

# The Deal

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Private Equity deals of the year

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## On the brighter side

NOTEWORTHY EXITS IN THE LAST 12 MONTHS

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### 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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