



*Bringing Efficiency to Inefficient Markets*

## **Firm Overview**

**400 Southpointe Boulevard, Plaza I, Suite 440  
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# Firm Overview

**Strategic Advisors is an investment banking firm that provides Strategic Consulting, Merger & Acquisition and Corporate Finance Advisory services to middle market companies.**



**We provide our clients with the ability to explore all possible alternatives and the capability to execute a selected strategy.**

# Strategic Advisors Overview

## **Middle Market Investment Banking Firm**

- Formerly Mellon Strategic Advisors
- Seasoned professionals with backgrounds in investment banking, private equity, accounting and taxation
- Principal shareholders have worked together for over 20 years
- Have closed over 200 middle market transactions as principals and advisors

## **M & A and Private Placement Advisory Services**

- Strategic consulting service creates & explores all realistic alternatives
- Process results in selected strategies tailored to meet clients' goals & objectives
- Acquisition, divestiture advisory & capital formation via private placements of debt & equity

## **Services targeted toward the Middle Market**

- Companies with valuations of \$10MM to \$300MM
- Considering sale, acquisition, expansion, wealth diversification or transfer
- MBOs, LBOs, Divestitures, Recapitalizations or Restructuring

## **Guiding Principles**

- Committed to fully understanding clients' goals & objectives
- Provide customized solutions to meet clients' goals & objectives
- Support solutions by in-depth due diligence and analysis
- Senior level attention on every assignment
- Exceed client expectations via confidential processes & deal expertise
- Provide clients access to national market of lenders, investors & acquirers
- Accept engagements on a highly selective basis
- Base fees on success of engagements thereby aligning business interest to client's
- Committed to highest level of performance & integrity

# Why Strategic Advisors – Client Value Proposition

## *M&A & Corporate Finance Expertise*

- Diverse industry experience
- Founders have private equity and M&A experience
- Sophisticated valuation and forecasting capabilities
- Fully understand current debt & equity market trends
- Assist with complex transactions & tax issues
- Discreet & effective deal management
- Access to financial and strategic buyers

## *Committed Customer Focus*

- Focus on understanding clients' goals & objectives
- Strong transaction leadership for client
- Consultative advisory services
- History of satisfied clients
- Fully staffed teams with strong experience
- Aggressive negotiators on behalf of client
- Committed to deliver best solution

