

Business Services Sector insights

Our investments

Business Services

Companies that provide services to other businesses form a large and varied part of the economy. The general trend to outsourcing shows no sign of abating, as both public and private organisations seek to drive cost savings and efficiencies.

At Cinven, rather than attempting to cover the entire waterfront of such a broad sector, we develop specific investment theses which allow us to actively target those companies that are best positioned to deliver strong growth and with whom we can partner to realise their full potential.

Our credentials in supporting high growth business services companies are exceptional, beginning with our landmark investment in Serco in 1987, and continuing with businesses as diverse as travel company Amadeus and parking operator NCP. We currently have eight investment professionals within our Business Services team, and have made 12 investments representing €2.3 billion of committed capital.

Our Business Services portfolio in 2014

Coor
current

CPA Global
current

EnServe Group
current

Prezioso
current

Pronet
current

Partners

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Portfolio companies in 2014

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Sector insights continued

“We are focused on companies that provide services that are critical to their clients’ businesses.”

Nicolas Paulmier Cinven Partner

Challenges and opportunities

So often, outsourcing is mentioned in the same breath as ‘non-core’. At Cinven, we are focused on companies that provide services that are critical to their clients’ businesses, rather than discretionary in nature. We look for businesses with long-term sustainable margins that have the potential to grow alongside their clients.

We are particularly attracted to companies that are less exposed to the economic cycle and that offer gains in both the efficiency and efficacy of their client’s core operations and where Cinven can support the ways in which their services can be internationally delivered.

In the right circumstances, Cinven is attracted selectively to cyclical businesses, given our patient source of capital and ability to generate value during our period of ownership.

Generating exceptional value

No two business services companies are the same, but those in our portfolio have commonalities. They each have world-class management teams: we go to great lengths to audit management capabilities and to supplement them with additional expertise where required.



Business Services sector Partners

- 1 Stuart McAlpine Partner
- 2 Thilo Sautter Partner
- 3 Nicolas Paulmier Partner
- 4 Jorge Quemada Partner

Our investment in CPA Global is a case in point. Its patent renewal services are fundamental to the business proposition of some of the world’s largest corporations in a marketplace that is increasingly ‘knowledge-led’. With Cinven’s support, CPA Global is building the resource and reach to become a truly global partner to companies that need to protect their intellectual property in a way that is both efficient and resilient.

Other attractive features of business services investments aren’t always obvious. For instance, the fact that Prezioso focuses primarily on maintenance services rather than new construction is an inherent insulator to the cyclicity of its end-markets.

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Overview

Coor is a Nordic facilities management company, providing clients with efficiency gains and cost reduction by integrating support services into one contract.

Investment thesis

Coor is a Nordic leader in integrated facilities management, with a contracted revenue model providing strong visibility, and a blue chip client base including Ericsson, SAS, Volvo, SAAB and ICA. Cinven's goal has been to support Coor's highly regarded management team in its focus on the core business, regional expansion, and bolt-on acquisitions.

Progress in 2014

During 2014 Coor won the contract for Statoil's offices and production facilities in Norway, the largest such contract ever signed in the Nordic region.

This landmark deal follows Coor's development, under Cinven's ownership, from a mainly Swedish to a pan-Nordic operation, through three fully-embedded acquisitions, such as that of Lujapalvelut, which doubled Coor's presence in Finland.

In addition, the company has broadened its product range into property and industrial services and damage control, through a series of acquisitions of smaller specialist providers.



President and Group CEO
Mikael Stohr

Cinven representatives
Brian Linden
Soren Christensen

www.coor.com

Acquired
December 2007

HQ
Sweden

Sales
€883m

12 months ending December 2014
(actual)

Employees
7,000
(approximate)



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Overview

CPA Global provides intellectual property-related services and software. Such services are increasingly important to corporations across the world.

Investment thesis

Cinven identified CPA Global's internationalisation potential several years before the opportunity arose to acquire the business in 2012. Our experience with another international software-led service business, the travel company Amadeus, convinced us of our ability to support CPA Global's development through targeted strategies such as sales force effectiveness, international expansion and acquisitive growth.

Progress in 2014

Following several years of double digit earnings growth, 2014 was another strong year for CPA Global, marked by further investment in CPA Global's software suite and two bolt-on acquisitions – Patrafee, a patent and trademark renewals focused on the Nordics, and US-based Landon IP, a provider of patent search and analytics. CPA Global's core patent renewals business (accounting for around 75% of gross income) continued to perform strongly; the Services business maintained its double digit growth trajectory, driven by growth in IP Support Services; and the performance in Software has improved on the back of significant investment and upgrades to the software suite. In addition, Tim Griffiths joined as the new CEO in March 2014.

CPA Global's management team continues to work closely with Cinven's Portfolio team to optimise the cost base, invest in the sales force, systems and infrastructure, and to accelerate sales in Asia.



