



OPENGATE CAPITAL
REALIZING POTENTIAL

ACTIVITY REPORT

Q2 2019



ACTIVITY SNAPSHOT



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OPENGATE SEEDS FUND II PORTFOLIO WITH FOUR PLATFORM ACQUISITIONS

The first half of 2019 has been an exciting period of expansion for OpenGate Capital, as we seeded our second institutional fund with four new portfolio investments across the US and Europe that demonstrate great potential for improvement and value creation under our leadership. The **acquired** companies — **Fiven, SMAC, Sargent and Greenleaf, and Duraco** — reflect OpenGate's historic ability to complete corporate carve-outs, invest in operationally complex, lower middle market businesses and demonstrate diversity in industries, markets, and customers.

We also **realized** two, pre-fund legacy investments, **NAKAN and Omniplast BV**, both of which were a part of IVY Group. Under our firm's leadership, the two businesses built strong reputations and loyal customer bases, and established their positions as critical players in the European PVC sector.



The success of our firm's efforts in seeding our second fund with four acquisitions, in two months, signifies the strength in our position in the lower middle market. The global platform, combined with a differentiated strategy, team configuration, and value proposition were the real force multipliers driving these results. The same applies to our achievements in realizing two of our legacy investments in the first half of this year. It took execution, grit, and purpose, and I am incredibly proud of our team's work.

Andrew Nikou

Founder & CEO | OpenGate Capital

Andrew Nikou



PLATFORM ACQUISITIONS

FIVEN, SMAC, SARGENT & GREENLEAF, AND DURACO

FIVEN

FIVEN

ACQUIRED: MAY 2019

SELLER: SAINT-GOBAIN

DEAL TYPE: CORPORATE CARVE-OUT

www.fiven.com

OpenGate Capital completed its first Fund II investment through the acquisition of Fiven (formally SIKA). Fiven is a global provider of silicon carbide (SiC), a material used throughout a variety of industrial applications. SiC is recognized for superior hardness and thermal conductivity making it the preferred material for demanding applications: abrasive, metallurgy, filtration, technical ceramics and other uses. The company's products are sold to a diverse customer base across Europe, South America, North America, and Asia.

KEY HIGHLIGHTS

- Headquartered in Oslo, Norway
- International footprint within five manufacturing sites throughout Norway, Belgium, and South America
- Over 650 employees throughout Europe and Latin America
 - Europe: 64% of sales; 300 employees
 - LATAM: 36% of sales; 380 employees

SMAC

SMAC

ACQUIRED: MAY 2019

SELLER: COLAS GROUP

DEAL TYPE: CORPORATE CARVE-OUT

www.smac-sa.com

SMAC is a leading French provider of waterproofing and building envelope solutions with two divisions: Travaux (*works*) and Industrie (*manufacturing*).

SMAC Travaux specializes in waterproofing solutions typically utilized on flat roof structures and facades. SMAC Industrie specializes in the manufacturing of bituminous membranes, skylights, and resins.

KEY HIGHLIGHTS

- Headquartered in Issy-les-Moulineaux, France
- Expansive global footprint with operations across France, Morocco, and South America
- Employs over 3,400 employees worldwide



PLATFORM ACQUISITIONS

FIVEN, SMAC, SARGENT & GREENLEAF, AND DURACO


SARGENT AND GREENLEAF

SARGENT & GREENLEAF

ACQUIRED: MAY 2019
SELLER: STANLEY BLACK & DECKER
DEAL TYPE: CORPORATE CARVE-OUT

www.sargentandgreenleaf.com

Founded in 1857, Sargent and Greenleaf is a leader in mechanical and electrical locks for safes, vaults, safe deposit boxes and highly sensitive “mission critical” environments. The company’s products are installed for cash management, residential, commercial, and government solutions. As a pioneer in the high security lock sector, S&G has a leading innovation and digital platform that consistently brings new and improved products and features to the market. Long term customers include the safe manufactures and the US government.

KEY HIGHLIGHTS

- Headquartered in Nicholasville, Kentucky
- Vast distribution footprint enables S&G to sell its products into more than 100 countries
- Approximately 120 employees globally


DURACO

DURACO

ACQUIRED: JUNE 2019
SELLER: ESSENTRA PLC
DEAL TYPE: CORPORATE CARVE-OUT

www.essentraspecialtytapes.com

Duraco is a B2B manufacturer of highly-engineered specialty tapes, which are distributed across end markets including point of purchase displays, appliances, transit packaging, construction, signage, and HVAC. Duraco’s application-specific products are strong alternatives to traditional fasteners or adhesives, offering benefits from better adhesion, to efficiencies in customer’s assembly operations, breadth of substrates, and other properties.

