

KnowOne to sell dating services division; seeking financing to fund expected strong growth in energy unit, CFO says

KnowOne, the listed Germany-based provider of software solutions and IT services, is selling its dating services division to focus on its core business, Chief Financial Officer and board member Lars Wolfram said. The dating services division, KnowOne's traditional business, is no longer considered core and therefore the management have decided to sell it and focus on the energy sector, he explained.

Wolfram added that the sale mandate had been given to a private German advisor company, and they hoped to close the deal within six months. The dating division has a turnover of around EUR 1.5m and employs three people, he said, and adding the unit also included fully-owned US-based subsidiary cybermon.

Separately, the CFO said his company sought cash. "We are also seeking financing of approximately EUR 1.5m," Wolfram said, adding now was not a good time to rely on the stock market and that the aim was to secure the funds through a private placement. Strategic investors, such as IT companies, energy providers and energy distributors based in one of the European Community countries or in the US, were the preferred investors, he explained, adding that talks with potential candidates are ongoing.

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The cash from the sale of the dating division, together with the private placement funds, would finance the strong growth expected in the energy sector. The CFO said the fresh capital would pay for new employees, as well as for new software and distribution. "In 2008,, our revenue in this segment grew more than 50% and we expect for the future a yearly average sales growth in the range of 30% to 50%," he explained. He added they aimed to reach a turnover of around EUR 10m within five years.

In 2006, KnowOne started to develop innovative internet solutions for the energy sector, and with enopass, it was now a provider of Energieausweis software [for generating the energy passes now required for most buildings in Germany], according to the company's website. In 2007, the turnover of approx. EUR 2.1m was entirely generated by the dating services and community software units, Wolfram said, and added that in 2008, approx. 70% to 80% of the turnover came from the dating services and 20% to 30% from energy. He did not disclose the 2008 figure. The company currently has 20 employees.

The CFO pointed out that KnowOne was now focused on the energy segment, and the next step was to expand into other European Community countries. He added that right now they have no competitors and wanted to exploit this strong growth market to establish themselves. Organic growth is currently the priority, the CFO said, adding that however interesting acquisition and partnership opportunities would be considered. He mentioned as an example of attractive candidates were companies with a standalone software solution which could be brought online.

Currently, KnowOne is engaged in three areas; enopass (50% stake), intastic (100%) and cybermon (100%). KnowOne is listed on the Open Market in Frankfurt. The free float is around 38%, 29% is held by the management, 11% by the supervisory board and 22% by institutional investors.

by Laura Larghi, 19th of March 2009

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