

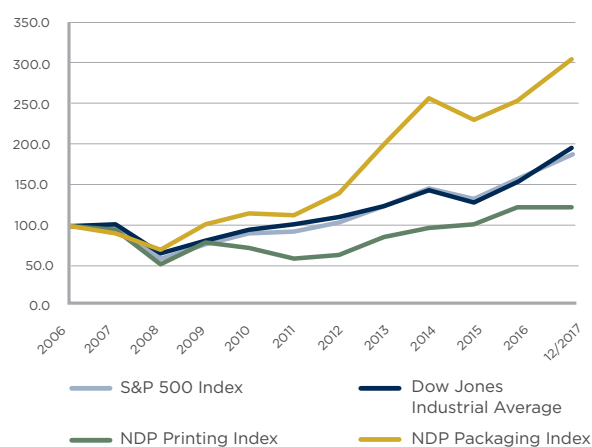
Recent Transactions

New Direction Partners, the leading middle market investment banking firm in the printing and packaging industries, has recently completed the following transactions:

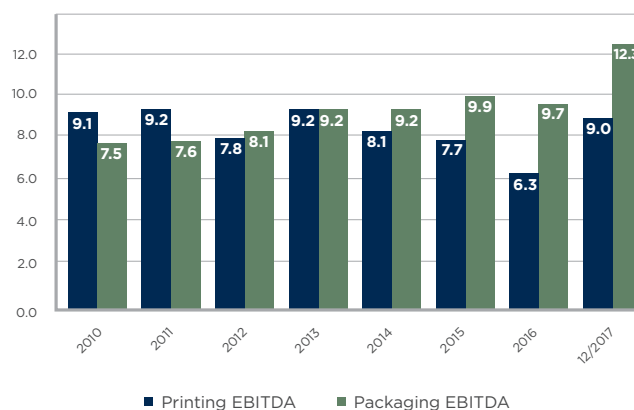
- ▶ Sale of FLM Graphics to Phase 3 Media Corporation. NDP represented the Seller in this transaction.
- ▶ Sale of Sunbelt Printing to Drummond Press. NDP represented the buyer.
- ▶ Sale of Screen Works Inc. to an Individual Buyer. NDP Represented the Seller.
- ▶ Sale of Gooding Company, Inc. to Nosco Inc. NDP Represented the Seller.
- ▶ Sale of Galapagos LLC to Traxium LLC. NDP Represented the Seller.
- ▶ Sale of Tepel Brothers Printing to The Vomela Companies. NDP Represented the Seller.
- ▶ Sale of McArdle (a wholly-owned subsidiary of Bloomberg BNA) to Corporate Press. New Direction Partners represented the seller.
- ▶ Sale of Unette Corporation to Huizenga Group. New Direction Partners represented the seller.
- ▶ Sale of Halm Industries to W&D Machinery. NDP represented the seller.
- ▶ Purchase of MHG by Michael Murphy. NDP represented the buyer.
- ▶ Sale of Consolidated Press to KP Corporation and Gemini Investors. NDP represented the Seller.
- ▶ Sale of ASAP Printing Corporation to 4over, Inc. NDP represented the Seller.

Industry Trends by Peter Schaefer

The NDP Printing & Packaging Stock Price Index



The NDP Printing & Packaging EBITDA Trend



It is important to note that private businesses typically sell for lower EBITDA multiples than the multiples of their publicly-traded counterparts due to private company status and a lack of liquidity as well as size and risk differential.

