Livingstone

FirM Foundations

Business Services newsletter - Summer 2009

Market Hotspots

Energy Attraction

Q1 2009 saw a significant fall in the level of M&A activity in the UK. Whilst many quoted groups and private-equity backed companies remain theoretically committed to their acquisition strategies, in practice, they are being much more selective, seeking out "bargains" and focusing on smaller, bolt-on transactions.

However, there remain 'pockets' of particular interest for acquirers such as public sector outsourcing, occupational health, risk management, compliance, energy efficiency and the broader environmental sector.

In the area of energy efficiency, Spice plc continued its expansion in the energy sector in December 2008 with the acquisition of National Industry Fuel Efficiency Service Ltd (NIFES) for a maximum total cash consideration of £7.5m. Amongst other services, NIFES offers expertise on energy efficiency, renewable energy and carbon consultancy, which are areas of high interest for many companies at present, and 2009 will undoubtedly see further deal activity in this area.

Social Housing

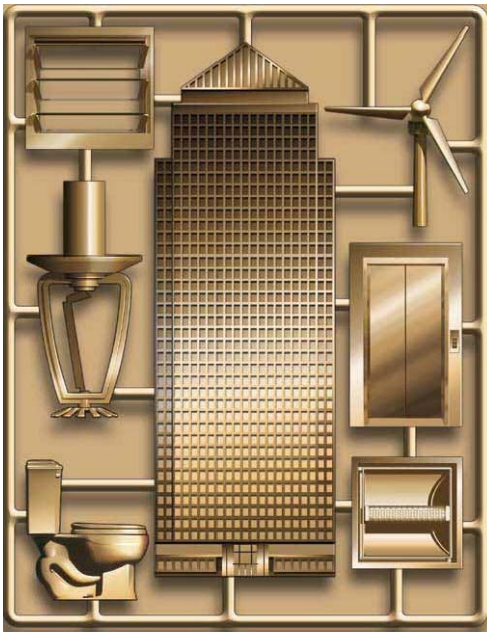
The past few years have witnessed a high level of M&A activity in the local authorities sector, in particular in social housing fabric and gas maintenance. High visibility of earnings and the comfort of Government funding in this sector are driving trade and private equity-backed vehicles to build scale and broaden their geographic reach.

Support services groups such as Spice, MITIE, ROK and Eaga have increased their exposure to the social housing sector through acquisition, following the path set by market leaders Connaught and Mears. Active private equity-backed vehicles include Kinetics, Apollo, Bullock, Sure Maintenance, Enterprise, Renovo, Keepmoat and Herbert T Forrest.

The past 18 months have also seen a number of utility groups make acquisitions such as E.ON's acquisition of Midlands heating services group CHN and British Gas' acquisition of building controls installation company BMSi. Most recently in February 2009, npower/ RWE AG acquired SPI Group, which provides mechanical and electrical installation and repair and maintenance services.

Despite this activity the social housing sector remains highly fragmented and we expect to see further consolidation in 2009 and beyond.

Bad - but not the worst!



Chinks of light are hard to find in the economic gloom that we find ourselves in. However, the UK Support Services sector currently offers more promise than most. According to analysis by Livingstone Partners, the UK Support Services sector out-performed the FTSE 100 Index in the 12 months to 31 March 2009. After a brief rally at the beginning of 2009, the sector has settled at 74% of its value in April 2008.

These averaged statistics hide a wide variety of individual company performances, ranging from Capita – whose shares are trading at a comparable level to 12 months ago – to Rentokil Initial, whose shares have lost 55% of their value in the last year for well documented reasons

Deal analysis focused on mid-market transactions for which data is available suggests that the EBIT multiple paid for Support Services business has fallen from 9.8x to 8.5x in the same period, a better showing than most other UK sectors. Although such multiples carry a 'health warning', as they are generally artificially inflated and are likely to fall modestly further before they mount a concerted recovery, there is plenty of evidence to suggest that a high degree of acquirer appetite exists for high quality, Support Services businesses, based upon the visibility of their contracted revenues and increased interest among end users looking to reduce their cost bases.

