



Power Partners Inc.



Power Partners is a leading manufacturer of pole and pad-mounted distribution transformers in North America. Founded in 1958, Power Partners is a highly regarded name in the utility, industrial, and commercial markets.

ACQUIRED

January 1, 2016

ACQUIRED FROM

Private Owners

INDUSTRY

Industrials

HEADQUARTERS

Athens, Georgia

TRANSACTION TYPE

Direct, Proprietary Deal

REALIZED

November 25, 2019

SOLD TO

Pioneer Transformers (Private Equity-Owned Strategic)

TRANSACTION HIGHLIGHTS

Following a thematic multi-year search in the North American transformer industry, OpenGate identified Power Partners as a prime acquisition candidate. Over the course of a two-year period, OpenGate remained engaged with the private owners of PPI, who had carved the business out of the industrial group ABB in 2003. OpenGate ultimately completed the acquisition in 2016 outside of a formal process.





Investment Merits

- Market-leading position in a steady replacement market
- 50+ year relationships with blue chip North American utilities
- Underperforming margin profile relative to peers
- Private owners had not fully completed the carve-out of the sales function from ABB (limiting growth and strategic buyer interest)

Stabilization

- Replaced senior leadership and promoted talented individuals from within
- Rationalized high-complexity / low-margin SKUs
- Set up working capital lines for financing business activity to promote future growth

VALUE CREATION

- Completed carve-out of sales function from ABB, creating a fully standalone company that was more attractive to strategic buyers
- Invested in product redesign to improve quality and reduce costs
- Overhauled manufacturing footprint to improve daily unit production rates and optimized sourcing function
- Launched new pad-mount product that doubled the company's addressable market within its existing customer base
- Experienced a 3x increase in EBITDA performance

EXIT

Under OpenGate's operational oversight, major improvements were made to all aspects of PPI's operations including sourcing, product design, manufacturing, and sales and marketing efforts, all of which led to a threefold increase in the company's EBITDA in four years. Power Partners was ultimately sold to a strategic acquirer, Pioneer Transformers, through a competitive sale process.