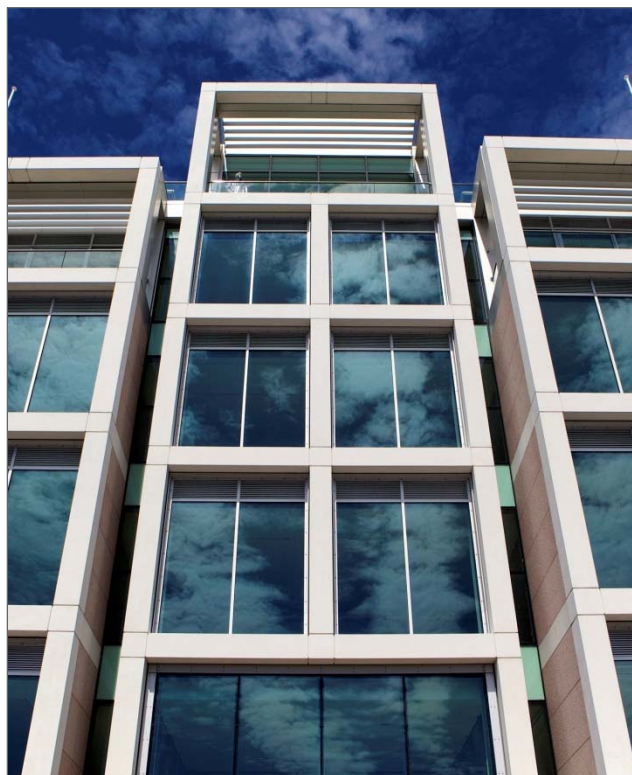




# **Electra Private Equity PLC Capital Markets Event**

3 September 2015





Alex Fortescue  
Electra Partners



## 3 great examples of Electra Partners' investment approach







Charles Elkington

Electra Partners

**Audiotonix**

## Transaction overview

Creating a market leading business through M&A

**Audiotonix**

**ALLEN&HEATH**



Small concert venues

**DiGiCo**



Large concert venues & theatres

**CALREC**



Live broadcast

**£143m deal  
£64m investment**

Electra owns:

- 74% of the shareholder debt
- 58% of the ordinary shares

**Audiotonix**

- Global market leader
- £80m revenue
- £20m EBITDA

# Electra Partners' approach is delivering results

**Audiotonix**

## Buying well

Transaction dynamics allowed attractive entry pricing  
Buy-and-build has created synergy opportunity

## Investment rationale

Market growth from increasing number of live events worldwide  
Strong premium brands and well-regarded products  
Track record of product innovation

## Value creation strategy

Strengthen management team  
Cost, revenue and technology synergies  
Accelerate growth by optimising R&D, sales & marketing  
Scale business will have broader exit opportunities

## Active ownership

Management team strengthened  
Cost synergies exceeded expectations  
Investment in R&D and sales & marketing accelerating revenue growth



\* Returns data shown in aggregate in respect of Allen & Heath and Audiotonix investments





James Gordon  
CEO, Audiotonix

# Audiotonix

Who we are

Audiotonix

# Audiotonix

**ALLEN & HEATH®**

C | A | L | R | E | C

 **DiGiCo**

## Your Entertainment Company



# Allen & Heath

# Audiotonix

## ALLEN&HEATH®

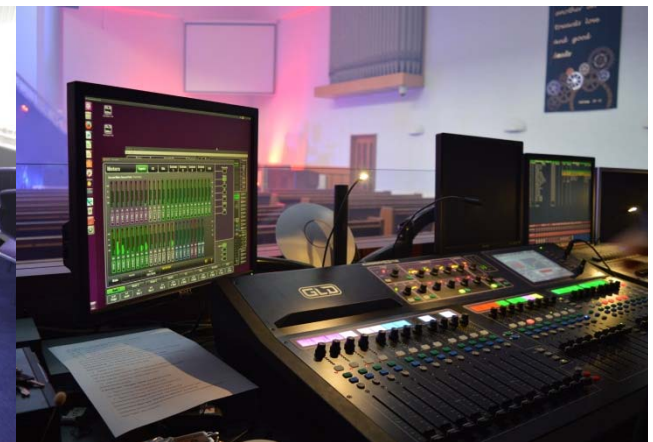
Club & DJ



Conferencing



Live Venues



\* Yes Charles, including school plays

DiGiCo

Audiotonix



Musical Theatre

World Events

International Tours



# Calrec

# Audiotonix



## Sporting Events



## Broadcast Facilities



## OB Applications





# Investment attractions

**Audiotonix**

## Diversity

- Extensive geographic distribution
- All the brands understand mixing console technology, but address a different sector of the market

## Innovation

- All brands work in high pressure applications which require:
  - Reliability
  - Speed of access and control
  - Ergonomic work surface design with tactile controls
- Passionate R&D teams with more ideas than time to do them

## Brand equity

- Most importantly all three have:
  - Great brand names
  - Loyal and long standing clients
  - Excellent reputations for customer care

*“Allen & Heath offers price and packaging, combined with **audio quality**”*

*“DiGiCo is known for its **sound quality** and features. Price is less important, with good customer support, ease of use and brand reputation being higher value for customers”*

*“Calrec are the most popular brand as they’re designed specifically for Broadcast. They’re the **most reliable, the easiest to use** and all our trucks are fitted with Calrec consoles.”*



Taylor Swift on stage

## Cruise ships

**Audiotonix**

Clients include:

Viking Line - Royal Caribbean – Carnival – Tui – Aida – Funa – Star – P&O



# HoW

# Audiotonix

Traditional



Mega





# Sports broadcasting

**Audiotonix**

Remote College Sports Coverage



Immersive Audio



### International Expansion



### Mamma Mia (China)

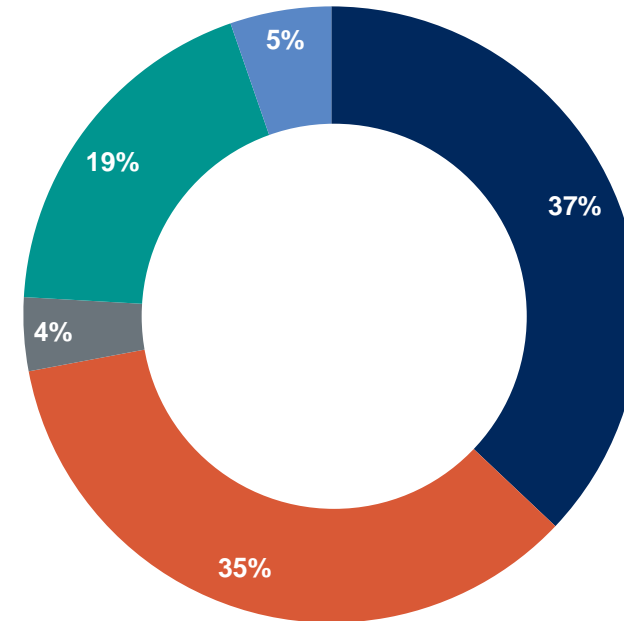


## Geographic expansion opportunity

**Audiotonix**

- 90% of sales are exports
- Two brands in over 50 countries
- Opportunities to transfer skills and knowledge between brands

Regional sales 2014-15



- Europe (old and new)
- North America (Canada + USA)
- S America (inc Mexico)
- Asia Pacific (inc Australia)
- Africa and Middle East



