

NEW DIRECTION PARTNERS

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

Top 10 Investment Bank 2022



New Direction Partners is once again honored by the recognition from Axial for the hard work our team has put in on behalf of the printing, packaging and wide format industries. **We are thrilled to be ranked #7 out of 3,000 firms reviewed!**

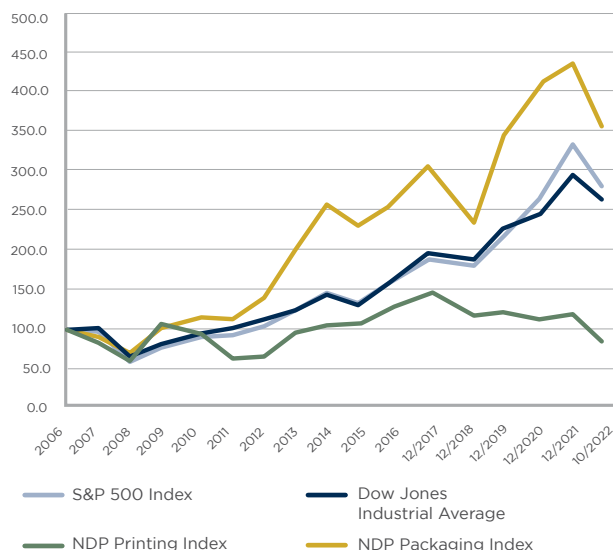
Recent Transactions

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

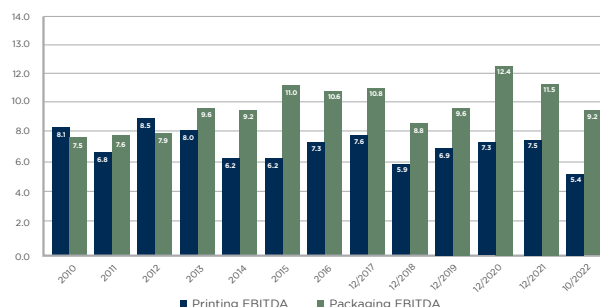
- ▶ Sale of Brant InStore Corporation to JAL Equity. New Direction Partners represented the seller.
- ▶ Sale of Abbott Communications Group to Sandy Alexander (Snow Peak Capital). New Direction Partners represented the seller.
- ▶ Sale of Southland Envelope to JAL Equity. New Direction Partners represented the seller.
- ▶ Sale of Knepper Press and Dual Printing & Mailing to JAL Equity. New Direction Partners represented the seller.
- ▶ Sale of the Direct Mail division of American Spirit Graphics to JAL Equity. New Direction Partners represented the seller.
- ▶ Sale of Sandy Alexander to Snow Peak Capital. New Direction Partners represented the seller.
- ▶ SEG Systems & SEG Services were acquired by Orbus Exhibit & Display Group, a portfolio investment owned by Tenex Capital Management. New Direction Partners represented the seller in these transactions.
- ▶ Las Vegas Color Graphics was acquired by JAL Equity. New Direction Partners represented the seller.
- ▶ Fenske Media was acquired by Allan Creel. New Direction Partners represented the seller.
- ▶ LEM Products was acquired by Trident Solutions and River Associates. New Direction Partners represented the seller.
- ▶ Sale of Apogee Industries to Legacy Labels, LLC. New Direction Partners represented the seller.
- ▶ Sale of Overflowworks.com to Amsive. New Direction Partners represented the seller.
- ▶ Sales of Chromatic Productions to Action Packaging & Signature Flexible Packaging (HIG Capital). New Direction Partners represented the seller.
- ▶ Sale of Creel to Mittera. New Direction Partners represented the seller.
- ▶ Sale of Trend Offset Printing to Mittera. New Direction Partners represented the seller.
- ▶ Sale of Custom Color Corporation to GSP Retail. 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

- ▶ Peter Schaefer and Jim Russell will be attending the Flexo Label Advantage Group (FLAG) annual meeting in Salt Lake City April 17-20.
- ▶ Peter Schaefer will be attending the Inkjet Summit in Austin, Texas and will participate on an M&A panel April 24 - 26.