Places to See NDP

- ▶ Peter Schaefer will be speaking to the Print and Graphics Industry Credit Executives in San Francisco on April 6th.
- ▶ Paul Reilly, Peter Schaefer and Frank Steenburgh will be attending the InkJet Summit in Ponte Verde Florida April 9-11.
- ▶ Jim Tepper will be attending the PINE Industry Awards Gala in Worcester, MA on April 10, 2018.
- ▶ Paul Reilly will be attending the Envelope Manufacturers Association spring meeting in Colorado Springs at the Broadmoor Conference Center April 11 to April 14.
- ▶ Peter Schaefer will be speaking at the Labels and Packaging Innovation Asia Conference in Bangkok, Thailand on May 2nd and May 3rd.
- ▶ Peter Schaefer will be presenting two sessions at Xerox International Users Group Conference in Warsaw, Poland May 22-24th.
- ▶ Paul Reilly and Jim Tepper will be attending and presenting at the Annual Meeting of the PIA Affiliate Managers in Park City, UT July 21-24, 2018.

Recent Webinars

New Direction Partners experts present frequent web sessions in partnership with associations, publications and others. Some have no cost associated with them; others carry a small fee for non-members of the organization. We invite you to listen to some of our recent educational sessions and contact us at info@newdirectionpartners.com with questions or for additional information!

- ▶ Visual Media Alliance hosted “What Your Mama Didn’t Tell You About BHRs,” presented by NDP’s Joe Polanco. The webinar covered the challenges all-inclusive budgeted hourly rates present in developing sound pricing practices. Since quite frequently BHRs don’t reflect costs but are used to create market-driven pricing, Polanco discussed the need for firms to create direct costing systems along with activity based pricing and product line costing tools.

Download the presentation [here](#) or view the webinar archive [here](#).

- ▶ Joe Polanco and Paul Reilly’s presented a webinar hosted by GLGA entitled 8 Imperatives for Growing Your Printing Business. The session presented actionable ideas to help business owners grow their businesses. In a mature market, if you don’t grow, you will run out of business to make more efficient! The session discusses why it is important to:
 - ▶ Measure sales activity with the same passion you measure production activity
 - ▶ Set a target, then plan, act, measure and adjust – and do it better than your competition
 - ▶ Implement a product-focus or customer-focus business strategy
 - ▶ Develop a growth plan, and make those required to execute responsible for its implementation
 - ▶ Monitor plan results and adjust actions as required
 - ▶ Be different
 - ▶ Target high growth industries
 - ▶ Purchase competitor firms

Download the presentation [here](#) or view the webinar archive [here](#).

- ▶ Dscope hosted a webinar on “Succession Planning” presented by Peter Schaefer and Jim Russell. The program focused on:
 - ▶ Key elements of a succession plan
 - ▶ Valuation methods
 - ▶ Leadership and Ownership changes

The webinar archive is available to Dscope members only, but membership is free. Visit www.Dscope.org for more information.

- ▶ Dscoop hosted a webinar presented by Peter Schaefer and Randy Camp: Growing Market Share is part of the Dscoop Executive Education Series. The session focused on:

- ▶ Understanding the difference between a product driven firm and a customer driven firm and what growth strategy best fits each
- ▶ Differentiation
- ▶ Communicating and setting sales executive goals to reach higher profits
- ▶ Managing your sales force

The webinar archive is available to Dscoop members only, but membership is free. Visit www.Dscoop.org for more information.

- ▶ Dscoop hosted a webinar presented by Peter Schaefer and Jim Tepper: M&A Trends in Print and Packaging is part of the Dscoop Executive Education Series. The session focused on:

- ▶ Why M&A makes sense as a strategy
- ▶ Discussion of “Cashless Mergers”
- ▶ Discussion of “Tuck-Ins”

The webinar archive is available to Dscoop members only, but membership is free. Visit www.Dscoop.org for more information.

- ▶ Joe Polanco presented a session for Printing Industries of America: Calculating Ownership Costs and ROI. When it comes to calculating ROI there are the obvious costs (equipment, consumables, etc.) – but what about those pesky hidden costs? Joe Polanco will reveal the analysis required to determine the financial viability of an inkjet investment and discuss the underlying costs that you may have not considered. [Download the presentation here](#). For more information or to have a New Direction Partners representative speak to your group, contact us at info@newdirectionpartners.com.

