

## **B.P. Marsh & Partners Plc**

### **Partial Disposal of Hyperion Investment and Trading Update**

- **£29.2m cash consideration for disposal of 80% of holding**
- **Increase of £4.3m on last published valuation**
- **Retention of 2.76% stake**
- **Repayment/cancellation of Directors' Loan facility on completion**

### **Partial Disposal of shareholding in Hyperion Insurance Group Limited ("Hyperion")**

B.P. Marsh & Partners Plc, (AIM: BPM), a niche venture capital provider to early stage financial services businesses, announces that it has agreed to sell 80% of its holding (5,623,520 shares) in Hyperion to the global growth equity firm General Atlantic for a cash consideration of £29,242,304; this equates to £5.20 per A Ordinary Share. The Group most recently valued its 13.8% shareholding (7,029,400 shares) at £31,132,000 pre-tax at 31<sup>st</sup> July 2012. Therefore the proposed disposal of 80% of its stake at this price would represent an effective uplift of £4,336,704 upon this most recent published valuation.

On completion, the Company will retain a 2.76% stake in Hyperion subject to a Call Option arrangement which will allow General Atlantic to purchase the Company's remaining stake of 1,405,880 A Ordinary Shares of Hyperion at £5.20 per share. The Call Option will expire and fall away upon the third anniversary of Completion or upon Hyperion undertaking an Initial Public Offering ("IPO"), whichever is the earlier. Under the Call Option the Group could receive a further £7,310,576 in cash if exercised. Based upon the last published valuation of these shares this would represent an effective uplift of £1,084,176.

The Share Purchase Agreement includes an anti-embarrassment provision, which provides that if Hyperion undertakes an IPO within 12 months of completion, at a price at or in excess of £6.25 per A Ordinary Share, there will be an additional adjustment amount payable to the Group and 3i, up to a maximum of £0.30 per A Ordinary Share. From the Group's perspective, this provision could result in a maximum additional amount of £2,108,820 in consideration becoming payable to the Seller; however Hyperion's value would need to have increased by at least £1.40 per A Ordinary Share within the following 12 months and the right market conditions would need to be in place for a successful IPO, for this maximum additional consideration to become payable.

The transaction values Hyperion at an equity value of £250 million. Completion will be conditional upon FSA approval, competition clearance in Germany and Regulatory clearance in Texas, Spain and Singapore together with B.P. Marsh shareholder approval.

B.P. Marsh was instrumental in co-founding and funding Hyperion in 1994, with an initial equity investment of £25,000 and an overall equity investment of £4,320,403 over the subsequent 18 years. Since then, B.P. Marsh has overseen Hyperion's growth through a longstanding partnership and provision of working capital finance, to which the Board of B.P. Marsh has been committed, including spearheading the Strategic Finance Committee which led to 3i joining as fellow investors in 2008. Since inception Hyperion has grown from five staff based in London to over 1,400 staff in 28 countries producing over £110m in revenues for the financial year ending 30<sup>th</sup> September 2012.

The Company made a partial disposal of 1,193,500 A Ordinary Shares of Hyperion on 16<sup>th</sup> May 2012 for a cash consideration of £4,535,300, after which it remained holding its current stake, representing approximately a 13.8% shareholding in Hyperion.

As part of the agreement, and subject to banking consent, the Group has agreed to provide approx. £6.1m at an interest rate of Bank of England Base rate + 5%, minimum 7.5% for a minimum term of

12 months to refinance existing shareholder loans, including £2,754,392 that B.P. Marsh had provided to Hyperion. As such approx. £3.35m in cash from the sale of shares will be used to finance this loan. The Loan will be repayable on an IPO or a change of control of Hyperion or 3<sup>rd</sup> October 2017, whichever is the earlier, but following the first anniversary of this facility Hyperion will be able to pre-pay prior to these events on the giving of three months' notice.