*Maximizes Client Value*

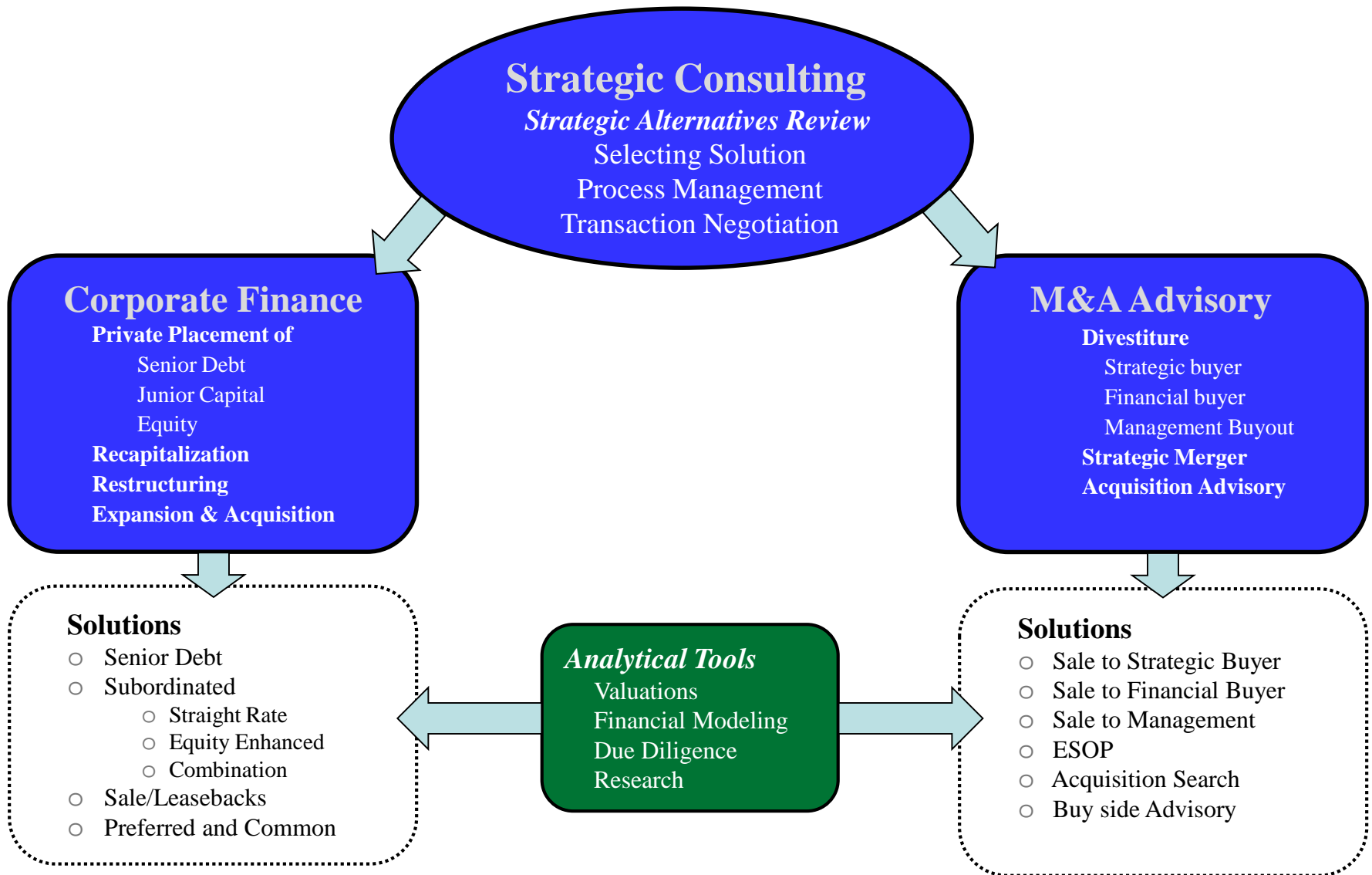
## *Market Credibility & Knowledge*

- Outstanding name and reputation
- Proprietary database of strategic & financial buyers
- Principals have over 25 years of experience each
- Long history with private equity & mezz. community
- Ensures competition & broad market coverage
- Strong research capabilities and market knowledge
- Proven history of success

## *Value Driven Execution*

- Broad market coverage via controlled auction process
- Discreet and efficient process
- Quality & effective sales & placement memorandum
- Uniquely able to target buyers & investors
- Minimal management disruption
- Competitive bidding platform
- Proven deal process

# Strategic Consulting Approach – Develops Alternatives



# The Strategic Alternatives Review

## Objective

- *Provide a framework for middle market business owners to explore the capital market alternatives available to meet their goals & objectives*
- *Establish the owners' current equity value as a "portfolio asset" on a "mark to market" basis*

## Approach

- Understand the goals and objectives of the shareholders or private owners and managers
- Establish a "Status Quo" alternative of the business based upon a five year projection
- Determine Value (DCF, Market Comps and Leverage Test)
- Develop all Strategic Alternatives that meet shareholder objectives
- Summarize alternatives and review financial and business impacts of implementing each alternative
- Compare alternatives on the basis of wealth creation, risk and meeting owners' objectives
- Recommend and assist in selecting the most appropriate alternative

## Strategic Alternatives

- Status Quo
- Recapitalization
- Acquisition(s)
- Divestiture

# Potential Engagements

## **Public or Private companies with revenues of \$10MM to \$300MM**

- Full or partial sale of ownership interests under consideration
- Growth oriented looking to expand via internal growth or acquisition
- Succession planning or management buyout discussions begun or underway
- Owners who realize they have “all their eggs in one basket”
- Public and considering going private
- Looking to divest non-core divisions or assets
- Potential for financial turnarounds
- Management group that desires to have an ownership stake

## **Private Equity Groups**

- Looking to acquire or divest portfolio companies
- Need to restructure portfolio companies

## **Financial Institutions**

- Looking to divest loans, LP interests or other specialized assets
- Have assets requiring work-out assistance

# Sample Transaction – Advisory & Divestiture

**Company** *Interface Solutions*

**Status** Closed

**Description** The low-cost global market leader in the manufacture of fiber-reinforced gasket material and parts sealing solutions for the heavy-duty diesel, automobile, small engine, transmission and compressor markets.

