



VEHICLE MANAGEMENT GROUP IN THE FAST LANE FOLLOWING £80M DEAL

Leasedrive Velo, one of the UK's largest independent vehicle management groups, has been acquired in a secondary buyout backed by private equity house LDC.

A management team of CEO Roger Partridge, commercial director Roddy Graham, and CFO David Bird has bought the business from exiting shareholder Lyceum Capital.

The Wokingham-based company provides a full range of services including fleet management, contract hire plus short and mid-term vehicle rentals.

It works with a diverse national customer base of largely blue chip organisations such as PricewaterhouseCoopers, British American Tobacco, Samsung, T-Mobile, John Lewis Partnership and Eli Lilly.

As part of the deal LDC has made a significant investment for a majority stake in Leasedrive Velo with Kevan Leggett and Richard Stewart joining its board. Debt and asset finance facilities were provided by The Royal Bank of Scotland.

Following the transaction LDC and management will be focused on driving further growth in the contract hire and fleet management services division of the company as well as continuing the expansion of the significant short and mid-term rental business.

The strategy is set to increase the business' £62million turnover by over a third during the next two years and increase its share of the £10billion fleet management service market.

Established in 1983, the current management team transacted a debt-only BIMBO of Leasedrive in 2003. In January 2007, Lyceum Capital acquired the business and merged it with Velo, a nation-wide fleet management business that it had been developing since 2003.

Roger Partridge, CEO of Leasedrive Velo, said: "Over the past 18 months we've focused on successfully bedding in the merger and this deal gives us the fresh impetus to maximise the full value of the sales channel synergies which have been created.

"As well as having the ability to fund our future growth, LDC is a locally based, pragmatic and supportive funding partner which will be actively engaged post-deal.

"This will be crucial as we look to capitalise on a fleet management service market which is worth around £10billion per annum."

Kevan Leggett, managing director of LDC, said: "Leasedrive Velo has built a quality reputation which is a key differentiator in this competitive and growing market. We were particularly attracted to its differing sources of revenues which provide the business with significant downside protection.

"It has built a high quality client base not only by developing unique technology platforms and innovative products, but by providing a level of service and support which is far higher than the industry standard.

"We're backing the outstanding management team that is responsible for this and which has already demonstrated its ability to build shareholder value by successfully delivering on two transactions, including a complex merger."

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Lyceum Partner, Dan Adler, said: "Following the merger between Leasedrive and Velo at the beginning of January 2007, Leasedrive Velo demonstrated the strength of combining two high quality mid-sized players to create a market leader in its niche sector. Merging companies is never simple as it involves many factors, but having identified the synergies between the two companies, the merger bedded down well.

"Now the company has consolidated and established its market position, it is time for it to move to the next stage of growth with another investor. We have enjoyed working with the team and wish them well as they continue to build the company.

"Since our initial investment in Velo in 2003, the group has increased profits fivefold through organic growth, expansion of the range of services and the successful merger with Leasedrive. This merger enhanced the group's UK-wide coverage and further developed the range of tailored services for the group's blue chip customers."

ENDS

Debt Provider:

Royal Bank of Scotland, Andrew Clayton

Advisors to LDC included:

Legals – Shoosmiths, Sean Wright, Emma Gibson

Commercial DD - KPMG

Financial DD - PwC

Management DD – Egon Zehnder International

Advisors to the company included:

Legals - Osborne Clarke, Sara Valentine & Greg Leyshon

The Lyceum team on this investment were Dan Adler, Rob Gershon and David Harland. Lyceum was advised by DLA – Stephen Atkinson, Wendy Harrison and Greg Allsopp (legal) and PwC – Chris Glazier (accounting).

About LDC:

1. LDC (Lloyds TSB Development Capital) is part of the Lloyds TSB Group and is authorised and regulated by the Financial Services Authority.
2. LDC has, since 1981, completed over 400 investments and has ongoing interests in over 60 businesses across the UK.
3. LDC backs ambitious management teams from UK-based companies seeking between £2m and £100m of equity for management buy-outs, institutional buy-outs or development capital transactions.
4. LDC invests in a broad range of sectors and has particular experience in construction & property, electrical, financial services, healthcare, industrials, IT & software, leisure & media, retail & consumer and support services.
5. LDC is the leading private equity company in the UK mid-market. Recent transactions include investments with British Salt, Cable Management Group, Davies Loss Adjusters, Ego Restaurants, Eve Trakway, Emprise, kidsunlimited, GVA Grimley, JCC, Kimberly Access, Penn Pharmaceuticals, Picture Production Company, and MB Aerospace plus exits from ATP, Aqualux, Apollo Group, Britton Group, ghd, and Telecom Service Centres.

6. LDC has eleven offices - Birmingham, Bristol, Edinburgh, Leeds, Liverpool, London, Manchester, Newcastle, Nottingham, Reading and Southampton.

7. For further information visit www.ldc.co.uk

About Lyceum Capital:

Lyceum Capital is a leading mid-market investment firm that acquires UK platform SMEs alongside management valued and builds them into significant businesses through consolidation strategies, using investment in strategic innovation, professionalisation, technology and add-on acquisitions to accelerate growth in size and market presence.

Since 2000, Lyceum Capital has acquired and developed 43 companies for ten Platform groups, including Southern Cross, the UK's largest elderly care group that is now listed; Asquith, one of the UK's largest private education groups; Clinovia, a leading home healthcare company, now part of BUPA; National Britannia Group, a leading health & safety and environmental compliance services group, now part of Connaught Plc; Coperion, the global market leader in application technology and services for the plastics, chemicals and minerals industries; and SPI, which provides maintenance and support services for the social housing sector.

In its two funds to date, Lyceum Capital has raised some £500 million of equity capital dedicated to support development of SMEs, primarily in the United Kingdom.