

Alaris Equity Partners Announces an Investment of US\$36.5 Million Into a New Partner

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CALGARY, April 27, 2023 - *(all numbers in this release are in Canadian dollars (CDN\$) unless otherwise noted)* [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 an investment of US\$36.5 million (the "FMP Investment") into Federal Management Partners, LLC. ("FMP"). There is a further US\$3.5 million ("Tranche 2") available to FMP in a second tranche if FMP achieves certain financial hurdles.

"We're very pleased to be welcoming FMP to the Alaris family. FMP has shown an outstanding ability to deliver both steady cash flow and growth over their long history. Recurring revenue from long-term relationships in numerous government agencies makes this a low volatility business in any economic environment. We look forward to a long and prosperous relationship with our newest partner," said Steve King, President and Chief Executive Officer, Alaris.

FMP Investment

The FMP Investment consists of: (i) US\$30.5 million (the "FMP Preferred Contribution") of preferred equity, entitling Alaris to an initial annualized distribution of US\$4.3 million (the "FMP Distribution"); and (ii) US\$6.0 million (the "FMP Common Equity") for a minority common equity ownership in FMP. The FMP Distribution is equivalent to a pre-tax yield of 14% in the first full year after the FMP Contribution. FMP can elect to defer a portion of the FMP Distribution for up to 3% (\$0.92 million in the first full year) of the FMP Preferred Contribution with any such deferred distributions compounding at the current yield of the FMP Distribution. If FMP achieves the financial hurdles, Tranche 2 will consist entirely of additional preferred equity and will have the same yield and rights as the initial FMP Preferred Contribution. Following the FMP Investment, Alaris expects its run rate payout ratio to be between 65% and 70%. This does not take into account Alaris receiving dividends on the FMP Common Equity, which it is entitled to as cash flow permits.

Commencing on January 1, 2024, the FMP 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 (January 1, 2024 adjustment will be based on fiscal 2023 vs fiscal 2022), subject to a collar of 7%.

Alaris Management believe that FMP will have an earnings coverage ratio between 1.2x and 1.5x, based on: (i) Alaris' review of FMP's internal pro forma financial results for the most recent trailing twelve-month period in 2023, (ii) certain other changes to FMP's capital structure and (iii) the FMP Distribution payable to Alaris. Proceeds of the FMP Contribution were used to provide a partial liquidity event to equity holders.

FMP is a leading-edge professional services firm that provides evidence-based workforce and organizational management solutions to transform the public sector. The Company leverages its strategic human capital experience to develop practical, customized solutions focused on engaging employees and empowering organizations. The Company is a collection of 100+ expert consultants whose mission is to be at the forefront of virtually every government-wide human capital initiative over the last two decades.

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:

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.

Normalized EBITDA refers to EBITDA excluding items that are non-recurring in nature and is calculated by adjusting for non-recurring expenses and gains to EBITDA. Management deems non-recurring charges to be unusual and/or infrequent charges that our Partners incur outside of its common day-to-day operations.

EBITDA refers to earnings 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. EBITDA is used by management and many investors to determine the ability of an issuer to generate cash from operations.

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 that 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).

The terms Run Rate Payout Ratio, Earnings Coverage Ratio, Normalized EBITDA and EBITDA (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 and unaudited interim financial statements, which are available under the Trust's (and its predecessor'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 FMP Contribution, including the FMP Distribution and adjustments thereto and the impact on Alaris' revenue and net cash from operating activities; FMP's Earnings Coverage Ratio; Alaris' Run Rate Payout Ratio and the impact of the FMP Contribution thereon. 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, any ongoing impact of COVID-19) are material factors considered by Alaris management when setting the outlook for Alaris. Key assumptions include, but are not limited to, assumptions that: interest rates will not rise in a manner materially different from the prevailing market expectations over the next 12 to 24 months; that COVID-19 or any variants therefore will not impact the economy or any Partners' operations in a material way in the next 12 months; the businesses of the majority of our Partners will continue to grow; the businesses of new Partners and those of existing partners will perform in line with Alaris' expectations and diligence; 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: an increase in COVID-19 or similar health crises restrictions; the ability of our Partners and, correspondingly, Alaris to meet performance expectations for 2023; any change in the senior lenders under the Facility's outlook for Alaris' business; management's ability to assess and mitigate the impacts of any local, regional, national or international health crises like COVID-19; the dependence of Alaris on the Partners; reliance on key personnel; general economic conditions in Canada, North America and globally; 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 the expected benefits of the third-party asset management strategy or similar new investment structures and 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, 2021, which is filed under the Trust's profile at www.sedar.com and on its website at www.alarisequitypartners.com.

This news release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about increases to the Trust's net operating cash per flow per unit and liquidity, each of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth above. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on FOFI and forward-looking statements. Alaris' actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and FOFI, or if any of them do so, what benefits the Trust will derive therefrom. The Trust has included the forward-looking statements and FOFI in order to provide readers with a more complete perspective on Alaris' future operations and such information may not be appropriate for other purposes. Alaris disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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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