

## A dynamic and attractive market

The Consumer and Leisure sector has been a very profitable area for private equity investment in recent years. Macro-level changes such as increasing consumer wealth and leisure time and an increasingly ageing population, have contributed to exciting growth opportunities that look set to continue in the mid to long-term. This growth is likely to be enhanced by positive trends within the sector, such as:

- Increased Broadband penetration and consumer acceptance of online shopping, which are presenting consumer-facing companies with an opportunity to access new markets and reduce costs, thereby enhancing profitability;
- The sector is characterised by a wealth of businesses focused on either new product / service offerings or unique market opportunities, and companies with well-developed brands, giving them defensible niche market positions with strong barriers to entry;
- Many businesses in the sector are owner-managed, presenting opportunities for private equity to resolve succession issues;
- High levels of corporate activity provide strong exit prospects.



## ECI's track record in the sector

ECI has a proven track record of successfully backing businesses in the consumer and leisure sector. Within the sector our focus is on companies operating in:

- Travel and holidays
- Visitor attractions
- Restaurant chains
- Specialist retail
- Consumer financial services

We have successfully invested in all these areas in recent years, and a selection of our investments are highlighted in this brochure. Our investment team have considerable experience in this arena, with a wide network of contacts that can be harnessed in the generation, evaluation and support of investment opportunities.

### Working with ECI

ECI seeks to work with companies requiring finance of between £10 million and £150 million. With a 30 year track record of successful investing, we have provided finance to over 250 companies. We have the resources and expertise to tackle even the most complex transactions, and our investments include buyouts, buy-ins, acquisition and expansion financings.

### Bargain Booze

Discount retail chain  
Buyout 2006 / Turnover £375 million  
[www.bargainbooze.com](http://www.bargainbooze.com)



ECI backed the £63.5 million buyout of Crewe based Bargain Booze from retailer BWG in 2006. Bargain Booze is a fast growing specialist retailer of discounted alcohol operated through a franchised model. The company's key retail proposition is low priced products delivered in a local convenience format. At the time of the buyout it operated 580 retail outlets through three fascias: Bargain Booze, Bargain Booze Plus and Thorougoods. Led by the two managing directors the strategy is to roll out the store concept at a rate of around 50 stores per year, mainly into the North East and South of England.

### LateRooms

Late availability hotel distribution  
Buyout 2004 / **SOLD** 2006 to First Choice  
[www.laterooms.com](http://www.laterooms.com)



Since its launch in 1999, LateRooms has broken the mould on the late availability booking of business and leisure accommodation, offering over 500,000 deals across the UK and worldwide. Its range of accommodation is huge with its online database holding over 13,000 properties from luxury 5\* hotels to unique smaller properties, from guesthouses to apartments and bed and breakfasts. The site now receives approximately one million unique visitors each month. ECI backed a £25 million buyout of the business in 2004 and, following impressive growth, the company was sold to First Choice Holidays for £120 million in December 2006.

### M and M Direct

Online retailer  
MBI 2004 / **SOLD** 2007 to TA Associates  
[www.mandmdirect.com](http://www.mandmdirect.com)



M and M is the UK's leading sports and fashion discount home shopping company. Since ECI led the transaction in 2004, the company has grown from its historic base as a mail order retailer of discounted, branded sports clothing and goods into a primarily internet based retailer of branded goods. M and M has strong relationships with a wide range of leading brands such as Adidas, Nike, Bench and Animal, and is able to give its customers access to exclusive ranges and significant discounts on end of line stock. ECI backed Mike Tomkins as CEO and Peter Chappelow as Chairman in a transaction from the two founders, who remain as non-executive directors. During ECI's investment, sales grew at 18% p.a to £80 million, profits at 28% p.a and employment doubled to 600. In 2007 ECI sold the company to TA Associates.

### Kirker Travel

Short break holiday provider  
MBI 2002 / **SOLD** 2006 to Kuoni  
[www.kirkerholidays.com](http://www.kirkerholidays.com)



Kirker is a leading provider of premium-quality short and city break holidays. ECI bought the business in 2002 when the founders, who had established the business in 1986, decided to retire. ECI developed a management solution which comprised John McNeill as CEO, a new Finance Director and two members of the existing management team. Ron Haylock, who had previously been Chairman of ECI-backed Hoseasons and a non-executive of Holiday Autos, joined as Chairman. Over the next 4 years the company expanded its range of destinations to include cities such as Cape Town and Marrakesh, as well as introducing a range of rural destinations and escorted cultural tours. The company was successfully sold to Kuoni in 2006.

## Contact ECI

For more information about ECI's investments in this sector, or to discuss specific investment opportunities please contact:

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### Think Money Group

Consumer financial services

Buyout 2002 / **SOLD** 2007 to Alchemy

[www.thinkmoney.com](http://www.thinkmoney.com)



The Think Money Group is now one of the UK's leading financial solutions providers, having helped over 100,000 people who are experiencing financial distress since it was founded in 1993. ECI backed the buyout of the business in 2002 when its core product offering was debt management solutions via its Gregory Pennington business. Since then the product range has grown to include Individual Voluntary Arrangements, loan brokering and mortgages, bank accounts and insurances. The Think Money Group employs over 500 people in Manchester. The business was sold to Alchemy in 2007.

