

NEW DIRECTION PARTNERS



We are proud to once again be recognized by @Axial as a top 100 Lower Middle Market M&A advisor. Thanks to the clients who recommended us for this prestigious recognition.

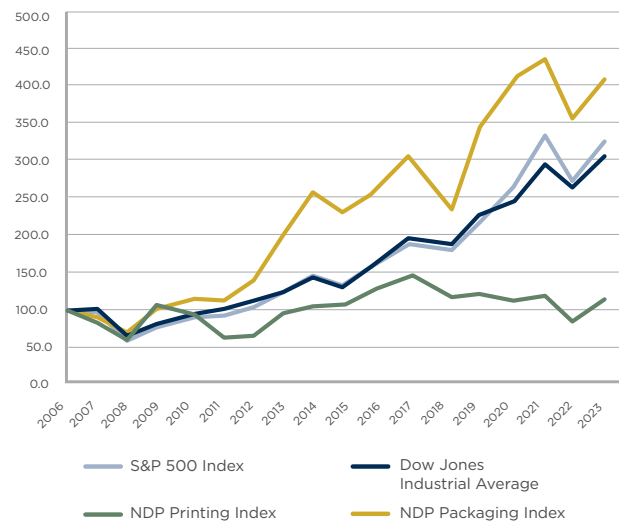
Recent Transactions

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

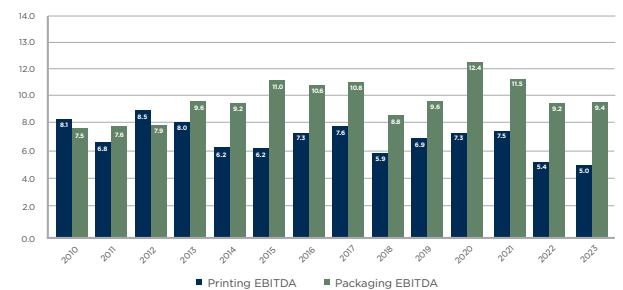
- ▶ Sale of Response Envelope to Marketing.com. New Direction Partners represented the seller.
- ▶ Sale of South African based First Impressions Labels (a division of Hirt & Carter) to All4Labels. New Direction Partners represented the seller.
- ▶ Sale of Husky Envelope to JAL Equity. New Direction Partners represented the seller.
- ▶ Sale of Gerald Printing and Liberty Imaging to Purpose Group. New Direction Partners represented the Seller.
- ▶ Salem One was acquired by Granite Creek Capital. New Direction Partners represented the seller on this transaction.
- ▶ Sale of Ballabox Company, Inc. to Quest Graphics, LLC. New Direction Partners represented the Seller.
- ▶ Sale of HBP, Inc. to JAL Equity. New Direction Partners represented the seller.
- ▶ 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.

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

- ▶ Randy Camp will be attending the PIAG Annual meeting in Smyrna, GA on January 25.
- ▶ Jim Russell and Peter Schaefer will be attending the Flexo label Advantage Group (FLAG) annual conference in Buffalo, NY on June 11-13, 2024.

Recent Webinars

- ▶ NAPCO hosted a recent webinar “The M&A Road Ahead in 2024 and Beyond”, presented by Jim Russell and Tom Williams.

In this session, New Direction Partners experts shared their thoughts on the current state of mergers and acquisitions in the broader printing and packaging industry as well as provide an outlook for the M&A environment as we move into 2024. It included important advice for both buyers and sellers preparing for the future. In this session, you will learn:

- ▶ How 2023 shaped up in terms of industry M&A activity.
- ▶ What the future of M&A looks like for the balance of 2023 and into 2024, including any anticipated barriers or opportunities.
- ▶ A summary of the types of buyers active in the market and the difference between them.
- ▶ Insight into how to increase company valuation in preparation for a sale.
- ▶ The importance of an up-to-date succession plan.
- ▶ [View presentation here](#)

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- ▶ Aleyant hosted a recent webinar “Succession Planning For Your Print Business”, presented by Jim Russell.

Are you thinking of retiring in a few years or maybe down the road? Wondering how to plan for the future of your print shop to ensure it continues to be well-managed and profitable in your absence? Or perhaps you are looking to sell your business and want to maximize your business valuation? [View presentation here.](#)

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- ▶ NAPCO hosted a recent webinar “The Inside Scoop On Buyers Interested In Print And Packaging”, presented by James Russell and Peter Schaefer.

