

Date: 17th September 2009
On behalf of: Tangent Communications plc (“Tangent”)

Tangent acquires customer insight agency, Snowball

Tangent, the digital marketing business, today announces the acquisition of leading customer insight agency Snowball for a maximum consideration of £3.2m in cash and shares. The acquisition transforms Tangent’s skills and capabilities in the area of data insight and analytics.

Snowball was founded in 2003 and provides customer management services to its clients, helping them to retain their existing customers by driving increased loyalty, retention and frequency. And further it works with its clients to identify and target relevant new customers through data insight. Through these services the company is able to demonstrate clear return on investment to its clients.

In 2008, the businesses acquired generated an adjusted proforma profit before tax and interest of £878k from revenues of £2.27m.

Clients include Bang & Olufsen, Dunhill, Hulsta, Meridian and Trailfinders.

Combining the business with Tangent’s offering will increase the range of services available to all group clients spanning data, creative, campaign execution and analysis of both on and off line channels. This will position Tangent in a unique position in the market place at a critical time when businesses are seeking clear returns on investment. Additional benefits include the potential to consolidate existing print work generated by Snowball clients in to Tangent’s Newcastle facility.

The acquisition is expected to be earnings enhancing for Tangent in the first year post acquisition. ⁽¹⁾

Financial Highlights

- Initial consideration of £1.03m in cash funded from existing resources;
- Maximum further consideration of £2.18m in a combination of cash and shares subject to the acquired business meeting EBIT targets over three years; and
- All shares locked in for between 3 to 5 years

Nicholas Green, Joint Chief Executive, said:

“The Snowball acquisition will transform Tangent’s skills in this area whilst opening up a completely new sales channel to Snowball’s own client base. The enlarged business will be uniquely placed to offer clients the range of services linking data, strategy, creative to execution, all underpinned by our proprietary technology platform.

“We will still retain £750k of net cash following payment of the initial consideration and are seeing more strategic opportunities arise which we continue to consider.”

Damian Bentley, Snowball Managing Director said:

“This partnership with Tangent provides some excellent opportunities for the further development of the Snowball proposition, and brings new benefits for our clients.

“We founded our company sure of our convictions that changing behaviour through data-driven communications is the way forward. Joining up with a business such as Tangent means that we can take our skills with data into new areas, strengthening our digital credentials and increasing our creative capacity to broaden our offering to both existing and prospective clients.”

Further enquiries:

Tangent Communications plc
Nicholas Green (Joint CEO)
Graeme Harris (Finance director)

Tel: +44 (0)20 7462 6100

Collins Stewart Europe Limited
Adrian Hadden
Stewart Wallace

Tel: +44 (0)207 523 8350

Notes to editors

- The acquisition of Snowball was effected on a cash and debt free basis through the purchase of all the shares of The DDG Network Limited and the business and assets of Double D Management LLP
- The business is being acquired on a cash free and debt free basis. At completion, the combined net assets of the businesses acquired were approximately £100,000, this excludes approximately £500,000 in cash which will be distributed to the vendors
- The maximum further consideration of £2.18m is payable equally over three years with £1.68m payable in cash and £500,000 payable in shares at a valuation of 6.17p (average of prior 20 business days) per share to be paid in three equal tranches subject to EBIT targets rising to a total of £1.5m over a three year period to 31st August 2012.

Notes (1): This statement should not be interpreted to mean the future earnings per share of Tangent, following completion of the acquisition, would necessarily match or exceed the historical earnings per share of the Company. For these purposes earnings per share is measured before goodwill amortisation and exceptional items.

About Tangent

Tangent is a leading integrator of technology and marketing strategy, delivering for its clients improved customer engagement and revenue through direct mail, web, email, mobile and print.

Tangent employs 175 people across four locations in London, Newcastle, Cheltenham and Melbourne and is traded on AIM (AIM:TNG). Clients include Boots, Borders Books, Citroen, Gala Coral Group, Halifax, Homeserve, The Labour Party, SAP and Wolseley Group.

For further details please visit www.tangentplc.com

About Snowball

Snowball is a specialist customer insight agency that helps organisations communicate more effectively with their existing and prospective customers to increase loyalty, retention and frequency or level of purchase.

For further details please visit www.snowball.co.uk