
Tillery Capital

Greater Focus, Better Results, Higher Returns.

Introduction

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Who We Are

Summary

■ Tillery Capital

- ▶ Operationally oriented, family office structured investment firm that invests in and builds lower middle-market companies in partnership with their management teams; founded Dec. '06.
 - ▶ We are experienced company founders, CEOs and business consultants
- ▶ Equity investments in companies whose annual EBITDA is > \$2 million.
- ▶ Targets owners and management teams who are trying to grow their business, but want a value-added equity partner to help them get it done.

■ Competitive advantages:

- ▶ Focused investment strategy. Make only one new platform investment every 12-18 months and focus energies on those firms.
- ▶ Genuine business value-add. Active, consultative Board-level involvement. Principals have knowledge, experience and management tools necessary to help portfolio companies implement their business plans. We provide resources and capital they otherwise would not have access to. Sellers desire this approach.
- ▶ Significant employee ownership. We strive for the management team and key employees to own 20-40% of the company on the same basis as ourselves.
- ▶ Benefits of being a family office. We have the flexibility to focus on and manage our companies for the long-term and to do what is best for the company.

Who We Are

Partner Biographies

- Chris Weidenhammer, CFA
 - ▶ Extensive, proven investment track record
 - ▶ 18 platform investments, 17 add-on acquisitions; \$1.38 billion total transaction value
 - ▶ \$265 million equity invested
 - ▶ 36% gross realized IRR
 - ▶ 20 years private equity investing experience in a wide-range of industries and business situations.
 - ▶ B.S. Mechanical Engineering; MBA Finance & Marketing; Chartered Financial Analyst
- Richard Fetter, PhD
 - ▶ Experienced business executive and private equity investor
 - ▶ Co-owner and leader of family business; increased sales ten-fold; sold company to larger investor
 - ▶ Several private equity investments across multiple industries
 - ▶ Consulted with more than 20 companies, both large and small, on growth strategies, recapitalization, acquisition strategy, and leadership development of key personnel.
 - ▶ B.S. Accounting; CPA; MBA Finance; PhD Marketing
- Jim Buck, PE
 - ▶ Experienced CEO and entrepreneur
 - ▶ Founded and was CEO of multiple companies
 - ▶ Sold two remaining businesses in 2006; realizing significant returns to all investors
 - ▶ Significant experience in leading dynamic, growing businesses
 - ▶ Buck Engineering was on "Inc." magazine's list of 500 fastest growing companies in U.S. in 2005 and 2006
 - ▶ 25 years operating experience in engineering, consulting and program management
 - ▶ B.S. Civil Engineering; M.S. Civil Engineering; Professional Engineer; MBA General Management

Why We Are Unique

Superior Strategy for Lower Middle-Market Investments

- We focus our efforts on a small number of investments. We target making only one new platform investment every 12-18 months and take an active, consultative board-level role in helping our companies achieve their business plans. This focus drives better business performance and financial results which creates higher investment returns.
- We are value-added partners. We add a level of sophistication generally missing within lower middle-market companies. Management teams are experts on their industry, customers and vendors; we are experts at broader business management. We have the knowledge, experience and management tools necessary to help our companies implement their business plans and we provide them the resources and capital they otherwise would not have access to. Business owners desire this approach.
- We believe in significant employee ownership. We strive for the management team and key employees to own 20-40% of the company, through co-investments (on the same basis as ourselves) plus performance-based stock options.
- We have the benefits of being a family office. We are not constrained by a limited-life fund, which can drive short-term decision making. We have the flexibility to focus on and manage our companies for the long-term and to do what is best for the company, its shareholders and its employees.

Why We Are Unique

What We Believe In

- Focus drives success. Focus your efforts on the two or three things that must be done to achieve superior performance. Everything else is a distraction.
- One vision, one team. All decision makers must have 100% commitment to the strategy and tactics behind the company's business plan and why they make sense.
- Those who add the value should reap the rewards. We believe in significant management and key employee stock ownership, targeting 20-40% ownership of the company.
- Hire the best talent. For every key position, hire the very best person available, who is committed to the vision and shares the same values as the company.
- Victory goes to the quick and the nimble. In the past, big companies pushed around little companies. Today, the quick and nimble outmaneuver the slow.
- Invest in what you know. We invest only where we are able to bring more than just money to the table. Our business value-add should create more wealth than our capital.
- Buy businesses with buyers, not from sellers. Invest in transactions where the existing owner and/or management team are enthusiastic about the company's prospects and are willing to invest a material amount of their net worth into the company.
- Make money with your partners not from them. Align everyone's financial interests.
- Integrity, trust, and respect. These values guide how we operate and interact with others.