The EBIT multiple for Support Services businesses has fallen from 9.8x to 8.5x

The April CIPS/Markit Report on Services suggests that the short and sharp decline experienced in the services sector during 2008 has slowed just as quickly and that the sector may be emerging from the gloom more rapidly than others, having entered it later.

As it will be well into 2010 before the UK economy begins to expand again, Government spending will be the principal engine for growth within the Support Services space in the near term and players with an exposure to the infrastructure, energy and waste sectors will be particularly well-placed to benefit from premium valuations.

Events: Creating Value in Support Services Businesses

If you've successfully weathered the downturn, now is the time to be considering your upside. Attend Livingstone's half-day conference and networking event on Thursday, 25 June 2009 in London for CEOs, FDs and business development professionals to hear the views of seasoned entrepreneurs and deal makers from the FM and Support Services sectors. More details on Page 8.

Uncertain markets create opportunity

Comment

The Support Services sector has once again shown its resilience by being one of the last sectors to suffer the ravages of the current economic cycle. Yet - even in this deepest of economic storms - there exists the silver lining that providers of outsourced solutions always benefit from in a downturn.

While Support Services companies may be suffering pressure on margins from existing customers, a new community of clients is emerging fast looking for opportunities to cut costs, and looking beyond their own organisations to help them do so. In the UK - possibly the most advanced outsourcing market in the world - it is hard to believe that so many major commercial organisations still have yet to embrace all the benefits that outsourcing can offer.

The pain that we are all suffering today is therefore against a background of clients with a new passion and urgency for overhead reduction and undiminished pressure from investors to focus on core activities - and 'externalise' the non-core.

In the M&A markets, these seismic shifts have gained further impetus from the relentless pressure among major commercial organisations to purchase outsourced services on a regional, if not global, scale. This in turn continues to fuel the pursuit by many of the world's largest support services providers - ISS, Aramark, G4S, Veolia and Vinci included - of an integrated global offering through strategic acquisition.

Lastly, the UK market continues to consolidate apace. In recent years, the acquisitiveness of the major UK groups - such as Balfour Beatty, Carillion, MITIE and Spice - has been matched by a new community of private equity-backed platforms: including Emprise, Europa, Kinetics, LPM and Veris. With acquisition debt so difficult to come by currently, it remains to be seen if the momentum built by these groups will be sustained. However, we remain confident that the Support Services sector will continue to see favourable prices paid for growing, quality private companies.

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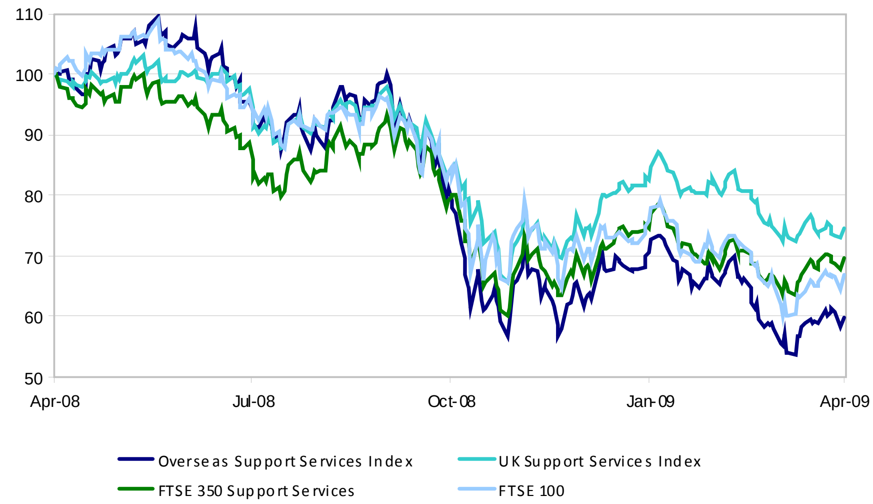
Quoted Company Analysis

