

# **The Country Vintner**



# Company Profile

#### **HEADQUARTERS:**

Ashland, VA

#### INDUSTRY:

Value-added Distribution

#### TRANSACTION TYPE:

Buyout

#### **INVESTMENT DATE:**

August 2008

#### EXIT DATE:

September 2011

#### FUND:

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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

The Country Vintner ("TCV") is the second largest distributor of fine wines in the United States and the market leader in the Mid-Atlantic franchise states. TCV's business model focuses on providing on-premise retailers ("white tablecloth" restaurants), off-premise retailers, and major retailers with 500+ diverse wine labels from around the world.

## **Transaction Dynamics**

A partnership with management to acquire the company from a family owner. Price was pre-negotiated between the CEO and the original founder.

### Investment Thesis

- Market leader in the Mid-Atlantic franchise states
- Attractive platform for acquisitions
- Positive industry fundamentals, including growing wine consumption
- Product portfolio and consultative sales force are sustainable competitive advantage
- Diverse customer base across multiple channels
- Regulatory environment creates strong barriers to entry

### Incline Value Enhancement

- Completed three highly accretive acquisitions: the East Coast assets of Henry Wine,
  Stacole Fine Wines, and Carolina Wine Source
- Focused management team on optimizing delivery and warehouse operations and reducing working capital requirements by 25%+
- Eliminated unprofitable business segments
- Improved gross margins by standardizing pricing practices and implementing sales force incentives
- Improved EBITDA margin from 4.2% to 6.7%
- Reduced delivery fleet by 12 trucks while improving throughput by 20%+



