

The Deal

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Private Equity deals of the year

On the brighter side

NOTEWORTHY EXITS IN THE LAST 12 MONTHS

SPECIALTY COATING SYSTEMS INC.

Bunker Hill Capital LP managed to avoid any financing problems when it sold Specialty Coating Systems Inc. for about \$200 million in June. The Boston- and San Diego-based private equity firm bought Specialty Coating in December 2005, when the company had Ebitda of about \$9.5 million. Bunker invested some \$20 million in equity. Indianapolis-based Specialty Coating treats electrical and automotive products with parylene, a polymer coating that protects materials from moisture, chemical and dielectric exposure.

Earlier this year, just as Ebitda doubled, Bunker Hill put the company up for sale, hiring Stifel, Nicolaus & Co. to run the process. Bidding was brisk, with numerous attractive offers coming from strategic and financial buyers. Many private equity firms were willing to write checks to cover a minimum 50% equity. Some were even prepared to fund an all-equity transaction for Specialty Coating and finance the deal later, sources say. Among them was Berwind Corp., a private investment firm owned by a Philadelphia coal family with roots dating to 1886. Berwind didn't require any financing, which allowed the parties to close the purchase in 22 days. "They just wrote the check," a person says. Bunker Hill's cash-on-cash return exceeded 6 times their original investment. —Luisa Beltran



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