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PI CAPITAL SPARKS APPLIED KILOVOLTS' PURCHASE OF BRANDENBURG

Pi Capital provides equity related acquisition finance to leading specialist power supplier

Pi Capital, the independent private equity house, today announced it has provided £3.93m of acquisition finance to Applied Kilovolts Ltd, the leading supplier of high voltage power supplies to the scientific instrument industry.

Applied Kilovolts has used this funding to purchase market rival Brandenburg and to buy out the minority holding of Applied Kilovolts' founder. The finance package totals £8.31m, £4.38m being in bank debt. In the year end to June 2007 the new group will make a pro forma EBITDA of £1.98m. The price multiple is 4.2x.

Pi Capital underwrote and completed the transaction before selling it down to its unique 'Black Book' investor base. Investors included Paul Pindar, CEO of Capita Group, ex-Whittards' CEO Will Hobhouse, and Dermot Smurfit, one of Ireland's leading businessmen. Two members of Pi Capital's network of industrialists completed the due diligence and will join Kevin Wheelhouse, chief executive of Applied Kilovolts, on the board. Pi Capital will also consider putting additional funds into the business on a 'Buy & Build' basis.

Founded in 1987, Applied Kilovolts' high-voltage power supplies are used in a wide range of sophisticated scientific instruments, such as mass spectrometers, x-rays and electron guns. Applications for such instruments include drug design and discovery, airport security scanning, criminal forensics and quality control in the food industry. Applied Kilovolts' core markets are North America, Europe and the UK. Brandenburg is a direct competitor with complementary technology and with a customer base principally focussed on the UK.

The investment has doubled the size of Applied Kilovolts and will provide the company with significant extra resources and a strengthened customer base that will allow it to meet the increasing global demand for high voltage power supplies, which is growing at a rate of 10% per annum. Major upcoming projects for its customers include providing scanning solutions for the 2012 Olympic Games and the powering of scientific equipment for use in the rising number of anti-terrorism investigations.

Kevin Wheelhouse will continue as chief executive of the merged entity. Since his acquisition of a majority stake in Applied Kilovolts in 2003, the company's profits have increased three fold. Kevin was advised by Tenon when he first bought into Applied Kilovolts. Tenon later conducted an acquisition search, identifying and approaching Brandenburg.

The investment has been structured as follows:

£3.82 million will be invested as a loan note, yielding 8.5% from day one
£0.11 million representing 27.5% of the equity
A downside ratchet provides Pi investors with IRR protection

The Pi team was led by Managing Director Peter Brooks and supported by Guy Davies and Val Tourres.

Peter Brooks, Managing Director of Pi Capital, said:

“This is a good opportunity to back an established manager who has delivered strongly over the past three years in a niche market. We believe we are paying a fair entry price.

Applied Kilovolts is the first of a series of investments that we will be offering our members where there will be more focus on yield and the established robustness of the business to give protection to private equity returns and yet still have the opportunity of scalability on the upside.”

Kevin Wheelhouse, CEO of Applied Kilovolts, said:

“Thanks to this acquisition finance package, in which Pi Capital played a key role, we have been able significantly to increase our client base and to fast-track our growth strategy.”

Harry Dhand, director of corporate finance, Tenon, said:

“We are delighted to have continued our involvement with Applied Kilovolts through this acquisition, which doubles the size of the company and provides a strong platform for continued growth and further acquisitions.”

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About Pi Capital

Pi Capital is an independent private equity house investing in growing UK unquoted businesses. It specialises in smaller buyouts and development capital for businesses seeking £2 million to £5 million of equity across a range of sectors. What makes Pi Capital different is that it represents a network of the UK's most successful entrepreneurs and business builders, whose diverse and unique contacts and skills can add real value to the companies Pi Capital supports, both during due diligence and post investment. Recent investments include: £3 million in mobile gaming company Million-2-1; the £5 million management buyout of employee benefits consultancy thomsons online benefits, £3.5 million of funding for homewares retailer LOMBOK to support its rollout; and the £3m development capital fund raising for MediSpa, to support its nationwide growth plan. Pi Capital also recently doubled its money on the sale of its investment in Thames Clippers to the Anschutz Group. Private Investor Capital Limited is authorised and regulated by the Financial Services Authority. Further information can be found at www.picapital.co.uk.