



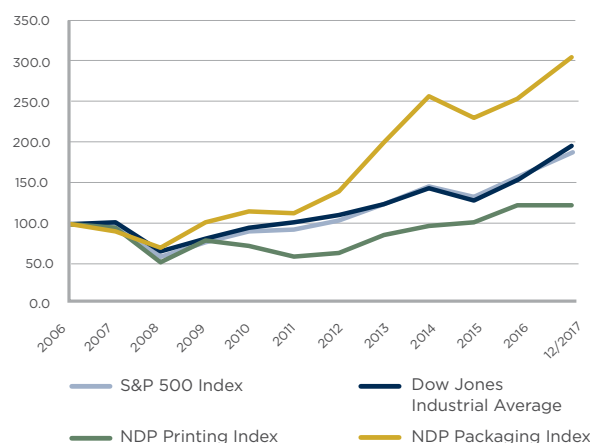
## Recent Transactions

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

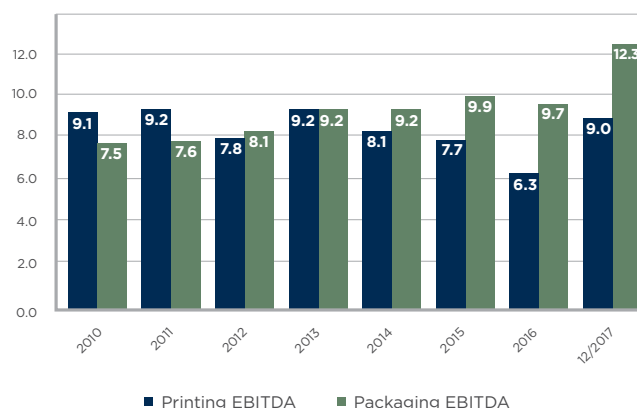
- ▶ Sale of Screen Works Inc. to an Individual Buyer. NDP Represented the Seller.
- ▶ Sale of Gooding Company, Inc. to Nosco Inc. NDP Represented the Seller.
- ▶ Sale of Galapagos LLC to Traxium LLC. NDP Represented the Seller.
- ▶ Sale of Tepel Brothers Printing to The Vomela Companies. NDP Represented 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

- ▶ Randy Camp will be attending the PIAG Annual Meeting in Atlanta January 18, 2018.
- ▶ Paul Reilly and Jim Russell will present several sessions at Graphics of the Americas:
  - ▶ Managing Costs in Today's Economic Environment - Thursday, February 22, 2018, 9:00am - 10:15am
  - ▶ Mega Trends Driving the Printing Industry - Thursday, February 22, 2018, 12:30pm - 1:45pm
  - ▶ Succession Planning - Friday, February 23, 2018 - 10:30am - 11:45am
  - ▶ Making the M & A Decision - Friday, February 23, 2018 - 2:00pm - 3:15pm
  - ▶ Reilly will also participate in a panel discussion at the event, exact time and topic TBD.
- ▶ Paul Reilly will be speaking at the National Print Owners Association meeting in Fort Lauderdale on February 23, 2018, on the topic of mergers and acquisitions.
- ▶ Various NDP executives will be attending the PIA Presidents Conference in San Antonio TX March 4-6.
- ▶ Paul Reilly will be presenting two sessions at Dscoop, scheduled for March 25 to 28 in Dallas: 8 Imperatives for Growing Your Printing Business and "M&A Trends in Print & Packaging".
- ▶ Peter Schaefer will be speaking to the Print and Graphics Industry Credit Executives in San Francisco on April 6th.
- ▶ Paul Reilly and Peter Schaefer will be attending the InkJet Summit in Ponte Verde Florida April 9-11.
- ▶ 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.

## 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](mailto:info@newdirectionpartners.com) with questions or for additional 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](http://www.Dscoop.org) for more information.

- ▶ Jim Russell and Peter Schaefer presented a webinar hosted by SGIA. Making the M&A Decision covered the fact that in the current economy, M&A activity has been picking up. But you may be questioning whether a sale or acquisition the right choice for your business. Peter and Jim shared basic information about M&A trends as well as experiences of businesses that have successfully used this strategy. Learn how to discover and take advantage of adjacencies to expand your product portfolio and grow revenues. And benefit from the experiences of your peers along with expert advice to begin the process of mapping next steps. [View Now](#)
- ▶ 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](http://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](mailto: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](http://www.Dscoop.org) for more information.

- ▶ Peter Schaefer and Randy Camp presented the fourth in the Dscoop series, 8 Imperatives for Growing Your Printing Business. 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, Schaefer focused on 8 imperatives for growing your printing business. 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.

The webinar archive is available to Dscoop members only, but membership is free. Visit [www.Dscoop.org](http://www.Dscoop.org) for more information.

## Upcoming Webinars

- ▶ Dscoop will host the following Webinars in the first quarter of 2018:
  - ▶ Building Value presented by Tom Willams and Al Reijmer January 16, 2018
  - ▶ Competing with the Majors presented by Jim Tepper and Paul Reilly February 13, 2018
  - ▶ Succession Planning presented by Jim Russell and Peter Schaefer March 13, 2018
- ▶ Visual Media Alliance will host a webinar "What Your Mama Didn't Tell You About BHRs," a discussion on the industry's dependency on budgeted hourly rates and their strengths and weaknesses. Presented by Joe Polanco March 8; 1:00 pm CST.

