

# ADAPT GROWS REVENUES FROM £8 MILLION TO £25 MILLION IN 12 MONTHS

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Over 1,500 customers and 300% increase in revenue mark twelve months of success

London, 28 November 2007 – Adapt, the independent Virtual Network Operator (VNO), today announced that it has grown revenues from £8 million to £25 million in just 12 months. The news coincides with one year since the management buyout (MBO) that has seen the company established as a leading player in the UK VNO market.

In a significant year for growth by any standards, Adapt has experienced some major transformations including:

- Annualised contracted revenues increased by over 300% from £8m to over £25m
- Collaborative deals to provide telecoms services for over 1,500 customers including enterprises such as CSC, high profile corporates such as Incisive Media, and many fast growing companies such as lastfm.com, Lovefilm.com and play.com
- Successful re-brand from mnet to Adapt creating a unique positioning and identity in the market
- Acquisition of Centric Telecom resulting in combined forward contracted revenue worth in excess of £100 million
- Doubled number of employees to over 100

Adapt, which re-branded itself from the name 'mnet' in March of this year, was part of the Margolis Group, an office solutions provider, but rapid growth soon saw the need for it to expand beyond the constraints of the Group and a management buyout followed in 2006. The objective of the MBO was to enable management to have direct control over the strategy, culture, direction and full management of the business.

This was not an easy MBO with the requirement to break up a Group containing five companies each with a director stakeholder having their own agenda. However, it was the astute use of mezzanine finance, with an equity kicker, used to fund the transaction that fulfilled the objective with management retaining 80% of equity within the business. Managed by Alcuin Capital a number of funders were used including Core Capital – a UK private equity firm with £64 million of funds under management. Further support came from HSBC who enabled the transaction to be further leveraged with senior debt.

Adapt has enjoyed substantial organic growth alone of over 50%. "By utilising our strengths as a VNO; namely use of the assets of multiple carriers instead of our own fixed assets, we are able to provide the most suitable, flexible, cost-effective network solutions for our customers, tailored to their unique requirements," explains Peter Knight, CEO of Adapt. "Adapt has a continued focus on customer requirements as opposed to sweating network assets. Our growth in customer numbers is reflective of the changing market landscape and how mid-sized corporate in particular can now buy their services."

"Core Capital invested in Adapt as part of the MBO back in 2006 and we have watched the business grow

at a rapid rate over the last 12 months,” says Stephen Edwards, Partner at Core Capital. “Adapt’s offering meets today’s market demands for a flexible approach backed by top tier management, evidenced by its notable portfolio of clients. The reliability of forward contracted revenues coupled with the growth potential of the VNO business model and an aggressive acquisition strategy makes Adapt an attractive and exciting business for further investment.”

“It has been a remarkable year for Adapt since the MBO, in which the company completed an acquisition, tripled employee numbers and has seen the business grow by an astonishing 300%,” commented Patrick Diggins, Chairman of Adapt. “However, with growth set to accelerate, the year ahead will have a new set of challenges.”

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#### About Adapt

Adapt ([www.adaptplc.com](http://www.adaptplc.com)), part of the Adapt Group, is a Virtual Network Operator (VNO). Unlike traditional network operators, Adapt is not restricted to providing solutions on its own fixed assets. Using the assets of multiple carriers, Adapt is free to advise on the most suitable network and technology partners, delivering the best choice for each customer depending on their unique requirements. Adapt's VNO model enables all organisations, whatever their size, to benefit from enterprise level pricing and service levels.

Adapt's approach is simple: Keep the customer at the centre of everything it does. Adapt provides, manages and monitors a single SLA on behalf of its customers with transparency and a commitment to service excellence. With sustained organic growth of 50%, adapt is the fastest growing VNO in the UK, serving the national and international communication requirements of over 1,500 corporate, government and not for profit organisations.

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