

H1 2021

ACTIVITY REPORT

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OPENGATE CAPITAL
REALIZING POTENTIAL

LETTER FROM ANDREW NIKOU

TO OUR BUSINESS
ASSOCIATES AND FRIENDS,

The first half of 2021 has been a remarkable period for OpenGate. M&A activity continued to accelerate, as the firm experienced an all-time record volume of exit processes and new platform and add-on investment opportunities.

The recent exits of portfolio companies Energi Fenestration Solutions and Bois & Matériaux demonstrate the strength of OpenGate Capital's investment thesis and operational capabilities. We believe OpenGate's operational heft drove transformational growth across both companies, despite turbulent market conditions including the global pandemic.

I am particularly proud of our collaboration with management teams at all of our portfolio companies in navigating this challenging environment, not only improving the financial position of their companies, but emerging fundamentally stronger than before.

During this time, the firm's quest for add-on investments remains a top priority in order to drive growth, product, and market expansion across our portfolio of companies in Europe and North America.

This newsletter highlights OpenGate's achievements in the first half of the year – all of which are the result of partnerships with so many great people from leading organizations and the advisors that comprise our Executive Network. It is through these great partnerships and the dedication of the 45 men and women at OpenGate, that we will continue to fuel our strategy to realize the potential in every opportunity.

We thank you for your continued support and look forward to working together in the days ahead.

Onward and upward!



Andrew Nikou

OPENGATE CAPITAL COMPLETES SALE OF BOIS & MATÉRIAUX (“B&M”) TO CHAUSSON MATÉRIAUX

B&M IS ONE OF THE
LEADING BUILDING
MATERIALS DISTRIBUTORS
IN FRANCE.



KEY BUSINESS HIGHLIGHTS:

- Headquarters in Pacé, France.
- More than 2,100 employees and operations across the northern region of France with 135 branches and two main networks: Réseau Pro and Panofrance.

TRANSACTION SUMMARY:

- Chausson Matériaux is a major French building materials distribution company, including heavy-side, roofing, wood, insulation, tiling, tools, and hardware.
- Chausson Matériaux acquired B&M as part of its strategy to enhance building materials product offerings in France.
- OpenGate acquired B&M in March of 2016 from Wolseley Plc, representing the firm's second investment within Fund I.
- At OpenGate's acquisition, the business had approximately €5.8 million of EBITDA. Following the sale of a non-core business line, Guimier, in 2017, EBITDA was approximately €2.4 million. From 2017 through the end of 2020, B&M's EBITDA expanded to €28.6 million, representing an increase of 10x in three years.
- The acquisition by Chausson Matériaux expands their presence across France.
- Realized to Chausson Matériaux April, 2021.

Past performance is not necessarily indicative of future results.

B&M'S TRANSFORMATIONAL GROWTH WAS ACHIEVED IN CONNECTION WITH THE EXECUTION OF OPENGATE'S INVESTMENT THESIS AND OPERATIONAL PROCESS DURING A CYCLE OF TURBULENT MARKET CONDITIONS INCLUDING THE GLOBAL PANDEMIC.

OPERATIONAL ACHIEVEMENTS INCLUDE:

- Completing a carve-out and transition from UK-based parent company
- Closing unprofitable branches
- Improving purchasing through a rationalization of product range and supplier base
- Implementing a sales efficiency program to improve sales organization, processes, and tools
- Streamlining back office functions and organization
- Creating a new, fully optimized logistics platform
- Developing an innovative digital pricing tool in order to preserve and optimize margin



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“When we first looked at B&M, we saw a business that was underperforming and had vast opportunity. Our deep heritage of partnering with management teams and understanding of the building materials market motivated us to acquire the operationally complex business. OpenGate's strategy focused on bottom line improvement, building a stronger, more resilient business with improved operations, and seamlessly integrating with management in a short time since consummating the acquisition. I want to thank CEO Yves Martin and the OpenGate team for their tremendous accomplishments.”

