



Edition 4

Eyes on Growth



We are a leading international growth capital investor. Typically we invest up to €150m in businesses with an enterprise value of €100m - €1bn, taking a non-controlling minority stake. Using 3i's global reach and benefits of scale, we work alongside entrepreneurs and management teams, providing both the strategic and financial support needed to realise a step-change in scale and profitability.



“ This has been a very busy period of activity for 3i across all our areas of focus and we have recently completed new investments in TouchTunes in North America, GO Outdoors in the UK and Loxam and WFCI in France. ”

Guy Zarzavatdjian, Southern Europe & Managing Partner Growth Fund, 3i


I am pleased to introduce 3i's latest 'Eyes on Growth' newsletter which provides an overview of activity across our international growth capital portfolio. The theme of this edition is 'supporting international growth'.

We have continued to develop our international network, and in April 2011, we announced our expansion into Brazil with the recruitment of a well established Brazilian team, led by Marcelo Di Lorenzo, previously of Standard Bank Private Equity. This will add to our existing international private equity business and build on our existing presence in North America.

Approximately 20% of our investee companies generate revenues from Latin America, so the Brazilian team will also enhance the Group's ability to provide these companies with on the ground support. It will also enable our European and Asian portfolio to access the opportunities that the region presents.

I am also able to report on a very busy and successful period of activity for 3i, across all our key areas of focus. 3i's Growth Capital Fund has made five new investments: TouchTunes in North America, GO Outdoors in the UK, WFCI and Loxam in France and BVG in India.

We have news of a number of successful exits and acquisition-led activity within our international portfolio, including Refresco and SLR. In addition to this, we feature a case-study on 3i portfolio company Labco's high-yield bond issue, led by our in-house banking team.



“ 3i, through its top notch international network and size, can bring a lot of benefit to a company like Labco. Their power with respect to the banking community gives us another arrow to our bow to be able to negotiate. ”

Philippe Charrier, CEO, Labco

Labco is the second largest European network of diagnostics laboratories, with market leading positions in France, Portugal and Spain. It also has significant operations in Belgium, Germany, Italy and a growing presence in the UK. Labco's strategy is to integrate independent clinical laboratories and diagnostics centres throughout Europe. The group now includes over 250 laboratories and has more than 4,000 employees. It treats over 10 million patients per year. Founded in Paris in 2003 Labco has experienced huge growth over the past seven years having made more than 75 acquisitions since inception.

3i invested €110m in Labco in two tranches (€60m in July 2008 and €50m in February 2009) to fund this rapid growth. A banking facility (€350m) and mezzanine facility (€105m) was also negotiated in July 2008 and successfully syndicated to support the growth capital investment during the darkest days of the credit crisis, as Lehman Brothers collapsed.

After 30 months of intense M&A activity (31 acquisitions from July 2008 to December 2010), Labco's acquisitions' financing was almost fully committed. However 3i was fully aware of the scalability of the business and the considerable opportunities still to come for Labco. So in order to keep on executing this successful buy and build strategy, the 3i banking team, working in partnership with Labco, agreed to develop the company's capital structure to match its ambitions for growth.

Two finance options presented themselves, (1) to refinance with the banks or (2) to refinance with a high yield issue with an acquisition facility, this second option being the preferred choice as it would allow for more acquisition flexibility.

In January 2011, Labco successfully raised a €500m high yield bond with a 7 year maturity and coupon of 8.5% which was more than 5x over subscribed. In addition an acquisition facility of €135m was raised, significantly strengthening Labco's relationships with key banks and allowing the company to pursue its acquisition strategy.

The results of the collaborative refinancing plan were extremely successful. Labco raised its profile as a highly attractive leader in the market and was able to diversify its funding sources.

“Thanks to a deep involvement and a close understanding of Labco's value play, 3i's banking team was in a position to advise on a significant evolution of Labco's capital structure and aligned it with its long term objectives. Our intimate knowledge of the financing environment helped Labco to find the right window to achieve this successful refinancing.”

Markus Ehrler, Director, 3i

Investment news



TouchTunes

TMT | North America | £24.5m investment

Founded in 1998, TouchTunes Interactive Networks is the largest digital interactive out-of-home entertainment network in North America. TouchTunes, with offices in New York City, Arlington Heights, Illinois and Montreal, provides entertainment and marketing solutions to 50,000 venues.

- Our investment, in August 2011, will allow TouchTunes to focus on expanding its base of digital jukeboxes across North America and launching new products and services
- Through our global network and geographic reach we will support TouchTunes' expansion into Europe and Asia
- Our North American team will work closely with TouchTunes' management and CEO, Charles Goldstuck, to support the company's growth strategy



Loxam

Business Services | France | €60m investment

Loxam is the French and European leader in the equipment rental industry. The company has a turnover of more than €700m and employs nearly 4,000 people across 11 countries. Loxam has grown steadily over the years through organic growth and acquisitions both in France and abroad and now has 541 branches worldwide.

