



SOVEREIGN CAPITAL

INVESTING IN COMPLIANCE SERVICES

Sypol

SUPPORT SERVICES

COMPLIANCE SERVICES UPDATE

SYPOL

Sovereign is a leading investor in the support services sector having invested in 25 businesses over the past seven years. Having researched the compliance services sector since 2006, Sovereign invested in the health, safety and environmental consulting services market in August 2009 through its backing of Sypol Limited ('Sypol').

Sypol is a leading provider of health, safety and environmental risk management services. Founded in 1979, Aylesbury based Sypol assists its 600-strong client base in identifying, managing and controlling their exposure to risk, complying with legislation and improving their business performance.

Operating throughout the UK and Ireland, Sypol supports a loyal, blue-chip customer base, advising clients including Kew Gardens, E.ON, Deutsche Bank, Total and United Biscuits across a broad range of industry sectors.

Sypol is a long established, reputable provider of occupational hygiene consultancy and over the past 18 years has developed its unique Chemical Management System ('CMS') which helps clients to monitor and assess their exposure to hazardous substances.

Launched in 1990, CMS is continuously updated to take advantage of both the latest technological advances and Sypol's growing collection of ready to use, task based Control of Substances Hazardous to Health ('COSHH') assessments that has been developed from over half a million cases. Covering a vast range of different chemical products and their uses, CMS meets customers' ongoing COSHH needs by providing assessments electronically in addition to a Helpdesk staffed by their team of experts.



The company has also developed a modular, interactive e-learning and risk assessment system, Safety Smart, which enables Sypol's customers to stay ahead of compliance, either working towards or dictating best practice. Other services include an Asbestos Management System, bespoke health and safety management consultancy services and a range of training and environmental advice.

As the commercial and public spheres have embraced the outsourcing of services, Sypol's support has increasingly been seen as complementary to facilities management and staff development. Technical products addressing premises issues, fire safety, access for people with disabilities and similar matters have assisted the business in becoming the preferred and key partner to many leading organisations who need expert support and assistance.

In addition to complying with current legislation and safeguarding the wellbeing of employees, Sypol's customers benefit from:

- ⌘ reducing wastage costs
- ⌘ improving resource / energy efficiency
- ⌘ attracting customers, consumers and investors who share similar values
- ⌘ securing favourable premiums from insurers
- ⌘ improving the public image of the organisation
- ⌘ improving staff morale and retention and making the organisation an employer of choice
- ⌘ avoiding the costs of legal action under criminal and civil law



PROTECT HANDS



VAPOUR MASK



SKIN CHECK

SYPOL AND SOVEREIGN

Sovereign specialises in investing in fragmented markets providing ample Buy & Build potential allowing Sovereign to develop scale through complementary acquisitions in addition to ongoing organic growth.

Sovereign has been researching and identifying opportunities in the broader compliance market since 2006 and developed a relationship with Sypol's shareholders in April 2008. Since then, Sovereign has worked with the management and vendors on an exclusive basis, completing the transaction in August 2009. Lawrence Waterman and Karen Baxter, both highly regarded industry experts, have remained with Sypol and have now been joined by John Pettifor as Executive Chairman.

Lawrence is one of the UK's foremost authorities on health & safety and is currently advising the 2012 Olympic Delivery Authority to ensure the safety of those working on the sporting and other infrastructure facilities. Karen, Sypol's Managing Director, has over 15 years' experience of occupational hygiene and has been instrumental in the development of Sypol's market leading CMS database.

John has previous relevant experience from his non executive director role at AIMS Group Services Limited, a leading independent environmental consultancy firm specialising in health & safety, air, water, fire, asbestos and disability advice and audit services.

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LAWRENCE WATERMAN - SYPOL

Both Lawrence and Karen considered a number of approaches before choosing Sovereign as the right investor for Sypol.

Lawrence didn't want to walk away from his hopes and ambitions for Sypol but wanted to work with a team who were "as excited about the business's growth and development" as he and Karen are.

Commenting on the transaction, Lawrence said: "In the first half an hour of our first meeting with Sovereign we were getting positive messages about their commitment to Sypol and their aspirations for growth and for building value. The more we learnt and understood about their plans for Sypol, the more we felt positively about Sovereign." On the deal process itself, he added: "It wasn't a cold, financial transaction, there was so much enthusiasm for building the business."

Looking forward, Lawrence appreciates that Sovereign's investment in the business - of both capital and management time - will take Sypol to its next level of growth: "The Sovereign team are prepared to roll up their sleeves and work with the group to create something of greater value. Joining together will give us greater appetite for seizing opportunities and creating them when they don't occur naturally."

Karen shares Lawrence's enthusiasm for the future of the business and sees Sovereign's investment as the natural progression for Sypol and one that will enable the business to increase market share and build on its existing excellent reputation: "With Sovereign we will create the market leader and be the brand that everyone aspires to be. There is definitely a gap in the market which we can occupy with Sovereign's help and assistance."

Karen hadn't come across the Buy & Build strategy before meeting Sovereign and likes "the idea of bringing together like-minded businesses to create scale and see how we can develop". In addition to the inherent advantages to Sypol's business, Karen sees the tie up with Sovereign as giving her a new set of challenges: "this gives me the opportunity to learn and do things that I would never have done before, which is personally exciting for me."

Having recently completed the transaction with Sovereign, Karen's advice for those considering selling their business includes:

- ⚡ "Be honest about your company as early on as possible
- ⚡ Keep an eye on the big picture and don't get too distracted by the nitty gritty
- ⚡ Grasp the nettle early on
- ⚡ Get decent advice so that you can be confident that the transaction will progress smoothly
- ⚡ Make sure you have a shared vision and that your businesses will fit from a cultural perspective".

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LAWRENCE WATERMAN - SYPOL

WHERE NEXT?

Sypol operates in a highly fragmented market, ideally suited to Sovereign's award-winning Buy & Build strategy. Sovereign will support Sypol with follow-on funding to grow and develop the business by acquisition and service diversification within the growing compliance services market.

Commenting on the investment in Sypol, Phil Hinson, Director at Sovereign Capital said: "We are extremely pleased to have completed the acquisition of Sypol and to be working with leading authorities in the health & safety sector to grow and develop the business. The increasing emphasis on corporate reputation and the wellbeing of employees, combined with the proliferation of legislation, create an ideal backdrop for future growth."

Sovereign is currently assessing a number of complementary risk management, compliance and occupational health services businesses to further expand Sypol's service offering.

If you are starting to think about your succession planning, selling your business or would like to have a confidential conversation with us about your organisation, please call Matthew Owen, Phil Hinson or Dominic Dalli on 020 7340 8800 or visit our website www.sovereigncapital.co.uk

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Sovereign Capital, the UK private equity Buy & Build specialist, has a pre-eminent track record and specific expertise in the service based sectors of healthcare, education & training and business support services. Sovereign Capital is focused on investing in lower mid-market UK consolidators requiring up to £40m of equity.

