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**Presentation to**  
**Tech Talk Tuesday**

**April 27, 2010**



CONSILIUM PARTNERS

**CONSILIUM** (Latin) *noun*: advice, counsel, wisdom, judgment

# Overview of Consilium Partners

## Key Facts ...

- Boston-based investment bank providing buy-side and sellside merger and acquisition advisory and capital-raising services
- Founded in 2000 by senior professionals from FleetBoston Robertson Stephens
- Significant experience and track record: 250+ completed transactions representing over \$10 billion in value
- Managing Director-level execution model
- Industry-focused approach targeting middle-market companies with \$1 - \$10MM in EBITDA
- FINRA registered broker-dealer

## 2008 Transactions



*has been acquired by*

**Deep Down, Inc.**



*has been acquired by*  
**Providia, Inc.**  
A portfolio company of  
Westview Capital Partners



*has been acquired by*



*has been acquired by*



*has been acquired by*

**International Metal Corporation**



*has been recapitalized with an investment by*

**GEMINI INVESTORS**



**Fabflex Division**

*has been acquired by*

**Beltservice Corp.**



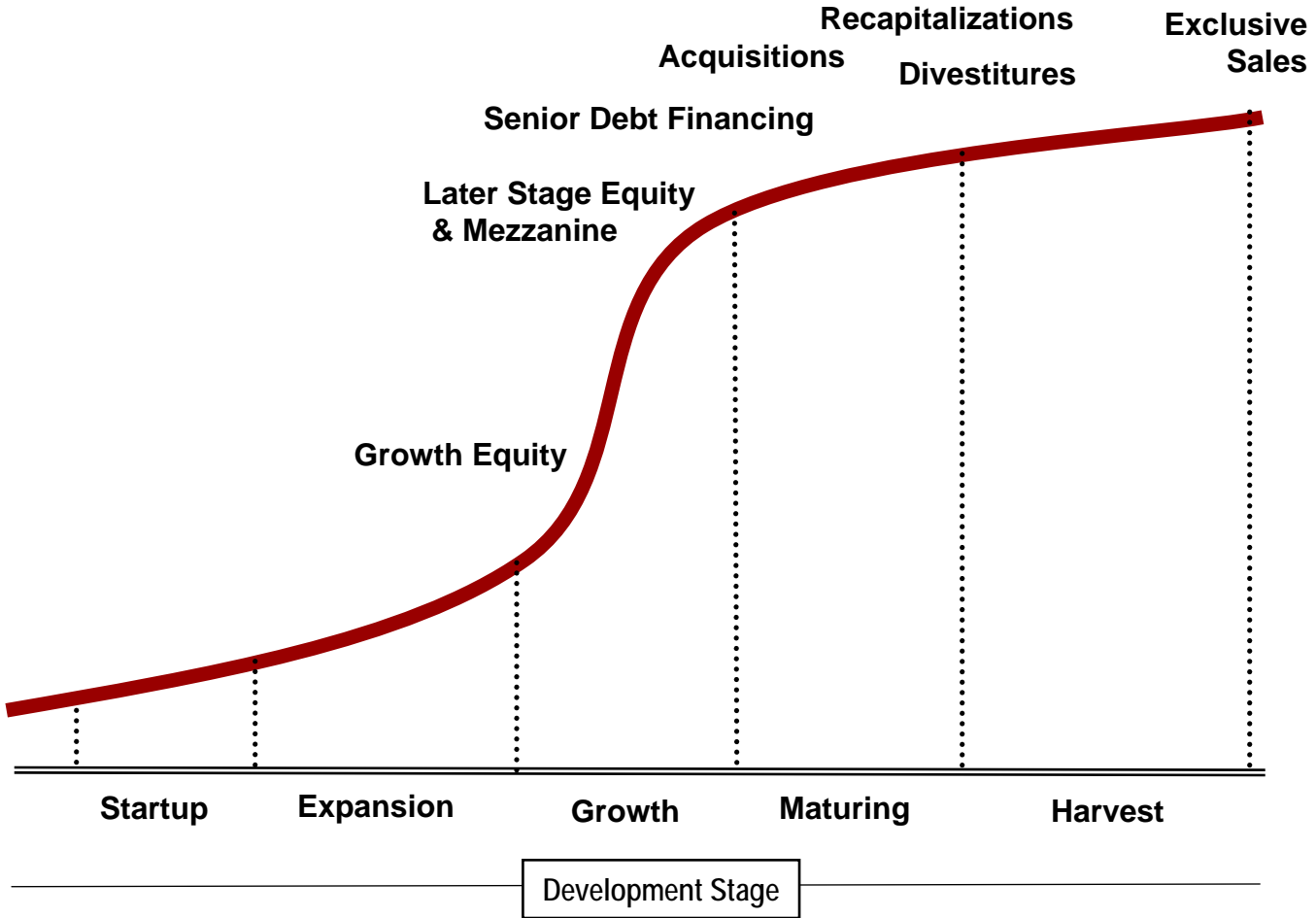
*has acquired*

**CHN Metal Finishing Group**



# Service Offerings

Consilium Partners offers a broad range of advisory services targeted at the needs of emerging growth and established middle-market companies:



## Engineered Products



- Precision Fabricated Components & Systems
- Imaging Technology
- Electronics & Instrumentation
- Manufacturing Technology

## Building Products



- Building Technologies
- Building Materials
- Distribution

## Business Services



- Systems Integration
- Business Process Outsourcing
- Software & Media
- Value-added Distribution

## Specialty Chemicals & Performance Materials



- Fine Chemicals
- Electronic Chemicals
- Coatings & Adhesives
- Performance Materials

## Healthcare



- Services
- Diagnostic Imaging
- Medical Devices

## Diversified



- Packaging
- Consumer Products
- Restaurant & Retail
- Software & Media