- Our investment, in July 2011, will strengthen the equity of the company to facilitate potentially significant acquisitions
- Using our international network, we will further increase Loxam's profile and presence across Europe and accelerate the company's growth strategy
- We have significant experience in this sector particularly through our successful investment in HSS in the UK



World Freight Company International

Business Services | France | €140m EV

World Freight Company International (WFCI) is the European leader in the General Sale and Service Agent market and employs 550 people worldwide. The group, founded in 2004 by the current CEO Pierre Brunet, has experienced strong growth in recent years, with revenues of more than €500m today. WFCI has a strong presence in Europe and the US.

- Our investment, in May 2011, will support the company's international growth strategy and the development of its service offering, with the aim of doubling WFCI's turnover within two years
- Our global network will enable WFCI to strengthen its international presence, particularly in South America and in Asia
- We will build on our existing track record in the transport and logistics sector, which includes investments in ABX Logistics, and SR Technics



GO Outdoors

Consumer | UK | £28m investment

Sheffield-based GO Outdoors is the UK's largest specialist retailer of camping equipment, tents, outdoor clothing and footwear. Established in 1998, the company has grown to 30 retail outlets across the UK with more than 1,300 employees and a turnover of £115million in 2010. GO Outdoors plans to expand to 70 outlets over the next four years.

- We invested £28m for a minority stake in GO Outdoors in April 2011
- Our UK team will work closely with the management team to drive growth through its differentiated business model, both from further new store rollout and the maturing of the large number of recently opened stores
- Former Tesco Director, Colin Holmes, has been introduced as Chairman through our Business Leaders Network. 3i's Justin Maltz and David Whileman have joined the board



BVG India

Business Services | India

BVG, established in 1997, is one of India's largest facilities management services companies with over 18,000 employees. With a pan-India presence, the company provides a wide range of services such as mechanised housekeeping, landscaping and gardening, logistics and transportation, electrical and mechanical services.

- 3i's Mumbai-based India team invested for a minority stake in BVG in January 2011 to support the company in realising its growth plans
- We are working closely with BVG's management to bring global best practice to the company to help achieve operational excellence
- We will build on our strong track record in the Business Services sector which includes investments in Coor Services Management (Nordics) and HSS (UK)

Growth capital:

Our approach to investing in partnership

Growth capital within 3i Private Equity is a dedicated resource, recognising the individual requirement for capital solutions for businesses that are 'not for sale'. These businesses are looking for collaborative, professional investors, who are both experienced and have a track record of working as partners in minority positions. Investors with influence rather than control.

We invest in privately-owned, high growth, profitable international businesses across Europe, Asia and the Americas, typically investing up to €150m in businesses with enterprise values ranging from €100m – €1bn, taking a non-controlling minority stake. Once we have invested, we are committed to working in partnership – delivering our international network and market insight to help our investee companies build exceptional businesses.

We provide funding and strategic support for a wide variety of situations including:

- **Supporting growth strategies:** Including acquisitions, roll-outs, international expansion and new market entry
- **Restructuring shareholdings:** Including the departure of a major shareholder, transitioning of ownership, or pre-IPO placing
- **Equity release:** Unlocking value for existing shareholders, allowing them to de-risk their positions while retaining control
- **Deleveraging balance sheets:** In preparation for an ambitious growth strategy, overseas expansion, new service offering or M&A

Supporting international growth



Our ability to create value in our portfolio companies has always been underpinned by the differentiated scale of our international resources, knowledge and network. As evidenced by the Labco, Refresco and SLR case-studies included in this edition of Eyes on Growth, our local presence and international network, aligned with our Active Partnership approach, Business Leaders Network and Banking team, enable us to deliver tangible benefits to the companies we invest in and the partners we work with.

We have a wide range of experience in supporting international growth, including:

- Introducing businesses to fresh sources of talent and innovation;
- Spotting great ideas and migrating them to other businesses and countries;
- Helping companies enter domestic and international markets that we know well.

We have recently supported our portfolio company Labco to enter the UK market through a joint venture with Sodexo called Integrated Pathology Partnerships (iPP). We helped to select the JV partner and establish the partnership and also leveraged our UK healthcare network to introduce iPP to key industry decision makers. As a result iPP is well positioned to achieve its goal of delivering European best practice in outsourced NHS pathology services.

A key factor in developing new and emerging markets is the ability 3i has to bring its network from across Europe and the Americas to Asia – specifically China, India and South East Asia. With a range of options including selling into Asian markets or offshoring, we have advised over 40 European and US businesses since 2006 on their strategy for Asia and have leveraged our extensive network to support over 30 European and local businesses with fixed assets in Asia.

For example, we have supported North America-based Mold-Masters to accelerate its organic growth in Asia. In March 2010, with our support, Mold-Masters opened a state-of-the-art production facility in Coimbatore, India, to complement the Indian Global Design Centre opened in December 2006. This new production facility is allowing Mold-Masters to continue to grow its business, as well as enhancing value, local support and speed to the rapidly growing market. In addition, since our investment, Mold-Masters has also expanded its Asian footprint into Korea and Taiwan and is currently significantly increasing its Chinese facility's manufacturing capacity.

