

NEW DIRECTION

PARTNERS

New Direction Partners, LLC was
10 years old on March 25, 2019

Thank you for subscribing to our quarterly newsletter. Please also follow us on [LinkedIn](#) where you will find frequent postings about trends and issues that will help you better plan your business strategies.

Recent Transactions

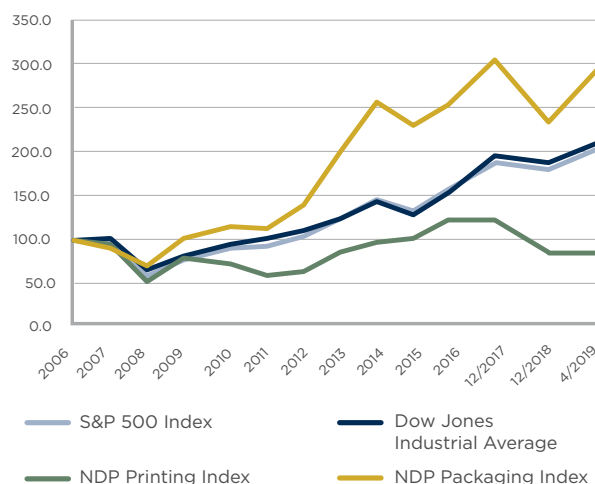
New Direction Partners, the leading middle market investment banking firm in the printing and packaging industries, has recently completed the following transactions:

- ▶ Sale of Allied Bindery to a private Party. New Direction Partners represented the seller
- ▶ Sale of Henry Wurst, Inc. Kansas City Division to Mittera. New Direction Partners represented the seller.
- ▶ Sale of Prographics to Drummond Press. New Direction Partners represented the buyer.
- ▶ New Direction Partners assisted SoftPrint Holdings, Inc. in the raising of growth investment funding through a private placement of a Convertible Debenture.
- ▶ Allen Datagraph Systems was purchased by a Private Party. New Direction Partners represented the Seller.
- ▶ Sale of Badger Press Photographic to Brookstone Printing. New Direction Partners represented the seller.
- ▶ Sale of Great Lakes Integrated to Traxium. New Direction Partners represented the seller.
- ▶ Sale of FLM Graphics to Phase 3 Media Corporation. New Direction Partners represented the Seller in this transaction.
- ▶ Sale of Screen Works Inc. to an Individual Buyer. New Direction Partners Represented the Seller.
- ▶ Sale of Gooding Company, Inc. to Nosco Inc. New Direction Partners Represented the Seller.
- ▶ Sale of Tepel Brothers Printing to The Vomela Companies. New Direction Partners Represented the Seller.
- ▶ Sale of McArdle (a wholly-owned subsidiary of Bloomberg BNA) to Corporate Press. New Direction Partners represented the seller.
- ▶ Sale of Halm Industries to W&D Machinery. New Direction Partners represented the seller.

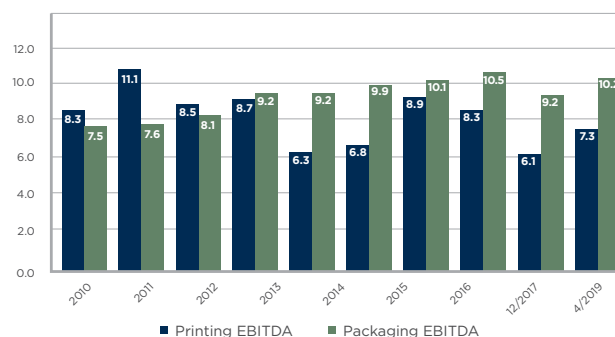
- ▶ Purchase of MHG by Michael Murphy. New Direction Partners represented the buyer.
- ▶ Sale of Consolidated Press to KP Corporation and Gemini Investors. New Direction Partners represented the Seller.
- ▶ Sale of ASAP Printing Corporation to 4over, Inc. New Direction Partners represented the Seller.

