



Private Equity Client 1:

New York-Based Private Equity Group

Founded in 1998, this private investment firm with over \$300 million in their current fund is focused on making equity investments in America's smaller middle-market companies. They seek to generate long-term capital appreciation through a value oriented investment strategy. Their ultimate goal is to create value – for customers, employees, suppliers, lenders and shareholders. Their objective is to help management move their companies to a better, more profitable position.

General Criteria:

Revenues: \$40 - 200mm

EBITDA Range: \$8 - 30mm

Margins: 13% + EBITDA margins

Geography: Nationwide

Structure:

- Control positions, always partner with management
- Utilize senior debt only (no mezzanine or sub-debt), in addition to their equity investment which is usually 30% to 60% of the capital structure initially

Target Industries:

Stable demand industries that possess:

- Strong defensible market positions
- High operating margins
- Strong operating management
- Multiple growth opportunities

Past and Current Portfolio Companies Include: Financial advisor/asset manager to state and local governments; dining and entertainment cruises; independent specialty retailer catering to resorts and casinos; folded carton packaging manufacturer; shelf stable bakery products for the military, eyewear and eye care accessory products; premium Asian appetizers and entrees; promotional products/home-based solution network.



<p><i>Private Equity Client 2:</i></p> <p>Mid-Atlantic-Based Private Equity Group</p>	
<p>Founded 1999, this Private Equity Group provides capital and trusted counsel in partnership with proven managers to drive the growth of promising companies into outstanding enterprises. They will acquire a majority interest in partnership with proven managers, and are also comfortable supporting managers as a non-control investor, providing flexible investment structures designed to uniquely meet the needs of both the company and its owners.</p>	
<p>General Criteria:</p> <p>Revenues: \$10 - 75mm</p> <p>Investment Size: \$3 - 10mm</p> <p>Transaction Type: Buyouts, recapitalizations, non-control growth equity investments</p> <p>Geography: Mid-Atlantic and Eastern US; will consider Midwest and Southeastern US</p>	<p>Target Industries:</p> <p>Seeking growing, well-managed companies which need counsel and support as they grow into market leaders. Always strong partner with existing/recapping management. Opportunistic as to industry. Interested in opportunities with complications or unique attributes that may repel other potential buyers. Business and consumer services and products tend to fit well.</p>
<p>Current and Past Portfolio Companies Include: Special event digital photography services; point-of-sale products and lifecycle support services for retailer store automation; fragrance, bath and body products; portable x-ray and mobile diagnostic health services; private cable operator and broadband solutions provider; janitorial and maintenance services provider; regional railroad system; designer, seller and distributor of active wear; regional provider of home infusion and respiratory therapy services; toxicology laboratory.</p>	



Private Equity Client 3:

Mid-Atlantic-Based ESOP Holding Company

An ESOP Holding Company that seeks to partner with both ESOP and non-ESOP owned companies. Uses a diversified holding company structure with the holding company acting as a sponsor of the ESOP, rather than the individual operating companies. This structure diversifies participants' retirement benefits and shifts fiduciary responsibilities and ESOP administration from the operating company level to the holding company. Under this structure, senior management of each operating company is compensated through equity-based incentive programs independent of the ESOP structure.

General Criteria:

Revenue: Between \$15 – 150mm; if target is currently ESOP-owned, size criteria is less of a focus due to potential stock exchange

EBITDA: Between \$2 – 10mm

Transaction Type: Recapitalizations, Acquisitions

Transaction Structure: Must acquire at least 80% post acquisition; if seller not selling 100%, seller may reinvest at the operating company level. A phantom stock equity plan may be used as an incentive for management of operating company.

Growth: Proven earnings history; sustainable cash flows

Geography: North America

Target Industries:

- Mature and profitable industrial, construction products or commercial manufacturing companies.

Current Portfolio Companies Include: Concrete pole manufacturer; PVC pipe manufacturer; traffic control enclosure manufacturer; industrial air/gas blower and vacuum manufacturer, electronic manufacturing services (EMS) company for OEMs.



