

IDE Group Holdings plc
(“IDE Group”, “the Group” or “the Company”)

Trading Update

IDE Group Holdings plc (AIM: IDE), the mid-market network, cloud and IT managed services provider, is pleased to provide an update on trading for the year ended 31 December 2017.

Highlights for the year include:

- 50% revenue growth to £65.3m (2016 £43.5m), including organic growth of 18%
- 67 new logo customers added in the year
- Significant investment in strengthening the portfolio of products and services (PACT, CITADEL, Voice)
- Commissioned a new secure IL3 certified CITADEL lifecycle facility in Dartford

The business has continued to perform broadly in line with expectations to deliver revenues of approximately £65 million (2016: £43.5million) and trading EBITDA in the region of £6.7 million (2016: £5.9million) for the full year.

The year has been one of continued and substantial investment, with the acquisition of 365ITMS strengthening our capabilities in Voice and Unified Communications, and the development of two new business units - PACT (Cyber Security) and CITADEL (Lifecycle Management). In addition, further investment has been made in our MPLS network, Cloud and voice platform infrastructures.

Good progress has been made strengthening the portfolio of products and services, enabling us to compete more effectively and expand the customer base.

The Group’s net debt was £9.9m at 31 December 2017 driven by additional capital investment, the acquisition of 365ITMS and the impact on cash generation from delays on two major contracts and onerous commitments on network and data centre services. To improve cash generation and significantly reduce net debt in 2018, the Company launched a major cost reduction programme on 2 January 2018, targeting a reduction of at least £2m from personnel costs and at least £1.5m from third party costs on an annualised basis. The benefit of this should start to come through before the end of March 2018.

The Group remain committed to our objective of creating a true mid-market UK IT managed services business capable of delivering a broad range of private and public cloud-based services, and the focus during 2018 will be on increasing higher margin platform-based sales, increasing cross-sell to existing customers and reducing reliance on lower margin people-based solutions.

Bill Dobbie, Interim Non-Executive Chairman, said:

“After two years of transformational activities, pulling three disparate businesses together, consolidating onto a common shared infrastructure and investing in platforms supporting a compelling portfolio of cloud, network, voice, security and lifecycle services, 2018 is going to be a year of consolidation. With the investment programme in the services platforms substantially complete, the year will be focused on delivering growth and a return on those investments, improving efficiencies and generating cash.”

This announcement contains inside information for the purposes of article 7 of EU Regulation 596/2014.

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