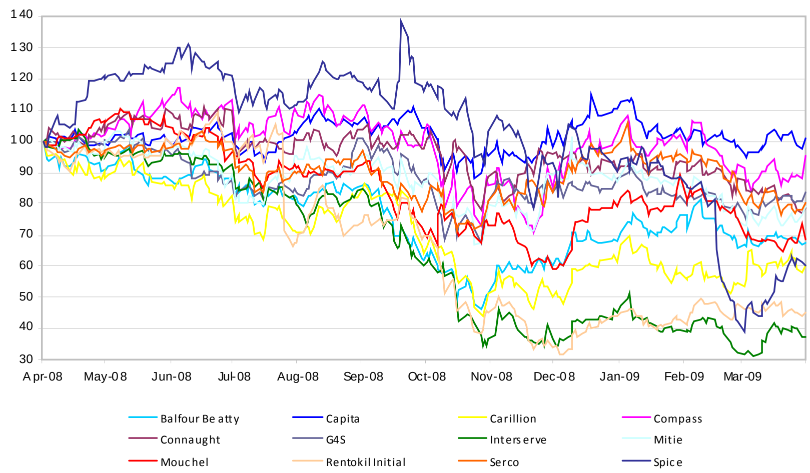


Despite strong reported results from many of the leading international Support Services groups, share prices have tracked the stock market's precipitous fall from grace over the last 12 months.

The Livingstone UK Support Services Index reveals a 26% fall in the aggregated share prices of the key UK support services groups in the 12 months since April 2008. However, this community of groups has robustly out-performed the FTSE 100 and our community of comparable Overseas Support Services providers by a considerable margin.

At its low point in October 2008, the UK Support Servies Index was 34% down on April 2008; however, the UK Support Services community mounted an early share price rally at the end of 2008, clawing back nearly 25% of the value lost over the preceding eight months, although it was unable to sustain this beyond January 2009. As a result, the Index experienced a further slippage and has seen little benefit from the strong rally experienced by the FTSE 100 in March and April 2009.

All eyes are now firmly focused on the reporting season for the many Support Services players with 31 March year ends, which is due to commence in June. This period is likely to demonstrate the full effect of weakening markets over the preceding 12 months and will be a true test of how successfully the leading Support Services groups have tightened their belts and how well they have been managing City investor expectations.



Quoted Company Analysis (cont'd)

Despite the Index's strong performance relative to the FTSE100, the sector saw varied individual performances. Some of the hardest hit companies have been the infrastructure support services groups - such as Carillion, Interserve and Balfour Beatty - despite the consensus view that infrastructure spend is likely to hold up as a result of government attempts to kick-start the economy. Interserve's shares have ended the period at 37% of their value compared to a year ago. Rentokil Initial's shares have lost 55% of their value in the past 12 months - after a year plagued by profit warnings, management changes, rumours of divestments, etc. Whilst the group continues to implement its restructuring programme, the share price reflects investor perceptions that it operates in low-growth, mature, competitive markets with limited pricing power and rising input costs.

Conversely, in the review period commencing 1 April 2008, Spice's shares outperformed its peers until October 2008. Having reached a 52-week high of 126.5p in September 2008 on the back of announcing a strong start to 2008 the market reacted critically to more mixed results in its February trading update. Spice reported that, whilst strong trading has continued in its electricity and billing businesses, it has seen continued weakness in its facilities and gas operations, but anticipated group trading for the year to 30 April 2009 to be in line with its expectations. Spice's continuing push into higher value activities no doubt supported a rally in its share price - along with the UK market at large - in March 2009.

The groups that have been less affected by stock market turmoil are the predominantly 'white collar' outsourced service providers, with Capita leading the way as its shares have returned to their April 2008 value. Connaught's strategic shift towards white-collar services appears to have paid premiums, despite having paid handsomely for acquisitions to get there. After a busy period of M&A activity over the last three years, Mouchel's share price performance has been the most muted, as investors perhaps wait for evidence that it has deployed its capital wisely.

