

Palamon sells SAV Credit to Värde Partners in transaction valued at £472 million

Palamon Capital Partners ("Palamon"), one of Europe's leading mid market private equity firms, announces that it has entered into a binding agreement to sell portfolio company SAV Credit ("SAV" or "the Company") to Värde Partners in a transaction valued at £472 million. The transaction is subject to competition clearance.

Palamon has supported the development of SAV from its founding by entrepreneur Richard Langstaff in 2002 to being the UK's leading non-standard credit card provider managing approximately 500,000 credit card accounts with more than £600 million in credit card assets. Palamon partnered in this deal with co-investors Morgan Stanley Alternative Investment Partners and Electra Private Equity who provided additional equity support over several funding rounds.

Since its start-up, SAV established proprietary methods in credit underwriting, yield management and collections, which, in anticipation of the credit crisis, allowed it to pivot successfully from organic growth to acquiring portfolios from other lenders. In October 2007 SAV acquired the Marbles credit card business from HSBC Bank plc and in March 2010 it completed a transaction involving the purchase of the Citi-branded credit card portfolio in the UK from CitiFinancial Europe, with Värde being brought in as a financing partner.

As a result of strict underwriting and credit management discipline, SAV thrived throughout the financial crisis, experiencing virtually no deterioration in its charge-offs while seeing profits grow rapidly as a result of its increased scale. The Company is now in a strong position to consolidate the UK market for non-standard cards through both organic growth and portfolio acquisitions. Chief Executive Officer James Corcoran and Chairman Sir Malcolm Williamson will continue to lead the business.

Daan Knottenbelt, Partner at Palamon said, "We are delighted to conclude the sale of SAV Credit, which during our ownership has successfully been transformed from a start-up company to being the UK's leading player in the non-standard credit card segment. This transaction will deliver a double digit rate of return over a nine year period for the Palamon funds. This is a tribute to the strength of the business model and its management team led by James Corcoran.

James Corcoran, Chief Executive Officer of SAV said, "Palamon has been a great partner for SAV having invested in it from its start-up. With their strategic and analytical understanding of the consumer credit market, Palamon has been instrumental in building the company into a leading credit card issuer. We are very excited about continuing to build this strong platform with the support of Värde."

This is Palamon's ninth realisation event since May 2010 generating in total €640 million of investment proceeds. Recent exits include the sale of German gift certificates provider cadooz to Euronet Worldwide earlier this month, on-line retailer dress-for-less to Privalia in March 2011, and marketing services provider Loyalty Partner to American Express in December 2010. The Firm has a strong track record in investing in niche service sector businesses across Europe with value creation in its portfolio companies arising primarily through revenue and profit growth. In 2010 the Palamon portfolio companies as a whole achieved EBITDA growth of over 35%.

For further information

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Notes to the editors

Palamon Capital Partners

Palamon Capital Partners, LP is an independent private equity Partnership founded in 1999, which is focused on providing equity for European growth services companies. Palamon, as a pan-European investor, originates, executes and manages investments in the UK, Germany, Italy, Spain, Norway, and Sweden. The Firm targets investments in companies where it can be the lead private equity provider and where it can provide strategic direction and partner with management to help build equity value. The Firm manages Palamon European Equity, L.P. and Palamon European Equity II, L.P. capitalised at €1.1 billion, making up one of the largest pools of private equity capital dedicated to growth investment opportunities in Europe's mid market.

For more information on Palamon refer to www.palamon.com.

SAV Credit

SAV Credit, established in 2001, pioneered specialist credit card lending in the UK, catering for consumers often overlooked by mainstream financial service providers. Based in Kent, the group employs around 60 staff supported by another 400 people at servicing partners including Lloyds Banking Group, First Data and Agylisis. SAV acquired the Marbles credit card business from HSBC Bank plc in October 2007 and the Citi-branded credit card portfolio in the UK from CitiFinancial Europe in March 2010, since rebranded Opus. Together with its own Aqua credit cards, SAV now has approximately 500,000 customers under management with balances in excess of £600 million.

To find out more about SAV Credit visit www.savcredit.co.uk