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KBC announces acquisition of FEESA Ltd

Further expansion into the upstream oil and gas software and services market

KBC Advanced Technologies plc ("KBC" or "the Group") is pleased to announce that it has purchased FEESA Ltd ("FEESA"), a leading UK-based provider of specialised software and services to the upstream oil and gas industry, for an enterprise value of £10 million plus one million KBC shares, totalling £11.2 million.

The acquisition of FEESA marks the next step in KBC's growth strategy to expand into the upstream oil and gas industry. Key benefits of the transaction include:

- KBC now being able to offer profit improvement and business transformation programmes, underpinned by technology, across the full hydrocarbon value chain. FEESA's Maximus™ software, when integrated with KBC's Multiflash™ and Petro-SIM Production™ technologies, completes the KBC software simulation suite from reservoir through to refinery.
- KBC's consulting services moving further upstream. FEESA brings to KBC a leading position in the provision of specialised software and consulting for the development and production segments of the upstream oil and gas industry. Its Maximus software is a well-established oil and gas well bore and production pipeline modelling system and is accompanied by an expert flow assurance consulting team that has helped leading operators in the world solve complicated production challenges.
- A simple integration of this capability into KBC's platform as Maximus already uses KBC's Multiflash PVT engine for its component and chemistry predictions and has been further integrated with KBC's Petro-SIM Production simulator to provide life cycle value through wells, pipelines and processing facilities.
- Sales of Maximus and associated consulting benefiting from KBC's existing international customer relationships as well as its sales and marketing channels.

The flow assurance market in oil and gas development is growing strongly as oil and gas companies seek to explore further and deeper offshore to maintain reserves and production. The combination of KBC's and FEESA's technologies and consulting allows an oilfield service company or an upstream operator to understand the full impact of changes within reservoir management and production optimisation programmes in order to achieve improved efficiency in field development worth hundreds of millions of dollars.

The acquisition has been funded from the Group's recent equity placing and is expected to be earnings enhancing for the Group in the first full year of ownership. The cash consideration for the acquisition is £10 million, payable on completion. The equity consideration for the acquisition is one million (1,000,000) new ordinary shares in KBC ranking equally with the existing share capital of KBC. Half of these consideration shares are subject to selling restrictions for 12 months from the date of acquisition with the remainder restricted for a further 12 months. Application will be made for the shares to be admitted to trading on AIM, with admission of the shares expected to occur on 28 July 2014.

In its financial year to 31 March 2014 FEESA reported a profit before tax of £0.5 million on revenues of £2.3 million,

The two founding shareholders of FEESA, Dr Martin Watson and Dr Neil Hawkes, who will remain active in the business, will hold senior positions within the enlarged Group following acquisition and will be focused on increasing KBC's upstream consulting and technology revenue as well as further establishing Maximus, Multiflash and Petro-SIM as standards for the industry.

Dr Martin Watson, Managing Director at FEESA, commented,

"KBC offers FEESA an environment for growth and leverage with a first class Technical Consulting reputation and an innovative software development culture. We have been impressed with the results from KBC's Infochem acquisition and feel a triangulation of the three businesses offers the oil and gas industry very compelling value in the design, development and operation of oil and gas fields."

Ian Godden, KBC's Executive Chairman, added,

"We are very pleased to welcome FEESA's respected technology and consulting team to the Group. This important acquisition adds further critical mass in consulting for the upstream market segment and in the software business to help KBC to achieve its stated objective of increasing revenue from these areas.

"This strategic acquisition enables KBC to span the entire hydrocarbon value chain with technical and business transformation consulting underpinned by deep software IP. We expect the software business in particular to benefit from the synergies of an enhanced value suite applicable to the upstream sector.

"The recent share placing demonstrates the support of KBC's shareholders for our current strategy of investment for growth and this acquisition affirms KBC's ability to deliver on that journey."

-Ends-

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About KBC

KBC is a leading consultancy and software provider to the global hydrocarbon processing industry. With over 30 years of experience, KBC combines industry leading technology with experienced engineers and operations personnel using robust methodologies to create personalised, sustainable solutions for its clients. For more information, visit www.kbcat.com.

To contact any of our offices, please visit <http://www.kbcat.com/locations>.

About FEESA

FEESA is a flow assurance and integrated production modelling consultancy and

software provider for the upstream oil and gas industry. FEESA and its software (Maximus) make such studies easier to do, more thorough and more understandable, improving the efficiency with which flow assurance and integrated production modelling can interface with other key disciplines (such as reservoir, process, pipelines, wells, drilling and corrosion). For more information on FEESA please visit www.feesa.net