

# NEW DIRECTION

## PARTNERS

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



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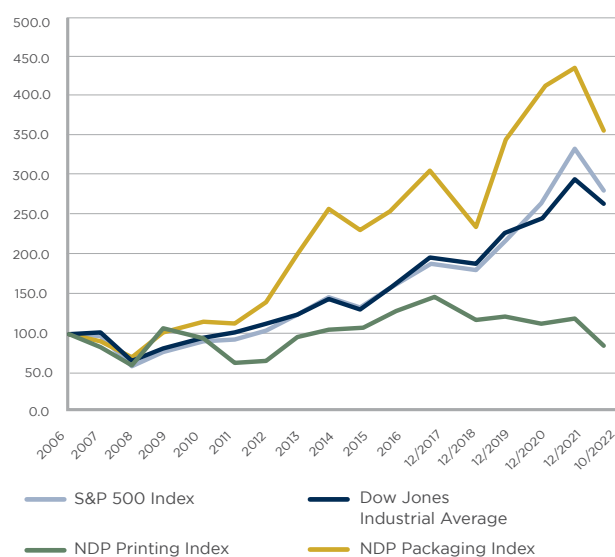
## Recent Transactions

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

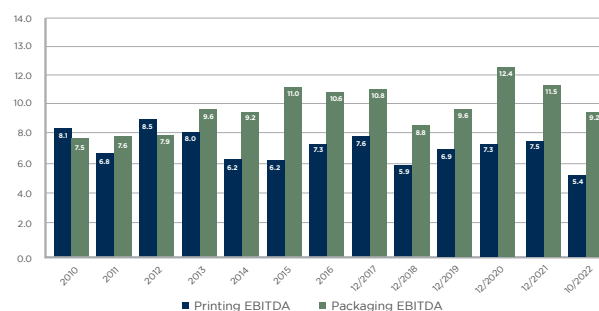
- ▶ Sale of Knepper Press and Dual Printing & Mailing to JAL Equity. New Direction Partners represented the seller.
- ▶ Sale of the Direct Mail division of American Spirit Graphics to JAL Equity. New Direction Partners represented the seller.
- ▶ Sale of Sandy Alexander to Snow Peak Capital. New Direction 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.
- ▶ Power Marketing + Printing has acquired the assets of Keystone Press. New Direction Partners represented the buyer.
- ▶ Sale of TGI Direct to Carmel Hill Acquisitions, Inc. New Direction Partners represented the seller.
- ▶ Sale of Custom Color Corporation to GSP Retail. New Direction Partners represented the seller.
- ▶ Sale of The Goode Company to Almaden. 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.***

## 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 Schafer 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.](#)

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- ▶ 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.](#)

▶ 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 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. [View Archive.](#)



# Featured Listings

## Firms for Sale

▶ 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.

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or by phone at 303-520-7803.**

or

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or by phone at 508-523-9033.**

▶ 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](mailto: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](mailto: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](mailto:PSchaefer@NewDirectionPartners.com)  
or by phone at 610-935-1000.**

▶ For Sale Marketing Service Provider located In Western US

Our client specializes in working with multi-location companies and franchisors in providing a broad variety of marketing material. The Company offers offset, digital and wide format printing along with graphic design and extensive direct mail capabilities. Total revenue in FY2021 was approximately \$4.2M and it employs 29 individuals. The majority of its customers are located throughout the United States. The Company was established in 1979 and ownership wishes to retire and is willing to remain with the Company through a reasonable transition period.

**Contact:**

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or by phone at 214-336-8586.**

▶ 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:**

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or by phone at 203-856-0120.**

▶ **Midwest Commercial Printer**

Located in a very desirable midwestern four season resort community with a high quality of life, the company has been in business for over 30 years and has no client concentration. The company successfully markets to the trade throughout the Midwest and beyond, and has a long history of stable sales to their loyal client base. Unique capabilities includes die-cutting, foil stamping, pocket folders, and various binding capabilities just to name a few. With a strong balance sheet, and a loyal customer base, and revenue in the \$1.5 million range, this is a great opportunity for an owner/operator to own their own business or for an existing company to expand geographically.

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or by phone at 248-891-6992.***

▶ **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](mailto: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.

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or by phone at 203-856-0120.***

▶ **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 \$30 million and \$7 million, respectively.

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***Peter Schaefer @ [PSchaefer@NewDirectionPartners.com](mailto:PSchaefer@NewDirectionPartners.com)  
or by phone at 610-935-1000.***

▶ **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.

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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.

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## 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.

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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](mailto: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](mailto: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](mailto: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](mailto: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.

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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.

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► 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.

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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.

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or by phone at 303-520-7803.**

# New Direction Partners Co-Founder Paul Reilly Easing into Retirement

Please join the New Direction Partners team in wishing Paul Reilly success in his next adventure. Reilly has announced that he is in the process of retiring after a long tenure in the industry, beginning when he joined Polychrome in 1978. "I still have some engagements ongoing," he said, "and I will continue to work with my clients until their needs are satisfied. Support, honesty and hard work on behalf of clients has always been a hallmark of my career, and that is not changing." Reilly remained at Polychrome until 1993, at which time he was President and responsible for the Americas and Australasia.