- ▶ Paul Reilly and Joe Polanco presented a session titled Cost Management in Today’s Economic Environment, hosted by Dscoop. The metrics presented can be understood by all company personnel and predict over 80% of profitability. These metrics use Value Added and payroll cost to identify where improvement can be made. Unlike ratio studies, these tools identify action improvements based on only your firm’s historical performance. The program focuses on:

- ▶ Actions to be taken to improve profitability
- ▶ How to set targets and drive improved results
- ▶ How to compute these metrics

The webinar archive is available to Dscoop members only, but membership is free. Visit www.Dscoop.org for more information.

Upcoming Webinars

- ▶ NAPCO will host a webinar on April 12th, 2 PM Eastern: “Calculating Ownership Costs and ROI”. The program will focus on:

- ▶ Do ink costs really matter?
- ▶ What are the hidden costs of inkjet technology?
- ▶ Developing the right pricing strategy to maximize ROI.

Presented by Paul Reilly and Tom Williams April 12, 2:00 PM ET. Why Inkjet’s “uptime” is critical in your decision. Register [here](#).

Featured Listings

Firms for Sale

▶ West Coast Commercial Printer

Our client is an established, profitable firm located on the West Coast of the US. It has a strong, stable listing of customers from varied industries all with consistent track records. The firm has long-established relationships with many of these clients and successfully attracts new clients with its service offerings and its dedicated focus on building strong strategic partnerships with clients and suppliers. Our client provides a complete range of capabilities for customers from prepress through mailing and fulfillment. With a capable management team in place, and the principal of this privately owned company exiting for retirement, this is an excellent opportunity for a quality, growing acquisition.

Contact:

*Paul Reilly @ PREilly@NewDirectionPartners.com
or by phone at 303-520-7803.*

▶ Northeastern Mass Customized Manufacturer of Photo Products

Our Client, a privately-owned company located in the Northeast United States, is a mass customization manufacturer of printed products specializing in the photo products market. The foundation of the Company's success has been its propriety workflow technology which connects customers via the web to manufacturing operations enabling a high level of efficient and profitable customization. The founders of the Company have a long history of starting successful companies in the technology and digital print industries. The Company develops all its own technology in-house and its operations are well-known in the printing industry. The Company's software is sold in a SAAS platform throughout the world. Recently, the Client extended its customer reach via an acquisition of mass marketer which sells customized photo products directly to consumers.

Contact:

*Paul Reilly @ PREilly@NewDirectionPartners.com
or by phone at 303-520-7803.*

▶ Southeastern Print Solutions Provider

Our client is an established, high-growth print solutions firm located in the Southeast region of the United States. The firm's strong year over year growth has been fueled by leveraging their core competencies of quality craftsmanship with 21st century technology to create a sustainable competitive advantage in the commercial printing marketplace. While high-end printing is at the heart of the company, they are a true end-to-end solution provider. From pre-press services to optimized manufacturing processes through on-demand fulfillment, the company offers their customers a complete communication package without the hassle of coordinating across several smaller firms.

Contact:

*Tom Williams @ TWilliams@NewDirectionPartners.com
or by phone at 203-856-0120.*

▶ Central Texas Print Provider

Our client is located in Central Texas and is one of the largest full-service commercial printing operations in this rapidly growing region of Texas. Sales in FY 2017 were approximately \$10 Million, with Fortune 500 companies comprising a major portion of its client portfolio. Along with state-of-the-art prepress capabilities, the firm offers its clients a broad range of services including offset and digital print, plus variable data print, data processing, direct mail, fulfillment and warehousing services. The Company is family owned, holds minimal debt, and is profitable.

Contact:

*Joe Polanco @ JPolanco@NewDirectionPartners.com
or by phone at 214-336-8586.*

▶ Southwestern US Commercial Printer

Our Client is located in a large city offering a full spectrum of print and web-based business tools. The company has a strong reputation within its industry and the local business community. The Company's technical resources include state-of-the-art digital premedia in conjunction with traditional offset printing, digital presses, large-format capabilities, and comprehensive binding, mailing, and fulfillment capabilities.

