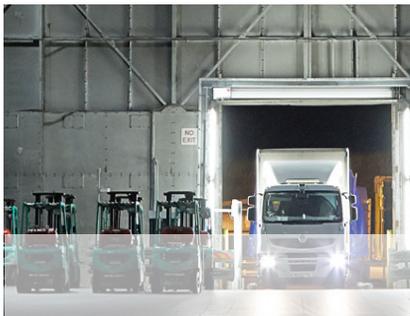


Palletways



Palletways is Europe's largest provider of express palletised distribution services, processing up to 30,000 pallets daily in over 350 local depots in 14 countries across Europe. Founded in 1994, Palletways has become the market leader in express pallet delivery, contracting with over 300 members to distribute small consignments of palletised freight and connecting hundreds of businesses daily.

Phoenix Equity Partners invested in Palletways in 2004 and continues to grow and develop the business.

- Since Phoenix's investment, Palletways has opened or acquired networks in Spain, Italy, Germany and Benelux to add to its market-leading position in the UK.
- The company has also developed an international delivery operation based in Switzerland, which connects the Palletways country networks with delivery capability in several other countries to create a truly **pan-European network**.
- Palletways now **processes and distributes more than three times** the number of pallets it did at the time of investment, growing from 2 million to more than 7 million per year.
- The number of members operating in the Palletways group has also more than tripled, **growing from 90 members to over 300 today**.
- Palletways is now the market leading palletised freight network in the UK, Spain and Italy, has a rapidly growing international business, an award winning logistics technology system, and an impressive list of blue-chip clients.

Interview with Hugh Lenon, Chairman of Phoenix Equity Partners

Was Palletways just a UK domestic business before Phoenix invested?

Yes, we bought Palletways as a UK-only business. We've gone from having one hub in the UK to having eleven throughout Europe today. We acquired a sub-licensed operation in Italy and have grown that network substantially. We've also opened new greenfield start-up networks in Spain, Germany and the Benelux region, and developed an international delivery operation based in Switzerland that provides the cross-border pan-European delivery capability and connectivity between the countries where we operate. We're expanding into new countries all the time and are in a unique position as Palletways is the only network that can offer truly pan-European delivery capability for palletised freight.

Was this something Phoenix envisaged when you invested?

Undoubtedly, when we invested alongside James Wilson as our new CEO, we always had European expansion in mind. Each new national network has posed different challenges for us, as you would expect given the different cultures and existing market maturity of the different countries. Yes, as the owner of the company we have absolutely been a driver behind these developments, but always alongside

management. We own 75% of the company, and management owns the rest. So when a decision is made whether or not to invest in Germany or Spain, for example, both Phoenix and management decide together as partners. We and management share an ambition to drive growth. We have been reinvesting the business's cash flow to fuel this expansion and we have also invested fresh equity when necessary.

How has Phoenix's involvement affected the company's growth over the past decade?

The business now generates revenues of well over £100 million, and is more than triple the size it was when we first invested. Much of the growth has been as a result of Phoenix driving the growth strategy alongside management, but also by us putting new equity into the business to support international development and greenfield start-ups. We've put in a lot of hard work to get the new country networks up and running. Palletways is really a great example of a long-term organic European roll-out. The private equity model has allowed this steady long term growth to be realised — whereas other ownership models may have struggled. There remains further potential for growth in the networks we have already established, as well as a number of European economies into which we have yet to expand. The growth potential for Palletways is immense and we look forward to the next chapter.

“The private equity model has allowed this steady long term growth to be realised — whereas other ownership models may have struggled.”

Hugh Lenon,
Phoenix Equity Partners