



A partnership approach

We have a strong track record of investing globally across the services sector, working in partnership with management to drive growth and enhance performance.



Our investment approach



3i is a world leader in private equity and venture capital, offering a comprehensive range of funding solutions: from Venture Capital to Growth Capital, Buyouts, Quoted Private Equity and Infrastructure.



We invest across Europe, Asia and North America and in the last two years have committed over €1.3bn of equity to the business services sector.

The market for business services is large and diverse. It's expanding rapidly, driven by economic growth and the increasing prominence of outsourcing and offshoring, trends which are now supported by the accessibility of talent in Asia.

We invest globally within six broadly-defined sub-sectors:

- **White collar outsourcing:** Covering a wide range of services with business process outsourcing (BPO) as its core, where successful operators use intellectual capital to build strong client relationships, a compelling brand positioning and a rounded product offering;
- **Consultancy:** High skilled, high margin advisory activities, covering verticals such as environmental, nuclear, engineering and professional services;
- **Testing, inspection and certification:** A highly fragmented and growing global market, driven by globalisation of trade movements and increasing quality verification;

- **Blue collar services:** Covering activities such as maintenance, repairs, facilities management, cleaning and security;
- **Distribution/Logistics:** Specialist distributors who understand and adapt to clients' needs can earn high returns in a market where 'commoditised' players face continuous pressure on margins; and
- **Rental:** International expansion opportunities for businesses involved in the hire of equipment and other 'non-consumables', where they can achieve high levels of utilisation and charge for premium-level service.

Our partnership approach is individual and personal. It starts during the due diligence process, as we prepare to invest and continues through our equity participation up to eventual exit. At every stage we help to create a healthy successful business with sound financials and an exciting future.

Our view on the market

“For the business services sector – and its private equity partners – these are exciting times.”



The business services sector has enjoyed a period of unprecedented growth over the last 10 years driven by the outsourcing of services, previously undertaken in-house, to specialist providers. Whether it is a desire amongst corporates to focus down on their core activities, or as part of a drive for cost and service efficiency, the advantages to both public and private sectors have been clear.

While the sector remains highly fragmented, the growth in the market has allowed for the creation of a number of substantial businesses. It is, however, only at the white collar end of the

market that we have seen the creation of genuinely international businesses capable of servicing multi-national companies across a number of geographies. By contrast (with a few exceptions) blue collar service providers have largely remained focused on their domestic markets.

We see the following key drivers of growth over the next decade:

Growth in offshoring. In particular, of ever more complex and broadly based process activities to lower cost countries, creating the opportunity for businesses to re-design their operating model. Within 3i we have sought to address this through Portfolio BPO Services (PBS), which has secured advantageous terms for 3i's existing portfolio companies looking to outsource, by pooling the potential flow of business and standardising the processing model. This has already achieved material benefits for a number of our investee companies.

Increased public sector outsourcing

in mainland Europe. Historic low outsource penetration levels in mainland Europe have been the result of both cultural and political factors, and in part a reflection of more restrictive labour practices. The political climate is changing and combined with increasing public sector funding challenges, we see an acceleration in the growth of public sector outsourcing.

Sector consolidation. As the sector becomes increasingly sophisticated in how it interacts with its customers and how it seeks to price the increased transfer of risk within contracts, scale will become increasingly important. It will also allow companies to achieve greater leverage from their existing relationships, through the opportunity to sell a wider breadth of services within a single contract.

Each of these trends creates huge opportunities for value creation. For the business services sector – and its private equity partners – these are exciting times.

A handwritten signature in black ink, appearing to read 'Alan Giddins', written in a cursive style.

Alan Giddins
Partner and Global Sector Head, 3i

Recent investments



Spain €141m Buyout

Daorje Grupo provides industrial and waste management services, including waste collection, recycling and disposal. Its clients comprise regional and municipal administrations, as well as private companies, mainly in north-western Spain. Having invested in September 2007, we are working alongside a strong management team in order to exploit the underdeveloped waste management sector and grow the business both organically and through acquisitions. We have introduced leading sector expert José Manuel Muriel as Chairman.

Foster + Partners



UK Growth investment

Foster + Partners is a world-renowned architect practice, known for global landmarks such as London's Swiss Re HQ, and the new Beijing airport. We took a minority stake in the business in May 2007. We will leverage our relationships and contacts across our global network, and support growth into new services lines and geographies. The initial focus will be on India, China, North America and the Middle East.



