



NORTH EAST VIEW 2020

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BACKING AMBITION



Left to right: Mike Barker, Zara Lane and Gareth Marshall

LDC IN THE NORTH EAST

Welcome to the first edition of North East View – an overview of LDC’s activity across the region and information about the role we’re playing in supporting the ambitions of management teams of local mid-market businesses.

It’s been an eventful year for the North East’s economy and business community. Yet, despite the uncertainty we remain committed to supporting the region’s ambitious management teams and stand ready to provide financial support and expertise.

We announced the launch of our Newcastle office earlier this year and have now officially opened our doors this Summer. Based in Grey Street in the heart of Newcastle’s business district, the office covers 3,000sq ft and will provide a permanent presence for us to work closely with local businesses and advisers. Our new office is a clear demonstration of our commitment to supporting businesses in the North East.

We have also strengthened our North East team this year, bringing in Investment Director Mike Barker. Mike’s regional expertise and business nous will enable us to better serve our local portfolio businesses and help us identify and secure new investment opportunities.

LDC has already had significant success of working with companies based in Newcastle and the North East, including partnerships with Aesica, Quantum Pharma and ZyroFisher.

We currently have over £100m invested in portfolio companies across the region including Newcastle-based NBS and iamproperty as well as Northumberland-headquartered Mandata.

And while the current climate and economic backdrop is tough, my experience of working closely alongside businesses of all sizes across the North East tells me they’re tougher. That is why LDC’s support for management teams in the North East remains unchanged, along with our commitment to invest £1.2billion nationally over the next three years.

Management teams that lean into the challenges of today and remain true to their growth ambitions will be the ones to thrive in the coming year, provided we stand alongside them with the capital, support and optimism they need.

GARETH MARSHALL
HEAD OF LDC IN THE NORTH EAST

BACKING BUSINESSES THROUGH THE CYCLE

LDC is committed to backing ambitious management teams no matter the economic climate. As a flexible investor, we have a strong heritage of continuing to invest through the cycle, having completed 18 transactions in the first half of 2020.

In the North East alone, we've made two investments in Q2 and we're looking forward to many more throughout the rest of 2020.

CONNECT HEALTH

We invested in Newcastle-headquartered Connect Health, the largest independent provider of integrated community MSK (musculoskeletal) services in the UK, in April 2020, during lockdown.

With our support, the business aims to improve patient experience, ensuring people receive the correct course of treatment at the right moment in their recovery and rehabilitation.

Our minority investment is also helping Connect Health remain at the forefront of patient care and operational efficiency by accelerating innovation in its infrastructure, resources and expertise.

Prof Andrew Walton, Founder and Group Executive Director of Connect Health, said: "Our relationship with the team at LDC dates back to 2018, so having them on-board as an investment partner is an important milestone which will help to support us all in delivering our vision for the business and our patients."

MANDATA

We provided follow on funding to Northumberland-based Mandata as it acquired Returnloads.net, the UK's largest online haulage and freight exchange, in June 2020.

The acquisition of Returnloads.net has expanded the firm's customer base and breadth of digital services. It is also helping Mandata's customers win more work and drive further visibility and productivity through their own businesses and supply chains.

LDC first backed the management team of Mandata in May 2018 as part of a £20m secondary buyout.

Chris Rigg, CEO of Mandata, said: "Since LDC's investment, we have made significant progress on our growth plan. Innovation underpins our model, so it's been invaluable to work with a partner that understands how to support technology businesses and has the financial firepower, sector knowledge and heritage in the North East we need to achieve our ambitions."



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Chris Rigg, CEO, Mandata

During the lockdown period, LDC has supported the management team of ZyroFisher to launch a successful home delivery service.



SUPPORTING OUR PORTFOLIO

Our approach to partnering with management teams, enables them to continue to run their business with our financial support and help. Here we explore how this is helping four of our current portfolio companies in the North East.