The firm's principals each have more than 20 years' transaction experience, representing a combined track record of 250+ completed transactions and an aggregate value in excess of \$10 billion:



Gregory B. Sneddon  
Sr. Managing Director

- 23 years transaction experience; 75+ completed transactions
- Previously MD & Group Head of Middle-Market M&A at FleetBoston Corp; Managing Director, M&A at Robertson Stephens



Steve B. Schaepe  
Managing Director

- 20 years transaction experience
- Previously Director in the Mid-Market M&A Group at FleetBoston; Head of M&A Financial Sponsors Coverage Group at Robertson Stephens



Richard D. Briggs, Jr.  
Managing Director

- 21 years experience at BankBoston and Fleet financing leveraged buyouts, industry build-ups, and turnarounds
- 8 years M&A transaction experience
- Principal focus on Industrial Growth Sector



P.H. Benjamin Chang  
Managing Director

- 20 years transaction experience
- 10 years principal investment experience
- Previously a senior investment banker at Advest



H. Louis Bailey  
Managing Director

- Previously Managing Director in BankAmerica's Corporate and Investment Bank
- 25 years transaction experience financing private and public midcap firms
- Focus on energy sector and restructuring advisory practice



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# Elements of the Sale Process



## Key Objectives of the Investment Banker in a Sale Process

### Protect and Enhance the Value of the Asset

- Assess and highlight most attractive attributes
- Assess and help develop realistic responses to adverse attributes
- Ensure competitors have genuine interest

### Optimize Confidentiality

- Assess trade-off between buyer coverage and confidentiality
- Protect confidential business information from competitors
- Manage process to minimize duration of market exposure

### Foster Competitive Process

- Exhaustive buyer research
- Move at expeditious pace to create deal momentum
- Maximize negotiating leverage to attain premium valuation & deal terms

### Actively Participate in Negotiations

- Transaction structure considerations
- Non-deal price issues – indemnities, representations, warranties, etc.
- Leverage creation of competitive process

