



WCASHPLUS™ PROCESS

For Generating Incremental Investor Returns

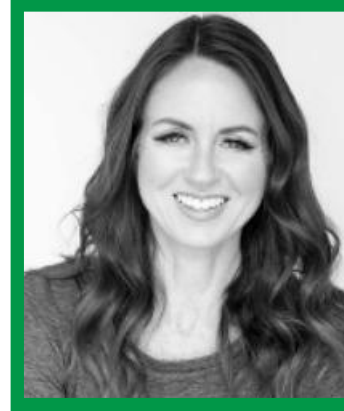
PSG Company Credentials

- Partners for Strategic Growth (PSG) is a team of value-creation specialists dedicated to helping PE portfolio companies meaningfully increase their investment returns.
- We achieve this through our proprietary **WCashPlus™ Process which has been proven and refined for over thirty years.**
- Since its inception, the WCashPlus™ Process has enabled businesses to generate over \$1billion of incremental Cash
- PE clients that have benefited from our services include Riverside, Blue Point Capital, LNC, Colville Capital, Stonebridge Partners, Birch Hill Equity, and Incline Equity Partners.

PSG Team



Graham Lloyd
Founder & WCP
Process Leader



Kate Guy
Managing Partner
Project Director



Kevin McQuillan
McQuillan Group
15 Finance Professionals



Tom Lusk
Lean Manufacturing &
WC Specialist



Mark Downey
Working Capital Specialist



Mark Gamble
Working Capital Specialist



Martin Belliveau
Due Diligence Specialist



Walter Weigel
Turnround Specialist



Ricky Zhu
Global Supply Chain
Specialist

Our Process

- **PSG's WCashPlus™ Process adopts a strategic, value-creation approach to Working Capital management.**
- The Process is:
 - Customer & supplier friendly
 - Highly economical of Management's time
 - Fully supportive of Sales & EBITDA growth
 - Targeted at creating incremental value equal to 1x EBITDA
 - Designed so it guarantees a 20x ROI on PSG's services

What We Do

- **We are a dedicated, incremental resource for our clients: focused 100% on helping convert a substantial amount of their Working Capital sustainably into Cash.**
- The “Plus” part of the Process aims to increase EBITDA at every opportunity: for example through the reduction of bad debt, warehousing and input costs.
- Hence we enable clients to pay down debt, reduce interest costs and increase their ultimate investment proceeds.
- **We achieve this through the hands-on installation of the WCashPlus™ Process which drives results and ensures their sustainability.**

How We Do It

- We leverage our 30 years of specialization in Working Capital management.
- We use an extensive, experience-based playbook to overcome the obstacles that typically stand in the way.
- We customize our approach for each client's specific business.
- This includes deploying our most appropriate team members to help clients execute the most effective actions for their needs from our playbook.
- We provide a hands-on implementation team and a project manager to progress the Who, What, When action plan that drives success.

Where PSG typically creates value

- **Prior to an investment:** at the evaluation and due diligence stage. PSG offers a pro-bono assessment of the amount of the acquisition target's Working Capital that can realistically be turned sustainably into Cash.
- **Immediately after an acquisition:** to generate Cash to pay down debt quickly, reduce interest costs and improve the ultimate MOIC.
- **During the middle of the hold period:** if the need for incremental Cash becomes a priority e.g. to remain within Covenants.
- **Within 24 months of an anticipated exit:** to capture value which would otherwise transfer unrewarded to the Buyer.

Companies we are sure we can help

Over the last 30+ years we have established solid benchmarks for companies successfully taking a strategic approach to their Working Capital.

When businesses have levels above these benchmarks, there is significant potential for the WCashPlus Process to increase investors' returns materially:

- **Manufacturers: 12-14% of Sales**
- **Distributors: 16-18% of Sales**
- **Hybrids: 15% of Sales**
- **Service companies: 5% of Sales**

How We Begin: The First Step

- **We conduct an upfront pro-bono assessment of the amount of a client's Working Capital that can be sustainably converted to Cash using the WCashPlus™ Process.**
- We base the assessment purely on data which the client has readily available, requiring none of Management's time other than to provide it.
- The results are presented to the client who determines if the \$ amount is sufficiently meaningful to support PSG's engagement to help realize it.
- **Our business model seeks to eliminate all obstacles to our engagement, prompting clients to ask “why wouldn't we want to do this?!” and finding no reason not to do so.**

How we are remunerated

- Other than a \$25,000 Commitment Fee, we are remunerated solely contingent on success.
- Improvements in EBITDA are delivered pro bono.
- The success fee is 5% of the reduction in Working Capital for the first 12 months of the improvement.
- Including the resulting interest cost savings, this effectively guarantees a 20x or more return for the client on our engagement.
- Engagement Agreements are typically of 12 month's duration.
- PSG's fees can be treated as add-backs to EBITDA as they relate to a one-time investment in the installation of a proprietary process.

