

Alaris Equity Partners Announces a Strong Finish to 2020

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And Start to 2021 With US\$74 Million of Investments in Two New Partners and the Restart of Partial Distributions from PF Growth Partners LLC

CALGARY, Jan. 7, 2021 - [Alaris Equity Partners Income Trust](#) (the "Trust") (TSX: AD.UN) is pleased to announce that its wholly owned subsidiary, Alaris Equity Partners USA, Inc. (collectively with the Trust and its other subsidiaries, "Alaris") has made investments of \$34.0 million (the "Edgewater Investment") into Edgewater Technical Associates, LLC ("Edgewater") and \$40.0 million (the "FNC Investment") into Falcon Master Holdings LLC ("FNC"), doing business as FNC Title Services (collectively the "Cumulative New Investments"). The Cumulative New Investments result in an approximate annual increase of CDN\$0.29 (a 10% increase) and CDN\$0.10 (a 6% increase) of revenue and net cash from operations per unit respectively. In addition to the above, Alaris will begin receiving \$333,333 a month from PF Growth Partners, LLC ("PFGP") from January 2021 through June 30, 2021. It is estimated that the cash flows associated with the Cumulative New Investments and partial payments from PFGP will decrease the Trust's Run Rate Payout Ratio by over 8% to below 70%.

With the Edgewater Investment closing on December 31, 2020, Alaris deployed approximately CDN\$171 million of gross capital in 2020, slightly above the 5-year average. Following the closing of the FNC Investment on January 7, 2021, Alaris is off to a strong start in 2021 and has deployed over CDN\$222 million in the last twelve months. Alaris' pipeline of new investment opportunities continues to be strong with active mandates under review.

"Our company's ability to advance our capital deployment program during the pandemic has been a significant positive for our unitholders. Adding two quality partners not only increases our revenue and cash flow but it also improves our diversification and safety. Both of these companies have proven that they can prosper during these difficult times and both transactions result in the management teams increasing their equity stake in their businesses. We look forward to long partnerships with Edgewater and FNC," said Steve King, President and CEO, Alaris.

Edgewater Investment

Pursuant to the agreements (the "Edgewater Agreements") among Alaris and Edgewater, Alaris made the \$34.0 million Edgewater Investment in exchange for: (i) \$30.6 million of preferred equity (the "Edgewater Contribution"), which will be entitled to annualized distributions of \$4.3 million (the "Edgewater Distribution") in the first full year, a pre-tax yield of 14%; and (ii) \$3.4 million for a minority ownership of common equity (the "Edgewater Common Equity").

Commencing on January 1, 2022, the Edgewater Distribution will be adjusted annually based on the percentage change in gross profit over the most recently completed 12-month period versus the prior 12-month period (January 1, 2022 reset based on fiscal 2021 vs fiscal 2020), subject to a collar of 6%. Edgewater can elect to defer up to 2% (\$0.6 million in the first full year) of the Edgewater Contribution with any such deferred distributions compounding at the current yield of the Edgewater Distribution. All deferred Edgewater Distributions are required to be paid in full every 3-years. The proceeds from the Edgewater Investment were used to facilitate a partial management buyout.

Based on Alaris' review of Edgewater's internal pro forma financial results for the most recent trailing twelve-month period in 2020, as well as the post-closing capital structure, management of Alaris believes that Edgewater would have an earnings coverage ratio between 1.2x and 1.5x, which gives effect to the Edgewater Investment and other changes to Edgewater's capital structure and the Edgewater Distribution payable to Alaris.

Founded in 2003 and employing over 400 highly skilled professionals, Edgewater is a professional and

technical services firm primarily supporting the U.S. Department of Energy as well as the U.S., U.K., and Canadian Commercial Nuclear Industry, and private sector businesses involved in high-hazard or complex operations through the provision of staff augmentation support in specialty areas such as nuclear operations, nuclear safety basis, multidisciplinary engineering, regulatory compliance, waste management, environmental remediation, maintenance, work control, waste transportation, and decommissioning and closure activities, as well as chemical inventory and removal, construction, and infrastructure upgrades.

FNC Investment

Pursuant to the agreements (the "FNC Agreements") among Alaris and FNC, Alaris collectively made the \$40.0 million FNC Investment in exchange for: (i) \$32.15 million of preferred equity (the "FNC Contribution"), which will be entitled to annualized distributions of \$4.5 million (the "FNC Distribution") in the first full year, a pre-tax yield of 14%; and (ii) \$7.85 million for a minority ownership of common equity (the "FNC Common Equity").