New for 2015

Audiotonix

dLive



**ALLEN & HEATH®**

S21



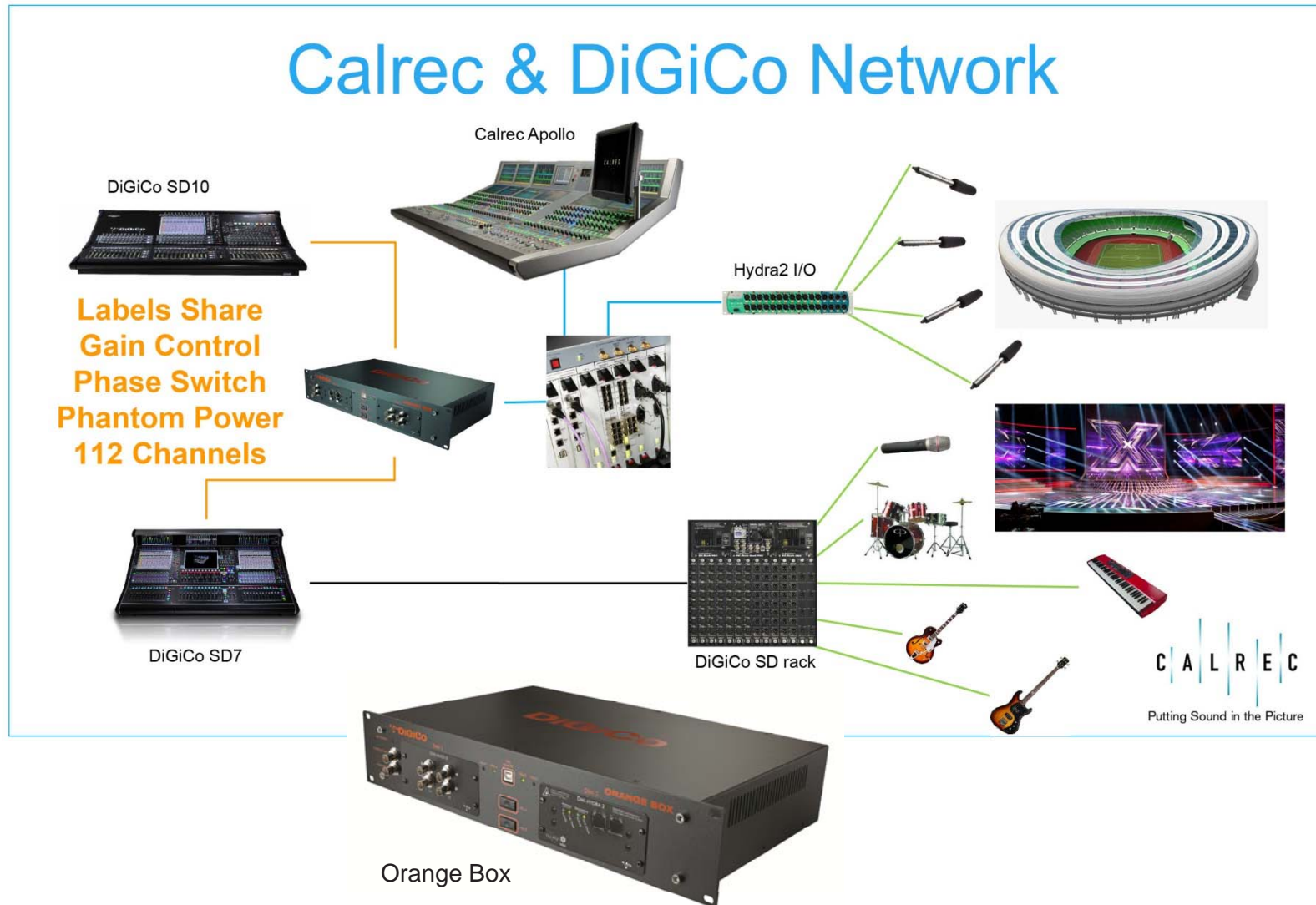
 **DiGiCo**

## Combining R&D resource

**Audiotonix**

- Pre-Audiotonix all three companies would have designed their own MADI card
- This year Calrec inherited an A&H design Waves audio interface



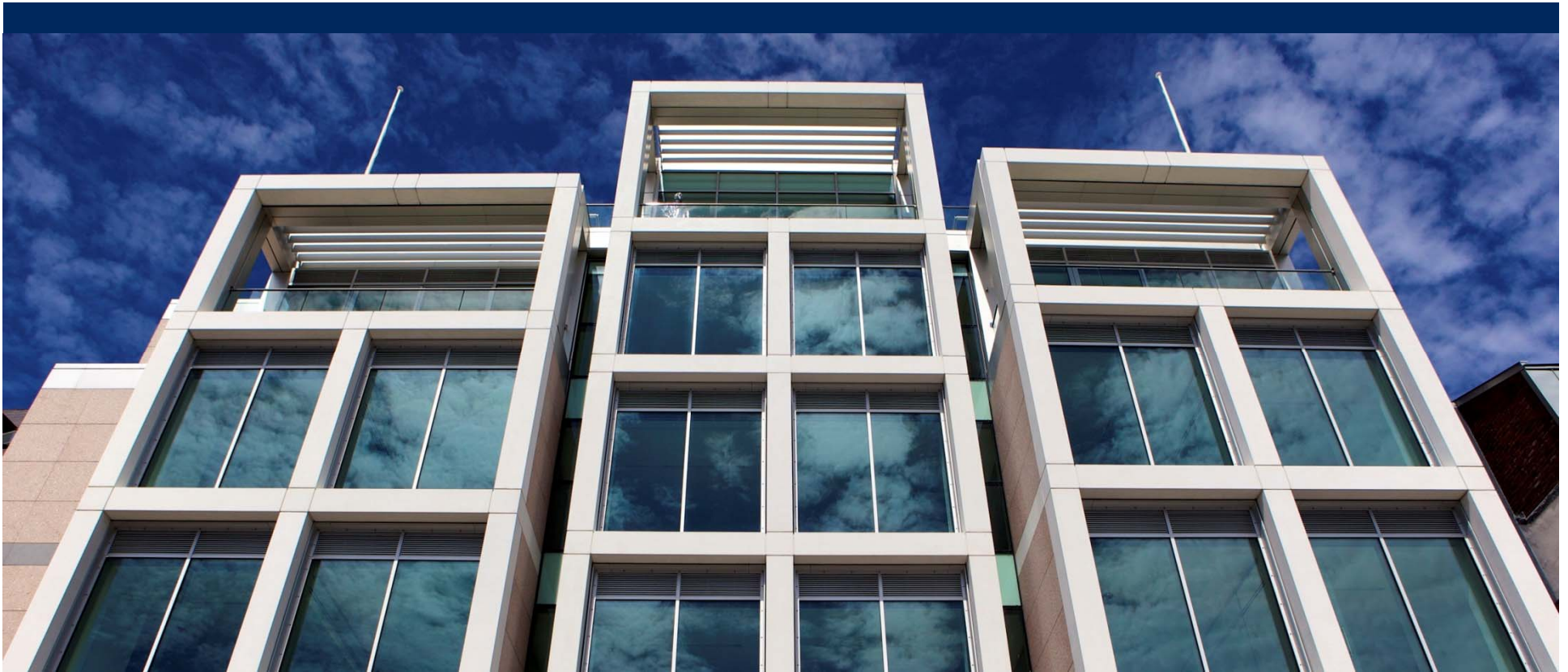




## In conclusion

**Audiotonix**

- Complementary and diverse group of brands operating in broad range of growth markets
- Products meet customer demands in high pressure environment
- Geographic expansion using combined distribution networks and expertise
- New Product Development – growth opportunity
- Further purchasing and manufacturing synergies
- Management strengthening
- Good progress to date, plenty more to achieve



Chris Hanna  
Electra Partners

ELIAN

# Transaction overview

A complex carve-out from a partnership

# ELIAN



Electra owns:

- 75% of the shareholder debt
- 59% of the ordinary shares

- Offshore trust, fund and company administration services
- 450 people
- Headquartered in Jersey
- Operations in 10 countries
- 3,000 corporate, private and investment fund clients
- £62m revenue



# Electra Partners' approach is delivering results

## Buying well

PE-only process in which Electra's flexibility resonated  
Complex carve-out  
Sector re-rating

## Investment rationale

Primary buyout / strong team with successful record  
Market-leading business with blue chip pedigree  
Fragmented, global market with structural & cyclical growth  
High barriers to entry  
Highly attractive financial characteristics

