



# Iplayco Corp.

Aug 15<sup>th</sup> 2014

## Iplayco gets giant Saudi investment approved by shareholders, forecasts significant growth

Shareholders of Iplayco Corp (CVE:IPC) have approved the massive proposed investment into the company by one of its biggest customers in Saudi Arabia worth \$8.8 million, paving the way for a huge expansion of its business.

The historic day for the maker of children's indoor play structures comes as Iplayco also unveiled its fiscal third quarter results statement, where it predicted a significant increase in sales and earnings for its next quarter.

As first announced in June, the BC-based company will see Saudi FAS Holding Company and its British Columbia subsidiary, FAS Entertainment B.C. --- together known as FAS --- purchase 10.65 million units of Iplayco at 83 cents apiece, for a stake of over 50 percent.

FAS is a Saudi investor group held by three brothers, who own a significant stake in Fawaz Abdulaziz Al Hokair, a retail conglomerate listed on the Saudi stock exchange with a market cap of over C\$6 billion. Al Hokair owns Arabian Centres Company, the largest builder of shopping malls in Saudi Arabia and Iplayco's largest customer over the past three years, responsible for some 30 to 45 percent of the Canadian junior's earnings.

FAS, through Al Hokair and Arabian Centres, is planning to roll out hundreds of its Billy Beez family entertainment centres worldwide, and is intending to use Iplayco to do it.

Iplayco's management believes that the benefits of the deal, including the expected accretion to earnings, will far outweigh the significant dilution that comes with the cash injection.

Indeed, Iplayco has already designed, manufactured and installed playgrounds in about a dozen malls owned and operated by Arabian Centres in Saudi Arabia. An expansion is planned for North America, followed by other parts of the world.

This translates into a continually flowing tap of revenues for Iplayco, which already expanded its annual revenues by 46 percent last year.

After closing, which is subject to final regulatory approvals, FAS will hold approximately 51 percent of Iplayco, or 53 percent assuming the full exercise of over 1 million warrants. Iplayco insists that the company's share structure will remain tight post-transaction, despite the additional 11.7 million shares to be issued to FAS on a fully diluted basis, as insiders, including FAS, will control approximately 75 percent of Iplayco's issued and outstanding shares, leaving 5 to 6 million shares out there to trade in the market.

The Canadian company, which ranked among the top 10 best performing companies in the diversified industries sector on the TSX Venture Exchange last year, has sold play structures to over 50 countries and to 16 different markets, including family entertainment centres, theme parks, shopping malls, restaurants, hospitals, zoos, churches and more. It also owns and operates a family entertainment centre, called The Great Escape, in Langley, BC.

For the three months to June 30, the company reported total sales declined by 6.9 percent to \$4.4 million from the year-ago period, as sales from its manufacturing operations fell 5.9 percent and sales from its family entertainment centre dropped 21 percent.

**Price:** C\$1.56

**Market Cap:** C\$15.943M

### 1 Year Share Price Graph



### Share Information

**Code:** IPC

**Listing:** TSX-V

**Sector:** Manufacturing

**Website:** www.iplaycoltd.com

### Company Synopsis:

*Iplayco is a global leader in the design, manufacturing and installation of premium-quality, fun, safe and durable play structures for children.*

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Net income fell to \$0.3 million, or 3 cents per share, from \$0.6 million, or 6 cents per share, in the fiscal third quarter of 2013. Operating expenses, including foreign exchange gains and losses as well as finance costs, climbed to \$1.2 million from \$1.08 million.

Gross margin fell to 37.9 percent from 40.5 percent in the year ago period.

The company has said that the Saudi deal will allow Iplayco to more easily forecast its earnings due to the recurring revenue, providing for less choppy quarter-on-quarter results.

Sales in the latest period grew 32 percent from its fiscal second quarter, or the first three months of the calendar year, while net income increased.

"We are expecting a significant increase in sales and earnings for the three months ending September 30, 2014 as compared to Q3-14 due to our very strong sales backlog," said president Scott Forbes.

Going forward, Iplayco's first challenge will be to fulfill FAS' orders, which means an expansion of its facilities in Langley, British Columbia, where its operations are based. While the bulk of the manufacturing work is done in Langley, the company also has local and international suppliers, which will need to ramp up capacity significantly to keep up with the volumes.

Investors seem to have confidence in the company's work ethic, pushing up the stock by more than double from where it started the 2014 calendar year.

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