CEO
Tim Griffiths

Cinven representatives
Stuart McAlpine
Anthony Cardona

www.cpaglobal.com

Acquired

March 2012

HQ

Jersey

(global operations)

Gross income

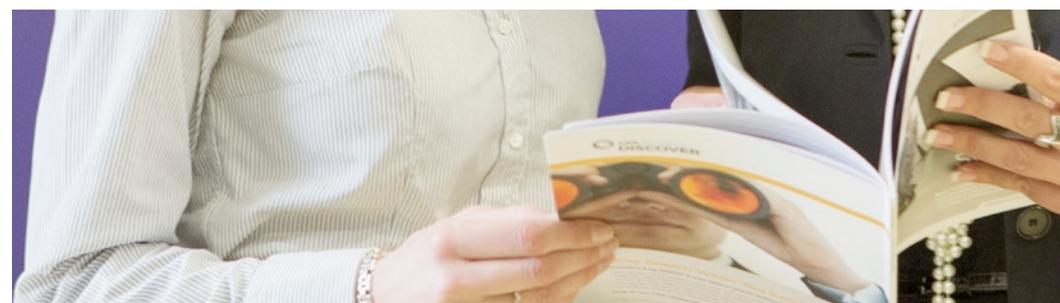
£226m

12 months ending July 2014
(audited)

Employees

1,500

(approximate)



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Overview

EnServe Group provides infrastructure support services for electricity and water utility companies. The company was founded in 1996 and grew primarily through acquisition prior to Cinven's investment.

Investment thesis

Cinven acquired the business in a take-private in order to unlock EnServe Group's organic growth and operational improvement potential.

Progress in 2014

Following restrained capital expenditure among some large utility providers since our investment, Cinven's Investment and Portfolio teams have worked closely with EnServe Group's management team to implement cost controls and best practices, and to build on the strong performance of the company's Energy division. This division was subsequently sold in September 2013, allowing the company to fully pay down its debts. This has afforded the Group the operational flexibility to invest in its core services and focus on profitable contract renewals.



CEO
David Cruddace

Cinven representative
Thilo Sautter

www.enservegroup.com

Acquired

December 2010

HQ

UK

Sales

£187m

12 months ending April 2014
(actual)

Employees

1,600

(approximate)



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Overview

Prezioso Linjebygg (Prezioso) provides maintenance services for industrial assets in the offshore oil and gas and nuclear energy sectors. Cinven's Business Services and French teams identified Prezioso and acquired the company outside of a formal process for an attractive valuation.

Investment thesis

Prezioso is a European market leader with a global expansion strategy. It has defensible end-markets, business-critical services and a blue-chip client base. Cinven's strategy is to facilitate its growth globally, through capital investment, by using its sector expertise and the Portfolio team.

Progress in 2014

In February 2014, Prezioso acquired Linjebygg Offshore, a Norwegian oil and gas services company, as part of its continued evolution from a regional maintenance provider into a global asset integrity champion with broad skills, capabilities and global reach.

However, following strong performance since Cinven's original investment, the backdrop in 2014 was more challenging, with a French industrial downturn and oil price pressures. The business is working with Cinven's Portfolio team to proactively mitigate the potential impact of the oil price fall, through various cost reduction initiatives, including a reduction in workforce and review of procurement practices, while enhancing operational efficiency and internal controls and procedures. At the same time, management is implementing a series of initiatives designed to drive strong and cash generative growth, such as identifying opportunities in West African oil and gas, the French nuclear market and assessing strategic options for the Middle East and Brazil.



CEO
Olivier Muller

Cinven representatives
Nicolas Paulmier
Jorge Quemada
Pierre Estrade

www.prezioso.fr

Acquired

June 2012

HQ

France

(global operations)

Sales

€481m

12 months ending December 2014
(proforma)

Employees

5,500

(approximate)



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Overview

Pronet Güvenlik (Pronet) is an Istanbul-based provider of monitored security alarms. Our investment was originated by our Turkey and Emerging Europe team and our Business Services sector team, led by Cinven partner and Turkish national Yalin Karadogan.

Investment thesis

Pronet is a leader in a sector with attractive market dynamics, including low penetration of monitored alarms compared to the US and Europe, combined with rising disposable incomes and urbanisation across Turkey. Our focus is to expand Pronet's sales capacity into other Turkish cities, while introducing processes to increase productivity, customer satisfaction and retention.

Progress in 2014

Difficult macro conditions and political uncertainties negatively affected the Turkish consumer spending environment in 2014, resulting in more challenging trading conditions. Nevertheless, Pronet managed to grow its subscriber base by 7% in 2014.

In June, Pronet completed a new \$100 million financing facility, comprising a \$50 million term loan and a \$50 million undrawn capex facility, providing the means to continue its growth strategy under attractive terms.

During the year, a series of operational improvements were executed, primarily aimed at increasing customer retention, improving the quality of the portfolio, and raising productivity levels of the sales force.



Executive Chairman
Alp Saul

Cinven representatives
Guy Davison
Yalin Karadogan

www.pronet.com.tr

Acquired
August 2012

HQ
Turkey

Sales
\$79m

12 months ending December 2014
(actual)

Employees
1,700
(approximate)