Mid-Market M&A Analysis

Date	Target	Target Description	Acquirer	D/V £M	T/O X	EBIT X
Mar-2009	Temple Security Ltd	Security services	LPM Group Ltd/ Sovereign Capital	12.0	0.6x	-
Feb-2009	Superior Plumbing Installations Ltd	M&E installation & maintenance services	npower Ltd/ RWE AG (Germany)	56.0*	1.2x*	8x*
Jan-2009	Trillium Holdings Ltd	Property outsourcing solutions	Telereal Services Ltd	750.0	-	-
Dec-2008	NIFES Ltd	Energy services & consultancy	Spice plc	7.5	0.9x	8.7x
Nov-2008	M J Quinn Integrated Services Ltd	Infrastructure services	Zeus Private Equity LLP	6.0	-	-
Sep-2008	Accura Support Services Ltd	Outsourced engineering services	August Equity LLP	37.0	1.5x	7.9x
Sep-2008	Taylor Woodrow Construction	Construction, FM and engineering	VINCI plc/VINCI SA (France)	74.0	0.1x	4.2x
Aug-2008	1st Saxon-Clenmay Ltd	Gas and electrical maintenance services	Renovo Services Group Ltd/ Sovereign Capital	17.9	1.8x	44.8x
Jul-2008	British Power International Ltd	Utility engineering & consultancy services	Spice plc	10.3	1.7x	9.4x
Jul-2008	EIC Ltd	M&E test and maintenance services	MML Capital Partners LLP	40.0	0.5x	10.0x
Jul-2008	ID Support Services Holdings Ltd	Security and climate control services	Penta Capital	25.0*	1.0x	20.8x
Jun-2008	Sureway Gas Ltd	Gas/electrical installation and maintenance services	Kinetics Group/ Sovereign Capital	-	-	-
May-2008	The Shield Guarding Company	Security services	Topsgrup (India)	15.0	2.1x	7.9x
Apr-2008	Bullock Construction Ltd	Social housing maintenance services	MBO - LDC	100.0*	0.7x	-
Apr-2008	InterCity Group Ltd	Cleaning services	LPM Group Ltd/ Sovereign Capital	4.7	0.6x	18.8x
Apr-2008	Richardson Projects Holdings Ltd	Social housing maintenance services	ROK plc	40.5	0.8x	10.1x

* Estimated deal value

In the 12 months to 31 March 2009, the Support Services sector in the UK saw 72 deals completed with an aggregate deal value of £1.2bn (see highlights in table above). This compares with 161 deals worth £4.0bn in the preceding 12 month period. The publicly available information (after excluding obvious inconsistencies) suggests that the multiple of historic (ie. last reported) EBIT paid for UK-based Support Services companies was circa 8.5 times and the multiple of historic revenues was 0.7 times. This compares with 9.8 times and 0.8 times respectively for the preceding 12 month period, and demonstrates a 13% fall in valuations - better than many other sectors and materially better than the listed company community included in the Livingstone UK Support Services Index (see page 2).

Debt for Deals

Against a background of market turmoil, we ask Steve Francis at Barclays Commercial Bank, his views on the FM sector and the challenges it faces

What are the attractions of FM businesses for a corporate bank such as Barclays? What are the challenges for providing finance for businesses in this market?
The FM sector continues to receive more of the spotlight compared to other UK industries and recent analysis by research firm MBD predicts that the UK FM market will experience 2% growth, on average, over the next five years. This indicates to us that the sector is proving to be resilient in the downturn and will become increasingly important as there is more of an impetus for clients to outsource non-core activities.

We expect to see a degree of consolidation in the sector which will lead to the creation of larger players which are able to provide a broader range of services, and which are better placed to service longer term contracts. The industry itself continues to remain very attractive to the banking sector as longer term contracts give us much greater visibility of earnings and with a tendency for a shorter cash conversion cycle, this gives us greater scope for providing finance. The larger players can also offer a broader range of services across many sub-sectors and this, coupled with a good client profile, adds to our ability to fund their requirements.

Of course, another reason for the growth of the FM sector at the moment is the large degree of public sector activity - the central and local government outsourcing market has been increasing by around 3% since 2000 and continues to grow. Other areas for opportunity in the public sector are likely to arise from the "Building Schools for the Future" programme, which has been boosted by the Government's decision to bring forward £3 billion of capital spending, supported by European Union commitments.

