

# Grand Avenue Capital, LLC

Investment Bankers

Affiliate: Grand Avenue Capital Partners, LLC Member FINRA SIPC

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## SUCCESSFUL DOMESTIC AND INTERNATIONAL TRANSACTIONS IN:

Business Services  
Manufacturing and Distribution  
Telecommunications  
Consumer Products  
Technology

**Grand Avenue Capital** is an innovator in global finance serving a diverse base of domestic and international clients. Assisting these clients with their acquisition, divestiture and capital-raising needs, **Grand Avenue Capital** identifies structures and executes private market transactions for corporations, investor groups and individuals. We provide our clients with a range of services fundamental to their business, including strategic guidance, valuations, financing alternatives, restructuring advice, merger & acquisition counsel and execution as well as capital raising, both debt and equity.

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## Focus of our Financial Advisory Services:

- **Corporate Finance, Mergers, Acquisitions & Divestitures...sales of part of or the entire enterprise**
- **Orchestrating Liquidity Events For Owners of Private Companies**
- **Directed-Search / Buy-Side Acquisitions**
- **Equity / Debt Placements and Troubled Company M & A**
- **Going private transactions**
- **Recapitalizations in which third party investors invest equity to provide liquidity and capital for Growth**
- **Substantial experience in cross-border transactions involving strategic and financial investors in Asia**
- **Corporate valuations and Strategic Planning Consulting**
- **Financial Advisory Consulting prior to and in preparation for a sale, acquisition or refinancing, IPO**
- **Financing Management-led Buyouts and “Key man” executive-in-residence acquisition financing**
- **ESOPs and other tax-advantaged structures for the company and selling shareholders**

The individuals comprising Grand Avenue Capital have consulted in transactions having a total value in excess of \$2 billion. The GACP team members have over 50 years of business experience as owners, consultants and investment bankers

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## Industry Experience

Grand Avenue Capital investment bankers have worked within a wide variety of industries. Some of these include:

**Consumer Services**

**Petrochemicals**

**Public Relations**

**Industrial Equipment**

**Aerospace Products Mfg.**

**Automotive Products Mfg.**

**Confectionary**

**Petroleum Refining**

**Precision Machined Products**

**Equipment/Supplies- O&G**

**Health/Beauty Aids Mfg.**

**Electronics OEM**

**Internet Services**

**Coal / Natural Resources**

**Construction Contractors**

**Printing / Publishing**

**Packaging**

**Wholesale distribution**

**Medical Device Mfg.**

**Software / IT Services**

**Food Processing**

**Snack Foods**

**Post Production Services**

**Steel Fabricated Products**

**Film Distribution**

**Retail**

**Telecom Infrastructure**

**Electro / mechanical Devices Mfg**

**Testing Equipment Mfg**

**Media / Entertainment**

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## Selected Transactions

<b>Client</b>	<b>Transaction</b>
CPIC	Pre-IPO \$148 million recapitalization of China-based specialty chemical manufacturer
Helen Grace Chocolates	Adviser in sale of the company to the Shamrock Corporation
AGI/Alger	Adviser in sale of a precision machined parts company (screw machine industry)
TOMCO Auto Products	Adviser in sale of major auto parts remanufacturer
Maasdam Power Pull	Equity and debt placement for management led buyout from owners
International Bank of California.	Adviser on the sale of the bank, \$200+ million assets, \$30+ million enterprise value
DSL (logistics)	Managed the sale of the Company to Maersk Line
A Sport Incorporated	Adviser in sale of Company to the Yoshida Group.
Denmead	Adviser in merger of the company into an international public relations competitor
Design Masonry	Adviser in sale of major construction contractor
Amsino Medical Group	Pre-IPO \$32 million recapitalization: Disposable Medical Device manufacturer
Amiantit	Secondary stock offering: \$106 million, 100% valuation of company: \$USD 819 million
Frutech Inc.	Sale of company to strategic acquirer

### Pending / In Process:

Steel Distributor / Zinc Manufacturer	Private placement for \$2.5 billion (revenue) manufacturer
Steel Products	Sale of \$33 million (revenue) steel fabricated products manufacturer
Intermodal Trucking Co.	Sale of three independent Chicago-based trucking companies
Pharma intermediates / Industrial chem	Pre-IPO \$50 million recapitalization: manufacturing facilities
Medical Device Company	Sale of majority interest in safety syringe manufacturer
Sports Supplement Companies	Sale of 2 related companies: one in California, one in UK
Dry Protein Blending Co-Packer	Sale of the Company

