



FRIEND SKOLER & Co.

**Executive Partnership Program**

**Friend Skoler & Co. is a private equity firm committed to making equity investments in leading companies in the smaller end of the middle market.**

# The FSC Difference

**Understanding of entrepreneur  
owned businesses**

**Committed to supporting our management  
partners**

**Senior principals with over 25 years of  
operating experience**

**Dedicated to smaller end of middle market**

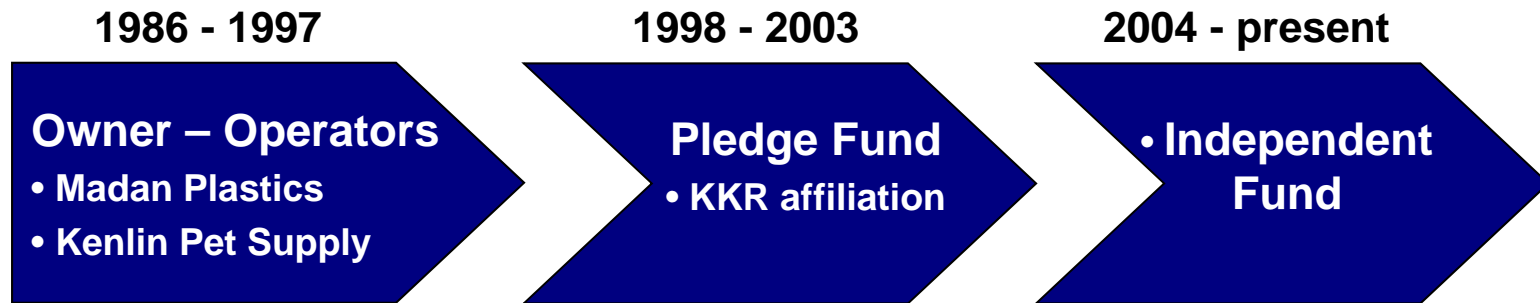
**Superior track record**

**Flexible approach to structuring transactions**

**Extensive network of relationships**



# FSC History



- **Completed 33 transactions (including add on acquisitions) to date representing over \$855 million of transaction value**
- **Experience investing in a wide range of businesses, including manufacturing, service, distribution, specialty retail, branded consumer products and industrial companies**
- **Operating experience of FSC’s principals allows firm to be a value added partner to management**

# A Track Record of Success

	EBITDA Pre-FSC (\$mm)	EBITDA TTM <sup>(1)</sup> (\$mm)	% Increase	Return on Capital <sup>(2)</sup>	Value Creation <sup>(3)</sup> (\$mm)
	\$7.8	\$15.5	99%	3.7x <sup>(4)</sup>	\$61.0
Company A <sup>(5)</sup>	\$6.2	\$13.2	113%	5.6x	\$68.2
	\$7.2	\$13.9	93%	3.4x	\$29.3
	\$24.0	\$44.0	83%	2.8x	\$167.1
	\$3.6	\$5.4	50%	5.9x	\$17.1
	\$0	\$1.0	NA	54.0x	\$20.0

<sup>1</sup> TTM period before exit or latest available period if still under FSC ownership

<sup>2</sup> Based on realized proceeds for exited investments and latest valuation if still under FSC ownership

<sup>3</sup> Includes total capital invested in transaction by co-investors

<sup>4</sup> Return on common equity

<sup>5</sup> Company name withheld for confidentiality

# Investment Focus

## Smaller End of the Middle Market

- Profitable companies
- Historical EBIT of at least \$5 million
- Valuations between \$20 and \$100 million

## Strong and Committed Management

- Management teams with significant ownership stakes
- Demonstrated track record of success

## Favorable Market Position

- Growth in sales and profits
- Typically #1 or #2 in their core markets
- Strong brand name or franchise

## Opportunities for Growth

- Organic growth
- Add-on acquisitions

# A Need for New Capital

## Recapitalization

- Allows for “two bites at the apple”
- Facilitates ownership / generational transition

## Buyout

- Support management-led buyout of a division or stand-alone company

## Growth Capital

- Alternative to debt financing
- Fund new expansion initiative or acquisition

**Control or minority investments**

# Investment Philosophy

- **Managers as Partners – Partner with skilled management teams who are incented with meaningful ownership stakes**
- **Leverage our Experience to Support Management**
- **Focus on Long Term Value Creation – Typical holding period of three to seven years**

# Uniquely Qualified to Support Management

**FSC can assist management in many areas:**

- **Strategic planning**
- **Add-on acquisitions**
- **Financing**
- **Incentive compensation and equity participation plans**
- **Executive recruitment**



# **Executive Partnerships with Friend Skoler**

FRIEND SKOLER & Co.