ZYROFISHER

Cycling parts and accessories distributor ZyroFisher was formed in 2016 when LDC backed the management buyout of Zyro and its simultaneous acquisition of Fisher Outdoor Leisure.

The group was subsequently able to attract new brands, develop its own clothing line, expand its distribution capabilities and strengthen its senior team. When we made a partial exit in 2017, the company's annual sales topped £75m.

As the restrictions forced by the pandemic's lockdown hit, the management team innovated to deal with the challenges by launching a successful home delivery service across the business' brands to support its dealer network and speed up shipping times to their end customers.

NBS

Following our £31.8m investment in June 2018, we have been working closely with NBS, a market-leading provider of tech services in the construction industry, to support its international expansion strategy and development of new products.

In October 2019, NBS announced its 1,000th customer onto its flagship software-as-a-service (SaaS) product, NBS Chorus, a cloud-based platform for construction specification. It has also ramped up its global operations, establishing bases in Australia and Canada, allowing it to expand the global capabilities of Chorus.

In the past twelve months, a number of key appointments have been made both in the UK and internationally, together with an increased focus on values, culture and people across the organisation as it moves to become a complete SaaS operation.

IAMPROPERTY

We completed a minority investment in iamproperty in February 2019 to help accelerate organic growth as the business continues to expand and diversify its offering.

In July 2020, Zoopla launched a partnership with iamsold (part of the iamproperty group). In an industry-first, the partnership will help agents expand their services and commercial opportunities by selling properties via the Modern Method of Auction. It will also educate homemovers about the benefits of buying and selling properties at auction – speed, security and transparency.



LDC is helping to support investment in our technology, growing our market presence and the diversification of our proposition.”

Ben Ridgway, Group Managing Director
iamproperty



LDC's minority investment in iamproperty is backing the founders to scale the business.

EXPRESS ENGINEERING

Express Engineering is developing a £3.5m, 48,000sq ft purpose-built centre in Gateshead to help the business expand across international markets. When the centre comes on stream in late 2020, a number of skilled engineering roles will be created, mainly across manufacturing connection systems and other subsea technologies.

Express Engineering is one of our longest-standing portfolio firms. We first backed the business in 2013 to help it expand overseas and drive organic growth. Our support has helped the management team to continue to invest in its growth ambitions both at home and further afield, ensuring the business is best placed to provide customers with high-quality products as the oil and gas market begins its recovery from the impact of Covid-19.

LDC is backing youth ambition across the UK through its partnership with the Prince's Trust to support its Enterprise Programme.



MORE THAN JUST PRIVATE EQUITY

Our role as an investor, employer and partner in the North East goes beyond private equity. One way we're doing all we can to provide support to communities on our doorstep is through our work with The Prince's Trust.

We partnered with The Prince's Trust in 2019 to support its Enterprise programme. The scheme provides young people interested in starting their own business with the resources and funding to help explore and launch their own venture. Through this programme, we are aiming to help over 1,200 young people explore and launch their own businesses through start-up grants and additional funding. We also provide practical support through volunteering, training and mentoring activity across our regional offices.

In our first year, our Backing Youth Ambition partnership has contributed £431,000 to support more than 650 young entrepreneurs across the UK, through donations, volunteering, event attendance and mentoring.



The partnership has helped unite our employees, portfolio companies and business networks behind our vision to create a thriving youth enterprise economy and a more prosperous future. For example, Newcastle-headquartered NBS recently provided on the ground insight, advice and expertise to young people through the World of Work Tour programme - a series of visits to working premises and mentoring sessions designed to boost young people's confidence and prepare them for the workplace.

While the partnership predates the current pandemic, its importance has now been magnified. Young entrepreneurs are disruptors and champions of progress which we need more than ever in this new environment. By continuing to back young people during this unprecedented time, we can help better position the UK for the future and invest in some of the exciting leaders of tomorrow.



The impact the LDC partnership has already made in such a short amount of time is remarkable.”

Partnership Director, The Prince's Trust

Do get in touch with a member of our Newcastle team if you would like to get involved!

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