Contact:

*Paul Reilly @ PREilly@NewDirectionPartners.com
or by phone at 303-520-7803.*

▶ **Producer of Flexible Packaging and Labels**

NDP has been retained to sell a leading producer of flexible packaging film, labels, shrink sleeves and pre-formed pouches. Strategically located in the Far West, the Company is growing and is highly profitable, generating revenues in excess of \$5 million with an EBITDA margin in excess of 20%.

Contact:

Peter Schaefer @ PSchaefer@NewDirectionPartners.com or by phone at 610-935-1000.

▶ **Manufacturer of Digital Label Printing & Finishing Systems**

Our Client designs and manufactures in the United States products and systems based on innovative technologies. Its primary business is the design and manufacture in the United States of a full line of unique on-demand short-run digital label printing and finishing systems which are marketed to an international client base. A growing and highly profitable segment of the company's product offerings include the supply of consumables utilized by its clients for label production. This offering provides a unique opportunity for a legacy manufacturer to expand its product line with technologically competitive products. The potential exists for a buyer to significantly expand the product offerings and earn impressive margins with a very diverse yet stable international client base. The company is debt-free and profitable.

Contact:

Tom Williams @ TWilliams@NewDirectionPartners.com or by phone at 203-856-0120.

▶ **Sale of Midwestern Multi-Channel Marketer**

This Midwestern multi-channel marketing firm provides its clients more solutions than print alone, including targeted omni-channel marketing campaigns employing innovative technologies. The firm is a provider of conventional, digital and large format print, direct mail, digital marketing, lead generation, brand asset management and a client web to print marketing portal for marketing asset management.

Contact:

Tom Williams @ TWilliams@NewDirectionPartners.com or by phone at 203-856-0120.

▶ **South Central Regional Print Provider**

Our Client is a situated in a metropolitan area and is a well-established commercial printing firm offering a broad range of printed and ancillary business products and services. With a one-stop orientation, the company offers full design services, digital variable data print, sheetfed offset production, as well as a full bindery and finishing department. The Company is privately owned and the principal shareholder (CEO) wishes to sell the enterprise to enter retirement subsequent to a reasonable transition period.

Contact:

Joe Polanco @ JPolanco@NewDirectionPartners.com or by phone at 214-336-8586.

▶ **Southeastern Packaging, Label & Commercial Printing Marketing Services Provider**

Our client is a privately-held marketing services provider specializing in the manufacture of folding carton packaging, commercial printing and flexographic labels. For over 25 years, their dedicated team has delivered award-winning, customer-centric, print and packaging solutions. The firm operates a state of the art facility with over 70,000 square feet of manufacturing and fulfillment space in a major Southeastern city. They offer a wide range of in-house capabilities and marketing services, integrating print with a variety of electronic correspondence, social media and mobile technologies. Annual revenue exceeds \$12 million.

Contact:

Tom Williams @ TWilliams@NewDirectionPartners.com or by phone at 203-856-0120.

▶ **Digital Book Printer**

The Company is a leading, response oriented digital book printer located in the Midwest. The Company's platform provides customers with the ability to print short run lengths more efficiently and cost effectively. All of the Company's revenues are generated via the Internet, eliminating the need for any sales representatives. The Company has grown each year to its current level of \$5 million in revenues. It has been exceptionally profitable each year.

Contact:

Peter Schaefer @ PSchaefer@NewDirectionPartners.com or by phone at 610-935-1000.



Firms Seeking Acquisitions

▶ Buyer of Digital and Direct Mail Firms within 150 Miles of New York City

Client seeks to purchase digital printers and direct mail/ mailing firms located within 150 miles of New York City. The ideal target will be profitable with revenues in excess of \$8.5 million.

Contact:

Peter Schaefer @ PSchaefer@NewDirectionPartners.com or by phone at 610-935-1000.

