



Pillsman Partners

Building Companies with Capital & Creativity

OVERVIEW

- Pillsman Partners, LLC is a direct private investment firm providing capital and guidance to businesses within the lower middle market
- Pillsman Partners is a qualified team with nearly 50 years of private equity, operations, M&A and finance experience
 - Sector expertise in Chemicals & Materials and Manufacturing & Business Services
 - We create value through partnerships with owners and management teams of smaller, growing businesses
 - We pursue control positions with established, lower middle market businesses
 - Companies with revenues between \$5 and \$100 million and EBITDA between \$2 and \$15 million
 - Businesses with stable cash flows and strong organic growth potential

INVESTMENT CRITERIA

- **Industry** – Sizable and growing market with fragmented competitive dynamics and high customer switching costs
- **Business** – Stable customer relationships with recurring revenue
 - Active in niche markets with strong potential for organic growth and / or industry consolidation
- **Management** – Experienced teams with common vision and operating principles and a bias towards growth
- **Deal Structure and Transaction Type**
 - Expansion, growth and acquisition capital, MBOs, buyouts, recapitalizations
 - Owner liquidity, succession and estate planning
 - Structures that allow sellers to participate in future upside of the business
 - Cash out, seller notes, earn-outs, roll-over equity and management co-investment
- Pillsman Partners does not engage turnarounds, distress, real-estate or retail transactions

INDUSTRY FOCUS

	Chemicals & Materials	Industrial Products & Services
	<ul style="list-style-type: none"> ▪ Specialty Chemicals ▪ Coatings and Finishing Products ▪ Performance Materials & Composites 	<ul style="list-style-type: none"> ▪ Engineered Components ▪ Aftermarket and Accessories ▪ Value Added Distribution and Services
End Market	Investment Areas - Examples	
Infrastructure	<ul style="list-style-type: none"> ▪ Construction Chemicals ▪ Specialty Coatings 	<ul style="list-style-type: none"> ▪ Power and Water Construction Services ▪ Mission-Critical Structural Components
HVAC & Fire Protection	<ul style="list-style-type: none"> ▪ Pre-engineered Foam Systems ▪ Wet / Dry Chemical Systems 	<ul style="list-style-type: none"> ▪ Pollution, Waste and Environmental Services ▪ Electromechanical and Hydraulics Equipment
Transportation	<ul style="list-style-type: none"> ▪ Adhesives and Sealants ▪ Engineering Thermoplastics 	<ul style="list-style-type: none"> ▪ Transportation Management Services ▪ Aftermarket Components and Services
Safety & Security	<ul style="list-style-type: none"> ▪ Advanced Composites ▪ Bullet Proof Glass and Glazing Materials 	<ul style="list-style-type: none"> ▪ Physical and Cyber Security Products and Services ▪ Background Checks and Security Clearances
Packaging	<ul style="list-style-type: none"> ▪ Films and Foams ▪ Eco-Friendly Materials 	<ul style="list-style-type: none"> ▪ Flexible Packaging and Printed Labels ▪ Custom Packaging and Warehousing Solutions
Food & Beverage	<ul style="list-style-type: none"> ▪ Food and Flavor Ingredients ▪ Animal Nutrition and Feed Additives 	<ul style="list-style-type: none"> ▪ Fluid Controls, Metering, Filtration and Sensors ▪ Safety and Security Technology

PARTNER BIOGRAPHIES

As Managing Partners, Mr. Burke and Mr. Eichmann are active in all day-to-day activities of the firm and are jointly responsible for the entire investment process.

Mr. Burke's industry areas of focus are specialty chemicals, high performance materials, energy / mining, business services and industrials. Mr. Burke has worked at Nomura International plc as the Head of European Chemicals in the Energy and Natural Resources M&A group based in London. While at Nomura, and previously at Lehman Brothers, Mr. Burke executed specialty chemicals and industrial transactions valued over \$40 billion and evaluated deals in the energy, oil services and mining industries. Earlier in his career, Mr. Burke worked for Apax Partners, Silicon Alley Venture Partners, two internet-related operating companies and AOL Time Warner. Mr. Burke earned an MBA from Columbia Business School and a BA in English Literature from Georgetown University.

