

YouGov Acquisition

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YouGov PLC
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YOUGOV EXPANDS INTO EUROPE WITH Euro21 MILLION ACQUISITION IN GERMANY

YouGov Plc ("YouGov"), the online market research agency, today announced its first acquisition in Europe, having conditionally reached agreement to acquire psychonomics AG, a German-based market research and consulting agency for an initial consideration of Euro20.75 million and a maximum consideration of Euro23.75 million.

psychonomics was incorporated in 1992 and is headquartered in Cologne with offices in Berlin. The company offers market research services (including online) across various industries in Germany, and focuses on the insurance, financial services and healthcare sectors. YouGov sees considerable opportunities for the application of its online market research services in these areas.

As one of Germany's top ten market research agencies, psychonomics has a diverse client base including blue chip clients such as Allianz, Bayer, L'Oreal and Siemens. YouGov expects its online-based market research services, such as Omnibus and BrandIndex, to prove attractive to psychonomics' client base.

In the year ending December 2006, psychonomics grew profit before tax by 48% to Euro1.1 million (from Euro0.7 million) on revenues up 32% to Euro13.6 million (from Euro10.2 million), ahead of the German market research market, which grew at 13.1%. The net assets of psychonomics at the year ended December 2006 were Euro1.3m. The board of YouGov believes that the acquisition of psychonomics will be earnings enhancing in the first full year following completion of the acquisition.

The initial purchase price of Euro20.75 million includes Euro5 million payable in YouGov shares with the balance in cash. Under the terms of the agreement, the vendors cannot transfer their YouGov shares for at least 12 months following completion of the acquisition. Of the initial cash consideration Euro3.15 million is payable as a non-refundable deposit. Two earnouts have also been put in place for the years ending December 2007 and 2008 and, based on financial targets being met, a maximum of a further Euro3 million would be payable, either in cash or YouGov shares. In addition to the purchase price payable, YouGov shares to the value of Euro500,000 will be issued for a psychonomics employee incentivisation programme.

The purchase agreement is conditional upon funding by YouGov. YouGov has secured agreement in principle from The Royal Bank of Scotland for the provision of finance which may be used for the cash element of the initial consideration payable.

All YouGov businesses continue to perform well with increased investment in people and infrastructure. With trading in line with market expectations, the directors are confident that the 2007 financial year will be another successful year, both financially and operationally.

Commenting on the acquisition, Nadhim Zahawi, CEO of YouGov said:

"This is our first acquisition in Europe and gives us a strong foothold in the world's third largest market research market where psychonomics has a top ten market position. On completion, YouGov will have a presence in the world's top three global online market research markets - the US, UK and Germany. psychonomics focuses on what YouGov sees as growth markets such as insurance, financial services and healthcare and has a blue chip client base. We believe that bringing to bear our proven online market research techniques will further expand its services to clients.

"We see a major opportunity to migrate parts of psychonomics' traditional data collection to our online technology, in addition to transferring its existing online research to the YouGov platform. YouGov believes that both businesses have an established presence in organisational consulting which demonstrates the complementary nature of the companies. We also believe that organisational consulting offers good opportunities to expand the services of the businesses. This is an excellent purchase which meets our well defined acquisition criteria."

Professor Horst Muller-Peters, CEO of psychonomics, said:

"We see YouGov as a great fit with ourselves: culturally and organisationally, particularly given their complementary market research services and their desire to build a European presence. We operate in high growth markets, and believe this has been reflected in our strong financial performance over recent years. We're excited about becoming part of a larger market research group with a strong presence in online research and expanding our methods into the YouGov group and promoting YouGov in the German speaking world."

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Note to Editors:

Founded in May 2000, YouGov is a market research agency pioneering the use of the Internet and information technology to collect higher-quality, in-depth data for market research and public consultation. For the half year to 31 January 2007, YouGov, which lifted UK client numbers 46 per cent to 263, grew pre-tax profits by 64% to #2.3 million on a turnover of #6.1 million. YouGov's embryonic Middle Eastern arm was boosted by acquisition last year and grew revenues by 53% in the first half of the financial year. Through a 32% interest in Polimetrix, the Group has a presence in the US.