

Metal Bulletin Acquisition

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Metal Bulletin plc

Acquisition of Avalon Research Group for up to US\$21.0m
strengthens Financial Information Division

Metal Bulletin plc ("Metal Bulletin"), the specialist international publisher and information provider, today announced the acquisition of Avalon Research Group Inc. ("Avalon"), a leading independent equity research and execution-only broker located in Boca Raton, Florida for up to US\$21.0m (#11.4m) subject to significant annual growth in Avalon's EBITDA through to 2009. Metal Bulletin will make an initial cash payment of US\$5.5m (#3.0m), a guaranteed and unconditional payment of US\$3.0m (#1.6m) in January 2010 plus a maximum of US\$12.5m (#6.8m) in earn out payments through to March 2011. The purchase will be funded from Metal Bulletin's cash flow and an extension of its existing borrowing arrangements.

Avalon provides detailed high quality independent research and analysis of US quoted companies and highlights undervalued and overvalued equities to hedge fund, investment advisor and institutional clients via a secure web-based delivery system. It has particular skills in the US biotechnology, healthcare, technology and [financial services](#) sectors. Avalon's "bottom up" research will complement Metal Bulletin's existing independent macroeconomic research business, BCA. Avalon's execution-only brokerage service will be extended to BCA's client base.

As part of a larger specialist publishing group, Avalon will benefit from the many opportunities to cross sell its products to the Metal Bulletin group's extensive hedge fund and investment services customer base as well as from economies of scale. Avalon will however remain in Boca Raton but become a unit within the BCA Research business reporting through the Montreal office.

In the year ended 31 December 2003, Avalon reported turnover of US\$10.2m, and an adjusted EBITDA of US\$1.1m. At 31 December 2003 it had net assets of US\$0.76m.

The acquisition is expected to be earnings enhancing for Metal Bulletin in the first full financial year.

Commenting on the acquisition of Avalon, Tom Hempenstall, Chief Executive of Metal Bulletin plc, said:

"Avalon is a high quality business that provides bottom up independent equity research that will complement the macroeconomic services within our existing financial information division and further strengthen our position in the important North American market. We are confident that Avalon will benefit from our ownership and that its products and services will be well received by our customers, leading to further growth."

"This acquisition is consistent with our strategy of growing the business by developing our existing portfolio and acquiring complementary high quality information businesses."

Michael Margolies, CEO of Avalon, stated:

"The Metal Bulletin group of companies is the natural home for Avalon. Together with Metal Bulletin and BCA, we see tremendous potential to develop a major independent research franchise."

-Ends-

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