

Exponent Raises 400 Million Pounds for U.K. Buyouts (Update1)

Aug. 12 (Bloomberg) – Exponent Private Equity LLP, a London-based buyout firm co-founded by former 3i Group Plc director Tom Sweet-Escott, raised 400 million pounds (\$733 million) to acquire companies in the U.K.

Exponent raised the money in five months and received 14 percent more than originally planned, the company said in an e-mailed statement. At 3i, Exponent's founders generated more than 1 billion pounds of cash for their former employer by investing 616 million pounds in 21 companies, according to a document sent to Exponent's potential backers.

"New groups usually have a hunger and dynamism," said Mounir Guen, chief executive of MVision Private Equity Advisers Ltd., which helps buyout firms raise funds. "That forces older players to work harder to stay at the cutting edge."

3i, Europe's largest publicly traded buyout company, took two years to raise 880 million euros (\$1 billion) for a fund and fell short of its 1.5 billion-euro target. Carlyle Group of Washington and Doughty Hanson & Co., based in London, have been seeking 2 billion euros and 3 billion euros for new buyout funds since early 2003. They have yet to reach their targets.

"We are very pleased with the support we have received from investors, particularly as we were raising our first fund at a time when some of the established names appear to be finding it hard-going," Exponent co-founder Richard Campin said in the statement.

Sweet-Escott, 46, Campin, and their partners, Chris Graham and Hugh Richards left 3i in October. Campin, 42, previously led 3i's buyout team in France. Graham, 44, was responsible for media investments including Thomson Directories and Pinewood Shepperton Plc film studios. Richards, 47, oversaw 3i's relations with industrialists. Each worked at 3i for more than 15 years.

Go Fly, Travelex

Sweet-Escott's group was responsible for investments including low-cost airline Go Fly Ltd. and foreign-exchange company Travelex Plc. Go Fly earned 2.8 times more than its cost 3i and Travelex earned 5.9 times more.

"They're an excellent team," said Carol Kennedy, a partner at Pantheon Ventures Ltd., a London-based investor that has committed an undisclosed amount to the fund.

Buyout firms make money by selling companies after first expanding or overhauling them. They typically use loans to fund two-thirds of each acquisition, so Exponent will be able to buy companies worth a total of about 1.2 billion pounds.

Allianz Private Equity Partners, Danske Private Equity, HarbourVest Partners LLC, Hermes Private Equity, LGT Capital Partners and West Midlands Metropolitan Authorities Pension Fund were among the fund's investors, Exponent said.

Helix Associates Ltd. advised Exponent on the fundraising. Debevoise & Plimpton was the legal adviser.

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