



SOUTHERN VIEW 2020

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BACKING AMBITION



LDC IN THE SOUTH

LDC has been backing the ambitions of mid-market management teams across the South of England for more than 20 years. Our experience has taught us that a private equity partnership can add significant value to a business during uncertain times, which is why our appetite to invest remains as strong as it was when we first set up our office in Reading all those years ago.

To date, we have invested more than £500million to help over 60 local management teams operating in a diverse range of sectors to realise their growth strategies. And we are also playing an increasing role in supporting the region's thriving hub of technology businesses as they look to expand quickly. Our current portfolio includes innovative and high growth business like CIPHR and Amberjack.

As the pandemic began and business plans across the country were being disrupted, management teams were quickly reassessing their route forward. Private equity can offer business leaders the support to help navigate the challenges ahead and continue to grow. We have continued to work closely with management teams in the region, providing our capital and expertise, and have completed seven new investments and bolt ons from our Reading office alone since March.

In early December we backed Foundation SP, the award-winning provider of specialist digital transformation services. Our minority investment in the Reading-based business is supporting the existing leadership team to expand its range of services and explore complementary acquisitions.



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Lawrence Dean, Head of LDC in the South

Over the summer, we also partnered with Aker Systems, supporting the management team to further invest in research and development, as well as to expand its team to meet an uplift in demand.

These deals followed our investment in James and James Fulfilment in March. Since we partnered with the management team, they have continued to grow the business quickly and, in just two months of the deal, signed a lease on a new facility to expand its warehousing and distribution capacity.

We are also helping our portfolio companies to capitalise on new opportunities. This year, specialist communications technology provider Babble completed four acquisitions, taking it up to seven since it partnered with LDC in 2017. Its success led to our partial exit in November 2020, in a transaction that valued the business at £90million. Similarly, SaaS HR, payroll and recruitment solutions business CIPHR announced the acquisition of Digits Industries Ltd in August. While the pandemic continues to present new challenges, I am confident that the region's ambitious business leaders will continue to adapt and emerge stronger. With the support of our sole investor Lloyds Banking Group, we are committed to supporting businesses, no matter the economic climate.

Backed by our national commitment to invest £1.2bn over the next three years, we stand ready to support more businesses across the South of England with our capital, support and optimism.

LAWRENCE DEAN
HEAD OF LDC IN THE SOUTH

BACKING BUSINESSES THROUGH THE CYCLE

LDC backs ambition throughout the economic cycle. As a flexible investor, we have a strong heritage of continuing to invest in tougher times. We have remained active in the market and, in 2020 alone, have completed more than 30 new investments and bolt ons. In the South, we have completed seven investments and acquisitions since March and we are looking forward to more in the near future.



Just two months after LDC's investment, James and James signed a 10-year lease on a new facility.



LDC has backed FSP's ambitious management team. Left to right: Tim Ebenezer, Simon Grosse and Simon Walker

FOUNDATION SP

Foundation SP (FSP) is an award-winning provider of digital transformation services. Its portfolio of cloud, productivity, data and artificial intelligence offerings alongside trusted managed services delivery are transforming high-profile clients across a range of sectors.

We backed FSP's ambitious management team with a minority investment to boost their organic growth strategy, enabling the business to expand its client base and suite of digital and software services, as well as providing an opportunity to explore complementary acquisitions.

Simon Grosse, CEO of Foundation SP, said: "This deal marks a key next step in Foundation SP's growth journey. I'm extremely proud of all of our employees who have enabled us to build such strong customer relationships and an incredibly successful model. We know that partnering with LDC will help us to scale while remaining true to our culture and ethos."

JAMES AND JAMES FULFILMENT

James and James Fulfilment provides online order fulfilment to e-retailers, storing products, packing and shipping orders, and handling any returns. In March this year, we backed the management team, led by Co-Founder and CEO James Hyde, to support the business' investment in a new larger UK fulfilment centre, further enhance its technology proposition, and expand its client service and commercial functions.

With our support, the following month the business signed a 10-year lease on a new facility to increase its warehousing and distribution capacity.

James Hyde, CEO at James and James Fulfilment, said: "Over the last few years, we've been on a strong growth trajectory and are investing more than ever in our in-house fulfilment platform. With LDC's experience in the tech space and confidence in our business plan, they will be a great partner to help us deliver even more value to even more brands and retailers."