Mr. Eichmann focuses on industrial equipment and technologies, business services, engineered products and aftermarket / repairs. He has worked at Curtis Instruments Inc, a privately-held manufacturer of engineered components for electric vehicles and mobile industrial equipment, where he led corporate and strategic development. At Curtis he sourced numerous acquisitions while working closely with the board of directors, the owners and the management team to enhance the value of Curtis' global footprint. Mr. Eichmann previously worked for Hamilton Robinson Capital Partners, Baring Latin American Partners, J.P. Morgan Chase and Compass Group Chile. Mr. Eichmann earned an MBA from Columbia Business School and a BA in Spanish from Lake Forest College.

CONTACT US

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Pillsman Partners uses an integrated approach that considers the needs of owners and managers, investors and capital partners, as well as intermediaries and service providers

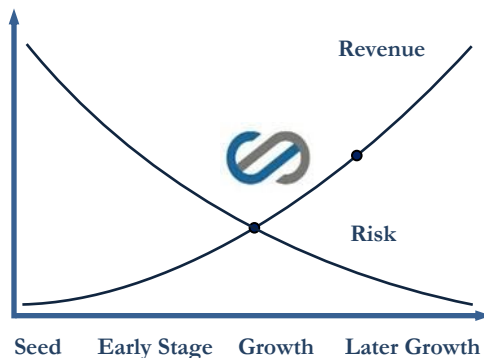
INVESTMENT APPROACH

- **Process**
 - Holistic analysis emphasizing synthesis of fragmented, seemingly disconnected data points
 - Focus on opportunities that will benefit from our combined business experience
 - Emphasis on niche, growth opportunities within more mature markets
 - Alliance with management teams who are active, experienced and committed to growth
 - Intensive work and collaboration with management to identify actionable opportunities and specific growth levers
 - Particular attention paid to downside risk identification and mitigation
- **Strategic and Operational Guidance**
 - Active board level engagement to formulate and execute strategic plans
 - Establish growth initiatives, build relationships and expand distribution channels
 - Address inefficiencies, bottlenecks, and other operational challenges
 - Build critical management capabilities and an appreciation for business improvement
- **Strong focus on Governance**
 - Compensation and incentive plans
 - Definition of key responsibilities and business objectives
 - Prioritization of strategic imperatives
- **Flexibility, Fairness and Transparency**
 - Approach each company with respect and encourage an open dialogue with management
 - Establish strong rapport and close, working relationships with all key constituents
 - Satisfy requirements and preferences of owners, sellers and management
 - Typical investment horizon of 3 – 7 years with the potential for longer holding periods
 - Invest in or acquire companies at a reasonable valuation

VALUE CREATION

- **Operations**
 - Revenue growth through sales & marketing efforts and pursuing strategic initiatives, i.e. new products/services, geographic expansion, pricing
 - Margin expansion through cost reduction and process improvements
 - Add-on acquisitions to enhance scale, product and service offerings and capabilities
- **Finance**
 - Capital structure decisions and optimization
 - Ultimately grow company to scale that can support increased leverage
 - Capital intensity reduction, i.e. working capital and/or capital expenditures
- **Valuation**
 - Purchase companies at a reasonable multiple
 - Grow companies to size and scale that make them attractive targets for larger, middle market firms
 - Achieve multiple expansion due to increased competitive activity in the larger, middle market, improved stability and economies of scale
- Following 3 – 7 years of operational and financial improvement, organic and acquisitive growth, Pillsman Partners anticipates exiting portfolio companies at more attractive multiples

Company Maturity Curve



Lower Middle Market Opportunity