What do you see as the current operational and financial challenges for the sector?
There are a number at the moment - although they are more a reflection of the wider economic environment than specifically the FM sector. The key issue is margin pressure and this is being seen at the point of re-tender in particular. Providers are having to innovate so as to deliver cost savings to the client whilst maintaining an appropriate level of margin. Some, which have developed a strong model for doing just this, are approaching clients mid-term to offer to take further costs out by re-engineering the contract in return for a contract extension, thus providing certainty for a further term.

Cash collection is another area: maintaining a healthy cash flow is critical and the convergence of delayed payments from two or three larger clients at the same time can have a disastrous effect, so this is rightly receiving a lot of focus within the finance teams of FM companies. There are still good deals to be negotiated for favourable payment terms. Advance payments can be sought if your bank is willing to provide an Advance Payment Guarantee to secure the advance - something that we are doing with greater regularity for our clients.

Do Barclays have an appetite for supporting good businesses in the sector?
Absolutely, yes! As mentioned above, FM companies have characteristics which make them very well placed to secure credit lines, even in these times of reduced liquidity in the market place. We have spent the last eight years immersing ourselves in the sector and we are comfortable with the risk profile and the ability of the sector to withstand even the deepest of recessions. We also have the added advantage of working with industry-aligned credit 'sanctioners' internally, so we do not have to justify why we are keen to support the FM sector each time we want to extend or increase facilities - this is already understood. We are very much open for business for FM companies!

And finally, what are your thoughts on the outlook for the FM sector?
The FM market has so far weathered the recession better than most, and with predictions of 2% growth this looks set to continue. This growth is partly due to Government investment in public sector activity, particularly the NHS, Ministry of Defence and the Building Schools for the Future programme. Despite one or two exceptions, we have seen little evidence of the market shrinking and services being taken in-house; the trend is for businesses to outsource non-core activities to improve costs and efficiencies.

There are clearly market pressures for FM companies and at the smaller end, the loss of clients through insolvency, or the focus on one specific area of service provision - eg to the retail sector - has created some market volatility. This may lead to consolidation, and/or opportunity for acquisition by the larger firms that have been conserving cash in readiness for an improvement in the wider economic outlook. One thing that we cannot forget is that the 2012 Olympics are looming ever closer, and these will generate a welcome 'bubble' of opportunity for the sector.

There are good reasons to be optimistic……..FM is a successful industry and will continue to play a major role in driving the UK economy over the next few years.

Steve Francis
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Barclays Commercial Bank
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Steve Francis is a Relationship Director at Barclays Commercial Bank, working within a team purely dedicated to the Support Services Sector.

Verifying value in FM acquisitions - the legal process

By Robert Moir, Partner, Corporate Group, Pinsent Masons LLP

For prospective buyers of a facilities management ('FM') business, a well planned legal and due diligence process is a vital step in offering the right value, while also providing an insight into the optimal integration of the business.

A key determinant of the value of an FM business is its portfolio of contracts. This portfolio is expected to deliver steady revenue over the term of the contracts; however, inadequate protection or uncertainty within the contract terms can lead to an erosion of value unless addressed or 'priced-in' at the time of the acquisition.

Legal due diligence can assist in guarding against this. As well as a review of contract terms, the overall relationship with clients and progress of service delivery under the contracts should be discussed with the target's contract managers.

Due diligence

The following key facets of a contract portfolio can undermine or underpin run-rate valuation and evaluation of risk more generally:

- Are the services correctly described and scoped, with realistic service levels and benchmarking? Has anything been 'over-promised', and is the service credits regime reasonable? Has there been undocumented 'mission creep'?
- Is the pricing structure (e.g. cost plus or fixed price) appropriate? Are there unusual pricing or payment terms? And unusual indemnities from the supplier that may add unforeseen cost? Are contract conditions requiring a particular number of hours of service to be delivered at a client site being met?
- On what basis may the contract price be adjusted? Contracts containing price review clauses linked to the RPI Index may have been effective in the past, but the risk of deflation may mean that there is little or no scope for annual price increases.
- What provisions do contracts contain for discounts and rebates? In particular, if the target is obliged to pass on supplier discounts, would this extend to supplier discounts obtained by virtue of the target's wider relationship with those suppliers?
- Are there rights to terminate for convenience or on change of control? If so there is a risk of revenue loss - should clients be asked to provide comfort that these rights will not be exercised as a result of the acquisition? This may be of greater concern in the downturn, as clients look to take some services back in-house.
- Are material rights (e.g. termination or step-in) the subject of 'hair triggers' (for example, around service levels)? If so, these could afford the client an opportunity to exit, or re-negotiate the contract on less favourable terms.
- How is change control dealt with and, could the client impose changes to the service? If so, how is this done (and in what time frame), and how are increased costs dealt with? Is there a sensible escalation and dispute resolution procedure?
- Do the contracts adequately provide for exit? A well-prepared exit schedule should provide a clear basis for allocating hand-over costs and transferring services (and employees under TUPE). If exit mechanics are 'parked' for another day, this may lead to unforeseen costs later on.
- Where new contracts have been won, what liabilities have been assumed under TUPE, particularly where employees are transferring from the public sector?
- Are the risks assumed under the FM contract fully covered by the acquirer's current insurance policy, e.g. key holding, consequential loss? Are there any specific insurance level requirements in the contract itself?

A well-conducted legal due diligence process will provide a 'health check' on the target if done in a coordinated way involving also the acquirer's in-house commercial team and the financial due diligence team.

Acquisition Agreement

Whether the acquisition is structured by way of a purchase of shares in the target or of assets from the target, there are some common themes in the agreement by virtue of the particular risks and drivers in an FM business. These include:

- The pricing structure often includes some or all of the following:
  - a completion accounts or other 'true up'mechanism, often linked to net asset values or working capital, after the deal is completed to ensure that the acquirer's valuation is confirmed (with an adjustment to the price if it is not);
  - a retention of part of the purchase monies in an escrow account, to be held against warranty or indemnity claims or the loss of a major contract (particularly if completion spans a retendering process); and
  - an 'earn-out' or deferred payment, such that part of the purchase price is dependent on the future performance of the business (e.g. against a significant contract win).
- Warranties - the due diligence process described above feeds into the drafting of the warranty schedule, in terms of the buyer receiving formal contractual confirmation of the basis on which it is valuing the FM contracts and statements made by the seller in due diligence.

In summary, a thorough legal process combined with rigorous financial due diligence should allow the buyer to match its assessment of value to the price paid. In addition, it will also give the buyer a clearer understanding of the business to be acquired, by way of a more finely calibrated integration plan.

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Partner
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Ones to Watch

Livingstone Business Services Analyst Jo Penny picks some rising stars in the Support Services sector

G4S has become one of the world's leading international security solutions group, operating in two key sectors: security solutions (including manned security, security systems and justice services) and cash solutions. Formerly Group 4 Securicor, the group was created by the £766m ($1,126m) merger in July 2004 of security groups Securicor and Group 4 Falck's security businesses. Today, it has operations in over 110 countries and has over 585,000 employees.

With an April 2009 market capitalization of £2.7bn ($4.0bn) and an enterprise value of £4.3bn ($6.3bn), G4S reported strong 2008 results against the backdrop of the ongoing economic uncertainty in 2009, with turnover increasing by 33% to £5.9bn ($8.7bn) and EBITA increasing by 34% to £416m ($612m). Nick Buckles became CEO of Securicor in 2002, and has been at the helm of the G4S Group since July 2005. Since then he has overseen the transformation of the group into a secure outsourcing partner, through a series of acquisitions, taking the group into new service lines and new geographies, as well as non-core divestments, such as the legacy distribution business. Most recent new niche areas include marine security, care and justice services, government outsourcing, risk management consultancy, mine clearance, compliance and investigations, and secure event management.

2008 saw three significant deals: GSL (for £176m ($259m)), a leader in critical primary and outsourced justice services; Armorgroup (for £49m ($72m)), a provider of defensive and protective services to national governments and international agencies operating in hazardous environments; and RONCO Consulting Corp. (for £32m ($47m)), a leading humanitarian and commercial mine action, ordinance disposal and security group.

