Lion takes on AS Adventure

Justin Pugsley

Lion Capital is positioning itself to capitalise from the growing interest in outdoor sports. It is buying AS Adventure, the Belgium-based retailer of outdoor equipment and clothing, for €263m.

The firm retails branded goods and owns a total of 85 stores spread across three countries. In Belgium, it retails under the name AS Adventure, in the UK as Cotswold Outdoor and in the Netherlands as Bever Zwerfsport. In Belgium and the Netherlands the chain is number one in its field and it holds the number two slot in the UK. "AS Adventure has been very successful in pursuing a distinctive retail concept that offers consumers a high quality, specialised branded product," said Robert Darwent, a partner with Lion Capital.

The company, started in 1995, has grown fast in line with increasing interest in outdoor sports and this year is enjoying sales of €205m. Indeed, the chain has potential to expand through the opening of more stories in its key markets and also by targeting other European countries.

"The business has tremendous potential for further growth, both within its current store portfolio and through further penetration of its core markets through new store openings," Darwent said.

The interest in outdoor sports is a Europe-wide phenomenon driven by a desire for healthier lifestyles and to be closer to nature. Indeed, it is just the kind of concept that makes it an ideal mid-cap investment for a private equity concern.

Emiel Lathouwers, the chief executive and founder of AS Adventure, said he was attracted to Lion Capital because of its breadth of experience in investing in speciality retailing formats. Former Lion Capital investments include Jimmy Choo and La Senza.

"We believe that Lion Capital is uniquely positioned to support the future growth and expansion of our business," Lathouwers said.

Lion Capital was advised by SJ Berwin and PricewaterhouseCoopers, with the financing provided by Lloyds TSB.

ABN AMRO Italy buys into Finder

ABN AMRO Capital, the captive private equity arm of the Dutch bank, has backed a management buyout of Finder, a manufacturer of centrifugal and vacuum pumps and filters.

Acquisition debt has been provided by Centrobanca and Banca Popolare di Vicenza. ABN AMRO Capital has acquired a 70% stake in the Luxembourg-based holding company buying Finder, while the vendor Findernest, a group of institutional investors, has reinvested to purchase the remaining 30% stake.

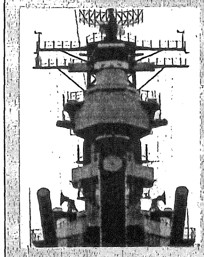
ABN AMRO Capital was advised by Ferdinando Gelosa e Giuseppe Boi, Value Partner, PwC, Ashurst, Linklaters, Russo DeRosa Bolletta & Associati, ERM and Willis. Findernest was advised by Dewey & LeBoeuf.

Finder is ABN AMRO Capital's third Italian deal this year, following the realisation of a minority stake in Dayco Europe in June and last month's sale of GGP, at €746m (US$1.092bn) Italy's biggest buyout in 2007.

The Italian arm is believed to be reaching the final stages of negotiations for third party funding to spin out, following the separation of ABN AMRO Capital's northern European operations in September, rebranded as *AAC Capital Partners*. ABN AMRO Italy will shortly become independent, as will ABN AMRO Spain.

In brief

▶**ECI Partners** has bought Kelvin Hughs, a marine navigation technology manufacturer, from technology company Smiths Group for £52m (€72.5m). The transaction involves £48m in cash on completion in addition to a deferred payment of up to £4m based on performance. Management also invested alongside ECI in the deal. Royal Bank of Scotland provided debt financing, Capital Source Europe provided mezzanine. ING Corporate Finance, Deloitte, SJ Berwin and Andeman advised ECI. Management was advised by Liberty Corporate Finance and Addleshaw Goddard. Kelvin Hughes' products include radar sensors and display technology, voyage data recorders, electronic chart systems integrated bridge systems.



▶**Graphite Enterprise Trust**, a quoted investment trust managed by UK mid-market firm Graphite Capital, has sold its 46% stake in Huntress Group, a white collar recruitment specialist, to a Nomura-backed management buyout team. The sale, understood to be approximately £40m (€55.8m), along with a £13.5m refinancing in 2005 from Barclays, has provided the trust with an internal rate of return of 38.5% and 7.6 times the original 2000 buyout. Huntress provides permanent and temporary staff in the commercial (secretarial and office assistance), accountancy and finance and technology sectors, which combined account for a UK market worth of approximately £8.8bn in revenues. Under Graphite's guidance, Huntress has rolled out the model to 17 offices across the UK and produced compound annual growth in revenue of more than 40% in the past five years.

▶**3i** backed Chorion, the UK-based owner and manager of classic and contemporary literary-based brands such as Mr Men and Noddy, has bought for The Copyrights Group, which owns the Beatrix Potter and Paddington Bear brands, among others, for an undisclosed amount.

▶**ECI** has also agreed to sell Bounty for £70m (€97.6m) to Kaboose, the largest independent family-focused online media company in North America. Bounty also acts as a marketing and advertising platform in the UK, targeting new and expectant mothers. Through access with most UK-based hospitals and established relationships with brand owners, it says it reaches about 95% of the estimated 750,000 annual births in the UK. Bounty helps global advertisers reach this target audience through online media and direct marketing, a professional health network, product sampling, podcasting, photography and parenting guides. Since funding the MBO at Bounty in December 2004, ECI says it has helped Bounty more than double its profits. Bounty made Ebitda of £3.5m on revenues of £19.8m in 2006 and Ebitda of £3.2m on revenues of £17m for the nine-month period to the end of September 2007. For ECI, this exit will represent another successful transaction in businesses that have benefited from the growth in internet usage, following the recent sales of M and M Direct, LateRooms and Holiday Autos. ECI was advised on the sale by David Elms at KPMG Corporate Finance and Richard Spink at Burges Salmon.