

# Working with Private Equity Group Investors

Presented by  
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# Ocean Capital Ventures

- **Quick closing** – We are **cash** investors looking for a **quick close**. We do not seek to use debt to leverage a transaction. This significantly simplifies the closing process, eliminates a large contingency and strengthens the business post-deal.
- **Cash buy-side fee** – We are happy to pay a Lehman formula **buy-side fee in cash** at closing on transactions where there exists no sell-side agreement.
- **We are flexible in deal structure** – While we intend to invest as a common equity partner, we have the flexibility to structure a transaction to best fit each deal.
- **Entrepreneur friendly investors** – When your client is seeking liquidity but desires to run the business, our silent investor approach meets their financial needs with limited involvement. We seek board level participation and we value the importance of the existing management team.
- **Flexible investment horizon** – Because we target a current return from operating income and have no investor pressure to return capital, we are extremely flexible with regard to investment horizon.

# Ocean Capital Ventures

## Investment Criteria

We are looking for well run, established businesses with EBITDA as low as \$500K to over \$3 million. We offer owner liquidity but rely on the current management to continue to drive the business. We desire board level involvement.

Investment characteristics are:

- Stable revenue and earnings
- No significant customer concentrations
- Partial equity investment
- Management continuity
- Seller open to regular pro-rata distribution of excess operating cash

# Goals for M&A Source

- Opportunity to link names and faces.
- Make new contacts.
- Reinforce investment criteria.
- Accumulate potential deal leads.

# Making the Most of our Expo Encounters

- Ask the PEG to tell you about investment criteria and goals if you are not familiar with them. You should then be able to narrow the discussion of your opportunities to those that fit.
- Have a one-page teaser document for each opportunity you want to discuss. Using that teaser as a visual aid during the discussion will help us retain information.
- Understand that PEGs see lots of deals.
  - If an opportunity does not fit our investment criteria, it is not a good use of your time to discuss it in depth.
  - Most PEGs have little flexibility to significantly stray from our stated investment criteria.
- If you don't have a current deal to present, it is still worth a conversation regarding our search.
  - There may be opportunities you can pursue because you specifically know they are a fit.
  - Many PEGs are willing to pay a buy-side fee on a company that is not currently "on the market."

# Teaser Information

- General business description
  - Geographic footprint
  - Corporate structure (i.e. LLC, S-Corp, C-Corp, etc .)
  - Major revenue sources
  - Level of financial statements (i.e. internal, compiled, reviewed or audited)
- Summary financial information
  - Last 3 years
  - Trailing 12 months
- Transaction objectives
  - Reason for sale
  - Seeking strategic or financial buyer?
  - Seller desires active or passive investor?
  - Valuation expectations
- Weaknesses or threats (company, industry, geographic area)
- Growth initiatives
- Discuss management continuity and future management needs
- Broker contact information

# How to Contact Us

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