

Annual Review

2007

Another outstanding year



# THE ADVENT FOCUS & philosophy

WITH 15 OFFICES WORLDWIDE, ADVENT INTERNATIONAL IS ONE OF THE PRIVATE EQUITY INDUSTRY'S LEADING GLOBAL BUYOUT GROUPS.

## Global and local

Our activities span both **ESTABLISHED MARKETS** – Western Europe and North America – and **RAPIDLY DEVELOPING MARKETS** – Central & Eastern Europe, Latin America and Asia.

What differentiates our international presence from many other private equity groups is not only our **SCALE**, but our **DEPTH**, with long-established offices in all our key territories. Local market knowledge is absolutely critical to getting deals done; combined with our extensive resources and networks, its effectiveness doubles.

## Our people

With over 100 investment professionals of 23 nationalities we have the **LARGEST DEAL TEAM** in the industry focused on mid-market and upper mid-market buyouts.

This is not only a function of scale, but because we know from experience that being '**HANDS-ON**' with our portfolio companies is central to our ability to create value.

We often say that we are as **INDUSTRIALLY-MINDED** as we are financially-minded, which is why many of our investment professionals come from consulting or operational backgrounds as well as purely financial. The benefit is that we are able to deploy a much more rounded skill set to the development of our portfolio companies.

## Value creation

Advent's investment ethos is one of **ACTIVE OWNERSHIP**. This means that we build value in our portfolio companies through **REVENUE GROWTH, ACQUISITIONS AND PROFIT IMPROVEMENT**, not financial engineering.

## Investments

### Deal size

Mid-market and upper mid-market.

### Sector focused

Advent is focused on **FIVE KEY SECTORS** and over the course of more than 20 years has developed an unsurpassed wealth of international knowledge and experience in its chosen industries.

- Business & Financial Services
- Retail, Consumer & Leisure
- Technology, Media & Telecoms
- Healthcare
- Industrial

### Investment scenarios

We focus on **THREE CORE TYPES OF INVESTMENTS** which capitalise on our unique combination of skills and experience.

- International buyouts
- Strategic restructuring
- Growth buyouts

# *Group* HIGHLIGHTS

2007 WAS ANOTHER BUSY AND EXCITING YEAR, UNDERSCORING OUR POSITION AS ONE OF THE WORLD'S LEADING GLOBAL BUYOUT FIRMS.

DEALS	INVESTED	\$2.3 BILLION <sup>1</sup> in 17 companies in 10 countries worldwide. We also made a further 10 add-on acquisitions, totalling \$180 million.
	REALISED	\$2.7 BILLION <sup>1</sup> through 9 full exits, 3 IPOs, 4 recapitalisations and several partial exits and stock sales.
AWARDS	UNPRECEDENTED	8 INDUSTRY AWARDS, reflecting consistency and EXCELLENCE in all our key territories.
FUNDS	CLOSED LAPEF IV	At \$1.3 BILLION the LARGEST DEDICATED REGIONAL FUND raised to date for Latin America.
GLOBAL REACH	CENTRAL EUROPE	Extended our REGIONAL LEADERSHIP through the opening of offices in Prague, Czech Republic and Kiev, Ukraine.
	ASIA	Capitalised on a 20-year relationship with the Asian market to put in place an 8-strong buyout team in TOKYO.  Made our first investment in INDIA – CAMS.

<sup>1</sup>Transactions closed and announced in 2007

# *Advent* IN ACTION

ALL OF ADVENT'S 2007 INVESTMENTS AND EXITS ILLUSTRATE ONE OR MORE CHARACTERISTICS OF WHAT WE TERM 'THE CLASSIC ADVENT INTERNATIONAL DEAL'.

## THE CLASSIC ADVENT INTERNATIONAL DEAL

IN SECTOR, AND OFTEN A SERIAL SECTOR  
INVESTMENT

LEVERAGES OUR INTERNATIONAL FOOTPRINT,  
INTER-OFFICE TEAM AND/OR  
CROSS-PROGRAMME INVOLVEMENT

HIGH LEVEL OF ADVENT INVOLVEMENT  
AND VALUE-ADDED OR RESTRUCTURING

### RETAIL & CONSUMER

#### Speciality retail:

Arabela (Mexico)  
Dufry (Switzerland)  
Fat Face (UK)  
Grupo RA (Brazil)  
Hudson Group (US)  
La Mansión/Champs Élysées (Mexico)  
lululemon (Canada)  
Viena (Brazil)

#### Value retail:

Milano/Melody (Mexico)  
Stokomani (France)  
Takko (Germany)