**Financials**  
Sales > \$150.0 MM  
EBITDA > \$25.0 MM



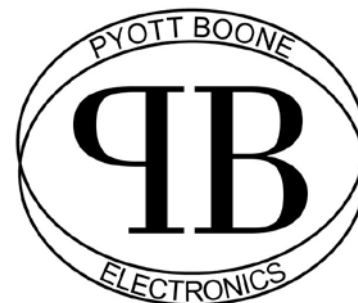
- Situation**
- > Portfolio company of middle-market private equity firm
  - > Company emerged from recession and reached record sales and profits
  - > Leveraged strong performance to acquire chief competitor in Europe
  - > Increased geographical diversification with nearly 50% of sales outside U.S. (21% of sales outside U.S. when acquired by client)
  - > Private equity firm desired to exit their investment after holding for 5 years
- Solution**
- > Company engaged Strategic Advisors to advise on valuation and run a targeted auction process to sell the Company
  - > Marketed company to only a select group of financial buyers as Management did not want to become part of a larger company
  - > Generated significant interest, with nearly all buyers submitting Letters of Intent
- Outcome**
- > Company was sold to Wind Point Partners
  - > New owners plan to invest additional capital to pursue add-on acquisitions, upgrade and consolidate existing facilities and further grow the company
  - > Interface sale EBITDA multiple exceeded comparable market transaction multiples



# Sample Transaction – Advisory & Divestiture

**Company** *Pyott-Boone Electronics, Inc.*

**Description** A leading developer, manufacturer and marketer of the most extensive and technologically advanced communication, tracking and monitoring products for underground mining and tunneling.



**Financials**

Sales	\$45.5MM
EBITDA	\$12.0MM

**Situation**

- > Pyott-Boone was 99.8% owned by Fetterolf Group, Inc.
- > During 33 years of ownership, Fetterolf Group achieved its business goals and was seeking to monetize its investment in the Company
- > Pyott-Boone had been growing rapidly after capitalizing on increased regulation to create safer and more productive underground mining environments
- > The Company was looking for strategic investors to build on its past success by expanding the Company's product offering and service solutions for existing customers, as well as new customers in international markets and in other industries

**Solution**

- > Fetterolf Group engaged Strategic Advisors to advise on valuation and run a controlled auction process to sell the Company
- > Ran controlled auction process, targeting over 150 buyers comprised of private equity and strategic buyers
- > Generated significant interest, receiving 10 indications of interest ("IOI") and turning away additional offers that couldn't meet valuation expectations

**Outcome**

- > Company was sold to Vierville Capital and Prairie Capital
- > This combination of equity partners brought a strong and experienced investment team with significant international relationships
- > Company was sold for \$68.0MM
- > Management and Fetterolf Group rolled over \$2.0MM+ into the transaction

# Sample Transaction – Representation for PEG

**Company** *Susquehanna Capital*

**Description** Central Pennsylvania Private Equity Fund that invests in regional middle market companies  
Owners of five privately-held companies with revenues ranging from \$30MM to \$130MM



Sold York Label, York Barbell and Interface Solutions

Arranged LBO of Interface Solutions, Cooper Manufacturing Co., Herculite Products and New York Wire

**Services Provided**

- > Representation for Acquisition and Divestiture Activity
- > Investment Opportunity Review
- > Risk Assessment
- > Valuation
- > Financial Modeling
- > Capital Structure Alternatives
- > Capital Formation
- > Letter of Intent / Purchase Agreement Advice
- > Due Diligence Review

