



## Close Growth Capital Backs £30m MBO of Entec UK from Northumbrian Water

Close Growth Capital ("CGC"), a provider of combined debt and equity funding, announces that it is backing the management buy out of Entec UK Limited ("Entec") from Northumbrian Water Group plc ("Northumbrian Water").

Entec operates in the rapidly growing environmental and engineering consultancy market and employs 700 staff and associates in 11 locations throughout the UK.

The MBO team is being led by Managing Director, Simon Armes-Reardon, Commercial Director, Douglas Morton, and Finance Director, Barry Canfield. Bill Crossan of CGC will join the Board of Entec as a non-executive Director.

The £30 million deal is financed predominantly by way of a hybrid debt-equity funding package from CGC with the management also providing equity.

Entec has a broad service offering and serves an impressive list of public and private sector clients across various industries. It is a leading company in its sector and is ranked highly in terms of reputation both by customers and competitors alike.

Entec's largest office is in Gosforth, Newcastle and in the year to 31 March 2005 reported turnover of £42 million with earnings before interest and tax of £2.8m. Both the management team and Entec Holdings were advised by the Deloitte Corporate Finance team in Newcastle. Ward Hadaway were legal advisers to Entec Holdings and the management team. Dickson Minto were legal advisers to CGC.

**Bill Crossan at CGC commented:** "We are delighted to back Entec and its management team. This is the first investment from our recently-closed Fund II and we are pleased to be making the investment from that fund in a company with such exciting prospects as Entec."

**Simon Armes-Reardon, Managing Director of Entec, said:** "The funding package put together by CGC will help us to continue our intended growth and fits our needs while allowing the management team to retain a majority stake in the business. We look forward to welcoming them as an integral part of the Entec team. The MBO announced today is a key part of the strategy for the future development of the Company."

**John Cuthbert, Managing Director of Northumbrian Water added:** "We wish Entec well and look forward to continuing to work with them as a key supplier to Northumbrian Water Limited on environmental and engineering matters. This sale is in line with our strategy to focus on our core business of water and wastewater treatment."

- Ends -

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## About CBGC

Close Growth Capital, an investment arm of Close Brothers Group plc, was started in 1999 to provide combined equity and debt funding to UK SMEs.

CGC specialises in providing combined debt and equity investments to:

- Management buy-outs/buy-ins
- Companies requiring growth capital
- Secondary buy-outs

CGC invests in mid-market situations in any sector and aims to be the only (or main) financial institution involved. CBGC looks for a UK business with a strong incumbent or incoming management team, a recognisable market position and a history of cash and profit generation.

## The Product

Close Growth Capital provides innovative financing alternatives for SMEs through the use of a hybrid debt/equity product.

The investment made by CGC in a company takes the form of a tailor-made instrument combining the best elements of a secured loan with those of equity. The management team in an MBO or MBI typically retain a greater proportion of their company's equity and benefit from significantly enhanced flexibility in the repayment of the funding package.

Close Brothers Growth Capital Limited is authorised and regulated by the Financial Services Authority.

## About Entec

Entec is one of the UK's largest environmental and engineering consultancies. The technical and business skills of over 700 staff and associates are dedicated to delivering strategic, technical and engineering solutions which bring commercial benefits to our customers at home and overseas. This know-how is based on over 60 years of consulting experience in the public and private sectors. For further information, please visit our website [www.entecuk.com](http://www.entecuk.com).

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