

Case study

Securing global security



ArmorGroup

Emphasis on reputation for responsiveness and reliability completes the deal



Funded by



Background

In November 2003, funds managed by Baird Capital Partners Europe (Baird) invested £9 million in a £20 million management buy-out of ArmorGroup. The additional funding required was provided by Barclays as lending bank. Despite initial vendor uncertainties about dealing with a private equity buyer, Baird emphasised its reputation for responsiveness and reliability and the deal was completed ahead of schedule and on the original terms.

Strategy

Following the buy-out, Baird took a hands-on approach to developing the business:

- They supported the management in closing several loss-making operations
- Baird assisted the management with developing a relationship with the lending bank and managing cash flow in a leveraged situation
- Baird identified the need for and helped implement a company-wide customer contact management system
- Baird recruited the former UK Secretary of State for Defence and Foreign and Commonwealth Secretary Sir Malcolm Rifkind, as Chairman of the Board
- Baird arranged further growth capital to fund working capital increases

Performance

During Baird's investment ArmorGroup saw a 55% increase in employment from 6,400 to 9,900 employees, turnover also increased from \$98 million to \$273 million and EBITDA increased from \$6.4 million to \$25.9 million.

In December 2004 Baird partially realised its investment in ArmorGroup through a flotation on the London Stock Exchange, following which Baird retained 32% of the equity. In May 2008, Baird sold its stake in ArmorGroup, alongside other shareholders, to G4S plc, the international security solutions group, for a total consideration of £44 million. G4S is the world's largest security company and the largest employer on the London Stock Exchange with 585,000 workers. The company continues to grow and has performed steadily during the recession.

Prior to the sale to G4S, the investors in the funds had received £9.4 million back from this investment. The sale to G4S returned an additional £13.6m giving a total return of £23m and an IRR of 38%.

Investor:	Baird Capital Partners Europe
Location:	London
Sector:	Business Services
Stage:	MBO – November 2003
Exit:	Partial Flotation – December 2004
Company Website:	www.g4s.com
Investor Website:	www.bairdprivateequity.com

“Baird achieved strong returns by working closely with the company to grow revenues and improve operations”

David Barrass, CEO, ArmorGroup