## Featured Listings

### Firms for Sale

#### ▶ 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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto:PREilly@NewDirectionPartners.com) or by phone at 303-520-7803.*



# The Anatomies of Acquisition: A Primer

By James A. Russell and Jim Tepper | *Partner, New Direction Partners*

It's an appeal for help that we've grown accustomed to hearing at New Direction Partners: "My sales are flat. We aren't moving in the right direction as a business. I know I should be thinking about acquiring another company—but what kind of company, and how?"

Our first response is to congratulate the owner on having made the commendable decision to grow by acquisition. Then we try to outline the scenarios in which acquisitions most often take place, making sure that the client knows what to expect and what to watch out for in each case.

It's essential to have a clear-eyed view of how acquisitions work, because sometimes, they don't. A company that acquires another company without fully understanding what it is buying can find itself saddled with a dead weight that does nothing but lose money. In some instances, what might have been a successful acquisition falls apart because of things the buyer failed to anticipate at the time the deal was closed.

Generally speaking, acquisitions that succeed conform to any of the five following models. They are all structured as tuck-ins with the exception of the final one:

- Model #1: The buyer acquires a company similar to his own to gain more volume of the kinds of work he is already doing.
- Model #2: The buyer acquires a company similar to his own because the company has better (i.e., more modern and productive) equipment.
- Model #3: The intent of the acquisition is to diversify the buyer's product mix.
- Model #4: The acquisition is a technology play that will enable the buyer to move into new, technology-enabled areas of service or acquire updated, software supported services.
- Model #5: The objective is geographic expansion. (In this model, the target company is acquired as a going concern and continues operating in place. In the others, the buyer absorbs only active accounts and/or the desired equipment and technology.)

The main attraction of Model #1 is familiarity: the buyer's and the seller's capabilities, employee skill sets, and customer profiles are the same, or nearly so. But, there could also be differences to reconcile. For example, the acquired company might have a pricing structure different from the buyer's. It could be paying more (or less) for paper and consumables. One company might be a pleasing-color shop, while the other caters to high-end customers with stricter color requirements.

By themselves, similarities between companies don't guarantee a good fit. The volume that the acquired company brings to the table may be attractive, but what if most of it is concentrated in a few large accounts? The buyer must also ask whether the acquiring plant has enough capacity to handle the inrush of new work. These are all issues to address in the due diligence and negotiation phases, not after the sale is closed.

Model #2 could grow a half-size offset shop into 40" production, where it wants to be. There is commonality between the operations, but the buyer should be certain that the postpress department, for example, is equipped to handle the output of the full-size press (or presses) being brought in. The same consideration exists if the equipment being acquired is digital. Digital presses need to be supported by digital finishing lines—conventional postpress isn't well suited to the smaller formats and volumes of digital production.

If gaining equipment is the goal, and if the existing footprint is at full capacity, it may make sense to structure the transaction as a reverse tuck-in in which the buyer shifts production to the acquired company's plant. This affords the needed room for growth, and the acquired equipment can continue to operate in a space where it is known to run efficiently. Circumstances have to be right for a reverse tuck-in to work properly, however.

One key to success in Model #3 is retaining the people responsible for producing the diversified product mix that makes the acquired company attractive. Another is remembering that with new product categories come new customers—strangers with whom the buyer will have to develop sales and support relationships. Once these are formed, the buyer will have an opportunity to cross-sell the acquiring company's product lines along with those of the acquired company.

Web-to-print, MIS, and data-driven mailing services are among the capabilities that inspire technology plays in Model #4. It's usually easier and faster to acquire these specialties than it is to home-grow them. Being able to offer them is a major plus for customer retention, and they increase the perceived value of the acquiring company as well.

Again, what's crucial is keeping the expert personnel on board, especially in areas such as database management, personalization, and 1:1 multichannel marketing. Companies that make acquisition technology plays will find that they need trained programmers on staff as much as they need skilled equipment operators.

Our colleague, Frank Steenburgh, has written an informative post about the advantages of geographic expansion under Model #5. As Frank says, the broader the territorial footprint, the stronger the appeal to Fortune 500 companies and other customers that buy printing on a national basis. A company stuck in a flat regional market can't pick up and move to where the work is, but it can accomplish nearly the same thing by acquiring a complementary operation in a place where the market has more to offer.

Coordinating activity between the two sites is the main concern. Can the acquired company be managed remotely from the buyer's location, or does it make more sense to send a management team there? How much personal time will the owner have to dedicate to the tasks of merging cultures and establishing customer relationships?

These questions will be at the head of the list when considering a geographic expansion in the Model #5 scenario.

At New Direction Partners, our advice to every client is to be in either a buying or a selling frame of mind. We encourage acquisitions, but only when they are mutually beneficial, planned with care, and executed in ways that maximize the likelihood of success. A bad acquisition is worse for a growth-committed company than no acquisition at all. With proper advisement and attention to detail at every stage, no acquisition need be anything except a rewarding win for all concerned.

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](http://www.newdirectionpartners.com).

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