

# GTCR

# GROWTH BUSINESS SERVICES

## Leadership Newsletter

Fall 2019

### GTCR Firm Update

Since the firm's inception in 1980, **GTCR** has partnered with management teams to build and transform growth businesses, investing over \$15 billion in more than 200 companies. In 2017, we closed **GTCR Fund XII**, the firm's largest fund to date, with **\$5.25 billion** of limited partner capital commitments. This fund follows GTCR Fund XI, which we closed in 2014, with \$3.85 billion of limited partner capital commitments. GTCR Fund XI completed 17 platform acquisitions and approximately 60 add-on acquisitions across the Growth Business Services, Technology, Media & Telecommunications, Financial Services & Technology, and Healthcare sectors.



Acquisition Activity Since 2010  
Additional Information\*

# Growth Business Services Group Update



*The Growth Business Services (“GBS”) team remained very active in 2019. We completed 32 transactions worth more than **\$7 billion** including:*

- » **Sale** of partial stake in Park Place Technologies and **two add-on acquisitions**
- » **Acquisition** of AssuredPartners and 24 **add-on acquisitions**
- » One Vivid Seats **add-on acquisition**
- » One debt-financed **recapitalization** by Sotera Health
- » **Remaining divestitures** of Fairway markets in three transactions (final sale pending)

The group was also active in the capital markets with over **\$900 million** of new term loans and bonds issued by GBS portfolio companies in 2019, including a debt-financed recapitalization at Sotera Health, new term loans and bonds at AssuredPartners, and incremental term loans at Park Place.

Since 2010, the GBS group has made nine new platform investments and 165 add-on acquisitions, for a total of 174 transactions with a combined purchase price of over \$14 billion. We continue to identify attractive opportunities to invest capital in our core GBS industry verticals.

## Growth Business Services Core Verticals

TECHNOLOGY BASED / SUBSCRIPTION SERVICES	       
FACILITIES BASED / INDUSTRIAL SERVICES	   
MARKETING & MEDIA SERVICES	   
INSURANCE / RISK MANAGEMENT SERVICES	  
LOGISTICS / DISTRIBUTION SERVICES	   
PEOPLE BASED SERVICES	 
EDUCATIONAL SERVICES	

Please see the Appendix for a complete list of all of our investments in the Growth Business Services sector since 1996

## Portfolio Company Snapshot

GTCR's portfolio companies have been highly acquisitive — approximately 75 percent of capital invested since 2000 has been in companies that have completed at least one add-on acquisition. As this activity illustrates, we view inorganic growth as a critical element of value creation and, therefore, seek to develop robust and creative acquisition strategies. All of our active Growth Business Services companies are looking for and evaluating add-on acquisitions in this market environment.

Below is a snapshot of our recent portfolio company activity. These five companies have completed 46 add-on acquisitions so far under our ownership.

COMPANY	SECTOR	CEO	ACTIVITY
	Third-party maintenance provider	Chris Adams	12 add-on acquisitions, debt-financed recapitalization, partial sale in September 2019, and incremental term loan financings
	Insurance brokerage	Jim Henderson	Platform acquisition by GTCR in May 2019; 24 add-on acquisitions and new term loans and bonds issued
	Online secondary ticketing	Stan Chia	Appointed new CEO and completed its first add-on acquisition
	Outsourced contract sterilization and lab testing services	Michael Petras	Five add-on acquisitions, one divestiture, and three debt-financed recapitalizations
	Outdoor billboard advertising	Kevin Gleason	Completed four add-on acquisitions and three divestitures of nine markets, with signed agreement to exit final two markets

# Portfolio Company Spotlight



**Park Place Technologies**, Cleveland, OH

*CEO: Chris Adams*

*Platform Acquisition: December 2015*

*Recent Acquisition: August 2019*

*Recent Recapitalization: September 2019*

In December 2015, GTCR acquired Park Place Technologies ("Park Place"), a leading third-party maintenance ("TPM") provider, offering multi-vendor, post-warranty data center maintenance services. GTCR leveraged its history of investment in outsourced business services and deep domain expertise in internet and computing infrastructure to quickly identify the compelling value proposition Park Place delivers to its customers.

