



SCOTTISH VIEW 2020

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BACKING AMBITION

Mark Kerr
Head of LDC in Scotland

LDC IN SCOTLAND

Welcome to Scotland View – an overview of LDC’s activity across the country and the role we’re playing in supporting the ambitions of local mid-market businesses.

Leaders of Scottish businesses are definitely up there with some of the most resilient. Whether it’s a Scottish Referendum, Brexit or the pandemic, business leaders across the country have been characteristically stoic while they continue to weather the storms from these uncertain times.

As management teams adapt to the new operating climate that Covid-19 has prompted, they continue to be driven by a fundamental need to grow. This new rate of change, and its unpredictable nature, means that many business leaders will be taking new routes in order to continue their journey. Private equity partnership can add significant value to businesses by providing added confidence and financial support for management teams looking to capitalise on new opportunities that arise.

Our commitment to backing ambitious management teams in Scotland remains as strong as ever. With locations in Aberdeen, Glasgow and Edinburgh, we have been backing ambitious management teams across the country since 2008. And to date, we have invested more than £115m to help Scottish business leaders in a wide variety of sectors.

Our recent investments include Edinburgh-based ISP and telecommunications provider Commsworld and leading independent optician and audiologist Duncan & Todd, both of which have gone from strength to strength since we partnered with the management teams.

Our flexible approach to partnership, particularly in uncertain times, gives us the ability to support businesses for the long term. For example, we backed helicopter services provider PDG back in 2015. Since our investment the business has increased capacity through investing in its fleet to register more than 10,000 flying hours across its helicopter services. And we continue to work closely with the business as it continues its growth journey.

We also invested in Aberdeen-based Ramco, a specialist in care and maintenance steel pipes, in 2013 to help its management team to target international growth. During our partnership the business has established a presence in Norway, Australia, Romania and the Middle East, and has won multiple new international clients.

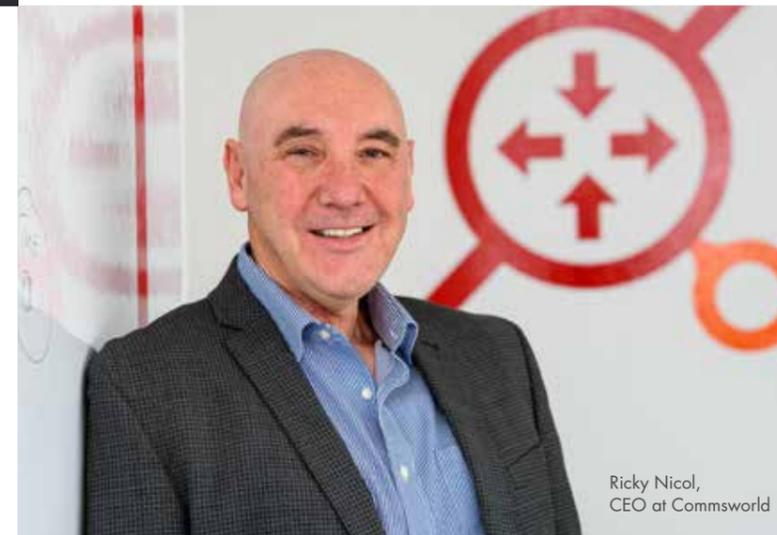
Our flexibility and experience of backing a wide range of different businesses across the UK through every stage of the cycle means that no matter the climate, we are always on the lookout to invest in ambitious management teams.

With a commitment to invest £1.2bn across the UK over the next three years, we are ready to stand by Scottish business leaders and back their ambition as they continue to go for growth.

MARK KERR
HEAD OF LDC IN SCOTLAND

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Private equity partnership with LDC can unlock a number of different growth strategies and new opportunities for a management team looking to deliver an ambitious growth plan, all while they remain in control of their business.



Ricky Nicol,
CEO at Commsworld



We have built a strong relationship with LDC who share our vision for the business and can provide the right balance of support, experience and contacts.”

Ricky Nicol, CEO at Commsworld

As one of the leading mid-market private equity investors in Scotland, we are actively looking to back ambitious management teams with capital and expertise to help them realise their growth plans.

Our most recent investment was in Edinburgh-headquartered ISP and telecommunications provider Commsworld. The business provides connectivity, cloud, security, unified comms, and IT infrastructure services to the public and private sectors.

The firm’s management team, led by CEO Ricky Nicol, chose to partner with LDC back in December 2019. Today, our investment is helping the team to build on the success of the business in recent years and bring its super-fast and resilient connectivity to more organisations across Scotland and the UK.

While the pandemic gripped the nation, Ricky and the management team continued to push on with the business’s growth plans. In June, the firm announced it had completed the final step in its shift from telecoms disruptor to network provider, having invested more than £10m in its “next generation” network.