***Private Equity Client 4:
Mid-Atlantic-Based Private Equity Group***

Founded in 1995, this private investment firm with over \$220 million in their current (third) fund primarily utilizes a buy and build strategy whereby they seek to deploy approximately \$10 to \$20 million initially in equity from their fund, then double that investment in the platform over the life of their investment. This group is most interested in entrepreneurially managed or family-owned targets, but **the CEO does not necessarily need to remain post-transaction.** They average 2 to 3 add-on investments per platform, and are most interested in scalable platforms that offer the opportunity to grow through acquisitions of complementary companies in fragmented industries. They do not over-leverage their initial acquisitions, using about 50% of equity (and no mezzanine) in the capital structure on new platforms. They require a control position (60% ownership initially to allow for some dilution).

General Criteria:

Revenues: \$20 - 100mm

EBITDA Range: \$3 - 15mm (no minimum for add-ons)

Margins: 5%-8% or greater EBITDA margins; 20%+ Gross Margins

Geography: Nationwide

Structure:

- Control positions, always partner with management
- Approx. 50% equity initially, and senior debt (no mezzanine or sub-debt).

Need scalable, fragmented industries.

- Defensible market positions
- Predictable/repetitive demand

Target Industries:

- Generalists
- Industrial Maintenance Services
- Third-Party Administration
- Building Products
- Publishing
- Aviation Services
- Lawn & Garden
- Packaging
- Specialty Chemicals
- Sporting Goods
- Warranty Repair Services

Past and Current Portfolio Companies Include: Outsourced publishing services for Pre-K thru 12th grade education; specialty chemicals for insect control; commercial printing and fulfillment; architectural steel doors and frames; pressure sensitive tapes; third-party administrator of health/benefit plans; warranty repair services for cameras and camcorders; producer of mulch and soil.



<p><i>Private Equity Client 5:</i></p> <p>New York-Based Family-Backed Private Equity Firm</p>	
<p>Founded in 1984, the firm looks to deploy its proprietary capital into profitable middle-market companies in the form of equity and sub-debt. With no outside limited partners, the office seeks to create a structure designed for long term success past the usual five year holding period of traditional private equity funds. The firm seeks to partner with strong management teams already in place.</p>	
<p>General Criteria: Revenue Size: \$10 - 50mm EBITDA: \$2 - 6mm Investment Type: Buyouts, MBOs, Growth Capital Investment Size: \$2 - 15mm in equity, will consider minority positions Geography: Typically East of the Rockies, will consider Midwest down through Texas</p>	<p>Target Industries: Opportunistic with a preference for consumer products, services and retail companies, but has made investments and has strong expertise in manufacturing and also mail order/on-line businesses that sell consumer products.</p>
<p>Current Portfolio Companies Include: group of Dunkin' Donuts stores; bowling ball, bag and bowling center capital equipment manufacturer; consumer bathroom products manufacturer and distributor; bicycle accessories retailer; supply chain software developer; home fitness equipment manufacturer and marketer; internet-based retirement plan record-keeping and support services to financial industry.</p>	



<p><i>Private Equity Client 6:</i></p> <p>Mid-Atlantic Family-Backed Private Equity Firm</p>	
<p>Focused on taking a controlling interest in specialty manufacturing, value-added distribution and niche service companies that have a definable business model, a proprietary product, process or market coupled with a substantial opportunity for growth and value creation. The firm seeks to partner with strong management teams already in place. With no outside limited partners, the office seeks to create a structure designed for long term success past the usual five year holding period of traditional private equity funds.</p>	
<p>General Criteria: Enterprise Value: \$15 – 100mm EBITDA Range: \$2 – 15mm Margins: Profitable Valuation: Reasonable, market purchase multiples Growth: Minimum 10% annual growth projections Geography: Eastern US</p>	<p>Target Industries: Largely opportunistic as to industry.</p>
<p>Past and Current Portfolio Companies Include: Residential and commercial security, fire, medical and CCTV alarm system sales, installation, maintenance and monitoring, as well as aggregation of central station monitoring contracts; military and student housing; wholesale lending services.</p>	



