

Issue 12 / Spring 2015

Creating Value

The Newsletter of Maven Capital Partners

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MAVEN
CAPITAL PARTNERS



Bill Nixon Managing Partner



Welcome to the Maven Spring 2015 newsletter. We are now well into our VCT reporting season and to date I am pleased that we have been able to again report uplifts in Total Return NAV and improved dividends for investors, in some cases for the fifth or sixth year in succession. We never forget the importance of income for our VCT shareholders and our investment strategy is built around that core objective.

Competition for private equity assets has intensified during the past 12 months and we currently see better value in the North of the UK where more sensible entry pricing prevails. In the Southern territories deal flow is still strong but a large number of transactions are heavily intermediated and often overpriced, or the terms available in our view do not properly reflect equity risk. As a result there is a pronounced bias in our portfolio outside of London and the South East.

Since I last wrote there has been strong levels of new investment activity and corporate actions across the Maven VCT portfolios. We have completed the sale of two established investee companies to private equity buyers, and added three new income generating assets to the portfolio across a range of sectors. Importantly, we also completed value accretive transactions for three existing portfolio companies, in two cases adding a complementary acquisition and in another funding a secondary MBO which improved our clients' equity stake and income levels. All of these transactions are profiled in this edition.

This is the 20th anniversary of VCTs following their introduction by the then Chancellor Ken Clarke in 1995. The product is now firmly established in the UK with tens of thousands of investors enjoying the tax benefits available, whilst at the same time helping many deserving and entrepreneurial UK companies. It has been a fantastic means by which to connect investors and growing companies, and has actively contributed to job and wealth creation across our country.

I am aware that many investors enjoy a face to face discussion with their VCT fund manager and once again we are arranging events for investors to 'meet the manager' around the UK. I very much hope a number of our investors will be able to attend and look forward to meeting as many of you as possible.

You may also be interested to read about the Maven Academy in this issue. We are acutely aware that many young people leaving school do not have the right awareness or connections to gain access to a career in finance. We are taking five pupils from schools in disadvantaged areas, about to undertake a college or university degree, and offering them a four year internship programme with one candidate being offered a full time training contract with Maven on graduation.

I hope you enjoy this issue of the Maven newsletter.

Endura moves up a gear with Maven funding

In October Maven client funds provided development and replacement capital to Endura, as part of an investor syndicate led by Penta Capital. Scottish headquartered Endura was established in 1992 by Jim McFarlane to provide a range of innovative, high performance cycle clothing with dependable functionality at an affordable price.

The business has developed into a fast growing designer and manufacturer of a range of cycling apparel (clothing, eyewear, luggage and helmets) that caters for the key cycling categories of mountain, road, race, performance, leisure and commute.

The Company's products are sold in over 30 countries, primarily via 3,000 independent bike dealers, and Endura is now the largest cycle specific brand in the UK market. Endura has a high profile in the major cycling magazines and has become the official clothing sponsor to Movistar, the number one ranked team on the UCI World Tour. Jim has assembled a capable and ambitious team to help scale the business and management have a well-defined strategy for further internationalising operations and building the Endura brand. Funding provided through this investment will support that plan.

Maven has previously worked alongside Penta in three successful transactions, having invested as part of a syndicate in the 2010 acquisition of online insurance provider esure from Lloyds Banking Group, which subsequently undertook a successful IPO, the 2011 buy-and-build telecom services platform Six Degrees Group, and the 2013 buy-and-build acquisition vehicle Global Risk Partners, focused on the Lloyd's insurance market.



Maven invests in the MBO of diving control specialist Fathom Systems



Jock Gardiner of Maven Capital Partners and Gareth Kerr of Fathom Systems

Maven has completed the management buy-out of Fathom Systems. Established in 2005, Fathom provides niche solutions and products to the commercial diving, remotely operated vehicle and underwater engineering sectors.