**Structure**

- > Acquisition Advisory - Success fee based on debt commitments raised
- > Divestiture Advisory - Success fee based on aggregate purchase price

# Sample Transaction - Public to Private

**Company** *The Lion Brewery*

**Description** Contract packager in beverage industry

**Financials**

Sales	\$30 MM
EBITDA	\$4 MM



**Situation**

- > Board of Directors of a closely-held public company wanted to divest
- > Management, with limited financial resources, was seeking to purchase the Company, maximize its ownership and retain board control
- > Purchase price proposed at \$20MM
- > Strategic buyer was bidding on Company
- > Time was of the essence to structure a deal that met management's objectives

**Solution**

- > Advised management on business value and structure
- > Maximized management's equity position at 46% with contribution of only 3% of total cash equity
- > Prepared memorandum, targeted investors and obtained financing commitments within 45 days

**Outcome**

- > A management-led investor group acquired the Company for \$20MM
- > Management maintained 46% ownership and retained board control

# Sample Transaction – Advisory & Divestiture (Family Owned)

**Company**      *Cygnus Manufacturing Company*

**Description**      Contract manufacturer of highly-complex medical instruments and industrial products

**Financials**      >      Sales      \$16.0MM  
>      EBITDA      \$1.8MM

**Situation**      >      Owner desired to sell the business and move out of the area  
>      Goal was to keep the Company intact yet achieve desired selling price  
>      Company's largest customer represented more than one-half of total revenues

**Solution**      >      Advised owner as to an expected valuation range  
>      Prepared memorandum, identified potential financial and strategic investors  
>      Developed strategy for minimizing customer concentration issues  
>      Successfully positioned Company as key supplier of mission critical parts and components  
>      Ran broad auction process to both financial and strategic buyers

**Outcome**      >      Received multiple interest letters from both financial and strategic buyers  
>      Negotiated letter of intent with a financial buyer who desired to use Company as a platform for growth  
>      Buyer negotiated employment contracts with key people  
>      Owner achieved higher than expected selling price  
>      Real estate was also sold to further meet owner's objectives



# Sample Transaction – Management Buyout



## *Company Interface Solutions*

- Description** Interface Solutions Inc., located in Lancaster, PA is a leading manufacturer of sealing solutions, flooring felt, and engineered composite materials. Interface is the market leader in the manufacture of fiber reinforced gasket materials and flooring felts for the resilient vinyl sheet flooring market
- Situation**
- > Strategic Advisors was introduced to the Management team who wanted to execute a Management Buyout
  - > The Company was owned by Citicorp Venture Capital (CVC)
  - > CVC wanted to run an auction process to execute a sale of the Company
  - > The Company was formerly owned by Armstrong World Holdings, which indemnified the Company against asbestos litigation
  - > Armstrong went into bankruptcy so the indemnification needed to be approved by the court
  - > Significantly underfunded pension and post-retirement medical. Union contract soon expiring
- Solution**
- > Strategic Advisors advised the Management Team on valuation and structure which included bringing in a new equity partner
  - > Adjusted value for the underfunded pension and post-retirement medical
  - > Introduced Susquehanna Capital to the Management Team, which bid as part of the auction
  - > Mitigated asbestos risk and advised to take out insurance until company could get indemnity
  - > Company renegotiated union contract to save on medical and pension expense - funded into a work stoppage if need be
  - > Targeted a select number of capital providers who were willing to lend given the current situation
- Outcome**
- > Management and Susquehanna won the deal
  - > Raised senior debt, subordinated debt and common stock to support Susquehanna's new equity and Management's rollover
  - > Deal completed prior to company receiving asbestos indemnification
  - > Funded into a work stoppage
  - > Company later received indemnity and significant savings from the union

# Sample Transaction – Acquisition Financing

**COPPERHEAD  
CHEMICAL**

**Company** *Copperhead Chemical Company*

**Description** Operates only facility in North America currently certified by the U.S. FDA to manufacture diluted nitroglycerin for pharmaceutical use

**Financials**

Sales	\$11.2MM
EBITDA	\$4.8MM

**Situation**

- > Company given the opportunity to acquire the “Special Drugs Mixture Business” from Avecia Inc. that supplies diluted nitroglycerin to pharmaceutical companies
- > Company was unsuccessful in raising the necessary funds to complete the transaction, and therefore retained Strategic Advisors as its exclusive financial advisor.

