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Argenta Partners LP is a Dallas-based private equity firm that invests in controlling equity interests of lower middle market companies with the potential for further development and growth. For over 20 years, we have focused our efforts on a proven model of identifying and investing in attractive businesses and working in partnership with management to create a more valuable enterprise. Argenta Partners invests in recapitalizations, acquisitions, and buy-and-builds / industry consolidations.

Argenta Partners endeavors to gain a deep understanding and appreciation of the unique opportunities and challenges of each business and works hard to be a valuable partner with management, participating in strategic direction and operational improvements that will enhance growth and build the long term value of the business.

Since 1989 we have achieved an exceptional record in our participation with management in building more valuable businesses.



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## WHY ARGENTA

### Experience

Argenta Partners has been a successful private equity investment firm for more than 20 years, providing liquidity for sellers, providing exceptional opportunities for operating management personnel, maintaining strong relationships with financing sources and achieving outstanding returns for its limited partners.

### Exceptional Partners

Argenta works hard to create valuable partnerships with the management of each portfolio company. We believe that in most cases success is achieved by carefully building on the existing strengths, culture and character of the business in which we invest.

### Value-Added

We are dedicated to investing in carefully selected, high quality, lower middle market companies. As a result, we are able to devote appropriate time to support management in developing strategic direction and implementing operational improvements. Where appropriate, we assist in developing greater breadth and strength in the management team, in order to achieve the established objectives for future development and growth.

### Conservative Financial Structure

We finance new investments conservatively so that there is significant capital for growth and sufficient liquidity to sustain the business through unexpected events or economic cycles, providing a high margin of safety.

### Investment Flexibility

We do not manage a fund and therefore are not restricted by many of the customary obligations including restrictions on investment size or limited timing for a liquidity event. As a result, we have greater flexibility to have a longer term investment horizon, where appropriate.

### Outstanding Investment Track Record

As of the end of 2010, the annual internal rate of return on all invested funds from our limited partners since 1989, taking into consideration exited investments and the estimated value of current portfolio companies, was 28%.



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## OUR TEAM



### John Benefield

John Benefield has been a partner of Argenta Partners since 1991. John has over 25 years of experience structuring and managing equity investments and is involved in investment origination, execution and management. John serves as a director for all portfolio companies.

Prior to joining Argenta, John was responsible for developing, implementing and managing mezzanine and equity investments for Signal Capital Corporation. During his tenure at Signal, he also led a group that managed a large portfolio of distressed senior, mezzanine and equity investments.

John earned a degree in economics at Columbia University.



### Harry Lynch

Harry Lynch is the founding partner of Argenta Partners, which was established in 1989. He is involved in all aspects of the firm's investment strategies and operational activities and serves as a director of its portfolio companies.

Prior to founding Argenta Partners, Harry was responsible for the real estate development business of Lynch Properties Company, which developed commercial and residential properties in Texas, New Mexico and Arizona. Earlier he served as a Vice President in the private equity investment business of Laird and Co. in New York City and served as Chairman of selected client companies. Prior to that, he served as an Assistant Professor on the faculty at the Harvard Business School.

Harry is a director of the J. F Maddox Foundation, a private charitable foundation in New Mexico. He earned a degree in electrical engineering at Rice University, an MBA at Stanford University and a DBA at Harvard University.

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### **Peter H. Lynch**

Peter Lynch is a Vice President at Argenta Partners. He is responsible for deal sourcing, due diligence, monitoring portfolio investments and other transaction-related issues. Peter currently serves as director of HK Systems, Inc. (dba OTTR Chronic Care Solutions).

Prior to joining Argenta, Peter worked for Rabobank International's Mergers & Acquisitions group in New York where he specialized in domestic and cross-border transactions in the food, beverage and agribusiness industries. Prior to that, Peter worked for JPMorgan's Private Bank in Santiago, Chile and Buenos Aires, Argentina.