Maven's clients have acquired a majority stake in the business for £4.25 million, with Managing Director Gareth Kerr remaining in the post to lead a strong and experienced senior management team through the company's next stage of growth.

Headquartered in Portlethen, south of Aberdeen, Fathom has developed an extensive range of high-quality engineered products and systems for a global blue chip client base. Fathom's products are mission critical to subsea processes and, due to their high safety standards and reliability, are widely used across the international diving industry.

Fathom has recently moved its operations to new larger premises to provide additional capacity for growth. Maven's funding will be used to help the business grow internationally and to expand its product line into other high-end engineered

systems, capitalising on the achievement of the brand to date which has already enjoyed considerable success based on the quality of its designs and its key focus on customer service and operational support.

“The Maven deal has come at a perfect time for Fathom Systems. Over the past year the business has doubled its turnover and staff, and similar growth is expected over the next two years. We have built a strong brand since the company's formation in 2005 and this will be the foundation for the next phase in our development. With the backing of Maven and the support of a strengthened management team we will exceed client expectations and achieve our growth ambitions both in existing and new markets.”

Gareth Kerr
Managing Director at Fathom Systems

Maven leads MBI of electronics manufacturer CB Technology



Maven has completed the £4.5 million management buy-in of CB Technology Limited, an established contract electronics manufacturer with a focus on complex manufacturing and testing for deployment in harsh environments.

Maven assembled a strong buy-in team for CB led by John Cameron, formerly at GE and UTC Technologies and who most recently served as Commercial Director at Finnish-based Marioff, where he headed up a team of over 200 people generating annual revenues in excess of €100 million. Graham Scott, previously CFO of Memex, part of US software giant SAS Group, has also joined the business as FD. The business is chaired by Laurence Ormerod who has significant experience of growing a number of successful SMEs.

The current operational management team will also remain in the business and has been integral to the success of CB to date, helping the company to achieve year-on-year growth since it was established in 1999. Funding from Maven will allow CB to further supplement the senior management team and establish a dedicated sales and marketing function to support future business development.

Operating from a state-of-the-art facility in Livingston, CB has a blue chip customer base and an established track record of delivering high reliability electronics on technically challenging projects.

The business works directly with its clients right through from design to product delivery, offering complete printed circuit boards or stand-alone products.

“For the past 15 years, CB has supplied a range of blue chip customers with complex electronics that, critically, must function reliably under extremes of temperature, pressure and vibration. The business has consistently delivered and is clearly trusted by its customers. We believe the excellent team we have brought together can further leverage CB's exceptional reputation to scale the business and we are very much looking forward to working with John and his team.**”**

David Milroy
Investment Director at Maven

Nenplas continues to expand with the acquisition of Delta Plastics

Maven investee company Nenplas has acquired Delta Plastics, its second acquisition in as many years following the purchase of Polyplas in 2013. The transaction forms part of its strategy to grow the Nenplas group through a combination of acquisition and organic growth.

Based in Wolverhampton, Delta specialises in the design and production of rigid and flexible extruded plastic and rubber products. These products are used in a variety of applications such as cladding profiles for the building trade, door seals and trailer pelmets.

The acquisition of Delta adds a number of complementary products to Nenplas' existing range and provides additional manufacturing capacity in support of future growth. Delta will also provide a number of synergistic benefits for the expanded group, allowing it to secure raw materials at more competitive prices and increase manufacturing volumes, leading to improved margins and efficiencies for the business.

Maven has been invested in Nenplas since 2013 following a secondary buy-out led by the existing management team, who acquired the business from a previous Maven investee company Homelux Nenplas. That transaction involved a complex demerger process which also resulted in the sale of the Homelux Division to a US buyer, generating a 3.4x return to Maven clients.