**Solution**

- > Strategic Advisors advised the Company on creating a detailed business plan and financial model
- > Mitigated collateral issues by focusing senior lenders on the Company's plant in use value and FDA certification
- > Targeted a broad and diverse number of capital providers who were willing to lend on strong cash flows
- > Restructured senior debt with existing bank group to avoid harsh senior debt market conditions

**Outcome**

- > Raised \$10.5 million in senior credit facilities and \$4.5 million in subordinated debt to fund the acquisition and refinance existing Copperhead debt
- > Transaction was especially successful because it enabled Copperhead to raise financing at a significantly lower cost than previous alternatives, enabling the company's shareholder to retain 100% ownership interest in the company

# Sample Transaction - Recapitalization

**Company** AllPak



**Description** A leading provider of rigid packaging solutions such as metal and plastic drums, plastic bottles, closures, labels, bags and a myriad of other packaging related components

**Situation**

- > Strategic Advisors had previously raised senior and subordinated debt to help the two owners buy out three other owners
- > The Company had paid off the subordinated debt and paid down some of the senior debt
- > The owners had been thinking of strategies to diversify their wealth and thought that an acquisition strategy was the best route
- > Given the aggressive debt markets, Strategic Advisors proposed to the owners that they could recapitalize the Company with additional debt thereby allowing them to take a \$12.0MM distribution and diversify their wealth. Total Leverage expected was 3.7x EBITDA

**Solution**

- > Strategic Advisors advised the Company on creating a detailed business plan and financial model
- > Given that the leverage was 3.7x, thought the deal might need some junior capital.
- > Mitigated collateral issues by focusing senior lenders on the Company's cash flow and high fixed charge coverage ratio
- > Targeted a broad and diverse number of capital providers who were willing to lend on strong cash flows

**Outcome**

- > Targeted senior lenders first to see if they could provide the financing for the whole deal
- > Completed Transaction with all senior debt and with no equity dilution
- > Owners took a \$12.0MM distribution

# Sample Transaction - Restructuring

**Company** *Houghton International*

**Description** Manufacturer of Specialty Chemicals and Lubricants

**Financials**  
Sales \$310MM  
EBITDA \$24MM (Normalized)

## **HOUGHTON INTERNATIONAL**

Specialty Chemicals, Oils and Lubricants for  
Metalworking and Manufacturing Processes

**Situation**

- > Economic downturn - rising oil and energy prices impacted business
- > Selling off non-core assets and reducing overhead
- > Chemical management segment rapidly growing
- > Senior lenders desired a restructuring
- > Needed capital formation services to execute debt restructuring

**Solution**

- > Determined market debt structure based upon normalized earnings, mitigated downside risk by emphasizing enterprise value
- > Developed full understanding of cost initiatives and non-recurring expenses
- > Raised \$25 million of subordinated debt to ease senior bank pressure
- > Restructured senior debt with existing bank group to avoid harsh senior debt market conditions

**Outcome**

- > \$60 million Revolving Line of Credit, \$8 million Senior Term Loan and a \$25 million eight year subordinated note (bullet amortization) issued with a detachable warrant



# Sample Transactions



has been acquired by



The undersigned acted as financial advisor to the shareholders of Interface Solutions.



Securities and investment advisory services are offered through BPU Investment Management, Inc. member FINRA/SIPC, and a registered investment advisor

**Sell-Side Advisor**

A Family Office Private Equity Group



was formed by the owners of



The undersigned acted as consultant and financial advisor in the formation of Elk Lake Capital.