▶ Buyer of New England Commercial Printers

Client seeks purchase of commercial, speciality, mailing and marketing printers/agencies throughout New England. Seeking firms with strong management, sales and production staff and a history of serving the corporate, institutional, and organizational markets. Poised for a quick transaction with capacity and funding in place.

Contact:

Jim Tepper @ JTepper@NewDirectionPartners.com or by phone at 508-523-9033.

▶ Buyer of New England Commercial Printers

A southern New England based \$24 million full-service printer is interested in acquiring another printer, fulfillment house or direct mailer in the New England marketplace. This very diversified organization operates three production facilities offering the following products and services: creative design, commercial sheet-fed and digital printing, kitting, mailing and fulfillment, business forms, labels, envelopes and promotional products. Led by an experienced management team, they are poised to quickly accommodate an acquisition of \$3 to \$10 million in sales/revenue. The buyer has immediate access to capital to finance transactions and a support team to move quickly through an acquisition. An ideal prospect would be a company who specializes in commercial printing, business forms or mailing and fulfillment that would like to explore the possibility of expanding its product and service offering and ultimately increase its sales revenue by joining forces with an experienced full-service provider.

Contact:

Jim Tepper @ JTepper@NewDirectionPartners.com or by phone at 508-523-9033.

▶ Buyer Seeks Central and Northern N E Commercial Printers

A growing major New England based full-service printer is interested in acquiring another printer or services house in the central and northern New England marketplace. This organization services a diverse client list providing a wide range of commercial, wide format and promotional products. It is very motivated and positioned to move quickly on additional acquisitions up to \$10 million in sales revenue. A skilled management team is in place but would welcome additions from prospects to help expand its product offerings and increase its sales revenue.

Contact:

Jim Tepper @ JTepper@NewDirectionPartners.com or by phone at 508-523-9033.

▶ Buyer Seeks Wide and Grand Format Printer

A national producer of Wide and Grand Format digital printed products seeks to purchase a manufacturing operation preferably in the Southeastern United States.

Contact:

Tom Williams @ TWilliams@NewDirectionPartners.com or by phone at 203-856-0120.

▶ Buyer of Commercial Printers within 100 Miles of Philadelphia

Client seeks purchase of offset/digital printers or mailing entities located within 100 miles of Philadelphia.

Contact:

Peter Schaefer @ PSchaefer@NewDirectionPartners.com or by phone at 610-935-1000.

▶ Buyer of Arizona Commercial Printers

Firm is a Phoenix based firm with a broad range of capabilities and is looking to acquire additional volume as well as expand their existing base of services. The firm is an employee owned firm, very profitable and with a strong balance sheet.

Contact:

Paul Reilly @ PREilly@NewDirectionPartners.com or by phone at 303-520-7803.



Identifying and Approaching M&A Targets

By Peter Schaefer | *Partner, New Direction Partners*

As we make our way into 2018, a healthy economy, optimism in the private sector, still-low interest rates, and the ongoing consolidation of our industry are keeping the pace of mergers and acquisitions brisk among printing and packaging companies. In a climate like this, it's useful for business owners to consider what it would be like either to sell their companies or to acquire other firms – a thought experiment that can lay the groundwork for a successful transaction when the right moment for one arrives.

Right now, the M&A market is tilted a bit more in favor of sellers, although buyers also are faring well. Which are you? If you are thinking about retiring, and if your business is doing well, selling now may your best chance of attracting offers at the high end of what the market is willing to pay. Owners in other circumstances, seeing how difficult achieving organic growth can be, may decide to jump-start their companies by purchasing what they can't easily home-grow: an expanded customer base, new production capabilities, the fresh skills of talented personnel.

In either case, you have to be clear about what you expect of the company that will be your counterpart in the transaction. That means spelling out the details. If, for example, an acquisition-minded client of New Direction Partners were to tell us that the target should be “a digital printer anywhere in the U.S.,” we'd ask the client to specify a state, a desired annual sales figure, a production profile, and anything else that could help us make the most advantageous match.