Industry Trends by Peter Schaefer

The New Direction Partners Printing & Packaging Stock Price Index



The New Direction Partners 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

- ▶ Joe Polanco will attend the PIASC Graphics Night in City of Industry on May 3, 2019.
- ▶ Paul Reilly will be speaking at Xeikon Cafe North America, May 15th, topic: Mega Trends Driving the Printing Industry.
- ▶ Jim Russell will be presenting at the PIAS Annual Convention in Destin Florida on June 11.
- ▶ Paul Reilly and Jim Tepper will be attending and presenting at the Annual PIA Manager's Summer Conference in Ashville, NC in July.
- ▶ The entire New Direction Partners team will be attending PRINTING United, scheduled for 23-25 October in Dallas. To schedule a meeting at the show or before, please email info@newdirectionpartners.com or visit www.NewDirectionPartners.com to directly contact a specific Partner or Director.

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!

- ▶ PIA-MidAmerica hosted a webinar "Trends in Today's M&A Print Environment". The experts from New Direction Partners also talked about the current M&A market, why now is a good time for these transactions, and how long the market might remain strong. They will also share real life examples of things gone right, and a few that have gone wrong, from the many transactions they seen over time. The presenters also outlined EBITDA ranges that affect the value of businesses being sold and how to enhance that value.

For access to this webinar, please contact [Teresa Campbell](mailto:Teresa.Campbell@ndp.com).

- ▶ SGIA hosted a webinar "Calculating Ownership Costs and ROI" Paul Reilly and Thomas Williams share essential strategies for any printing business! "Sure, you want to make that technology upgrade, but can your business really afford it?" Learn to calculate the ownership costs for equipment, and determine your return on investment.

[View presentation here.](#)

- ▶ NAPCO recently hosted a webinar: "10 Attributes of High Growth Companies" In a highly competitive industry, printers must focus on two things to succeed: efficiency and growth. The first delivers a better bottom line; the second produces a more robust top line. In this session, New Direction Partners experts share what they have found to be the 10 attributes of high growth printing companies, providing insight to owners and managers about how they can ensure high growth in their own businesses. This includes:

- ▶ Ensuring the right sales and sales management strategies.
- ▶ Putting in the time and effort to create and execute on actionable business plans.
- ▶ Ensuring accountability within the organization for achievement of strategic and tactical goals.
- ▶ The role of mergers and acquisitions ...and more

[View presentation here.](#)

- ▶ Paul Reilly and Peter Schaefer presented a Dscope hosted webinar on "Managing Customer Concentration In Today's Printing And Packaging Environment"

Customer concentration is occurring more frequently today, especially in family-owned firms between \$5 million and \$75 million in sales. This is the result of the successful outcome of a customer focus/solution selling sales strategy. While too much customer concentration can be risky, there are also advantages to embracing your strategic success. Our experts provide insight into how to manage customer concentration risks for profitable growth. The program focused on:

- ▶ Managing customer departure risks
- ▶ Leveraging customer concentration for business growth
- ▶ Customer concentration considerations in mergers & acquisitions
- ▶ ...and more!

[View the presentation here.](#)

- ▶ Dscope hosted a webinar with Joe Polanco and Paul Reilly and “Creating the Perfect Sales Compensation Plan”. Sales are the life blood of any organization, and it’s no different for print providers who compete in the dynamic ever-changing world of communication. The 21st century sales rep must understand the broad range of solutions offered by today’s print/marketing provider and how those solutions help a client’s business. Just as important is management creating a sales compensation plan which creates the right incentives for growth and balances it with the company’s profitability.

In this presentation, explored the various compensation methods used in the industry and discuss the strengths and weaknesses. Commission, salary-based plans, value added, and hybrid plans were covered in this quick moving session along with key points in creating the “Perfect Plan.” This session discussed:

- ▶ Which Plans are commonly used in the industry - and are successful.
- ▶ Changing compensation strategies reflecting changing product mix.
- ▶ Balancing incentives with profitability
- ▶ Why matching individuals with right plan is more crucial than ever.

