

\$100 m float of online education group Citadel rises

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Citadel Group, a provider of face-to-face and online education, has risen on becoming the latest in a rush of internet-related businesses to hit the boards of the Australian Securities Exchange in 2014.

“The directors believe Citadel is well-placed for growth,” said Kevin McCann, the group’s independent non-executive chairman.

Two new campuses are scheduled to open in the western Sydney suburbs of Penrith and Ashfield, providing face-to-face learning for an additional 160 students.

The online education division has recently won contacts to develop and install integrated enterprise content management systems for the Defence Science and Technology Organisation and the New Royal Adelaide Hospital.

“Listing on the ASX will provide Citadel with the capital to enable the company to pursue further growth, both through organic expansion and via acquisitions,” Mr McCann said.

Mr McCann is also the chair of Macquarie Bank, while other Citadel directors include former Telstra executive Deena Shiff and former Australian Army chief Peter Leahy.

[Technology entrepreneur and former BRW Young Rich lister Mark McConnell, was the cornerstone investor in the business and also sits on the board.](#)

Citadel has been profitable since formation and this financial year it is forecast to generate \$73.3 million revenue and pro forma net profit after tax of \$7.2 million. The company’s forward order book includes approximately \$70 million of contracted work.

A final dividend yield of 3.2 per cent of NPAT is forecast for fiscal 2015.

Citadel raised \$46.5 million through the sale of 20.7 million shares at \$2.25 apiece, giving the company an indicative market capitalisation at listing of \$100 million.

The float values the company at a premium to its enterprise value of \$76.7 million. Shares were priced at a multiple of 7.1 times forecast earnings before interest tax depreciation and amortisation, or 13.9 times net profit after tax, for the current financial year.

Evans & Partners acted as lead manager and underwriters on the deal.

At listing, new shareholders controlled approximately 46.5 per cent of the stock.

Boutique fund manager Mirrabooka Investments is among the top 20 shareholder list, alongside a number of nominee groups from major investment banks including BNP Paribas, Merrill Lynch, and UBS.

The shares jumped 6.2 per cent after listing at midday on Thursday, but by 12:10pm were trading 3.7 per cent above the offer price at \$2.33.