G4S' acquisition strategy going forward is to focus on niche opportunities and G4S expects to invest between £50m ($74m) and £100m ($147m) in acquisitions in 2009, rather than making any significant transformational deals. Areas of particular interest are believed to be risk consulting, complementary technologies and segmental specialists. Given G4S' focus on security-related and outsourced services, global coverage and strong contracted revenues, it should be more resilient than most and is confident of a robust performance 2009.

Connaught is a market leader in both the social housing, and more recently, compliance markets. With its origins in concrete repair, the company won its first major social housing contract in Devon in 1986, and now employs over 8,000 staff with 115 offices across the UK. Connaught floated on AIM in 1998 and in 2006 moved to a full listing resulting in an April 2009 market capitalisation of £442m ($650m) and an enterprise value of £541m ($795m). Now Chairman, Mark Tincknell has overseen Connaught's development in recent years, having been CEO from the time of the AIM flotation until January 2006 when former Chief Operating Officer Mark Davies became CEO.

Connaught reported a record set of results in October 2008 with strong revenue and profit growth in both Social Housing and Compliance. Revenues grew 40% to £553m ($813m) and adjusted operating profit was up 87% to £35.9m ($52.8m).
Accounting for 81% of Connaught's 2008 turnover, the Social Housing division provides integrated property and estate maintenance services to Local Authorities, Arms Length Management Organisations and Registered Social Landlords throughout the UK. Connaught is market leader in the highly fragmented social housing sector, with a 4% share of the £10.5bn ($15.4bn) market. Connaught is in a strong position to continue to grow market share over the long term and fulfill the larger, multi service contracts increasingly being offered by social landlords.

Connaught's Compliance business is the UK's leading provider of safety, health and risk management solutions. Connaught significantly boosted its existing operations in this area with the transformational acquisition of compliance business National Britannia for £91m ($138m) in 2007. National Britannia's range of white collar compliance services has formed a great fit with Connaught's existing 'blue collar' compliance business. Like the social housing sector, the compliance market is also very fragmented, and Connaught has made a string of bolt-on acquisitions in the sector in the past few years.

Given that both the social housing and compliance markets are underpinned by essential and largely non-discretionary expenditure and with an order book of £2.7bn ($4bn), Connaught should be in a strong position to weather the economic downturn.

Jo Penny
Analyst
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Livingstone Partners LLP

Mid-market M&A Specialists

Established in 1976, Livingstone is an international investment banking boutique focused on company sales and acquisitions with deal values of between £10m and £100m plus. In 2007/08, the firm's 70 staff advised on 83 transactions with a total value of £2.5bn and was voted the *Independent Corporate Finance House of the Year* at the 2008 Private Equity Awards, the second time it had won this coveted award in three years.

Livingstone stands out for its cross-border credentials: with a pedigree drawn from over 500 successful deals, the firm has completed close to 200 cross-border transactions. By combining a sector-based strategy with an international office infrastructure, Livingstone has ready access to international acquirers, targets and investors. With our own teams in Chicago and Madrid, and established relationships with M&A advisers in 30 other countries, we are able to deliver the best available strategic solutions from across the globe to our clients' doorsteps.

Livingstone has a strong focus on advising entrepreneurs and privately-owned companies and partnerships throughout their development, providing advice on acquisitions, succession planning, exit options, management buy-outs and company sales. For further information, please contact Tamara Scribante on 020 7484 4704 or at tscribante@livingstonepartners.co.uk

The Business Services Team

Livingstone focuses on four sectors: Business Services, Consumer, Industrial and media:tech. The Business Services team draws from professional staff across the firm's international offices to deliver expert corporate finance advice in the Facilities Management, Outsourcing, Consultancies, Environmental Services and Human Capital arenas.

In recent years, the Business Services team has advised on deals in these markets with an aggregate value of over £300m. We have had the privilege of working with many exceptional management teams over a wide range of activities including:

- BPO outsourcing
- 'Hard' facilities management
- Project management
- 'Soft' facilities management
- Social housing maintenance
- Utilities & infrastructure maintenance

Unlocking the cash value of many years' hard work in a Support Services business requires an acute understanding of our clients' requirements, the drivers that will underpin an attractive deal, and the strategies and priorities of acquisitive groups and investors around the world. Our focus on the Support Services sector has equipped us to provide this.

