

BOUNDS EQUITY PARTNERS

FIRM OVERVIEW

Bounds Equity Partners is a private equity investment firm that invests in well-managed, entrepreneurial businesses with EBITDA in excess of \$750,000. The principals of BEP have partnered with entrepreneurs to take their businesses to the next level since 1988. We invest in good businesses and help management build larger, more successful companies. Nearly all of our investment transactions have been with private company entrepreneurs seeking liquidity, who almost always have reinvested with us to share in the future value creation.

We are an experienced private equity group; we have invested in private equity for 30 years and led three private equity groups – Heller Equity Capital Corporation, Allstate Private Equity and Goense Bounds & Partners – prior to forming Bounds Equity Partners. During that time the principals of BEP have invested in over 60 companies. We currently manage over \$100 million in capital.

We invest across a variety of industries and have been particularly successful in building materials and services, business services, consumer products and specialty manufacturing. We are accustomed to investing in companies which may have key man risk, incomplete management teams or lack some of the financial controls or systems that most private equity firms require. We bring the resources and the willingness to work through management to put both the people and processes in place which create a platform to accelerate growth by expanding sales channels, product lines and customer bases.

INVESTMENT PHILOSOPHY

Partners with Entrepreneurs and Management

Nearly all of our investment transactions have been with private company entrepreneurs, who almost always have reinvested with us to share in the future value creation rather than sell 100% of the company outright. The benefits that accrue to the selling entrepreneur as a result of our investment include: an opportunity to gain liquidity and diversification of personal assets while providing a vehicle for the entrepreneur to maintain a significant equity stake in the business for future upside, retain significant operating control, a reduced management role (only if desired), and the elimination of personal liability. Management always has a meaningful equity stake following our investment.

We have a long-standing reputation for integrity and fair dealing and pride ourselves in creating a balanced approach which results in a fair outcome for all parties. We have developed effective working partnerships with entrepreneurs over two decades and understand the unique role a founder plays in a business. We also understand the critical role that a firm's culture has in the success of the business. Our goal is to maintain that culture and vision and provide additional resources for it to build upon.

Experienced, Value-Added Partner

Our expertise lies in our proven ability to transition entrepreneurial companies into professionally managed organizations. Our focus is on building the people and processes necessary to support a strategic growth plan. Working in partnership with management, which remains responsible for day-to-day operations and business decisions, Bounds Equity Partners principals seek to employ their experience and network to support the team's common goal. Our network, built through 30 years of investing and over 60 transactions, provides a broad group of executives that have collectively lived through most of the challenges facing growing firms. In addition, our staff (see biographies) can provide hands-on financial, analytical and process improvement tools and help to our portfolio companies.

Growth Focus

We begin by collaborating with management to establish a strategic vision and then we help build an execution plan around it. Part of the plan is to identify the resources that will be needed to execute the growth plan successfully. Often, these resources are resident in the business or within Bounds Equity Partners or its network. We focus our support of the management team in the areas of strategy, financing, executive recruiting, building and incentivizing management teams, Asian sourcing, acquisitions and the development of new revenue opportunities. We concentrate on revenue growth strategies that include new product development, new channels of distribution and diversification of the customer base. We look to sustainable growth in profitability as the primary value driver, through both organic growth and add-on acquisitions.

INVESTMENT CRITERIA

Company Characteristics

- Market/industry segment leadership or niche with a defensible market position
- Usually operating profit margins of 10 percent or better
- Growth opportunities – internal or acquisition

Industry Focus

- Building Materials and Services
 - Manufacturers of value-added, non-commodity products for new construction and remodeling
 - Contractors serving residential home builders or residential/commercial maintenance needs
- Business Services
 - Recurring revenue streams
 - Scalable business models
- Consumer products
 - Asian manufactured hard goods sold to e-Commerce and Big Box retailers
- Specialty Manufacturing
 - Value-added, important to their customers
 - Generally lower labor content
 - Particular focus on metal and plastic fabrication

Company Size by Geography

- U.S. Companies east of the Rocky Mountains with minimum EBITDA of \$1.5 million
- U.S. Companies within five hour drive of Chicago with minimum EDITDA of \$750,000

Control

- Required

Investment Horizon

- Minimum 5 years
- No maximum

Intermediaries

- We gladly compensate intermediaries for closed transactions

PORTFOLIO INVESTMENTS

Building Materials & Services

L&S Mechanical, Richardson, TX

The largest provider of plumbing and electrical services for residential homebuilders in Texas.

