

Bluewater

px Group BWE Fund I Case Study

April 2021



Bluewater has returned 3.0x MOIC and 30% IRR on its investment in px Group

Business Profile:

px Group is a leading provider of comprehensive and integrated services encompassing operations & maintenance, engineering and management across the UK energy and infrastructure space. It operates and manages highly complex energy transition and infrastructure assets across the UK, and has built a reputation for bringing an 'owner mindset' to its work delivery.

Key features of Bluewater ownership era:

- Near trebling of turnover and sevenfold increase in EBITDA, from circa £2m to over £15m
- Grew px's operated third party sites portfolio from two plants in Teesside to eight across the UK – collectively responsible for meeting 30% of the country's gas demand
- Led the complex and transformational acquisition of Saltend Chemicals Park from BP, a deal that positioned px as the sole owner and operator of the 370-acre top tier site
- Completed successful debt refinancing in 2019 with strong demand from lenders, providing financial flexibility to the company and an early return of capital to Bluewater investors
- Bluewater made a significant investment to build out the px executive team, appointing Geoff Holmes as CEO to reinforce the company's growth mindset, whilst maintaining a culture of operational and commercial excellence
- Additionally strengthened the senior leadership team by recruiting business development managers to reach new markets and drive effectiveness

Summary of Sale:

px Group:

HQ: Stockton-on-Tees, UK

Sector:

Energy infrastructure

Ownership:

Majority stake

Acquisition Date:

March 2016

Exit Date:

April 2021

MOIC at Exit:

3.0x

IRR:

30%

Case Study

- Oversaw acquisitions of Camm-Pro and NRG Well Management, to expand px's service offerings across project management and engineering to clients in the upstream space
- Maintained strategic focus on building business resilience, positioning px for the energy transition and primed to pursue new upstream opportunities
- Anchored Equinor's H2H Saltend project at the park: a landmark initiative that will create the UK's first clean hydrogen plant and the world's first decarbonised chemicals park
- Further developed Saltend's status in the renewables space by attracting major investment – including plans by Pensana plc to create one of the world's first sustainable rare earth separation facilities

Investment Strategy and Rationale:

Bluewater acquired a controlling stake in 2016 through a proprietary introduction, co-investing with px's non-executive chairman at a time of significant growth potential for the business. px had experienced significant growth over the previous few years, and the deal anticipated a transition in the ownership of midstream and power generation assets across Europe, where a refocused and refinanced px Group could capitalise.

px has a track record in operating highly complex energy assets, with a customer-focused, flexible commercial strategy and fully integrated service. Bluewater has led one transformational and two smaller acquisitions to position the company to be a leading participant in the independent energy sector as the market developed scale. Further capital investment enabled px to take advantage of new growth opportunities.

The deal presented a value-adding opportunity for Bluewater to apply the principles of its proven 'buy and build' strategy, and instil a growth mentality across the business. Bluewater executed an efficient sales process during a highly challenging environment, impacted by the COVID-19 pandemic.

In summary, the proprietary deal realised an excellent fit between px's business strategy and Bluewater's industry experience and business model.

How Bluewater created value at px:

Attracted a high calibre CEO and strengthened the management team

Continued focus on organic growth, including renewables and energy transition

Led the transformational acquisition of Saltend Chemicals Park from BP

Implemented cost-saving measures to right-size the business during Covid-19

Early investor distributions in 2019 and 2020, ahead of an expedited exit process in 2021, materially improving IRR

Bluewater helped realise exceptional growth at px in the face of unprecedented challenges posed by Brexit, energy market volatilities and pandemic-related operating restrictions.



“This is a great example of the benefits private equity can bring to both companies and investors. Our strategy was buy-and-build, and in 5 years our investment has more than trebled.”

Graeme Sword, Founding Partner