

Buyout Track 100 press release



BRITAIN'S PRIVATE EQUITY-BACKED COMPANIES WITH FASTEST-GROWING PROFITS REVEALED

Britain's 100 private equity-backed mid-market companies with the fastest-growing profits are revealed in the latest Sunday Times Deloitte Buyout Track 100.

The annual league table, now in its fourth year, ranks companies according to growth in profits (EBITDA) over the last two years.

Online payment provider **Moneybookers**, backed by Investcorp, takes the top spot. The business has proved so successful that even eBay, which owns rival PayPal, offers it as a payment option. Profits grew 177% a year, reaching £13.9m in 2008.

The 100 companies have grown their combined profits by an average of **57%** a year to **£1.3bn**. Together they employ **86,527** staff, having added **25,505** employees to their workforce over the last two years.

The league table features well-known brands including self-service coffee machine operator **Coffee Nation** (No 73), clothing retailer **Jack Wills** (No 22), online DVD rental company **LOVEFILM.com** (No 3) and discount retailer **Poundland** (No 92).

The league table is compiled by Oxford-based research and networking events company Fast Track, with sponsorship from Deloitte, Lloyds TSB Corporate Markets and UBS Wealth Management.

Top 10 companies on the Buyout Track 100 league table

Rank [2009 rank]	Company Activity	Location of HQ	Annual profit growth over 2 yrs	Latest profit (£000)†	Latest staff	Latest financial year end	Main shareholders
1	Moneybookers <i>Online payment provider</i>	Central London	177.44%	13,914	232	Dec 08	Investcorp (51%), founders and mgt (49%)
2	Callcredit Information Group <i>Credit risk evaluator</i>	Leeds	173.40%	9,934	640	Dec 08	Vitruvian Partners (majority), mgt (minority)
3	LOVEFILM.com <i>Online DVD rental</i>	West London	145.67%	8,755	346	Dec 08	Private equity consortium (50%), Amazon (32%), founders and business angels (15%), mgt (3%)
4	Amco Group <i>Infrastructure drilling contractor</i>	Barnsley	133.37%	*20,945	781	Dec 08	Endless LLP (53%), mgt (47%)
5	University Partnerships Programme <i>Accommodation provider</i>	Central London	126.77%	31,754	338	Aug 09	Barclays European Infrastructure (100%)
6	Pulse Staffing <i>Healthcare recruiter</i>	Hertfordshire	123.00%	6,559	327	Dec 08	HgCapital (74%), Fidelity Special Situations (10%), mgt (16%)
7	Kew Green Hotels <i>Hotel operator</i>	West London	105.54%	10,551	906	Aug 08	Moorfield Group (25%), Lloyds Banking Group (20%), mgt (55%)
8 [44]	Reservoir Group <i>Oilfield services provider</i>	Aberdeen	103.17%	†20,389	210	Dec 08	SCF Partners (69%), mgt (31%)
9	TSC Foods <i>Chilled food manufacturer</i>	Scunthorpe	97.93%	4,513	305	Dec 08	Key Capital Partners (>50%), mgt (<50%)
10	Wireless Infrastructure Group <i>Wireless tower operator</i>	Lanarkshire	92.45%	10,019	29	Dec 08	Royal Bank of Scotland (45%), Penta Capital (20%), mgt (35%)

‡ Profits are defined as earnings before interest, tax, depreciation and amortisation.

† Unaudited figure * Annualised figure

Impact of recession

Nearly two thirds (61) of the companies are ranked based on latest available results reported between 2006 and 2008, so the research does not reveal the full impact of the recession and their performance may have changed since. However, a third of companies recorded a fall in operating margins during their latest financial year, and a further third increased margins by less than 2%.

Only 11 of this year's companies were the subject of buyouts in the last 12 months, compared to 26 companies bought out in the 12 months preceding the 2009 league table. Recent deals include the largest buyout of last year, which is widely thought to signal an upturn in deal activity – Apax Partners' £975m tertiary buyout of pharmaceutical logistics provider **Marken** (No 38) from ICG in December.

Mark Pacitti, corporate finance partner for Deloitte, title sponsor of the league table, commented:

“The results show that private equity-backed businesses across Britain are achieving strong profit growth through performance improvement measures and refreshed strategies. Private equity investors continue to play an important role in developing businesses and as the economy improves, I expect to see increasing deal activity.”