AKER SYSTEMS

In July, LDC invested in Aker Systems, which designs, builds and operates ultra-secure public cloud data environments for large private and public sector clients. Our investment is helping the management team target further expansion and support support the digital transformation of more organisations across the UK.

Adam Fawsitt, Founder Director at Aker Systems, said: "The support from LDC will amplify Aker Systems' success to date and continue our journey as the market leader in this space. We have a highly scalable model and, with LDC's backing, we are committed to driving further investment in our team and our systems as we continue to raise the bar for our industry."



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Adam Fawsitt, Founder Director, Aker Systems

BUILDING FOR GROWTH

A buy and build strategy offers management teams a route to scale quickly. In the current environment, we are seeing increasing opportunities for acquisitions and expect this trend to continue.

LDC is experienced in helping management teams to identify and deliver acquisitions successfully. In the last two years, LDC-backed businesses across the UK have acquired more than 50 companies with a total enterprise value of over £250million, and two thirds of our portfolio firms are using a buy and build strategy to drive growth.

The acquisitions our portfolio companies have made are helping to accelerate expansion, increase scale and resilience as well as diversify their products and services – and we've seen this in action from Babble and CIPHR in recent months.



“**LDC didn't just buy into our business, they bought into our vision and backed us as a team to deliver it.**”

Matt Parker, CEO at Babble



BABBLE

This year, specialist communications technology provider Babble acquired four businesses, including Lake Technologies and CMT. To date, we have provided nearly £9million to support the company in making seven acquisitions since we first partnered with the management team in 2017.

For more than 26 years, Lake Technologies has provided business telephony and network services to its customers, who will now be able to take advantage of Babble's ability to offer agile and efficient cloud-based solutions to organisations. While CMT provides business telephony and cloud-based services including voice, system hardware, IT and mobile to 500 customers.

In November, we announced our partial exit from Babble, in a deal which valued the business at £90m. During our three-year partnership the firm increased turnover by 230% and headcount by 200%. We have retained a minority stake in the business to support continued growth.

Matt Parker, CEO at Babble, said: “When we chose to partner with LDC as our private equity backer in 2017, we were looking for a team with experience of working in our sector, but also one committed to supporting our acquisition strategy. The team at LDC ticked both boxes and delivered on their promises. LDC didn't just buy into our business, they bought into our vision and backed us as a team to deliver it.”

CIPHR

Leading provider of SaaS HR, payroll and recruitment solutions CIPHR acquired its strategic software partner, Digits Industries Ltd (Digits), in August, to further enhance its offering to customers.

CIPHR had an existing partnership with Digits dating back to 2018 in order to provide learning management solutions to CIPHR customers. The two businesses have more than 20 mutual customers.

The move followed CIPHR Group's acquisition of Payroll Business Solutions in December 2019.

Chris Berry, CEO at CIPHR, commented: “Digits has an excellent reputation for delivering best-in-class learning solutions to mid-and-enterprise-size organisations, and many of CIPHR's customers already benefit from the seamless integration between CIPHR's HR software and Digits' learning management systems. We will continue building upon this success for CIPHR, Digits and our customers.”

LDC is Backing Youth Ambition across the UK through its partnership with The Prince's Trust to support its Enterprise Programme.



BEYOND PRIVATE EQUITY

Our role as an investor goes beyond investing. We have a strong heritage in the South of England and play an active role in supporting our local communities, particularly through our work with The Prince's Trust.

LDC 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 them 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 by 2022. 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 also helped to unite our employees, portfolio companies and business networks behind our vision to create a thriving youth enterprise economy and a more prosperous future.

During lockdown, our South team rallied Reading's corporate finance community together to raise vital funds for the NHS and the Royal Berkshire COVID-19 Wellbeing Centre. We encouraged participants to complete a '5,000 of anything' challenge. The local finance community embraced the challenge, coming up with creative ways to take part – including a mass virtual danceathon and 5k egg and spoon race – and raised just under £7,500 with their efforts.

In September the South team took on its next challenge, The Prince's Trust 'Your Palace to Palace Ultra' challenge. Replacing The Trust's traditional Palace to Palace bike ride, we created our own routes and ran a combined 90 miles between 21st and 27th September, working out at roughly 3k a day per team member, or a half marathon each! We raised a further £2,000 to help make a life-changing difference to young people in the South of England who are facing unemployment.

Young entrepreneurs are disruptors and champions of progress which we need more than ever in the current climate. 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 South team if you would like to get involved!



The LDC South team preparing for its 'Palace to Palace Ultra' challenge.

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