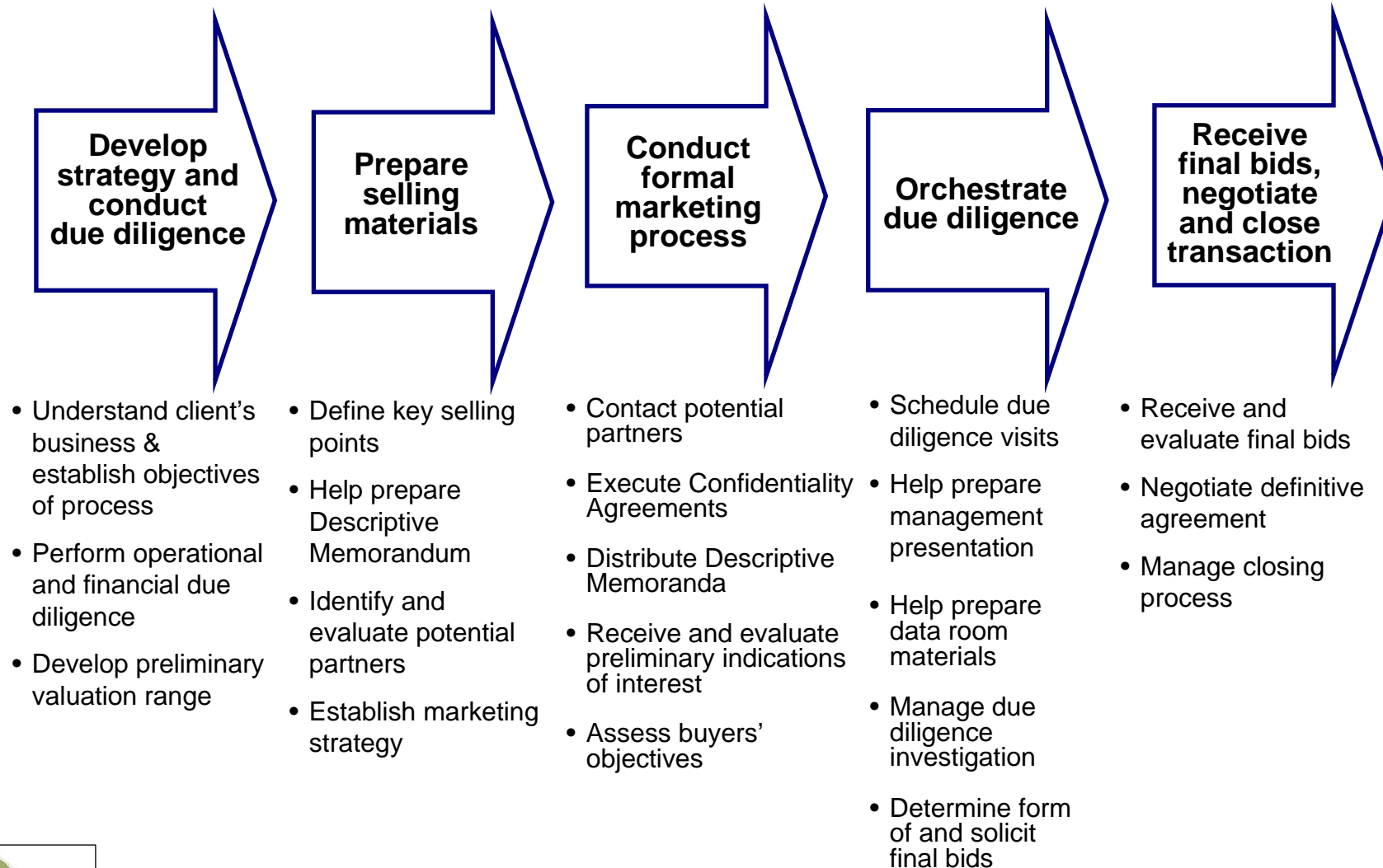
### Minimize Management Distraction

- Leverage industry & process experience
- Utilize senior level professionals in all stages of the process
- Coordinate outside advisor activities (i.e. legal, accounting, environmental)



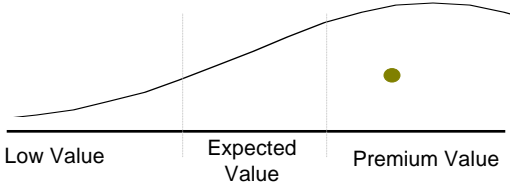
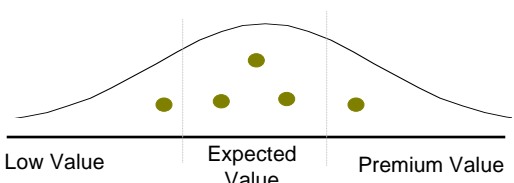
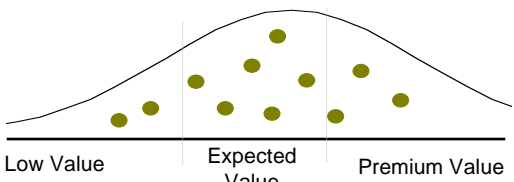
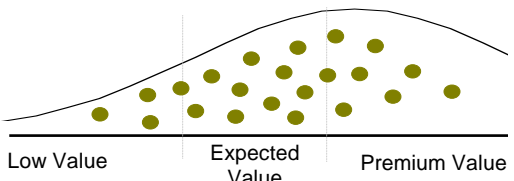
# Sale Process Overview