**Commenting, Brian Marsh OBE, Executive Chairman, said:**

*"This is a major landmark in the Company's history. We recognise that we have achieved the job we set out to do over 18 years ago - now the time is right for a larger investor to take Hyperion forward to the next stage of its development. We are therefore taking this opportunity to divest of 80% of our Hyperion shareholding and to use the proceeds to identify other investments which have the potential to deliver similarly exceptional returns in the years ahead."*

**David Howden, Chief Executive and Founder of Hyperion stated:**

*"B.P. Marsh has been with us from the beginning when we were a five person insurance broker; 18 years later Hyperion is an international insurance group, employing 1,400 people in over 60 offices operating out of 28 countries. On behalf of the whole team at Hyperion, I would like to thank B.P. Marsh for their ongoing support and we are pleased they retain a 2.76% shareholding."*

As a result of this arrangement, and subject to Completion, the Group expects to have additional net funds available of approx. £20m (net of tax and loan funding) which will enable the cancellation of the £4.325m Directors' Loan Facility (£2.075m drawn down to date).

**Strategy**

The B.P. Marsh Board has given the sale of this stake in Hyperion extensive consideration and the Board is unanimous in its support for the Company to continue with business as usual, and to reinvest these proceeds in its existing portfolio and in new ventures within its existing investment criteria, as has been its philosophy since 1994. The unwavering aim of Management is to work diligently on increasing the share price through growing the overall net asset value of the Group by continuing to focus on making and disposing of investments in the financial services sector, in particular the International Specialty Insurance Intermediary Market.

The Board intends to instigate a progressive dividend policy and will be keeping under review going forward, inter alia, the possibility of making a buyback of the Company's shares.

The Group focuses on minority investment opportunities in financial services businesses, typically taking an equity stake of between 15% and 45%. The investment goal remains unchanged; to take minority positions in businesses with strong management teams and good growth potential. In addition, the Group aims to support and develop the companies within its investment portfolio when suitable opportunities to do so arise. The Company has seen some interesting developments in its key heartland, the Lloyd's Insurance broking market, and is confident that its Management team will be well placed and able to capitalise on the significantly enhanced deal-flow it has witnessed of late. The Company is currently considering a number of new investments, both on its own behalf and via companies within its portfolio, including a specialist Underwriting Agency writing on behalf of the Lloyd's Market, and a specialist Insurance Broking Operation.

**Directors' Loan Facility**

At 31<sup>st</sup> January 2013, the Group had cash balances of £1.79m and a Directors' Loan facility of £4.325m. The Board has drawn down £2.075m of its Directors' Loan in order to ensure that sufficient funds are available to pursue the various new business opportunities that it is currently investigating,

however it is the Board's intention to fully repay and cancel the Directors' Loan facility as soon as the funds are received on completion of the proposed disposal.

### **Trading Update**

B. P. Marsh is pleased to provide the market with an update on trading on its other primary investments:

#### **LEBC Holdings Limited ("LEBC")**

LEBC Group Limited ("LEBC Group") the trading subsidiary of LEBC, has announced a significant turnaround in its financial performance, which sees the national IFA and employee benefits consultancy secure a year-on-year turnaround in profit before tax of £1.1m (FY2012 profit of £543,784 versus FY2011 loss of £577,271), on a turnover of £10.2m, for the year ended 30 September 2012.

The Edinburgh-headquartered firm, which has 13 branches throughout the United Kingdom, has also reported a positive start to the New Year, with strong revenue and profit growth.

The Group is also happy to announce that LEBC Group won the award for Best Retirement Advisor at the Money Marketing Financial Services Awards 2013. This is a fine vindication of the service offering provided by LEBC.

The Group can confirm that LEBC (the holding company for LEBC Group) has completed the acquisition of Sesame Bankhall Group's remaining 10% stake in LEBC Group, which Sesame has held since its initial investment in LEBC Group in 2000. LEBC Group is now a 100% subsidiary of LEBC.

#### **Besso Insurance Group Limited ("Besso")**

On 1<sup>st</sup> November 2012 the Group increased its shareholding by 6.71% for a cash consideration of £0.78m. The Group's equity interest in Besso increased from 30% to 36.71% as a result (with economic rights over 36.48%).

This further investment was made alongside a consortium of American investors, who are well-known to Besso's business, who acquired 5.85% of Besso for a cash consideration of £0.70m.

Subsequent to the above, Besso had a positive 2012 financial year and is in the final stages of negotiations to complete several value accretive acquisitions. The Group, having worked alongside Besso's Management team in reviewing these investments, is of the opinion that these would be positive additions to Besso.

