

LYCEUM POWERS UP WITH £22 MILLION ENERGY ACQUISITION

Mid-market growth investor Lyceum Capital has acquired McKinnon & Clarke (M&C), one of the largest energy procurement and compliance specialists in Europe, for £22 million.

The deal sees Lyceum Capital take a significant majority stake in the consultancy which advises business users on energy and environmental usage and legislation in regulated and deregulated markets across the globe.

M&C assists its 2,500-strong client base in driving efficiencies by providing a broad range of planning, procurement and management services.

Headquartered in Fife, the company employs 87 people in Scotland and a further 286 across an international network of offices which spans 18 countries in Europe and the Far East.

Lyceum Capital is now working with management to implement an investment strategy which will further strengthen M&C's infrastructure, drive new organic growth and enable it to source and fund the acquisition of firms which complement its service offering and geographical coverage.

The growth plan will focus on new opportunities in rapidly expanding international markets and aims to treble M&C's £22.7 million turnover during the next few years.

Following the deal, founder Sandy McKinnon will retain a minority share in the business and M&C's CEO, Simon Northrop, will continue to lead the company.

Daniel Adler and David Harland from Lyceum Capital will join the board, which will be further strengthened with the arrival of Bill McCall as chairman and Gerry Higgins who has been appointed executive vice chairman.

Daniel Adler, Partner at Lyceum Capital, said: "M&C has excellent long-term prospects as it commands a strong reputation and service offering in an international market that continues to grow year on year.

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.../2

“It is an ideal platform for our proven investment model which will create further significant value in the business through a focused consolidation strategy and a rigorous programme of operational enhancement.

“As well as an established management team, M&C has strong, visible revenue streams and a pool of strategically aligned acquisition targets which, when integrated, will enable us to develop the business into a robust, international market leader.”

Simon Northrop, CEO of M&C, said: “Lyceum Capital has brought to the table expertise and funding which will see M&C dominate the energy consultancy market on a global stage. There is no question that with their backing, we will be a significantly bigger business in four years time.

“With an ambitious acquisition plan in place targeting companies in Europe and Australia, we will be able to offer our clients unrivalled scale and expertise. As environmental legislation rises higher up the business agenda, organisations will need our services to ensure they are operating to maximum efficiency and within the law.”

Lyceum Capital was advised by KPMG and Travers Smith. Debt funding was provided by HSBC.

Lyceum Capital is an independent private equity firm with a team which has over 25 years experience of investing in innovative and growing businesses.

Using a research-driven approach, the firm builds a detailed understanding of rapidly expanding sectors and invests in those businesses which are best placed to capitalise on new expansion opportunities.

Since 2000, Lyceum Capital has invested in 11 platform businesses and made a total of 42 add-on acquisitions.

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.../3

Notes to Editors:

Funders and advisors on the deal included:

- Equity: Lyceum Capital (Dan Adler, Grant Davidson, Duncan Green, Andrew Aylwin)
- Debt: HSBC (Stuart Mills, Chris Brass, Tom Elliott)
- Corporate Finance for Lyceum and management: KPMG (Tristan Nagler)
- Corporate Finance for vendors: Livingstone Partners (Kristian Gavan)
- Legal for Lyceum and management: Travers Smith (Paul Dolman)
- Legal for vendor: MBM Commercial (Sandy Finlayson)
- Legal for HSBC: Pinsent Masons (Mark Timms)
- Financial DD: KPMG (Phil Abram)
- Commercial DD: KPMG (Robin Cartwright)
- Tax DD: KPMG (Martyn Till)
- IT DD: Intuitus (Richard Irwin)
- Insurance DD: Aon (Peter Casciani)
- 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.

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