In a testament to the strength of the business and its management team, this year Commsworld was unveiled as one of the best-performing privately-owned technology companies in the UK, ranking 27th out of 50 peers at the Megabyte50 Awards. It also ranked in the Covid-19 edition of the Sunday Times Profit Track 100, with the business praised for using its website to share advice on remote-working technology during the coronavirus pandemic.

LDC backed CMS Window Systems with a minority investment in 2016.

MINORITY INVESTMENTS

As circumstances change, private equity partnership offers a route to sell a minority stake in your business, taking some money while retaining control. Bringing in additional expertise and capital can also help create additional value, building a bigger and better business for the long term.

Our partnership with CMS Window Systems is a great example of this. The business specialises in efficient and environmentally-friendly build envelope solutions, and provides services from design and manufacture through to installation and aftercare.

We completed a minority investment in the business in 2016 to kick-start an ambitious organic growth plan which included an extensive programme of capital investment to help diversify its existing services. The investment programme quickly helped the business earn a string of new contract wins.

During our three year partnership, CMS opened an 8,500 sq. ft PVCu door manufacturing and recycling plant in Kirkaldy, Scotland, increased the production capacity of its Cumbernauld headquarters, and launched a new over-the-counter trade sales service, which enabled it to offer its energy-efficient products to sole traders and SME contractors.

As well as securing deals with public sector clients, CMS also supported several high-profile commercial construction projects. In 2019 alone, it provided aluminium glazing packages for Cala Homes' re-development of Edinburgh's Donaldson Estate and Balfour Beatty's Prince & Princess of Wales Hospice in Glasgow's Bellahouston Park.

In 2019, LDC completed the sale of its minority stake in CMS to Maven Capital Partners. At the time of exit, the business employed almost 300 people and recorded revenues of £39m for the year ending March 2019, up 25 per cent during LDC's tenure.

David Ritchie, CEO at CMS Window Systems: "Our partnership with LDC gave us the strategic guidance and financial firepower we needed to deliver our ambitious growth strategy. Energy-efficiency and the use of environmentally friendly construction practices have become an essential consideration for our sector."

GROWING THROUGH ACQUISITION

Growing a business through complementary acquisitions can be a positive route to growth and the support of an private equity partner can provide follow-on funding and valuable M&A experience.

Since July 2018, LDC-backed businesses across the UK have acquired more than 45 companies with a total enterprise value of over £275m, and one-third of management teams across our portfolio are currently using a buy and build strategy to drive growth. Acquisitions are helping our portfolio companies to accelerate regional, national or international expansion, increase their scale or diversify their products and services.

Duncan & Todd is a great example of such growth. The management team of Scotland's leading independent optical and hearing care provider, led by CEO Frances Rus, came to LDC for investment back in early 2018 to embark on the next stage of its ambitious growth strategy, identifying complementary acquisitions to further expand the business' geographical footprint.

Following a £15m investment, we worked alongside the management team to deliver six acquisitions, in the first 12 months of our partnership. This included the Scottish optometrist Black & Lizards which brought the total number of branches to more than 40 across Scotland, from the Borders and central belt to the Highlands and Islands.

Our support has also helped the business to diversify with the roll-out of new complementary healthcare services including audiology and the provision of outsourced corporate eye care services to more than 200 public and private sector customers, through its Smart Employee Eyecare brand.

Frances Rus, CEO at Duncan & Todd: "LDC's investment provides both the financial backing and strategic support to allow us to expand capacity in some of our existing stores, roll out audiology nationally and make selective further acquisitions. LDC's support is helping us to take Duncan & Todd to the next level and bring our market-leading services to a larger customer base."



Frances Rus, CEO at Duncan & Todd



LDC's investment provides both the financial backing and strategic support to allow us to expand capacity,"

Frances Rus, CEO at Duncan & Todd

BEYOND PRIVATE EQUITY

Our role as an investor, employer and partner in Scotland, goes beyond private equity investment. We are passionate about playing our role in the communities we operate and backing ambition beyond that of mid-market management teams.

Last year, our national quiz, held in Edinburgh, raised more than £11,000 for Children's Hospices Across Scotland (CHAS), which has been offering full-family support services for babies, children and young people with life-shortening conditions for over 20 years.



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



We are also partnering with The Prince's Trust to encourage the next generation of Scotland's tenacious entrepreneurs.

Our Backing Youth Ambition programme aims to help young people explore and launch their own businesses through start-up grants and provides additional funding to the Trust's Enterprise Programme.

Through the partnership, we provide practical support through volunteering, training and mentoring activity across our offices. In turn, this has helped unite our employees, portfolio companies and business networks get behind our vision to create a thriving youth enterprise economy and a more prosperous future.

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

While our partnership dates back to 2019, the importance of investing in young people has been magnified in recent months, and our Scotland team have mentored budding entrepreneurs whose businesses have been affected by the pandemic, as well as contributing to the charity's Enterprise Relief Fund.

By continuing to back young people during this unprecedented time, we can help better position Scotland for recovery and invest in the 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 Scotland team if you would like to get involved!

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