



## Cinven acquires Spice, a leader in outsourced utility and energy services



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Strong environmental and regulatory drivers underpin growth potential

€430 million Enterprise Value

New CEO and Chairman appointments

Cinven has acquired Spice plc in a public-to-private transaction that completed in December 2010. Spice is a provider of outsourced infrastructure support services in the fields of utility and energy, principally in the UK, and with a growing international presence. Spice has leading market positions in sectors that are supported by environmental and regulatory drivers. Under the leadership of newly-appointed CEO David Owens, former CEO of Thames Water, Spice will look to take advantage of these positive trends.

Pascal Heberling, Partner at Cinven, said: "This proprietary, primary market transaction was originated by Cinven's Business Services team – the third transaction Cinven has originated in 2010 that did not involve an auction. We drew on the sector knowledge we have built up as owners of specialist outsourcing businesses such as Gardner Merchant and Comax, and brought David Owens on board at an early stage to benefit from his expertise."

### The business

Spice was founded in 1996 and grew organically and through acquisition into a group of utility and energy-related businesses with more than £300 million of revenues.

Spice has four main divisions:

- electricity infrastructure, engineering, design, and consultancy services to distribution networks and the private sector;
- water network infrastructure, installation, maintenance and specialist consultancy services;
- energy efficiency consultancy and procurement services; and
- billing services focused on imbalance analysis and recovery for the utility industry.

The UK's ageing energy and water infrastructure requires considerable investment. This is mandated and monitored by the regulators Ofgem and Ofwat, creating continuing demand for Spice's infrastructure, efficiency and consultancy services from network operators. Spice also has a US billing services operation with growth potential.

### The transaction

Spice was de-listed in December 2010 following an all cash public offer of 70 pence per share using a combination of equity and debt, resulting in an enterprise value of approximately £360 million (around €430 million). This represents a multiple of 9.4x April 2010 EBITDA including a debt multiple of 4.0x in an all senior structure. Following the take-private, the company has now been renamed Spice Limited.

### The opportunity

Cinven's Business Services team identified Spice as an attractive investment opportunity that would benefit from de-listing and a more cohesive strategy around its separately managed businesses.

Cinven's strategy for the company is to:

- benefit from Spice's leading market positions, which are supported by the underlying environmental and regulatory growth drivers in outsourced infrastructure, engineering and consultancy services;
- create a stronger focus on the individual management and organic growth potential of each division;
- identify potential acquisitions and international opportunities; and
- achieve operational efficiency improvements.

Concurrent with the de-listing, Spice announced the appointment of David Owens as CEO. David has significant expertise across the utility and energy sectors. Most recently, he was Chief Executive of Thames Water, a position he held between 2006 and 2009. Previously, David was CEO of 24 Seven Utility Services and Managing Director of Eastern Electricity Networks.

Later in December, Spice announced the appointment of Sir Roy Gardner as Chairman. Sir Roy will bring a breadth of business experience, additional leadership skills and an intimate knowledge of Spice's markets to the business. He is Chairman of Compass Group plc, a leading provider of catering and support services and a constituent of the UK's FTSE-100 index of companies. He was formerly Chief Executive of Centrica plc, which trades in the UK under the brand name of British Gas, and has held senior positions within many of the country's largest manufacturing businesses in the telecoms and engineering sectors.