

# **Dunedin Enterprise Investment Trust PLC**

Annual General Meeting, 16 May 2011

Update on 2010 Investments



Nicol Fraser

# An overview of 2010 investment activity



- During the downturn the focus was on protecting value in the portfolio. We concentrated on optimising:
  - Strategy
  - Management teams
  - Financial structures
- As market conditions improved in 2010 we were able to step up our new investment activity, investing £84m in three new deals
- Dunedin is well positioned to take advantage of improving market conditions with an increase in deal market activity expected from H2 2011

# £84m invested in three transactions in 2010



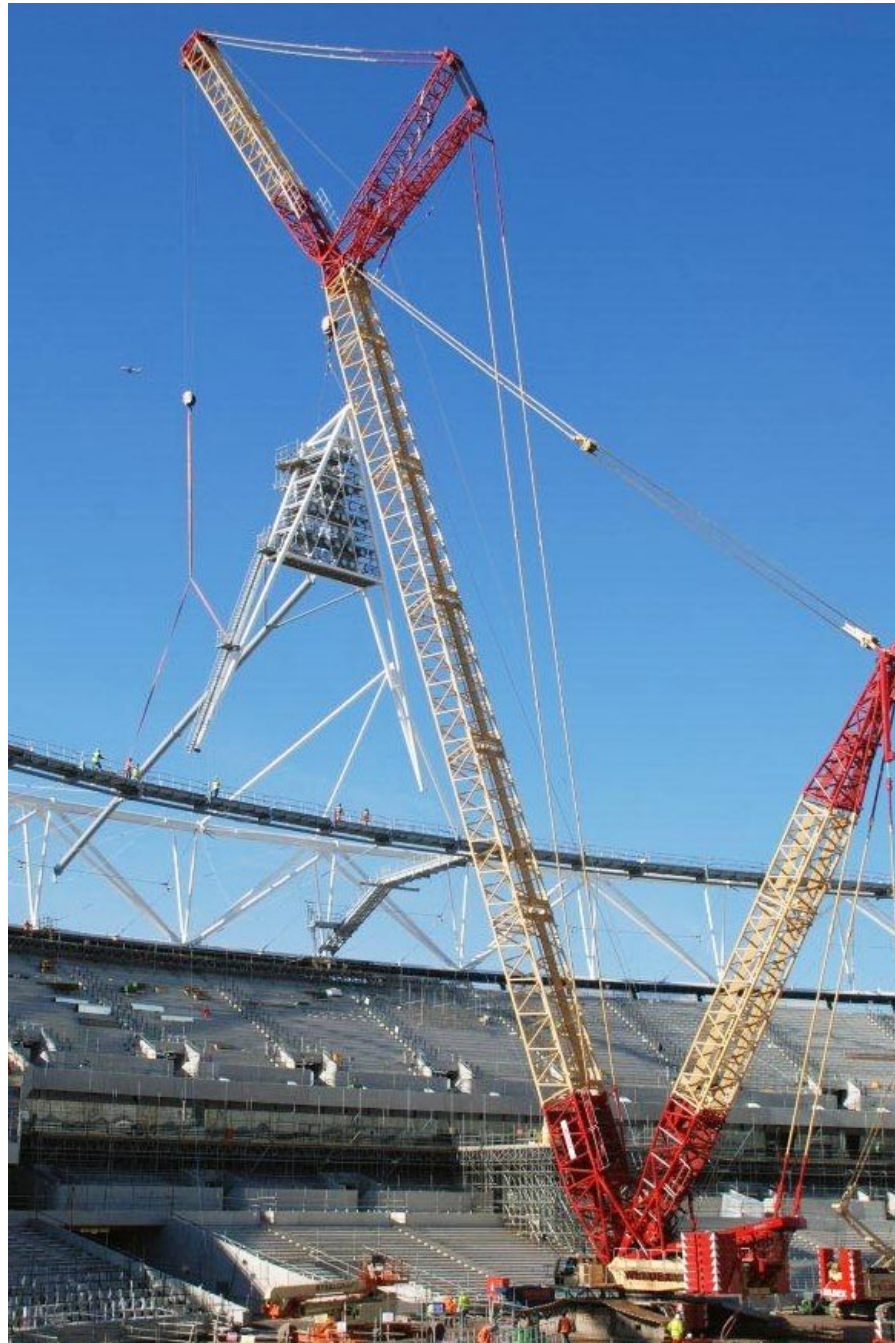
- Identified by origination team in 2009
- Internal research highlighted attractiveness of offshore wind
- Industrial network assisted with early evaluation



- Internal research highlighted attractiveness of e-commerce
- Industrial network assisted with early evaluation
- Strong relationships built with management and advisers



- Internal research highlighted attractiveness of “price setters” rather than “price takers” in a high inflation environment
- Strong Dunedin reputation for deliverability



