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Sunshine stater

Hyde Park zeroes in on a busy geographic niche

BY KELLY HOLMAN

The name Hyde Park may inspire images of London's sweeping public green or of the Windy City neighborhood whose eclectic claims to fame include the University of Chicago, a collection of Frank Lloyd Wright buildings and an animated local political scene.

But Hyde Park Capital Partners LLC has a different geographic focus and is making its mark by sticking tightly to it.

Named for an upscale suburb of Tampa, Fla., the seven-year-old investment bank has carved out a niche by concentrating on middle-market mergers and acquisitions in the Southeastern U.S., with an emphasis on Florida.

The firm, a broker of mainly privately held companies valued between \$10 million and \$500 million and generating Ebitda of \$5 million to \$25 million, has closed seven transactions in the past two months alone. That's not bad for a highly regional boutique.

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Just in the last month, Hyde Park Capital announced the sale of DenCor Management Services Inc., a dental practice management company based in St. Petersburg, Fla., to Great Expressions Dental Centers Inc. of Bloomfield Hills, Mich., for an undisclosed sum. It also announced the sale of Orion International Consulting Group Inc., a Raleigh, N.C., firm that recruits ex-military personnel for corporate jobs, to New York's Centre Partners Management LLC in a deal with \$40 million of equity.

DenCor and Orion epitomize the kinds of solid businesses Hyde Park seeks as clients, says John McDonald III, a co-founder and senior managing director at the firm.

"Our reputation in the market is working with really good companies," he says.

McDonald, 45, and fellow Hyde Park co-founder and senior managing director John Hill Jr., 46, cut their M&A chops in healthcare technology, life sciences and technology banking at St. Petersburg, Fla.-based Raymond James & Associates Inc. in the 1990s.

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EK Success rolls up 2 crafts companies

BY LISA GEWIRTZ-WARD

GTCR Golder Rauner LLC is sponsoring a \$1 billion recapitalization of its scrapbook company, EK Success Ltd., to finance the add-on acquisitions of two other crafts businesses, a source said: baking products maker Wilton Industries Inc. and handicraft supplier Dimensions.

EK Success, of Clifton, N.J., is buying Wilton for more than \$700 million, the source said. Wilton generates about \$300 million in revenue selling spatulas, icing and sprinkles under its own name.

Woodridge, Ill.-based Wilton also sells teakettles and housewares under the Copco brand, private-label picture frames under the Weston Gallery brand and a small scrapbook business called Just Jinger.

EK Success paid more than \$100 million for Dimensions, a Reading, Pa., company that makes needlepoint patterns and coloring books, according to the source.

GTCR, through its eighth fund, is investing about \$200 million of equity in the recap and raised about \$850 million of debt through UBS and Deutsche Bank. The deal is expected to close within a few weeks. GTCR will rename the combined company Wilton Industries.

The Chicago buyout firm acquired EK Success in December 2005 for about \$200 million. The company has a joint venture with Martha Stewart Living Omnimedia Inc. producing paper products under the domestic diva's name.

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Stewart plans to extend the license to Wilton Industries.

Robert W. Baird & Co. ran the auction for Wilton, and Edgewater Partners ran the auction for Dimensions. Both companies were

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ON THE SMALLER SIDE

INDUSTRIAL GROWTH PARTNERS, a San Francisco buyout firm, acquired API Heat Transfer Holding Co. with \$30.6 million of debt and equity financing. New York specialty lender Golub Capital, which announced the deal July 12, provided \$26.6 million of subordinated debt and \$4 million of equity for the acquisition. The purchase gives Industrial Growth control of a Buffalo, N.Y.-based maker of heat exchange products, which employs more than 800 workers spread between manufacturing plants in China, Germany and the U.S., and marks Golub's fifth deal with Industrial Growth Partners. — Kelly Holman

NOVEKO INTERNATIONAL INC., a Montreal-based medical device company, said July 11 it agreed to buy Laboratoire SyMa Inc. for about \$5.5 million. The target is a privately owned Quebec company that makes antibacterial sanitizers sold under the Azuro trademark at pharmacy chains, convenience stores and other retail outlets. According to the deal's terms, Noveko will pay \$500,000 in cash and one million Class A shares. The transaction is subject to due diligence and regulatory approval and could close shortly, Noveko said. — Tara Croft

