

# Enterprise

maintaining the infrastructure of the UK

29 September 2008

Enterprise Group Holdings Limited  
("Enterprise" or "the company")

## SUMMARY MID YEAR UPDATE

Enterprise, the infrastructure maintenance support services company, announces today the key aspects of its progress in the first six months of the year to December 2008. The statement is made in compliance with the Walker Guidelines for Transparency and Disclosure in Private Equity.

The Management Buy Out (MBO) of Enterprise plc was completed on 11th May 2007. The financial data reported below relates to Enterprise Group Holdings Limited for the first six months of 2008. The data used for 2007 has been constructed on a pro forma basis.<sup>1</sup> The acquisition of Accord was completed on 20 September 2007 and therefore is not included in the data for the first half of 2007.

Revenue during the period rose by 43% to around £550m due mainly to the increase in activity following the acquisition of Accord. There was organic growth in revenue during the period with long term customers such as Severn Trent Water, Liverpool City Council and the Ministry of Defence. Many existing Enterprise customers are increasing the range and quantity of services they purchase from the company.

Underlying profit margins were unchanged in the first six months of 2008 compared with the prior year. Ebitda margins in the core business were between 6% and 8%. Enterprise is focussed on generating a higher proportion of revenue from bundled services which will enable customers to obtain lower costs and offset pressure on margins.

The order book was around £3bn at the end of the period. This does not reflect fully the strong position held with some customers, especially in the gas, power and water sectors, as it is approaching the end of the five year regulatory periods in those areas. Management has been working closely with customers in these sectors to ensure it can support fully the plans they have submitted to the Regulators.

In the last twelve months there has been a significant increase in the size and duration of the contracts for which the company is bidding and intending to bid. While the economic climate has become tighter enquiry levels have never been higher and management is being highly selective about the work for which it bids.

During the period the company was awarded several key contracts. Enterprise has now commenced a £14m a year contract to collect waste from 214,000 dwellings in Manchester. The Enterprise-Liverpool joint venture (JV) was awarded a £9m a year contract to collect domestic waste in Liverpool, increasing the annual revenue for bundled Local Authority services (including existing streetscene, highways and grounds maintenance) in the JV to around £50m a year. Enterprise was awarded additional work by Staffordshire County Council which took the annualised revenue with the authority to around £35m. Additional long term

<sup>1</sup> The pro forma data for 2007 has been created to show the performance of the Enterprise operating companies as if the MBO had not occurred. The MBO caused a change of ownership of the group holding company but did not affect the day to day operations.

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contract work was awarded by a number of customers including Solihull Borough Council, TfL, the Highways Agency, Cheshire County Council and, Liverpool University.

The company made significant progress during the period in the development of WorkManager II, the upgrade and extension of its bespoke IT system. This system has been made available to an increasing number of customers and is proven as the leading maintenance management system. This is also now linked very closely with the Enterprise Contact Centre services and can be adapted even more swiftly to the specific requirements of customers.

The first six months of the year included the second phase of the integration of Accord. The process of integration is now substantially completed. The company has focussed on rationalising overhead and procurement costs, putting more resources into the front-line delivery, including the extensive use of WorkManager systems, and ensuring there are close relationships with customers. Enterprise has renewed contracts with a number of Accord's former customers since the acquisition. The financial performance on the contracts inherited from Accord is in line with management expectations.

Owen McLaughlin, CEO and Chairman of the Enterprise operating companies stated "I am very pleased with the progress we have made since the MBO. The improved financial performance is evidence that we are delivering efficient and cost effective services to our customers and in turn to the consumers of utility and government services. The pipeline of new work and bids has never been stronger, in terms of quantity and the quality of work we are seeking. This substantial progress is due to the teamwork and commitment of our staff. We look forward to the future with increasing confidence"

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Notes to Editors

Enterprise Group Holdings Limited is the holding company for the operating companies trading as Enterprise.

Enterprise is a North West of England based infrastructure maintenance support services company that provides services for the public sector, the utilities industry and other large organisations throughout the UK. The company has annualised revenue of around £1.2bn. It has been serving the UK public sector for over 20 years and the utility markets for over 40 years. The company uses its unique IT systems, WorkManager, to ensure that it provides best value to all of its customers. Its main customers include, BT, MoD, Severn Trent Water, Thames Water, the Highways Agency, Transport for London and the City Councils in Manchester, Liverpool and Wolverhampton. It is owned by a consortium of investors led by 3i, which includes the Enterprise senior management and is backed by major UK and international banks.