



Situation: *Retiring owners*
Location: *Lincoln, Nebraska*
Description : *GTE is the leading manufacturer of stationary diesel engine silencers and emission controls*

Ownership Transition: The two co-owners of GTE Industries (formerly GT Exhaust) had achieved their intended financial goals and had developed a lifestyle transition strategy. Both wanted to exit from the business but they had several specific goals which needed to be met before they would sell the Company:

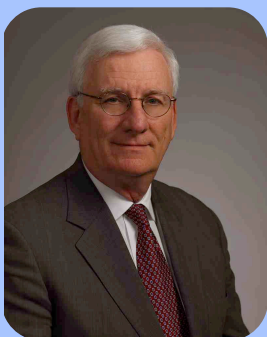
- *Current employees* - The owners wanted their employees to have the opportunity to continue growing GTE in Lincoln, Nebraska. They were concerned a strategic buyer would close operations and move the Company.
- *New CEO* - The owners had taken GTE as far as they felt possible. They recognized that the Company now needed an experienced executive who possessed the operational and leadership capabilities necessary to lead the Company through its next stage of growth.
- *Fair value* - The owners wanted a valuation that struck a balance between their personal financial goals and a prudent capital structure that would provide flexibility for GTE and would not place undue leverage on the business after the transaction.

The owners were concerned that these specific goals combined with the perceived constraints of **unaudited financials, outdated facilities, and antiquated internal systems** might limit their ability to successfully achieve their transition plans.

Goals Achieved & Constraints Removed: Working together, the two owners and CID Capital outlined a plan to address the owners’ specific goals and provide a solid foundation for the new Company. To accomplish this, CID partnered with an experienced manufacturing executive who could implement world class systems and processes. To paint a picture of the stark transition, post closing, the new CEO spent the first three months working from a picnic table because, in spite of many years of successful operation, the facilities wouldn’t support the addition of a single additional employee.

The Company Today: GTE has made great strides in both corporate development and brand identity. The Company’s new management team has transitioned GTE into a professionally managed enterprise with audited financials, upgraded financial systems, and scalable business processes. CID has helped add new talent to the GTE team and has made introductions to key OEMs and complimentary suppliers. As a direct result, GTE has continued to grow through the introduction of new products, increased manufacturing capacity, and decreased lead times. Furthermore, the Company continues to maintain all management and manufacturing operations in Lincoln, Nebraska.

Meet Our Team



John C. Aplin
 Managing Director
 (317) 708-4852
 johna@cidcap.com



Eric J. Bruun
 Managing Director
 (317) 708-4857
 eric@cidcap.com



Steve A. Cobb
 Managing Director
 (317) 708-4853
 steve@cidcap.com



Scot E. Swenberg
 Managing Director
 (317) 708-4856
 scot@cidcap.com



Charles X. Yang
 Analyst
 (317) 708-4863
 charlie@cidcap.com

A Collaborative Partnership:

CID Capital's Philosophy and Approach to Partnering

CID Capital, founded in 1981, is the premier private equity partner for owners and managers of small companies operating throughout the United States. We have supported companies through economic cycles and assisted management teams with valuable resources as they build their companies. We understand the resources and hard work required to develop the right strategy, staff and systems to build a small company. The management teams we currently support, or have supported in the past, can attest to our collaborative approach, and we encourage you to speak with them.

The Private Equity Group of CID Capital makes control investments in small, privately held companies that are experiencing constraints that may include:

- A lifestyle culture characterized by a lack of investment in growth initiatives
- Increasing personal risk associated with each new stage of growth
- Shareholder conflicts over goals and company direction
- Personal guarantees required to access senior debt
- Strategy, staff and systems issues resulting from growth or lack thereof
- Challenges from operating and growing the business while realizing personal liquidity

These are a few of the countless constraints that company owners and management teams share with us every year. We provide innovative solutions to help remove these limitations.

Investment Criteria

CID Capital has been collaborating with small company owners and executives since 1981. We don't invest in your company for what it is today but rather what it can be in the future. Here are some of the initial criteria we consider when evaluating your company:

- Control investments
- History of strong cash flows
- Revenues \$10 - \$75 million
- EBITDA in excess of \$2 million
- Headquartered in the U.S.
- Consumer Products
- Industrial Products
- Value-added Distribution
- Medical Products
- Safety and Security