

## **LYCEUM CAPITAL BACKS UKDN MANAGEMENT TO BUILD SPECIALIST INSURANCE CLAIMS MANAGER**

Mid-market growth investor Lyceum Capital has backed the management of UK Drainage Network ('UKDN'), the largest drainage claims manager in the home insurance market, acquiring a majority stake.

UKDN, which is headquartered in Solihull, West Midlands, was formed by Chief Executive Greg Beech in 2003 through the merger of five regionally-based independent firms.

The £20 million turnover company provides claims management, remediation, validation, investigation and repair services for most of the UK's largest household insurers from its nationwide network of 11 depots and 270-strong team of directly-employed skilled operatives.

Following the investment, UKDN and Lyceum Capital will broaden the group's capabilities to encompass other services, creating an outsourced claims management and validation provider in the home insurance market. This will include a consolidation strategy to leverage UKDN's existing infrastructure, with a number of strategic acquisitions already identified. The business will also continue to target growth opportunities in the drainage market.

The deal follows Lyceum Capital's £22 million acquisition of energy consultancy McKinnon & Clarke, announced earlier this month (4 January). Last year, the firm also completed a total of nine add-on acquisitions for its other platform businesses, clinic trials specialist Synexus and domiciliary care provider Carewatch.

The UKDN transaction was led by Simon Hitchcock and Martin Wygas of Lyceum. Simon Hitchcock and David Harland, Partners at Lyceum Capital, will each take seats on the company's board.

Simon Hitchcock, Partner at Lyceum Capital, said: "UKDN is ideally positioned to consolidate a highly fragmented sector. It has the infrastructure, nationwide coverage, technical skills base and proven management team to become a market-leading outsourced service provider in the market."

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He added: "With significant acquisition funding now in place, the company is a solid platform for Lyceum's proven investment strategy for creating true scale and value in this sector."

Greg Beech, Chief Executive of UKDN, said: "This is an exciting development for our insurance customers at a time when they are looking to increase efficiency by consolidating supply chains and partnering with technology-led, customer focused service companies."

He added: "Lyceum's financial backing and strategic input will enable us to accelerate our growth in this and other new markets, and represents a major vote of confidence in our team and business model."

Newco was advised by Roger Buckley of BDO and debt funding was provided by HSBC.

Sharon Hill, Director of HSBC Leveraged Finance Midlands, added: "HSBC's relationship with UKDN goes back to its original formation and we are delighted to continue to support this dynamic and experienced management team through this exciting next stage of development. This deal highlights that HSBC remains supportive of well managed organisations with a solid strategy and vision."

Lyceum Capital is an independent private equity firm whose team has over 25 years' experience of investing in growing businesses and consolidating fragmented market sectors. It has now acquired 42 add-ons for its last 10 platform companies.

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**Notes to Editors:**

Funders and advisors on the deal included:

- Equity: Lyceum Capital (Simon Hitchcock, Martin Wygas, David Harland, Andrew Aylwin and Rob Gershon)
- Debt: HSBC (Sharon Hill, Graham Young)
- Corporate Finance for Newco: BDO (Roger Buckley, Adam Whistance)
- Legal for Lyceum: Travers Smith (Paul Dolman, Charlotte Dencer, Moushumi Sharmacharja)
- Legal for vendors/management: Cobbetts (Graham Muth, Nick Dawson)

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- Legal for HSBC: Pinsent Masons (Matthew Heaton, Mark Timms)
- Financial DD: PwC (Russell Worrall , Jonathan Cooper)
- Commercial DD: Armstrong (Robin Illingworth, Edward Hikmet)
- IT DD: Intuitus (Calum Stewart, Iain Mackay)
- Insurance DD: Aon (Peter Casciani, Andrew Fox)
- Management DD: Highwire (Sandra Aldridge, Annie Gray)

**About Lyceum Capital:**

Lyceum Capital is an independent private equity firm which is investing in innovative and growing UK-headquartered businesses from its latest £255 million fund.

Using a research-driven approach to origination, Lyceum Capital makes highly targeted investments in businesses with the potential to become robust participants in fragmented and growing sectors.

It invests between £5 million - £30 million in deals with typical enterprise values of £10 million - £75 million.

Lyceum Capital works alongside management teams to increase scale and capture market share by driving operational improvements, supporting organic growth and sourcing and funding complementary acquisitions.

Through a combination of investment, operational and strategic input Lyceum Capital builds robust and successful businesses with good long-term growth prospects.