# Weldex business overview



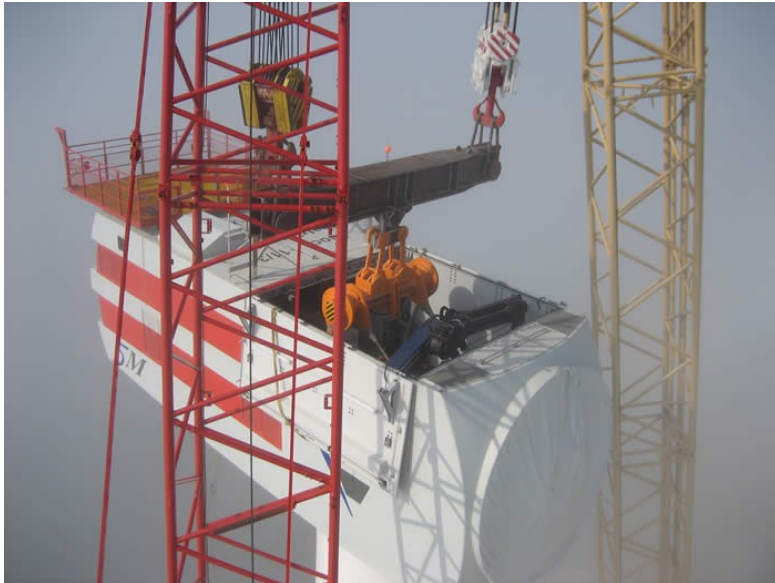
- Market leading crawler crane hirer in UK
  - greater than 50% market share over 100 tonnes
- Worldwide heavy lifting solutions
  - Ranked world 15<sup>th</sup> largest by lifting capacity
- Headquarters in Inverness, Scotland
- Provides cranes for offshore wind and infrastructure projects including major stadia

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## Dunedin



# Market overview



- Significant growth in offshore wind where UK leads the world
- Other infrastructure growth driven by power plant decommissioning, new build nuclear, oil and gas and stadia infrastructure
- Weldex has a growing presence in Europe and also provides ancillary lifting services and products (e.g. supervisors, labour, trailers and reachstackers)

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## Dunedin





- Continued expansion of heavy crane fleet to service future demand for
  - renewable energy projects
  - nuclear energy projects
  - traditional power plant upgrades
- Continuation of fleet replacement programme to maintain customers demands for
  - modern state of the art equipment
  - latest health and safety technology
  - environmentally friendly equipment
- Succession planning



# CitySprint business overview



- 31 ServiceCentres across the UK
- Market leading SameDay fleet levels and coverage
- Non asset owning strategy
- Market leading systems and technology
- Fleet utilisation optimised
- Self employed courier model

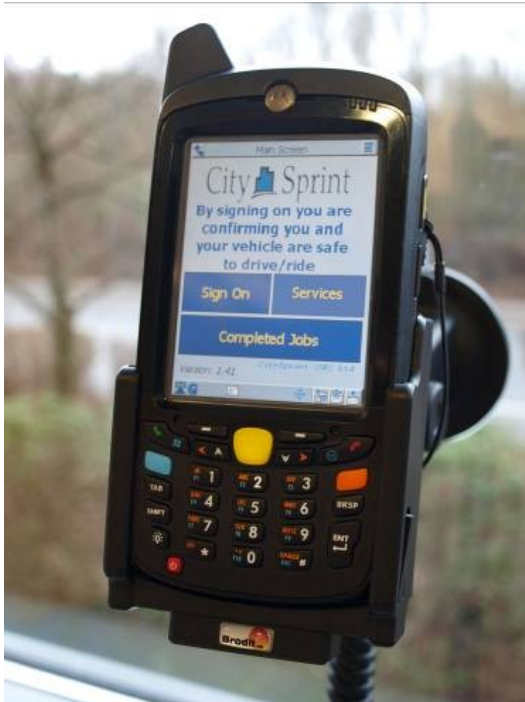
# Market overview



- The SameDay market typically includes transfer of small to medium sized parcels, parts, equipment and documents for immediate delivery
- The UK parcel distribution market is estimated to be worth c.£3 billion with the SameDay market accounting for c.20%
- The competitive landscape is split between SameDay operators, and International & UK Overnight carriers
- The International & UK Overnight sector is largely consolidated whilst the SameDay sector is still highly fragmented
- SameDay operators with sales of less than £3 million account for c.45% of SameDay market

## Dunedin

City  Sprint



- Continued focus on organic growth
  - Market share gains
  - Over 10% of workforce dedicated to business development
- Acquisitions
  - Convert “qualified pipeline”
  - Exploit economic conditions and market leading position
- Healthcare
  - Build on existing success and leverage relationships
  - Pharmaceutical B2B and B2C
- Retail
  - Continue to build profile in retail community
  - Convert live opportunities

# U-POL



# U-POL business overview



- Leading independent manufacturer of car repair products
- 600 products for use across the vehicle body repair process
- Used by bodyshops in over 110 countries
- Strong brand loyalty driven by outstanding value for money of products
- History of continuous innovation in core product categories to drive sales
- Facility in Wellingborough, Northamptonshire, with a manufacturing plant, warehouse and dispatch facilities
- Warehousing facilities also established in the US and Russia

# Market overview



- The global automotive refinish market is worth c. £4.9 billion p.a.
- The fundamental driver is the number of low speed accidents
- Refinish consumables are a lower cost alternative to panel replacement (c. 40% cheaper) and represent low value items to bodyshops / insurance companies (c. 6% of repair cost)
- Fillers account for 5% of the market and non-colour coatings for 45%
- The global market is growing at c. 2% p.a. as a function of expanding car numbers



- Continue with targeted investment in sales force expansion
- Introduce more sophisticated operational analysis and decision making
- Focus on high potential, existing markets such as the US, China, India and Russia
- Strengthen the senior management team to maximise potential in all markets
- Expand into new, high growth territories such as Brazil and Argentina

Dunedin portfolio companies performed well in 2010 and are positioned for further growth



- Dunedin has developed a proven approach to value creation and value protection
  - Recognised by awards from our industry peer group
- Dunedin continues to create equity value in the portfolio
  - Double digit % EBITDA growth
  - Substantial de-gearing
- Several portfolio companies are approaching exit windows

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