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

- ▶ NAPCO hosted a webinar on “M&A Trends in Print & Packaging” Presented by New Direction Partners’s Paul Reilly. The webinar covered what is happening in today’s M&A market. Today’s transaction structures are different from just a few years ago in response to a restructuring industry. Participants learned why an acquisition strategy has never been more important and what types of transactions are occurring. They also covered the details of these various types of transactions in order to make better decisions for their own businesses. The experts from New Direction Partners also talked about the current M&A market, why now is a good time for these transactions, and how long the market might remain strong. They will also shared real life examples of things gone right, and a few that have gone wrong, from the many transactions they seen over time. The presenters also outlined EBITDA ranges that affect the value of businesses being sold and how to enhance that value [View Archive](#).

- ▶ Jim Russell and Al Reijmer presented a webinar hosted by GLGA on “GLGA’s latest Profit Matters webinar - the Great Lakes Graphics Association’s effort to address all issues regarding profitability in the print industry in a session entitled Are You a Buyer or a Seller?”

In today’s print market, organic growth is hard to come by. In an industry that is still contracting, and with buyers and marketers who have less time to meet with new vendors (your sales people), organic growth is a serious challenge for most printing companies and their sales teams. For the last few years, the team at New Direction Partners has been advising that printers who are struggling with organic growth should be either a buyer or a seller... And that is still the case today.

Which one should you be? Is your company positioned properly to effectively manage a “tuck in” of new business and grow through acquisition, or should you be considering the sale of your company to another firm better positioned to help you grow your revenue? And if so, how do you determine your company’s value. Takeaways from this session included:

- ▶ Identify the key traits and characteristics of businesses that should be buying other companies
- ▶ Learn which types of businesses might be better suited to merging with or selling to a friendly competitor
- ▶ Find out how values are determined in those transactions, and
- ▶ End with a few guidelines for ensuring your business has the best value
- ▶ [View Archive](#)

Upcoming Webinars

- ▶ SGIA will host the following webinars:
 - ▶ What Your Momma Didn’t Tell You about BHRs May 21. [Register Here](#).
- ▶ NAPCO will host the following webinar:
 - ▶ Succession Planning” July 17

Featured Listings

Firms for Sale

▶ **Florida Grand Format Graphics Manufacturer**

Our client is a well established grand format printer located in Central Florida. The company serves a diverse range of clients and industries and has a management team capable of running the company after the owner exits. Revenue is in the \$3.0 million range with EBITDA around 10%.

Contact:

*Jim Russell @ JRussell@NewDirectionPartners.com
or by phone at 248-891-6992.*

▶ **Midwest US Book Printer**

The company is a well-respected midwestern U.S. based book printer with \$15 million in annual revenue and EBITDA in the 8-10% range. The company serves a diverse range of clients, and has long-term contractual relationships with three of their top five clients, providing a solid base of business year after year. The company also has strong management who desire to remain with the company post-sale.

Contact:

*Jim Russell @ JRussell@NewDirectionPartners.com
or by phone at 248-891-6992.*

▶ **Southeastern Large Format Print Provider**

Our client has a 30-year history of serving the large format print market with a broad spectrum of retail clients utilizing digital UV printers and backlit displays on various media. Equipped with a full range of digital prepress equipment, printers and finishing machinery, orders turn quickly from proofs to high quality products totaling approximately \$2.5 million annually. Strategically located a major Southeastern city, the modern 30,000 square foot building also owned by the company CEO, and the option of leasing is available.

Contact:

*Randy Camp @ RCamp@NewDirectionPartners.com
or by phone at 770-601-0199.*

▶ **West of the Mississippi Paper Merchant and Envelope Printer**

Client is well managed and profitable firm seeking to sell firm in order to begin retirement after the buyer's required transition period.