GTCR partnered with CEO Ed Kenty, COO Chris Adams and senior management to enhance Park Place's service offerings and transform the company into a global leader. Park Place's history of strong operating metrics, organic growth and development of sales talent demonstrated management's impressive execution and drove GTCR's conviction in Park Place as an excellent platform opportunity.

Under GTCR's ownership, Park Place continued to drive organic growth through expansion into international markets and the addition of new service offerings. Since GTCR's acquisition, Park Place has become a global TPM leader adding ten new offices across Europe, South America and Asia and doubling service coverage to approximately 150 countries today.

Park Place's organic growth engine has been supplemented by completing 12 add-on acquisitions. These acquisitions helped fuel the company's international expansion, strengthen its competitive position and add key talent. Park Place's recent acquisitions have accelerated growth of the company's remote monitoring solution and enhanced its value proposition to customers. Park Place remains highly active in M&A and continues to seek acquisition opportunities in the U.S. and internationally.

In January 2019, Mr. Kenty retired and Mr. Adams assumed the CEO role in a planned succession. Prior to becoming CEO, Mr. Adams served as President and COO. Since joining Park Place in 2006, Mr. Adams has overseen global operations, IT, product development and M&A. Mr. Kenty and Mr. Adams, along with the senior management team, were instrumental in driving organic growth while seamlessly integrating acquisitions. Their ability to create value is a testament to the efficacy of the Leaders Strategy™.

In September 2019, GTCR recapitalized Park Place in a partnership with Charlesbank Capital Partners and Park Place management. The new partnership will support continued transformation at Park Place and Charlesbank's sector expertise will make them a valuable partner. We are excited about the next phase of growth for Park Place, which will include new products, further international expansion and additional acquisitions.

# Portfolio Company Profiles



**AssuredPartners**, Lake Mary, FL  
*CEO: Jim Henderson*  
*Platform Acquisition: May 2019*  
*Recent Acquisition: October 2019*

In executing the Leaders Strategy™, GTCR Fund X originally partnered with CEO Jim Henderson and President Tom Riley in 2011 to form AssuredPartners with the goal of building a leading middle market insurance broker through acquisitions and organic growth. Today, AssuredPartners is one of the fastest-growing, full-service insurance brokers in the United States, offering property and casualty and employee benefits insurance products and services to middle-market businesses, public institutions and high-net-worth individuals. AssuredPartners serves over 400,000 clients and has relationships with over 1,700 insurance carriers.

GTCR Fund XII recapitalized AssuredPartners in May 2019 in a partnership with Apax Partners and management.

AssuredPartners has built a high quality, scalable platform that benefits from diversification across customers, brokers, geographies, end markets and carriers. The management team remains focused on executing on its acquisition strategy, accelerating organic revenue growth through investments in producer recruitment and training, and building further specialization within niche product lines and industries where deep expertise is valued and insulates the company from competition.

AssuredPartners has already completed 24 add-on acquisitions since GTCR's recent investment in May 2019.



**Vivid Seats**, Chicago, IL

*CEO: Stan Chia*

*Platform Acquisition: June 2017*

*Recent Acquisition: April 2019*

In June 2017, GTCR partnered with co-founders Jerry Bednyak and Eric Vassilatos to recapitalize Vivid Seats. Headquartered in Chicago, Illinois, Vivid Seats is one of the largest independent marketplaces for tickets to live sports, concerts and theater events. The company currently offers tickets to over 100,000 live events and facilitates the sale of millions of tickets per year.

The Vivid Seats opportunity grew out of GTCR's long history of investment in network-driven service businesses and deep domain expertise in software and technology. The unique value proposition that Vivid Seats brings to buyers and sellers in the secondary ticketing marketplace has driven strong growth and growing brand awareness.