Commencing on January 1, 2022, the FNC Distribution will be adjusted annually based on the percentage change in gross profit over the most recently completed 12-month period versus the prior 12-month period (January 1, 2022 reset based on fiscal 2021 vs fiscal 2020), subject to a collar of 7%. The proceeds from the FNC Investment were used by FNC for a partial liquidity event and a partial redemption of certain equity holders.

Based on Alaris' review of FNC's internal pro forma financial results for the most recent trailing twelve-month period in 2020, as well as the post-closing capital structure, management of Alaris believes that FNC would have an earnings coverage ratio above 2.0x, which gives effect to the FNC Investment and other changes to FNC's capital structure and the FNC Distribution payable to Alaris.

Founded in 2007 FNC Title Services is a full-service title and settlement company, specializing in reverse mortgages that operates in 49 states and with approximately 80 employees. Management of FNC believes it is the only independent, nationwide player providing title and settlement services to the lenders in the reverse mortgage industry. FNC is specifically focused on meeting the title services needs of seniors through a specialized understanding of the senior citizen demographic and reverse mortgage market. FNC is deeply involved throughout the reverse mortgage process, providing a comprehensive set of title and closing services through its highly trained reverse mortgage professionals.

Update on PF Growth Partners LLC

Alaris is pleased to announce that it has entered an agreement with PFGP to receive monthly distributions of \$333,333 between January 2021 and June 30, 2021. This equates to approximately 40% of full distributions from PFGP. Following the last payment in June 2021 and assuming PFGP is compliant with its bank covenants at that time, Alaris would then be entitled to full distributions commencing in July 2021. Alaris and PFGP have also agreed to a payment plan on all deferred distributions with payments to begin being made in January 2022, or earlier if cash flows and bank covenants allow. All deferred distributions as of January 1, 2022 are to be paid over the 48 months ending December 31, 2025.

Following the announcements today, Alaris will have approximately CAD\$296 million drawn on its senior credit facility (the "Facility") and CAD\$53 million available for investment purposes while the total senior debt to EBITDA on a proforma basis is approximately 2.7x. Alaris's debt levels are expected to be reduced in the coming months due to proceeds from potential partner redemptions.

"We are so proud of what our Partners accomplished in a most difficult and unique business environment. Due to the strong demand for services/products our partners offer, we will see the majority of our partners with a positive reset to the 2021 distributions and will have only missed original organic revenue projections for 2020 by approximately 6%, far surpassing our expectations from April of 2020," said Darren Driscoll, Chief Financial Officer, Alaris.

ABOUT ALARIS:

The Trust, through its subsidiaries, indirectly provides alternative financing to private companies ("Partners") in exchange for distributions with the principal objective of generating stable and predictable cash flows for

payment of distributions to unitholders of the Trust. Distributions from the Partners are adjusted each year based on the percentage change of a "top line" financial performance measure such as gross margin and same-store sales and rank in priority to the owners' common equity position.

NON-IFRS MEASURES:

Run Rate Payout Ratio refers to Alaris' total distribution per unit expected to be paid over the next twelve months divided by the estimated net cash from operating activities per unit Alaris expects to generate over the same twelve-month period (after giving effect to the impact of all information disclosed as of the date of this report).

Earnings Coverage Ratio refers to the Normalized EBITDA of a Partner divided by such Partner's sum of debt servicing (interest and principal), unfunded capital expenditures and distributions to Alaris. Management believes the earnings coverage ratio is a useful metric in assessing our partners continued ability to make their contracted distributions.

The terms Run Rate Payout Ratio and Earnings Coverage Ratio (the "Non-IFRS Measure") are not standard measures under IFRS. Alaris' calculation of the Non-IFRS Measure may differ from those of other issuers and, therefore, should only be used in conjunction with the Trust's annual audited financial statements, which are available under the Trust's profile on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

This news release contains forward-looking statements, including forward-looking statements within the meaning of "safe harbor" provisions under applicable securities laws ("forward-looking statements"). Statements other than statements of historical fact contained in this news release may be forward-looking statements, including, without limitation, management's expectations, intentions and beliefs concerning: the financial impact of the Edgewater Investment and FNC Investment, including the Edgewater and FNC Distributions and adjustments thereto, and the restarting of partial distributions from PFGP, including, the impact on Alaris' revenue and net cash from operating activities; Edgewater's and FNC's Earnings Coverage Ratio; Alaris' Run Rate Payout Ratio and the impact of the Edgewater Investment, FNC Investment, and restarting of partial distributions from PFGP; the timing for the increase to full distributions from PFGP and the payment of deferred distributions from PFGP; Alaris's pipeline of investment opportunities; future potential Partner redemptions; and reductions in indebtedness under the Facility. Many of these statements can be identified by words such as "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. Any forward-looking statements herein which constitute a financial outlook or future-oriented financial information (including the impact on revenues, net cash from operating activities and Run Rate Payout Ratio) were approved by management as of the date hereof and have been included to provide an understanding of Alaris' financial performance and are subject to the same risks and assumptions disclosed herein. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur.

