

 News (Intelligence)

Presidio Investors hunts for value in sports, media assets – GP Profile

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By Aldrin Brown



- Texas-based sponsor shops for controlling stake in sports franchise
- Recent purchase of The Only Agency marks first investment of Fund III
- Strategy eyes niche leaders with low debt, USD 5m-USD 20m EBITDA

Presidio Investors is among several US-based buyers reportedly [kicking the tires](#) on Italian Serie A football club **Hellas Verona**, with the Austin, Texas-based private equity firm said to be seeking nearly USD 80m to finance the purchase of a controlling stake.

Founder and managing partner Karl Schade had no comment on the report. If it happens, however, a deal for the Verona-based club would align with the strategy of the lower-middle market-focused sponsor, which has coveted a sports franchise for its niche approach.

Presidio has made investments in ancillary sports categories and been shown a number of sports franchises, Schade told Mergermarket in an interview prior to the



*Karl Schade, founder
and managing
partner at Presidio
Investors.*

Media is a key focus for Presidio. Last month the Austin-based sponsor acquired a [majority stake](#) in **The Only Agency**, a talent firm representing creative professionals in the fashion and beauty industry. It marks the first investment from Presidio's Fund III, according to Schade. The sponsor is currently in the market raising the vehicle, a regulatory [filing](#) shows.

In all, the sponsor has made 16 platform investments during its roughly 17 years in existence and exited nine, including one asset that was sold into a continuation fund last year. Presidio has also orchestrated 26 add-on acquisitions.

The sponsor had about USD 778m in assets under management as of its most recent Form ADV [filing](#) on 20 May 2024.

Wealth management spin-out

Initially launched as the private equity arm of San Francisco-based **Presidio Capital Advisors** in 2007, Presidio Investors was spun out on its own when the wealth management group was sold off in 2016.

With extensive experience in media, technology and financial services, the sponsor's early leadership team viewed those sectors as offering the best opportunity to make control acquisitions and provide operational improvements to portfolio companies.

"The original blueprint was industries we know well, a good valuation with limited debt leverage, [and] operating value-add," the founder said.

Schade was originally tasked with creating the private equity operation nearly a decade earlier and became sole

that 2007 fund, but described it as a starter fund with a relatively small offering. “That’s why we ultimately spun out. I wanted a much wider opportunity set than a single wealth management firm’s platform,” he said.

Presidio set out to raise capital for the 2016 [acquisition](#) of **National Health Finance**, an Arizona-based medical lien finance company serving parties in personal injury cases. It exited the investment two years later.

In 2018, the sponsor relocated its operations to Austin, and went to market to raise Presidio Investors Fund II. The vehicle closed in March 2020, on USD 177m, which marked a roughly four-fold increase from the size of the starter fund a decade earlier, according to a [press release](#) at the time.

High value, low leverage

Presidio Investors’ strategy remains largely unchanged from the approach it pursued during its earliest days.

Its four-person investment committee, assembled shortly after the spin-out, is also still in place.

Schade, fellow managing partner Victor Masaya, and managing director Josef Auboeck, comprised the initial team in 2016.

They were joined in 2017 by managing partner Christian Puscasiu, Schade’s longtime colleague from business school, who had previously been a partner at **EQT Partners** and later co-head of Direct Private Equity Investments at Canadian pension fund **Caisse de dépôt et placement du Québec**.

The sponsor seeks control buyouts of founder or entrepreneur-led businesses that have not previously received institutional capital, Schade said.

Ideal targets have a track record of niche leadership and generate between USD 5m to USD 20m in EBITDA.

“We have the experience to execute in that range, and as long as it meets our criteria on a valuation basis and a value-add basis, we’ll look at those larger situations also,” said Schade.

Finding great value is particularly important to the sponsor’s business model, as is ensuring assets fit its conservative approach to financial leverage.

“We are drawn to leverage that is around the two to three turns of debt-to-EBITDA range, which is lower than the industry as a norm,” Schade said.

Presidio also offers some level of co-investment on most deals. Occasionally, it offers larger co-invest opportunities for larger transactions, he said.

Presidio Investors is staffed to handle about three acquisitions per year but saw its deal pacing fall to one deal per year in 2021 and 2022, amid soaring valuations in the post-COVID slipstream. “We were just not finding the same value that we found in the other vintages,” he said.