Recent Webinars

- ▶ NAPCO hosted a recent webinar “Why It’s Still a Good Time to Buy/Sell Your Printing or Packaging Company”, presented by Jim Russell and Tom Williams.

And here’s why. If you’re a Seller, there are more active buyers in the marketplace than ever before. In addition to the two traditional types of buyers, Strategic and Financial, there is now a new type of buyer active in our industry, the Search Fund. With so many active, qualified buyers looking at all segments of the printing industry, it’s a very good time to maximize the lifelong investment you have in your business.

And if you’re a Buyer, a strategic acquisition remains one of the best ways to diversify your product and service offering or grow your sales. As more and more print and packaging company owners reach retirement age and having just come through the challenges that Covid-19 created in their businesses, they are ready to transition to the next phase of life. They are looking for the right buyers to take over their businesses.

In this session, we’ll explain the difference between financial and strategic buyers, the pros, and cons of each, and we’ll explain what a search fund is. We’ll discuss the effects the current turbulent economic environment has on buying and selling in print and packaging. In this session you will also learn:

- ▶ As a seller, what type of buyer best fits your requirements.
- ▶ As a buyer, what to look for in a successful acquisition.
- ▶ An overview of both macro- and micro-economic conditions.
- ▶ How to maximize value as a seller; and how to ensure a fair value as a buyer.
- ▶ ... and much more.
- ▶ [View presentation here](#)

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- ▶ NAPCO hosted a recent webinar “8 Mega Trends Driving Success In The Printing Industry”, presented by Peter Schaefer and Jim Russell.

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 will share what they have found to be the 8 mega trends driving success for printing companies, providing insight to owners and managers about how they can ensure enduring success in their own businesses. This includes:

- ▶ Operating as efficiently as possible
- ▶ Investing in technology
- ▶ Maintaining a healthy balance sheet
- ▶ The role of mergers and acquisitions
- ▶ ... and more

Don’t miss this important webinar. The future of your business may depend on it. [View presentation here.](#)

- ▶ PIA Mid America hosted a recent webinar “Manage Your Customer Concentration”. While too much customer concentration can be risky, there are also advantages to embracing your strategic success.

Customer concentration is occurring more frequently today, especially in family-owned firms. This is the result of customer-focused and solution-selling sales strategies.

Paul Reilly and Jim Russell from New Direction Partners discuss how to manage customer concentration risks for profitable growth. Topics include:

- ▶ Managing customer departure risks
- ▶ Leveraging customer concentration for business growth
- ▶ Concentration considerations in mergers & acquisitions

[View Presentation here.](#)

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- ▶ GLGA hosted a webinar “Profit Matters Webinar – Managing Customer Concentration in Today’s Printing and Packaging Environment” presented by Tom Williams and Peter Reilly. 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. During this session, attendees learned:

- ▶ Managing customer departure risks
- ▶ Leveraging customer concentration for business growth
- ▶ Customer concentration considerations in mergers & acquisitions... and more
- ▶ [View presentation here.](#)

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- ▶ 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.](#)



Featured Listings

Firms for Sale

► **Fast-Growing Western Packaging Company**

NDP represents an incredibly fast growing (double-digit organic growth each year) producer of folding cartons and other specialized packaging and printed products. The Company is located in the Far West and generates revenues and EBITDA of \$25 million and \$5.0 million, respectively.

Contact:

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

► **Southeastern Specialty Products Firm**

Our client is the leader in the growing market for integrated ID cards used in applications from healthcare to higher education to retail. The company's inkjet printing and converting capabilities are uniquely suited to supply the growing \$20 billion label market with innovative solutions including floor graphics, custom labels and integrated labels. This offering provides a unique opportunity to acquire a profitable and growing business focused on providing specialty products to unique markets, including custom and stock tabs and friendly billing and return documents.

Contact:

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

► **Mountain States Screen Printing, Embroidery, & Promotional Products Firm**

This profitable screen printing firm has a solid record of growing sales and profitability and is highly regarded for its diversity of services as well as its quality and customer service. Located in the Mountain States region, and with its diversification of clients and products, its customers should be very attractive to firms seeking to absorb sales into existing operations for rapid growth and expand their current sales base. Currently operating in a leased, modern facility, and, with a full management/production team in place, this firm also offers the opportunity to continue in-place with 3 years left on the current lease. Synergies are readily available to provide great economics for this transaction.

