



CATALYST FOR CHANGE





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WHAT MAKES RUTLAND
PARTNERS UNIQUE?

CATALYST FOR CHANGE

- › We're not afraid of challenging deals.
- › We effect change actively and adapt quickly.
- › We can overcome problems intelligently.
- › We're refreshingly easy to work with.

ENABLING POSITIVE CHANGE IS A COMPLEX PROCESS. TO US, IT'S SECOND NATURE.

At Rutland Partners, we focus on underperforming businesses where we can actively engage to improve performance, enable restructuring or assist with strategic change. This differentiates us from other private equity firms.

That's why we call ourselves a catalyst for change. We recognise the conditions for potential improvement in the value of a company. Then we ensure the necessary resources are in place to make it happen.

We also look for investment potential that is not dependent on external events and is of a type not normally the focus of more conventional private equity providers.

Our investment process has been developed over many years by an experienced team of professionals familiar with every stage of the investment cycle:

SELECTION | STABILITY | STRATEGY | SUPPORT | SUCCESS

It's this approach that has earned us a significant reputation in our chosen investment niche within the UK mid-market. We understand companies that need change or restructuring to improve their performance and we relish the challenge this represents.

- › **20 year investment history**
- › **Differentiated strategy**
- › **Typical deal size range of £20-200m**
- › **Equity commitments of £10-50m**
- › **UK centric businesses**
- › **Opportunity rather than sector focussed**

"Rutland's active engagement was a major factor in transforming an underperforming UK business under foreign ownership into a public company with a bright future."

Peter Middleton Chairman of H&T Group plc





HOW DO WE DECIDE TO INVEST IN A COMPANY?
COMPANIES BETWEEN £20-200 MILLION

Is it facing difficult strategic challenges?
Could overcoming those challenges
add significant value to the company?
Does it have strong credentials in terms
of competitive advantage or market niche?

Is it a predominantly UK based company
worth £20-200 million? Could its successful
transformation be achieved by working
with the operating management and
investing time and resources?

CHOOSING THE RIGHT INVESTMENTS IS CRITICAL. THAT'S WHY WE'RE VERY SELECTIVE.

Helping companies to transform their performance and increase their value is an intensive activity requiring a great deal of attention. The critical first step is finding the right companies.

In terms of investment criteria, we're looking to invest £10-50 million in UK based or UK focussed companies worth between £20-200 million.

We are flexible enough not to be sector specific and consider all later stage transaction types.

Our focus is more about the type of companies we invest in where we can help deliver:

- › **Stability**
- › **Strategic change**
- › **Improved performance**

Once we have identified the right investment opportunity, the next step is to get to grips with the business and where necessary rebuild confidence.

SELECTION

INTERFLOOR GROUP

We identified the opportunity to form underlay specialist Interfloor by acquiring and integrating two rapidly declining rival companies Duralay and Gates Consumer and Industrial. We restructured their manufacturing and distribution, rationalised product ranges and improved operational efficiencies.

In doing so we realised the complementary strengths of the combined Interfloor business. By the time we sold Interfloor, we had transformed two uncompetitive, declining companies into one business; a clear leader in its field and with a culture of sustained performance improvement.

"Rutland was a vital part of the management effort to rationalise and restructure two companies into a world leading underlay business."

Larry Dunn CEO of Interfloor



CATALYST FOR CHANGE

HOW DO WE GET THINGS GOING
IN THE RIGHT DIRECTION?
THROUGH STABILISATION

Using our experience of operational management and business processes, we can help alleviate immediate problems and put the business back on track.

We address the causes of underperformance and provide a framework for recovery.

ADDRESSING UNDERPERFORMANCE IS OUR PRIORITY. THAT'S WHY WE WORK FROM THE GROUND UP.

Success needs a firm foundation. Our first priority is to instil confidence through a period of strong leadership and corrective action to arrest any decline in performance and rebuild business confidence.

This stable platform comes from careful planning. It is determined by an initial 180 day action plan drawn up with the management of all our new portfolio companies.

Typical actions to stabilise the business might be operational changes to improve efficiency, bringing control and ownership to the cost base, disposal of non-core and loss-making activities and the rebuilding of customer and supplier confidence.

Once the business is stabilised, we then determine the longer-term plan for the business. Immediate action follows to give that plan the best possible chance of ultimate success.

STABILITY

CASTLE MUSIC

Castle Music was acquired from a Chapter 11 bankruptcy process. The viable UK business was in serious difficulty following failure of its American parent and a lack of financial support. We worked closely with the management to restore its sales and distribution channels, upgrade its catalogue offer and to relaunch the label.

This complete restructuring and rebuilding of the business led to recovery from loss to significant profits with the Castle Group being sold to a trade buyer within two years.

“Rutland’s involvement brought immediate confidence to our trading partners and allowed the business to be rebuilt.”

Joe Cokell CEO of Sanctuary Records



CATALYST FOR CHANGE

HOW DO WE MAKE ROOM
FOR IMPROVEMENT?

BRANCH OUT AND FLOURISH

Companies looking to realise their potential through transformation often need a firm to steer towards what should be their business objectives.