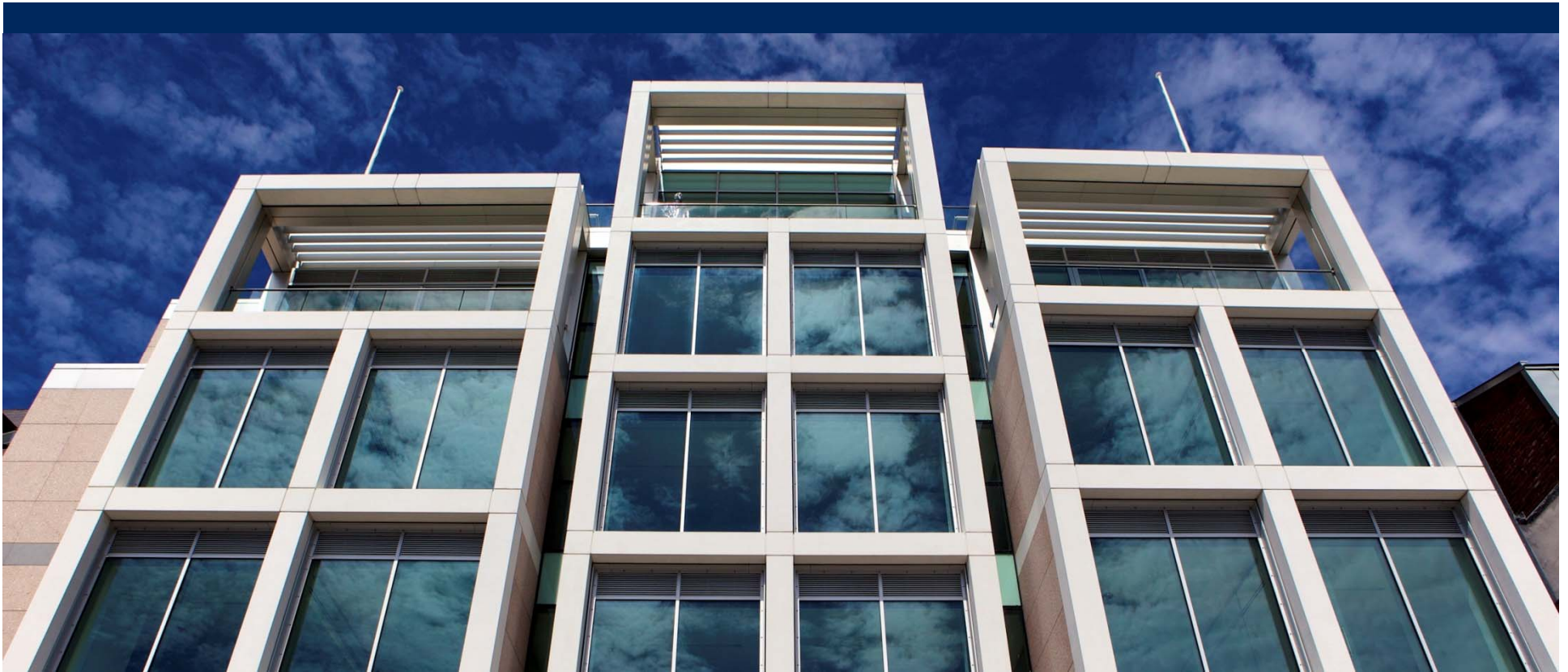
## Value creation strategy

Cultural change  
Organic growth coupled with product and geographic expansion  
Cost rationalisation / margin improvement  
M&A-led growth in fragmented market  
Positioning for exit

## Active ownership

Carve-out complete and management strengthened  
Focus on business development  
Business improvements through productivity gains and MIS enhancements  
M&A origination and execution





John Connolly  
Group Chairman, Elia

ELIAN

# Business Overview

ELIAN

- Administration of offshore structures / white collar outsourcing
- Headquartered in Jersey with presence in Cayman, Guernsey, Luxembourg, London, Bahrain, BVI and Hong Kong
- c.500 employees – c.320 (65%) are fee earners
- Formerly part of Ogier LLP, a leading offshore law firm
- Strong client list included international corporates, banks, insurance companies, asset managers and high net worth families
- Excellent reputation with accounting and legal firms, who are the main source of new business referrals

## Corporate

- 50% revenue
- Set-up and administration of holding companies
- Securitisation structures
- Employee incentivisation

## Funds

- 30% revenue
- Administration of real-estate and alternative asset funds
- Provision of local directors
- Compliance services

## Family Office / Private Wealth

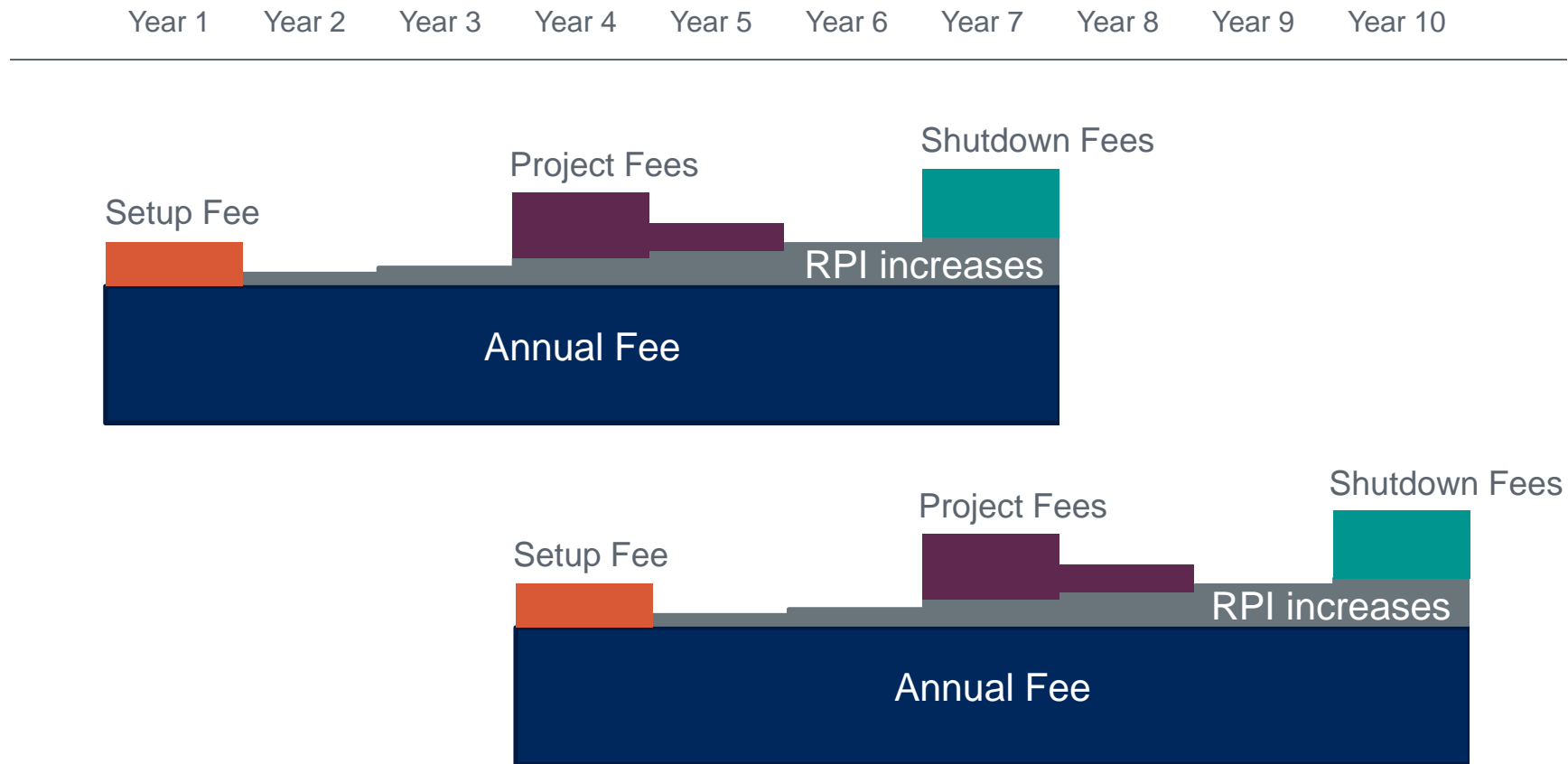
- 20% revenue
- Administration services for high net worth individuals, families and family offices



## Attractive financial characteristics

ELIAN

ILLUSTRATIVE



## Consolidating and growing market

ELIAN

- Offshore administration market valued at over €4bn and growing at 4-5% p.a.
- Tax legislation is a key driver; tax neutrality is the priority
- Key growth drivers
  - Corporate – GDP/International trade/M&A/Financing
  - Funds – fundraising cycles for PE, Hedge and real estate funds
  - Private Wealth – number of HNWIs and level of wealth creation
- Outsourcing administrative functions – complexity is increasing demand for specialists
- Larger players taking market share
  - Increasing regulation – additional reporting requirements and complexity
  - Increasing internationalisation of clients – favours larger, international, multi-service groups
- Elian is growing above market growth rates

## Opportunity for growth in new territories

ELIAN

- Elia has a strong presence in the Channel Islands and Cayman, with a more limited presence beyond these two core locations.
- Of the €4bn - €5bn market, over 80% is in locations where Elia has a more limited presence
- Key target markets for Elia are Luxembourg, the US and potentially Asia

Target markets	€m
Jersey	349
Guernsey	264
Cayman	227
Luxembourg	446
Netherlands	362
Singapore	154
US	591
Others	2,107
Total	4,500

Elia's core geographies account for c.20% of the market



## Chairman's focus on change & accelerating growth

ELIAN

- Validating the quality of Elian
- Supporting management in its transition to private equity ownership
- Focus on organic revenue growth
- Improve efficiency/operating margin focus
- Increase presence outside Jersey
- Enhance the strong management team with external hires
- Acquire competitors in a fragmented and consolidating market
- Maintaining highest standards of regulatory compliance/risk management

# Acquisition of SFM Europe



- Deal signed yesterday (subject to regulatory clearances), expected to complete within 3 months
- SFM is a leading provider of corporate services SPVs on behalf of major institutions engaging in securitisations, structured financings and asset acquisitions, disposals and restructurings.
- SFM over 1,100 SPVs holding over €1 tr of assets
- Clients include 21 of the 27 largest Financial institutions in Europe
- Teams based in 8 jurisdictions (principally London and Luxembourg)
- Attractions
  - material acquisition / adds scale to Elian
  - significant additional substance to Elian's existing SPV business
  - Synergies
  - Cross selling opportunity to existing Elian clients
  - Diversification to Elian's revenue streams and more substance outside Jersey
  - Enhances Elian's attractiveness to a broader range of acquirers
- Focus is on integrating the business, extracting synergies and business planning
- Acquisition financed from cash on the balance sheet and re-leveraging Elian's balance sheet