### FINANCIAL SERVICES

CAMS (India)  
Domestic & General (UK)  
Equiniti (UK)  
Paraná Banco (Brazil)  
Pronto! (Uruguay)  
Sophis (France)

### INDUSTRIAL

Boart Longyear (US)  
Ceramica (Romania)  
HT Troplast (Germany)  
KAI Group (Bulgaria)  
SAG (Germany)

### INTERNATIONAL/CROSS-BORDER

HC Starck (Germany)  
Sophis (France)  
Stokomani (France)  
Takko (Germany)

### BUY & BUILDS

Gruppo Argenta (Italy)  
Grupo RA (Brazil)  
La Mansión/Champs Élysées (Mexico)  
Parques Reunidos (Spain)  
Viena (Brazil)

# HIGH

## *Global*

### Global programme overview

2007 WAS ANOTHER BUSY YEAR FOR ADVENT'S GLOBAL PROGRAMME WITH A SERIES OF HIGH-PROFILE INVESTMENTS, CONTINUED IMPRESSIVE PORTFOLIO EARNINGS GROWTH AND A LARGE NUMBER OF EXITS ON BOTH SIDES OF THE ATLANTIC.

#### HIGHLIGHTS INCLUDE:

##### **LULULEMON (CANADA)**

The IPO of lululemon, one of the fastest-growing retailers of technical athletic apparel in North America, was the **THIRD-BEST PERFORMING FLOTATION OF 177 IPOs IN THE US LAST YEAR**. The stock price rose 163% from the offering in July to year end. In the two years Advent has been an investor, the company has nearly tripled its store base from 30 stores mainly in Canada to more than 80 stores across Canada, the US, Japan and Australia.

##### **DOMESTIC & GENERAL GROUP (UK)**

The successful take-private of the UK's leading specialist extended warranty provider D&G was notable for two reasons: not only was it one of an impressive **6 FINANCIAL SERVICES TRANSACTIONS COMPLETED WORLDWIDE BY ADVENT DURING 2007**, underscoring our depth of expertise in the sector, but it was also the first fully financed public-to-private completed since the dramatic turbulence in the UK credit markets in the summer of 2007.

##### **PARQUES REUNIDOS (SPAIN)**

The exit of Spanish leisure park operator Parques Reunidos was a **MASTERCLASS IN INTERNATIONAL BUY-AND-BUILD** and evidence of Advent's powerful international network in action. The turnaround of this under-performing business to position it as a leading European player was accelerated by 7 acquisitions supported by Advent's Paris, Frankfurt, Milan, Buenos Aires and São Paulo deal teams.

##### **HUDSON GROUP (US)**

The buyout of Hudson Group, North America's leading travel retailer, was **ADVENT'S 10TH AIRPORT-RELATED INVESTMENT** – the most by any private equity firm. Hudson operates over 550 news and gift convenience stores, bookstores, cafes and retail concessions in 69 airports and transportation terminals across the US and Canada. Its flagship Hudson News chain is the only national newsstand brand in North America. A key element of the growth plan is the global expansion of the brand.

Advent's GPE programme is focused on established markets, primarily Western Europe/North America and selected global opportunities.

# LIGHTS

## INVESTMENTS

*Hudson News*

### Hudson Group (US)

Retail & Consumer

North America's premier travel retailer

[www.hudsongroup.com](http://www.hudsongroup.com)

### Domestic & General Group (UK)

Financial Services

UK's leading specialist provider of extended warranties for domestic electrical goods

[www.domgen.com](http://www.domgen.com)



### CAMS (India)

Financial Services

India's leading provider of business process outsourcing services to the asset management industry

[www.camsonline.com](http://www.camsonline.com)



### Sophis (France)

Financial Services

Global provider of cross-asset, front-to-back portfolio and risk management solutions

[www.sophis.net](http://www.sophis.net)



SOPHIS

### Takko (Germany)

Retail & Consumer

Leading European discount fashion retailer

[www.takko-fashion.com](http://www.takko-fashion.com)



### Equiniti (UK) (formerly Lloyds TSB Registrars)

Financial Services

UK's leading share registration business and BPO provider

[www.equiniti.com](http://www.equiniti.com)



### Stokomani (France)

Retail & Consumer

Leading French end-of-line and brand clearance retailer

[www.stokomani.com](http://www.stokomani.com)



## EXITS

### Casa Reha (Germany)

Healthcare

Leading German nursing home group

SALE TO HG CAPITAL

[www.casa-reha.de](http://www.casa-reha.de)



