A Brief Overview of International Private Equity

Charles E. Ball
Managing Director
Andlinger & Company, Inc.
About the Presenter

Charles E. Ball

- BS University of Florida (Go Gators!)
- MBA Suffolk University
- Managing Director
  - Andlinger & Company, Inc.
  - Bank of Boston Ltd., London
- Board Member of Numerous Companies
- Lead and Collaborated on Numerous LBOs
Charles E. Ball

• Example of A Successful Transaction
  – Galileo Corporation, Renamed NetOptix
    • Business was
      – Near Bankruptcy When Investment Was Made
      – Mini-conglomerate
    • Investment of $6 million
    • Focused Strategy
    • Returned over $600 million
Today’s Topics

• About Private Equity
• About Leveraged Buyouts
• A Profile of Andlinger & Company, Inc.
• Investing In the International Marketplace
• How To Get A Deal Done
• Tips For Success
• Summary & Conclusion
About Private Equity
2 Basic Kinds

• Buyouts
  – Existing Operating Businesses
  – Leveraged (LBOs) or All Equity
  – Control or Minority Ownership

• Ventures
  – Startups
  – Early Stage
  – Control or Minority Ownership
About Leveraged Buyouts (LBOs)

• Transaction Financed With Mix of Equity and Debt
• Target Company’s Assets Are Used to Borrow Debt
**Simplified LBO Example**

<table>
<thead>
<tr>
<th>Purchase Price</th>
<th>$ 18 Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>$ 8 million</td>
</tr>
<tr>
<td>Target Company Has Assets That Support Borrowing</td>
<td>$10 million</td>
</tr>
</tbody>
</table>
Andlinger & Company, Inc.

- One of the Earliest LBO Firms
  - Established 1976
- Founded by Gerhard R. Andlinger
  - Former Executive V.P. of ITT Corporation
- Have Acquired Approx. 100 Businesses
- Offices NY, FL, Brussels, Vienna
- 18 Principals
Andlinger & Company, Inc.

- **How We Are Different**
  - Self Funded
  - Transatlantic
  - Partners Have Operating Experience

- **What We Do**
  - LBOs & Management Buyouts: Turnarounds, Manufacturing, Distribution, Selected Service Businesses
  - Selected Ventures
Andlinger & Company, Inc.

- **Our Investment Philosophy**
  - Control Investors
  - Invest Personal Funds
  - Find Opportunities Where We Can Add Value
  - Team With Management
  - Take A Long-term View
  - Foster Entrepreneurship
Andlinger & Company, Inc.

• How We Work With Management
  – Substantially All of Our Deals are MBOs
  – Always Reserve Equity For Management
  – Active Board Participation
Investing in the International Marketplace

• Why We Do It
  – Business is Becoming Globalized
  – Greater Opportunities Outside US
    • US LBO Market Is Mature, Competitive & Efficient
How To Get A Deal Done

- ACCESSING RISK
- UNDERSTAND WHAT IS IMPORTANT
- BE CONFIDENT
- KEEP COMMITMENTS
- FOCUS
- BE A GOOD FISHERMAN
Tips For Success

• Get On Board
• Planned Career Path?
• 80% Rule
• What You Need To Learn
Summary & Conclusion

- DON’T BE AFRAID OF RISKS/FAILURE
- FOCUS ON PROBLEMS