Maven supports Crawford Scientific's acquisition of Hall Analytical Laboratories

Maven VCT portfolio company Crawford Scientific has secured a further £2.2 million of funding to support its acquisition of a Manchester-based contract research firm. Hall Analytical Laboratories provides a range of analytical services with an emphasis on mass spectrometry detection technologies. Virtually all of Hall's services are mandated by stringent UK and international industry regulations and only a handful of laboratories globally are able to offer the specialised services provided by Hall's highly trained and experienced team.

Maven originally completed a £3.9 million investment in Crawford in August 2014 and from the outset identified the provision of analytical services as a key element of Crawford's long-term growth strategy. Hall and Crawford have a strong existing trading partnership and, following this acquisition in January 2015, Crawford aims to utilise its sales and marketing capabilities to develop and promote the Hall brand and offering across the pharmaceutical, industrial and environmental sectors.

“There are compelling reasons for Crawford's acquisition of the Hall business, not least of which is the strong customer loyalty that Hall enjoys. The addition of its highly skilled team will only serve to consolidate Crawford's position as the UK's leading provider of chromatography supplies and technical services.”

David Milroy, Investment Director at Maven



Maven has supported the secondary MBO of Westway Services with a further £3.6 million investment. Maven funded the original MBO of the London-based facilities management business in 2009 and has since helped grow Westway's footprint throughout London and the South East.

Founded in 2001, Westway provides installation, commissioning, maintenance and project management for all aspects of building services. Its core focus is on heating, ventilation and air-conditioning maintenance for blue chip clients across a range of sectors.

Under the leadership of Managing Director Andy Donnell the company has achieved year-on-year growth in revenues during the period of Maven's investment, and now has an annual turnover in excess of £40 million. This success is centred on a proven track record of delivering a reliable and high quality service for its clients across a broad range of planned and reactive maintenance projects.

The refinancing of Westway will help the business to capitalise on projected organic growth strategy, and to pursue its planned geographical expansion into other parts of the UK.

Maven increases its support for Westway Services

Maven VCT Offers close 3 months early

It has been a positive year for the VCT market, with returns across the generalist sector reported to be up 10%, and outperforming the investment company sector average by 2%, according to figures published by the Association of Investment Companies (AIC).

Investors are increasingly looking towards VCTs as a source of reliable and tax-free income. This increased demand saw Maven's £18 million VCT Offers become fully subscribed early in February, just three months after launch, and was the first generalist VCT offering to close for this VCT season.

At a time when there has been some concern expressed by investors and commentators over the ability of VCT managers to deploy the substantial level of funds raised across the market in recent years, the maximum fundraise of £18 million was carefully targeted to match the current investment rate of our VCT team.

“We are very pleased to be the first generalist manager to see its VCT offers fully subscribed this year, symptomatic of continuing strong investor appetite for later-stage focussed VCTs. Almost 1000 investors have subscribed to the Maven offers since they were launched in late October.”

Bill Nixon
Managing Partner at Maven

MAVEN
VCT Offers

Meet the Manager events **2015**

This Autumn Maven will again be running a series of Meet the Manager events at venues across the country. The meetings will give shareholders the opportunity to meet our senior fund management team and cover any questions they may have regarding the VCT Funds.

Maven is committed to maintaining a high level of VCT shareholder communications, and is always keen to meet shareholders and receive feedback about ways to improve our service to investors.

Meetings are likely to be held in London, Manchester and Glasgow, although the venues could change to reflect overall demand.

The format of the meetings will be similar to that used successfully in previous years, with an informal buffet lunch followed by a short presentation by our senior management team. Investors will hear more about the Maven investment approach and portfolio, and there will be a Q&A session to allow a forum for discussion.

If you would like to register an interest in attending a Meet the Manager event please email enquiries@mavencp.com with your name, address and preferred city or region. Once dates and venues have been finalised we will contact you with further details.

New Maven website coming soon

Over the coming weeks investors who visit the Maven website will see some significant changes and a completely new and fresh design. After listening to shareholder feedback our website is currently being upgraded with a key focus on its readability and usability.