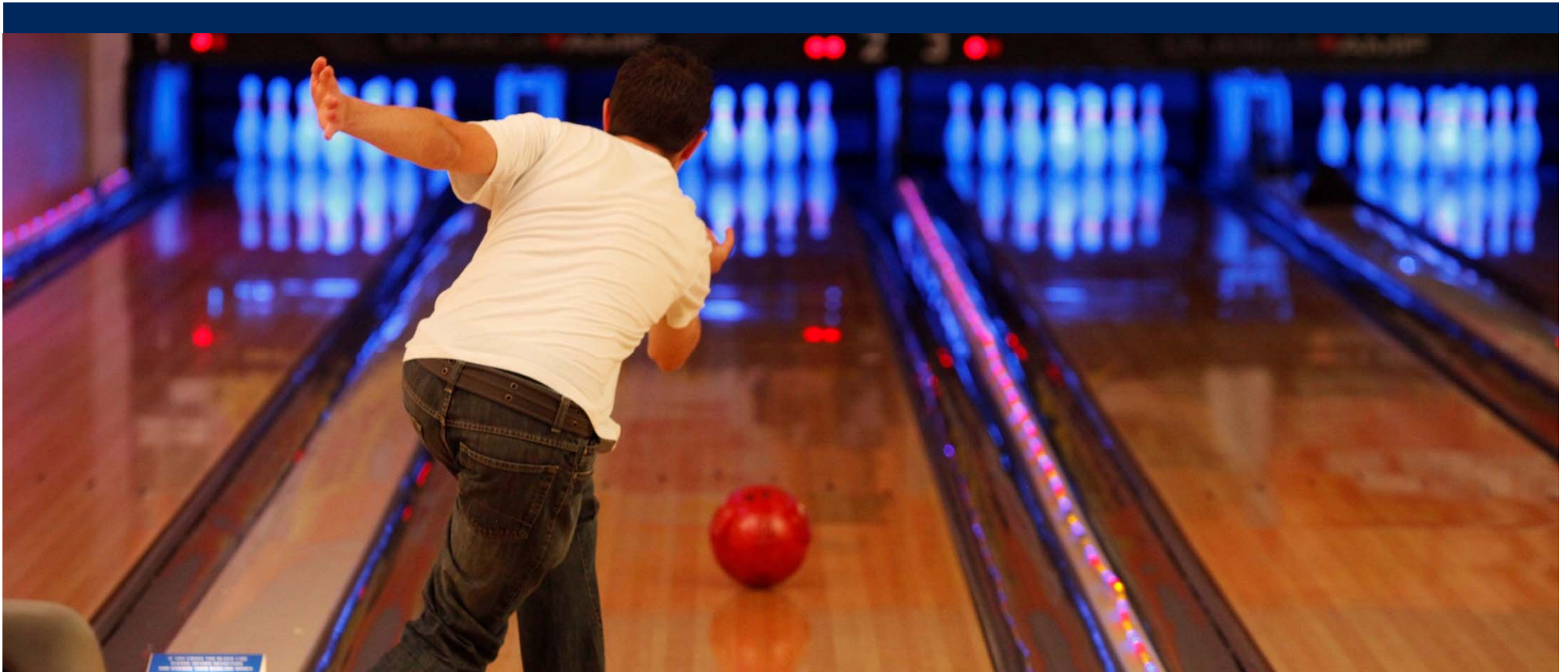
- Deliver the strategy
  - Revenue growth
  - Geographic expansion
  - Focus on costs/operating margin
  - Focus on cash generation / deleveraging
- Further M&A (both strategic and non-strategic)
  - Scope to significantly enhance the size and geographic presence
  - Expansion of product offering
- Positioning Elian for exit
  - Helped by the fact that Electra has bought well in terms of (i) quality of asset; (ii) entry price
  - Significant demand for fiduciary services businesses from public market and private equity at double-digit multiples
    - Sanne, a Jersey competitor, listed in London in March 2015 and is now valued at over £300m (c.16x EBITDA)
    - Vistra, Orangefield and Appleby sold at c.11-14x LTM EBITDA over recent months
  - Focus is to provide investors with a number of options (IPO, trade sale or Secondary PE)
  - Ability to exit earlier than previously anticipated should we wish



## Conclusion

ELIAN

- Elían is a very high quality business operating in a growing and consolidating market
- Extensive, 'hands on' involvement of both Chairman and Electra Partners
- Clear plan in place to improve the business and grow Elían
- Selective acquisitions, like SFM, will add further value
- Electra has bought well and exit options are numerous



Bill Priestley  
Electra Partners



# Transaction overview

“Traditional private equity”

## Business description

- UK's largest ten-pin bowling business
- Operating 44 high quality centres trading under the Hollywood Bowl and AMF brands
- Large high quality centres predominantly located in leisure or retail parks, offering a complete family entertainment experience (restaurants, licenced bars, state-of-the-art family games arcades)

## Transaction

- Management buyout completed in September 2014
- Enterprise value at entry of £91m
- Electra investment of £50m for 85% holding
- Electra owns 99% of the shareholder debt and 85% of the ordinary shares





# Electra Partners' approach is delivering results

## Buying well

Sector image created limited competition, but we did the work to understand the business properly