Contact:

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

or

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

► **Western Print Services Provider**

From marketing collateral to signage to event graphics and fleet wraps, our client powers their clients' most imaginative ideas with artistic print solutions that elevate their brand and amplify their results. They are their state's largest commercial print provider, serving top businesses with offset printing, finishing services, offset-quality digital printing, and large format graphics for indoor and outdoor applications. They invest in best-of-class equipment and handle all aspects of production from prepress to the pressroom to bindery and distribution.

Contact:

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

► **Central New England Commercial Printing Company**

Strategically located in central New England, this highly-regarded and profitable commercial printing company services well-recognized customers in the higher education, non-profit, and medical imaging industries. With revenue approaching \$5.0 million and EBITDA of \$700,000, the Company is a great fit for either a strategic buyer looking to diversify, or an individual looking for an established company with opportunity for growth. The owner is willing to stay on for up to five years to assist in a transition, but his continued involvement is not a requirement for the purchase. A long-term lease is in place for their modern facility.

Contact:

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

► **Highly regarded Marketing Services Provider (MSP)**

Highly regarded Marketing Services Provider (MSP) based in Southwestern region of the United States. The firm employs the newest print technology and finishing equipment, so each project is executed with outstanding performance from beginning to end. The Company employs many innovative concepts to provide higher level service to their clientele. Facilities are modern and well maintained.

Contact:

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

► **Commercial Printer Located in North Texas**

This firm is located in the heart of North Texas and provides an excellent opportunity for a firm to acquire over \$2 Million in sheetfed sales and a platform for growth in one of the nation's strongest economic markets. With a well established client base and skilled employees, this firm can also provide an opportunity for an entrepreneur looking to acquire a company with a strong foundation.

Contact:

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

► **Integrated Marketing Company Located in the Southeast**

NDP represents a growing marketing partner specializing in one-to-one and conventional consumer communications strategically located in a thriving market in the Southeast. The Company works with blue-chip brand innovators to provide fully integrated marketing across all relevant marketing and execution channels, including variable digital and conventional print, e-mail and mobile communications, and web-to-print software for e-commerce-enabled storefronts. Sales and EBITDA of \$11 million and \$1.5 million, respectively.

Contact:

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

► **Offset & Digital POP, Signage and Fulfillment Operation**

Our client is the premier printer in the Southeastern United States for large format UV offset printing with facilities located in a major Southeastern metro area, specializing in Point-of-Purchase and collateral retail marketing materials. The firm serves all their client's retail environmental printing needs, including Point-of-Purchase displays, banners, clings and more. This offering provides a unique opportunity to acquire a technologically competitive digital printing and fulfillment operation in a major business center within the fastest growing regional economy in the country.

Contact:

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

► **Marketing Service Provider Located in the Upper South Region of the Eastern U.S.**

With roots dating back to the 1930's, this Company has grown and evolved to be the dominant MSP in their region, providing their diverse customer base with print, apparel and signage for all aspects of their business. The Company successfully utilizes a "hub and spoke" model for meeting customer needs across a broad region and over 1/3 of their revenue comes

from embroidery and apparel sales. The Company has annual revenue of \$10 million, and EBITDA of \$1.5 million. The owner desires to sell in order to diversify his investments. The Company has a long-standing general manager in place who desires to remain with the business long-term.

Contact:

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

► **Premier Printer for Offset Printing**

Our client is a premier printer for offset printing, digital wide & grand format printing, graphic design and mailing with facilities located in a major SE metro area. This firm is a family-owned who's core specialty of offset printing has been supplemented with additional products and services focused on providing marketing solutions for their clients, including point-of-purchase and collateral retail marketing materials, brand and corporate identity, graphics and signage designs, brochures and marketing materials.

Contact:

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

► **Upper Midwest Commercial Printer**

Located in the Upper Midwest, this commercial printer has revenue north of \$6 million and is the go to printer in the communities they serve. The company has continually invested in the latest technology, enabling them to meet their customers' needs in a fast, efficient manner. In house capabilities include offset, digital, large format, mail, fulfillment and design. This is a great opportunity for a printer to expand in to new markets, or for an individual with industry experience to purchase their own business.

