

## ClearLight Partners 2017 Mid-Year Update

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From the Partners at ClearLight: Michael Kaye, Josh Mack, Andrew Brennan, Joe Schmidt and Huy Dang Vu

At ClearLight, we've had a wonderful start to the year and hope this communication finds you well as a valued part of our network in Southern California and across the country. We've been fortunate to have a very successful exit with one of our portfolio companies and to have made a recent investment in an industry we know well. We're pleased to share these developments with you – thank you for taking a moment to review the updates below.

### Successful Sale:

**Intoxalock**® In mid-2012, we invested in a provider of Breath Alcohol Ignition Interlock Devices (“BAIIDs”) called Intoxalock. When mandated by a court, BAIIDs are installed in cars and detect when a driver has been drinking to disable the vehicle if he or she tests positive for alcohol. These devices not only save lives, but also help to reduce incarcerations, alleviate prison overcrowding and save taxpayer dollars. Intoxalock was founded in 1992 by two primary shareholders that had decided it was time to transition ownership to a new investor. Intoxalock had been growing well and producing good financial results, but also presented numerous opportunities for us to help the business achieve a new level of profitability.

Our thesis for the investment:

- Rapidly growing industry with strong regulatory-driven tailwinds (10%+ organic growth)
- Build a management team comprised of talented executives across key functional areas
- Improve call center operations
- Professionalize sales & marketing strategy

What we achieved together:

- Recruited an outstanding new CEO and three other C-level hires, two VPs and call center management
- Went from #5 to #2 in market share
- Lead the industry in all key metrics (e.g. growth rate, margins, regulatory excellence)
- 60% improvement in average customer call wait time and sales call conversions
- 3.2x increase in the number of active customer accounts
- 38% decrease in unit production costs

We exited our investment in early 2017 to another private equity firm, and the financial results speak for themselves:

- Grew EBITDA organically from **\$8mm to \$30mm** in our 4 ½ year hold period.
- Generated an **8.4x return on equity** and an **IRR of 64%**.

## Recent Investment:



This May, we made a majority investment in a Chicagoland provider of landscape installation, maintenance, enhancement, and snow services, as well as interior plant

maintenance called Moore Landscapes. Moore has had a longstanding and positive presence in the Chicago market having served commercial and municipal customers for nearly 70 years. The investment was led by and will benefit from the experience of one of our partners, Andrew Brennan, who previously spent over a decade in the landscaping industry with ValleyCrest Companies. We also partnered with Joel Korte, a former senior executive with the landscaping services firm the Brickman Group, who will lead Moore as its new CEO and complement a highly tenured and experienced management team. Our plan is to grow organically and, potentially, with selective acquisitions.

## ClearLight's Near-Term Focus & Sectors of Interest:

We are actively seeking new platform investments for ClearLight Partners III, a \$300 million fund. We target to invest up to \$50 million of equity in companies generating between \$4-15mm of EBITDA, and our current sectors of interest are profiled below:



### Specialty Manufacturing / Industrial Technology

- Connectivity
- Filtration
- Flow & process control
- Industrial tooling
- Test & measurement



### Business Services

- Business process outsourcing
- Distributed & industrial / field services
- Governance, risk & compliance
- Landscape services / facilities maintenance
- Logistics
- Marketing services & digital marketing agencies
- Offender monitoring
- Workplace / environmental health & safety



### Consumer Products & Services

- Baby / juvenile products
- Enthusiast products & services
- Franchisors / franchisees
- Healthy foods & beverages
- Health & wellness
- Home-based care
- Home maintenance & repair
- Personal care services
- Pet products & services
- Travel-related rentals & services










### Education & Training

- Assessment, tutoring, testing / certification preparation
- Continuing education
- Corporate training
- Early childhood development
- Education technology
- For profit, post-secondary
- K-12 education & supplementary programs

## Current Portfolio Companies:

We are currently majority investors in the following seven portfolio companies offering products & services across the primary sectors of interest indicated above. Please contact us to discuss ClearLight's interest in potential add-on acquisitions within the portfolio.

<b>Katzkin Leather Interiors</b> Custom Leather Auto Interiors Los Angeles, CA	
<b>Moore Landscapes</b> Commercial Landscaping Services Chicago, IL	
<b>Pure Health Solutions</b> Commercial Grade Purified Water Coolers Chicago, IL	
<b>Richardson</b> Corporate Sales Training & Performance Improvement Philadelphia, PA	
<b>Taymax</b> Franchisee of Planet Fitness Gyms Salem, NH	
<b>United Tactical Systems</b> Crowd Control Products Chicago, IL	
<b>Walker Advertising</b> Legal Marketing Services San Pedro, CA	

## ClearLight Partners Firm Overview:

ClearLight Partners is a private equity firm in Southern California that invests in established, profitable middle-market companies across a range of industries. Since inception, ClearLight has raised \$900 million in capital across three funds from a single limited partner. ClearLight has extensive operating and financial experience, and a history of successfully partnering with owners and management teams to drive growth and create value.