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## Representative Recent Transactions



Grand Avenue Capital was engaged by the shareholders of **Frutech International** to sell the Company to maximize shareholder value. Grand Avenue and the Company explored a number of strategic candidates based on perceived synergies and geographic presence. Companies in Israel, Germany, Switzerland, UK, Mexico and the US were solicited in depth. Ultimately, the Company was sold to industry leader Florachem Holdings, a strong supplier of raw materials for the flavor/fragrance industry. Frutech International is a Texas based citrus oil processing company which produces a variety of citrus oil derivatives for the industrial, beverage and flavor/fragrance industries.



Grand Avenue Capital-Asia managed the sale of the **Chongqing Polycomp International Corporation (CPIC) shares held by Amiantit (Saudi Arabia) and two other US-based Corporations. Grand Avenue Capital achieved an \$819 million valuation for CPIC.**

Amiantit markets a wider range of pipe products than any other pipe manufacturer, and provides a total solution to customers fluid transfer needs. The Group serves municipal, civil engineering, industrial, energy, and agricultural markets worldwide, supporting global infrastructure development.

The Group comprises 30 pipe system manufacturing plants, 6 technology companies, 4 materials suppliers, and 8 supply and engineering subsidiaries, in a number of countries around the globe. In addition, an extensive sales and service network caters for the needs of customers in more than 70 countries around the world.

**Amiantit is headquartered in the Kingdom of Saudi Arabia, where its shares are listed on the Saudi Stock Exchange.**



Grand Avenue Capital-Asia has assisted **Baring Asia** in a \$US 25 million private placement into Amsino Medical Group, a leading disposable medical device manufacturer headquartered in Pomona, California. Grand Avenue partners managed this transaction, providing valuation and other financial advisory services to the Management Committee of Amsino, managed the world-wide search for investors (including strategic and financial), and negotiated the ultimate transaction between the parties.

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## Key Elements of a Successful Business Sale

- **Shareholder(s) are aligned in the process regarding the sale: timeline, valuation, expectation of structure**
- Realistic value expectations have been vetted with shareholders and understood
- A well thought-out marketing campaign for presenting the Company's business, strategy and financial performance is developed
- Acquirer candidates are carefully screened and the synergies of the merging entities are clearly understood
- The right acquirers are approached: appropriate industry, appropriate sized transaction, strategic and financial contacts are made
- Grand Avenue Capital creates the competitive market for the private company ... .. drives valuations in the client's favor
- The tax ramifications of the transaction are understood early in the process...there are no surprises after a letter of intent is executed with an investor
- All buyers are part of same organized process designed to bring offers to the client simultaneously
- **Timing and Momentum** are critical to the success of closing a transaction
- **Confidentiality** – restrict knowledge of process and client data to only those with a need to know

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## What Differentiates Grand Avenue Capital from the Competition?

- Partners have owned / operated / managed mid-market companies similar to the companies we seek as clients. **Very few investment bankers have operating experience** and this lack of experience is a drawback. Larger investment banking firms without access to their research departments have little understanding of their clients' industries. Operating experience in the middle market, private company is a definite advantage. We have been there!
- At Least **Two** Experienced partners assigned to each Client...perhaps not as cost effective as our larger investment banking competitors, but more effective in representing our clients.
- **Same Team of Partners Project-Manage Engagement From Initial Client Presentation through Closing** – The project is not relegated to a junior associate with no financial, operating or business ownership experience ... this is the typical model of larger investment banking firms. This is **not** the model of Grand Avenue Capital.
- **Grand Avenue Capital has developed a proprietary data base of acquirer/investors (over 550 private equity firms in the US and over 180 private equity investors in Asia, Europe and the Middle East) that have interests in the size and type of clients we develop**
- **An affiliate: Grand Avenue Capital Partners is a member of the FINRA (NASD CRD# 135073), duly licensed to engage in the securities transactions we manage. All individual licenses are current.**
- **Grand Avenue Capital has managed corporate finance / M&A engagements in Europe, Asia and the US, and has knowledge of and experience in cross border assignments.**

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## SALES PROCESS OVERVIEW

In accordance with the engagement agreement with our client Company which is for sale in this scenario, Grand Avenue Capital plans to conduct a comprehensive transaction process for the Company, which will include the steps below within the time line attached:

### **Phase 1: Preliminary Due Diligence, Research, Long Range Plan Development and Valuation**

In this first critical phase, Grand Avenue Capital will develop a thorough understanding of the Company, its current and future business opportunities, competitive strengths and weaknesses, and specific factors that an acquirer would find valuable. As part of its due diligence, Grand Avenue Capital will:

- Conduct in-depth interviews with senior management
- Identify valuable attributes Sales Candidate offers to potential acquirers
- Define the elements and financial results of the Company's long range plan (up to 5 years out)
- Quantify the synergies, cost savings, etc., potentially achievable by strategic acquirers



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## **Phase 2: Preparation of the Offering Memorandum and Marketing Planning**

Grand Avenue Capital will prepare concise, compelling presentation materials of the highest quality to introduce the Company to key contacts. During this phase, concurrent with Phase 1(above), Grand Avenue Capital will:

- Will develop a prospect list of strategic and financial buyers
- Highlight competitive advantages and key attributes of Sales Candidate without compromising trade secrets or competitive advantages
- Develop an anonymous **Corporate Profile** from the Executive Summary of the Investor Memorandum that will be sent with Confidentiality Agreements to prospective acquirers.

## **Phase 3: Marketing**

Grand Avenue Capital will conduct a multi-tiered marketing campaign on behalf of the Company with direct, personal contact with strategic buyers, direct personal contact with financial buyers and private equity groups, confidential internet M&A services, confidential trade and business opportunities advertising.

Grand Avenue Capital will create a competitive marketing environment and will:

- Time the process to insure strategic prospects are contacted before financial investors. Strategic investors typically take more time in initial evaluation.
- Obtain NDAs from all interested parties **before** disseminating Investor Memoranda
- Effectively communicate the Company's vision, operating and financial capabilities, and answers to questions to key decision makers
- Screen serious buyers and will coordinate facility visits with Sales Candidate management
- Following facility visits, the interested parties will be asked to submit letters of intent

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## **Phase 4: Buyer/Seller Contacts, Negotiation and Structuring**

Grand Avenue Capital will lead the negotiations with serious bidders, and assist in the negotiation of the letter of intent. Grand Avenue Capital will advise on the following:

- Structure of the proposed transaction
- Financial consideration and proposed major terms and structure
- Form and timing of any type of proposed deferred compensation
- Coordination of employment contract issues with key Company executives, if appropriate
- Negotiate all other relevant terms in the letter of intent
- Coordination with appropriate legal and tax counsel
- In the event of multiple bids, negotiate strict time-dependent milestones in order to obtain the optimum transaction. At all times, Grand Avenue Capital shall maintain momentum with prospects to minimize delays prior to standstill the marketing of the Company.

## **Phase 5: Oversee/Manage Buyer's Due Diligence, continued Negotiation**

Grand Avenue Capital will coordinate and participate in all substantive due diligence meetings with the selected acquirer. The key role is to **maintain momentum** and solve problems that invariably arise during the due diligence process. During this time, Definitive Agreements are being drafted, reviewed, and additional negotiation occurs with respect to legal details, indemnifications, representations and warranties, etc. Grand Avenue Capital will remain involved during these negotiations working with legal counsel from both sides, and with financial advisers of the acquirer. Grand Avenue Capital shall manage this process to ensure adherence to a strict timetable in order to keep all parties focused on closing the transaction.

## **Closing the transaction**

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## Where is the market for selling the privately held business?

- **Strategic Acquirers**

**Industry leaders, possibly including competitors**

- **Financial Investors**

**Private equity investors with no presence in the client's space**

- **Hybrid Acquirers**

**Financial investors with existing platform in the client's space  
who are seeking acquisition opportunities**

- **Others**

**Executives in industry seeking an equity opportunity / management buy-in  
Management buy-out, seeking financing to satisfy existing shareholders**

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## Illustrative Sell-Side Engagement Time Line

