



**ANCHOR  
CAPITAL**

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## Overview of The Firm

704 376 7495  
[www.anchorcapitalpartners.com](http://www.anchorcapitalpartners.com)

# Topics

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- Background
- Anchor Team
- Investment Criteria
- Investments
- What to Expect
- Why Anchor?
- Case Study

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# Background

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- Anchor Capital is a private investment partnership that invests in, and supports the growth of, middle market companies in the \$10 to \$100 million enterprise value range. We place particular emphasis on transactions in specialty chemicals, building materials, packaging, distribution and healthcare services.
- Our investor group is comprised of institutions, hedge funds, high net worth individuals, and wealthy families. Anchor also partners with other private equity groups depending on deal dynamics.
- Anchor Capital is assisted by a group of Operating Affiliates with relevant industry expertise and by a Board of Advisors with industry experience as well as financial and operational expertise.
- Our principals have been involved in over 100 closed transactions (more than 50 in chemicals and healthcare, more than 40 in building products and packaging) and have significant operating experience in growth companies.
- Anchor led or participated in transactions totaling more than \$300 million in value since 2006.

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# The Anchor Capital Team. . .

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**Kevin Moran, Managing Member** - Prior to Anchor, Kevin was in the Mergers & Acquisitions Group at Bank of America Securities focusing on healthcare and chemicals. Previously, he worked in the Chemicals Investment Banking Group for Merrill Lynch and the Forest Products group at Bear Stearns. Kevin's experience in investment banking includes more than 50 M&A and corporate finance transactions in chemicals, pharmaceuticals, healthcare and building products. Prior to entering investment banking, Kevin worked for Shell Chemical Company as a business development manager in the Elastomers business. He received his MBA from Harvard University and a BA in Chemistry from Princeton University. Kevin serves on the Board of Directors of Doe & Ingalls, American Hardwoods, International Graphics, and Thompson Traders.

**Jerome Meier, Partner** - Jerome most recently served as Founder/CEO of Rentmaker, a start up company funded with \$8 million in venture capital. Prior to that, Jerome spent 5 years with the Boston Consulting Group in Latin America and an additional 4 years with Dupont. At BCG, Jerome focused on strategic consulting and operational re-engineering for industrial companies. At Dupont, Jerome served as a product development and chemical process engineer in several businesses. Jerome speaks six languages, and has a masters degree in Chemical Engineering from MIT and an MBA from Harvard Business School.

**(other Anchor board of advisors, and operating affiliates listed on Anchor's website)**

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# Investment Criteria

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## □ **Transaction Types**

- Buyouts
- Recapitalizations

## □ **Transaction Size**

- Overall enterprise value of \$10 to \$100 million

## □ **Typical Company Profile**

- Cash flow (EBITDA) \$2 to \$10 million
- Capability to be a “platform”
- Mid to low tech
- May be under performing but not a turnaround
- May or may not have full management team
- We prefer an owner/ founder who will partner with us as we invest to take the company “to the next level”

## □ **Anchor Ownership**

- Majority
- Significant minority position

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## Investment Criteria (Continued)

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- **Industries Considered** - Anchor Capital will consider a broad range of industries that conform to the following criteria:
  - Are fragmented
  - Are mid to low tech
  - Have significant growth potential
  - Low capital requirements for organic growth
  - We have particular interest in industries that suit our backgrounds which include specialty chemicals, building materials, packaging, distribution, and health care services
  
- **Typical deal structure** - We work with the seller to create the optimal mix (for both parties) of
  - Cash at closing
  - Seller participation going forward (Equity)
  - Other incentives suited to the selling shareholders

# Current Investments

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The following companies represent our current investments:



[www.doeingalls.com](http://www.doeingalls.com)

**Doe & Ingalls** - Founded in 1986, Doe & Ingalls ("D&I") is a specialty chemical distributor headquartered in Durham, NC. The company supplies mission-critical, high purity materials to microelectronic and biopharmaceutical manufacturers, and has established an outstanding reputation for dependability, service and accuracy among its customers and its chemical suppliers. All of the products distributed by D&I are manufactured by leading global chemical companies and are designed for end use in clean manufacturing applications.



[www.ahwood.com](http://www.ahwood.com)

[www.augustalumber.com](http://www.augustalumber.com)

**American Hardwood Industries** - (Recently merged with Augusta) is one of the leading hardwood platforms in the American hardwood industry, with fine hardwood lumber, logs and byproducts produced by Augusta, Blue Triangle, Cross Creek and Graham. American Hardwood Industries owns production facilities throughout the eastern USA with capacity of approximately 110 million board feet (or 260,000 cubic metres), and is one of the largest and most diverse manufacturers of sawn hardwood lumber in the USA.

# Current Investments

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Your 1<sup>st</sup> Choice Manufacturer of  
Pressure Sensitive Tapes & Films for Graphics

[www.rtape.com](http://www.rtape.com)



CUSTOM EXTRUSION TECHNOLOGIES  
*"Your Competitive Edge"*

[www.cetfilms.com](http://www.cetfilms.com)

**International Graphics** - R-Tape and CET Films were both acquired as part of the acquisition of International Graphics, a South Plainfield, NJ based manufacturer of adhesive tapes and films specifically focused on the growing graphics and signage markets. R-Tape's premier product is called application tape which is used in the process of adhering graphics to a variety of surfaces. CET's premier product is a metalized film used to create an eye-catching substrate for graphics and signs.



