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Milestone Partners and Management Recapitalize Martex Fiber Southern Corp.

Radnor, PA, May 8, 2012 – Milestone Partners is pleased to announce that on April 30, 2012, it completed a recapitalization of Martex Fiber Southern Corp. (“Martex” or the “Company”). Milestone and Martex President Jimmy Jarrett provided equity capital for the transaction, while Sovereign Bank, N.A. provided senior debt facilities and THL Credit, Inc. provided subordinated debt.

Based in Spartanburg, SC with offices in Philadelphia, PA, Martex (<http://www.martexfiber.com/>) is one of the leading recyclers of pre-consumer textile waste in the Americas. Martex sources textile waste primarily from large apparel manufacturing cut-and-sew operations and converts the waste into higher value remanufactured fiber materials and yarn products. Martex has been producing sustainable and environmentally friendly products since the 1970s.

John Nowaczyk, Principal at Milestone, stated, “Martex co-founders Marty Zeldin and Jimmy Jarrett built an extraordinary business, providing innovative, high-quality, low-cost products to their customers for almost four decades and earning a sterling reputation. We are honored to partner with them and we look forward to helping accelerate the Company’s growth, while maintaining the Company’s culture and core values. We especially appreciate that Marty Zeldin will continue to serve in an essential consulting capacity and as a member of the Martex Board of Directors, even as he is retiring from his full time duties, and that Jimmy Jarrett will continue in his role as President, Board member and shareholder alongside Milestone.”

Jimmy Jarrett, added, “I am very pleased to partner with Milestone and our new lenders in recapitalizing the Company. We are achieving our shareholders’ long-term financial objectives while also ensuring that the Company is capitalized to meet our goals for the future. However, the most important things will not change. Our primary focus remains serving our customers and suppliers and acting with the highest level of integrity.”

The law firm Pepper Hamilton LLP advised Milestone Partners while Blank Rome LLP and Holcombe Bomar, P.A. advised Martex and its investors.

For more information about the transaction, please contact [John Nowaczyk](#) or [Kelly Widman](#) at Milestone Partners.

Milestone Partners (www.milestonepartners.com) is a private equity firm that partners with management to invest in leveraged buyouts and recapitalizations of lower middle market businesses. Milestone pursues successful niche-market leaders that provide high-margin products or services. Milestone’s transactions typically provide liquidity to shareholders of privately owned businesses, facilitate the transition of ownership to key managers, and allow management to capitalize on growth opportunities, while maintaining the legacy of the founders.

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555 East Lancaster Avenue | Suite 500 | Radnor, PA 19087

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MILESTONE REPRESENTATIVE INVESTMENTS:

-  **Avure Technologies**
(high-pressure processing systems)
-  **Blaschak Coal**
(anthracite mining and marketing)
-  **CODi**
(corporate mobility solutions)
-  **DydaComp**
(e-commerce and catalog software)
-  **Eliason**
(specialty commercial traffic doors)
-  **Fatz**
(casual dining restaurant chain)
-  **Global Connection**
(prepaid phone and internet service)
-  **Good Health Natural Products**
(natural foods and body care products)
-  **Image API**
(electronic content management solutions)

-  **Learn It Systems**
(Education services)
-  **Machine Laboratory**
(precision manufacturing)
-  **Mariner Finance**
(consumer installment loans)
-  **Martex Fiber Southern Corp.**
(textile waste recycling)
-  **Outlook Group**
(printing, packaging and direct marketing)
-  **Pancon**
(connectors and capacitors)
-  **Safemark Systems**
(in-room safes and personal lockers)
-  **Trans-Trade**
(non-asset-based logistics)
-  **United Road Towing**
(towing services)

MILESTONE GENERAL INVESTMENT CRITERIA:

Company Size*:

- Revenue: \$15–\$150 million
- EBITDA: \$3–\$20 million

Transaction Size*:

- \$15–\$150 million

Equity Investment Size*:

- \$5–\$40 million (and higher with typical co-invest)

*Add-ons may be smaller

Sectors and Industries:

- Generalist approach; seeking high-margin, niche-market leaders in all industries

Geography:

- North America (may have overseas operations)

Key Business Characteristics:

- Clear competitive advantages
- High profit margins
- Compelling growth opportunities

MILESTONE CONTACTS:

- John P. Shoemaker**, Managing Partner
(610) 526-2708 • jshoemaker@milestonepartners.com
- Ric C. Andersen**, Partner
(610) 230-0579 • randersen@milestonepartners.com
- David G. Proctor**, Partner
(610) 230-0578 • dproctor@milestonepartners.com
- John J. Nowaczyk**, Principal
(610) 526-2712 • jnowaczyk@milestonepartners.com

- W. Scott Warren**, Managing Partner
(610) 526-2702 • swarren@milestonepartners.com
- Brooke B. Hayes**, Partner
(610) 526-2703 • bhayes@milestonepartners.com
- Adam H. Curtin**, Principal
(610) 526-2711 • acurtin@milestonepartners.com
- Geoffrey B. Veale**, Principal
(610) 526-2706 • gveale@milestonepartners.com

Please direct investment inquiries to:

- Daniel F. Ryan**, Director, Business Dev.
(610) 526-2713 • dryan@milestonepartners.com