

Lead Left Interview – Mark MacTavish

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This week we chat with Mark MacTavish, a Managing Director at ONCAP, which is the dedicated middle market private equity platform of Onex Corporation. Onex was founded in 1984 and manages approximately \$24 billion in assets, principally through two private equity platforms, in which each Onex is the largest investor. In November 2016, ONCAP raised ONCAP IV, a \$1.1 billion fund and seeks to invest \$50 to \$200 million for control or substantial minority ownership positions in North American headquartered businesses which generate EBITDA in excess of \$15 mm across a broad range of industries.

Mark joined ONCAP at its inception in January 2000 in Toronto and relocated to New York in 2017. Mark oversees ONCAP's U.S. office and leads ONCAP's origination and due diligence and portfolio company efforts in the Consumer sector including Consumer Products, Food & Beverage, and Specialty Retail.

***The Lead Left:** Mark, thanks for making time for us today. Tell us about what's going on at ONCAP.*

Mark MacTavish: In the 18 years since inception, we've invested in 21 platform businesses and completed over 120 add-on acquisitions. In late 2016 we closed Fund IV at \$1.1 billion and in early 2017 we opened an office in New York to establish ONCAP's physical presence in the U.S. I should clarify, however, that we have been investing in U.S. headquartered businesses since 2000. 2017 has been another very busy year for ONCAP as we worked with our management partners to continue to grow our 10 current platform businesses and we are hopeful we'll complete at least one more platform acquisition by the end of the year.

***TLL:** How has ONCAP evolved over time?*

MM: ONCAP was created by Onex Corporation in 1999 to continue Onex's success in the middle market as Onex Corporation moved to larger transactions. ONCAP's first fund was a C\$400 million fund and was initially managed by four investing professionals based in Toronto – all of whom are still with ONCAP today. Our second fund, a C\$574 million fund, was closed in 2006 and our third, a C\$800 million fund, was raised in September 2011. Today, our team managing Fund IV is comprised of 21 investment professionals across two offices in Toronto and New York.

It has been a rewarding professional and personal experience to be a part of the original team and helping to build and grow ONCAP over almost two decades. I can remember building our very first financial model and writing our first investment memos. Given how small the team was in the early 2000s, we were focused on smaller Canadian opportunities but our focus quickly expanded to North American opportunities. I would estimate that in excess of 75% of the businesses we evaluate today are based in the US with the balance in Canada.

The businesses we aim to invest in possess several similar characteristics, including: market leadership, great cash flow characteristics, multiple value creation opportunities, and strong operating management teams who invest alongside ONCAP. While we are industry generalists, each of the senior members at ONCAP focus on

specific industries and as a result, we've developed deep domain expertise in many sectors.

TLL: *How would you say ONCAP is different?*

MM: Overall, ONCAP approaches the private equity market as a long-term owner of businesses, rather than as a portfolio manager focused on shorter-term investment results. We leverage Onex' full network, both internal and external, to help and grow our mid-market investments – we see our partnership with Onex as a true competitive advantage. This philosophy manifests itself in ONCAP typically making fewer investments than other firms and we often own and build our operating companies longer than most other private equity firms. Further this philosophy of longer-term investments and a more concentrated fund typically results in a conservative approach to leverage. This also allows us to be more active as partners with our management teams to bring our capabilities and assistance to help create value.

To be Continued the week of Dec 4

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