Stop / start process

First-time buyout with incentivised management

## Investment rationale

Market leader in robust and growing part of leisure sector

History of growth ahead of the market

Well-invested estate positioned to make further advances

## Value creation strategy

Close management of existing estate to optimise yield and ROCE

Investment in technology to improve customer experience

Refurbishment and new site investment programme

Opportunity for strategic M&A

Performance and scale to enhance exit options

## Active ownership

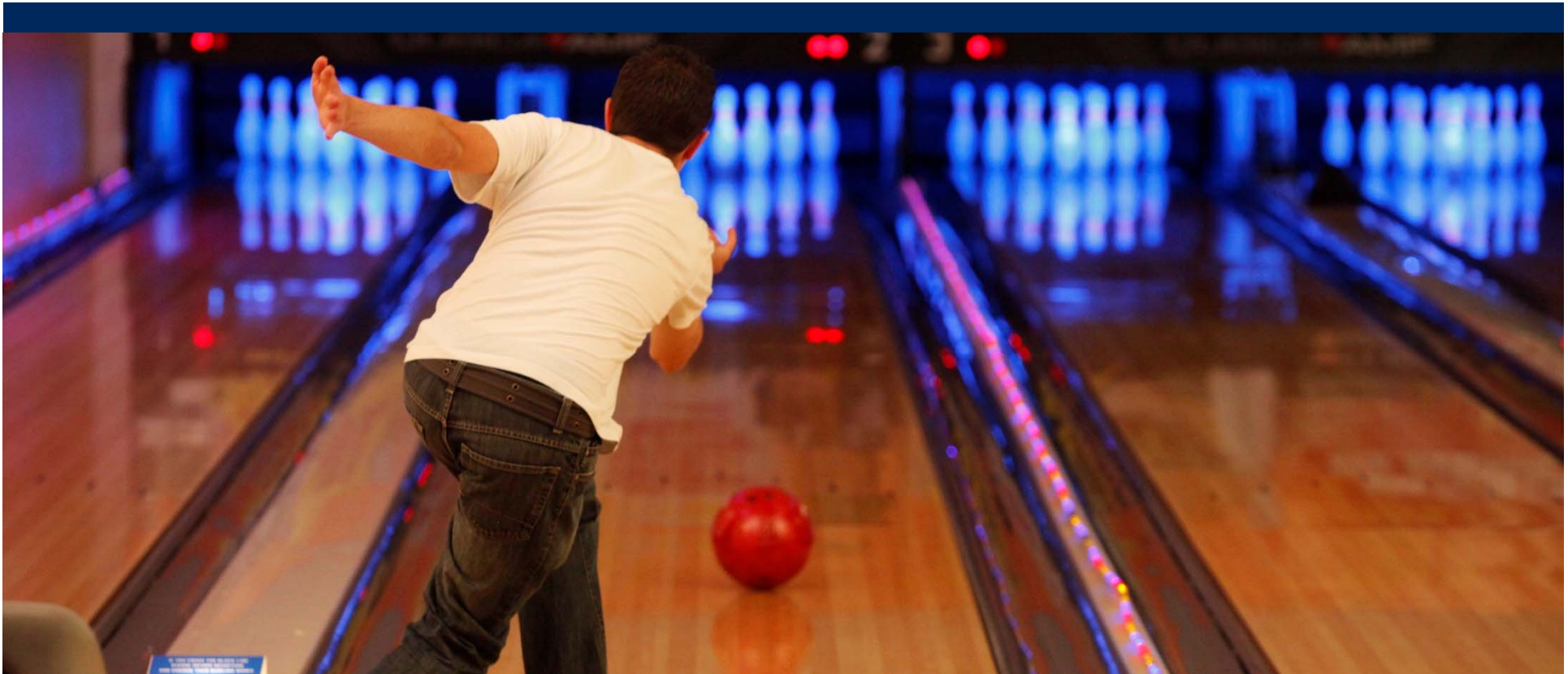
Management team strengthened

Improved yield management

Refurbishment programme accelerated

Bowlplex acquisition (subject to CMA approval) originated and executed





Steve Burns

CEO, The Original Bowling Company



**THE  
ORIGINAL  
BOWLING CO.**  
SINCE 2010



# Agenda



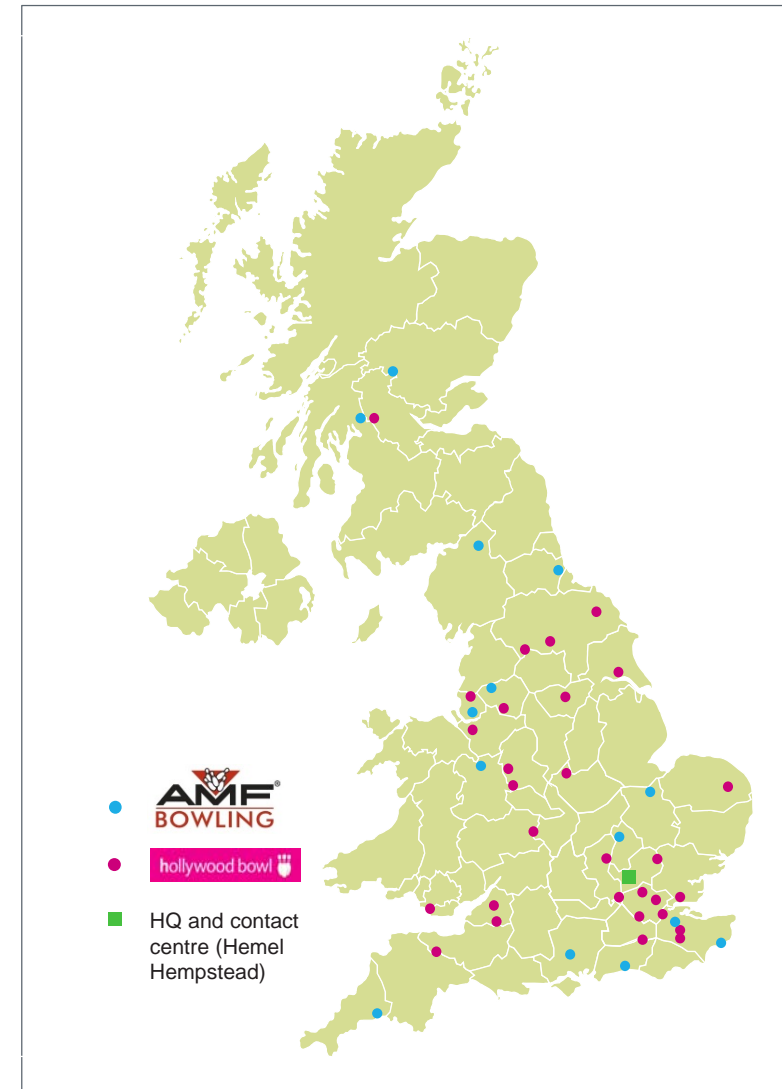
- TOBC background
- Historic trading performance
- Performance update post acquisition
- Key growth drivers
  - Customers
  - Team
  - Data management
  - Capital expenditure
- Growth opportunities
  - New openings
  - Consolidation



# TOBC



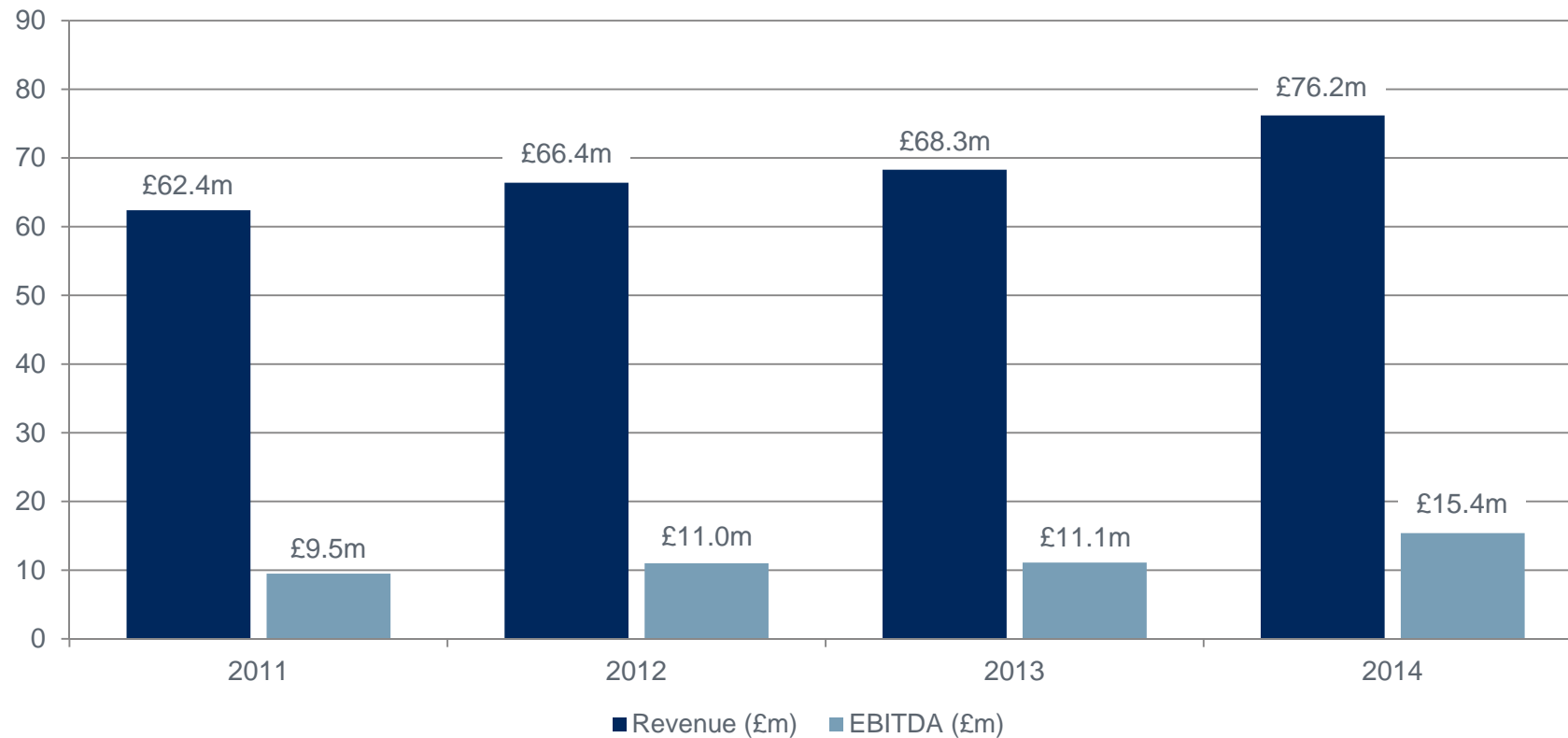
- Formed from merger of AMF and Hollywood Bowl in 2010
- Unparalleled national scale with 44 sites across the UK operating in an attractive market
- Customer-led, technology-enabled operations
- Well invested estate with £21m capex spent over three years
- Highly cash generative with steady state cap ex requirement of just £4m
- 2.6x Group rent cover, sensible leases giving solid defensive characteristics
- Acquired Bowlplex, subject to CMA clearance, in April 2015



## Strong track record



- Strong track record of sustainable profitable growth
- Focus on cost, but not at the expense of top line revenue

