

Highlight

Silverfleet Capital in 2012: a year in review

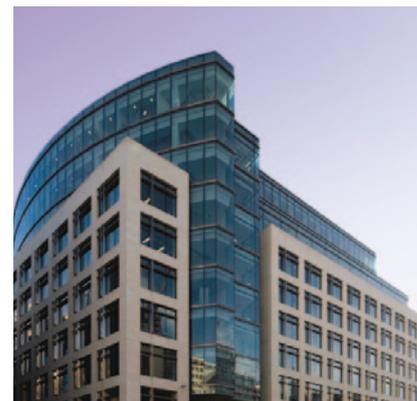
2012 Highlights

- Investment in new French portfolio company, La Fée Maraboutée
- A/S Cimbria will be our third investment in the Nordic region
- Three members of the investment team are promoted
- London office moves to new premises at 5 Fleet Place
- Profits rise at all portfolio companies in our fund

In 2012 the Mayan calendar ran out as did our lease on the second floor of No. 1 New Fetter Lane in London. In the end both events came and went unremarkably and we moved into 5 Fleet Place.

2012 will, however, be remembered at Silverfleet Capital as a year in which we completed a new investment in France, one in which Alex and Cyril, our two new Parisian recruits from 2011, played significant roles. We also returned to the Nordic countries and agreed our third deal in the region and our first in Denmark.

We hope this newsletter will give you some insights into what attracted us to both of these companies and why we believe they will be successful in future.



La Fée Maraboutée: our new portfolio company in France



“The La Fée Maraboutée collections have an elegant, timeless appeal while also being both good quality and affordable, hence it has a loyal customer base both in France and overseas.”

Mairé Deslandes,
Partner

In December 2012 Silverfleet Capital invested once more in the French retail sector, an area we have been looking at closely ever since our successful 3x money exit of Histoire d'Or in October 2010. Founded in 1996, La Fée Maraboutée is a wholesaler and retailer of women's fashion, offering a wide variety of products through a wholesale network which at the date of our investment included over 850 multi-brand retailers in France and a further 850 internationally, as well as a store network of 90 outlets which includes owned stores, affiliates and franchisees.

La Fée Maraboutée is positioned as a mid-high end brand, appealing to women aged between 30 and 50 for both formal and casual wear. The steady growth of the business in recent years has stemmed principally from the development of an international

wholesale business, and the roll-out of an affiliates store network in France. La Fée Maraboutée has grown sales from €34m in 2010 to €45m in 2012.

We are backing a strong management team including the company's founder Jean-Pierre Braillard together with Thierry Pérusat and Jean-Christophe Astruc, joint CEOs of the company.

A highly experienced retailer, Georges Spitzer has also invested in the company and joined the board as chairman. Georges, who is a former CEO of Givenchy and Du Pareil au même, brings expertise in areas such as brand building, retail network development and international development, which will support the achievement of the company's business plan of accelerating the growth of its activities both in France and abroad.



Three of our investment team promoted

In November 2012 we announced the promotion of three of our team. Mark Piasecki, who is based in London, was promoted to Principal while Robert Knight, also based in London, and Cyril Bourdarot who is based in Paris, become Investment Executives.



“Mark, Cyril and Robert have all made very significant contributions to our firm and we have recognised their hard work through these promotions.”

Neil MacDougall,
Managing Partner

Silverfleet Capital agrees to acquire A/S Cimbria for €137 million

Silverfleet Capital's track record in the Nordic region includes Phadia, an allergy diagnostics company based in Uppsala, Sweden and Finnish Chemicals, a bleaching chemicals business headquartered in Äetsä, Finland both of which achieved successful exits. After several months of work at the end of 2012, we agreed on 3rd January 2013 to acquire our third portfolio company in the region, A/S Cimbria. Completion is subject to obtaining clearance from the relevant competition authorities which is expected to be received shortly.

Cimbria, headquartered in Thisted in Denmark, is a leading global manufacturer of equipment used for either seed processing or post-harvest grain handling. The company's products include equipment for cleaning, drying and storing grain and seed, as well as conveyors linking equipment in a handling or processing line. Products range from standalone equipment pieces to large custom built project installations. Project sales have gained particular focus in recent years, and in the

period 2008-2011 Cimbria completed almost 550 projects with an average size of €280,000, with four projects in the last two years having a value in excess of €5 million.

Cimbria operates two production facilities in Denmark, and one in each of Austria, the Czech Republic and Italy, and today has approximately 740 employees. Cimbria has begun construction of a new, significantly larger manufacturing site in the Czech Republic, which is expected to be fully operational in Q1 2013.

The company has grown significantly in recent years despite the economic downturn; the growth stemming principally from the Eastern European, Russian and Ukrainian markets, which have delivered a c. 25% CAGR over the period 2008-2012. Western Europe, the Company's other significant market, has grown at c. 4% CAGR. Total sales are approximately DKK 1,050 million (€140 million), with EBITDA of DKK 145 million (€19 million).



"Cimbria has an excellent reputation in the fast-growing markets of Eastern Europe, Ukraine and Russia where the increasing demand for grain and other crops is driving the need for greater agricultural productivity."

Gareth Whiley,
Partner



Aesica Pharmaceuticals to invest £20 million in Queenborough facility



In July 2012 Aesica announced that it would be extending its Queenborough site thereby creating up to 100 new jobs at the facility over the next two years. The

extension is set to be completed by summer this year with production starting before the end of 2013. This follows Aesica's success in securing a contract to produce increased

volumes of a single dose diabetes pill. The tablet helps to lower blood sugar in adults with Type 2 diabetes and has been developed by one of the world's leading pharmaceutical companies. The drug's success has led to a large increase in demand and consequently the need for greater production capacity. Aesica faced competition from firms in Europe and the USA to secure the contract but had the advantage of being an existing supplier. The newly extended facility will eventually allow an eight-fold increase in production volumes.

Profits rise across the board

All the investments in our current fund had a very successful 2012 with every company reporting significantly increased profits. Following successful trials with several customers, Kalle

has now launched NaloCoat, a revolutionary new product aimed at the co-extruded collagen casing markets in the USA and Europe. creatrade and OFFICE both enjoyed

strong sales performances in 2012 in their respective markets, with both companies particularly seeing the benefits of their well-developed on-line presence.

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