Contact:

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

► **Southeastern US Label and Packaging Company**

The company has been in business for 35 years and serves a number of highly desirable, niche markets including medical device manufacturing, military and the food and beverage industry. Revenue is north of \$5 million and EBITDA in the \$600,000 range. While the current customer base is has a long history with the company, and includes many recognizable names, there is also significant opportunity for growth by both expanding the volume in existing clients and taking advantage of the growth within the geographic region being served.

Contact:

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

Firms Seeking Acquisitions

► Buyer Seeks Short Run Publication Printers

A national producer of short-run publications and other printed products, seeks to purchase similar operations nationwide.

Contact:

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

► Looking for Agency and/or Direct Mail Firm

Client in the New England market is seeking to purchase or partner with a digital agency, printer or direct mail company. Interested in a firm that might compliment or be interested in a partnership / buy in to current operation. Client is profitable and has a strong, successful sales team with an aggressive client listing active in the direct mail/fundraising arena.

Contact:

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

► Atlanta Client Seeks Strategic Acquisition

Our client is a recognized firm approaching 50 years of experience with innovative technology applications and unmatched customer loyalty seeks digital, offset, label and large format companies within the proximity of Atlanta, GA.

Contact:

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

► Buyer Seeks Digital Print Provider on the West Coast

West Coast forms/document specialist is searching for a digital print provider to compliment their existing sales/markets. Our client has ample capital and a desire to move quickly. The ideal firm with have sales in the \$5 million to \$10 million range.

Contact:

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

► Buyer of New England Commercial Printers

Client seeks purchase of commercial printers, mailing and fulfillment providers or marketing agencies in New England. Seeking firms with strong 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 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 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 Seeks Wide and Grand Format Printer

A national producer of wide and grand format digital printed products, including textiles, seeks to purchase a manufacturing operation, preferably in the Southeastern US.

Contact:

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

► 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.**

Found by a Search Fund: Good Fortune for a Seller

By Peter J. Schaefer

The entrepreneurs riding these well-financed acquisition vehicles are single-minded about finding, buying, and running profitable printing and packaging businesses.

Could the right buyer for your printing or packaging business be a search fund? Quite possibly, yes. That's why it's essential to understand who these buyers are, how they operate, and what motivates them as they search for acquisition targets in this industry.

Our first encounter with search funds took place about three years ago when we were approached by a former executive of a Fortune 500 company who wanted to buy and operate a business of her own. She had lined up investors and was on the lookout for a print-based company that also would let her exercise her considerable skills in logistics, marketing, and advertising.

After introducing her to several candidates, we helped her acquire a business in the \$10 million sales range that continues to do very well under her management. Not long after that, when we brought a seller doing twice that volume to market, three of the four best offers the seller received came from search funds. Lately, well over half of the deals we have marketed on behalf of sellers have attracted interest from this special breed of buyer.

Eyes on the Prize

In a search fund, one or a pair of entrepreneurs raise a pool of capital from investors to acquire a privately held business that they intend to manage as full-time owner/operators. While this concept has been around since the mid-1980s, only recently have we seen these buyers show significant interest in the printing industry.

Well over 500 investment vehicles of this type have been formed since the first ones appeared, focused mostly on purchasing companies in the \$5 million to \$30 million revenue range. The Stanford Graduate School of Business estimates that \$2.3 billion of equity capital was invested in search funds and their acquired companies from 1986 through 2021.

Perhaps the key thing to know about search fund-backed entrepreneurs is that once they acquire a company, they don't necessarily have a timed exit strategy – they see themselves in the management role over the long haul.

Some are young MBA graduates looking for their first ownership ventures. Others, like our initial search fund buyer, are corporate veterans ready for a career change. Also drawn to the opportunity are retired military personnel with business backgrounds and private equity specialists who know the ropes of financing business acquisitions, but who now want to buy and operate a business of their own.

Their investors are friends, family members, wealthy individuals, and family offices that manage the resources of the latter group. They may also seek investment capital from banks. When they search for companies to acquire, they typically are business agnostic and may or may not be well acquainted with the industries they are searching in.

