

Alaris Royalty Corp. Contributes US\$46 Million to a New Partner and Increases Dividend

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CALGARY, Nov. 19, 2018 - [Alaris Royalty Corp.](#) ("Alaris" or the "Corporation") (TSX: AD) is pleased to announce that it has contributed US\$46,000,000 (the "GWM Contribution") to a new partner, GWM Holdings, Inc. ("GWM") and a subsidiary thereof. The GWM Contribution results in an increase of approximately \$0.20 cents and \$0.10 cents per share of revenue and net cash from operations respectively. Based on the GWM Contribution and outlook of the Corporation, Alaris is also pleased to announce an increase to its dividend of three cents per share (the "Dividend Increase") on an annual basis, bringing the monthly dividend to \$0.1375 (\$1.65 per share annualized) from the current \$0.135 (\$1.62 per share annualized). The Dividend Increase will apply to the November dividend, payable in December. Following the GWM Contribution and Dividend Increase Alaris estimates its run-rate payout ratio to be approximately 90%.

"Given recent capital deployment into current and new partners, the confidence we have in another strong aggregate distribution reset coming January 1, 2019 and continued capital deployment opportunities in front of us, we are pleased to be able to pass along a modest dividend increase to our shareholders," said Darren Driscoll, Chief Financial Officer, Alaris.

NEW PARTNER – GWM Holdings, Inc.

GWM Holdings, Inc. provides data-driven digital marketing solutions for advertisers globally. The company manages performance and branding campaigns for advertisers across all forms of digital media including display, video, connected TV, social, and email on devices including computers, mobile, tablets, and Connected TV. With a global presence, GWM has offices in North America, Asia, and Europe.

Pursuant to the agreements (the "GWM Agreements") among Alaris, Alaris USA and GWM, Alaris and Alaris USA collectively made the US\$46,000,000 GWM Contribution in exchange for an aggregate annualized cash distribution of US\$5,580,000 (the "GWM Distribution"). Due to the structure used for the GWM Contribution, the after-tax yield on the GWM Distribution is expected to be equivalent to that of a deal done at a first year pre-tax yield of approximately 13%. Commencing on January 1, 2020, the GWM Distribution will be adjusted annually based on the percentage change in gross revenue over the most recently completed 12 month period versus the prior 12 month period, subject to a collar of 8%. A wider collar on the GWM Distribution will allow Alaris to capture more upside through larger resets as GWM is expecting significant growth in the years to come. Given the growth profile of GWM, the 8% collar and an 8.57x predetermined exit multiple, Alaris is expecting returns equal to or greater than prior deals that had higher first year pre-tax yields. GWM used the proceeds from the GWM Contribution to complete a management buyout of an existing equity sponsor.

"We are extremely pleased to be adding GWM as a new partner. The management team of GWM targeted Alaris as a way of increasing their stake in their company as they continue on their high growth trajectory. Transitioning from traditional private equity ownership to a partnership with Alaris will result in a significant gain for them if they achieve the objectives that they've set. For Alaris, the company has not only shown excellent growth, they are a true cash conversion business with low levels of debt or required capital expenditures. Combine that with a high free cash flow cushion and we are confident that we've added another very strong partner," said Steve King, President and Chief Executive Officer, Alaris.

Based on Alaris' review of GWM's internal pro forma results for the most recent trailing twelve month period in 2018, management of Alaris believes that GWM would have an earnings coverage ratio in a range of 1.5x to 2.0x, after giving effect to the GWM Contribution, other changes to GWM's capital structure and the GWM Distribution payable to Alaris.

DECLARATION OF NOVEMBER DIVIDEND

The Board of Directors of the Corporation has declared a dividend of \$0.1375 per common share for the month of November 2018, representing \$1.65 per share on an annualized basis. The dividend is payable on December 17, 2018 to shareholders of record on November 30, 2018. The ex-dividend date is November 29, 2018.

This dividend is designated by the Corporation to be an eligible dividend for the purpose of the Income Tax Act (Canada) and any similar provincial or territorial legislation. An enhanced dividend tax credit applies to eligible dividends paid to Canadian residents.

ABOUT THE CORPORATION:

Alaris provides alternative financing to private companies ("Partners") in exchange for distributions with the principal objective of generating stable and predictable cash flows for dividend payments to its shareholders. 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-GAAP MEASURES:

Earnings Coverage Ratio refers to the Normalized EBITDA of a Partner divided by such Partner's sum of debt servicing (interest and principal), unfunded maintenance capital expenditures and distributions to Alaris.

Run Rate Payout Ratio refers to Alaris's total dividend per share expected to be paid over the next twelve months divided by the estimated net cash from operating activities per share 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).

EBITDA refers to net earnings (loss) of a Partner determined in accordance with IFRS, before depreciation and amortization, net of gain or loss on disposal of capital assets, interest expense and income tax expense.

Normalized EBITDA refers to the EBITDA of a Partner excluding items that are non-recurring in nature and is calculated by adjusting for nonrecurring expenses and gains to EBITDA. Management deems non-recurring items to be unusual and/or infrequent items that its Partner incurs outside of its common day-to-day operations.

FORWARD LOOKING STATEMENTS

This news release contains forward-looking statements as defined under applicable securities laws. Statements other than statements of historical fact contained in this news release may be forward-looking statements under applicable securities legislation, including, without limitation, management's expectations, intentions and beliefs concerning: the impact of the GWM Contribution and the Dividend Increase (including the impact on revenues, distributions, run rate payout ratio and net cash from operating activities), the GWM Distributions (including adjustments thereto); the impact of the wider collar; and the impact of the GWM Contribution on the returns that GWM's common equity holders can achieve. 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. To the extent any forward-looking statements herein constitute a financial outlook (including the impact on revenues, distributions, run rate

payout ratio and net cash from operating activities), they were approved by management as of the date hereof and have been included to provide an understanding with respect to 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 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 grow moderately over the next 12 months, that interest rates will not rise in a material way over the next 12 to 24 months, that Alaris will achieve the benefits of any concessions or relief measures provided to any Partners, that the Partners will continue to make distributions to Alaris as and when required and in line with management's expectations, that the businesses of the Partners will continue to grow 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 capital markets will remain stable and that the Canadian dollar will remain in a range of approximately plus or minus 10% relative to the U.S. dollar over the next twelve 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.

There can be no assurance that the assumptions, plans, intentions or expectations upon which these forward looking statements are based will occur. 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 Corporation 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, the following: the dependence of Alaris on the Partners; reliance on key personnel; general economic conditions; failure to complete or realize the anticipated benefit of Alaris' financing arrangements with the Partners; a failure of the Corporation 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' preferred distributions; a change in the unaudited information provided to the Corporation; 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 Corporation's Management Discussion and Analysis for the year ended December 31, 2017, which is filed under the Corporation's profile at www.sedar.com and on its website at www.alarisroyalty.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.

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