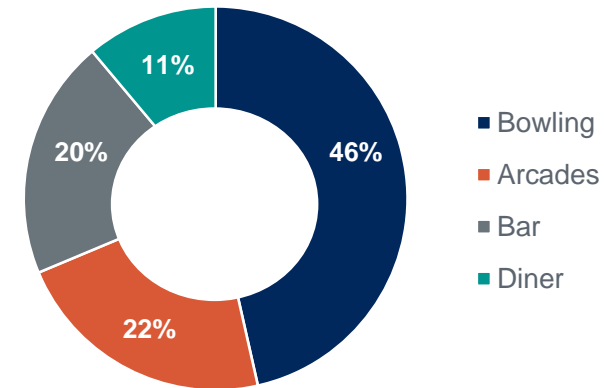


# Strong Financials

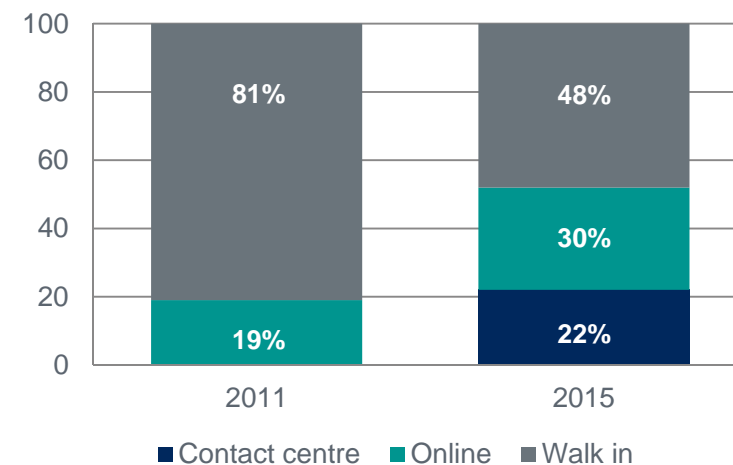


- Diverse sales mix with high conversion to GP
  - Greatest yield management opportunities exist within Bowling
  - Non linear relationship between sales and payroll; ratio improved in recent years
  - Property is highest cost to the business but rent cover is improving all the time
- Launched a 30 desk customer contact centre (CCC) in 2011
  - Open 12 hours a day, 364 days a year
  - This has allowed greater focus of site staff on customers
  - The CCC has played an important role in upselling the F&B offering to customers who call in to book bowling lanes
- Advanced bookings have grown from 19% of revenue in 2011 to 51% in 2015
  - In addition to the CCC and an online platform, a web-based smartphone application has also been introduced
  - Advanced bookings increase revenue certainty (we operate a no refund policy) and are key to managing yield and capacity

Revenue split by segment



Advanced bookings as a % of total bowling game



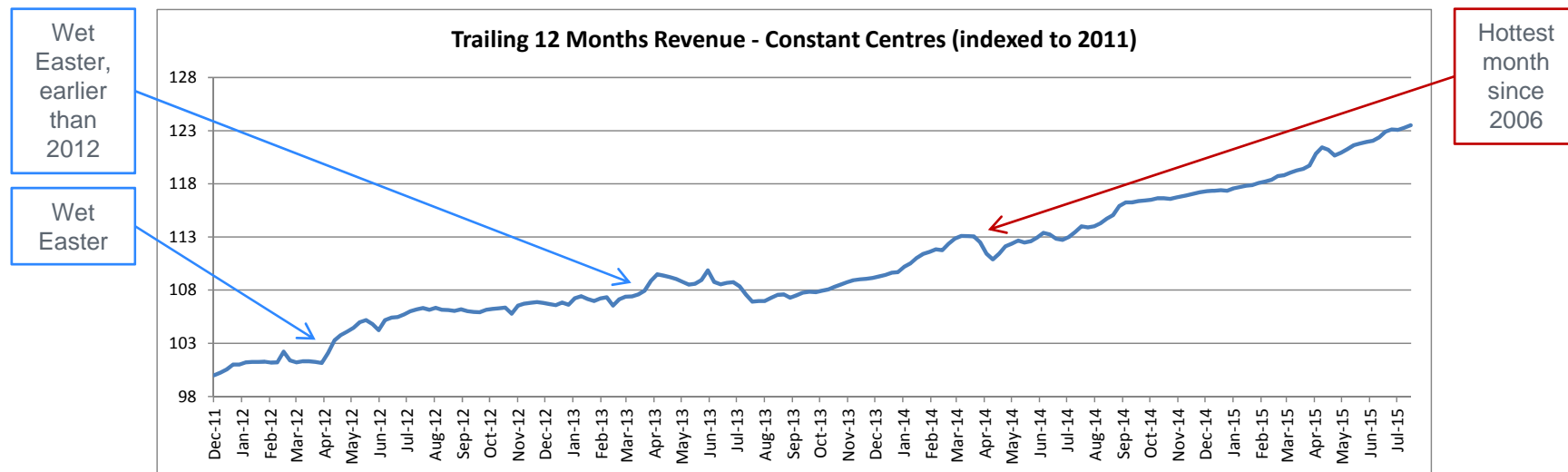
# Consistent delivery of like-for-like growth



- Growth has accelerated with material improvements in operating margin
- Budget exceeded every month since the buy-out
- Weather has been average for the year
- EBITDA forecast for FY15 will be broadly equivalent to the 2018 forecast in our investment case.

## TTM revenue – LFL centres (indexed to 2011) and margin improvement

	2011	2012	2013	2014	2015
EBITDA Margin	15.3%	16.6%	16.3%	20.3%	24.1%



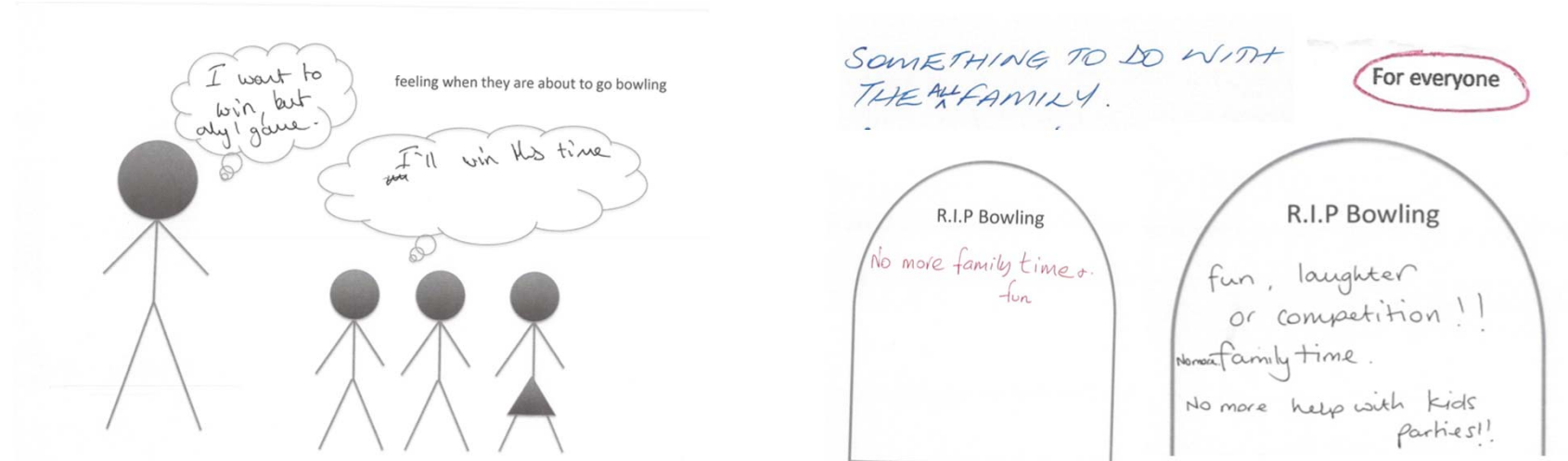


## A customer-led organisation

## Deep understanding of our customers

- 9 out of 10 people love bowling, low frequency of visit
  - Core customer base of affluent families who prioritise spending on family experiences
  - Understand the motivations to visit
  - Understand the barriers that can be put in our customers way

### Pretty Little Head research (April 2013)

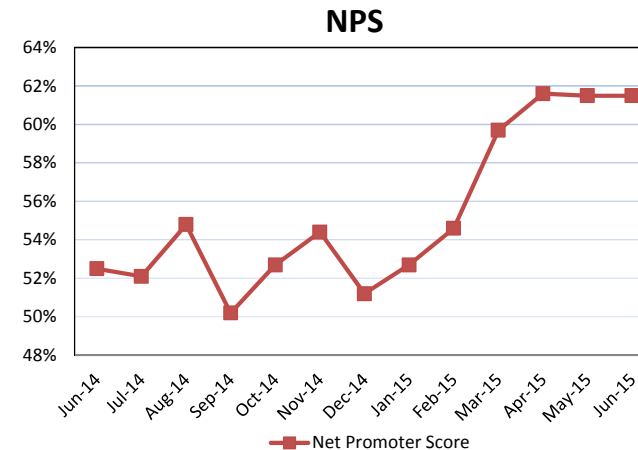


# Sales and service superiority

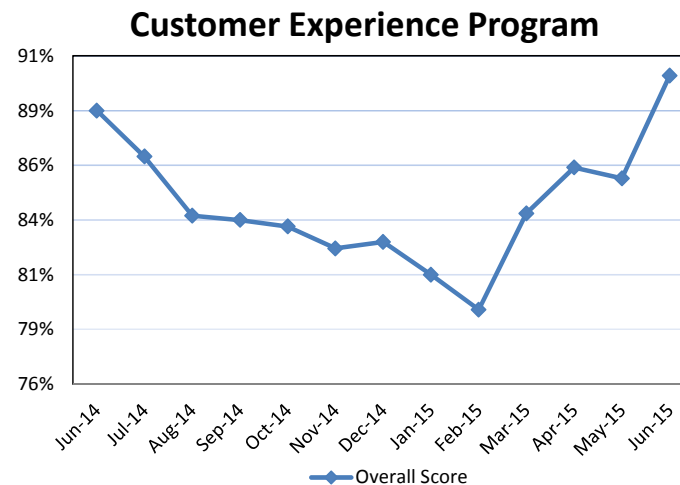


- Listened to our customers and improved our offering
  - Focused on the elements our customers value
  - Industry leading Net Promoter Score averaging over 61% in last quarter and 57% over past six months
- Capital invested to create a more engaging environment
  - Uncompromising standards and accountability
  - Constant monitoring of performance
- Growth in customer frequency through engagement
  - 20% outperformance vs. industry average