As more visitors are accessing the site via their smartphones and tablets we felt it was also important that we created a responsive web design – in which the page automatically resizes depending on the device it is being viewed on.

We are extremely pleased with the improvements to this key client medium, and hope that the new site will deliver an enhanced user experience for our investors. As ever we will be pleased to hear your feedback on what you think about this new look.

www.mavencp.com



It has been a busy six months for the Maven team, with exits achieved from three portfolio companies, Camwatch, EFC Group and Adler and Allan, allowing us to recycle funds from these realisations into new assets, and support our client VCT dividend programme.



Portfolio Progression



Clockwise from Left:
Engineered control
systems designed by
EFC Group, an Adler
and Allan engineer
out in the field, and
CCTV systems from
Camwatch



In September Maven sold its holding in Harrogate based **Adler and Allan**, a leading UK environmental services business, via a secondary buy-out funded by LDC. The exit saw Maven clients achieve a 2.6x multiple return on their investment.

Maven clients first invested in Adler and Allan in 2007 alongside Spirit Capital Partners to support the growth and commercial development of the business, before later backing a series of acquisitions, including E&S Environmental, Cleanex and AJ Bayliss, to help the group gain scale and grow shareholder value.

Adler and Allan's range of services includes specialising in the handling, transport, clean-up and disposal of oil based and other hazardous waste. The Company is particularly noted for its skills in emergency spill response situations, having been heavily involved in the clean-up exercise following the 2005 Buncefield explosion.

The business has seen significant growth over the life of the Maven investment and was ranked 31st in the latest Sunday Times' list of Britain's fastest-growing private companies. It now employs 450 staff across its 24 UK depots, with annual turnover in excess of £60 million.

In November Maven clients exited from their investment in **Camwatch**, following the sale of the company to VPS, the vacant property security specialists.

Based in Oldham, Camwatch has over 10 years' experience in developing security products, including an innovative CCTV solution that supports the security of construction and remote sites. In addition, Camwatch's locking bar is currently deployed in over 4,000 cash machines for a range of blue chip customers across the UK.

Later that month Maven realised its investment in control systems specialist **EFC Group**, via a secondary buy-out to Arle Capital Partners, achieving a 3.8x multiple return for Maven client funds.

EFC is a market leading provider of monitoring systems and instrumentation to the oil & gas sector. Headquartered in Aberdeen, its specialist designed and engineered solutions are now used globally by a range of clients in the energy services sector.

Throughout the five year period of its investment Maven worked closely with the management team to accelerate the company's growth by targeting new international markets, extending the product offering and growing the customer base.

The funding provided by Maven and its co-investment partner Simmons Parallel Energy Fund in 2009 helped to transform EFC, as the business moved to new headquarters, further strengthened its management team, developed innovative new products and significantly improved both its systems and processes. These enhancements saw EFC's turnover more than double and employee numbers grow from 50 to 150 during the period of the Maven investment.

MAVEN Academy

Maven establishes a scholarship initiative to find the next generation of private equity professionals.

Maven has set up a new internship programme to give pupils from schools in disadvantaged areas the opportunity to take their first steps in the finance industry. This new initiative aims to identify and develop promising and hardworking youngsters who might otherwise not have had the chance to work in finance, acting as a bridge between the sector and the education system.

The programme has been made available to several local schools, offering summer placements to a number of 17-year-old pupils planning to go to college or university. Taking place over four summers, one student will be offered a paid training contract on completion of their degree. This new training scheme has been positively received, with five young people due to start with us in summer 2015.

“*The current political landscape and recent Scottish referendum has had a profound effect on me, reinforcing my view and concern that many young people in our community have limited or no access to business or hold a negative view of the finance industry. This initiative will hopefully help break down those perceptions and give a few young people a step up to allow them to demonstrate their talent on a level playing field.*”

Bill Nixon, Managing Partner of Maven

Appointments



Keith Robertson Aberdeen office

In January Maven appointed Keith Robertson as an Investment Manager. Based in our Aberdeen office, Keith is part of the investment team responsible for sourcing and executing new investments in the North East of Scotland.