### Gruppo Argenta (Italy)

Business Services

Italy's leading vending machine operator

SALE TO COGNETAS AND INVESTITORI ASSOCIATI

[www.gruppo-argenta.it](http://www.gruppo-argenta.it)



### SAG (Germany)

Industrial

Europe's leading provider of energy-related infrastructure services to utilities

SALE TO EQT

[www.sag.de](http://www.sag.de)



### Alexander Mann Solutions (UK)

Business Services

Leading independent global RPO provider

SALE TO GRAPHITE CAPITAL

[www.alexandermannsolutions.com](http://www.alexandermannsolutions.com)



### HT Troplast (Germany)

Industrial

Leading European manufacturer of PVC window and door profiles

SALE TO ARCAPITA

[www.ht-troplast.com](http://www.ht-troplast.com)



### lululemon athletica (Canada)

Retail & Consumer

Premier athletic and yoga apparel retailer

IPO (NASDAQ: LULU; TSX: LLL)

[www.lululemon.com](http://www.lululemon.com)



### Boart Longyear (US)

Industrial

Leading global drilling services provider

IPO (ASX: BLY)

[www.boartlongyear.com](http://www.boartlongyear.com)



### Fat Face (UK)

Retail & Consumer

UK's leading active lifestyle brand retailer

SALE TO BRIDGEPOINT

[www.fatface.com](http://www.fatface.com)



### Parques Reunidos (Spain)

Retail & Consumer

Leading European leisure park operator

SALE TO CANDOVER

[www.parquesreunidos.com](http://www.parquesreunidos.com)



# HIGH

## *Central Europe*

### Central European programme overview

2007 SAW US REINFORCE OUR UNRIVALLED PRESENCE IN CENTRAL AND EASTERN EUROPE, WITH THE ADDITION OF TWO NEW OFFICES.

There were two key themes to the year's investments. The first was a continued focus on the **CONSTRUCTION MATERIALS SECTOR**, adding two new investments to a growing portfolio in what is one of the region's highest-growth markets. The second was a marked rise in our portfolio companies' **CROSS-BORDER** activities, reflecting an increasingly critical feature of any successful growth strategy.

#### HIGHLIGHTS INCLUDE:

##### **EXTENDING OUR REGIONAL LEADERSHIP**

Advent is the longest-established international private equity firm operating in Central Europe. Since 1994 we have backed **34 COMPANIES** in **7 COUNTRIES**, many of which have been groundbreaking investments or exits.

##### **PRAGUE**

The opening of our **PRAGUE** office reinforces our presence in the Czech and Slovak Republics.

Advent's other Central European offices are **WARSAW**, covering Poland and the Baltic States, and **BUCHAREST**, covering Romania and South East Europe.

##### **KIEV**

The opening of our **KIEV** office, Ukraine, marks our entry into one of Central and Eastern Europe's most exciting emerging markets and underscores our reputation as a regional pioneer.

Advent's ACEE programme is focused on rapidly developing markets, primarily Poland, Hungary, Czech Republic, Slovakia, Romania, Bulgaria, Ukraine, Turkey and other selected countries.

# LIGHTS

## HIGH-GROWTH SECTORS

An important consequence of the region's booming economies is the double-digit growth in the **CONSTRUCTION SECTOR** and its related industries. Advent's two new investments, **KAI GROUP** and **CERAMICA**, become part of a diversified construction materials portfolio of four companies spanning activities from tile to paint manufacturing and geographies including Poland, Romania and Bulgaria.

## CROSS-BORDER INVESTING

As the region's economies continue to develop, so cross-border activity has become an **INCREASING DRIVER OF FUTURE EBITDA GROWTH** in our portfolio companies. This applies to both inter- and intra-regional activities, and is something that Advent's extensive regional and international networks are uniquely placed to support.

Recent cross-border activity includes:

- **BOLIX** (Poland) into Ukraine
- **KAMAX** (Poland) into Russia and China
- **KAI** (Bulgaria) into Romania and Greece
- **CCS** (Czech Republic) merger with Fleetcor (US)
- **TAKKO** (Germany) into Central Europe
- **DUFA-DEUTEK** (Romania) into Bulgaria and Ukraine

## INVESTMENTS



### **KAI Group (Bulgaria)**

**Industrial**  
Bulgaria's largest manufacturer of decorative ceramic tiles

[www.kai.bg](http://www.kai.bg)



### **Ceramica (Romania)**

**Industrial**  
Leading Romanian roof tile and brick manufacturer

[www.ceramica.iasi.ro](http://www.ceramica.iasi.ro)



### **Takko (Germany)\***

**Retail & Consumer**  
Leading European discount fashion retailer

[www.takko-fashion.com](http://www.takko-fashion.com)

\*Co-investment with Advent's GPE programme

# HIGH

## *Latin America*

### Latin American programme overview

LAST YEAR, ADVENT EXTENDED ITS LEADERSHIP POSITION IN LATIN AMERICA BY RAISING THE REGION'S LARGEST-EVER PRIVATE EQUITY FUND.