Securities and investment advisory services are offered through BPU Investment Management, Inc. member FINRA/SIPC, and a registered investment advisor

**Consulting**



has recently completed  
a Recapitalization

The undersigned served as financial advisor to Management for the transaction



Securities and Advisory Services are offered through BPU Investment Management, Inc. member FINRA/SIPC, and a registered investment advisor

**Placement Advisor**

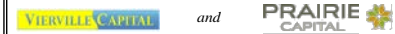


A portfolio company of



FETTEROLF GROUP, INC.

has been acquired by



The undersigned acted as financial advisor to the shareholders of Pyott-Boone Electronics, Inc.



An affiliate of BPU Investment Management, Inc. Registered Investment Advisor & Member FINRA/SIPC

**Sell-Side Advisor**



has been acquired by



The undersigned served as financial advisor to the owners of North Penn Pipe & Supply, Inc.



An affiliate with BPU Investment Management, Inc. Member FINRA, SIPC

**Sell-Side Advisor**



DELL FASTENER CORPORATION

The undersigned completed a strategic consulting process outlining potential exit strategies and future growth opportunities for the owners of Dell Fastener Corporation



An affiliate with BPU Investment Management, Inc. Member FINRA, SIPC

**Consulting**



has been acquired by



FLIR SYSTEMS INC. (NASDAQ: FLIR)

The undersigned acted as financial advisor to the shareholders of OmniTech Partners, Inc.



An affiliate with BPU Investment Management, Inc. Member FINRA, SIPC

**Sell-Side Advisor**



has been acquired by



The undersigned served as financial advisor to Asset Auctions.



An affiliate with BPU Investment Management, Inc. Member FINRA, SIPC

**Sell-Side Advisor**

# Sample Transactions

## COPPERHEAD CHEMICAL COMPANY INC.

*has recapitalized with its existing lending group to fund future growth, prepay a portion of existing subordinated debt, and to fund a shareholder distribution.*

*The undersigned initiated the transaction and served as financial advisor and placement agent on behalf of the Company.*



**Placement Agent**



*has been acquired by*



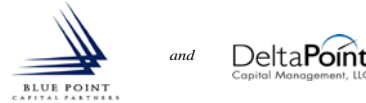
*The undersigned acted as financial advisor to the owners of Camalloy, Inc.*



**Sell-Side Advisor**



*a portfolio Company of*



*has been acquired by*



*The undersigned acted as financial advisor to the sellers of Ultimate Technologies.*



**Sell-Side Advisor**



Amerinet Central

*has acquired*

**VECTOR HEALTHSYSTEMS, INC.**

*The undersigned acted as financial advisor to Amerinet Central.*



**Buy-Side Advisor**



*Where Performance is part of the package™*

*has recapitalized with senior credit facilities to fund future growth, lower its cost of capital and fund a shareholder distribution.*

*The undersigned initiated the transaction and served as financial advisors and placement agent on behalf of the Company.*



**Placement Agent**



*has been acquired by*



*The undersigned acted as financial advisor to the owners of Lion Brewery.*



**Sell-Side Advisor**



**Coining of America, LLC**

*a portfolio Company of*



*has been acquired by*

**River Associates Investments, LLC**

*The undersigned acted as financial advisor to Main Street Capital Holdings LLC.*



**Sell-Side Advisor**



**CYGNUS MANUFACTURING COMPANY**

*has been acquired by*

**THE HARDING GROUP**

*The undersigned acted as financial advisor to the shareholders of Cygnus Manufacturing Company.*



**Sell-Side Advisor**

# Sample Transactions



Amerinet Central

*has acquired the*

**PURCHASING BUSINESS OF  
ALLHEALTH**

*The undersigned acted as financial advisor to  
Amerinet Central.*



**Buy-Side Advisor**



*has acquired*

**Grove City Paving, Inc. and Campbell's  
Asphalt Products, Inc.**

*The undersigned acted as financial advisor to  
Glenn O'Hawbakker Inc.*



**Buy-Side Advisor**



*has acquired*



*The undersigned served as financial advisor, placement  
agent and structured the transaction on behalf of  
Susquehanna Capital.*



