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IG3 Education actively assessing options for US and Europe market entry ahead of IPO in 12-18 months - CEO

IG3 Education, a public unlisted Australian education technology company, is actively assessing options to enter the US and Europe now ahead of an initial public offering (IPO) or reverse takeover (RTO) in the next 12-18 months, said CEO Tony Church.

The Queensland-based company will consider a range of market entry options, including partnerships and joint ventures (JVs) with education solutions providers in those markets with local market understanding, Church said. It has been approached by potential customers in the US and is talking to a potential partner in Europe with a view to also entering markets in Africa, he noted.

IG3's corporate advisor is **BlueMount Capital (Queensland)** and the company is happy to hear from advisors with potential partners via BlueMount, Church noted.

IG3's preference is to partner or form JVs potentially with online education providers, he said, adding that it is flexible with regard to equity split percentages in potential JVs depending on the partners.

Potential listing

The CEO told this news service in 2016 the company was planning a listing within a year, but those plans were postponed, as it decided to divest its PC components distributor business, **Rectron Electronics**, in 2018 to focus on its core edtech business, he said.

A listing on a suitable Australian stock exchange remains on the cards for IG3 to raise funds to accelerate growth and also as a potential liquidity event for existing shareholders, Church said.

Started in 2001, IG3 has about 55 shareholders, with Church, David Kan and Jeff Barker being the largest with 69.86% combined, the CEO said.

Based on two indicative valuation methodologies on recent deals in the space, IG3, with forecast FY20 revenue of AUD 13.4m (USD 9.3m) and EBITDA of AUD 2.2m, is currently valued at between AUD 9m and AUD 12m, Church noted.

Citadel Group acquired **Kapish Services** in 2016 for AUD 17.5m, on an estimated EBIT multiple of 4.5x, while in 2010, **Talent International** bought **Sugar International** for AUD 9m, at 0.6x revenue of AUD 15m, valuing IG3 at some AUD 12m and some AUD 9m respectively, he explained.

For FY18, IG3's revenue was AUD 10.2m and operating profit was AUD 200,000, he noted.

IG3 provides educational and interactive technology solutions for years K-12 to some 75% of Australian schools and more than 14,000 home users, with its audio-visual wholesale products division distributing interactive hardware solutions like **AstralVision** interactive panels, and **Epson** and **Panasonic** audio-visual solutions via more than 388 registered resellers Australia-wide, Church said.

IG3 was awarded the Interactive Solutions supplier contract for Queensland Education QEDSOA-71789 in January 2019 and its AstralVision interactive panel range was added to the New South Wales government's approved product list in 2018, he added.

by Louise Weihart in Sydney

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Target: IG3 Education Ltd

Financial advisor: BlueMount Capital

Other: The Citadel Group Limited, Sugar International Limited, Talent International Holdings Pty. Limited, Kapish Services Pty. Ltd

Source: Proprietary Intelligence

Size: < 50m (AUD)

Value: 12m AUD (Potential valuation)

Stake Value: N/A

Grade: Confirmed

Alert: BlueMount Capital

Intelligence ID: 2852660

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