Peter received his B.A. in economics from the University of Pennsylvania.



### **Michael Prentiss**

Michael Prentiss is Vice President at Argenta Partners. He is responsible for deal sourcing, due diligence, monitoring portfolio investments and other transaction-related issues.

Prior to joining Argenta Partners, Michael worked for Jones Lang Lasalle in Buenos Aires, Argentina where he focused on their capital markets business throughout Latin America. Prior to that, Michael worked for Columbus Merchant Bank, a boutique Mergers & Acquisitions advisory firm based in Buenos Aires, Argentina.

Michael received his B.A. in history from the University of Virginia and his M.B.A from Harvard Business School.



### **Wendy Benson**

Wendy Benson serves as the Controller of Argenta Partners. For over 20 years, Wendy has led the firm's accounting, due diligence and analytical efforts. Wendy has extensive GAAP and Tax accounting experience and she serves as a tremendous resource for the accounting management of our portfolio companies.



## INVESTMENT CRITERIA

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Argenta Partners has made investments in a wide range of manufacturing, service, transportation and value-added distribution-related businesses. We have experience across a variety of transaction structures, ranging from recapitalization to acquisition of the entire ownership interest. Our long term view allows us to take an opportunistic and flexible investment approach to support a compelling growth plan and investment structure for the long term success of the business. Typically, we focus on businesses with the following characteristics:

- Revenues between \$10 million and \$125 million
- Minimum EBITDA of \$2.0 million
- Established and predictable cash flow
- Significant and defensible position in their market
- Significant potential for future growth
- Proven management team – committed to the long term future of the business or to a smooth transition period

Generally we do not seek investments in businesses with products or services subject to rapid change due to changes in technology or consumer tastes; or in retail, banking, real estate or commodity businesses.

**We have substantial flexibility and will invest under conditions including:**

- Recapitalizations providing liquidity for existing owners and/or continuing ownership and leadership by existing management.
- Acquisitions where existing management remains or where existing management wishes to transition out of the business and a new senior management team is to be developed.
- Acquisition of a division of a larger company, where qualified senior management may or may not be available.
- In participation with an experienced and qualified CEO in the acquisition of a business in his or her area of expertise.



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## **INVESTMENT RESULTS**

Since its formation in 1989, Argenta Partners has achieved exceptional investment returns. Highlights of our investment performance as measured for the 22 year period to the end of 2010 are provided below:

- A cumulative annual internal rate of return for all invested limited partner funds of 28%
- An average return of capital of 3.4 times for an investment held for a 5 year period



## Case Study - Acquisition of a Non-Core Division of a Larger Corporation

### CERILLIANT CORPORATION

Round Rock, Texas

**Cerilliant is a global leader in analytical reference standards providing certified reference materials to the diagnostic / clinical, forensic / toxicology, environmental, and pharmaceutical industries.**

**Seller Need:** The seller, a NYSE listed company, decided to divest its interest in a small non-core division. There was limited stand-alone financial information, no in-house accounting, HR or other administration capabilities and the facility needed to be relocated. Management of the division sought an investment partner who would support their efforts to extricate them from their prior relationship with their parent and become an independent company.

**Transaction:** In August 2000 Argenta Partners acquired Cerilliant from URS Corporation, a large engineering and services company.

**Role:** We assisted in establishing all of the administrative and accounting functions and acquired and then leased to the company a substantially larger and highly-equipped facility designed specifically to meet the needs of the business. We assisted in bringing to Cerilliant a new Chief Executive Officer, a new Controller, a revised strategic focus, a more effective marketing program and other improvements to the operation.

**Outcome:** Argenta Partners completed the sale of Cerilliant Corporation to Sigma-Aldrich Corporation (Nasdaq: SIAL) on December 30, 2010. Sigma-Aldrich was motivated by the opportunity to strengthen the Company's analytical chemistry product portfolio and to continue to deliver on its strategic growth targets in the analytical chemistry sector. The successful exit generated a gain of 27 times the initial equity investment and produced an IRR of 38%.