Reilly notes that printing was not a new industry to him, even way back then, saying, "My wife comes from a family of printers. Her father was in printing as a photo engraver, and her grandfather was a print salesperson. Of course, back then offset wasn't nearly what it is today, and there was a lot of skepticism on the part of my photo engraver father-in-law that manufacturing and selling offset plates would provide a good living for my family. Of course, in the end, offset put his business out of business because it replaced what he did. And we have seen that happen over and over again as new technologies have emerged and replaced more traditional processes."

His point is that people in the industry that have changed the way they look at their businesses, and have been open to adopting new technologies, new ways of thinking and new ways of providing value to their customers are the ones who have been most successful in the long run.

Paul then ventured into the production side of the business as a partner with Gerald Mahoney in a Jersey City envelope company, Pavey Envelope & Tag. That was the beginning of an acquisition spree which evolved into Mail-Well, later renamed as Cenveo, where Paul served as President and COO from 1998 to 2001, ultimately accepting the role of President, CEO and Chair of Board of Directors until he left the company in 2005. During those years, Cenveo became one of the largest players in the North American printing industry, specializing in offset and digital printing, custom and stock envelopes, and business documents and labels, and positioning itself as offering one-stop services ranging from design through fulfillment.

According to Cenveo's company history, "From its incorporation as Mail-Well, Inc. in February 1994 through 2000, the company bought 59 businesses, serving as a leading consolidator of what it called the 'highly fragmented printing industry.' Revenues grew from \$260 million to \$2.43 billion, but the company was saddled with more than \$1 billion in debt just when the economy soured. Mail-Well spent the next few years streamlining its operations and jettisoning underperforming

lines of business, before emerging in 2004 as a slimmed-down and more focused firm with a new name, Cenveo. Ultimately, the company acquired more than 200 companies, giving Reilly a deep understanding of the M&A market, especially as it related to the printing industry. It was also the start of building a substantial network of contacts throughout the industry, both on the producer and supplier sides, which positioned him well to enter the M&A advisory business, first with the founding of Compass Capital Partners, and ultimately co-founding New Direction Partners in April of 2009, together with Peter Schaefer, Jim Russell and Tom Williams. Over time, the company added five directors, all very experienced printing industry executives, to build it into its form today.

Since that time, the company has completed more than 200 transactions, over \$4 billion in sales value.

Today, Reilly says, there are still opportunities in a consolidating industry to do roll-ups, perhaps not to the level that Cenveo and others in that period experienced. He adds, "In commercial print, labels and even envelopes, there are several companies doing regional roll-ups. Essentially, they are providing for local companies a broad range of product lines and the ability to service all of their customers' print needs, including packaging to some degree."

#### **As to the types of buyers, Reilly identifies three primary categories:**

- ▶ **Strategic buyers**, which are printing companies acquiring other printing companies, to broaden their geographic footprint, add new lines of business or consolidate competitors. A couple of well-known examples of this are Taylor, 4-Over and Mittera. These buyers typically contract the seller to a two-year transition period.
- ▶ **Financial buyers**. These are private equity companies looking to build a platform, and they find the printing industry interesting, especially growth areas such as labels & packaging or wide format, as well as software infrastructure companies. These are companies like Snow Peak, TENEX, Cerberus and others. These buyers are investing in the management team, who will need to remain with the company at least two to three years, and they typically retain the company between three and seven years before seeking an exit strategy and return on investment.
- ▶ The third category, probably less familiar to readers, are **Search funds**. These companies acquire long-term to indefinitely and do not always maintain the existing management team, yet they do tend to retain employees. Active search fund operators include Sun & Moon Capital, Clear Bridge, Carmel Hill Acquisitions and others.

He notes that all three categories are quite active in the printing and packaging industries today, and likely to remain so for some time.

When asked what the most important piece of advice he would have for the owners of a printing or packaging business, his response: "Embrace change. You don't have to be on the bleeding edge, but you do need to stay current with emerging trends. For example, having technology-enabled interfaces with your customers that allows them to easily do business with you 24/7. Incorporating digital printing is also important in terms of offering more flexibility in run lengths, time to market,



personalization and more. Analog printing will still be around for some time, of course, but as run lengths shorten, the speed and quality of digital continues to increase, and there is demand for faster time to market, digital printing will continue to play an important role. I would say that in the next ten years, there will be a significant reduction in the number of new offset presses manufactured.”

Reilly concludes, “Even though I am on the path to retirement, I am as busy as I have ever been, working with clients I have supported for many years. And the outlook for New Direction Partners is equally positive. We had a record year in 2021, and we expect 2022 to exceed that. I also sit on several boards, and will continue to do that, as well as explore other business opportunities, especially in the arena of clean energy. You won’t find me sitting on the porch in a rocking chair, but I do feel it is time to look at the next chapter.”

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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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