Lead Left Interview – Ted Goldthorpe

THE LEAD | July 24, 2017

This week we chat with Ted Goldthorpe, head of credit for BC Partners. Ted launched the BC Partners Credit business in 2017 and oversees a team of experienced credit professionals. As a managing partner of the firm, Ted is also a member of the Investment committee of the private equity business. Previously Ted was president at Apollo Investment Corporation and the chief investment officer of Apollo Investment Management. He was also a member of the senior management committee.

Since inception in 1986, BC Partners has completed 97 acquisitions with a total enterprise value of €120 billion. BC is one of the few truly pan-European buy-out investors, and has evolved into a leader in buy-outs, through its established network of offices in London, Paris, Hamburg and New York.

The Lead Left: Ted, thanks for taking time with us. What kind of investment strategy are you focusing on?

Ted Goldthorpe: We will pursue an opportunistic debt strategy. At BC Partners, like we had at Apollo, there's a significant advantage being part of a major private equity shop. It's the power of a business that has no walls between the private equity and credit side of the house. Half of our deal flow comes from BC. And it's not just the money. With issues like due diligence, they help us leverage our resources. They are really value-added partners, particularly from an industry perspective.

TLL: Can you help BC finance deals in their portfolio?

TG: We can help BC arrange financing for their portfolio investments through our network of relationships. For example, we're currently helping them get a Euro deal done. Right now we think the opportunity set is better in the US. It's a much deeper and bigger market, so that's where we will focus most of our attention. But we will explore opportunities in Europe and Asia.

TLL: How about yield-wise?

TG: That's the great thing about the platform. We have such broad based tools. Our focus is senior debt, including higher octane loans. We'll also do non-sponsored; that's the thing, we can be creative. We can think outside the box.

TLL: Size-wise, what kind of checks can you write?

TG: Our preferred hold is in the $30-50 million range, but we can write checks up to $100 million, and then syndicate down. Our minimum is probably $20 million.

TLL: How about unitranche financings?

TG: Yes, we're a senior secured lender all the way to a junior capital provider, including mezz and second lien. Right now we have a huge bias towards first dollar risk.

TLL: Ted, how do you source your opportunities?

TG: For our sponsored transactions, we source them by the traditional approach. For non-sponsored deals we target certain industry sectors we know well. There it's an active calling effort on companies we've known over the years. Our most success has come from proactive calling.

TLL: Do you use the old Apollo model to generate flow?

TG: Yes, Apollo and TPG both have the same mindsets as we do.

TLL: You were pretty much a distressed investor originally. That must help generate flow.

TG: We're just starting to look at the distressed side. That's the great thing about BC. They have a big operations team with folks coming out of top shops like Amazon.

TLL: How many people do you have on staff currently?

TG: Six people today, but we'll grow the team further.

TLL: How do you find talent?

TG: Our origination effort is a work in progress. The main focus up until now has been our underwriting; we have a very strong underwriting bench.

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