PHOENIX ASSOCIATES LAND SYNDICATE, a Madisonville, La., holding company, said July 10 it bought Superior Avionics Inc.

of Fort Lauderdale, Fla., for \$1.5 million. Superior is a Federal Aviation Administration-certified repair station specializing in the sales, service and installation of avionics equipment in corporate jets. It expects \$2 million in sales this year with 15% profit margins. Superior CEO Paul Alonzo and his employees will join Phoenix. Superior is Phoenix's second purchase of an aircraft-related business in the Fort Lauderdale area. — Claire Poole

ELECTRO SCIENTIFIC INDUSTRIES INC., a Portland, Ore., provider of photonic micro-engineering technology, said July 5, it agreed to buy New Wave Research Inc., for \$36 million in cash. The price is about 1 times the target's annual revenue. NWR, of Fremont, Calif., makes laser-based systems and components. NWR's shareholders must approve the deal, but ESI expects to close the transaction in 30 days. Excluding expenses, the acquisition is expected to be break-even for ESI in fiscal 2008 and add to earnings the next fiscal year, which begins April 2008. — Cheryl Meyer and Andrea Orr

HIMATSIINGKA SEIDE LTD., a Bangalore, India, textile design company, said July 2 its Himatsingka America Inc. subsidiary purchased an 80% stake in New York's Divatex Home Fashions Inc. for \$53 million. The enterprise value for the transaction was \$75 million. Divatex ranked as one of the top three distributors of bed linen products in the U.S. Seward & Kissel LLP provided legal counsel to Himatsingka Seide. — Greg Johnson

HYDE PARK continued

Hill, who had worked in Morgan Stanley's M&A group before joining Raymond James in 1991, co-founded the firm's technology investment banking group. Among other deals, he took Sykes Enterprises Inc. public in 1996, raising \$61.2 million for the call-center company. He also arranged subsequent secondary offerings for the Tampa business, ultimately raising several hundred million dollars.

McDonald joined Raymond James in 1988 after a stint at IBM Corp. and working as a mechanical engineer on the design team for Motorola Inc.'s first consumer cell phone. He served as co-head of Raymond James' healthcare investment banking practice.

Hill and McDonald forged strong Southeastern connections at the St. Petersburg shop, and the experience planted the seeds for Hyde Park. The seeds began sprouting as Raymond James fortified its national presence.

"As a group, it [Raymond James] became more nationally focused and less regionally focused, and we saw an opportunity to target private companies in the Southeast," McDonald says.

He and Hill departed Raymond James in December 1999 and launched their own firm in 2000. The plan was to give the new shop a name that reflected the upscale Tampa Bay neighborhood where the pair planned to establish their office.

"When my partner and I spun out of Raymond James, we envisioned locating our headquarters in Hyde Park," McDonald recalls, adding, "the joke about our name was we picked the name before the location."

Ultimately, Hyde Park's founders secured office space in a historic three-story building in downtown Tampa rather than in the suburbs. No matter. The dealmaking, not the address, was the important thing.

Hyde Park Capital today has eight professionals, including a new associate position. They cover a broad swath of industries, including business services, communications, consumer, distribution, financial services, healthcare, industrial, manufacturing, retail and technology.

In addition, the firm manages private equity and debt placements ranging from \$10 million to \$100 million, and it provides fairness opinions along with buy-side advisory services.

The firm's range of services doesn't differ much from that of other middle-market investment banks. But what sets it apart from rivals—including Southeastern regional banking groups such as Wachovia Securities LLC and Edgeview Partners, which are both substantially larger—is its laserlike focus on the Sunshine State.

While a handful of buyout groups are headquartered in Florida, including Brockway Moran & Partners Inc., Palm Beach Capital Partners, Trivest Inc. and Sun Capital Partners Inc., McDonald contends that the state has a surplus of deal opportunity. The sheer size of the state, the fourth largest in the nation and still

**HYDE PARK** continued

growing, makes it daunting for financial buyers, he says.

"We make it easier for private equity firms to canvass the state because we're already here. We're cherry-picking the state for them," McDonald says.

"We believe we are the leader in lower middle-market M&A in Florida," Hill adds.

The mergers and acquisitions boutique has even had success in selling companies in its backyard to Florida investment houses. Among other deals, it sold Fort Lauderdale, Fla.-based Lady of America Franchise Corp., a women-only fitness franchiser, to Miami's Trivest in February 2005 and Sarasota, Fla.-based Progressive Employer Services to Palm Beach Capital in 2004.