Content remains king

As it prepares to deploy more capital, market conditions are tipping the scale in favor of more investments in media, sports and technology assets, and likely fewer in the financial services space.

Schade notes that elevated interest rates have caused many financial services firms to become operationally challenged, making assets difficult to value.

“We’re not seeing a lot of great financial services opportunities today,” he said.

On the other hand, the media sector is experiencing a significant dislocation, offering a growing range of targets and opportunities that require increased discernment.

Presidio Investors is interested in plays around content creation and intellectual property, and is looking at

valuations for sports teams, in particular, occupy a broad spectrum, but some opportunities in Europe are increasingly within Presidio's target parameters, said Schade.

Hellas Verona, which was established in 1903 and is currently sitting in the bottom half of the Serie A table, is heading to the block at the behest of owner and fashion entrepreneur Maurizio Setti, who is prepared to sell, according to the published report.

Music publishing assets, meanwhile, continue to command high valuations. Presidio continues, however, to explore opportunities in the space as well as across the content creator economy.

Technology remains attractive – particularly in niche software and IT services – though finding value in that space also remains tricky.

“That’s where we just wait, and find a situation where others haven’t noticed the value that we have, or it hasn’t been marketed properly, and we find a very good business that we can buy for good value,” said Schade.

Scaling experts

One aspect in which the sponsor's capabilities have grown surrounds the resources available for making operational changes to professionalize and otherwise improve its businesses.

In 2016 and 2017, three of the original leaders handled much of the operational advising themselves. Since then, the number of operating partners has grown to six, each bringing specialized industry knowledge, Schade explained.

Those operating partners regularly sit on company boards and sometimes occupy CEO roles.

Improving companies focuses on three key areas: strengthening personnel, harnessing available technology

Enough dozens of add-ons have been made over the years, the firm is generally not in the business of roll-ups.

“We prefer the core business to perform well on its own and if there’s another acquisition that does make sense, we’ll consider it,” Schade said.

Presidio’s 2019 investment in audiobook producer **Podium Audio** – formerly Podium Entertainment – offers a glimpse into the firm’s approach, he said.

Founded in 2012, Podium Audio had been a niche leader in production of content by self-published authors in the science fiction and fantasy genres, with ambitions to expand into romance. Despite a strong and respected offering, the company had just five employees and limited operational infrastructure.

Presidio operating partner Mark Goldman, a seasoned media entrepreneur and executive, was installed as chairman. Goldman was instrumental in building out the rest of the board and recruiting veteran media leader Scott Dickey to be the firm’s new CEO.

Under Dickey – who has deep experience scaling companies and leading sponsor-owned businesses – Podium successfully expanded into the romance genre, increased the overall output of content and grew headcount to more than 70 employees.

ElevATE Semiconductor, a San Diego, California-based provider of testing chips for the semiconductor industry, offers another example of the value-add strategy at work.

At the time of Presidio’s 2018 investment, the company consisted of nine engineers who developed a chip that could be inserted into the production process to ensure the efficacy of new chip designs.

“There were nine engineers that came up with a really good chip that could do this, but they weren’t too focused on sales and marketing or scaling the business,” Schade explained.

grew the business to its current size of about 30 employees and oversaw development of a new line of chips.

In May 2023, Presidio Investors announced the closing of a **continuation fund** for ElevATE Semiconductor, led by **Kline Hill Partners**. Terms of the transaction were not disclosed.

“It has been a good one for us,” Schade said of the investment.

Exits

In a challenging private equity environment, exiting investments in the lower middle market requires deft consideration of all channels for monetization, from traditional M&A to continuation vehicles, recapitalizations and taking on minority partners, he said.

Presidio Investors’ most recent exit became public last month, when **Dream Finders Homes** announced it had entered into a [definitive agreement](#) to acquire **Alliant National Title Insurance Company**.

A 2018 investment by the sponsor, the Longmont, Colorado-based title insurance underwriter has more than 700 independent agents across 32 states and the District of Columbia.

Prior to that, Presidio Investors in 2021 sold **Interface Financial Group**, a Bethesda, Maryland-based peer-to-peer lending platform that provides working capital to small- and medium-sized businesses, according to the private equity firm’s [website](#). Terms of the deals were not disclosed.

“We are finding a good degree of success exiting our businesses right now, and it has improved in the past several months but we’ll see how that holds,” Schade said.












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