

# GB Group

Scaling up down under

Acquisition

GB Group has taken another step forward in its international expansion with the acquisition of Vix Verify Global, a business specialising in ID verification and location intelligence software in Australia and New Zealand. Complementing GBG's IDV and Loqate solutions, the acquisition will widen the datasets available to both GBG and VVG customers. The deal cost of A\$38.3m/c £21.2m is being funded from existing facilities. GBG expects the deal to be earnings accretive in the first 12 months once synergies are taken into account.

Year end	Revenue (£m)	EBIT (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)
03/17	87.5	17.0	16.5	9.9	2.4	54.5
03/18	119.7	26.3	25.8	13.5	2.7	39.9
03/19e	133.4	27.0	26.5	13.8	3.0	38.8
03/20e	147.7	30.0	29.6	15.2	3.3	35.3

Note: \*PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

GB Group has acquired Vix Verify Global Pty Limited and selected subsidiaries and assets (VVG) for \$38.3m/c £21.1m, funded from existing facilities. VVG specialises in providing ID verification and location intelligence software to a variety of blue chip companies in Australia and New Zealand. The deal strengthens GBG's IDV and Loqate offerings as well as offering a wider dataset to VVG customers. VVG generated revenues of A\$21.9m/£12.1m and PBT of A\$0.8m/£0.44m in the year ended 30 June 2018; this implies a trailing price/sales multiple of 1.75x, substantially lower than GBG's 6.9x, reflecting the lower level of profitability. After synergies GBG expects the deal to be earnings enhancing in the first 12 months post acquisition. While we are not changing our forecasts at this time, we estimate that the deal is likely to add c 4% to FY19e revenues and be roughly neutral at the earnings level, as we expect that the benefit of cost synergies will be weighted towards H120. Revenues from Australia, for fraud detection solutions, contributed £2.6m of GBG's FY18 revenues so the acquisition will materially increase the contribution from this region.

Software & comp services

22 October 2018

**Price** 537p  
**Market cap** £822m

Net cash (£m) at end FY18	13.5
Shares in issue	153.1m
Free float	98%
Code	GBG
Primary exchange	AIM
Secondary exchange	N/A

## Share price performance



## Business description

GB Group is a specialist in identity data intelligence. Its products and services enable its customers to better understand and verify their customers and employees and are used across a range of fraud, risk management, compliance and customer on-boarding services. With headquarters in the UK, it operates across 24 countries and generates approximately one-third of revenues internationally.

## Analyst

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