



Milestone Partners 2012 Review: Transaction Activity

Radnor, PA, December 2012, 2012 - Milestone Partners remained active in lower middle market private equity transactions in 2012, as detailed below. All of us at Milestone wish you a happy holiday season and a prosperous 2013.

New Platform Investments

Milestone IV went active and made the following four platform investments from the end of December 2011 through May 2012.

- Machine Laboratory, a Lenexa, KS-based manufacturer of ultra-high precision machined components for the automotive, medical device, defense, aerospace and industrial sectors
- Image API, a Tallahassee, FL-based provider of electronic content management solutions for state and local government agencies.
- Martex Fiber, a Spartanburg, SC-based vertically integrated textile waste recycler.
- Southern Management, a Greenville, SC-based provider of installment loans and insurance to under-banked consumers.

Realizations

Milestone sold two portfolio companies, one from each of Milestone II and Milestone III, and entered into a definitive agreement to sell another Milestone III portfolio company in 2012.

- Eliason, a Portage, MI-based manufacturer of high impact restaurant doors, was sold to a strategic buyer generating a gross return of approximately 2.9x on the Milestone II investment.
- Black Letter Discovery, a San Francisco, CA-based provider of legal support services, was sold to a strategic buyer generating a gross return of approximately 1.1x on the Milestone III investment.
- Entered into a definitive agreement to sell another portfolio company generating a gross return of approximately 5.0x on the Milestone III investment with closing planned in early 2013.

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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MILESTONE REPRESENTATIVE INVESTMENTS:

-  **Avure Technologies**
(high-pressure processing systems)
-  **Blaschak Coal**
(anthracite mining and marketing)
-  **Cafe Enterprises**
(casual dining restaurant chains)
-  **CODi**
(corporate mobility solutions)
-  **Dydacomp**
(e-commerce and catalog software)
-  **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 installments 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)
-  **Southern Management Corp.**
(consumer installment loans)
-  **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

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