



AFC Holdings



Company Profile

HEADQUARTERS:

Pittsburgh, PA
Fairfield, OH

INDUSTRY:

Value-added
Distribution

TRANSACTION TYPE:

Recapitalization

INVESTMENT DATE:

March 2015

EXIT DATE:**FUND:**

III

This portfolio company case study offers summary information, is provided as an example that clarifies and typifies Incline's investment approach, and may not be representative of Incline's investments. Past results are no guarantee of future results and no representation is made that an investor or portfolio company will or is likely to achieve results that are similar to those of the company described. This investment was not chosen for its returns on investment.

Overview

AFC is a leading provider of supply chain management services and vendor managed inventory programs to original equipment manufacturers. The company specializes in fasteners and other essential assembly components. AFC also provides a wide array of value-added services, including kitting, packaging, assembly and other customization specific to their customers' needs.

Transaction Dynamics

A partnership with management to purchase the company from a private owner. Management made a significant reinvestment in the company as part of the transaction.

Investment Thesis

- ▶ Long-term customer relationships and high switching costs
- ▶ Attractive financial profile and free cash flow conversion
- ▶ Multiple avenues for organic growth, including further penetration of existing customers, new customer additions and geographic expansion
- ▶ Pipeline of accretive acquisition targets with strong strategic fit

Incline Value Enhancement

- ▶ Accelerate organic growth through additional sales resources and extending geographic reach
- ▶ Facilitate management team development to support future growth
- ▶ Improve operations by streamlining warehouse activities, increasing overseas sourcing and reducing expenses
- ▶ Pursue strategic add-on acquisitions