



Press release

17 DECEMBER 2015

3i continues its successful track record in the TIC sector with the sale of Element Materials Technology to Bridgepoint

3i Group plc (“3i”), and funds managed by 3i, today announced the sale of Element Materials Technology (“Element” or “the Company”) to Bridgepoint. Headquartered in the UK with 75% of its revenue in the US, Element is the market leading independent global laboratory-based testing company.

Total proceeds to 3i Group and Funds represent a 4.5x euro money multiple (3.9x in sterling). Proceeds to 3i from today's transaction will be an estimated £186m, representing an 11% uplift against the value at 30 September 2015 and a 29% uplift against the value at 31 March 2015. The transaction is expected to complete by 31 March 2016. Proceeds from the investment will total £215m, inclusive of the refinancing completed in 2014.

3i invested in the Company in 2010 as part of a carve-out transaction from Stork. Shortly after, in 2011, the Company was rebranded as Element Materials Technology and reorganised into sector-focused business lines to better serve its customers' needs. Element is now a global market leader in the most attractive end markets for testing - Aerospace, Oil & Gas and Transport & Industrials - supplying blue chip customers such as Ford, GE, Rolls-Royce, Boeing and Airbus.

As well as building on a strong track record of organic growth, Element has successfully pursued a buy-and-build growth strategy under 3i's ownership, completing and successfully integrating 10 acquisitions. The scale and international footprint of the Company has substantially increased during the period with the number of labs increasing from 22 in 2010 to 53 in 2015. As a result of this growth, revenue has nearly trebled to c\$293m and EBITDA has quadrupled to \$80m, with the number of full time employees increasing from 800 to 1,800.

In addition, through our Business Leaders Network, we introduced Peter Regan, who was previously Chief Executive and Chairman of former 3i investment ERM, as Chairman, and Ad Verkuyten, former CEO of RTD, joined the board as NXD.

Alan Giddins, co-head of Private Equity and Andrew Olinick, Partner and co-head of 3i's North America Private Equity team commented:

“Element is a fantastic business with an outstanding management team. Over the last five years the business has more than quadrupled its EBITDA, evolving from a newly-created standalone company into a world class business serving a range of blue chip customers globally. Through this transformational journey 3i has been able to use its international footprint and people relationships to support the company in delivering on its growth strategy.”

Charles Noall, President and CEO of Element, said:

“I would also like to thank 3i for their close support which has been critical to delivering the rapid and sustainable growth that we have achieved over the past five years. Element today is a market leading business in our industry differentiated by its deep sector expertise, strong customer partnerships, and consistency in delivering results that customers can depend on. By sharing these values I believe that Bridgepoint will be an excellent partner for Element and a strong supporter of our continued success.”

Rothschild and Baird acted as financial advisers to 3i and Element on the transaction.

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Notes to editors:

About Element

Element is a company with a global presence; its laboratories are staffed by experts specializing in materials testing, product qualification testing and failure analysis for the Aerospace, Oil & Gas and Transportation and Industrials sectors. Element’s team of 1,800 scientists, engineers and technicians work in 53 laboratories located throughout the U.S. and Europe. For a complete list of Accreditations & Approvals and more information, please visit www.element.com

About 3i Group

3i is a leading international investment manager focused on mid-market private equity, infrastructure and debt management across Europe, Asia and North America. For further information, please visit: www.3i.com