

# 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 \$1,000,000. 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 over 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 70 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, 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 three 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 plus years of investing and over 70 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
- EBITDA margins over 10 percent
- 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
  - Hard goods (not food) products 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 \$2.0 million
- Midwest companies within a five hour drive of Chicago with minimum EDITDA of \$1.0 million

## Control

- Required

## Investment Horizon

- Minimum 5 years
- No maximum

## Intermediaries

- We gladly compensate intermediaries for closed transactions

# PAST AND PRESENT PORTFOLIO INVESTMENTS

## Building Materials & Services

*L&S Mechanical, Richardson, TX*

The largest provider of plumbing, electrical and HVAC services for single family residential homebuilders in Texas. After opening four new locations, expanding into HVAC and electrical services and growing EBITDA by 500%, L&S was sold to a private equity group.

**Visit the L&S Website**

*Norcraft Companies, St. Paul, 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**

*Rocktops Granite & Stone Fabrication, Olathe, KS*

Leading fabricator and installer of granite, marble and quartz countertops for kitchens, baths and outdoor living areas in Kansas City.

**Visit the Rocktops Website**

*Thermo-Tech Windows, Sauk Rapids, MN*

Leading premium vinyl window manufacturer with a strong market position in Minnesota and the adjacent states. After doubling EBITDA, adding a new product line, increasing the plant size/capacity by 50% and adding three new members to the management team, Thermo-Tech was sold to a portfolio company of a private equity group.

**Visit the Thermo-Tech Website**

*Torstenson Glass, Chicago, IL*

Leading distributor and fabricator of fire-rated, laminated, flat, specialty mirror and architectural glass.

**Visit the Torstenson Glass Website**

## Consumer Products

*EastPoint Sports, Succasunna, NJ*

The largest U.S. designer and distributor of Asian manufactured home recreational sporting goods and tailgate games to Big Box and E-commerce retailers. From a startup in 2009, EPS grew to over \$80 million in sales, with double digit operating profit margins, in 2018 when it was sold to a private equity group.

**Visit the EastPoint Website**

*Sportcraft, Mount Olive, NJ*

Leading 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.

## **Specialty Manufacturing**

*Beacon Promotions, New Ulm, MN*

Leading national provider of logo imprinted promotional products including markers, consumer electronics, calendars, leather goods, badges and tabletop covers. After completing three 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**

*Clad-Rex, Franklin Park, IL*

Leading manufacturer of vinyl clad steel products used in commercial roofing, industrial and consumer products. After recruiting a new CFO and VP of Sales, driving substantial EBITDA growth and revamping the customer acquisition and channel strategy, Clad-Rex was sold to a private equity firm.

**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. BEP has invested in ten platform companies and completed eleven add-on acquisitions. Previously, he was a Managing Director at Goense Bounds & Partners, a private equity firm which he co-founded in 2000. GBP invested in 10 platform companies and 22 add-on acquisitions. Prior to GBP, Mark was a Partner at Allstate Private Equity, the Vice President of Corporate Development for GAF Corporation, the largest roofing company in North America, and a co-founder and Principal of Heller Equity Capital Corporation. Mark has invested in over 70 companies and served on the Board of Directors of numerous companies including Norcraft Industries, Pretium Packaging, Sportcraft, Hollinee, DBL Labs, Preferred Pipe, Trusswall Systems, Propane Continental, Prime Cable, L&S Mechanical, Illinois Glassworks, EastPoint Sports, Beacon Promotions, Clad-Rex, Thermo-Tech Windows, Rocktops Granite and Torstenson Glass. 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 was previously 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 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.

## ***Our Team Continued***

### **Thomas Mozjesik, Operating Advisor**

Thomas was the President of L&S Mechanical from 2000 to 2022. During the 20 years that Mark and Thomas owned L&S, he grew sales organically from \$50 million to \$255 million. Thomas expanded L&S from its sole Dallas location to Ft. Worth, Austin, San Antonio and Houston and expanded into HVAC and electrical services in addition to the original plumbing services offering.

### **Mike Nally, Operating Advisor**

Mike was the CEO of EastPoint Sports 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 E-commerce and Big Box retailers for over 30 years. He joined Sportcraft after graduating with a BA degree in Business from Eastern Michigan University.

### **Andy Reed, Operating Advisor**

Andy currently leads Pinnacle MEP, a Midwest HVAC services company. He was previously the CEO of U.S. Fence, a fence distribution and installation firm, 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 Newell Rubbermaid, 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.

# CONTACT US

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