Mergers & Acquisitions in the Printing & Packaging Industry remain strong with activity being fueled by strong private equity (PE) and strategic interest. While PE has been active in the packaging space for a number of years, with multiple buyers engaged in significant roll-ups, both large and small, they are also active in commercial print and other industry segments. In this webinar, you will learn:

- ▶ Who some of the more active PE and strategic acquirers are
- ▶ What they find attractive and how they differ
- ▶ How to increase the value of your business to make it more attractive
- ▶ [View presentation here](#)

- ▶ 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.](#)

Featured Listings

Firms for Sale

▶ **Northwestern Premier Graphic Solutions Firm**

This offering provides a unique opportunity to acquire a technologically competitive offset, digital, and grand format printing, finishing and fulfillment operation in a major business center where management's main focuses are exceeding customer expectations and doing so through the most sustainable means possible. The firm has exhibited continued year-over-year growth and is positioned for new ownership to take it to the next level.

Contact:

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

▶ **Growing Niche Printer Specializing in Envelopes**

Located in the Far West, the business has grown consistently and generates revenues of \$4 million and EBITDA of \$500K.

Contact:

**Peter Schaefer @ PSchaefer@NewDirectionPartners.com
or by phone at 610-724-0500.**

▶ **Growing Highly Specialized Wide Format Printer**

Located in the Midwest, this business has grown every year and is currently approaching \$10 million in sales with 20% in EBITDA.

Contact:

**Peter Schaefer @ PSchaefer@NewDirectionPartners.com
or by phone at 610-724-0500.**

▶ **Commercial Printer located in Thriving Southeastern City**

Our client, in this thriving Southeastern city, is recognized in its marketplace as the go to firm in their region for a variety of products that are high quality, cost efficient, and guaranteed to please. Our client provides its clients with award-winning solutions including digital printing with variable data capabilities, traditional offset printing, embossing and foil stamping, fulfillment, and a full line of promotional products.

Contact:

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

▶ **West Coast Digital Printer**

100% digital (b&w and color), highly profitable (20% EBITDA) firm with \$12 million in sales in 2023, projected to grow to \$13.5 million in 2024. Seller wishes to retire after a mutually agreeable transition period and seeks a new owner who will continue to invest in the firm's long-term future. Company serves a national base of long term customers in the financial, pharmaceutical, automotive, healthcare, ballots and book markets. Company's long-term success is driven by its proven solution provider and strategic partnership culture and transactional printing expertise. Success is enabled by its leading edge technology and very productive workflow.

Contact:

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

or

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

▶ **Highly Profitable, Data Drive Midwestern Printer**

This firm is located in the Midwest with all the leading data security certifications. High end provider of 1:1 digital and offset solutions including large format, fulfillment and customized storefronts. Revenues between \$15 and \$20 million with above industry average profitability.

Contact:

**Peter Schaefer @ PSchaefer@NewDirectionPartners.com
or by phone at 610-724-0500.**

▶ **Successful Display Graphics firm in the Southeast**

Our client is a resolute team of professionals, centrally located in the Southeast, driven to provide their customers with premium products and services by utilizing the latest technology and software available. They strive to create custom digital graphics that fulfill their client's demanding business requirements. creating designs for menu boards, brochures, vehicle wraps, wall murals and signage, utilizing the most advanced production equipment available. Substrates utilized include vinyl, banner, magnetic, poster, paper, canvas, wallpaper, and others.

Contact:

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

▶ **Northeast Wide Format/Digital Printer**

This client is a very successful and profitable mid-sized Wide Format/Digital Printer serving a large and stable list of customers. Their products and specialties serve an ongoing, cyclical market segment with repeat and ongoing continued relationships expected. They serve local, regional, and national clients from their current location which affords adequate space and quick access for delivery. Strong relationships with customer base with great prospects for growth. Key employees are in place which affords a smooth transition with ongoing operations. Owner looking to depart after a reasonable transition and/or willing to stay on as consultant.

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or

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

▶ **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.**

▶ **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 610-724-0500.**

▶ **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 clients' 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.**

▶ **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.**

► 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 business 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 \$8 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

▶ International Buyer Seeks
US Paper Wholesaler

Buyer seeking to acquire a paper wholesaler, distributor or merchant with a particular interest in containerboard and sanitary paper.

Contact:

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

▶ 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 complement 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, 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 will 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 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.**

A Checklist for Giving Due Diligence Its Due

By James A. Russell

The stage of acquisition known as due diligence is the deep-dive part of the process: a scrupulous reality check that takes place between the buyer's submission of a letter of intent (LOI) to acquire and the formal closing of the deal. In due diligence, the buyer reconfirms that all the details of the transaction are in fact what they appear to be. It's basically about avoiding the kinds of surprises that trigger buyer's remorse after ownership changes hands, when it may be too late to do anything about them.

The LOI usually will specify that the buyer has 30 to 90 days to complete due diligence, during which time the financing and the preparation of legal documents also will be finalized. In our experience, a 30- to 60-day window is wisest to shoot for, as it encourages the buyer to bring potential negatives to light as quickly as possible.

