

14 March 2011

ST IVES PLC – DISPOSAL OF MAGAZINE BUSINESS

The Board of St Ives plc (“St Ives” or the “Group”) is pleased to announce that it has today entered into a conditional agreement to dispose of its Magazine business, comprising St Ives Peterborough Limited, St Ives Plymouth Limited, St Ives Roche Limited and St Ives Web Limited, to Walstead Newco3 Limited (“Walstead Newco3”), a wholly owned subsidiary of Walstead Investments Limited (the “Disposal”). The total consideration for the Disposal will be £20 million, comprising £15 million in cash payable on completion and £5 million in loan notes.

The Magazine business is the web offset printing operation of St Ives, offering magazine printing capabilities to customers across the UK. The business is responsible for the production of weekly, monthly and specialist magazine titles and employs approximately 670 people at manufacturing sites in Peterborough, Plymouth and Roche. As at 30 July 2010, the Magazine business had gross assets of £54.8 million and in the financial year ended 30 July 2010 generated £70.5 million of revenue and a loss before tax of £5.1 million.

St Ives will retain ownership of the properties currently occupied by the Magazine business in Peterborough, Plymouth and Roche and will lease them to the Magazine business following the Disposal.

The loan notes are non-interest bearing and are repayable in twenty-four monthly instalments commencing thirty days after completion, guaranteed by Walstead Investments Limited and will be secured by second ranking fixed and floating security over the Magazine business’ assets (prior ranking is to be granted to The Royal Bank of Scotland plc which is providing the finances to Walstead Newco3 in connection with the transaction).

The Disposal is subject to the approval of St Ives’ shareholders and a circular outlining the terms of the Disposal, including a Notice of General Meeting, will be sent to shareholders shortly.

The Disposal is consistent with the Group’s strategy of focusing on non-commoditised markets where, in addition to printed products, it can supply value-added services including complex logistical, fulfilment and marketing requirements. St Ives has continued to experience particularly tough conditions in the Magazine business’ markets in recent years, where excess capacity has exerted significant downward price pressure, resulting in poor levels of profitability. These markets also face structural challenges with the increasing trend of migration of advertising and content into digital formats. The Disposal will realise significant value for St Ives and the net proceeds will be used to strengthen further the continuing Group’s balance sheet, and to provide additional flexibility to invest to improve the business.

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A **St Ives** Company

Commenting on the Disposal, Miles Emley, Chairman of St Ives, said:

“I am very pleased to announce the disposal of the loss making Magazine business. The Disposal will allow a reduction in Group borrowings and enable the Board to focus on ensuring the continued success of St Ives.”

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