We help determine how a business is most likely to prosper and what it needs to make that possible. We then make sure the business has the necessary resources to flourish.

SETTING STRATEGIC PRIORITIES IS CRUCIAL. IT HELPS OUR BUSINESSES TO FLOURISH.

We are not the kind of passive investor that sows a few financial seeds and then sits around waiting for them to grow. We are very much at the heart of the entire investment cycle.

We help to identify the strategy that will turn the vision of improved performance into reality and we lead from the front, committing both time and money to support the management of our portfolio companies.

The objective of all this is very single minded. To develop the business in a way that maximises recovery potential and ultimate equity value.

This will require a clear set of objectives based on the core strengths of the business. It is likely to involve optimising financial performance, operational capex or revamping management structures.

Once implementation of the strategy is underway, our role is to support management in pursuit of the business goals.

STRATEGY

EDINBURGH WOOLLEN MILL

We acquired clothing retailer EWM from Grampian Holdings plc. The business was not core to its owners and had lost its way. We worked closely with the operating management to refocus EWM back on its core target audience, simplify the business and improve the supply chain and logistics.

The resulting changes brought about by these improvements enabled us to refinance our investment in EWM and achieve a successful sale via a secondary buy-out.

“Rutland played a vital role in driving and supporting change throughout the EWM business and their experience was invaluable.”

Philip Day CEO of EWM





HOW DO WE KEEP THINGS GOING?
CONSTANT CARE AND ATTENTION

A company undergoing transformation is unlikely to dig itself out of trouble overnight. It requires constant care and attention.

Aims and goals need to be continually refreshed and nurtured through an investment of time and money.

WE BELIEVE IN CONTINUOUS IMPROVEMENT. PORTFOLIO COMPANIES GET OUR FULL ATTENTION.

When you first invest in an underperforming company, there's a lot of initial momentum. The difficulty is sustaining that momentum for a prolonged period. That's why we stay closely involved with our portfolio companies and offer all the assistance and expertise required to get results.

Having stabilised the business and helped the operating management to pursue their specific goals for the initial 12 to 24 months of ownership, we continue to help evaluate and maximise all new business opportunities as they arise.

They may come internally through active improvement in internal processes.

They may come externally through complementary acquisitions.

As the business gathers momentum or gets closer to exit or sale, our priority is anything that accelerates the earnings potential of the business.

When the business has achieved a strong earnings trend, we will have added our value and it will be time for the stakeholders in the business to reap the benefits of transformation.

SUPPORT

CARRON ENERGY

Rutland Partners formed Carron Energy in order to acquire the coal-fired Uskmouth Power station out of receivership. We supported a proven management team and were extensively involved in helping them develop a comprehensive operational, financial and commercial infrastructure for the business.

With the early recommencement of power generation, a complex refinancing and through sustained support over an 18 month period, a viable business was developed from a non-operating asset.

"Rutland was an invaluable contributor in the way that they immersed themselves in the commercial development of the business."

Alex Lambie CEO of Carron Energy



HOW DO WE ENSURE THAT OUR INVESTMENTS BEAR FRUIT? INCREASING RETURNS

We only pick companies which can grow in value as a result of internal change. We carefully select our portfolio companies to the strictest criteria. We work in partnership with management to stabilise the business, reset the strategy and provide ongoing support.

When we have transformed the business and its prospects, there is no more value for us to add and it's time for us to realise our investment.

SUCCESSFUL INVESTMENTS DON'T GROW ON TREES. THAT'S WHY WE WORK HARD TO DELIVER THEM.

We stick to a strategy of identifying potential value through the need for change and then transforming prospects by active engagement.

Having nurtured a business through the change process and supported the delivery of its strategy, we will seek an appropriate exit opportunity.

We work hard to achieve success and expect to work with managers for whom continuous improvement is a driving principle.

This is normally in a time frame of three to five years and whilst it will vary with each investment, our experience of multiple business and economic cycles enables us to judge the optimum time for realisation.

SUCCESS

THAMESPORT

Thamesport was acquired from its bankers after the failed start-up of a new UK container port. The port had a strong operational platform with a real competitive advantage for its customers but its financial condition and incomplete infrastructure deterred potential customers.

We invested heavily in its quayside operations and adopted an aggressive marketing strategy to overcome historic perceptions. Volumes doubled in two years and the port became highly profitable.

“Rutland recognised the potential of our business despite its initial problems and invested time and resource in helping us build a successful enterprise.”

Geoffrey Parker CBE Deputy Chairman of Thamesport



OUR PRIVATE EQUITY INVESTMENT RESOURCES

Our funds

We have raised over £500 million in committed capital across two funds with more than 30 institutional and private investors from the UK, Europe and North America.

Rutland Fund I –

closed in March 2001 at £210 million

Rutland Fund II –

closed in July 2007 at £322 million

Our people

Our partnership team has a 20 year record of investing in and helping to manage businesses. They form the core of a close knit and highly stable investment team who together have demonstrated continued success through multiple business and economic cycles.

