



Mainline Supply Company



Company Profile

HEADQUARTERS:

Charlotte, NC

INDUSTRY:

Value-added Distribution

TRANSACTION TYPE:

Minority Recapitalization

INVESTMENT DATE:

July 2005

EXIT DATE:

January 2007

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

Mainline Supply Company is a leading distributor of water and wastewater infrastructure and transmission products in the Southeastern US. The Company offers thousands of SKUs including pipe, fittings, valves, meters, and fire hydrant products. Mainline distributes products to over 1,500 customers, primarily utility contractors, through its 15+ branch locations.

Transaction Dynamics

A partnership with management to recapitalize the company. The transaction provided partial liquidity for shareholders and capital for growth.

Investment Thesis

- ▶ Top three position in all markets; compelling market fundamentals; diverse customer base
- ▶ High barriers to entry from local market knowledge, high service levels, and long-term customer relationships
- ▶ Significant organic growth opportunities through strong demographics in Southeastern U.S., new greenfield locations, and acquisitions
- ▶ Strong management team with history of success

Incline Value Enhancement

- ▶ Completed two acquisitions and supported opening of four new branch locations
- ▶ Invested in systems and technology to facilitate continued growth and margin expansion
- ▶ EBITDA growth of more than 200% during the 17 months of our ownership
- ▶ Augmented management team by recruiting and hiring new CFO
- ▶ Sold the company to Code Hennessey & Simmons in early 2007 realizing a 119.5% IRR