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Livingstone

EIC LTD

MML CAPITAL PARTNERS LLP

Sale of one of the UK's leading providers in mechanical and electrical services to its management team.

Livingstone initiated the transaction, advised the vendors and assisted in the negotiations.

Livingstone

ACCURA SUPPORT SERVICES LTD

MBO TEAM / AUGUST EQUITY

Sale of a leading provider of critical component and metals solutions to the Oil, Gas and Aerospace sectors.

Accura

Livingstone initiated the transaction, advised the management shareholders and Barclays Ventures, and assisted in the negotiations.

Livingstone

UNINTERRUPTIBLE POWER SUPPLIES LTD

KOHLER CO.

Sale of provider of UPS systems and support to Kohler Co.

Livingstone initiated the transaction, advised the management shareholders and Barclays Ventures, and assisted in the negotiations.

Creating Value in Support Services Businesses

25 June 2009

The Soho Hotel, London W1D 3DH

Livingstone

Supported by:

Pinsent Masons

Hitchenor Wakeford
EXECUTIVE SEARCH

Who Should Attend?

This half-day event is designed for owner managers, CEOs and finance directors of Support Services businesses operating in the Commercial, Industrial and Infrastructure sectors.

The event aims to deliver a high impact networking event for entrepreneurs and larger groups with a commitment to creating and crystallising shareholder value through acquisition, merger or sale.

Are You at a Crossroads?

In a period of intense uncertainty, businesses with contracted revenue streams stretching several years' hence take on an attractive lustre. Recent years have seen a sustained move across the globe among the leading project and construction services groups to increase their contracted revenues by acquiring outsourced support services businesses.

A preference among governments to finance major infrastructure projects off national balance sheets and the deep-rooted trend among building and facility occupiers of all complexions to outsource non-core activities is likely to see renewed consolidation of this sector as a result of current economic woes.

Key issues to be addressed

- What are the value drivers in Support Services businesses?
- How can you 'groom' your business to maximise value?
- The state of the market - who's buying, why and what are acquirers looking for?
- Is private equity interested in the sector, and how much?
- Have you got what it takes to grow by acquisition?
- How best to unlock shareholder value.
- Earn-outs? The Devil's work or a necessary evil?

The Speakers

Livingstone has assembled a group of seasoned senior executives including Simon Rigby - Spice plc, Jang Ahmed - ISS, Nigel Beswick - MITIE, Simon Beart - Managed Support Services plc, Chris Cheshire - Kinetics Group, Chris Woodward - EIC, and Paul Rees - Amey plc as well as from a broad spectrum of Support Services groups with direct experience of making and executing these difficult strategic decisions.

Venue

The Soho Hotel, 4 Richmond Mews (via Richmond Buildings off Dean Street), London. The hotel is located in the heart of London's entertainment and creative district.

08.30	**Registration**
09.00	**Welcome & opening remarks:** Jeremy Furniss, head of Business Services at Livingstone Partners, sets the scene.
09.15	**Panel Session:** A group of senior M&A executives from major groups discuss their strategies and experience of acquiring support services companies, and what private owners get right - and wrong!
10.15	**Keynote Speaker:** **Simon Rigby, CEO, Spice plc** Simon led the 1996 MBO of Freedom Maintenance from Yorkshire Electricity. He has since been responsible for developing the re-named Spice Group into a £300m turnover provider of out-sourced infrastructure support services.
10.45	**Coffee break**
11.15	**Panel Session:** Successful owner managers share their war stories and explore how they have created - and realised - share holder value in their businesses.
12.15	**Q & A session & closing remarks**
12.30	**Lunch & networking session:** An opportunity to network with the speakers and panellists, like-minded delegates, and the Livingstone team.
13.30	**Conference ends**

Booking Form

Date **25 June 2009**

Venue The Soho Hotel, 4 Richmond Mews, London W1D 3DH

Cost £110 + VAT for first delegate and £85 + VAT for each delegate thereafter

Please return your form with payment to: Rosemarie Lamanno, Livingstone Partners LLP, 15 Adam Street, London WC2N 6RJ

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