### As viewed by the CEO:

“Argenta Partners was extremely valuable in getting Cerilliant established as a stand-alone business. Their early involvement allowed us to get a lot accomplished without adding significant additional resources. They provided assistance in everything from setting up employee benefit programs to selecting accounting software to providing ongoing financial and tax preparation support. This included bringing the banking relationship as part of the acquisition. Argenta was also particularly helpful in writing and negotiating legal contracts — something the management team could not have done without spending significant resources on lawyers and consultants.

Throughout our long relationship, Argenta Partners has continually supported the growth of the business through reinvestment of earnings, and has acted as a sounding board on the critical decisions of the business. Their extensive and continued support to the business has contributed to much of the success we enjoy today.”

**Sherri Pogue, CEO**  
**Cerilliant Corporation**



## Case Study - Recapitalization

### **WESTCON, INC.**

**Bismarck, North Dakota**

**Westcon is a specialized industrial construction company providing construction services for large scale process facilities.**

**Seller Need:** The founder sought liquidity for estate planning purposes and desired to participate in the growth of the future value of the business and to continue in his current role as President. He sought an investment partner who could provide strategic guidance to help execute a sustainable long term growth plan and who could also bring accounting and information systems expertise.

**Transaction:** In July 2008 in partnership with another private equity firm, Argenta Partners recapitalized this \$100 million revenue industrial construction business. We provided liquidity for the seller while also providing him with a significant minority ownership position in the business. The seller continues to serve as the President of the business. We structured the transaction to provide, for the first time, ownership positions for other key existing and future members of management.

**Role:** Since the recapitalization in 2008, we have assisted in the recruitment of a new Chief Financial Officer and new Controller, and have also invested in the improvement of accounting and management information systems. We have also assisted in the recruitment and hiring of a VP of Business Development. We anticipate further additions to the organization to better position the business for future growth. Prior to the transaction, the business had grown rapidly during the preceding 5 years. Our joint objectives with the management will be to continue this rapid growth through investment in people, systems and competitive strategic initiatives.

**Outcome:** Argenta Partners completed the sale of Westcon to Bilfinger Berger SE (XETRA:GBF) on July 12, 2012. The successful exit generated a gain of 6.7 times the initial equity investment.

### **As viewed by the CEO:**

“In 2006 I began doing some personal estate planning and in that process realized that the current structure was not ideal for the continuity of the company. I began exploring different options with both strategic buyers and equity investors and determined that my best option was to pursue an equity buyer that would allow me to have complete involvement in the company and continue my role as President. Through the process, I met Argenta Partners and liked them immediately. They were down-to-earth, interested in my vision for the company and importantly, our goals were in alignment. Westcon’s success has always been based on customer relationships and quality performance. I wanted partners who aligned with me on retaining this focus and implementing a growth strategy that would not compromise the business. I found that with Harry and John.

They have been great partners and allowed me to run the business without micromanaging, and yet they have been there when I needed them. Argenta Partners has been particularly helpful in bringing expertise to our financial and accounting areas and actually helped us source a Chief Financial Officer even before the deal was signed. I have been pleased with our relationship and with how well they have aligned with our business goals and my personal goals.”

**Mark C. Peterson**

**President, Westcon, Inc.**





## Case Study - Acquisition from an Inactive Owner with a Creative Structure

### **ENERSYST DEVELOPMENT CENTER, LLC**

**Farmers Branch, Texas**

**Energyst developed and licensed technology used in equipment for the foodservice, food processing and residential markets.**

**Seller Need:** The seller, the widow of the founder, wanted to achieve liquidity while retaining some participation in the future revenue of the business. Of critical importance to the seller were the continued legacy of the technology and the fair treatment of all of the company's tenured and loyal employees.