## Five steps of an investment banker led sale process:



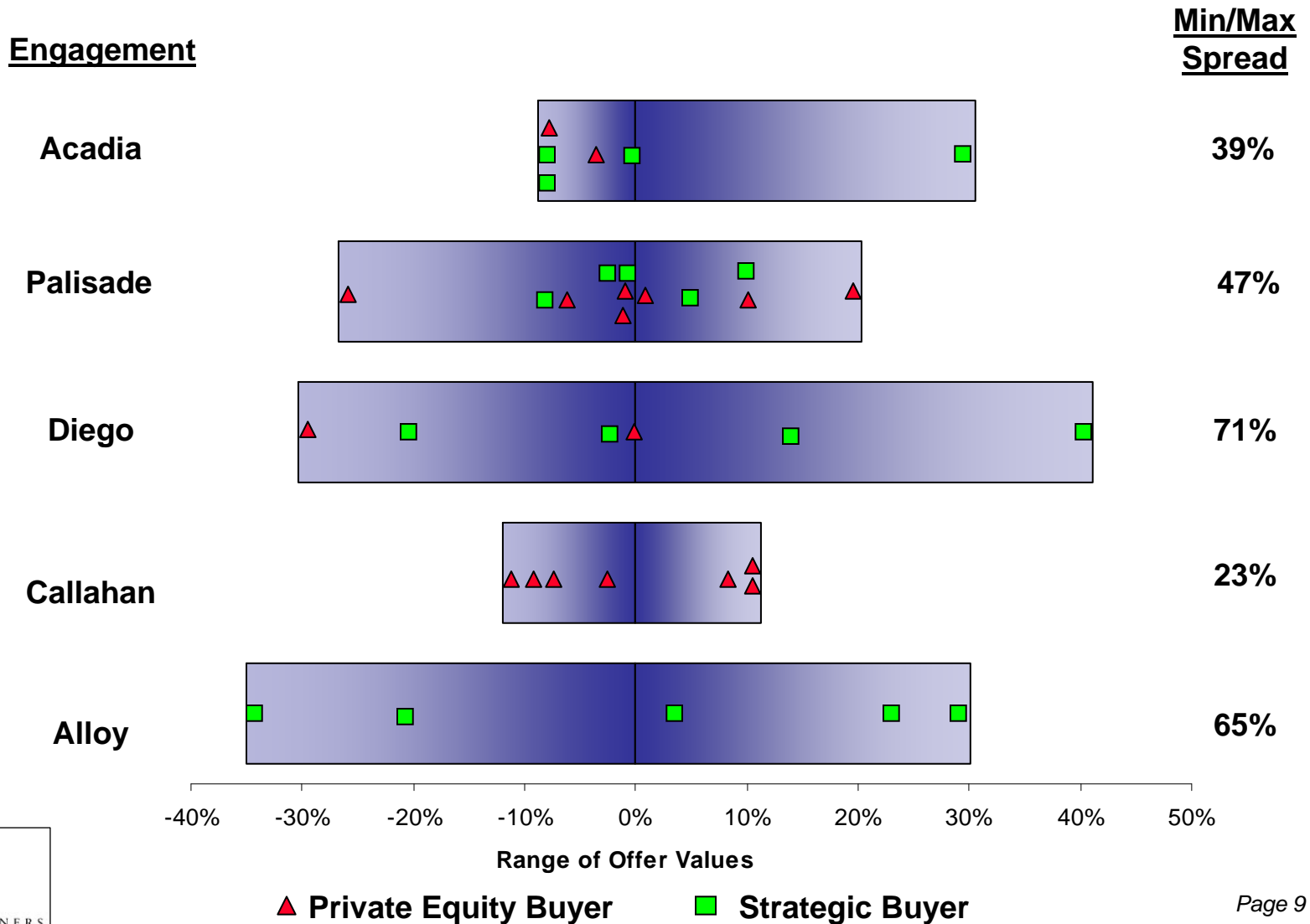
# Marketing Approaches

The sale process can be designed to fit one of several approaches depending upon circumstances and a client's particular objectives.