# Executive Partnership Program Overview

We are often approached by executives with ideas about companies available for sale or other investment opportunities. In many cases, the executive lacks the capital or resources to effectively pursue the transaction. To better service these situations, we have created the Executive Partnership Program (“EPP”).

## Typical EPP Situations

- **Executive Partner identifies industry or sector attractive for investment**
- **Executive Partner identifies specific acquisition target**
- **Executive Partner lacks resources to “go it alone”**

**Solution: Partner with FSC**






## Benefits for Executive Partners

- **Increased credibility with sellers and intermediaries**
- **Access to equity capital**
- **Assistance in investigating, structuring and executing transactions**
- **Analytical and modeling support**
- **Appropriate cost and risk sharing for out of pocket expenses**
- **Success based fees and equity participation**
- **Post closing involvement in management or board of directors**

## Successful EPP Characteristics

- **Demonstrated track record of financial and operating success**
- **At least 10 years of management experience including full P&L responsibility**
- **History of leadership in your chosen field**
- **Honesty, integrity and high ethical standards**

## FSC Case Studies in Building Value in Partnership with Skilled Management

Company	Key Initiatives	Result
 <p><i>Branded tire care and repair products</i></p>	<ul style="list-style-type: none"> <li>Recruited CFO and VP Operations</li> <li>Oversaw launch of several new product introductions and assisted with customer negotiations and supply chain management</li> <li>Assumed interim senior management role while CEO on medical leave</li> <li>Sales and EBITDA increased from \$33.8 mm and \$7.8 mm in 2006, to \$62.4 mm and \$15.5 mm in 2009</li> </ul>	<ul style="list-style-type: none"> <li>Sold to public company and realized 3.7x return on common equity investment and 40% IRR on total investment.</li> </ul>
 <p><i>Pest and wildlife control products</i></p>	<ul style="list-style-type: none"> <li>Completed six accretive add-on acquisitions in 18 months</li> <li>Developed new branding strategies</li> <li>Positioned company for entry into rodenticide market</li> <li>Sales and EBITDA increased from \$43.8 mm and \$7.2 mm for FY99 to \$72.1 mm and \$13.9 mm for FY02</li> </ul>	<ul style="list-style-type: none"> <li>Sold to private equity firm and realized 3.4x return and 40% IRR</li> </ul>
 <p><i>Pet supplies distribution</i></p>	<ul style="list-style-type: none"> <li>Repositioned company to target major specialty chain retailers</li> <li>Introduced valued added services to enhance company's position with independent dealers</li> <li>Implemented new systems and controls</li> <li>Completed two add-on acquisitions</li> <li>Sales and EBITDA increased from \$44.7 mm and \$3.6 mm for FY93 to \$72.0 mm and \$5.4 mm for FY96</li> </ul>	<ul style="list-style-type: none"> <li>Sold to public company and realized 5.9x return and 58% IRR</li> </ul>
 <p><i>Custom injection molding</i></p>	<ul style="list-style-type: none"> <li>Developed proprietary products</li> <li>Completed two add-on acquisitions of highly profitable niche proprietary product lines</li> <li>Outsourced sub-scale "non core" electroplating operation</li> <li>Repositioned custom molding business to target display industry</li> </ul>	<ul style="list-style-type: none"> <li>Realized 54.0x return and 80% IRR to date</li> </ul>
 <p><i>Branded pet products</i></p>	<ul style="list-style-type: none"> <li>Recruited new CEO</li> <li>Assisted management with offshore sourcing and facilities rationalization</li> <li>Completed two accretive add-on acquisitions</li> <li>Sales and EBITDA increased from \$168 mm and \$24 mm for 1999 to \$245 mm and \$44 mm for 2004</li> </ul>	<ul style="list-style-type: none"> <li>Sold to private strategic buyer and realized 2.8x return and 22% IRR</li> </ul>

## To Learn More about Our EPP

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- **All resumes or business plans held in strict confidence**