**Transaction:** In February of 1995 Argenta Partners acquired Energyst. The founder had developed, patented and licensed to others technology for high-speed cooking. The benefits included a substantially reduced time required for cooking a variety of food products. In the case of pizza, the technology revolutionized the industry from the use of traditional "deck ovens" to high speed "impingement ovens" and resulted in pizza transitioning to a made-to-order food product, both for delivery and in restaurants. We developed a structure for the investment resulting in a combination of cash consideration at closing plus participation in future royalties in excess of certain minimums.

**Role:** We brought a new Chief Executive Officer and a new Controller to the business and participated in changing the strategy to a more aggressive technology development and marketing program. The significantly enhanced marketing efforts resulted in several substantial new licenses in the commercial and residential markets. We provided equity ownership for the leading members of management and provided significant compensation incentives for other key personnel. The company developed, patented and licensed additional technologies including an oven for residential use.

**Outcome:** The business was sold to a strategic buyer in December of 1999 resulting in substantial gains for the investors, the management team and for the Seller.

### **As viewed by the Former CEO:**

"My transition from a multi-national corporate executive to a private equity Chief Executive Officer was made possible and richly profitable due to partnering with Argenta Partners.

Argenta Partners is perfectly suited for small to mid-cap companies. They insist on executive team ownership and work creatively to make that possible. In their world, operating entities and investors need aligned incentives: in the end that means building business valuation, managing cash flow, and protecting the balance sheet. They truly mean pay for performance. Their involvement leads to healthy companies.

Partnerships require trust – Trust built from prompt yet considered decisions, risk sharing, capital headroom, and frankly, judgment that comes from seasoned experience. I would invest, and have, with the Argenta Partners team again and would also lead one of their businesses again."

**Sarah Palisi Chapin**

**Former CEO Energyst Development Center, LLC**



## Case Study - Buy and Build / Industry Consolidation

### **PRECISION SURE-LOCK, INC.**

**Seagoville, Texas**

**Precision Sure-Lock manufactures steel anchorage products used to hold cables in concrete construction and related products.**

**Sellers Need:** The founders of two independent, unaffiliated businesses each desired to retire and achieve liquidity for all of their interests in their businesses.

**Transaction:** In May 2002 Argenta Partners acquired 2 unaffiliated manufacturing businesses which together dominated the U.S. production and supply of certain steel anchorage products used in post-tension and pre-stressed concrete construction. We acquired both businesses on the same closing date and methodically and successfully merged the management and operations.

**Role:** We facilitated the hiring of key members of the leadership team including a new Chief Executive Officer, a new Chief Financial Officer and a new Vice President of Manufacturing. We assisted with implementation of new accounting procedures and management information systems. Manufacturing operations were reorganized with improved efficiency and improvement in raw materials and inventory control.

**Outcome:** The business achieved significant organic growth with attractive profit margins. In April 2006 the business was sold to a NYSE buyer resulting in a substantial gain for the investors and for the new management.

### **As viewed by the former CEO and President:**

“John and Harry had a vision to see what the combination of these 2 businesses could add up to in the marketplace. They saw the potential and were willing to hire the right people to run the business. I was fortunate to lead this new business and we had an excellent relationship throughout the partnership.

Argenta Partners ensured that the business was fundamentally strong and well-capitalized. Their management style is to engage but not micromanage. They worked along side the management team, asked the right questions, and always came to the right decision. Throughout the relationship, Argenta Partners provided us with invaluable assistance and access to great connections and resources.

One of Argenta’s great strengths is their ability to be patient – this distinguishes them from other private equity firms. They don’t have a fund pressing them to flip the business and as a result, they take a long term view of the business. They are also patient enough to time the exits properly – in our case, it was done thoughtfully and with perfect timing.

Argenta Partners treated all investors and the PSL management team very fairly and with respect. It was a great partnership and friendship and I think anyone would welcome the opportunity to work with them again.”