KEY HIGHLIGHTS

- Headquartered in Forest Park, Illinois
- Three service centers in Los Angeles, California, Edison, New Jersey, and Houston, Texas.
- More than 130 employees



ADD-ON ACQUISITION



ADD-ON INVESTMENT GH CHEMICALS LTD. & MICROZINC INC.

ACQUIRED: JANUARY 2019

PLATFORM INVESTMENT: EVERZINC

SELLER: PRIVATE

OpenGate Capital's portfolio company, EverZinc, acquired G.H. Chemicals Ltd. and Microzinc Inc., collectively referred to as "GHC." Established in 1974, GHC is based in Saint Hyacinthe, Quebec and is a global leader in the production of zinc materials. This company is an opportune investment for EverZinc, providing product and market expansion opportunities through its world class facilities. GHC produces zinc oxide for use in pharmaceutical and food products, fertilizer and feed grades, and rubber compounding processes.



LEGACY REALIZATIONS



REALIZATION OF NAKAN

DATE: JANUARY 2019

BUYER: WESTLAKE CHEMICAL CORPORATION



OpenGate acquired NAKAN, a pre-fund investment, in 2015 as one of three business lines within IVY Group. NAKAN is a leader in PVC compounding, with world leadership in automotive applications and a strong position in Medical, Building & Construction, and other applications.

NAKAN has over 620 employees across eight plants, a sales office, a research facility, and its headquarters.

After a four year ownership period, NAKAN was sold to Westlake Chemical Corporation.



REALIZATION OF OMNIPLAST BV

DATE: JUNE 2019

BUYERS: REEDCAPITAL, SWISS MERCHANT CORPORATION, LUIGI M. CHIARAVIGLIO



OpenGate Capital acquired Omniplast BV ("Omniplast"), a pre-fund investment, in 2015 as one of three business lines within IVY Group. Omniplast BV is a producer and distributor of pressure and nonpressure PVC piping systems for the transportation of gases and fluids.

Under OpenGate's leadership, Omniplast has built a strong reputation and loyal customer base within the agricultural and greenhouse sector.

After an ownership period of four years and achieving significant new value, Omniplast BV was sold to a consortium of European investors. This transaction represents another milestone in OpenGate's legacy portfolio.



PORTFOLIO HIGHLIGHTS



www.everzinc.com

EVERZINC: EXCEEDING CURRENT & FUTURE INDUSTRY STANDARDS

ACQUIRED: NOVEMBER 2016

SELLER: UMICORE

DEAL TYPE: CROSS-BORDER, CORPORATE CARVE-OUT

This past May, EverZinc announced plans for "R-Zinc": the first European rechargeable zinc battery conference. Set for October 2019, R-Zinc will bring together zinc suppliers, battery makers, and endusers to discuss the future of zinc-based batteries in Europe. Rechargeable batteries is a market projected to be up to €250 billion a year as soon as 2025 as demands for clean energy rise and industry competition increases.

“ We have seen a few initiatives in the USA or in Asia, but R-Zinc will be the first opportunity for companies and startups working on zinc technologies to showcase their developments in the capital of Europe. The European Union is willing to invest in new battery technologies and it is important for us to emphasize that zinc has the potential to play a major role in this growing market.

Vincent Dujardin
CEO | EverZinc



EVERCARE:

THE FUTURE OF SUSTAINABLE PROTECTIVE SKINCARE & PACKAGING SOLUTIONS SURFACES.

EverZinc announces formation of EverCare, a new California-based business unit established to accelerate the market and product development of people-centric, sustainable zinc-based skincare and extended shelf life packaging products. The formation of EverCare underscores EverZinc's company-wide commitment to execute our key strategic growth opportunities in full alignment with our customer's wishes and requirements.

“ At EverZinc, we are committed to creating products that matter, so we formed EverCare with a singular focus: to get closer to over eighty percent of our customers, who happen to be in the U.S., in order to serve them better and faster.