Phase	Milestones
<b>Investment Banking Diligence and Valuation</b> (3-5 weeks)	<ul style="list-style-type: none"><li>▪ Grand Avenue Capital commences due diligence on the client company</li><li>▪ Prepare detailed projections and valuation financial modeling</li><li>▪ Produce comprehensive valuation package for Company</li></ul>
<b>Preparation for Marketing Campaign</b> (3-4 weeks)	<ul style="list-style-type: none"><li>▪ Begin identification and qualification of potential buyers: both financial and strategic</li><li>▪ Prepare marketing materials</li><li>▪ Develop and screen prospective group of acquirers</li></ul>
<b>Marketing</b> (5-7 weeks)	<ul style="list-style-type: none"><li>▪ Contact potential buyers with confidentiality agreements...time strategic contacts appropriately</li><li>▪ Negotiate and execute confidentiality agreements</li><li>▪ Send out marketing materials conducting extensive question/answers with prospective acquirers</li><li>▪ Analyze preliminary indications of interest</li><li>▪ Invite prospective acquirers to visit client facilities and participate in management presentations</li><li>▪ Send out term sheet guidance instruction letter seeking non-binding letters of intent, due at a specific date</li></ul>
<b>Selection of Acquirer</b> (1-2 weeks)	<ul style="list-style-type: none"><li>▪ Receive term sheets from financial and strategic prospective acquirers</li><li>▪ Present recommendations to the board and advise shareholders who then select acquirer</li></ul>
<b>Due Diligence and Closing</b> (3-6 weeks)	<ul style="list-style-type: none"><li>▪ Acquirer commences their own due diligence process</li><li>▪ Definitive Agreements are drafted by counsel, negotiated and finalized</li><li>▪ Sign definitive purchase agreements and close transaction</li></ul>

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## The Team



### **Thomas R. Korzenecki, Principal Managing Director**

14 years diversified operating and financial, M &A experience in the petroleum and chemical industry, with four years of merger, acquisition and divestiture work for ARCO, ARCO Chemical and Occidental Petroleum. His responsibilities included divesting major assets in Europe and he was a key adviser in domestic acquisitions/divestitures involving businesses in the oil, gas, chemical, coal and food processing industries.

Tom initiated, financed and managed for 13 years four corporate acquisitions of manufacturing companies in the packaging industry for his own account. Since returning to the deal business in 1998, Tom has advised primarily private companies in the food, engineered products, IT, consumer products, chemicals, energy, business services and a wide variety of manufacturing industries. He was a founding member of **Grand Avenue Capital Partners**, a FINRA (formerly NASD) investment banking firm focused on middle market transactions. He has extensive experience in Asia, both as a principal and investment banker.

Mr. Korzenecki holds two engineering degrees (Illinois Institute of Technology) and master degrees in business (MBA-Finance: U. of Chicago/U. of Houston) and tax (MBT: U. of Southern California). He is a member of Young Presidents' Organization (YPO), chairman of the board of a food processing company and a member of various other business and arts organizations in Southern California. He has managed M&A transactions in the US, Asia and Europe. He holds current Series 7, 24, and 63 FINRA (formerly NASD) licenses.



### **Michael Marevich, Managing Director**

Mike Marevich has been involved in mergers and acquisitions most of his working career as a principal, agent and chief financial officer with this responsibility. Prior to joining **Grand Avenue Capital Partners**, he was Managing Director of Gardiner & Rauen, a boutique investment banking firm focusing on middle market, primarily private, transactions. Prior to this time, Mike was CFO/minority owner of DSL Transportation Services, SVP/CFO for Hollytron (a \$60 million revenue chain of electronics retail stores), and CFO for Miller's Outpost/Miller's for Kids. During his tenure the chain grew from 31 to 330 stores and revenues grew from \$60 million to over \$700 million. Mike was also a shareholder and president of Hinshaw's Department Stores, with prior experience as Director of Operations of the Bullocks-Wilshire department store chain.

Mr. Marevich has a BS in Finance/Accounting and an MBA in Finance, both from U. of Southern California. Mike has extensive experience in Asia, both as a principal and investment banker.

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## **Robin L. Hwang, Executive Director**

Robin Hwang has combination of 12 years experience in corporate management and investment banking industry as well as comprehensive cooperation experience with multiple large private equity groups. Prior to joining **Grand Avenue Capital Partners**, he worked with Etech Securities, Inc. as a senior vice president and participated in successful fund raisings in China. During his tenure, he was also one of the key members leading the negotiation of engagement with a large fiberglass company in Hangzhou, China. Subsequently, He participated in completing private placement of the project which involved US\$110 million recapitalization. Mr. Hwang is also the managing partner of Phoenix Strategic Investment Ltd., leading private placements for several projects in China, including growth capital of US\$50 million for a Chinese liquor producer in Guizhou Province, recapitalization of US\$20 million for a textile manufacturing company in Shanghai and recapitalization of US\$32 million for a pharmaceutical / paper chemical company in Suzhou, China. Prior to that, Mr. Hwang was director of business development and shareholder of an American IT / B2B E-commerce company which was prepared to go IPO in NASDAQ. He possesses extensive experience in operation, management, logistics, IT and software development in private companies. Mr. Hwang also has expertise in doing pre-IPO private placement for Chinese companies in industries of pharmaceutical, chemicals, manufacturing, IT, E-commerce, consuming products and retail

chain, etc.