Why We Are Unique

How We Add Value

- We apply our extensive investment and business management expertise to help our portfolio companies and their management teams achieve superior business performance and financial results.
 - ▶ We are active Board members; but do not assume management roles in the company.
 - ▶ We work collaboratively with management to:
 - Set strategic objectives and priorities
 - Identify sales growth opportunities
 - Improve operational effectiveness
 - Implementing more sophisticated financial controls
 - Handle business complexities
 - Address capital needs of business
 - Source and complete add-on acquisitions
 - ▶ We provide management tools, third-party resources and capital our management teams otherwise would not have access to.

Investment Strategy / Criteria

Profile of Ideal Acquisition

- Profitability. EBITDA of \$2 to \$10 million.
- Ownership Dynamics. Owners and management teams that are trying to grow their business, but want a value-added equity partner like us to help them get it done.
 - ▶ Enables realization of business plans faster and with greater certainty
 - ▶ Provide owners certain level of financial security and diversification
 - ▶ Owners who want to participate in the future upside as a shareholder (> 20% retained ownership)
- Business Characteristics.
 - ▶ Has truly differentiated intellectual property, that it owns. IP can be product, software and/or process-based.
 - ▶ Goes to market under its own brand name.
 - ▶ Has genuine international sales opportunities, even if business does not sell internationally today.
- Strategic Relationship With Customers. The business' products or services:
 - ▶ Directly help their customers increase their (the customer's) sales, or
 - ▶ Directly help their customers permanently reduce their cost structure.

Investment Strategy / Criteria

Target Markets, Location

- Current target industries:
 - ▶ Agriculture crop input products and equipment
 - ▶ Livestock/ animal health products and services
 - ▶ Medical device manufacturers and certain healthcare service businesses. Devices ideally would have some electronic smarts built into them. Services would be those that truly help permanently reduce the cost of delivering health care.
 - ▶ Niche manufacturing businesses, particularly those whose products have electronic smarts added to traditionally mechanical functions
 - ▶ Niche software businesses which are replacing or emulating hardware or automating highly repetitive tasks
 - ▶ Commercial and industrial service companies that have a tangible element to their services (requiring direct contact with the customer)
- US headquartered, preferably in southeastern or mid-western US.

Investment Strategy / Criteria

Other Considerations

- Proven long-term need for products and/or services is clear
- In growing or large and fragmented markets; potential for industry consolidation
- Products and/or services that capture full value chain to the end-user
- Strong competitive positions, with operational or marketing improvement opportunities
- If cyclical, must clearly understand where we are in the cycle

Advantages to Business Owners

- Fair price to owners; diversification of personal net worth.
- Equity participation in future growth of company.
- Transactions structured to meet unique needs of owners & company.
- Discrete, timely transaction. Minimizes disruptions to management and the company.
- Demonstrated track record of closing and closing on original terms.
- Our belief in employee ownership increases certainty that legacy owners have created will continue on and be further built upon.
- Focused on growth. Experienced at developing and executing strategies that strengthen and grow acquired businesses. Good for shareholders and employees.

Advantages to CEOs & Management Teams

- Management teams maintain their leadership role in the company and have full authority to execute the business plan.
- Management teams are financially rewarded for delivering superior performance (people who create the value should reap the rewards).
 - ▶ Significant co-investment opportunities and stock option programs
 - ▶ Significant cash bonus and profit sharing opportunities
- We add real value without getting in the way of management. Better understanding of business makes us better partners for management.
 - ▶ We have the knowledge, experience and management tools necessary to help our companies implement their business plans and we provide them resources and capital they otherwise would not have access to.
 - ▶ We understand real world challenges management faces and provide practical, implementable solutions.
 - ▶ Expertise in financial and capital markets and diligence / integration of add-on acquisitions.
- We develop collaborative relationships management teams desire. We ensure everyone's financial interests and incentives are fully aligned.
- Strong value creation track record. Experienced at developing and executing strategies that strengthen and grow our acquired businesses.

Next Steps

- We would like to meet owners or management of companies that:
 - ▶ Meet our investment criteria
 - ▶ Who are looking to grow their business, but want a value-added equity partner who has financial and business resources to help them make the growth real
 - ▶ Seeks a partner with a proven track record of value creation
 - ▶ Have strategic and/or operations improvement potential
- We would like to see client companies you are selling in our target markets.