In October 2018, Vivid Seats announced the appointment of Stan Chia as Chief Executive Officer. Most recently, Mr. Chia was Chief Operating Officer (COO) at Grubhub, the nation's leading online and mobile food ordering and delivery marketplace. During his tenure as COO, Mr. Chia helped significantly grow Grubhub's restaurant network to more than 95,000 restaurants in 1,700 cities nationwide and was the architect of the rapidly expanding Grubhub Delivery Network. Prior to Grubhub, Mr. Chia led strategic businesses and organizations at Amazon, Cisco and General Electric. Vivid Seats co-founders Eric Vassilatos and Jerry Bednyak transitioned daily operations to Mr. Chia and the leadership team. Both co-founders remain actively involved as co-chairmen of the Vivid Seats board of directors and also as major investors.

In April 2019, Vivid Seats completed the acquisition of Toronto-based Fanxchange, a B2B white label ticketing solution for distribution partners such as travel and rewards sites, allowing their users to access tickets to live events.

GTCR and the Vivid Seats management team are focused on continuing to grow the company both organically and through strategic M&A.



**Sotera Health (f.k.a. Sterigenics)**, Cleveland, OH

*CEO: Michael Petras*

*Platform Acquisition: March 2011*

*Recent Recapitalization: August 2019*

*Recent Acquisition: August 2018*

In 2011, GTCR partnered with Michael Mulhern, the successful CEO of two previous GTCR investments, to acquire Sterigenics, now operating as Sotera Health ("Sotera"), a global leader in outsourced sterilization, lab services and gamma technologies across a global network of approximately 60 facilities.

Between 2011 and May 2015, the company completed three add-on acquisitions, including the transformative acquisition of Nordion to create the only vertically integrated sterilization services company in the world.

In May 2015, GTCR recapitalized Sotera in partnership with Warburg Pincus and Sotera's management team. Subsequent to the recapitalization, Sotera completed five additional acquisitions: CBE, a Brazilian sterilization company; Nelson Labs, a microbiology testing lab; Reviss, a cobalt-60 supplier; Toxikon, an extractables and leachables testing lab; and Gibraltar Labs, a microbiology & analytical services lab. In August 2018, Sotera divested its non-strategic medical isotopes business to BWXT. Sotera also completed debt-financed recapitalizations in November 2016, November 2017 and August 2019.

In June 2016, Michael Mulhern transitioned from CEO to serve as Executive Chairman, and Michael Petras joined the company as CEO. Mr. Petras was previously with Cardinal Health, where he served as President of the Post-Acute Solutions business. Before joining Cardinal, Mr. Petras was the CEO of AssuraMed, a leading medical products supplier, which Cardinal Health acquired for \$2 billion in 2013. In November 2017, the company name was changed to Sotera Health to reflect a more integrated value proposition to customers through its offering of sterilization solutions, lab services and a reliable supply of radioisotopes.

Sotera Health has been active in the capital markets recently. The latest recapitalization in August 2019 included the pricing of an incremental term loan.

Sotera continues to leverage and expand its global network and service offering to better serve existing and new customers. The company is seeking additional acquisitions in the sterilization and lab testing markets, as well as potentially broader and more transformative opportunities.





**Fairway Outdoor Advertising, Duncan, SC**

*CEO: Kevin Gleason*

*Platform Acquisition: January 2015*

*Recent Acquisition: June 2017*

*Recent Divestiture: August 2019*

In January 2015, GTCR partnered with Adams Outdoor to acquire Fairway Media Group ("Fairway"). Fairway was the fourth largest outdoor advertising company in the United States and operated approximately 20,000 bulletins, posters and digital displays across key metro areas in the Southeast, Southwest and Midwest.

As a creative extension of our Leaders Strategy™, GTCR partnered with Adams Outdoor and its CEO Kevin Gleason and senior management team. Mr. Gleason and team are seasoned veterans of the outdoor advertising industry, having led Adams Outdoor for the past two decades.