**Bob Van Noord**

**Former CEO and President, Precision Sure-Lock, Inc.**



## Case Study - Recapitalization

### **AVITA DRUGS, LLC**

**Baton Rouge, Louisiana**

**Avita Drugs is a specialized pharmacy that dispenses and delivers prescription medications for patients with certain chronic diseases.**

**Seller Need:** The founders sought liquidity and participation in the future increase in value of the business. One of the two founders desired to transition out of the business while the other wanted to retain his role as chief executive.

**Transaction:** In May 2007 Argenta Partners recapitalized this specialty pharmacy, providing liquidity for the two founders in a structure that allowed for both to maintain minority ownership positions, and for one founder to retain his role as chief executive.

**Role:** Since the transaction, we have provided guidance and assistance in acquiring management talent, including a new Chief Operating Officer and Controller, facilitated improved accounting and information systems and enhanced the overall strategy to strengthen their market position. Additionally, we are assisting Avita in new market development and new locations, including the relocation of the headquarters and primary pharmacy to Baton Rouge. Founded in 2003, Avita is a relatively young company which has experienced significant growth over the last few years.

**Outcome:** Since 2007 revenues have almost tripled, providing for a revenue rate of \$50 million at the end of 2009.

### **As viewed by the Founder:**

“When Avita began the process of identifying potential partners to help with the expansion and growth of the company, we met with many public and private equity firms. We immediately liked the experience, personality, and interest that John and Harry expressed during those initial meetings. Over the next several months it became apparent that other firms were only interested in balance sheets and what Avita could bring to their organization. Harry and John appeared to be much more interested in what value they could provide to Avita, its patients, providers, and clients.

Since partnering with Argenta Partners, they have provided invaluable expertise, resources and experience to Avita. We meet quarterly to discuss business opportunities and growth strategies, yet they always allow us the autonomy to run the business. Their door is always open; they always make time for discussions, and genuinely want to provide value without changing the very thing that has made Avita successful – namely, the quality of care we provide to the patient, provider, caregiver and client.

It was critical for us to partner with an organization that believed in the core values of our success, while helping us expand our care through added disease state therapies and geographic growth. Our vision for the future would not be possible without the strength, experience and value that Argenta has brought to Avita.”

**Jerry Purcell**

**Founder, Avita Drugs, LLC**



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### **AVITA DRUGS, LLC**

Baton Rouge, Louisiana – Avita Drugs, LLC is a specialized pharmacy which dispenses and delivers prescription medications for patients with certain chronic diseases. Avita also provides extensive patient data to the caregivers, prescribing physicians and community based organizations to assist with monitoring patient adherence. Avita is the leading provider of prescription medications to patients living with HIV / AIDS in the state of Louisiana.

[www.avitadrugs.com](http://www.avitadrugs.com)

### **FLEETWOOD CARRIERS, INC.**

Lufkin, Texas – FleetWood is a specialty truckload carrier serving primarily the forest products and paper mill industries. FleetWood is the dominant provider of transportation in Texas and Louisiana for wood chips and other wood byproducts delivered in chip vans from saw mills, plywood mills, and whole log chip mills to be used as raw materials at paper mills. FleetWood also uses flatbed and van trailers to transport general commodities and provides warehousing of commodities at the Port of Houston.

[www.ftwd.net](http://www.ftwd.net)

### **GAHH, LLC**

Los Angeles, California – GAHH is a leading manufacturer of OEM quality replacement convertible tops and interiors. GAHH is known as the premier manufacturer of replacement tops and interiors for high-end European cars including Mercedes Benz, Porsche, BMW, Jaguar, Ferrari and Rolls Royce.

[www.gahh.com](http://www.gahh.com)

### **HK SYSTEMS, INC. (dba OTTR Chronic Care Solutions)**

Omaha, Nebraska – HK Systems, Inc. is a market leading provider of organ transplant software in the U.S. The Company develops software products which increase the quality of patient care, improve workflow management and provide operational efficiencies for the healthcare industry.