Nordic €615m Buyout

Eltel designs, builds, maintains and enhances networks for the telecommunications and electricity sectors. Based in Finland, the business operates in the Nordic region and Poland, and is managed across two business segments, field services and large projects. The business has turnover in excess of €750 million. Our investment in August 2007 will allow for further expansion in both its home markets and across Central and Eastern Europe.



Nordic €243m Buyout

Inspecta is a market leader in testing, inspection and certification within a wide range of industries including energy, real-estate and manufacturing. Based in Finland, the business has grown through a combination of strong organic growth and a successful acquisition strategy. Management will leverage our in-depth sector expertise and global network of industry specialists to expand its strategic footprint. We have introduced industrialist Ad Verkuyten as Chairman.



UK €858m Buyout

Enterprise is one of the UK's leading providers of outsourced services to the utilities and public sector with a strong presence in the fast-growing local authority outsourcing market. Through our long-standing relationship with the business we supported management in taking Enterprise private in May 2007. Within four months of completion, we acquired Accord plc, creating the market-leading UK provider of blue collar maintenance services to the public sector with revenues in excess of €1bn.

KNEIP



Luxembourg €37m Growth investment

KNEIP is an outsourcer to the investment fund industry providing and publishing investment fund data for administrators, promoters and asset managers. The company has developed a scalable and rapidly-growing outsourcing proposition and is delivering real benefits to its partners. In early 2007 founder, Bob Kneip, was keen to seek a financial partner to help accelerate the company's growth, and felt that 3i matched his ambitions for the business.

Recent realisations



Nordic €540m secondary buyout

Coor Service Management is the Nordic market leader in the integrated facilities management sector. 3i was able to contribute to the company's rapid growth, working in partnership by driving growth through add-on acquisitions and expanding its range of services and geographic reach. As a result of a growing client base and key acquisitions over a three year period, sales and earnings doubled and staff numbers grew from 1,800 to 3,700. We successfully sold Coor in December 2007.



UK €456m sale

HSS is the the UK's largest tool and equipment hire chain. We led a €211m buyout in 2004 introducing Chairman Alan Peterson and CEO Chris Davies. Working in partnership with management, the business undertook a three year value creation and growth plan; streamlining operations, upgrading the retail website and repositioning the business to focus on trade customers, who now make up 90% of turnover. We sold the transformed business ahead of plan, in June 2007.

MARKEN



UK €622m secondary buyout

Marken is a specialist express logistics provider to the pharmaceutical industry with operations centres in London, Paris, New York and Singapore. We worked to streamline and strengthen management, introducing in-depth sector expertise. We further helped expand US market share by building a new team and targeting US-based pharma companies, whilst also successfully winning bids for clinical trials in Europe and the US. Increased margins through earnings growth and cost savings led to a successful sale in July 2007.



UK €1.16bn partial realisation

NCP is the UK leader in car parking services. We led a €655m buyout in 2005, identifying the opportunity to maximise the potential of both the car parks business and the fast-growing outsourced services business. We introduced Chairman Mike Jeffries and worked to rationalise costs and improve technology, which increased staffing by 18%. In 2007, we led a de-merger of the business, selling the car parking arm (NCP) to Macquarie, whilst retaining the high-growth NCP Services.



Nordic €98m sale to Kungsliden

Based in Stockholm, Nordic Modular consists of three businesses involved in the construction, rental and leasing of pre-fabricated modular buildings. We invested in 2005, introducing sector specialist Mats Mared as investing Chairman and re-introducing Per Johansson to his former position, as CEO. During our ownership, profits grew rapidly as a result of increased sales and marketing activity and improved manufacturing processes. We successfully sold the business in January 2007.



UK €659m sale to Deutsche Post

Williams Lea is the leading UK supplier of business process outsourcing in the document and print management market. In February 2004 we completed an investment of €49.5m, devising an innovative funding structure that provided the capital required for expansion, whilst allowing family shareholders to realise value. We introduced Chairman Robert Walker to the Board and advised on key acquisitions, including US market-leader Bowne Business Solutions.

About 3i

3i is a world leader in private equity and venture capital, offering a comprehensive range of funding solutions: from Venture Capital to Growth Capital, Buyouts,

Quoted Private Equity and Infrastructure. The scale of our international network delivers unbeatable reach, experience and relationships, and underpins the value that we deliver.

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