Mr. Hwang holds a bachelor degree in computer science and an IMBA in international business, both from University of Southern California.

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## Advisers

From time to time, Grand Avenue Capital's advisers refer opportunities or provide counsel to the Firm. These talented individuals include the following:



**James G. Ellis** is Dean of the USC Marshall School of Business and holder of the Robert R. Dockson Dean's Chair in Business Administration. Dean Ellis most recently was USC's vice provost for globalization, developing an initiative encompassing international instructional and research programs and managing USC overseas. He has also worked to increase the university's leadership role in the Association of Pacific Rim Universities, and oversaw USC's offices in foreign countries, which are designed to maximize research and educational opportunities abroad. He was instrumental in establishing the USC US- China Institute, which focuses on policy-relevant social science scholarship relating to the U.S.-China relationship.

Ellis has also been involved in a number of entrepreneurial ventures, and is a founding director of Professional Business Bank in Pasadena and a director of the Fixed Income Funds of The Capital Group in Los Angeles. Jim also has decades of business experience, working in senior management or director positions with Broadway Department Stores, American Porsche Design, Miller's Outpost and several other companies.

Ellis holds an M.B.A. from the Harvard Business School and a B.B.A. from the University of New Mexico. He is a member of Young Presidents Organization (YPO), Chief Executives Organization (CEO), and serves on several charitable/industry boards in Southern California. In addition, he was chairman of the board of Kidspace Children's Museum in Pasadena, past chairman of the Pasadena Chamber of Commerce and a member of the international board of directors of the World Presidents Organization.

**Pete Parsons** was the founder of Century Engineering, a company that he took public early in his career. He has been involved in a number of private mid-market investment banking firms over the last 35 years, most recently with Gardiner and Rauen, and Parsons/Korzenecki & Company, closing many transactions in the manufacturing, distribution and service industries. He is the author of **Anatomy of a Merger**, published by Prentiss Hall. Robert Q. "Pete" Parsons is considered by some as the dean of the Southern California middle market investment bankers.

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**Craig Jennings** has over 30 years P/L responsibility with extensive experience in the lighting industry. He was the owner of the lighting company Hydrel which he grew from \$1+ million to \$35 million, ultimately selling to Acuity Brands Inc (NYSE: AYI). Subsequently, as an executive with Acuity, Craig focused on merger/acquisition opportunities to support Acuity's growth with three major product launches including new designs, marketing and supplier agreements. Again as principal, Mr. Jennings initiated, managed and financed the start up of a new venture that designed, manufactured, distributed and supported a line of commercial-grade architectural lighting fixtures, with principal manufacturing performed in China.

Craig has been involved in a number of entrepreneurial activities during his career and additionally has taught various marketing courses at the University of Southern California (Professional Selling, Marketing Distribution, Marketing Analysis and Strategy, Business Marketing Management). His consultative style of management was founded in his early experience with Booz Allen in a wide variety of client engagements in the electronics, apparel, heavy machinery, and service industries.

Mr. Jennings' Industrial Engineering was augmented by a MS in Finance from University of Arizona. Craig is an active member of Young Presidents Organization (YPO), Chief Executives Organization (CEO), Newport Harbor Yacht Club and the Los Angeles Country Club.



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## Summary:

## What We Can Do For Our Clients

### Why Engage Grand Avenue Capital?

<b>Grand Avenue Capital Approach</b>	<b>Competitors' Approach</b>
Financial Advice and Counsel  Financial Modeling and Quantitative Valuations  Proactive & Innovative Deal Structuring  Assists in development of alternative structures with legal/tax advisers  Consultative approach	Complete the deal
Two senior advisers with substantial deal making and operations experience assigned to the project	Engagement sold by senior partner, with junior staff running the job
Low overhead cost structure No Retail broker/dealer activities	High overhead costs M&A supports retail sales, research, and trading
Custom service and attention	Maximization of deal volume