SALE PROCESS	BUYER OFFER DISTRIBUTION	BUYER TYPE & OTHER CONSIDERATIONS	BUYER MANAGEMENT APPROACH
<p><b>Preemptive Offer</b></p>	 <p>The graph shows a bell-shaped curve representing a distribution of buyer offers. The x-axis is labeled with 'Low Value', 'Expected Value', and 'Premium Value'. A single green dot representing an offer is positioned at the far right end of the curve, corresponding to the 'Premium Value' label.</p>	<ul style="list-style-type: none"> <li>Single buyer (usually strategic) reaches out early in the process at high end of premium value</li> <li>Appropriate for identifiable most synergistic bidder</li> </ul>	<ul style="list-style-type: none"> <li>Most often adopted as "limited window" prelude to a broader marketing effort</li> <li>May include exclusivity</li> <li>Can be converted transparently into a Negotiated Sale</li> </ul>
<p><b>Negotiated Sale</b></p>	 <p>The graph shows a bell-shaped curve. The x-axis is labeled with 'Low Value', 'Expected Value', and 'Premium Value'. Several green dots representing offers are clustered in the middle of the curve, around the 'Expected Value' label.</p>	<ul style="list-style-type: none"> <li>Limited number of strategic buyers – least disruptive</li> <li>Conducive to complex transactions</li> <li>Measured response to unsolicited bid</li> </ul>	<ul style="list-style-type: none"> <li>2-5 parties</li> <li>30 – 60 day exclusivity with specific buyer deliveries</li> <li>Typically highly confidential</li> <li>Can be converted transparently to informal auction if appropriate</li> </ul>
<p><b>Informal Auction</b></p>	 <p>The graph shows a bell-shaped curve. The x-axis is labeled with 'Low Value', 'Expected Value', and 'Premium Value'. A larger number of green dots representing offers are scattered across the width of the curve, from the 'Expected Value' towards the 'Premium Value'.</p>	<ul style="list-style-type: none"> <li>Buyer interest split between expected and premium value range</li> <li>Target business should have limited 'hair' on it</li> </ul>	<ul style="list-style-type: none"> <li>6-15 parties</li> <li>Exclusivity or Topping Fee may be required</li> <li>May have stapled financing &amp; draft contracts</li> <li>Managed confidentiality</li> </ul>
<p><b>Formal Auction</b></p>	 <p>The graph shows a bell-shaped curve. The x-axis is labeled with 'Low Value', 'Expected Value', and 'Premium Value'. A large number of green dots representing offers are densely packed, primarily concentrated in the right half of the curve, between the 'Expected Value' and 'Premium Value' labels.</p>	<ul style="list-style-type: none"> <li>Strong premium interest from numerous parties</li> <li>Most appropriate for clean and understandable companies</li> <li>Most viable for larger deals</li> </ul>	<ul style="list-style-type: none"> <li>20+ parties</li> <li>No Exclusivity</li> <li>Stapled financing &amp; draft contracts</li> <li>Widespread knowledge of sale</li> </ul>

# Middle-Market Pricing Inefficiency

Valuation in the middle-market remains surprisingly inefficient, even among sophisticated institutional buyers:



# Importance of Pre-sale Planning

**Top twelve attributes most critical to attaining premium valuation:**

- 1. Record of consistent revenue growth, with outlook for continued growth in the future**
- 2. Strong and improving margins (especially mature companies)**
- 3. Diverse customer base with absence of big concentrations**
- 4. Defensible industry niche(s)**
- 5. Continuous investment in R&D / new product development**
- 6. Complete and well functioning management team, with clear succession plan**
- 7. Ownership participation among members of mgmt team and key staff**
- 8. Rigorous internal financial controls; complemented by quality independent CPA**
- 9. Minimal 'private company expenses' and / or non-productive assets**
- 10. IP well documented**
- 11. Well-maintained facilities with up to date production equipment; legacy environmental or product warranty issues well addressed**
- 12. Corporate structure friendly to stock and asset buyers**



## CONSILIUM PARTNERS

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