

Ironbridge



Investment Report

1. Summary of the Deal

On 25 September 2008, a consortium led by Ironbridge Capital completed the acquisition of FleetPartners. The consortium also includes Tasman Capital Partners ("Tasman") and Ironbridge's long term partner GIC Special Investments ("GIC").

FleetPartners is a leading provider of passenger and commercial vehicle fleet leasing and management services in Australia and New Zealand. The company offers innovative and capital effective leasing solutions to a broad range of customers including small to medium enterprises, large corporates and government organisations.

Ironbridge views FleetPartners as an attractive investment opportunity because of the business' strong positions in Australian and New Zealand markets, both of which are significantly less developed than many international comparables. The FleetPartners management team has deep local and international industry experience and is well placed to offer an increasingly sophisticated fleet product. We believe the business has the potential to increase its rate of growth through investment in the sales function, continued operational improvements and from expansion into market segments currently not well served by the fleet industry.

"Ironbridge views the fleet industry in Australia and New Zealand as an attractive opportunity. It straddles two of our focus areas in Financial Services and Outsourced Services and we believe that low levels of market penetration relative to international markets create significant long term growth potential."

- John Russell, Director

2. Background

FleetPartners was formerly the fleet leasing division of ANZ Banking Group ("ANZ"), a major Australian trading bank. The business was acquired from ANZ by Nikko Principal Investments Australia ("Nikko") in November 2006. Following the acquisition by Citi of Nikko's ultimate parent company, a strategic review of Nikko's portfolio resulted in a sale process for the business. Ironbridge, along with GIC and Tasman (a new firm formed by the former Nikko team) believed FleetPartners to be a strong secondary buyout candidate. Exclusive negotiations with Citi were conducted over several months.



Ironbridge and its partners worked closely with management to identify the operational and strategic progress made since the initial buyout and to diligence the company's business plan, management team and growth prospects. The due diligence process was assisted by Crescendo Partners, Deloitte and Mallesons Stephens Jaques.

Contracts for the business were exchanged on 30 July 2008 and completion occurred on 25 September 2008.

3. The Business

FleetPartners began operating in its current form in 1996 as part of ANZ's Esanda leasing division. The business has grown from a fleet size of approximately 13,000 vehicles to over 50,000 vehicles and is today a leading fleet business in both Australia and New Zealand. The company's head office is in Melbourne with its New Zealand headquarters in Auckland. Sales offices are located throughout Australia and New Zealand and the business employs over 300 staff.

FleetPartners provides both funding and fleet management services, with the core lease products being a three year fully maintained operating lease for passenger and light commercial vehicles and a five year fully maintained operating lease for heavy commercial vehicles. These products offer customers an end-to-end service including vehicle procurement, maintenance and repairs, break down and accident assistance, insurance and fuel rebates and residual value risk management.

The company also provides novated leases, finance leases and a range of other niche products depending on the needs of its customers.

4. The Management Team

FleetPartners will continue to be led by the incumbent CEO, Nick Johnson. Nick has extensive experience in the fleet leasing industry in the UK, Europe and Australia, including a period as CEO of the business when it was owned by ANZ and prior to his promotion within the bank. Nick left ANZ in 2006 to pursue the acquisition of the business.

Nick has assembled an experienced and capable senior management team, many of whom have worked with Nick and each other in previous roles. This group has recently been strengthened through a select number of key hires and the management team is collectively well placed to deliver on the company's expansion plans.

"We have been impressed not just by Nick, but also the strength of the senior team around him. Their collective experience gives us confidence that the business is well placed to capitalise on the opportunities available to FleetPartners"
- Greg Ruddock, Managing Partner

5. Transaction Rationale

Ironbridge believes FleetPartners is an attractive investment opportunity for several key reasons:

Strong market positions in both Australia and New Zealand:

A **compelling outsourced service offering** that relieves companies from the administrative and financial costs and risks associated with in-house fleet ownership and/or management:

Organic growth prospects in existing markets and adjacent market segments that are currently not well served by the fleet industry:

Strong management team with extensive experience in local and more developed international fleet markets:

Good exit prospects through an IPO or trade sale