



Caldwell & Gregory



Company Profile

HEADQUARTERS:

Manakin-Sabot, VA

INDUSTRY:

Business Services

TRANSACTION TYPE:

Buyout

INVESTMENT DATE:

October 2008

EXIT DATE:

June 2013

FUND:

II

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

Caldwell & Gregory is a leading operator of laundry facilities for colleges and universities and multi-family housing complexes. From its headquarters in Manakin-Sabot, VA, Caldwell & Gregory serves more than 150 colleges and universities encompassing 175 campus locations throughout 19 states and the District of Columbia.

Transaction Dynamics

A partnership with management to recapitalize the company. Founder and key employees remained active shareholders in the company.

Investment Thesis

- ▶ Market leader in highly profitable niche region
- ▶ Strong barriers to entry due to long-term contracts, established route density, and capital requirements
- ▶ Industry leading customer service levels with loyal and diverse customer base
- ▶ Experienced management team with significant reinvestment
- ▶ Stable, predictable, and growing free cash flow
- ▶ Solid platform for acquisitions and organic growth

Incline Value Enhancement

- ▶ Signed first university accounts in Florida, South Carolina, and New York in 2008
- ▶ Increased operational leverage via route density and consolidation of back office functions
- ▶ Added sales resources to grow the multi-family housing and distribution businesses
- ▶ Recruited outside board member with strong experience in the multi-family housing market
- ▶ Aggressively pursuing new university business in core markets and recently entered geographies
- ▶ Upgrading existing IT systems to better manage routes and improve reporting