

# Connect

## April 07



## Sector focus: transport & distribution

**Our strategy is to provide backing for entrepreneurial teams running businesses valued between £10 - c.100m. The sectors in which we have significant experience are: business services, consumer products, industrial products, transport & distribution, leisure and healthcare & pharmaceuticals.**

**In the next few issues we will be outlining our track record in each of these sectors.**

Over the last 20 years we have invested in a wide range of specialist transport and distribution businesses. In sector specific distribution we have invested in markets ranging from computer games (Combined Distributions Holdings) to construction equipment (Halliard) and machine tools (Mills). More recently Fund VII backed the buy out of Upperpoint, the market leader in security products and IDIS, a distributor of unlicensed pharmaceuticals.

Upperpoint which operates under the Norbain brand in the UK, specialises in supplying CCTV security equipment covering both third party brands as well as Vista, which is now the market leader with a 15% share. The business employs c. 350 personnel and has operations in the UK, Portugal and South Africa.

CBPE supported the buy out of Upperpoint in 2006. With sales in excess of £125m, it is the largest distributor in the UK driving new product development and serving both public and private sectors.

In logistics we have also been active investors including Seawheel (intermodal haulage) and United Transport International (UTI).

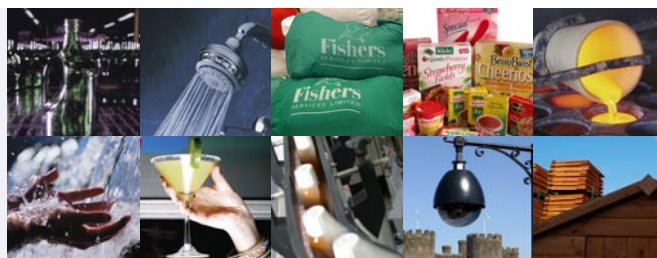
UTI, one of our oldest relationships, is Europe's leading provider of intermodal logistics to the dry bulk chemical industry. UTI was formed in 2000 as a result of a merger of IBC, a CBPE portfolio company, and Rentokil's transportation operations. Over our investment period, since 1993, UTI has grown both organically and by acquisition with three rounds of funding.

Headquartered in Hull, UTI has a network of offices throughout Europe and sales of c. £120m. It has a robust 50% share of its market. In April 2007 AIM listed InterBulk plc acquired UTI for £80m. This acquisition more than doubled the size of InterBulk and positions it for future growth. CBPE has retained a 10% stake in the listed business.

In the next issue we will look more closely at the business services sector.

# Fund update

Following our recent exit activity, we are actively looking to make new investments. Fund VII is currently 50% invested. The portfolio companies in Funds VI and VII are:



## Fund VI

Investment	Business	Dealsize	Location
Allied Glass Containers	Specialist manufacturer of glass bottles	£u/d	Leeds
Fishers	Specialist laundry and textiles rental supplier	£23m	Cupar
Pilgrim Food	Specialist food ingredient business	u/d	Hull

## Fund VII

Investment	Business	Dealsize	Location
Alex Stewart	Global provider of metals and minerals inspection and testing services	u/d	Knowsley
Aqualisa	Domestic shower supplier and distributor	£83m	Westerham
BWA Water Additives	Global supplier of industrial water treatment chemicals	£45m	Manchester
CanDu	UK's second largest independent nightclub operator	£28M	Banbury
IDIS	Market leading importer and distributor of unlicensed pharmaceuticals	£22m	Surbiton
Rosemont Pharmaceuticals	Highly specialized pharmaceutical business	£93m	Leeds
Upperpoint	Europe's largest distributor of security products	£128m	Reading
Waltons	Leading UK supplier of timber garden buildings	u/d	Newark

## CBPE realises residual shareholding in Park Resorts in £440m sale

In May 2001, CBPE in conjunction with a management team led by David Vaughan, established a brand new business which then purchased 12 coastal caravan parks from Bourne Leisure for £46m. Park Resorts' vision was to become the leading operator of medium sized caravan parks. Between 2001 and 2004 the 12 existing caravan parks were significantly redeveloped and four additional parks were acquired.

Park Resorts was sold to ABN Amro Capital in December 2004 for £165m. The business was merged with GB Holiday Parks which had just been acquired by ABN. CBPE's conditions of sale were that the new group was run by Park Resorts' management and that in addition to sale proceeds CBPE would have a 10% equity stake in the enlarged Park Resorts group.

In March 2007, the business was sold to GI Partners for £440m with CBPE fully realising its investment.

Sean Dinnen, Partner at CBPE who has served as a Non Executive Director since 2001 commented: "it has been a pleasure to work with David and the team over the past six years to build a business of substantial value. We wish them every future success".

## Gradus sold to management in £41m secondary buyout

Gradus, a market leader in providing flooring and high-specification contract interiors was acquired by CBPE in a £30m management buy out from Headlam Group in December 2001. CBPE's equity investment was £11m.

Gradus, based in Macclesfield, is a market leader in contract interiors. The backbone of the Group is its flooring accessories division, comprising stair edgings, matting and wall protection systems that have been designed to meet the safety, performance and aesthetic requirements of architects, specifiers and contractors. Gradus has in excess of 70% market share in its core stair edgings products and an outstanding reputation for customer service.

The business grew profits consistently over the period of CBPE's investment and last year saw its accessories division consolidated into modern state-of-the-art premises at Springbank in Macclesfield.

CBPE sold Gradus in a £41m secondary buyout backed by Bank of Scotland. CBPE achieved a 3.1x return on its original investment.

For more information on investments, or further details about Close Brothers Private Equity, please call +44 (0)20 7065 1100 or visit our website at [www.cbpel.com](http://www.cbpel.com).

The Executives at Close Brothers Private Equity are: John Snook (Managing Partner), Ben Alexander, Sean Dinnen, John Fisher, Mathew Hutchinson, John Kelly, Nick MacNay, Neil Murphy, Andrew Nelson, Mark Perryman, Iain Slater and Simon Wildig.

Published and approved by Close Brothers Private Equity LLP, 10 Throgmorton Avenue, London EC2N 2DL, authorised and regulated by the Financial Services Authority. This publication is for distribution only to persons who are investment professionals falling within Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001, high-net-worth companies and other persons to whom Article 22 of such Order applies and persons outside the United Kingdom who are otherwise permitted by law to receive it.