What they prioritize are well-run, profitable, and growing companies that promise them and their investors the kinds of solid returns they want – a description that fits the “haves” of the printing and packaging industry. Strategic buyers and financial buyers, the other two principal types of acquirers in printing and packaging M&As, seek companies with the same attributes, but search funds differ from them in a number of ways when it comes to planning and executing the deal.

Somewhere in the Middle

Strategic buyers typically are printing and packaging companies that want to grow their sales, capabilities, and footprints by acquiring other printing and packaging companies. Financial buyers use private equity (PE) funding to build platforms of related companies in anticipation of selling them for profit after a set period of time. The tables on the next page summarize how search funds compare with them in terms of business objectives.

For instance, unlike a strategic buyer, a search fund will not be concerned with integrating the company it has acquired into an existing business, or with cutting costs by eliminating redundancies. As a newcomer to the industry, the search fund may be more likely to retain employees and operations than a strategic buyer – an advantage for a seller who wants to preserve the legacy of what he or she has created.

In our experience, search funds have been prepared to make very competitive offers for the companies they want. However, because they lack the post-sale opportunities to cut costs that strategic buyers can sometimes take advantage of, they may not be willing to pay absolute top dollar in a bidding war. Selling owners also should keep in mind that if they are asked to stay on in management roles, it won't be for long – running the company as CEO is, after all, the search fund buyer's main ambition.

As a result, search fund entrepreneurs don't have the timetable for exiting ownership that characterizes financial buyers. Unlike hands-off PE investors, they will be actively involved in management from day one. They can be similar to PE in the way they structure the seller's compensation, providing most of the cash at closing with the seller holding a note for the balance.

Here to Stay

Although they're relatively new, search funds are well established as vehicles for M&As. According to Stanford, 66% of their searches since 1984 have resulted in an acquisition and of those, 73% resulted in gains. We expect their interest in printing and packaging companies to continue, and that's good news for sellers.

In many cases, search funds can offer selling owners an attractive alternative to strategic and financial acquisition. The financing is securely in place, and the buyer's commitment is deeply personal – reassurances that go a long way towards making it a success for both parties to the deal.

Differences Between Types of Buyers

| Question | Strategic Buyer | Financial Buyer | Search Funds |
|---|---|--|---|
| Will leverage (debt) be used? | Possibly, but not always. | Almost always. Sometimes up to 80% of the purchase price. | Almost always. Sometimes up to 80% of the purchase price. |
| Will the seller remain after the transaction? | Possibly, but not always. One-to-two-year standard transition period. | Yes. Financial buyers are investing in the management team, and they will need to remain with the company; 2-3 years at minimum is normal. | Possibly, but not always. One-to-two-year standard transition period. |
| How long will the buyer own the acquired business? | Long-term to indefinitely. | Typically 3-7 years before seeking an exit to realize a return. | Long-term to indefinitely. |
| What is buyer's approach to valuation? | Look at return on investment (ROI) and synergy. Take into consideration if you are gaining access to a new market or buying a competitor. | Analyze free cash flow and EBITDA. Also consider the amount of leverage that can be used and resulting debt ratios. | Analyze free cash flow and EBITDA. Also consider the amount of leverage that can be used and resulting debt ratios. |
| Will buyer be involved on a day-to-day basis? | Yes. Depending on the size of the acquired entity, buyer may integrate into its existing business promptly after close. | Typically no, as most are not interested in running day-to-day operations. Will take a seat on the Board of Directors and help guide growth plans. | Yes. Likely running this company will become the buyer's long-term career. |
| Will buyer retain the employees? | Possibly. Eliminating redundancies may be part of strategy and may result in some positions being consolidated or eliminated. | Yes, unless buyer decides to eliminate specific employees. | Yes, unless buyer decides to eliminate specific employees. |
| Will buyer relocate the business? | Possibly. This will depend on whether buyer has a central headquarters or a desire to consolidate the businesses. | No, unless a very strong business case can be made for the relocation. | No, unless a very strong business case can be made for the relocation. |
| Will the seller retain ownership? | Typically not. Some key members of management may be awarded equity in the parent company. | Generally yes. This allows management to retain an interest in the business and provides motivation for them to grow the company. | Typically not, however some key members of management may be offered the opportunity to invest in the business. |

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.

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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