In addition, we have introduced the management team from Hyperion Group, a leading global insurance broker, to our Singapore team, to assist in growing the business in Asia. Hyperion has secured a reinsurance licence in Singapore and in October 2010, Hyperion's broking subsidiary, Howden, reached agreement to acquire Singapore's Accette Insurance Group, significantly strengthening its Asia offering.

3i's international footprint and scale has also been a key factor in opening up Europe to businesses in Asia and we are aware this will be a significant area of growth in the coming years. However it is our new team on the ground in São Paulo, in addition to our New York office, that now also opens up the Americas to our international portfolio.

This is a significant step for 3i because approximately 20% of our portfolio companies already generate revenues from Latin America and this will further enhance our ability to support these companies as well as enable other portfolio companies to access the opportunities the region presents.

For example we recently completed the €140m EV investment in World Freight Company International (WFCI), the European leader in the General Sale and Service Agent market. Well-known through its subsidiary, Air Logistics, WFCI markets the cargo freight capacity of its customers which are comprised of 190 international airline companies. The business has a strong presence in the US and Europe and is aiming to double turnover in the next two years by expanding its international presence, particularly in Latin America and Asia.

We have offices in 13 countries across Europe, Asia and the Americas, and this global presence allows us to create value by identifying, unlocking and executing strategic growth opportunities, both domestically and overseas. We can also focus where required on operational improvement strategies, including offshoring and low-cost country transfer.

We can advise on:

- Market entry
- Manufacturing/Offshoring
- Sourcing
- M&A
- Business Process Outsourcing
- Recruitment
- Finance and operations

For further information please contact your local 3i Partner.

Supporting our investments



SLR Business Services | UK Current investment

- Supporting new market entry
- Access to 3i's Asian network

SLR Consulting is a UK-based environmental consultancy that is one of the country's fastest growing and most profitable, with over 800 employees working from offices in the UK and Ireland, North America, Australasia and South Africa.

In March 2011, we supported the acquisition of Metago International Holdings, a leading South African environmental consultant to the mining industry. The consideration for the acquisition was c.£7m.

This marks the latest of four acquisitions, with a combined value of c.£25m, in the resources and energy sectors since early 2010 which have transformed SLR from being focused on the UK and North America to being one of a very small number of truly international specialist environmental consultancies, with a strong footprint across Australia, Canada, Europe, the US and now Africa.

Since our original investment, we have provided support in the negotiation and execution of eight add-on acquisitions, including three transformational deals to enter the South African and Australian markets, and we continue to leverage our network to develop the US business, reinforcing SLR's world-leading technical expertise.



Refresco Consumer | Benelux Current investment

- Backing an international buy-and-build strategy
- Leveraging the 3i Banking team's knowledge and expertise

Refresco is dedicated to providing European retailers with private label products and contract manufacturing for A-brands in the juices and soft drinks category. Since its establishment in 2000, Refresco has built a pan European platform of 26 production sites in nine European countries, including four in Spain. Refresco recorded a turnover of €1.2bn in 2010 and a normalised EBITDA of €125m.

Since our investment of €84m for a 20% stake in March 2010, we have supported Refresco in the completion of two acquisitions, Spumador in Italy and SDI in Germany, adding almost €350m in turnover. Refresco's buy-and-build growth strategy is focused on further expanding and strengthening its market leading position in Europe.

In addition to two significant acquisitions, in May 2011, 3i's banking team worked closely with Refresco's management to successfully close its senior secured notes offering. The proceeds of this issuance will be used to refinance in full the Company's existing credit facilities totalling €618m, and for general corporate purposes.

Realisations

Ålö Industrials & Energy | Nordic | Realisation €240m EV

Ålö is a world leader in the manufacture of front-end loaders for agricultural tractors. The company is based in Umeå, Sweden, and has production facilities in China, the United States and France. We sold our stake in June 2011 to Altor.

We invested in 2002 and together with the management team and Balticgruppen, successfully built a global market-leading manufacturer of front-end loaders and equipment with strong revenue. In 2011, Ålö is expected to turnover approximately 2 billion SEK (€220m), which represents sales growth of 8% per year since the original investment.

Carso Business Services | France | Realisation €130m EV

Groupe Carso is the French leader in chemical, biological and physical testing services for the food, environmental and residential sectors and the French police department.

We invested in 2005, to accelerate its growth, mainly through acquisitions and during this period Carso has seen rapid growth of almost 30% per year. Annual sales have almost tripled, from €40m to €110m, with organic growth and acquisitions accounting for two thirds and one third of this growth respectively. The group has also expanded its range of analytical services to include radioactivity and forensic, among others.

After this successful period of investment, we sold our minority stake in January 2011 to FSI and Euromezzanine.

About 3i

3i is an international investor focused on Private Equity, Infrastructure and Debt Management, investing in Europe, Asia and the Americas. Our competitive advantage comes from our international network and the strength and breadth of our business relationships. These underpin the value that we deliver to our portfolio, shareholders and fund investors.

Internationally connected:

Asia: Beijing, Delhi, Hong Kong, Mumbai, Singapore, Shanghai

Europe: Aberdeen, Amsterdam, Copenhagen, Frankfurt, London, Madrid, Manchester, Milan, Paris, Stockholm

The Americas: New York, São Paulo

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