Our goal

To achieve the maximum possible returns from equity investments of £10-50 million in UK based companies with an enterprise value of £20-200 million.

- › 20 year investment history
- › Differentiated strategy
- › Typical deal size range of £20-200m
- › Equity commitments of £10-50m
- › UK centric businesses
- › Opportunity rather than sector focussed

“The team at Rutland has a vast, collective experience developed over many years in creating value from managing change and turning around businesses – we relish the challenge this represents.”

Michael Langdon Chairman of Rutland Partners



A close-up, black and white photograph of a hand holding several cherries. The hand is positioned in the lower right, with fingers gently cupping the fruit. The cherries are dark and glossy, with some showing their stems. The background is softly blurred, showing more of the hand and the texture of the skin. The overall mood is calm and focused.

MEET OUR INVESTMENT TEAM

For more information, please contact us on +44 (0)20 7556 2600

THE RUTLAND PARTNERS INVESTMENT TEAM



Michael Langdon

Chairman

Michael is a Cambridge economics graduate who qualified as a chartered accountant with Price Waterhouse where he specialised in investigative, consultancy and corporate finance work for large multinational clients.

In 1986 he founded Rutland and has been central to determining both its investment strategy and in its transition from a quoted industrial holding company into a UK focused mid-market private equity fund. He is actively involved in all portfolio management and investment activity and in liaison with fund investors.



Mike Harris

Partner

Mike is a production engineering graduate from Birmingham University who qualified as a chartered accountant with Price Waterhouse. Post qualification, he worked in the corporate reconstruction team before joining Rutland in 1990.

Mike has been responsible for both leading transactions and for the delivery of strategic restructuring plans within portfolio businesses in the industrial, manufacturing, energy and consumer goods sectors. He has been a Partner since 2000.



Nick Morrill

Managing Partner

Nick is an Oxford law graduate who worked in the corporate finance division of BZW for seven years before joining Rutland shortly after its formation in 1987. Nick has been actively involved in all phases of the development of Rutland, including in recent years its establishment as a private equity fund.

During that time he has been responsible for a wide range of investments including a number of turnarounds in sectors as varied as healthcare, logistics, media and manufacturing. He became Managing Partner in 2005.



Jon Brooks

Partner

Jon is an economics graduate from Southampton University who qualified as a chartered accountant with Arthur Andersen in 1993, specialising in taxation before joining Rutland in 1994.

Jon's involvement with a broad range of Rutland investments has given him significant experience in all types of transaction and in the delivery of change management and restructuring programmes in a diverse range of businesses. He became a Partner in 2004.



Paul Cartwright

Managing Partner

Paul is an engineering graduate from Manchester University who qualified as a chartered accountant with Arthur Andersen. After two years in corporate finance and consultancy work, he joined Rutland in 1988.

Since that time Paul has been part of the senior management of Rutland and has made a significant contribution to its development through a wide range of transaction types in the consumer products, building materials, retail and financial services sectors. He became Managing Partner in 2005.



Neel Das

Partner, Finance & Investor Relations

Neel joined Rutland in 2003 and since then has become responsible for running the financial, operational and investor relations aspects of Rutland. He has been a Partner since 2006.

Neel is a business graduate of Edinburgh University who spent several years in the US with KPMG as a director in mergers & acquisitions before leaving to launch Benchmark Capital's European-technology VC fund.



Ben Slatter

Investment Director

Ben is an economics graduate from Exeter University who qualified as a chartered accountant with Arthur Andersen in 1998. He then joined their corporate finance team in London where he acted for a number of corporate and private equity clients before joining Rutland in 2001.

Since then, Ben has gained significant experience in various types of transactions and investment management experience in a range of portfolio businesses.



Liam Camburn

Investment Manager

Liam is an accounting and financial analysis graduate from Warwick University who qualified as a chartered accountant with Arthur Andersen in 2002. He then joined their Private Equity Transaction Services team which transferred to Deloitte before subsequently moving to KPMG in 2004.

Liam has significant transaction experience across a variety of businesses and a broad range of industries. Liam joined Rutland in 2007.



Oliver Jones

Investment Manager

Oliver is a graduate of modern history from Oxford University who qualified as a chartered accountant with KPMG in 2001.

He then joined KPMG's corporate finance division where he worked in their Information, Communication and Entertainment team. Oliver joined Rutland in 2004 and has experience of making investments and portfolio management.



Maria Bevan

Marketing Manager

Maria has experience of working in the private equity sector with roles at Investcorp and Sovereign Capital before joining Rutland in 2004. Prior to this, Maria was at Warburgs during which time she spent a year on secondment helping to establish their Tokyo M&A office.

Maria has a CIM Post-Graduate Diploma in Marketing via The London School of Marketing.



David Wingfield

Investment Manager

David is an economics and accounting graduate from Bristol University who qualified as a chartered accountant with PricewaterhouseCoopers in 1999 and subsequently worked in their valuation practice in Sydney for two years.

He then joined Close Brothers Corporate Finance in London where he acted for a number of corporate and private equity clients before joining Rutland in 2005. He has experience of making investments and portfolio management.