[www.ottr.com](http://www.ottr.com)



## PORTFOLIO: SELECT EXITED INVESTMENTS

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### **CERILLIANT CORPORATION**

Round Rock, Texas – Cerilliant Corporation is a specialty chemicals company that uses organic synthesis for the production of analytical reference standards used in medical, forensic, environmental, pharmaceutical and other test laboratories. Cerilliant has developed a worldwide reputation as a leading provider of analytical reference standards. Cerilliant was sold in December of 2010 to Sigma-Aldrich Corporation (Nasdaq: SIAL), resulting in a gain of 27 times the initial equity investment over 10 years, producing an internal rate of return of 38%.

### **ENERSYST DEVELOPMENT CENTER, LLC**

Farmers Branch, Texas – Enersyst developed and licensed technology used in equipment for the food industry. Enersyst had an extensive portfolio of patented technology that was widely licensed and incorporated in equipment in the foodservice, food processing and residential markets. Enersyst technology had its biggest impact on the pizza industry where its technology changed the industry from the use of traditional “deck ovens” to high speed “impingement” conveyor ovens and significantly reduced cooking times. Enersyst was sold in December 1999 to an industry buyer, resulting in a gain of 18 times our average investment over 4 years, producing an annual internal rate of return of 175%.

### **PRECISION SURE-LOCK, INC.**

Seagoville, Texas – Precision manufactured steel anchorage products used to hold cables in post-tension and pre-stressed concrete construction and sold other related products. Precision was the dominant domestic supplier of one-time use wedges which were used in residential and commercial post-tension slabs. Precision was sold in April 2006 to a NYSE company which had a small presence in a related market. The sale resulted in a gain of 5.2 times our original investment over a period of 4 years, and produced an annual internal rate of return of 52%.

### **TEXAS METAL WORKS, INC.**

Beaumont, Texas – Texas Metal Works (TMW) was a manufacturer of large alloy steel pipe fittings for the petrochemical and refinery industries. TMW produced open and closed die forgings and machined more than fifty different alloys of steel. After the implementation of some significant changes in organization and strategy and a resurgence of demand, the company was sold in 1997 to a private company engaged in a consolidation of manufacturers serving the petrochemical and refinery markets. The sale produced a return of approximately 4 times the original investment over 6 years, producing an annual internal rate of return of 25%.

### **WESTCON, INC.**

Bismarck, North Dakota – Westcon is a specialized industrial construction company that provides construction services for large scale process facilities. Its construction services include process piping, structural, civil, equipment placement and maintenance construction. Argenta Partners completed the sale of Westcon to Bilfinger Berger SE (XETRA:GBF) on July 12, 2012. The successful exit generated a gain of 6.7 times the initial equity investment.



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### RECENT ACTIVITY

**July 12, 2012**

Argenta announces sale of Westcon Incorporated to Bilfinger Berger SE (XETRA:GBF).

**September 30, 2011**

Argenta announces acquisition of HK Systems, Inc.

**January 24, 2011**

Argenta portfolio company, GAHH, LLC, announces acquisition of Robbins Auto Top, Inc.

**December 30, 2010**

Argenta announces sale of Cerilliant Corporation to Sigma-Aldrich Corporation (Nasdaq: SIAL).

**July 23, 2010**

Argenta portfolio company, Avita Drugs, announces acquisition of Rx Partners Pharmacy, LLC.

**May 21, 2010**

Argenta announces recapitalization of Cerilliant Corporation.

**May 10, 2010**

Lynch Investment Company announces name change to Argenta Partners LP.

**March 22, 2010**

Argenta portfolio company, Cerilliant Corporation, announces strategic acquisition of proprietary product line.

**December 4, 2009**

Argenta portfolio company, Fleetwood Transportation Services, announces acquisition of port services business of PCI.



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