ADD's know-how to extend our offering further into the sign sector and help our Nettl and printing.com partners sell more to clients. We'll use ADD's skills to merchandise a range of sign products to sell nationally through our network. And for partners on Merseyside, we plan to give them access to our manufacturing and installation services."

This includes extending the Nettl offering into vehicle graphics. ADD's vehicles will be wrapped to proliferate the Nettl brand locally, as a model to replicate across the country.

ADD will also substitute print, previously outsourced to a variety of suppliers, with products from the Grafenia range. ADD's clients will be able to access a much wider range of print and promo items from the Nettl range, all delivered with the usual reliability and compelling value.

Peter Gunning said "In a converged print and signs sector, our goal is to establish Nettl as the industry leader." Nettl is available as either a stand alone or bolt-on model for existing graphics businesses. There are currently over 90 Nettl neighbourhood web studio partners in the UK and Ireland and new partners are signing up every month. "Our systems, training and know-how allow a printer, designer or signmaker to deliver higher value web projects, by upskilling their existing team. Whether it's with print, ecommerce or signage, our aim is to simplify and 'de-frictionify' the process. Our clients want to get the most from their promotional budget and we deliver clear, transparent value and an honest, reliable service."

Further acquisitions

The acquisition of ADD Signs is the first in Grafenia's planned strategy for growth and the Board is now looking for other signage businesses on Merseyside, where the owner is looking to exit or retire. The aim is to roll businesses together with ADD Signs and, at an appropriate point, combine manufacturing facilities and launch a Nettl Business Store.

Peter Gunning said "We aim to replicate this model across the country. To provide local survey, specialist on-site installation and enable signs to be

offered throughout our Nettl network. If you operate a signage business and are looking for an exit strategy or would like support to grow, please email letmein@grafenia.com. We'd love you to join us."

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