Like a job-seeker polishing his or her résumé to make the best impression on employers, a selling owner should be equally prepared to give the full picture of what makes the company attractive as an acquisition candidate. The more specific you are, the more reliable your list of potential transaction partners will be.

When it happens, the transaction will either be financial or strategic: a distinction that bears strongly on identifying the right partners for the deal.

Financial buyers look at acquisitions primarily as investments. Often with the backing of private capital, financial buyers seek companies that they can use as platforms for growth and profitability over time. They aren't necessarily looking for standout financial performers; what they're interested in are well established market positions, solid production capabilities, strong management teams, and other factors that promise to deliver an ROI on the funds they are willing to commit to the purchase.

The platform may be strengthened with additional acquisitions until the financial buyer becomes a seller and conveys everything to a new owner. The process typically takes three to seven years, but financial acquisitions don't always culminate in resales: investors sometimes stay in for the long haul as proprietors of the successful enterprises they've built.

Owners of printing and packaging companies who want to add new dimensions to their businesses often find that the best way to do this is through strategic acquisitions. We see this happening when owners realize that they could make customers “stickier” by offering production services that customers want but the business currently does not offer: for example, wide-format printing. In many cases, acquiring a company with the capability and the people to deliver it makes more sense strategically than attempting to create the service from scratch.

As a buyer, you should review your objectives to make sure they're consistent with the long-term good of your business. Knowing precisely what you need is the key to finding transaction partners who can provide it. Sellers, likewise, need to reconcile their expectations with the realities of the marketplace so that when discussions with buyers do take place, the parties will not be talking past each other.

Once you have clarified your partnership expectations, you will be ready to go out and find the sellers or the buyers that fit the profile – but you probably will not be qualified to do it on your own. In some ways, the initial approach is the riskiest part of the entire M&A process. We have seen plenty of instances where otherwise well-matched buyers and sellers could have clicked, but failed to, because something was missing: the diplomacy of an advisor acting as a third-party buffer.

Why are the principal parties to a transaction the poorest choices to get it started? It's mostly about not wanting to appear to be at a competitive disadvantage. A buyer representing himself or herself stands a good chance of being seen as a rival bent on gobbling the other owner up, especially if the two companies are neighbors. An owner in selling mode may not want to advertise that fact personally - it might lead to speculation that could prejudice the seller's position.

Privacy and discretion are essential at this sensitive stage. New Direction Partners doesn't initially disclose the identities of the clients we represent, whether they are sellers or buyers. We will furnish enough detail to establish basic interest, and then proceed to formal introductions when both parties are comfortable with the idea of getting better acquainted.

This is only the beginning of a sequence of events in which the parties become fully transparent to each other in negotiations, due diligence, and the final crafting of an agreement. Managing the buyer-seller relationship and keeping the emotional temperature under control isn't easy - it's a lot harder, in fact, than most owners probably think it is. The process also takes more time than can be spared by owners with businesses to run.

To summarize, owners of printing and packaging companies who want to think proactively will be open to the possibility of selling or buying no matter what stage of its life cycle the company presently is in. Clarifying expectations and expressing them in detail are the first steps toward identifying potential transaction partners. Knowing whether the character of the transaction will be financial or strategic sharpens the criteria and facilitates the search.

It's impossible to predict how long the industry's M&A-friendly climate will continue, but for now, we feel confident in saying that the transaction partner you're seeking and the deal you want are out there. With proper guidance, you'll find them.

New Direction Partners is an investment banking and financial advisory services formed by Peter Schaefer, Paul Reilly, Jim Russell and Tom Williams to serve the printing and related industries. Services include merger advisory services through the representation of selling shareholders as well as buy side representation, valuation services, financing and refinancing efforts, turnaround and restructuring services, and temporary/interim management consulting. To learn more about New Direction Partners, visit New Direction Partners' website at www.newdirectionpartners.com.

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