

9 February 2011

St Ives plc – Acquisition

St Ives plc is pleased to announce the acquisition of 90% of the issued share capital of Tactical Solutions UK Limited (“Tactical Solutions” or “the Business”).

Established in 2000, Tactical Solutions is one of the UK’s leading and fastest growing field sales and marketing companies. Its highly skilled sales teams work with leading brands and retailers to drive sales and ensure that product is always available in store and ready for purchase. Its ability to deploy a nationwide network of highly trained sales professionals enables the business to deliver measurable return on investment for its clients within the retail and FMCG sectors. Tactical Solutions employs approximately 320 staff, is headquartered near Chester and has a strong client base which includes a number of FTSE 100 companies and household names.

The acquisition of Tactical Solutions represents a further step in the implementation of St Ives’ strategy to provide products and services in addition to print which will enable the Group to add further value to existing and new clients.

In the financial year ended 31 December 2009, Tactical Solutions generated underlying* EBITDA of £1.3 million and a profit before tax of £0.6 million on revenue of £7.7 million; gross assets were £2.6 million. The Business is expected to generate underlying* EBITDA of £2.8 million on revenue of £11.5 million for the year ended 31 December 2010. It is expected that the acquisition will be earnings enhancing for the current financial year.

* Before items of a one-off nature

St Ives has agreed to acquire 90% of the issued share capital of Tactical Solutions, on a cash and debt free basis, for an initial consideration of approximately £15 million, subject to an adjustment to reflect the working capital position as at 31 December 2010. The initial consideration will comprise £13.0 million of cash with the balance to be satisfied by the issue of 2,169,197 new St Ives ordinary shares.

Further consideration may be payable in cash subject to the following performance criteria: a maximum first deferred payment of £4.0 million will be paid subject to the Business achieving an underlying EBITDA of £4.5 million or more in the year to December 2011, and; a maximum second deferred payment of £5.0 million will be paid subject to the Business achieving an underlying EBITDA of £6.0 million or more in the year to December 2012. Each of these deferred consideration payments will be covered by loan notes issued at completion with face values of £4.0 million and £5.0 million. The redemption value of each tranche of loan notes will be reduced pro rata, should the growth target for that year not be met, with no deferred consideration payable if the underlying EBITDA in that year falls below £3.0 million.

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
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St Ives has been granted a call option over the remaining 10% of the issued share capital exercisable, at St Ives' sole discretion, from August 2013.

The vendors comprise Lorna Davidson, the founder and majority shareholder and other members of her management team, David Bryant and Geoffrey Faulkner. We are delighted that all have entered into new service contracts appropriate to their positions as Chief Executive Officer, Managing Director and Development Director of Tactical Solutions respectively.

Following the acquisition, Tactical Solutions will operate as a subsidiary of St Ives and will continue to be managed by the existing management team from its existing premises.

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

"Tactical Solutions 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 drive sales in the retail environment and maximise the return from their marketing campaigns. I am delighted to welcome Tactical Solutions to the St Ives Group."

Commenting on the acquisition, Lorna Davidson, Chief Executive of Tactical Solutions said:

"Having grown Tactical Solutions over ten years to a market leading position, we are delighted to be joining St Ives plc as the opportunities for our clients, staff and management team are all enhanced. We are looking forward to continuing to deliver fantastic results for our existing and new clients but are sure we will be able to up-weight our offering by utilising St Ives' depth and breadth of experience."

For further information please contact:

St Ives plc 020 7928 8844
Patrick Martell, Chief Executive
Matt Armitage, Finance Director

Smithfield 020 7360 4900
Will Swan

St Ives plc
St Ives House Lavington Street
London SE1 0NX
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F 020 7902 6436
W www.st-ives.co.uk
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