Think of due diligence as a cross-examination of evidence previously presented. The goal is not necessarily to add new information to the picture, but to vet and verify what the buyer already has learned about the company he or she intends to purchase. This means asking pointed questions that the seller, hopefully, will be candid in answering. The due diligence checklist that we recommend to our acquisition-minded clients would include, among other things, the following key points:

Understand company culture. Sadly, many a deal has failed because the seller's values and behaviors didn't align with the buyer's. Without this kind of harmony, no acquisition can succeed in the long run. Admittedly, "culture" can be a tough thing to gauge, but getting personally acquainted with the seller and key management personnel during negotiations will provide clues. So will finding out whether the company boosts morale by congratulating employees on their birthdays, hosting picnics and holiday parties, or conducting other team-building activities. These things can be every bit as vital to the health of a business as its sales.

Confirm quality of earnings, with support for major assumptions being made. A buyer will want to ensure that recent revenue and expenses are accurate, and have not been impacted by some unusual, one-time event: for example, loan forgiveness under the Paycheck Protection Program (PPP). Another area to investigate is validating add-backs: confirming that expenses a seller has represented as discretionary and will not be incurred after closing are in fact not key to business success. Depending on the buyer and the size of the transaction, a third-party firm is frequently engaged to perform the Quality of Earnings report.

Beware client concentration and sales vulnerability. A "20/80" imbalance in the client list, with a small number of accounts producing an excessively large share of total sales, is an obvious red flag. Losing any of these accounts post-sale would be a severe financial blow. To assess that risk,

the buyer should visit the seller's top customers as part of due diligence – but only at the very end of the process, perhaps a day or two before the anticipated date of closing. This is the surest way to get a sense of their immediate moods and the strength of the relationships that the buyer is about to inherit.

Identify tenure and concentration issues among the sales team. Along the same lines, the buyer will want to find out whether the seller has placed too much business in the hands of too few salespeople – especially long-serving sales reps who might decide to leave and bring their accounts with them once the new owner takes over. Due diligence is an opportunity for both parties to review who has what and, if necessary, redistribute the accounts more efficiently.

Compare business pricing models: low-cost provider vs. high-margin producer. A high value-added printer enjoying better-than-average margins gains no advantage by acquiring commodity work sold at prices that will be difficult to raise to market rate. Scrutinize the seller's customer list for low-ball accounts, and plan accordingly.

Determine the management team's long-term intentions. How can the buyer be sure of retaining key personnel whose presence will be essential to making the transition of ownership a success? This is something to nail down with the help of the seller, who may, for example, offer the key players bonuses for staying on for a set period of time. In most cases, senior managers with long records of service probably won't be thinking of leaving – but taking steps to cement their loyalty is still a good idea.

Working capital needs: does the working capital target provide enough capital to operate the business going forward? In its simplest form for a business transaction, working capital equals current assets (accounts receivable, inventory, prepaid expenses) minus current liabilities (accounts payable, accrued liabilities). A transaction based on a multiple of EBITDA includes a fixed amount of working capital as part of the value of the company being acquired. This is the money that the buyer will use to run the business for the first couple of months after closing. If it's not enough to cover day-to-day requirements, the buyer will have to put in his or her own cash to bridge the gap.

CapEx requirements: will the acquired company need a significant CapEx investment in the near term, after the deal is finalized? If the seller's equipment is being purchased as part of the deal, the buyer ideally will want that equipment to have a substantial amount of productive life left in it. But, if a press is at the end of its tether, its capacity will have to be replaced – at the buyer's expense, post-sale. This usually means reducing the purchase price by the amount of capital expenditure needed. Expert equipment appraisal during due diligence will clarify the buyer's likely CapEx obligation.

Customer perceptions: how is the company being purchased viewed in the marketplace? Alignment with the buyer's image and goals is crucial. Combining two companies with clashing reputations can never produce a whole greater than the sum of the parts, and customers will be the first to spot the mismatch. They know the difference between low-end shops and industry leaders.

No aspect of the deal should be allowed to compromise the favorable marketplace perception that the buyer has worked hard to build and maintain.

Confirm that the property has no environmental issues. If building and grounds are being acquired as part of the deal, they must be fully compliant with all environmental regulations. Look at records of past inspections, noting any violations, fines, and corrective actions related to them. Find out also whether there are situations on the premises, such as buried fuel tanks, that may need remediation in the future. Consultation with an environmental specialist may be needed here.

These recommendations don't cover every angle of due diligence, but they highlight the care that buyers must take at every step of the way toward the home stretch of the acquisition. Strict attention to detail is the best prescription for sleeping peacefully – and confidently – on the night before closing.

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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