Capitalised at \$1.3 billion, LAPEF IV continues an 11-year strategy focused on buyouts of companies in high-growth service sectors.

2007 was also an active year on the deal front, with 4 new investments, 2 add-on acquisitions and 3 exits and IPOs.

#### HIGHLIGHTS INCLUDE:

##### INNOVATIVE LBOs

The buyout of **GAYOSSO**, Mexico's largest funeral services company, featured a novel financing structure that included a subordinated loan with a bullet payment – a first for Mexican private equity.

Together with the 2006 LBO of **MILANO** – the first private equity deal in Mexico to use cash-flow-based debt – the deal shows how Advent continues to lead the rise in leveraged transactions in Latin America.

##### SECTOR CONSOLIDATION PLAY

The acquisitions of **VIENA**, Brazil's leading casual dining restaurant chain, and **GRUPO RA**, the No. 1 operator of restaurant concessions in Brazilian airports, are part of our consolidation

strategy in the Latin American food and beverage sector. They follow our buyout of Mexican restaurant group La Mansión in December 2006. All 3 companies are pursuing additional acquisitions in the sector.

##### HIGH-PROFILE PUBLIC OFFERINGS

Advent remained active in the capital markets last year, with the IPO of Brazilian bank **PARANÁ BANCO**, which had merged with our portfolio company **J. MALUCELLI SEGURADORA**, and secondary offering of global travel retailer **DUFREY**. We continue to hold positions in both companies and to assist Dufrey with its worldwide expansion in the high-growth travel retail market.

Advent's LAPEF programme focuses on rapidly developing markets, primarily Mexico, Brazil, Argentina and other selected countries.

# LIGHTS

## INVESTMENTS



### Vienna (Brazil)

**Retail & Consumer**  
Brazil's leading casual dining restaurant chain  
[www.vienna.com.br](http://www.vienna.com.br)



### Grupo Gayosso (Mexico)

**Retail & Consumer**  
Mexico's largest funeral services company  
[www.grupogayosso.com](http://www.grupogayosso.com)



### Grupo RA (Brazil)

**Retail & Consumer**  
No. 1 operator of restaurant concessions in Brazil's main airports  
[www.grupora.com.br](http://www.grupora.com.br)



### Pronto! (Uruguay)

**Financial Services**  
Leading consumer credit company in Uruguay  
[www.pronto.com.uy](http://www.pronto.com.uy)

## ADD-ON ACQUISITIONS



### Melody (Mexico)

**Retail & Consumer**  
Mexico's leading women's apparel retailer  
ACQUIRED BY ADVENT PORTFOLIO COMPANY MILANO



### Grupo Champs Élysées (Mexico)

**Retail & Consumer**  
Operator of premium French restaurants  
ACQUIRED BY ADVENT PORTFOLIO COMPANY LA MANSIÓN

## EXITS/IPOs



### Arabela (Mexico)

**Retail & Consumer**  
Door-to-door retailer of assorted beauty and personal-care products in Mexico  
**SALE TO THE CARLYLE GROUP**  
[www.arabela.com](http://www.arabela.com)



### Paraná Banco (Brazil)

(merged with J. Malucelli Seguradora)

**Financial Services**  
Leading Brazilian mid-sized bank  
**IPO (BOVESPA: PRBC4)**  
[www.paranabanco.com.br](http://www.paranabanco.com.br)



### Dufry (Switzerland)\*

**Retail & Consumer**  
Global travel retailer  
**SECONDARY OFFERING (SWX: DUFN)**  
[www.dufry.ch](http://www.dufry.ch)

\*Co-investment with Advent's GPE programme

# ABOUT ADVENT

Founded in 1984, Advent International is one of the industry's leading global buyout firms.

A pioneer of the industry in terms of both **GEOGRAPHY** (we were one of the first private equity groups to venture outside the US) and **INTERNATIONAL BEST-PRACTICE**, we have achieved over 20 industry firsts during our 24-year history.

Since our inception we have completed more than 200 buyouts and private equity transactions valued at over \$36 billion in 35 countries.

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