### Tragus

Family restaurant operator

Buyout 2002 / **SOLD** 2005 to L&G Ventures

[www.tragusholdings.com](http://www.tragusholdings.com)

TRAGUS

Tragus was established in 2002 to undertake the buy-in of 153 mid market restaurants from Whitbread plc. The group comprises two principal brands, Café Rouge and Bella Italia, and the plan was to develop these chains as leading family brands in the growing dining-out and pizza/pasta sectors. ECI worked closely with the buy-in team over several months and completed the £25 million deal in mid 2002. A major capital expenditure programme was then instigated to refurbish the Café Rouge estate and rebrand the Bella sites. Opening hours were extended, new all day dining menus introduced and selective new sites were opened. In addition, over 50% of dormant sites inherited from the previous owners were disposed. As a result EBITDA trebled from £4 million in 2002 to £13 million in 2004 and the business was acquired by L&G Ventures in 2005.

### Hoseasons

Leading self-catering holiday brand

Buyout 1999 / **SOLD** 2003 to HgCapital

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

Hoseasons

Founded over 50 years ago, Hoseasons is the UK's leading self-catering holiday specialist offering a broad range of products from holiday parks and rural cottages through to boating holidays. In 1999 James Hoseason, whose father started the company, decided to retire and sell the business. ECI were able to provide the Hoseason family with an attractive exit via a £22 million IBO, enabling the business to remain independent. Over the following 4 years, earnings more than doubled as a result of the expansion of the company's operations both in the UK and internationally and its increased internet presence. In 2003 HgCapital acquired the business in a £40 million secondary buyout.

### Sunsail

Sailing holidays and yacht charter

Buyout 1996 / **SOLD** 1999 to First Choice

[www.sunsail.com](http://www.sunsail.com)

Sunsail

Established in 1974, Sunsail is now the world's largest and most successful sailing and watersports holiday company. Based in Port Solent, Hampshire, the company operates a fleet of charter yachts and operates beach clubs in the Mediterranean and the Caribbean. ECI invested in 1996 as part of an expansion funding for the company. First Choice acquired Sunsail in 1999 in a deal valuing the company at over £40 million.

### Holiday Autos

Leisure car rental

Buyout 1995 / **SOLD** 2003 to Lastminute.com

[www.holidayautos.com](http://www.holidayautos.com)

holiday  
autos.com

Founded in 1987, Holiday Autos grew to become the world's largest leisure car rental broker with operations in 40 countries and access to more than 750,000 cars worldwide. Operating as a broker rather than a fleet owner, the company set up relationships with local car hire companies in each of its destinations. This, together with the introduction of fully inclusive prices, allowed it to guarantee low prices to its consumers. ECI bought out one of the founder shareholders in 1995 when the company had annual sales of £40 million. Revenues grew to £160 million and the proportion of business transacted online increased to 80% prior to the company being acquired by Lastminute.com in 2003.

### Premier Bathrooms

Specialist bathing products

Buyout 2007

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

Premier  
Care in Bathing

2007 buyout of Premier, market leader in the UK and North America in the design, manufacture and installation of specialist bathing products for assisted living, including walk-in baths and easy access showers. The company sells its products to both the institutional market and direct to the consumer. The company benefits from the positive market dynamic of a growing elderly population and a trend towards assisted living within the home. ECI invested for a minority stake in the group in March 2007.

### Bounty

New parent information and services

Buyout 2004 / **SOLD** 2007 to Kaboose

[www.bounty.com](http://www.bounty.com)

Bounty

Bounty is the leading direct marketing business focusing on expectant mothers and new parent households. It serves clients such as Procter & Gamble and Johnson & Johnson by distributing their products and promotional materials directly to new parents via its promotional packs delivered within hospitals throughout the UK. ECI backed the buyout of the company from Havas in 2004 and since then the company has focussed on developing Bounty.com into the major portal for the young family life stage, offering both information and services from carefully chosen third parties in shopping, travel and personal finance. The site has over 450,000 opted-in members and is growing at a rate of nearly 15,000 new members every month. Bounty grew its revenues significantly throughout ECI's investment period with profits more than doubling. The business was sold to Kaboose in 2007 for £70 million.

### Devonshire Pub Company

Pub operator

Acquisition capital 1995 / **SOLD** 2001

Devonshire was founded in Lancashire in the early 1990s and initially developed both a tenanted and managed estate, supported by a £5 million expansion financing from ECI in 1995. In 1998, as demand for new sites from the major pub groups increased, Devonshire took the opportunity to dispose of its tenanted estate to Pubmaster. It then began to concentrate on growing its managed estate of traditional, unbranded pubs. In 2001 it sold its portfolio of 35 sites in the North West and Yorkshire to Honeycombe Leisure.



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Building successful businesses in  
the Consumer and Leisure sector