

# CID

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## CAPITAL



Where do you go from here?

CID can help.

## Recapitalize with CID and Achieve Your Goals

### Recapitalization Overview

Learn more about a recapitalization and why it can be the solution to address constraints you may be experiencing in your company today.

### Recap Case Study Evriholder Products

Learn more about the process two business owners went through before they decided to recapitalize their company with CID Capital and what happened.

### Collaborative Partnership in Private Equity

Partnering with a private equity firm means more than just capital. Philosophy and people can and do make all the difference. Learn more about CID Capital's team and investment style.

# Recapitalizations Explained



## What is a recapitalization?

A recapitalization is a financial transaction where a business owner decides to sell a controlling portion of his or her equity ownership to a buyer in return for cash. The buyer is typically a private equity firm that will use a combination of equity and debt to purchase the business owner's equity. The business owner will normally retain ownership of a significant portion of the company after the transaction and will continue to manage day-to-day operations.

## How can it remove my constraints?

Every year, business owners are faced with balancing a multitude of conflicting objectives. These objectives can include securing their families' financial future and growing the business without assuming greater personal risk. Over time, these conflicting objectives or "constraints" can negatively impact decision making within the business. Usually a combination of resources are required to remove the constraints the business owner is facing. These resources typically include people, processes, and proceeds (capital). CID Capital provides all three. Read the Evriholder story to learn why more than capital is required to remove your constraints and achieve a successful recapitalization.

## What happens to me?

You continue to operate the business and manage day-to-day decision making. CID Capital will work with you to ensure you have the appropriate resources, which may include, but are not limited to: structuring equity incentives to attract and retain the best management talent; developing a professional Board comprised of directors who have specific industry or management expertise; providing customer introductions; or reviewing and analyzing product or add-on acquisitions. You and your management team are able to leverage CID's expertise, resources and networks to position your business to generate significant shareholder equity value.

## When should I consider a recapitalization?

Here are some of the most common reasons business owners consider a recapitalization:

- Achieve meaningful personal liquidity while continuing to operate their business
- Work with a partner to jump start a "lifestyle" culture by investing in new growth initiatives
- Remove personal guarantees on debt and use outside equity capital to support existing growth opportunities
- Expand geographically through acquisition or additions of new products and services
- Provide equity incentives for the management team to ensure continued growth and success of your business

CID understands that your circumstances are unique. We will work closely with you to ensure there is a proper "fit" between your goals and expectations as well as ours.

# Management Recapitalization



**Gary Seehoff:** *CEO, Founder*

**Ivan Stein:** *President*

**Location:** *Anaheim, California*

**What We Do:** *Design, develop and manufacture innovative housewares products*



**Our decision to recapitalize:** We founded the company in 1994 with an idea of what we could achieve and the risks we were willing to take to get there. By 2007, through a tremendous amount of effort, we built the company to what we had envisioned 13 years earlier. The growth of Evriholder brought with it not only more wealth, but also demand for more capital and more risk. We realized that the risks we were taking were becoming constraints on both the company and ourselves. So in 2007, we began looking for an investment partner. We were firmly committed to continuing to run the business, but wanted to put some cash away to know that our families were financially secure. Thus, we sought a partner who could share the financial risk as our business continued to expand. We also understood that the equity we retained could grow meaningfully larger with additional capital and expertise.

**What did we see in CID?** A collaborative partner that developed a recapitalization solution for our immediate constraint - personal liquidity - and provided the long term benefits of consumer product knowledge, direct retail channel experience, industry networks and equity incentives that would benefit our entire management team as Evriholder achieves its future plans.

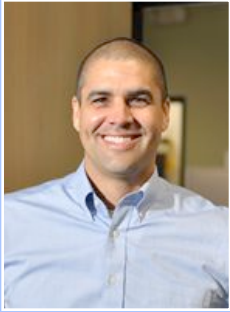
**Where are we now?** We both continue to run the business today in our same roles as CEO and President. Since CID Capital invested in the business, they've had a big impact. The new capital provided personal liquidity and allowed us to grow more aggressively. We're expanding operations, recruiting additional team members, looking at add-on acquisitions, and we recently added a board member with consumer products industry expertise. A good decision to recap with CID? We think so!



## 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 - \$50 million
- EBITDA in excess of \$2 million
- Headquartered in the U.S.
- Consumer Products
- Industrial Products
- Value-added Distribution
- Medical Products
- Safety and Security