Contact:

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

▶ **Southeastern Printing, Packaging, P.O.P. and Direct Mail Operation**

Our client's state of the art pre-press, printing, advanced coating and finishing capabilities contribute to this company's superior reputation for high-end products. Complex multi-dimensional specialty pieces are produced with speed and efficiency. Each division, Commercial Printing, Packaging, Direct Mail, Fulfillment and P.O.P. Display, is focused to provide customers a competitive edge. Products include general commercial printing, folding cartons, point-of-purchase displays and sophisticated personalized direct mail design, data management and production. Capabilities include the ability to produce heat-transferred materials for the garment and fashion industries up to 60 by 81 inches. Revenue exceeds \$30 million.

Contact:

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

▶ **Midwestern Packaging Partner**

Our client designs and manufactures both boxes and folding cartons. Products include candy boxes, gift boxes, cosmetic boxes, complete folding cartons and gameboards. Revenues of this highly profitable firm are approaching \$10 million.

Contact:

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

▶ **National E-Commerce Web-to-Print Provider**

Our Client is a company with Eastern and Western facilities allowing one and two-day delivery to North America. Their E-Commerce web-to-print online portal supports all types of products including commercial print, promotional products, inventory fulfillment & packaging. With a sophisticated e-commerce operating platform, robust marketing capabilities, and technically advanced production capabilities, this is a highly desirable property.

Contact:

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

► **Midwest Direct Marketing Provider**

Our client is a leading solution provider of marketing and direct mail production services to the automobile industry. The firm is fully integrated with the automobile industry including providing call center support. Our client provides a complete range of direct mail services including products covered under US Patents. With revenue of approximately \$10 million it is highly profitable. SPECIFICALLY OUR CLIENT HAS ASKED US TO IDENTIFY A DIRECT MAIL PRINTER AND MAILER WHO IS CAPABLE OF TAKING OVER THE PRINT AND MAILING PRODUCTION.

Contact:

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

► **New England Area Grand Format Printer**

Our client produces large format banners, signs and in store window displays and graphics for many well-known national retailers and regional business. With revenue of \$4 million and an impressive EBITDA margin of nearly 30%. This represents a great opportunity for a commercial printer looking to enter the grand format market in a big way, or for an individual looking to own and operate their own very successful business. The company is not a likely tuck-in candidate.

Contact:

*Jim Russell @ JRussell@NewDirectionPartners.com
or by phone at 248-891-6992.*

► **Industry Specific Temporary Employment Provider**

We represent a progressive, national temporary and permanent employment firm heavily servicing the graphic communications industry. This is a very innovative firm that has developed and implemented procedures and practices to attract, screen, and supply highly qualified, skilled workers to their clients. With offices in numerous cities across the US, and a number of significant contracts, they are able to successfully provide service to the industry's major firms.

Contact:

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

► **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 US 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 2018 were \$10.3 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**

New Direction Partners 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.*

▶ **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 \$15 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 and an extremely impressive EBITDA margin in excess of 30%. It has been exceptionally profitable each year.

Contact:

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

▶ **Highly Differentiated Omnichannel Marketing Partner**

Strategically located in the Midwest, the Company specializes in one-to-one communications by providing fully integrated marketing across all relevant channels including variable data inkjet print, personalized websites and interactive video. Its services encompass the entire cross media life cycle, including design through creation through personalized media solutions. The business has generated outstanding organic growth with unparalleled profitability. Revenues are approximately \$20 million with an unadjusted EBITDA margin in excess of 30%.

Contact:

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

▶ **West Coast Grand Format Printer**

The Company serves as a marketing partner to its customer base which is comprised of Fortune 500 type brands and retailers. Services include grand format, digital and offset production as well as cross-channel design, complete fulfillment/kitting and store-tracking. Operates in 150,000+ square feet with 125 employees. Revenues and EBITDA are approximately \$30 million and \$3 million, respectively.