Visit the L&S Website

Norcraft Companies, Minneapolis, MN

The fifth largest kitchen cabinet manufacturer in North America. After increasing earnings over 400% and closing three add-on acquisitions, Norcraft was sold to a private equity group.

Visit the Norcraft Website

Thermo-Tech Windows, Sauk Rapids, MN

Leading vinyl window manufacturer with a strong market position in Minnesota and the adjacent states.

Visit the Thermo-Tech Website

Business Services

CrossCom National, Buffalo Grove, IL

Leading provider of maintenance and installation services for voice, data and POS systems for national retail chains.

Visit the CrossCom Website

Consumer Products

EastPoint Sports, Succasunna, NJ

Leading designer and distributor of Asian manufactured home recreational sporting goods to Big Box retailers and sporting goods superstores.

Visit the EastPoint Website

Sportcraft, Mount Olive, NJ

The largest U.S. designer, marketer and distributor (Asian manufactured) of home recreational sporting goods focusing on Big Box retailers and sporting goods superstores. After increasing earnings 250% through product line expansions, Sportcraft was sold to a private equity group.

Visit the Sportcraft Website

Specialty Manufacturing

Beacon Promotions, New Ulm, MN

Leading national provider of logo imprinted promotional products including markers, consumer electronics, calendars, leather goods, badges, flashlights and tabletop covers. After completing four add-on acquisitions and driving substantial growth at Beacon, Beacon was sold to a portfolio company of a private equity group.

Visit the Beacon Website

Portfolio Investments Continued

Clad-Rex, Franklin Park, IL

Leading manufacturer of vinyl clad steel products used in commercial roofing, industrial and consumer products.

Visit the Clad-Rex Website

Hollinee, Waco, TX

The largest U.S. manufacturer of pleated and glass air filter media used in residential and industrial filtration. After substantially increasing earnings, creating secondary manufacturing facilities for key product lines and substantially expanding product categories, Hollinee was sold to a private equity group.

OUR TEAM

Mark Bounds, Managing Director

Mark is the Founder and Managing Director of Bounds Equity Partners, which he formed in 2009. Previously, he was a Managing Director at Goense Bounds & Partners (GBP), a private equity firm which he co-founded in 2000. GBP invested in 10 platform companies and 22 add-on acquisitions. Mark has served on the Board of Directors of numerous portfolio companies including Norcraft Industries, Pretium Packaging, Sportcraft, Hollinee, DBL Labs, Preferred Pipe, L&S Mechanical, Illinois Glassworks, EastPoint Sports, Beacon Promotions, Clad-Rex and Thermo-Tech Windows.

Prior to 2000, Mark was a Partner at Allstate Private Equity from 1996-2000. While at Allstate, Mr. Bounds invested in 10 transactions. From 1995 until joining Allstate Private Equity, Mr. Bounds was the Vice President of Corporate Development for GAF Corporation, the largest roofing company in North America. He was a co-founder and Principal of Heller Equity Capital Corporation from 1988 to 1995. Before joining HECC, Mark was with Heller Financial's leveraged buyout senior debt lending group from 1985 to 1988. Mark graduated with honors with a BA degree in Marketing from the University of Iowa and earned an MBA in Finance from the University of Chicago.

Stuart Skinner, Chief Financial Officer

Stuart is responsible for all tax and accounting matters related to Bounds Equity Partners and its portfolio companies. He also manages the information technology and administrative matters of the partnership. Stuart is also the controller for Goense Bounds & Partners. Prior to Bounds Equity Partners and Goense Bounds & Partners, he worked with Mark at Allstate Private Equity as the controller of their \$700 million portfolio. Stuart graduated from Northeastern Illinois University with a BS degree in accounting and is a CPA and a CFA. Stuart assists portfolio companies with accounting issues and financial reporting, key performance indicator tracking, human resources, insurance, payroll and budgeting.

Mike Chester, Operating Advisor

Mike is an Operating Advisor to the firm. Mr. Chester has held numerous operating management roles in various steel stamping, tool and die and steel products companies. He was the President and an owner of Buhrke Industries from 1996-2004, when he sold it to IMS. Mike continued as President of IMS, a holding company with four steel related divisions, from 2005-2012. He was on the board of the Tooling and Manufacturing Association from 2000-2006.