**Buy-Side Advisor & Placement  
Agent**



*has acquired*

**COOPER MANUFACTURING COMPANY**



*The undersigned served as financial advisor, placement  
agent and structured the transaction on behalf of  
Susquehanna Capital.*



**Buy-Side Advisor & Placement  
Agent**



*has acquired*

**AVECIA GROUP'S SPECIAL DRUG MIXTURES  
BUSINESS**

*The undersigned served as financial advisor, placement  
agent and structured the transaction on behalf of  
Copperhead Chemical Company, Inc.*



**Buy-Side Advisor & Placement  
Agent**



*has completed a refinance*

**\$30,000,000**

**Senior Credit Facilities and  
Senior Subordinated Note**

*The undersigned acted as financial advisor and  
placement agent.*



**Placement Agent**



*a portfolio Company of*



*has been acquired by*



*The undersigned acted as financial advisor to Main  
Street Capital Holdings LLC.*



**Sell-Side Advisor**



*has completed a Management Buyout through a  
recapitalization*

**\$4,000,000 Revolving Credit Facility  
\$2,000,000 Senior Term Loan A  
\$3,500,000 Senior Term Loan B**

*The undersigned acted as financial advisor and  
placement agent.*



**Placement Agent**

# Team Members

## **Andrew R. Hays, CM&AA - Managing Director and Founder**

- Prior to founding Strategic Advisors, Mr. Hays led Mellon's Strategic Advisors Group (MSA) which provided M&A and private placement advisory services. Under his leadership, MSA serviced the needs of Mellon's Middle Market client base. Prior experience includes three years as a Principal with Main Street Capital Holdings, Inc., a middle market private equity firm, and fifteen years at Westinghouse Financial Services as Vice President (Group Head) Asset Sales and Syndications, for the Corporate Capital Group where he was responsible for marketing its \$3.5 billion debt and equity portfolios. Other positions at Westinghouse Financial included Vice President, Corporate Finance and Vice President, Marketing, for the Asset Based Lending Group. Mr. Hays currently serves on the Board of Directors of St. Clair Hospital, Bridgeway Capital, Inc, Elk Lake I, LLC, LTS Scale Company, LLC, and Sajar Plastics, LLC. Mr. Hays has been a frequent speaker at numerous conferences including the NASBIC, ACG, CFA and has been a guest lecturer at Pittsburgh-based universities. In addition, Mr. Hays was a past judge for the Ernst and Young Entrepreneur of the Year Award. He is a past president of the Pittsburgh Chapter of Association for Corporate Growth (ACG) and has also served on the Board of Directors for Mellon Financial Markets, LLC. Certified in Mergers and Acquisitions by the AMAA. FINRA Series 24, 7 and 63 licensed. B.A. Economics, Indiana University of Pennsylvania. M.B.A. University of Pittsburgh, Katz Graduate School of Business.

## **Andrew J. Bianco, CM&AA - Managing Director and Founder**

- Prior to forming Strategic Advisors, Mr. Bianco was a Managing Director within the Mellon Strategic Advisors Group which provided merger & acquisition and private placement advisory services to its clients. At Mellon, he headed the Acquisition and Private Placement Group and grew fee income significantly. Furthermore, Mr. Bianco was responsible for originating and completing various acquisition, divestiture and corporate finance engagements. In addition to his technical expertise, Mr. Bianco has developed an extensive national network of lenders and investors. Other experience includes nine years at Westinghouse Financial Services and three years at Corporate Development Partners, Inc., a regional investment banking firm focused on merger & acquisition and private placement services to middle market companies. At Westinghouse Financial Services' Corporate Capital Group, he was intimately involved in establishing and providing private placement capabilities to the group and liquidity to its \$3.5 billion debt and equity portfolios and was directly involved in the sale of numerous investments including senior, mezzanine, equity and limited partnership interests. As a Managing Director and Principal at Corporate Development Partners, Mr. Bianco was responsible for originating and completing corporate finance engagements with middle market clients. M.S., Corporate Taxation, Robert Morris College. B.S., Accounting, Duquesne University. Certified in Mergers & Acquisitions by the AMAA. Series 7 and 63 licensed.

# Contact Information



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