

UNDER EMBARGO: 20 March 2019; 07.00hrs

The SimplyBiz Group plc acquires Defaqto

Leading growth investor **Synova Capital** (“Synova”) is delighted to announce the sale of financial services technology business, Defaqto (or the “Group”), to **The SimplyBiz Group plc** [AIM: SBIZ] (“SimplyBiz”), the UK’s leading provider of compliance and business services to financial advisers and financial institutions for a total consideration of £74.3m. The investment has generated an overall return to Synova of **3.9x invested capital** and an **IRR of 46%**.

Defaqto is the UK’s most comprehensive data provider on the features and performance of UK financial services products enabling its customers and consumers to make better informed decisions. Growth has been achieved by investment in both the senior team and the data and analytics capabilities of the Group with profits growing fourfold during Synova’s period of ownership.

More recently Defaqto and SimplyBiz partnered to develop, *Centra*, a new end-to-end financial planning product for IFA’s powered by Defaqto’s Engage software, which allows SimplyBiz’s adviser network to consolidate all their financial planning systems into one integrated system to enable seamless and compliant advice to be delivered to their clients.

The sale of Defaqto represents the fourth exit from Synova’s £110m Fund II, all announced within the last six months, following the sale of 4Ways Diagnostics, returning 6x cost, the sale of Stackhouse Poland to Arthur J. Gallagher & Co. returning 5.6x cost and the sale of Meritsoft to Cognizant returning an initial 4x cost. Four of the eight companies in Fund II have now been exited at an average return of 5x cost and at a total enterprise value of £560m. Fund II has now returned 3x its total invested capital to investors with half of the portfolio still to be realised.

Philip Shapiro, a Managing Partner of Synova and a Non-Executive Director of Defaqto, commented: *“We are delighted to have achieved another strong return for our investors through the sale of Defaqto, the latest in a series of exceptional exits for the Fund. Our partnership with this very talented management team, led by Zahid, and supported by Chris Samuel as Chairman, has delivered outstanding growth since our investment in 2015. We believe the combination with SimplyBiz will create a market leading platform across Retail Financial Services.”*

Zahid Bilgrami, CEO of Defaqto, said: *“Synova’s support alongside our Chairman Chris Samuel, has been instrumental in enhancing our position in the market, in assisting us with the evolution of our strategy, and ultimately finding the right partner for the next stage of our growth. The acquisition by SimplyBiz opens an exciting new chapter in our development as a leading financial information business, and we look forward to the many opportunities that being part of a larger group will present. While it will enable us to continue operating in an independent and autonomous manner, it will also carry many advantages of being a part of a listed entity. It will enable us to develop new*

SYNOVA CAPITAL LLP

UK: 5 Welbeck Street, London, W1G 9YQ

T: +44 20 3475 7660

US: 70 East 55th, 14th Floor, New York, NY, 10022

T: +1 212 224 0642



technology faster, and thus continue to develop market-leading products for our clients at a time of vast technological change in the Financial Services sector.”

Chris Samuel, Non-executive Chairman of Defaqto, said: *“Over the last four years under Synova’s ownership, Defaqto has grown immeasurably stronger. I have no doubt that this would not have been possible without the strong support and input from Philip Shapiro and the Synova team, the transformational business strategy and plans, along with the courage and determination to implement them, prepared by Zahid and his management team and, of course, the hard work and commitment from all the staff. I cannot think of a better partner to take the Business forward than SimplyBiz, who will provide the support to further enhance all of Defaqto’s various business lines.”*

NOTES:

1. [Synova](#) is recognised as one of Europe’s leading growth investors, generating class-leading returns from investing in companies typically valued at between £20m and £100m. Key verticals include Financial Services, Technology, Business Services, and Health & Education. Synova is currently investing **Synova Fund III** (2016).
2. **Synova Fund I** (2007) was fully realised last year with a total return to investors of 4x cost. Synova Fund II closed in July 2013 at its hard cap of £110m.
3. **Synova Fund II** [acquired Defaqto for an enterprise value of £24.25m through a management buyout in March 2015](#). Senior debt to support the initial acquisition, and the subsequent [refinancing in December 2017](#), was provided by HSBC.
4. [Defaqto](#) is a leading financial services technology business operating a FinTech platform for 8,500 advisers and providing independent ratings of 21,000 financial products and funds, licensed by 230 brands. Defaqto collects data for over 40,000 products and funds and provides independent information to help banks, insurers and fund managers to get a complete overview of the financial products available to consumers. Financial Advisers use Defaqto’s services to get an overview of the market and the financial products available so that they can select the most suitable products for their clients. The business also provides comparison sites and Product Manufacturers with information to assist consumers.
5. [SimplyBiz](#) is the largest independent provider of compliance and business services to financial advisers and financial institutions in the UK. Its Intermediary Services Division provides compliance and business services to over 3,700 individual intermediary firms through a comprehensive membership model. The Group’s membership, which includes financial advisers, mortgage advisers, and consumer credit broker firms, conduct regulated activities that are authorised and regulated by the FCA.
6. [Philip Shapiro](#) led the transaction for Synova; Houlihan Lokey acted as corporate finance advisers to the Defaqto shareholders with Addleshaw Goddard providing legal advice. The management team were advised by Eleanor Wilkinson at ABG Corporate Finance.

CONTACT:

Philip Shapiro, Managing Partner, Tel: +44 (0)20 3475 7660