

UNDER EMBARGO until 07 January 2019; 10.00hrs GMT

## Synova secures agreement for sale of Stackhouse Poland

Leading growth investor **Synova Capital** (“Synova”) is delighted to announce that an agreement has been reached for the sale of portfolio company **Stackhouse Poland Group Limited** (“Stackhouse Poland” or the “Group”) to **Arthur J. Gallagher & Co.** [NYSE: AJG] (“Gallagher”), the US headquartered global insurance brokerage and risk management firm. The transaction, which remains subject only to regulatory approval, will generate **5.6x invested capital** and an **IRR of 52%** to Synova.

Following Synova’s investment, Stackhouse Poland has increased revenues threefold to £55m, placing £300m of GWP into the market, through a mix of organic growth and targeted acquisitions, transforming the Group into a highly successful, large-scale specialist UK insurance broker. Employee numbers have grown similarly (from 160 to more than 500) with the Group now operating from a network of 23 offices across the UK with well-established insurance divisions specialising in high-net-worth private clients, real estate, commercial, healthcare and a wide range of specialist insurance sectors.

**David Menton, a Managing Partner of Synova and a Non-Executive Director of Stackhouse Poland, noted:** *“Stackhouse Poland represents another highly successful partnership for Synova. Having targeted the high-net-worth brokerage sector, we contacted the shareholders when revenues were sub-£10m; patiently developing the relationship led to us investing alongside newly appointed CEO, Tim Johnson, in 2014.*

*Together, over the past four years, we have recruited a high quality team, rolled out scalable IT solutions across the platform, integrated acquisitions effectively, and delivered exceptional growth. I would personally like to pay tribute to Jeremy (Cary), James (Agnew) and Tim for their partnership, and their friendship, throughout the Stackhouse Poland-Synova journey. We wish Tim and the team continued success in their future partnership with Michael Rea and his team at Gallagher.”*

**Jeremy Cary, Chairman of Stackhouse Poland, commented:** *“It has been a pleasure working in what I have always described as a ‘true partnership’ with Synova. Their insights and guidance have allowed Stackhouse Poland, and most importantly our people, to flourish over the past four years. Synova have supported our growth strategy as well as helping us ensure our distinctive culture remained at the heart of the Group. From reaching out to me and my fellow shareholders in 2012 and investing in 2014, to building the strategy together and empowering the wider management team under Tim Johnson, Synova have delivered all that they promised.”*

**Tim Johnson, CEO of Stackhouse Poland, said:** *“I have enjoyed every minute of my four year journey with Synova; their knowledge of our industry, their understanding of the important building blocks of growth, and the discipline that comes from having a focused private equity partner has been invaluable. Most importantly, we have learnt from each other along the way.*



*We invested together, alongside two remarkable shareholders, with a plan to build Stackhouse Poland into the UK's pre-eminent private client and specialist commercial lines broker, and I'm thrilled that this plan has been recognised by Gallagher with its commitment to support our team by becoming our global partner for the future."*

*"Having begun life as a small, general practice broker, Stackhouse Poland has since grown through a well-managed blend of organic growth and targeted acquisitions, just like Gallagher," said **J. Patrick Gallagher, Jr., Chairman, President and CEO.** "With its suite of specialisms and first-class reputation among clients in the UK marketplace, it will make an outstanding addition to our global team."*

On reaching the agreement, **Michael Rea, CEO of the UK Retail division at Gallagher**, which serves customers from more than 50 locations, said: *"This is a fantastic opportunity to bring together our two high-performing businesses. We've long admired Stackhouse Poland as an ambitious, well-run insurance broker with an impressive portfolio of specialisms that are highly complementary to our own, such as private clients, real estate, marine, churches and education. From our earliest discussions with Tim and the team, it was clear their business, like ours, has been built around a relentless focus on client service and we look forward to creating an extraordinary business together."*

#### **NOTES:**

1. **Synova** is recognised as one of Europe's leading growth investors, generating class-leading returns from investing in companies typically valued at between £10m and £100m. Key verticals include Financial Services, Technology, Business Services, and Health & Education

David Menton, Alex Bowden and Matthew Charman led the transaction for Synova. Further information is available from [www.synova-capital.com](http://www.synova-capital.com) or by email to [press@synova-capital.com](mailto:press@synova-capital.com)

2. [Synova Fund II invested in Stackhouse Poland in December 2014](#), providing strategic support for the management team and capital for acquisitions. The Group successfully completed 12 acquisitions over the period funded by Synova and Lloyds Banking Group, and subsequently through a refinancing led by Ares Management in March 2017. During Synova's period of ownership both revenue and employee numbers increased threefold with GWP and EBITDA both increasing fourfold
3. **Arthur J. Gallagher & Co.** ([NYSE:AJG], a global insurance brokerage, risk management and consulting services firm, is headquartered in Rolling Meadows, Illinois. The company has operations in 35 countries and offers client service capabilities in more than 150 countries around the world through a network of correspondent brokers and consultants. For further information visit [www.ajg.com](http://www.ajg.com) and [www.ajg.com/uk](http://www.ajg.com/uk)
4. Evercore acted as corporate finance advisers to the Stackhouse Poland shareholders with Stephens & Bolton providing legal advice; Vendor Due Diligence was conducted by Deloitte (financial) and PwC (commercial) with BDO and Wyvern Partners providing tax, debt and management advice respectively

#### **CONTACT:**

David Menton, Managing Partner, Tel: +44 (0)20 3475 7660