## Net Promoter Score (2014 / 2015)



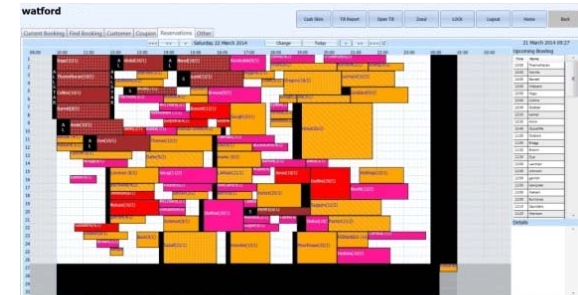
## Customer Experience Programme



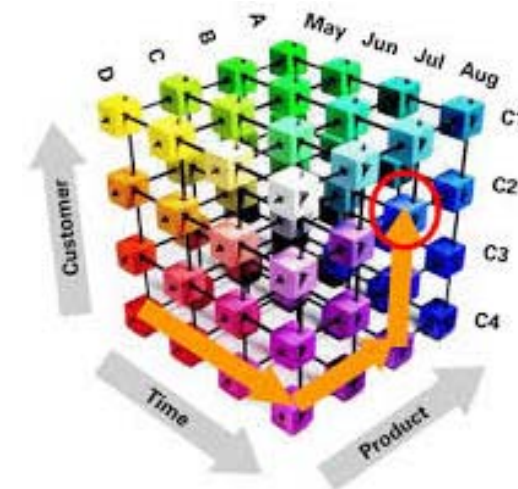
# Managing big data



- Common reservation and ePos platform built around CRM for all centres
- Highly targeted communication strategy
  - Open rates of up to 90%
  - Pre and post visit engagement to enhance the customer experience, predominantly automated
  - 9 million targeted, low cost direct communications per month
- Real-time reporting and sales forecasting
  - Central sales expertise and accountability
  - Proactive real-time management to drive yield and maximise capacity
- Bespoke OLAP CUBE used for data reporting and business information



	Wednesday	Thursday	Friday	Saturday	Sunday	Monday	Tuesday	Wednesday
Time	Day 6	Day 7	Day 8	Day 9	Day 10	Day 11	Day 12	Day 13
10 am	33.00	46.85	5.50	936.05	937.60	20.75	30.95	79.74
11 am	111.24	135.61	56.25	180.25	78.25	45.25	110.75	79.25
12 pm	56.50	24.44	72.93	721.10	734.14	24.50	82.19	91.75
1 pm	184.47	31.49	186.65	785.53	833.20	78.50	109.75	82.50
2 pm	11.50	46.25	56.50	605.74	821.50	118.48	132.00	166.21
3 pm		133.25	75.25	739.07	824.62	72.75	134.50	128.50
4 pm	26.75	283.24	672.14	520.10	557.17	132.00	172.11	275.35
5 pm	191.72	204.50	472.91	771.30	715.67	75.25	189.18	204.94
6 pm	67.50	354.75	434.50	488.24	694.50	83.00	69.25	429.72
7 pm	163.05	517.25	597.10	817.49	558.70	129.00	186.12	138.00
8 pm	496.00	761.24	778.48	733.69	472.75	316.25	366.53	377.20
9 pm	124.00	220.50	696.00	832.58	356.80	173.00	219.25	209.50
10 pm	34.00	51.25	297.75	549.00	67.50	34.00	63.25	21.00
11 pm			180.75	462.25				





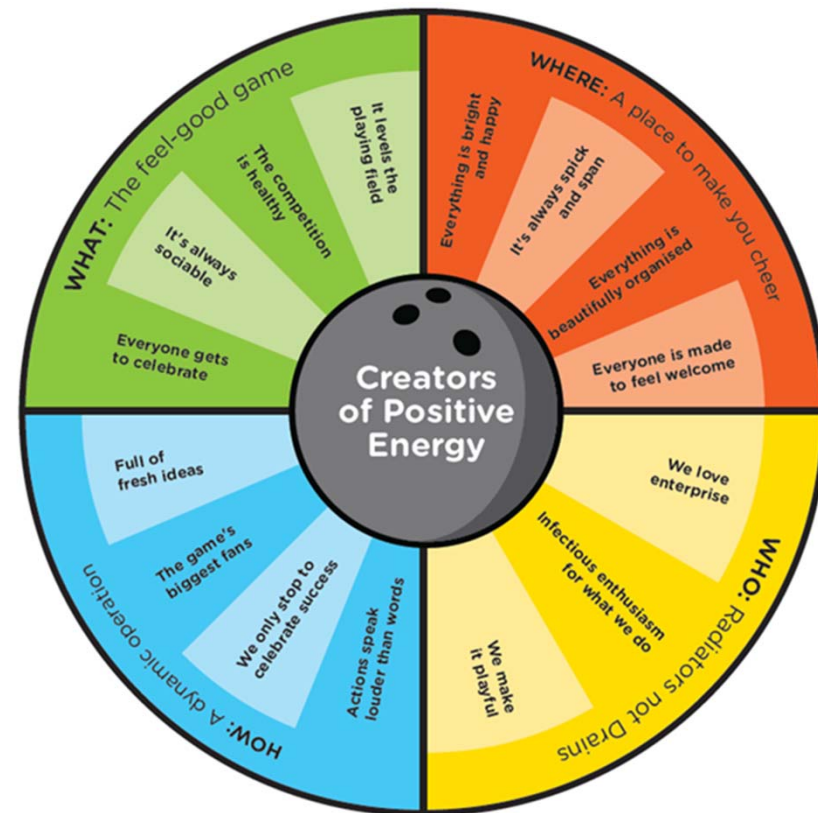
## Delivering through our team

# Goal driven... but purpose focused



- Long established culture of performance management
- 'The Wheel' was designed with Management, customers and team members
- Provides clarity of purpose to 1,400 team members
- Team members 'earn the right' to wear The Wheel
- A prompt to help engage the behaviours we need to employ to meet our customers needs

TOBC Strategy Wheel



# Attracting and retaining top talent



- Performance management culture supports visibility of top talent
- Top talent programme
- The TOBC Academy
  - E-learning systems introduced ensuring consistency of induction
- Employer brand created
  - Four industry awards received for our employer brand since its launch
- Generous team incentive scheme aligned with the business objectives



## Continued growth opportunities



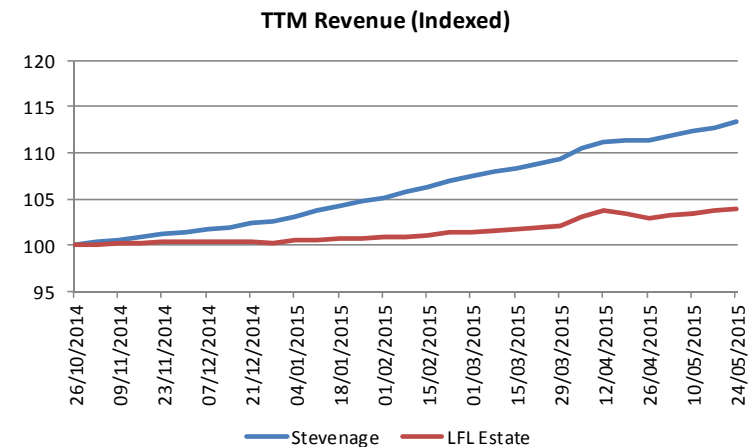
## Smart capex provides good returns



- Re-brands give a new lease of life to the AMF centres
  - H Wycombe
  - Glasgow
  - Eastleigh
- 5 more centres offering the potential for re-brand
- Big ticket refurb of £400k move the dial in terms of customer experience
  - Uplift in game volume, spend per game and customer engagement
  - Target 40% ROI
- Landlord contributions are added upsides, we would have done the refurbs anyway



### TTM revenue vs. LFL centres (indexed to 100)



# Transforming the customer environment



# Transforming the customer environment



Project	Cost	Date	Weeks to date	Incremental Rev	Payback	Year 1 ROI
Stevenage	£374k	Oct-14	47	£319k	1.1yrs	89%
Spring Quay	£140k	Sep-14	41	£116k	1.3yrs	75%
Eastleigh	£194k	Mar-15	17	£58k	1.3yrs	89%