By their nature, forward-looking statements require Alaris to make assumptions and are subject to inherent risks and uncertainties. Assumptions about the performance of the Canadian and U.S. economies over the next 24 months and how that will affect Alaris' business and that of its Partners (including, without limitation, the ongoing impact of the COVID-19 pandemic ("COVID")) are material factors considered by Alaris management when setting the outlook for Alaris. Key assumptions include, but are not limited to, assumptions that: the Canadian and U.S. economies will continue to recover from the ongoing economic downturn created by the response to COVID within the next twelve months; interest rates will not rise in a material way over the next 12 to 24 months, that those Partners that have been or may be detrimentally affected by COVID will recover from the pandemic's impact and return to their current operating environments; following a recovery from COVID, the businesses of the majority of our Partners will continue to grow; more private companies will require access to alternative sources of capital; and that Alaris will have the ability to raise required equity and/or debt financing on acceptable terms. Management of Alaris has also assumed that the Canadian and U.S. dollar trading pair will remain in a range of approximately plus or minus 15% of the current rate over the next 6 months. In determining expectations for economic growth, management of Alaris primarily considers historical economic data provided by the Canadian and U.S. governments and their agencies as well as prevailing economic conditions at the time of such determinations.

Forward-looking statements are subject to risks, uncertainties and assumptions and should not be read as

guarantees or assurances of future performance. The actual results of the Trust and the Partners could materially differ from those anticipated in the forward-looking statements contained herein as a result of certain risk factors, including, but not limited to: how many Partners will be impacted by the COVID and the extent of such impact; the ability of our Partners and, correspondingly, Alaris to meet performance expectations for 2021 and beyond as a result of COVID or otherwise; any change in the senior lenders under the Facility's outlook for Alaris' business; management's ability to assess and mitigate the impacts of COVID; the dependence of Alaris on the Partners; reliance on key personnel; general economic conditions, including the ongoing impact of COVID on the Canadian, U.S. and global economies; failure to complete or realize the anticipated benefit of Alaris' financing arrangements with the Partners; a failure of the Trust or any Partners to obtain required regulatory approvals on a timely basis or at all; changes in legislation and regulations and the interpretations thereof; risks relating to the Partners and their businesses, including, without limitation, a material change in the operations of a Partner or the industries they operate in; inability to close additional Partner contributions in a timely fashion, or at all; a change in the ability of the Partners to continue to pay Alaris' distributions; a change in the unaudited information provided to the Trust; a failure of a Partner (or Partners) to realize on their anticipated growth strategies; a failure to achieve resolutions for outstanding issues with Partners on terms materially in line with management's expectations or at all; and a failure to realize the benefits of any concessions or relief measures provided by Alaris to any Partner or to successfully execute an exit strategy for a Partner where desired. Additional risks that may cause actual results to vary from those indicated are discussed under the heading "Risk Factors" and "Forward Looking Statements" in the Trust's Management Discussion and Analysis for the year ended December 31, 2019, which is filed under the Trust's profile at www.sedar.com and on its website at www.alarisequity.com.

Accordingly, readers are cautioned not to place undue reliance on any forward-looking information contained in this news release as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. Statements containing forward-looking information reflect management's current beliefs and assumptions based on information in its possession on the date of this news release. Although management believes that the assumptions reflected in the forward-looking statements contained herein are reasonable, there can be no assurance that such expectations will prove to be correct.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this news release are made as of the date of this news release and Alaris does not undertake or assume any obligation to update or revise such statements to reflect new events or circumstances except as expressly required by applicable securities legislation.

Neither the TSX nor its Regulation Services Provider (as that term is defined in the policies of the TSX) accepts responsibility for the adequacy or accuracy of this release.

(all numbers presented are in US dollars unless otherwise noted)

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Contact

Curtis Krawetz, Vice President, Investments and Investor Relations, [Alaris Equity Partners Income Trust](#), P: (403) 260-1457, Suite 250, 333 24th Avenue S.W., Calgary, Alberta T2S 3E6, www.alarisequitypartners.com

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