— Julien Lagrèze, Partner and Head of Europe at OpenGate Capital

“The partnership was completely different from other private equity firms. From the outset, OpenGate understood B&M, and the fast start was attributed to their operations and M&A teams collaborating. OpenGate's presence in both the United States and Europe, with the French team very rooted into the nuances of the local market, gave us confidence at the onset of our relationship. OpenGate was resilient and patient, allowing B&M time to implement change in the best manner, which is not the normal private equity approach.”

— Yves Martin, Bois & Matériaux CEO

OPENGATE CAPITAL REALIZES ENERGI FENESTRATION SOLUTIONS

ENERGI FENESTRATION SOLUTIONS ("ENERGI") IS A MANUFACTURER OF RIGID AND CELLULAR VINYL WINDOW AND PATIO DOOR PROFILES, AS WELL AS OTHER VINYL PRODUCTS USED IN A VARIETY OF APPLICATIONS.



KEY BUSINESS HIGHLIGHTS:

- Employs more than 900 people through its operations in Canada and the United States.
- Founded over 40 years ago, Energi holds strong market positions in both Canada and the U.S.

TRANSACTION SUMMARY:

- The sale of Energi represents the firm's third realization in the past 18 months.
- OpenGate Capital acquired Energi through a corporate carve-out from Axiall Corporation. At that time, the business was a non-core division within Axiall's Royal Building Products portfolio.
- Upon acquisition, OpenGate rebranded the business and transformed it into a wholly independent, standalone entity.
- Acquired from Axiall Corporation March 2016, realized May 2021.

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"Energi was a classic OpenGate acquisition as a corporate carve-out of a non-core division with operations in two countries. Energi provided an opportunity for OpenGate to work with the CEO, Chris Koscho, and collaborate over the years on driving continuous improvement initiatives and bringing the business to its full potential. We are grateful for Chris's leadership and the hard work of the employees."

— Paul Bridwell, Chief Operating Officer & Managing Director at OpenGate Capital

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"My journey in leading Energi has been truly rewarding, and I am excited to see the business embark on a new journey. It is a privilege serving the customers of Energi and I am confident the business will continue to flourish."

— Chris Koscho, Energi CEO

OPENGATE ACQUIRES SOLVAY'S AMPHOTERIC SURFACTANT BUSINESS, VERDANT SPECIALITY SOLUTIONS

VERDANT IS A KEY PLAYER IN SURFACTANTS, WITH A FOCUS ON THE PRODUCTION OF AMPHOTERICS PRIMARILY UTILIZED IN BODY CARE, HAIR CARE, AND HOME CARE PRODUCTS.

Investment Date:	Acquired April 30, 2021	Headquarters:	Three main production sites located in University Park, Illinois, USA; Halifax, UK; and Genthin, Germany
Transaction Type:	Carve-out from Public Seller		
Industry:	Chemicals		
Workforce:	175 employees	Acquired From:	Solvay S.A. (Euronext: SOLB)



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“There has been a notable increase in demand across the personal care and home and hygiene markets particularly for natural-based products, which have accelerated over the last year in light of the ongoing pandemic. The potential for Verdant and the chemicals sector in terms of growth and innovation makes this acquisition appealing. One of the first steps in positioning Verdant for continued success was bringing in John Foley as the new leader for the business.”

— Matthias Gundlach, Managing Director, OpenGate Capital

“OpenGate Capital's deep operational expertise and collaborative approach will be critical as Verdant continues to create and deliver high quality, secondary surfactants and specialty chemicals that meet our customers' evolving needs.”

— John Foley, CEO, Verdant Specialty Solutions

INRULE TECHNOLOGY ACQUIRES SIMMACHINES TO ENHANCE ITS DECISION AUTOMATION CAPABILITIES

SIMMACHINES IS A LEADER IN EXPLAINABLE AI AND ML TECHNOLOGY



ADD-ON ACQUISITION OF SIMMACHINES BRINGS AN IMMEDIATE EXPANSION TO INRULE'S STRATEGIC AND TECHNOLOGY CAPABILITIES.