Keith joined Maven after four years working for HSBC in Aberdeen. Initially undertaking a portfolio management role, he spent the latter three years with HSBC within the Leveraged Finance Team where he worked on a range of private equity backed transactions in the mid-market. Previously Keith was employed in portfolio management and asset backed lending roles at RBS, having joined on its graduate fast track scheme in 2007.

Keith graduated from the University of Aberdeen in 2005 with an MA Honours degree in History.

PORTFOLIO PROFILE

Glacier Energy Services



Maven investee Glacier Energy Services was formed in March 2011 to acquire two oil & gas service companies, Wellclad and Roberts Pipeline Machining, from MB Aerospace. Since then Glacier has grown significantly with Maven's help. *Creating Value* looks at the evolution of this dynamic business and how Maven has supported it along the way.

In less than five years the Glacier business has grown into a global asset integrity, repair and maintenance group, servicing the international energy sector through hubs in the UK, Singapore, United Arab Emirates and Australia. The story of Glacier's success exemplifies how private equity can offer financial, M&A and operational support to entrepreneurial companies, helping them to achieve their strategic goals and exploit market opportunities.

Maven completed the acquisition of the first two Glacier companies in 2011 and has since worked closely with the senior management team to support a major growth drive to broaden the service offering and internationalise the business, with new overseas offices in addition to opening purpose built facilities in Glasgow, Dalgety Bay, Aberdeen and Newcastle.

Maven's support has helped to transform Glacier, with turnover having increased seven-fold to over £28m since we first invested four years ago, and employee numbers rising from 24 to over 230 across the Group.

Acquisition based growth has been central to expansion; notably Glacier has acquired a range of complementary businesses which provide a varied range of services across energy infrastructure. Site Machining Services, Ross Offshore, Professional Testing Services and MSL Heat Transfer have all been successfully integrated into the enlarged Glacier Group.

Maven has also helped to implement a number of initiatives to drive organic growth. These include doubling the production capacity at the Glasgow workshop through additional equipment and shift patterns, the introduction of an Enterprise Resource Planning system to achieve efficiencies across the business, a new Customer Relationship Management system, and the addition of new talent into the sales team.

Although the oil & gas industry is facing challenging conditions at present, Glacier continues to perform strongly, growing market share, securing new clients and expanding internationally. Indeed, Glacier has been resilient to the current market conditions, where the sector has seen a fall in oil prices, due to the specialist nature of its service offering and the increasing international dimension to the business.

Maven has forged a successful and trusted partner relationship with Glacier's executive management team, committed to driving the business forward together. Having a funding partner with the same shared objectives has afforded Glacier the flexibility to seize acquisition opportunities that have arisen, with the common aim of growing shareholder value.



Shareholder Enquiries

CAPITA *shareportal*

For any enquiries about a VCT shareholding or valuation, please contact the registrar Capita Assets Services. Capita operates a **dedicated non-premium rate VCT helpline** on behalf of the Maven VCTs, on **0333 300 1566***, or can be emailed at **vcts@capitaregistrars.com**. Shareholders can also register at **www.capitashareportal.com** in order to easily access and maintain a shareholding online, including changes of address.

Please note that Capita can only provide information directly to a shareholder, or to a professional adviser who has provided a signed letter of authority to obtain information on the shareholder's behalf.

**Calls are charged at the standard geographic rate, and will vary by provider. Calls from outside the UK will be charged at the applicable international rate.*

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If you would like to receive our newsletter and information about new investment opportunities via email, please contact **enquiries@mavencp.com**

Investors can now stay up-to-date with Maven in real-time. If you want to be one of the first to hear about new investments, portfolio exits or any VCT news then it is only a click away. **Find and follow Maven on Twitter, LinkedIn and Google+**



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