#### **Summa Insurance Brokerage SL ("Summa")**

Despite the economic environment in Spain, Summa grew revenue in 2012 and maintained a satisfactory profit margin, which is in stark comparison to many other insurance operations in the Spanish market.

Notwithstanding the above the Group has been working alongside Summa's Management team to develop their interaction with the Lloyd's and London Market, and has made various introductions to augment Summa's service offering to their clients.

The Group has also assisted Summa in the sourcing and recruitment of a new Chief Financial Officer so as to further improve the infrastructure for growth within this investment.

## **The Broucour Group Limited ("Broucour")**

By 31<sup>st</sup> January 2013 Turner Butler Limited, a specialist SME business sales agency and a subsidiary of Broucour reached £0.5m revenue in just six months trading since its acquisition for £0.4m on 27<sup>th</sup> July 2012, over double its budgeted target. This acquisition was funded by loan financing provided by the Group. As a result of this performance the first loan repayment of £0.05m was made in March 2013, over two months ahead of schedule.

### **Full Year Results**

The Board expects to report the Group's results for the year ended 31<sup>st</sup> January 2013, on or around 4<sup>th</sup> June 2013.

### **General Meeting**

Under the AIM Rules for Companies, the partial disposal of the Company's Hyperion shareholding is deemed to be a disposal resulting in a fundamental change of business and is therefore subject to approval of Shareholders in a general meeting. As part of the transaction, Brian Marsh, who owns a personal shareholding in the Company of 59.2 per cent., has provided an Irrevocable Undertaking that he will be voting in favour of the resolution to approve the transaction. The Company will be shortly sending a Circular to all Shareholders which sets out in detail the terms of the disposal and contains a notice of a general meeting of the Company at which the consent of Shareholders to the transaction will be sought. The Circular will also be available on the Company's website at [www.bpmarsh.co.uk](http://www.bpmarsh.co.uk).

### **Enquiries to:**

#### **B.P. Marsh & Partners Plc**

Brian Marsh OBE

[www.bpmarsh.co.uk](http://www.bpmarsh.co.uk)

+44 (0)20 7233 3112

#### **Nominated Adviser & Broker**

##### **Panmure Gordon**

Hugh Morgan, Fred Walsh

+44 (0)20 7886 2500

#### **PR Adviser**

##### **Redleaf Polhill**

Emma Kane

[bpmarsh@redleafpr.com](mailto:bpmarsh@redleafpr.com)

+44 (0) 20 7382 4747

### **Notes to Editors:**

#### **About B.P. Marsh & Partners Plc**

B.P. Marsh's current portfolio contains nine companies. More detailed descriptions of the portfolio can be found at [www.bpmarsh.co.uk](http://www.bpmarsh.co.uk).

Since formation over 20 years ago, the Company has assembled a management team with considerable experience both in the financial services sector and in managing private equity investments. Many of the directors have worked with each other in previous roles, and all have worked with each other for at least four years.

Prior to Brian Marsh's involvement in the Company, he spent many years in insurance broking and underwriting in Lloyd's as well as the London and overseas market. He has over 30 years' experience in building, buying and selling financial services businesses, particularly in the insurance sector.

Jonathan Newman is a Chartered Management Accountant and is the Group Director of Finance and has over 15 years' experience in the financial services industry. Jonathan advises investee companies through three non-executive board appointments and evaluates new investment opportunities.

Daniel Topping is a Member of the Chartered Institute of Securities and Investment (MCSI) and an Associate of the Institute of Chartered Secretaries and Administrators (ACIS), having graduated from the University of Durham in 2005. Dan joined B.P. Marsh in February 2007 having started his career at an accountancy firm. In 2011 he was appointed as a director of B.P. Marsh and currently has a number of non-executive appointments over four investee companies and evaluates new investment opportunities.

Camilla Kenyon was appointed as Head of Investor Relations at B.P. Marsh in February 2009, having four years' prior experience with the Company. Camilla holds two non-executive appointments, is Chair of the New Business Committee and is a Member of the Investor Relations Society.

Natasha Dunbar has over 18 years' experience in the financial services industry. Having joined the Company in 1994 she was made managing director in March 2002, subsequently becoming a non-executive director of the Company in 2008, a position she held for five years. Natasha was reappointed as a Director in February 2013 and holds non-executive appointments at three of the Group's investee companies.