PSG Success Stories

- **Blue Point Capital: Convergent Technology**
 - Customers: Wal-Mart, Target, Kroger, Albertsons, CVS, UPS
 - Vendors: UPM, Green Bay Packaging, Avery, Unisource
 - **WC : 16% of Sales → negative 6%**
- **International \$4bn auto component manufacturer**
 - Provided WCashPlus Process to N. American & European SBU's
 - **WC reduced by over \$300MM despite substantial increases in Sales & RM costs**
- **CCL Industries: aerosol & beverage packaging division**
 - Customers: P&G, Unilever, PepsiCo, Energizer, L'Oréal
 - Vendors: Neuman Aluminum (sole source); PPG & Valspar (dual-source)
 - Plants in Canada, USA & Mexico
 - WC headwinds: RM costs increased by 75%; Sales volume increased by 13%
 - **Reduced WC from \$18MM to negative \$2MM in two years**
 - DSO's reduced from high 40's to low 30's; FG's Inventory reduced by 75%

PSG Success Stories

- **Global Services Company (\$150MM+ private equity)**
 - Rapidly increasing Sales were consuming the company's Cash & exhausted the Revolver
 - **The WCP Process reduced WC from 24% down to 6% of Sales**
 - Paid off all Revolver; funded an acquisition; ultimately, at exit Cash exceeded debt
- **Global Design & Install AV Technology Solutions Company (private)**
 - The large project nature of the business had historically put pressure on company liquidity
 - **The WCP Process enabled the enterprise to operate with negative Working Capital**
 - Quoted with their permission, the client stated:
"Over the last 12 months, PSG's systematic and disciplined WCashPlus™ Process generated very material incremental Cash for our company. At the start of the project, I never dreamed that negative Working Capital would be possible, but thanks to PSG we achieved it!"

Businesses that have benefited from the WCashPlus Process Include:



Client Endorsements

John LeMay, Partner at Blue Point Capital, highlights:

"I have seen PSG's WCashPlus™ Process applied in very different business environments with the same outstanding results. The approach is completely transparent to a company's business partners and is therefore sustainable. It helped take a company to negative working capital in extremely challenging circumstances – deteriorating industry conditions and Fortune 500 suppliers & customers (including Wal-Mart) on either side of the company. It would appear they had all the leverage, but the WCashPlus Process still delivered terrific results."

Bob Brown, finance executive at Goodyear and Veyance Technologies, describes PSG's work in improving working capital:

"The WCashPlus™ process provided us with a specific and focused road map for converting working capital into cash. The system develops long term value through strategic initiatives. The various steps in the process are well defined, practical and ready to implement. PSG's years of experience in this area were evident as they were able to consistently bring us solutions to the various obstacles that we faced. Their approach was direct, timely and they always delivered on their promises."

Managing Partner David Given says:

"We have been impressed with PSG's comprehensive and straightforward approach to asset optimization. Their WCashPlus™ Process involves customers, suppliers and all company employees and management in a collective effort to generate significant and sustainable working capital improvements where all parties appreciate their own particular benefit from the achievement. They approach this effort with the highest level of integrity, with every participant understanding fully the actions necessary and consequences intended."

Client Endorsements

John Grampa, CFO Brush Engineered Materials Inc and former VP Finance Avery Dennison highlights the strategic significance of PSG's Process:

"Imagine what kind of company you would have if all of your working capital were converted to cash! With their practical and proven WCashPlus™ Process, PSG helps businesses unleash extraordinary strategic value. Value that is hidden in the asset accounts of a company balance sheet. Unleashed, the cash from the working capital becomes a catalyst that can truly transform an enterprise."

Shannon Smith, CEO of Abundant Power Companies provides his detailed assessment:

"The results from PSG's focused WCashPlus™ methods far exceeded our expectations. They were implemented with dramatic, sustained success at one of our portfolio companies. Despite an apparent lack of market leverage, the WCP principles helped forge strategic partnerships with customers and suppliers alike. The resultant agreements, combined with the relentless execution of the WCP process, reduced the company's working capital from 16% of Sales to a negative 6%. DSO's were reduced from the mid 50's to the low 20's."