Contact:

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

Firms Seeking Acquisitions

▶ Buyer Seeks Offset/Digital Commercial Printer

Client seeks to purchase firm in SouthCentral US capable of adding production of short-run books to their existing business.

Contact:

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

▶ Label Firm Seeking Strategic Add-ons

Our client seeks to purchase Label firms anywhere in the US. Our client is well capitalized, conservatively managed and looking to grow its national footprint. The ideal target will be profitable with revenues of \$10 million or less.

Contact:

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

▶ 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 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.*



A Decade of Service to the Industry

Helping Owners Follow Their Dreams

April 2019 marks our 10-year anniversary as the only investment banking firm specializing exclusively in the printing and packaging industries. To mark this milestone, we will be sharing some of our favorite stories, those that make us feel really good about what we do and the impact our assistance can have on people's lives. Here's the first one!

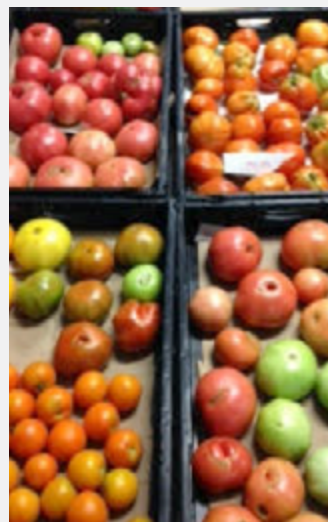
Al Hutchison's grandfather founded Hutchison Allgood with Robert Allgood, and ultimately his father took over the business. Al returned home from a stint in the Marines to help run the business. "After a couple years, my dad took on a role managing special projects, and we worked well together. I ran the company, along with my wife, Linda, for about 20 years," he says. "We did pretty well, but like others, suffered in the 2008/2009 slowdown. That forced us to make some changes which ultimately helped the valuation of our company, breaking away from some of the more commoditized work."

But after two decades, Al and Linda wanted to pursue other things – they wanted to take up farming! "We wanted to establish a small, organic vegetable farm," Al says. "We are used to hard work. Small farming is just as hard as printing but closer to our heart. We were maintaining a front-yard garden after 60- to 80-hour work weeks and had been looking for the right property for a long time."

"We didn't want to just sell the business and move on," Al explains. "We had worked to make it a profitable company that someone wanted to have. We wanted to make sure our customers and employees would be taken care of."

Al turned to New Direction Partners for help in finding a buyer. "It was incredible working with Paul Reilly," he says. "Paul seemed to fit us the best and understood what we were trying to do. He was a mentor to us, helping us understand the right thing to do at the right time," he said. "He saw that we had something valuable, that we were making money, and positioned to continue making money based on a strategy rather than by outrunning someone by half a second. He helped us craft a message and present ourselves to buyers. We found a buyer that appreciated that value, and Linda and I were able to move on to what we wanted to do."

About a year after selling the business, the couple finally located a 25-acre piece of land that was ideal. Now the Hutchison's are regulars at their local farmers market and have developed a following, including customers from their former printing company! They have a no-till organic garden



with structures that allow them to grow year-round. One popular item is their heirloom tomatoes. “We have about 400 tomato plants in the summer,” Al says, “all different varieties of heirloom tomatoes. It’s one of the things that makes us stand out at the market. And my dad still helps me by keeping bees on the farm!”

Does he miss the printing business? “I miss the people I no longer see on a regular basis,” he says. “I loved printing more than I thought from a day-to-day standpoint, but I don’t really miss it. I’m very busy and not ever looking for something to do.”

Learn more about Al and Linda on Instagram at [@ncfarmhaven](#) or by visiting www.ncfarmhaven.com.

Check out New Direction Partners at www.newdirectionpartners.com if you are looking to follow your dream.

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.