

TRISPAN

Issue #2

Newsletter



TriSpan Update

A Strong Ending To 2019....

TriSpan had a very strong end to 2019. Our investment pace continued to pick up, averaging more than 1 acquisition (platform or add-on) per month. The Opportunities Fund portfolio today includes 5 platforms and a total of 16 companies. This was achieved in less than 30 months, pointing to the validity of the fund's strategy, its ability to source proprietary opportunities and its focus on build-ups. To cope with such sustained level of investment activity, we continued to grow our investment team with top notch professionals. 3 full time investment professionals joined us during Q4 2019 and early 2020 in addition to three operating partners.

Today, TriSpan, across its two funds, is an investor in 10 companies. If we aggregate the add-on acquisitions, we are investors in 21 companies. Given how robust our pipeline of add-on and platform acquisitions is, we expect our total number of companies to grow to no less than 14 platforms and more than 30 companies by end of 2020.

Quality is more important than quantity. As we stand today, we are very encouraged by how our two portfolios are behaving. We see positive traction in our companies with numerous restaurants and clinics openings. For example, SK:N has grown from close to 50 UK clinics in February, at the time of its acquisition, to c. 80 clinics across three brands with a wider offering. As for Yardbird, it will see the opening of three flagship restaurants within a 12 months period in Dallas (March 2020), Washington (June 2020) and Chicago (February 2021).



....And A Promising Start to 2020

2020 started on the back of a very strong end to 2019. We completed two add-ons in Q4 2019, we successfully closed on January 3rd OF's 5th platform investment: FoodPrep Solutions and we started the year with two signed LOIs in RS. We are under exclusivity with two restaurant chains and hope to complete the deals by end of Q1. The first opportunity is a leading UK operation with attractive four wall economics and sustained like for like growth. The second one is an 8 unit NYC chain in a very interesting ethnic food space.

SK:N is working on two major acquisitions scheduled to close in Q1. Woolpert is well advanced on two more acquisitions, DHA on three and FoodPrep Solutions on more than 5. CentriLogic made progress on its second acquisition in its goal to transform the business. While none are done until done, all are well advanced and are very exciting, driving our overall acquisition multiple down and our ability to be value-add up.

In addition to our investment activity, we are getting ready to launch the Opportunities Fund II. Given the success of OF1 and its ability to deploy its assets successfully through a consistent and proven strategy, we wanted to get to the market in 2020 to continue to implement the OF strategy with the same focus and determination.

Without the trust of our shareholders, partners and limited partners; none of the above would have been possible. Today TriSpan is very proud to count so many families and institutional investors among its LPs. Their support has meant that our two most recent co-investment opportunities were oversubscribed. We are very excited about this, but we don't take anything for granted. We will continue to work hard to deliver a 2020 that is as rewarding as 2019.

Opportunities Fund 1

The Construction of a Unique Portfolio

Opportunities Fund 1 has the mandate to invest opportunistically in all areas other than restaurants (as this is the mandate of TriSpan’s Rising Stars Fund) but really it is focused on 3 key industrial verticals:

- Multi-Unit Healthcare
- Business Services
- Speciality Manufacturing

This is the natural result of the team’s strong historical track record in these areas combined with its expertise in “build-up” transactions and the ability to truly “roll-up sleeves” as a result of its relatively large size (TriSpan overall currently already has 22 investment professionals).

The deployment success of OF 1 since November 2017 is also the result of the team’s global presence and reach, which is rare in the small cap space and leads to strong sourcing of differentiated opportunities. The consequence is that mostly proprietary deals finally made it through OF’s tight three-stage investment committee funnel into the current OF 1 portfolio.

These assets share the following characteristics:

- attractive entry multiples of 5x – 7.5x EBITDA per platform⁽¹⁾ acquisition
- low leverage: on average the portfolio is currently <2x EBITDA levered
- all have already seen (in some cases transformative) add-on activity with plenty more in the immediate pipeline
- all are market leaders in their respective geographies and/or niches and all have strong business models with attractive margins leading to high free cash generation
- all show good defensive characteristics also as a function of the defensive nature of their respective industries and in two cases OF is preferred in the capital structure⁽¹⁾ ahead of substantial (founder & management) equity

Platforms (Date of Closing)	Completed Add-ons	In Progress Add-ons	Total Number of Deals ⁽¹⁾
 WOOLPERT (Nov-17)	<ul style="list-style-type: none"> • Geomatics Data Solutions • Southern Mapping • Wallace Todd Sadler • Panhandle 	<ul style="list-style-type: none"> • Opportunity A • Opportunity B • Opportunity C 	8
 CentriLogic (Jun-18)	<ul style="list-style-type: none"> • Manageforce 	<ul style="list-style-type: none"> • Opportunity A 	3
 sk:n (Feb-19)	<ul style="list-style-type: none"> • Destination Skin • Flint and Flint • The Harley Medical Group • Adonia Medical Group 	<ul style="list-style-type: none"> • Opportunity A 	6
 DHA (May-19)	<ul style="list-style-type: none"> • Bergen Family Dentistry 	<ul style="list-style-type: none"> • Opportunity A • Opportunity B • Opportunity C 	5
 FOODPREP SOLUTIONS (Jan-20)	<ul style="list-style-type: none"> • Company A • Company B • Company C 	<ul style="list-style-type: none"> • Opportunity D • Opportunity E • Opportunity F • Opportunity G 	8
5	13	12	30

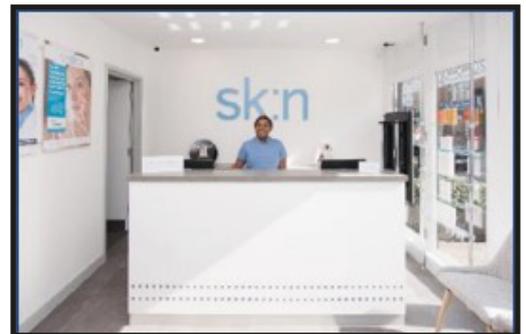
(1) In the case of Woolpert and Centri-Logic also taking account of our liquidation preference with 8% and 12.5% PIKs respectively.

