

Overview



True North Mergers & Acquisitions ("TNMA") served as the exclusive financial advisor in selling a unique family-founded and operated industrial manufacturing company specializing in bronze bearings and bushings. The company's range of proprietary processes provided a strong competitive edge, attracting suitable buyers who could leverage the company's specialized industrial capabilities and market position. With a capable management team and fifty-four successful years in the industry, the owners decided it was time to sell their company and retire.

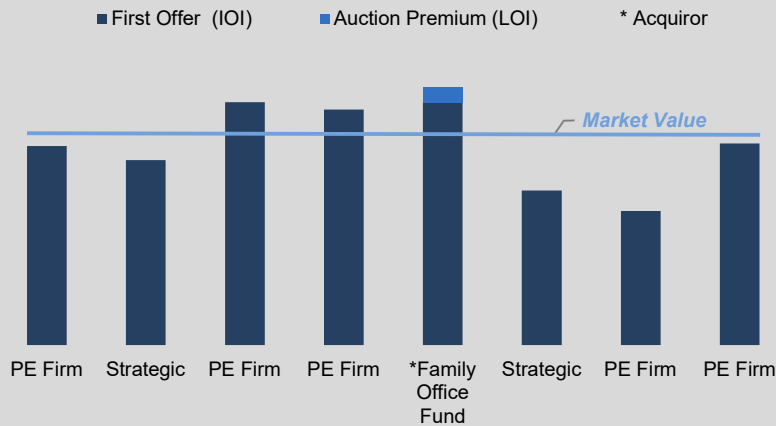
Key Takeaways

PE groups, family offices with investments in complementary companies, and strategic acquirers are searching for companies that are part of a US reshoring trend in the industrial manufacturing sector, particularly in companies with compelling attributes like Talos.

The company's state-of-the-art equipment and a highly skilled workforce of 48 full-time and 16 part-time employees support a large client base with no single customer accounting for more than 3% of total revenue.

The company's balance sheet had an inventory of raw materials that had significantly appreciated as commodity market prices grew, fueling it to grow over the next twelve months.

QuietAuction™ Negotiations



Results

True North M&A did not put a price on the company before going to market but ran our three-phase QuietAuction™ process, which generated multiple Indications of Interest ("IOI") from a diverse group of potential buyers, ranging from private equity firms to strategic acquirers. Ownership believed the company's legacy and future would be best served by a buyer who understood the business's intrinsic value. The two leading IOI candidates were invited to management meetings. TNMA's deal negotiated their Letters of Intent ("LOI"), resulting in a 17% premium enterprise value with tax-favorable terms.

CEO Process Insights

01 Preparation Phase

TNMA's deal team clearly understood the value of the company and the industry it serves and constructed a comprehensive target list through research, industry trend analysis, and M&A buyer activity in the sector.

02 Marketing Phase

TNMA's three-phase QuietAuction™ process drove negotiations to generate eight IOI's and two LOI's ultimately resulting in the final bid being 17% higher than the client's target price.

03 Execution Phase

The acquisition process involved a deep dive into due diligence, quality of earnings review, and an emotional rollercoaster for the Sellers. TNMA led the way through tough negotiations, including net working capital before closing the transaction.

Buyer

Family Fund Office

Synergy

The Company's gross profit and EBITDA margins along with a healthy balance sheet met the investment criteria of strategic acquirers, private equity firms, and family offices with over ninety signed NDAs throughout the process. Coupled with top-of-the-line equipment and proprietary processes to increase efficiency, this was a very compelling opportunity.

The family office fund was seen as the best fit to carry on the legacy the family had built for over five decades as they had midwestern roots and a strong emphasis on integrity, teamwork, and the old-fashioned values the company was founded on.

Conclusion: As part of the process, TNMA referred the Owners to third parties (Attorneys and Tax Advisors) to help facilitate the process and outcome most efficiently. Ownership appreciated the leadership of the TNMA team to navigate through the intensive process a help finalize the transaction and make the best decision possible for the company and its shareholders.