



Gas Technology & Services



Company Profile

HEADQUARTERS:
Allentown, PA

INDUSTRY:
Value-added Distribution

TRANSACTION TYPE:
Management Buyout/
Corporate Divestiture

INVESTMENT DATE:
October 2004

EXIT DATE:
October 2007

FUND:
I

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

Gas Technology & Services is a leading provider of industrial and specialty gas distribution services and equipment throughout the mid-Atlantic region. GT&S products include nitrogen, argon, and other rare gases. In addition, the Company rents pressure cylinders, cryogenic liquid containers, and small bulk tanks.

Transaction Dynamics

A partnership with management to acquire a corporate divestiture from Air Liquide. Air Liquide sought a divestiture for strategic reasons and in corporation with a mandate by the Federal Trade Commission.

Investment Thesis

- ▶ Market leader in mid-Atlantic region
- ▶ Strong and experienced management team with significant industry experience
- ▶ Large, diversified customer base with high switching costs and recurring revenue
- ▶ Solid organic growth opportunities and potential for acquisitions
- ▶ Significant equity investment from management team

Incline Value Enhancement

- ▶ Moved cylinder sourcing offshore (Korea)
- ▶ Reduced Capital Expenditures by 35%
- ▶ Consolidated vendors and signed new gas contracts
- ▶ Improved operational efficiencies through route density and management
- ▶ Grew revenue 32% over three year period
- ▶ Hired consultant to implement supply chain initiatives
- ▶ Sold GT&S to strategic acquirer with full support and participation from management