[www.star-gas.com](http://www.star-gas.com)

**Star Gas** - Star Gas Partners, L.P. is the nation's largest retail distributor of home heating oil. The Partnership is a publicly traded master limited partnership. Common units, representing limited partner interests in the Partnership, are listed and trade on the New York Stock Exchange, Inc. ("NYSE") under the symbol "SGU." Anchor holds a minority stake in publicly traded limited partner interests.



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# Other Investments

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[www.thompsontraders.com](http://www.thompsontraders.com)

**Thompson Traders** - Thompson Traders is a small but fast growing importer of high end and custom copper sinks and vanities. TT is located in Greensboro, NC, sources its products internationally and services most of the major big box retailers as well as custom appliance stores. Anchor has one seat on the board of directors.

## Past Transactions:



[www.briarcorp.com](http://www.briarcorp.com)

**Briar Corporation** - Briar is a site contractor for commercial and residential developers and is based in Orlando, Florida. Briar provides a turnkey site development solution which can include land clearing and grading, trench digging, and curb and asphalt laying. Anchor worked with Audax Group on this transaction.

# What To Expect When Working With Us

Phase	What's happening	Goal	Likely timing
<b>Deal evaluation</b>	We are getting to know you, understanding your business, your reason for sale, and your expectations from the transaction.	Should we buy / Should you sell to us?	Open ended - depending on complexity of your business – usually a couple of weeks.
<b>Deal Negotiation</b>	We submit a written offer letter (LOI) to you. We discuss and (we hope) we agree to it.	Signed LOI.	A few days to a week.
<b>Due Diligence</b>	We conduct a detailed evaluation of every element of the business—mostly from legal and financial perspectives. This part is detailed and often tedious.	No Big “Uglies” that can kill the deal.	30 to 45 days, depending on the complexity of your business.
<b>Funding</b>	We finalize all the details of bank loans, equity capital, mezzanine debt, etc.	All funds lined up, ready to close.	Concurrent with due diligence.
<b>Definitive Agreement</b>	Our lawyers draft, and your lawyers review the long-form legal agreement governing the sale.	Close of transaction!	60 to 90 days from LOI.
<b>Transition</b>	We begin executing a growth plan.	Smooth transition.	“First 100 days.”
<b>Growth</b>	We focus relentlessly on execution in order to grow the business	Profitable growth and eventual follow on sale of business.	3 to 7 years.

# Why Anchor Capital Partners?

What We Have . . .	What this means to the seller . . .
<b>Focus</b>	<p>We have a depth of knowledge in the chemical and healthcare industries as well as the other industries we target so we can quickly understand the business and execute due diligence efficiently and thoroughly.</p> <p>Your transaction is our main focus.</p>
<b>Transaction History</b>	<p>Anchor partners individually have worked on more than 100 transactions and will work smoothly and quickly to negotiate and close the transaction.</p>
<b>Board of Advisors</b>	<p>Deep extended industry experience base and network will assist Anchor in efficiently executing the transaction and helping guide the company's growth.</p>
<b>Operating Experience Base</b>	<p>We will rapidly identify key business drivers and develop the right strategic vision for the business.</p>
<b>Cohesive Team with Strong Ethics</b>	<p>We don't play games. We don't lowball. We are ethical.</p> <p>You will like doing business with us.</p>

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# What can we offer besides money?

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- We know the private equity investing market is competitive and we believe investors need to provide more than capital to make investments successful. Put simply, we want to help build private middle market companies and we have a team that is well suited to the task.
  
- Having guided companies through a variety of circumstances, Anchor's extended team are investors and operators who work closely with management and shareholders to build equity value and to move to a realization of that value.
  
- Typically in their role as directors and advisors, representatives of Anchor actively participate in:
  - **Establishing strategic direction**
  - **Management team building**
  - **Identifying, evaluating, structuring, financing and integrating acquisitions**
  - **Advising on divestitures**
  - **Arranging financing to support growth**
  - **Advising on refinancing or recapitalization opportunities**
  - **Advising on exit strategies and timing to maximize returns for all shareholders**

# Case Study - Doe & Ingalls



- **Summary:** Doe & Ingalls is a leading distributor of specialty chemicals and raw materials to the biotech, pharma, nutritional supplements, and micro electronics industries. Anchor acquired D&I in 2005 for between \$40-60 million. [www.doeingalls.com](http://www.doeingalls.com).
- **Situation:** Two founders had grown the company dramatically and saw continued growth opportunities and wished to continue to run the business. However, to exploit the continued growth, they wanted to: 1) gain liquidity to reduce their own risk/exposure to the business in order to feel comfortable growing it rapidly; 2) transfer a meaningful ownership stake to other key management of the company; and 3) add capital, industry, and intellectual resources to help explore and support the growth opportunities.
- **The Transaction:** Anchor was selected from a group of 25 potential acquirers due to the founders' perception that Anchor would pay a full price for the business and add industry expertise and guidance to continue to expand on the owners track record of growth. Anchor led a business recapitalization that involved a modest amount of debt on the business with the founders retaining a 30% stake and operational control.
- **The Anchor Value Add:** Since closing the acquisition, the business has tripled in revenue and added three new locations. Anchor has built a qualified board of directors and introduced a number of acquisitions, sales and business development opportunities. The company recently completed a \$20-\$30 million acquisition in a core market and is working with Anchor and the rest of the Board to prioritize and plan continued business expansion.