Portfolio Spotlight

SK:N

SK:N is the UK's largest trusted network of dermatology clinics, offering an extensive range of medically led treatments across the country:

- SK:N, founded in 1986, is the undisputed market leading operator of dermatological and wellbeing clinics in the UK
- At the time of its acquisition by OF in February, 2019, the group had a portfolio of 51 clinics, 165 medically qualified personnel and was by far the largest employer of dermatological consultants outside the NHS
- Following the bolt-on acquisitions of Destination Skin (May, 2019), Skin Health Spa / Flint + Flint (July, 2019) and The Harley Medical Group (November, 2019) as well as a number of "brown field" acquisitions, the group today operates close to 80 clinics⁽¹⁾
- With the latest additions to the group, the sk:n group offering now includes medical dermatology, medi-spa/beauty offerings and cosmetic surgery.



OF, together with the management team, had identified multiple levers of value creation at the time of the acquisition in February 2019. These included:

- **Accelerate M&A strategy:** As the market leader in an attractive, yet highly fragmented market, SK:N is best positioned to execute a well-planned bolt-on strategy
- **Expand treatments lanes:** Through acquisition of clinics with alternative treatments to SK:N, allowing the Company to access new technologies and skillset for roll-out
- **Expand skincare products:** Opportunity to drive additional revenue growth by leveraging SK:N's existing brand to increase product sales both online and through SK:N's clinics
- **Execute a detailed Value Creation Plan for the existing estate:** This includes various operational improvements, strengthening its C-Suite, better employee time management, improved client loyalty and retention programme, further development of its digital capabilities

Darren Grasby, CEO of SK:N

"We will be a group of European scale"

"At SK:N, we aim to be the employer of choice for our dermatologists and clinical staff, providing unequalled service and quality of care to our customers. As the undisputed market leader in our space, we are able to re-invest in resources for the business which is critical for our esteemed and loyal client base and for attracting new clients. TriSpan has been exceptionally supportive to me and my team, dedicating significant resources which has been particularly helpful in executing the exciting add-on acquisitions we have closed to date. Add to that the fact that Trispan was not shy in providing the extra financial resources needed as well as providing hands-on support on the board and outside. As a result, I firmly believe that in a few years' time, with the support of TriSpan, we will be a group of European scale."



(1) Post on-going integration & rationalisation of the network

TriSpan In The News

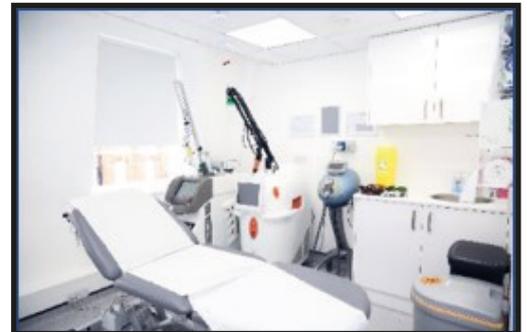
It's been a very busy Q4 and especially year-end for TriSpan where many of the transactions the team has been working on were completed. Below the highlights

Opportunities Fund



- **Launching of the fifth platform deal in OF 1:** Showcasing TriSpan's entrepreneurial spirit and build-up expertise, this proprietary opportunity launched under the name of FoodPrep Solutions ("FPS") will consolidate a highly fragmented industry that has operated successfully for over 100 years under the radar screen of the PE industry. FPS provides cutlery and food equipment services and exchange programs to local and regional restaurants, supermarkets, delis, caterers, and food processing companies (e.g. hospitals, universities) through a route-based distribution model. Consistent with OF 1's portfolio characteristics, the company operates in a very stable, highly revenue recurring, and recession resilient industry stemming from the low cost of service and convenience to customers that, in turn, insulates the business from underlying economic risks and creates significant barriers to entry for potential competitors.

- **SK:N** completed its 3rd add-on with the acquisition of **The Harley Medical Group**, a UK leading chain of 19 clinics, offering cosmetic surgery, plastic surgery and non-surgical procedures. This further enhances SK:N's position as the UK's largest trusted network of dermatology clinics and expands the groups treatment offer into the more invasive, surgical space.



- **CentriLogic** announced the acquisition of **ManageForce**, a leading cloud, Enterprise Resource Planning (ERP), and data services provider for Oracle and Microsoft applications and databases on **January 14, 2020**. The deal will enable CentriLogic to strengthen its application and database management service capabilities and accelerate its strategy of delivering full-stack solutions to global customers.



- **Woolpert** completed its 4th add-on with the acquisition of **Panhandle** with two more already under LOI.

TriSpan In The News (cont)

Rising Stars

While there was no add-on activity in the Rising Stars portfolio in Q4, 2019, the team has been very busy building the pipeline for 2020 which is kicking off with two highly attractive opportunities (one in the UK and one in the US) which are under exclusivity and expected to close by the end of Q1, 2020.

Opportunities Fund II

Given the progress and deployment of OF 1 and the fact that the portfolio thus far is doing exceptionally well, **we will be looking to launch OF 2 by mid-year 2020**, so please reserve some space!

Team Hires



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Wassef Atallah
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Samih Barbir
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