Since the initial acquisition, Fairway worked to optimize its market footprint, completing four add-on acquisitions. In 2015, Fairway completed two acquisitions, LaFoy and Hall, which improved Fairway's position in the Chattanooga market. In January 2017, Fairway completed a strategic asset swap with Clear Channel Outdoor, which enhanced Fairway's position in the Indianapolis market. In June 2017, Fairway completed a strategic asset swap with Lamar Advertising Company.

GTCR began pursuing strategic alternatives for Fairway in 2018. From December 2018 to August 2019, Fairway divested nine of its 11 markets through three separate sales to Lamar Advertising, Reagan Outdoor Advertising and Lindmark Outdoor. In October 2019 Fairway signed a definitive agreement to sell its remaining two markets to Standard General. The transaction is expected to close by the end of the year.

After completing the sale of these two remaining operating divisions, Fairway will wind down its corporate activities.

## Capital Markets Activity

COMPANY	CAPITAL MARKETS ACTIVITY
	<ul style="list-style-type: none"><li>» In March 2019 and August 2019 Park Place raised incremental term loans under its existing credit facilities to finance acquisitions</li><li>» In September 2019, Park Place raised incremental term loans in connection with the recapitalization of the Company by GTCR, Charlesbank and management</li></ul>
	<ul style="list-style-type: none"><li>» In May 2019, AssuredPartners issued new term loans and bonds in connection with the recapitalization completed by GTCR, Apax and management</li></ul>
	<ul style="list-style-type: none"><li>» In August 2019, Sotera raised incremental term loans to finance a recapitalization</li></ul>

## GBS Team Update

### ASSOCIATE

**Kevin Doherty** joined GTCR in 2019. Prior to joining GTCR, he worked as an Investment Banking Analyst in the Technology Group at Jefferies. Mr. Doherty graduated with highest honors from the University of Illinois at Urbana-Champaign with a BS in Finance and Accountancy.

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## Appendix: GBS Investments Since 1996

- » Accretive Solutions
- » American Sanitary
- » AssuredPartners
- » Cambridge Protection Industries
- » Cardinal Logistics Management
- » Classic Media
- » Clicklogistics
- » Coinmach
- » Esquire Communications
- » Fairway Outdoor Advertising
- » ForeFront Education
- » Frontline Group
- » Golden Gate Logistics
- » GreatCall
- » Hawkeye Communications
- » Heritage Golf
- » HSM Electronic Protection Services
- » Intecap
- » Invenergy Hardee
- » Ironshore
- » Landmark Aviation
- » Leapsource
- » Lighthouse
- » National Equipment Services
- » NSC Communications Corporation
- » Park Place Technologies
- » Protection1
- » Risk Management Alternatives
- » Sotera Health (*f.k.a.* Sterigenics International)
- » Student Transportation of America
- » Synagro Technologies
- » Syniverse Technologies
- » U.S. Fleet Services
- » VecTour
- » Vivid Seats
- » Wallace Theater

For a complete list of all active and prior GTCR portfolio companies, please visit **[gtcr.com](http://gtcr.com)**

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*\* This information represents the approximate number of platform acquisitions and add-on acquisitions, and the aggregate purchase price associated with such acquisitions, completed by GTCR's Growth Business Services group since 2010, as of October 31, 2019. The actual amounts may exceed the amounts set forth above and, with respect to purchase price, include the amount paid by all investors in the applicable GTCR portfolio company. This information reflects investments that were made across multiple funds during different economic cycles. If a portfolio company has been categorized in more than one industry group by GTCR, it may be separately included in the number of platform acquisitions and add-on acquisitions, and the aggregate purchase price associated with such acquisitions, completed by each group. This information does not reflect or relate to fund or portfolio company performance in any manner whatsoever, and is provided solely to illustrate recent activity with respect to Growth Business Services portfolio companies.*