



AIR PARTNER ACQUIRES LEADING GLOBAL AVIATION SECURITY SOLUTIONS AND TRAINING COMPANY

News / Finance, Maintenance / Trainings



Air Partner announced that it has acquired the entire issued share capital of Redline Worldwide Limited, trading as Redline Assured Security, a leading global aviation security solutions and training company. The total consideration payable by Air Partner is up to £10.0 million, on a debt free, cash free basis, with an initial consideration of £8.0 million payable on completion and additional consideration of up to £2.0 million payable over two years post completion. The acquisition is expected to be earnings enhancing in its first full year of ownership. The consideration is being funded from the Company's existing cash and debt facilities and the issue of new ordinary shares to the operational management shareholders of Redline.

Summary

- Redline is a world leader in its field, with proprietary software and e-Learning capabilities, offering significant growth opportunities and furthering the Group's relationships with airports, airlines, governments and corporates around the world
- Redline is the UK's only International Civil Aviation Organisation ("ICAO") Aviation Security Training Centre
- Transformative acquisition for Air Partner's Consulting & Training division, now re-named Air Partner Safety & Security, that adds capabilities, customers and geographies
- Materially increases visible, long term recurring revenues, in line with the Group's stated strategy
- Acquisition is expected to be earnings enhancing in first full year of ownership

Redline Overview

Established in 2006, Redline is a global leader in the delivery of government-standard security

training and solutions to international airports, airlines and aviation sector related companies, critical national infrastructure, stadia and event managers, and corporates. The products and services provided include:

- Training: academy and e-Learning
- Quality Assurance: covert and overt testing, and audits
- Compliance Management: embedded Security Management Systems (SeMS) and security health monitoring software
- Security Consulting: design and development of security systems, processes and protocols

Redline has a strong track record of investing in its business and, in recent years, has developed its own proprietary software solutions in Security Management Systems and e-Learning. Redline is headquartered at the National Security Training Centre at Doncaster Sheffield Airport and employs approximately 100 staff. It is accredited by the Civil Aviation Authority under the Quality Assurance framework and has been assessed to the level of an 'outstanding' training organisation. Redline is also the UK's only ICAO Aviation Security Training Centre, actively supporting the ICAO objective of ensuring that *"no country is left behind"* in the development and implementation of aviation security standards. In the year ended 31 March 2019, Redline generated revenue of £6.5 million, adjusted EBITDA of £0.8 million, with loss before tax of £0.7 million and gross assets of £2.0 million.

Acquisition benefits to Air Partner

The acquisition further progresses the Company's stated strategy of pursuing targeted acquisitions that enhance Air Partner's customer offer by extending the suite of aviation services within its Consulting & Training division, which will now be called Air Partner Safety & Security. The acquisition of Redline will transform this newly formed division, adding new capabilities, customers, geographies and management bandwidth, while unifying the Safety & Security functions.

Redline has long-term contracted revenues with global blue-chip customers, which will materially increase visible, long-term, recurring revenues for Air Partner for the financial year ending 31 January 2021 onwards. Redline also has good forward visibility of its forecasted revenues, a high customer retention rate and a healthy pipeline of new business opportunities. The management of Air Partner and Redline have together identified attractive global opportunities post acquisition, as a consequence of the combination with Air Partner's existing brands in aviation safety.

Paul Mason, Co-founder and Chief Executive Officer of Redline, will join the Air Partner group executive team, reporting directly to Chief Executive Officer Mark Briffa. Paul, who has been in the aviation industry for over 30 years and specialises in security consulting and training, has been appointed Managing Director of Air Partner's Safety & Security division, with responsibility for all the enlarged Group's activities in these areas. He will work alongside Kevin Macnaughton, Managing Director of Air Partner's Charter division, and the wider executive management team.

Post-acquisition and integration, Redline will be rebranded as "Air Partner Assured Security".

Acquisition Terms & Funding

The acquisition of the entire issued share capital of Redline is expected to be earnings enhancing in its first full year of ownership. The total consideration payable by Air Partner for Redline is up to £10.0 million, on a debt free, cash free basis, comprising an initial consideration of £8.0 million paid on completion, and an additional consideration of up to £2.0 million payable over two years

post completion. The selling shareholders comprise the senior management team of Redline ("Redline Management") and Mobeus VCTs.

The additional consideration comprises two payments:

- a £1.0 million deferred payment payable on the first anniversary of ownership, in either cash or new Air Partner plc shares (at the sole discretion of the Company); and
- a further payment of up to £1.0 million payable on the second anniversary of ownership and dependent on the achievement of certain performance criteria, payable to the Mobeus VCTs in cash and to Redline Management in either cash or new Air Partner plc shares (at the sole discretion of the Company).

The acquisition consideration payable upon completion is being funded from the Group's existing cash and debt facilities, and the issue of new Air Partner plc ordinary shares to Redline's founders and current operational management shareholders to the value of £600,000, (equating to 662,398 ordinary shares of 1 pence per share) (the "Consideration Shares"). The Consideration Shares will rank parri passu with existing Air Partner shares and are subject to a lock-in of 12 months from the date of issue, further aligning senior members of the Redline management team to future performance.

An application will be made for the Consideration Shares to be admitted to the Official List of the Financial Conduct Authority ("FCA") and admitted to trading on the London Stock Exchange with admission expected to occur at 8.00 a.m. on 17 December 2019. Following the admission of the Consideration Shares, the issued share capital of Air Partner plc will comprise 53,525,293 Ordinary Shares, all of which will have been admitted to the Official List of the FCA and admitted to trading on the main market of the London Stock Exchange. Therefore, the total number of voting rights in Air Partner plc will be 53,525,293, which should be used by shareholders and other parties subject to disclosure obligations as the denominator for the calculations by which they determine if they are required to notify their interest in, or a change to their interest in, the share capital of Air Partner plc under the FCA's Disclosure Guidance and Transparency Rules.

Mark Briffa, Chief Executive Officer of Air Partner plc, commented: *"Redline has a world class reputation in the aviation sector for delivering first class security training and solutions to an international customer base. I am delighted to welcome Paul, Redline's employees, associates and customers to the Air Partner Group. Redline is a significant milestone in the development of our new Safety & Security division. This acquisition further extends our services into aviation security, and combined with our existing aviation safety activities, enables us to deliver a compelling suite of aviation safety and security products and services, both physically and digitally, to a high-quality global customer base. This acquisition is a further progression of Air Partner's long-term corporate strategy and the next step in the transformational journey we began in 2015. Our objective remains to improve both the quality and visibility of our group earnings over time, which we believe will be achieved by focusing on our customers and our people, while investing in products, services and office infrastructure as we manage the business for the long term."*

Paul Mason, Founder and CEO of Redline Worldwide Limited, said: *"The acquisition of Redline by Air Partner creates a unique and highly capable safety and security business that operates on the global stage, providing an exciting range of products and services to some of the world's most prominent businesses and organisations. Assuring safety and security is the priority of all our customers, and it's a business purpose that both Air Partner and Redline share, making the combination both compelling and necessary. I am delighted that Redline will become 'Air Partner Assured Security' early in 2020 as we work to bring safety and security together into one combined function, able to provide the holistic solutions our customers need and the future will*

I would like to recognise my Redline colleagues and thank them for their tireless hard work, loyalty and dedication over the past 14 years, as well as our customers for their steadfast patronage and trust in Redline with their most critical business needs.”

Blackdown Partners Limited acted as Financial Adviser to Air Partner plc and Park Place Corporate Finance acted as Financial Adviser to Redline Worldwide Limited shareholders.

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