



Faucet Queen, Inc

Company Profile

HEADQUARTERS:

Vernon Hills, IL

INDUSTRY:

Value-added Distribution

TRANSACTION TYPE:

Corporate Divestiture

INVESTMENT DATE:

April 2006

EXIT DATE:

January 2014

FUND:

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Overview

The Faucet Queen, Inc. is the leading innovator, marketer, and distributor of convenience-oriented home hardware products to the food and drug retail channel. With a core competency in global sourcing and supply chain management, the Company provides by far the broadest line of convenience oriented home hardware products in the industry, comprising over 500 SKUs.

Transaction Dynamics

A partnership with management to acquire a corporate divestiture from Masco Corporation. A shift in Masco's corporate strategy prompted the sale.

Investment Thesis

- ▶ Niche market leader
- ▶ Strong history of cash flow generation
- ▶ Well-defined growth opportunities through product and channel expansion
- ▶ Long-standing customer relationships with top retailers
- ▶ Opportunity for industry consolidation through acquisitions

Incline Value Enhancement

- ▶ Hired new CEO in May 2009, focus on channel expansion and product development
- ▶ Completed Parker acquisition in December 2007
- ▶ Implemented new enterprise software platform as part of moving business to a stand-alone basis
- ▶ Developed several new product lines in adjacent categories
- ▶ Initiated direct Asian sourcing program to expand vendor base and improve product quality control