



HOW VALUE-ADDED SERVICES CAN CREATE GROWTH FOR ENERGY AND POWER COMPANIES.

At the root of the Ohmstede transaction was a smart strategy and unique business model in a thriving industry that led to positive outcomes for the company, buyer, and seller despite challenging market conditions. The company, owned by First Reserve, one of the leading private equity groups in the energy industry, sold for \$455 million to strategic buyer EMCOR Group, Inc. in September, 2007.

In August 2006, Harris Williams & Co. acted as the exclusive advisor to Ohmstede Ltd., then a portfolio company of Tanglewood Investments, Inc., in its sale to First Reserve Corporation and management. In just over 13-months time, the company was able to execute a strategy that took the company from a manufacturing company to a service-oriented business that provided long-term sustainability in a market affected by cyclicity. This transition enabled Ohmstede to be the only one-stop business in the industry, making it attractive to a wide range of acquirers. While the company was revamping its strategy, the energy market continued to heat up, and First Reserve was able to exceed its 5-year projections in just over a year. With strong growth behind it, a differentiated and sustainable strategy, and a booming energy market, First Reserve Corporation decided to exit its investment, and Harris Williams & Co. was able to draw on its recent experience with the company to deliver an effective sales process.

Ohmstede's unique strategy gained a high level of buyer interest, and because Harris Williams & Co. had sold the company just 13-months prior, it was able to leverage learnings from the initial process to drive greater efficiency in the 2007 sale. Just as final bids were due, however, the credit crunch hit the M&A market. Yet despite the challenges, Harris Williams & Co. was able to connect Ohmstede with EMCOR, a strategic buyer that could enhance its business with Ohmstede's value-added services. Historically, corporations in the energy-infrastructure sector had not been interested in acquisitions, but Ohmstede's unique business model offered EMCOR with new opportunities that were complementary to its end-market.

The transaction delivered for all parties involved. Ohmstede's management was rewarded for its performance, First Reserve generated a great return, and EMCOR acquired a business that offered it new competitive advantages in a competitive environment.

Harris Williams & Co. has a dedicated Energy & Power Group, and has been an advisor to more than twenty-four energy and power-related deals in the last two years alone. For more information, contact Drew Spitzer at aspitzer@harriswilliams.com.