Vincent Dujardin
CEO | EverZinc

To read more about newly launched EverCare, please see the following [article by Financial Post](#)





PORTFOLIO HIGHLIGHTS



JØTUL

jotul.com

ACQUIRED: FEBRUARY 2018

SELLER: RATOS

DEAL TYPE: SPECIAL SITUATION

Founded in 1853, Jøtul is one of the world's oldest producers of stoves, inserts, and fireplaces. Jøtul products are distributed in 45 countries and 6 continents through exclusive and multi-brand specialty dealers.

Jøtul North America president, Bret Watson, recently presented a donation to Operation BBQ Relief, an organization that responds to natural disasters to help feed displaced residents and emergency personnel. Funds were raised during Jøtul's annual wood stove change out program.





PORTFOLIO HIGHLIGHTS

SARGENT AND GREENLEAF IS PRIMED FOR OG^x VALUE CREATION & WELL-SUITED FOR ADD-ON ACQUISITION



SARGENT AND GREENLEAF

OG^x

While Sargent & Greenleaf ("S&G") has a long history of innovation dating back to its founding in 1857, it has yet to apply some of the latest innovative technologies within its products and operations. This makes it a prime candidate for OG^x value creation, a new capability within OpenGate's operational tool kit.

S&G will utilize OG^x to develop augmented reality installation instructions for residential safes, apply advanced data analytics to capacity load balancing to better predict future demand, and open innovation platforms that will connect S&G to leading technology partners. These will allow S&G to incorporate cutting-edge technologies within its new product development, such as advanced power management for battery operated locks, new biometric technologies within its electronic locks, and API development for its digital platform locks.

Through applications of new technology and data analytics, OG^x will help S&G build upon its rich history to become a truly differentiated and innovative leader within the high security lock industry.

ADD-ON

In addition to exploring innovative organic growth avenues through OG^x, OpenGate will look for inorganic growth through add-on acquisitions for Sargent and Greenleaf. The broader security industry is continuously evolving due to the amount of technology that has penetrated the industry over the past few decades.

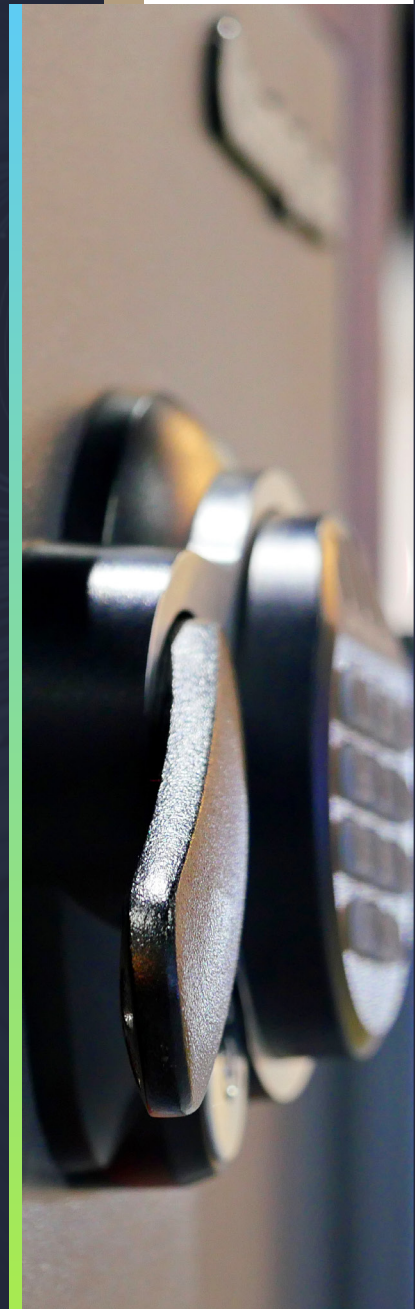
OpenGate is seeking acquisition targets with proprietary and patented technologies that are disrupting the market, which otherwise would not be accessible through standard organic / research & development measures. New capabilities of interest include biometric, WiFi / Bluetooth enablement, sensors, and cameras, just to name a few. Additionally, OpenGate could look to broaden S&G's manufacturing reach by acquiring a business based outside of North America, further building on the company's global reputation and presence.

CONTACT US FOR ADD-ON ACQUISITION OPPORTUNITIES:

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OPENGATE CAPITAL
REALIZING POTENTIAL

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