Hyde Park doesn't manage a fund. Its founders will make small investments in select deals they unearth and guide to fruition. But neither they nor their firm looks to make significant co-investments in the deals they put together. They don't want to be seen as—or to be—a competitor to the buyout firms with which they work.

"One thing we want to be careful about is we don't want to create any kind of conflict with our private equity accounts," McDonald says.

Meanwhile, selling distressed businesses isn't in Hyde Park's playbook, at least for now, McDonald says. If a wave of restructuring activity comes down the pike, though, Hyde Park might reconsider adding the area to its practice, the senior managing director says.

Private equity dealmakers like Robert Bergmann, a senior partner at Centre Partners, say Hyde Park has managed to build very good name recognition in the Southeast market.

And cachet in the Southeast isn't exactly a bad quality to have at the moment, considering the amount of capital mid-sized financial buyers have raised and the interest that larger financial institutions have shown in regional middle-market banking groups.

On July 10, for instance, Lazard announced an agreement to acquire Minneapolis midmarket M&A boutique Goldsmith Agio Helms & Lynner LLC for an undisclosed sum. The accord followed a deal in June by CIT Group Inc. to acquire Charlotte, N.C.-based Edgeview Partners, also for an undisclosed price.

The idea of selling itself isn't exactly an adverse notion to Hyde Park. In fact, it has a place in the investment bank's long-term plan.

"We'd like to continue to grow the size of the firm so that we could be an attractive acquisition candidate for a big investment bank or financial services firm focused on one of the fastest-growing regions of the country," McDonald says.

If the Edgeview and Lazard transactions offer any indication, there is plenty of incentive for Hyde Park's founders to stay focused on the M&A advisory business.

As the often-played song from the 1980s goes, the future could be so bright the pair might need to don shades. 🐼

MASTEK LTD., a software company based in Mumbai, said July 16 it has acquired a 90% stake in Indianapolis-based Vector Insurance Services LLC in a transaction worth up to \$9 million. Mastek's U.S. subsidiary, MajescoMastek, will buy the stake in Vector, which makes software for the life insurance industry, for \$4.5 million in cash payable at closing with another \$4.5 million due if certain milestones are met. The deal was expected to close in 30 days.

— Stacey Higginbotham

CERADYNE INC., a specialty products manufacturer based in Costa Mesa, Calif., said July 11 it acquired raw material supplier Minco Inc. for \$27.5 million in cash. Midway, Tenn.-based Minco is a key supplier of Ceradyne's Thermo Materials division. Grace Matthews Inc. advised Minco on the transaction.

— Lou Whiteman

SUMMIT BUSINESS MEDIA LLC, based in New York, said it closed the acquisition of business-to-business publisher Wicks Business Information LLC on July 9. The parties did not disclose terms when they announced the transaction in June, but the price was said to fall between \$75 million and \$80 million. Summit has backing from Chicago private equity firm Wind Point Partners. WBI was a portfolio company of New York firm Wicks Group of Cos.

— Chris Nolter

GENTIVA HEALTH SERVICES INC., a home healthcare provider based in Melville, N.Y., said July 5, it bought the home health op-

ON THE SMALLER SIDE

erations of North Carolina Baptist Hospital in Winston-Salem, N.C., for \$3.8 million in cash. Gentiva also acquired Baptist Hospital's respiratory and home medical equipment business. Gentiva operates more than 350 locations in 36 states. The new business units will operate as Gentiva Home Health and Gentiva Respiratory Services & HME.

— Tara Croft

WFI, a San Diego-based technology services provider, said July 9 it agreed to sell its wireless deployment unit to Los Angeles private equity firm Platinum Equity LLC for \$24 million. WFI will now focus on working with the Department of Defense and providing technical, IT and engineering services primarily to federal, state and local government agencies. The deal was expected to close by mid-July.

— Christine Idzells

CITIZENS COMMUNICATIONS CO., based in Stamford, Conn., said July 5 it is paying Country Road Communications LLC \$62 million for phone systems in California. Citizens is getting Evans Telephone Holdings Inc., which owns 15,000 phone lines in California through subsidiaries Global Valley Networks Inc. and GVN Services. Country Road, of Morristown, N.J., also owns telecom networks in Maine, Massachusetts and West Virginia.

— Chris Nolter