Many companies on the league table owe their growth to acquisitions. At least ten companies are pursuing buy-and-build strategies, whilst a further 25 have bolstered profits through acquisitions. For example, **Giles Insurance** (No 13) and fellow insurer **Oval** (No 85) have snapped up 54 companies between them over the last two years.

Unlike most research into the private equity industry, **The Sunday Times Deloitte Buyout Track 100** highlights profit performance of companies backed by private equity, rather than just the deals and exits.

Breakdown of findings

Sectors: Business services, such as recruitment and fleet management, is the most common sector on the league table this year, with 20 featured companies. Consumer-facing businesses have also done well, despite the economic climate, with 17 appearing on the table. Technology Media and Telecoms is next with 16.

Regions: Most of the companies are based in London (28) and the North (23). The remainder breaks down as follows: Southeast (19), Midlands (16), Scotland (6), East (3), Wales (3) and Northern Ireland (2).

Private Equity Houses: Ten companies backed by LDC have won places on the league table, including fake tan supplier **St Tropez** (No 77) and **InterContinental Brands** (No 65), which manufactures beverages such as Vodkat Schnapps. Inflexion Private Equity also fared well, with five investments, including **Jack Wills** (No 22) and **National Accident Helpline** (No 96). 3i, Gresham and Hg Capital had four investments each.

The 10 Biggest

The research includes a separate table of the ten private equity-backed companies with the fastest-growing profits in excess of £50m.

For the third year running, the 10 Biggest is topped by **Merlin Entertainments**. Private equity backing, led by Blackstone, has helped transform the company from a mid-sized leisure firm into the world's second biggest visitor attraction operator, after Disney. In 2007 it spent £1bn acquiring Madame Tussauds, and it has expanded its Sea Life and Legoland brands. It is planning to float in 2010, and grew its profits 97% a year from £52m in 2006 to £203m in 2008.

The full findings were published in a special 8-page supplement with the business section of **The Sunday Times** on 7 February, and are available at www.fasttrack.co.uk.

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Notes for editors

About the league table:

Now in its fourth year, **The Sunday Times Deloitte Buyout Track 100** annual league table is compiled by Oxford-based research and networking events company **Fast Track**.

In addition to its title sponsor **Deloitte**, the league table is co-sponsored by **Lloyds TSB Corporate Markets** and **UBS Wealth Management**.

League table criteria:

Companies are ranked according to the compound annual growth in their profits over two years, based on their latest available figures (either 2006 to 2008, or 2007 to 2009). The research therefore carries the caveat that their performance may have changed since. Profits had to exceed £1m in the base year and £3m, but less than £50m, in the latest available figures. There is a separate table of the **10 Biggest** private equity-owned companies with the fastest-growing profits, where the latest profits exceed £50m.

Profits are defined as earnings before interest, tax, depreciation and amortisation (EBITDA), which is generally used by private equity houses as the best indicator of a company's profit.

Companies had to be registered in the UK, independent, unquoted and ultimate holding companies. At least 20% of a company's shares had to be owned by a private equity fund.

The research was carried out by Fast Track between August 2009 and 1 January 2010. The vast majority of companies were interviewed by telephone and/or visited by the Fast Track research team.

About Deloitte

With 12,000 people across the UK, Deloitte is renowned for its innovation, collaboration, industry expertise, and outstanding client service. Our depth of talent across our chosen disciplines – audit, tax, consulting and corporate finance – allows us to deliver a total solution to our clients, whatever their size, location or need.
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About Lloyds TSB Corporate Markets

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UBS is one of the world's leading providers of private banking services, and in the UK has more than 250 client advisers who focus on the needs of UK customers. UBS Wealth Management has developed and implemented many innovative wealth management strategies for UK entrepreneurs.
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About Fast Track

Fast Track has 13 years' experience publishing league tables ranking Britain's top-performing private companies, and organising events for entrepreneurs to network and meet its sponsors. The company was founded and is run by Dr. Hamish Stevenson, who remains an associate fellow of Green Templeton College, Oxford University.
www.fasttrack.co.uk