

1 June 2010

## **St Ives plc – Interim Management Statement and Acquisition**

St Ives plc is today publishing its Interim Management Statement covering the period from 30 January 2010 to date. In addition, we are pleased to announce the acquisition of Occam DM Limited (“Occam”).

### **Acquisition of Occam DM Ltd**

Established in 1993, Occam is one of the UK’s leading database marketing services companies. It provides marketing support and business information management software to its blue chip client base in both the public and private sectors. It employs approximately eighty staff, is headquartered near Bristol and has a strong client base which includes a number of FTSE 100 companies and household names.

The acquisition of Occam represents a further step in the implementation of St Ives’ new management team’s strategy to identify products and services in addition to print which will enable the Group to add further value to existing and new clients, complementing our businesses to create an extremely compelling offering for St Ives’ and Occam’s combined client base.

In the financial year ended 31 May 2009, Occam generated underlying\* EBITDA of £1.0 million and a loss before tax of £1.5 million on revenue of £8.2 million; gross assets were £10.2 million. The loss was driven by non-recurring items and reduced activity for the year. Based on management accounts, Occam is expected to generate underlying\* EBITDA of £2.0 million on revenue of £8.3 million for the year ended 31 May 2010.

St Ives has agreed to acquire the entire issued share capital of Occam, on a debt free basis, for a consideration of £12 million, subject to an adjustment to reflect the working capital position and the audited EBITDA of Occam for the year ended 31 May 2010, with a maximum additional payment of up to £0.6 million.

The vendors comprise ISIS Equity Partners, the existing management team, consisting of James Bagan, Scott Logie and Benjamin McGinn, (the “Management Team”), certain individuals previously involved in Occam’s business, namely, Thomas Jones, Ian McNamara and Kevin Borley; and an Employee Benefit Trust.

The consideration will be paid in cash except that 20% of the consideration payable to the Management Team will be satisfied by the issue of up to 250,000 new St Ives ordinary shares.

Following the acquisition, Occam will operate as a wholly owned subsidiary of St Ives and will continue to be managed by the Management Team.

\* Before restructuring costs, provision releases and other non-recurring items

St Ives plc  
St Ives House Lavington Street  
London SE1 0NX  
**T** 020 7928 8844  
**F** 020 7902 6436  
**W** [www.st-ives.co.uk](http://www.st-ives.co.uk)  
A **St Ives** Company

## Group trading

For the 13 week period to 30 April 2010, total sales were £90.9 million, approximately 3% lower than for the equivalent period for the previous year. The rate of decline in sales versus the prior year has slowed, as can be seen from the narrowing of the variance against the 10% decline reported in the half year results. Activity in those markets first impacted by the cyclical effect of the recession is starting to improve and we are benefiting from the initiatives to cross sell and to further extend the range of services offered.

### Media products

Since 30 January, demand for books has been steady, we have continued to gain market share and to sell more added value services. The recent investment in an integrated short run digital line has been successful and we will add to that offering a 'print on demand' digital facility able to efficiently and economically produce single copies of any title.

In magazines, our efforts to replace the recently lost IPC volumes are progressing well, with a focus on publishers and titles that will improve work mix and where there is a need for service and quality. This, we believe, will lead to an improvement in margins. However, over-capacity in this market continues to result in price pressure and as yet there is no increase in pagination or volumes.

### Commercial products

Demand for direct response and commercial products remains volatile and price pressure continues to be severe in this market, despite a number of business failures. Excellent progress has been made with our plans to provide solutions to our customers that help to identify, target and communicate marketing messages more efficiently.

The acquisition of Occam is a significant step in providing insight and data services to both existing and new customers across the Group.

We have experienced an increase in exhibition and outdoor media sales in the third quarter of our financial year versus the corresponding period for the previous financial year. Encouragingly, indications are that volume is returning to this market from which we are well placed to benefit.

Overall demand for point-of-sale services has remained steady but margins have been impacted by price pressure passed down the supply chain and in some instances volumes have declined due to unsustainable pricing levels. With a new management team successfully in place, we are confident of our ability to deliver profitable sales growth going forwards.

The actions taken to reduce costs across the Group have been effective and the improvement in working capital has been maintained. Our ongoing focus on the cost base continues and the proposed closure of our web offset facility in Edenbridge, and consolidation of its production within the Group, will bring further cost and efficiency benefits.

Our strong financial position has enabled us to make the necessary investment to restructure the Group's current activities and invest to develop our offering beyond providing only print and to focus on those products and services where we can add value. Consequently, we now expect that the Group's operating results for the year ending 30 July 2010 will be ahead of management's previous expectations.

Whilst the economic outlook remains uncertain, volumes are stabilising and, in some markets, such as exhibitions and outdoor media, there are signs of recovery, albeit from a low base. We are confident that the actions taken to date, our ongoing attention to costs and initiatives to broaden our service offering will ensure the Group continues to make progress both with regard to its financial performance and with its strategic development plans.

Commenting on the Occam acquisition, Patrick Martell, Chief Executive of St Ives said:

*“Occam is an excellent fit with our existing businesses and will give us the opportunity to sell a wider range of services across a broader customer group. The acquisition will enable us to offer services that will help our customers to manage their data more effectively and maximise the return from their marketing campaigns. I am delighted to welcome Occam to the St Ives Group.”*

**For further information please contact:**

<b>St Ives plc</b>	020 7928 8844
Patrick Martell, Chief Executive	
Matt Armitage, Finance Director	
<b>Smithfield</b>	020 7360 4900
Rupert Trefgarne	