KEY BUSINESS HIGHLIGHTS:


- Headquarters in Chicago, IL.
- simMachines offers a comprehensive explainable AI/ machine learning software platform that enables data scientists, marketers, analysts, and business leaders to gain efficiency, performance, and innovation while providing actionable insights delivered with transparency and trust behind every prediction.
- The add-on acquisition of simMachines brings an immediate expansion to InRule's strategic and technology capabilities. Combined, the businesses will provide enterprises with human-driven and machine-driven AI within a single platform.
- simMachines co-founder and Inrule's CEO will lead the integration of simMachines, which will continue to operate under the same name.

“We are thrilled to augment our decision platform with simMachines' technology to create the most comprehensive AI solution in the market, while advancing our mission of making automation accessible across the enterprise. Together, InRule and simMachines will provide extraordinary decision automation capabilities to data scientists, developers, and citizen developers alike, while delivering actionable insights that foster transparency and trust.”

— Rik Chomko, InRule Co-Founder and CEO

SEEKING ADD-ON INVESTMENT OPPORTUNITIES

OpenGate is actively seeking add-on investments relating to the following portfolio companies:




TREALITY
Simulation Visual Systems

HQ: Xenia, Ohio, USA

TREALITY SVS (formerly Esterline Training & Simulation and Barco Simulation) is a world leader in specialized Visual Display Systems for the Simulation industry, offering turnkey solutions that include projectors, screens, system tools, mechanics, and worldwide installation services.

ACTIVELY SEEKING ADD-ON ACQUISITIONS WITH THE FOLLOWING CRITERIA:

- Simulation Visual Display Systems (VDS)
- Graphics Image Generation Systems for the Simulation Industry
- Database Development for Simulation and Training Applications
- Display Technology for the Simulation Industry
- Commercial Aviation Simulation and Defense Simulation Technology



COREMEDIA


HQ: Hamburg, Germany

[Visit Website](#)

CoreMedia is a Web Content Management and Digital Experience Platform that offers a blend of real-time product information with multimedia marketing content to deliver personalized product messaging across a variety of digital channels. Its solutions are used by companies to increase their digital presence, manage digital asset libraries, and enhance eCommerce platforms.

ACTIVELY SEEKING ADD-ON ACQUISITIONS WITH THE FOLLOWING CRITERIA:

- Digital Asset Management (DAM) or Product Information Management (PIM)
- Customer Data Platform (CDP)
- Personalization
- Journey Orchestration
- Focus on Enterprise Customers with Exposure to B2C Brands



ScioTek


HQ: Kortrijk, Belgium

[Visit Website](#)

ScioTek is a trusted partner for advanced visualization solutions serving some of the world's most demanding environments in Defense & Aerospace.

ACTIVELY SEEKING ADD-ON ACQUISITIONS WITH THE FOLLOWING CRITERIA:

- Engineering and Operations For Avionics Displays in US
- Access to U.S. Defense Visualization Markets: US Army Ground, SOCOM, and USAF
- Cutting Edge, Differentiated Advanced Visualization Technology
- MicroLED Expertise
- Advanced Image and Sensor Processing
- Smart Rugged Computing



KONGSBERG
Precision Cutting Systems

HQ: Ghent, Belgium

[Visit Website](#)

Kongsberg is a leader in digital finishing systems for packaging, graphics, signs, and displays.

ACTIVELY SEEKING ADD-ON ACQUISITIONS WITH THE FOLLOWING CRITERIA:

- Complementary or Adjacent Equipment Manufacturer
- Post-Print Finishing Systems
- Software, RIP, Workflow, Structural Design & Editing
- Manufacturers of Cutting Knives and/or Milling and Routing Bits
- Material Handling Systems – Packaging, Print and Sign Materials

OPENGATE CONTACT

BUSINESS DEVELOPMENT INQUIRIES

MR. JOSHUA ADAMS

Managing Director

JAdams@opengatecapital.com

opengatecapital.com

📍 NORTH AMERICA

10250 Constellation Boulevard, Suite 3000
Los Angeles, CA 90067

Tel: +1 (310) 432 7000



📍 EUROPE

19 avenue George V
Paris, France 75008

Tel: +33 (0) 40 06 01 58