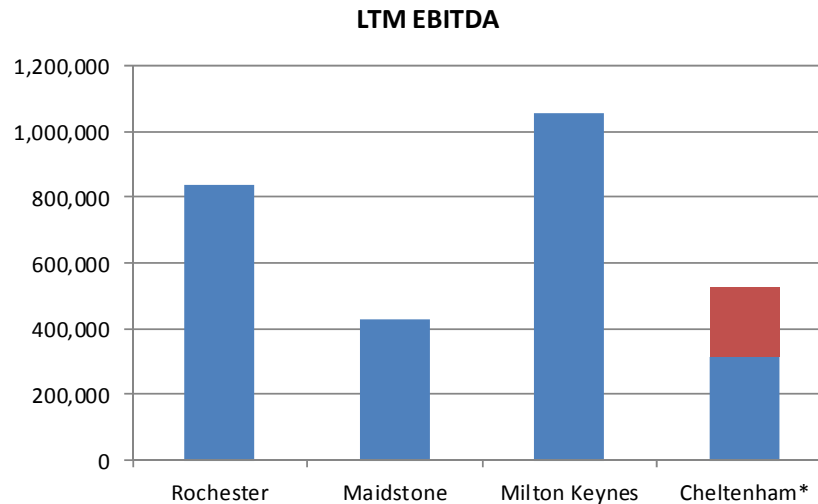
## Opportunities to increase scale

# Roll out opportunities



- Disciplined and highly targeted approach is a proven success
  - CACI profiling
  - Recent openings have over-performed
- TOBC is a highly valued partner
  - Driver of 'family' engagement with schemes
  - Large footprint, long commitment, strong covenant
- Increase in developer activity
  - Southampton and Derby in legals
  - Thirteen further schemes being evaluated

## New builds LTM EBITDA to April 15



*Note* Cheltenham opened in November 2014 so includes only six months of actual EBITDA and six months forecast

## Template site key metrics

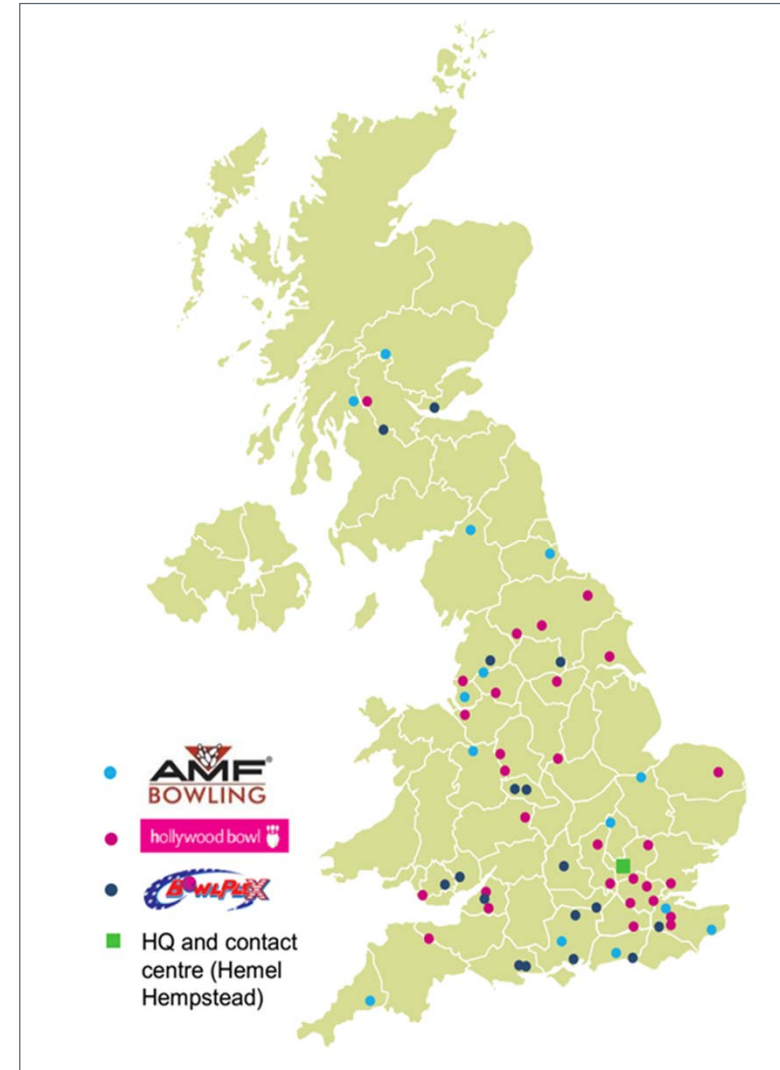
Mature EBITDA	£400k
Gross capex	£2,100k
Mature rent cover	2.6
ROIC	19%
LL contribution	£400k
ROIC after contribution	24%



# Bowling industry consolidation



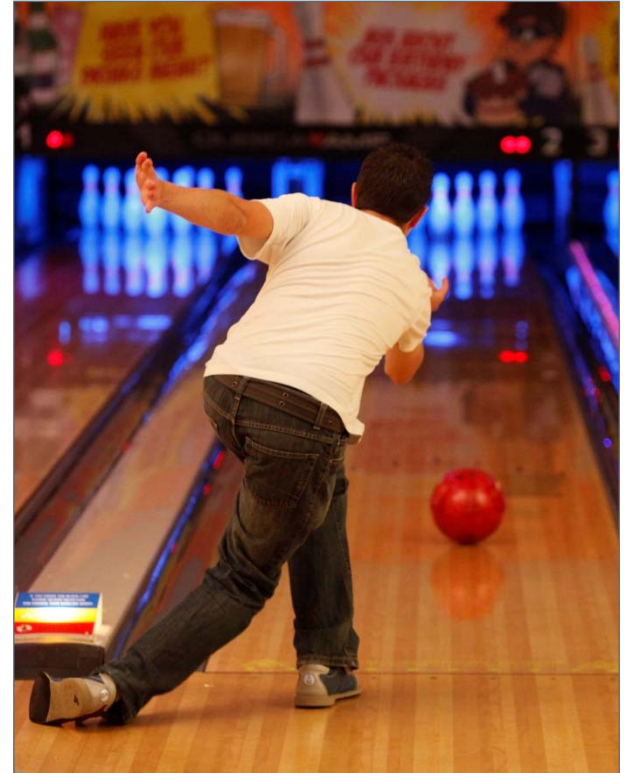
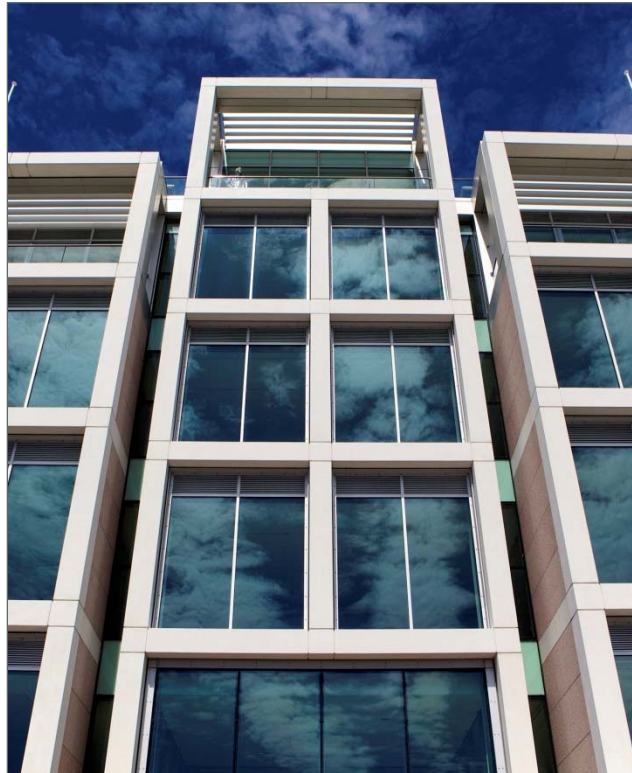
- In April we exchanged contracts to acquire Bowlplex, the fourth largest operator in the UK, conditional on approval from CMA with full walk away rights
- High quality assets that would benefit from our operating model
  - Rent cover of 2.2x
  - Invested estate with a majority of sites on leisure destinations
- TOBC achieves higher sales on comparably located sites
- Best-resourced to leverage synergies
- Increase EBITDAR margin
- Reduce central overhead



## In conclusion



- A well invested business that is truly customer-led, operating an experience that is unique and has universal appeal
- Deliverable business plan, built on a proven track record with a team committed to its success
  - Organic growth plan
  - Proven return on investment
- Genuine upside over and above the business plan
  - Pricing and further expansion opportunities
- Real opportunity for accelerated growth in a supportive economic environment



Alex Fortescue  
Electra Partners



## Excellent prospects for future investment performance

- Active ownership in partnership with management
- Detailed strategies in place across portfolio to:
  - Accelerate sales growth
  - Improve margins through scale and cost / productivity focus
  - Build through M&A
- High cash conversion rates to allow deleverage
- Buying well creates scope for multiple expansion

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