Greg Hayward, Operating Advisor

Greg is an Operating Advisor to the firm. He is a manufacturing and sales executive with experience in plastics molding, metal stamping/machining, electronics, and product assembly

Our Team Continued

serving the electronics, automotive, appliance, industrial, and telecom industries. Greg received progressive promotions at ITW from manufacturing engineer, sales and marketing manager and general manager at the Illinois Tool Works Linx, Pancon and Ark-Les Connector Units. Greg graduated with a BS in Industrial Technology and Economics from Illinois State University and an MBA from the University of Illinois at Chicago.

Mark Horita, Operating Advisor

Mark is an Operating Advisor to the firm and currently a Managing Director at The Peakstone Group, an investment banking and equity investment firm. He was previously the CEO of Hy-Line, an RV company; Vice President of the Fabrication Group of Ryerson Steel; President of Metal Fabrication Group and the General Manager of Pentair Electronic Packaging. He held various engineering and marketing roles at General Cable and Whirlpool Corporation. Mark graduated with a BS in Industrial Engineering and an MBA from the University of Michigan.

Mike Nally, Operating Advisor

Mike is an Operating Advisor to the firm and is currently the CEO of EastPoint Sports, a BEP portfolio company, which he founded in 2009. Prior to EastPoint he was the CEO of Sportcraft, a Goense Bounds portfolio company which was the largest U.S. designer and distributor of home recreational sporting goods. Mike has been sourcing consumer products from Asia for Big Box retailers and sporting goods chains for over 20 years. He joined Sportcraft in 1976 after graduating with a BA degree in Business from Eastern Michigan University.

Andy Reed, Operating Advisor

Andy is an Operating Advisor to the firm. He was previously the CEO of Shurline, a paint application and paint products manufacturer, the CEO of Ames Taping Tools, a contractor tool rental firm, and the CEO of U.S. Builder Services, a Goense Bounds holding company for three residential construction contractors. Prior to joining USBS, Andy was President of Skil North America and Vice President of Bosch Tools and Services, both units of Robert Bosch. He previously worked at the SimplexGrinnell unit of Tyco, the Amerock business unit of NewellRubbermaid, Rust-Oleum Corporation, and Quaker Oats. He graduated from Principia College with a BA degree in History and earned an MBA from Indiana University with an emphasis in marketing.

Dan Weinfurter, Operating Advisor

Dan is an Operating Advisor to the firm and the founder and CEO of GrowthPlay, a firm that specializes in helping clients drive profitable growth by improving sales efficiency and effectiveness. He previously was the founder/CEO of Capital H Group, a talent and leadership solutions organization; the founder/CEO of Parsons Group, a finance accounting and systems consulting firm; and COO of Alternative Resources Corporation. All three of these firms were on Inc. Magazine's list of the fastest growing private companies. Dan began his career with General Electric, serving in a variety of sales positions. He graduated with a BA degree in marketing from Marquette University.

CONTACT US

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DIRECTIONS

From O'Hare:

Proceed out of the airport and continue onto I-190 East. Take the exit for I-294N/I-90W, (Milwaukee/Rockford) on the right. (Toll required for some segments.) Proceed north on I-294 for approximately 15 miles and exit at Deerfield Road. Turn right (east) onto Deerfield which becomes Central Avenue and proceed approximately 4 miles to Green Bay Road. Go one block to Second Street. We are located at Port Clinton Square on the South side of Central between Second and First Streets (just behind Walker Brothers). Street parking is available on Central. If you pass Second and reach First Street then turn right, parking is available on the East side of First in public parking lots. The elevators to our building are located in the interior court of the building.

From Chicago:

Take the I-90/I-94 north. When I-90 splits off towards O'Hare, continue north on I-94 (this becomes the Edens Expressway). As you continue north, the Edens becomes Route 41 and I-94 splits off to the right. Stay on Route 41. Exit Route 41 at Central Avenue. Go east on Central one half mile to Green Bay Road. Go one block to Second Street. We are located at Port Clinton Square on the South side of Central between Second and First Streets (just behind Walker Brothers). Street parking is available on Central. If you pass Second and reach First Street then turn right, parking is available on the East side of First in public parking lots. The elevators to our building are located in the interior court of the building.