Private Equity Client 7:
Search Fund with Committed Capital

A Search Fund with committed capital to execute a transaction whereby the principal will become the CEO of the acquired entity. Looking to acquire a well-established platform (preference for a target with \$8mm to \$15mm in historical Ebitda) and then build that platform through acquisitive and organic measures into a multi-hundred million dollar entity. They can facilitate a complete exit for owners-CEOs wanting to step aside or looking to transition out of day-to-day operations, and/or they can be flexible and leave them as the COO or move to a senior advisor position (but to be clear, the CEO needs to want to step aside).

General Criteria:

Revenue Range: Between \$15 – 150mm

EBITDA: Between \$2.5 – 20mm, 15% margins

Transaction Type: Control Buyout

Transaction Structure: Prefer to acquire 100%, but no less than 80%.

Growth: Top line > 15% per year, 3 years of profitable operations, predictable and sustainable cash flows (i.e. long term contracts or demonstrated high renewal rates on shorter term contracts)

Geography: United States

Customers: diversified customer base with high rate of retention and recurring revenue component

Target Industries (Strong preference for service businesses):

Industries which service or partner with infrastructure, essential service or government sectors, including:

- Utility and traditional energy services
- Green an alternative energy services
- Roadway maintenance, lighting and signage services, vegetation management
- Rail inspection & maintenance, treatment, vegetation management, signal system services
- Airport concessionaires and service providers
- Ports and waterway services (inland water dredging, levee maintenance, water preservation services, waste management services)
- Communication infrastructure services (rural/regional providers, tower leasing and servicing)
- Medical, hospital and emergency services
- Government services

Past Portfolio Companies Include: Principal led investments for Macquarie Group in the infrastructure services, essential service, healthcare and property sectors. He created the largest aged care social infrastructure provider in New Zealand; and most recently led several acquisitions in the US Home Infrastructure services space. The platform included largest renter of water heaters in the US and later created a leading home warranty provider which he integrated and organically grew successfully.



***Corporate Client – Strategic Buyer
Custom and Pre-Engineered Bearings Company***

Private Capital Research LLC is currently retained by a world leading manufacturer of both custom and pre-engineered bearings. Our client is focused on both bearings and related technology. They are looking to expand by acquiring a business in the Precision Equipment Manufacturing and Repair Industry.

General Criteria:

Revenues: Between \$5.0mm and \$20.0mm

Gross Margins: > 30% for product manufacturers; but can be lower for MRO and Parts sales companies.

Growth: GDP Growth or better

EBITDA: \$1 – 4mm historical- no distressed situations.

EBITDA Margins: 10% +

Customers: Diversified customer base

Geography: USA-based targets only, with a focus on Mid-Atlantic, Houston TX, Indiana, Ohio

Management & Staff: Key management personnel will be retained for at least one year post acquisition.

Transaction Type:

100% ownership preferred with some flexibility.
Asset purchase preferred.

Target Industry Niche Focus:

Primary NAICS Codes:

- 332991 - Ball and Roller Bearing Manufacturing
- 33361 – Engine, Turbine and Power Transmission Equipment Manufacturing.
- 333613 - Mechanical Power Transmission Equipment Manufacturing.
- 811219 – Other Electronic and Precision Equipment Repair and Maintenance

Additional Target Descriptions:

- Precision Equipment Manufacturing and Repair
- Bearings and Seals Manufacturing, Repair, Services
- Rotating Components Manufacturing, Services
- Turbine Parts and Components (blades and rotating parts) Manufacturing, Services, Maintenance
- Power Transmission Equipment Manufacturing, Services, Maintenance
- Oil and Gas Industry Equipment and Services
- Naval and US Government Equipment Suppliers and Manufacturers
- OEM or Aftermarket Businesses with *a preference to growing the Aftermarket Business*