

The Impact of Private Equity

CRN Annual Conference

October 4, 2012

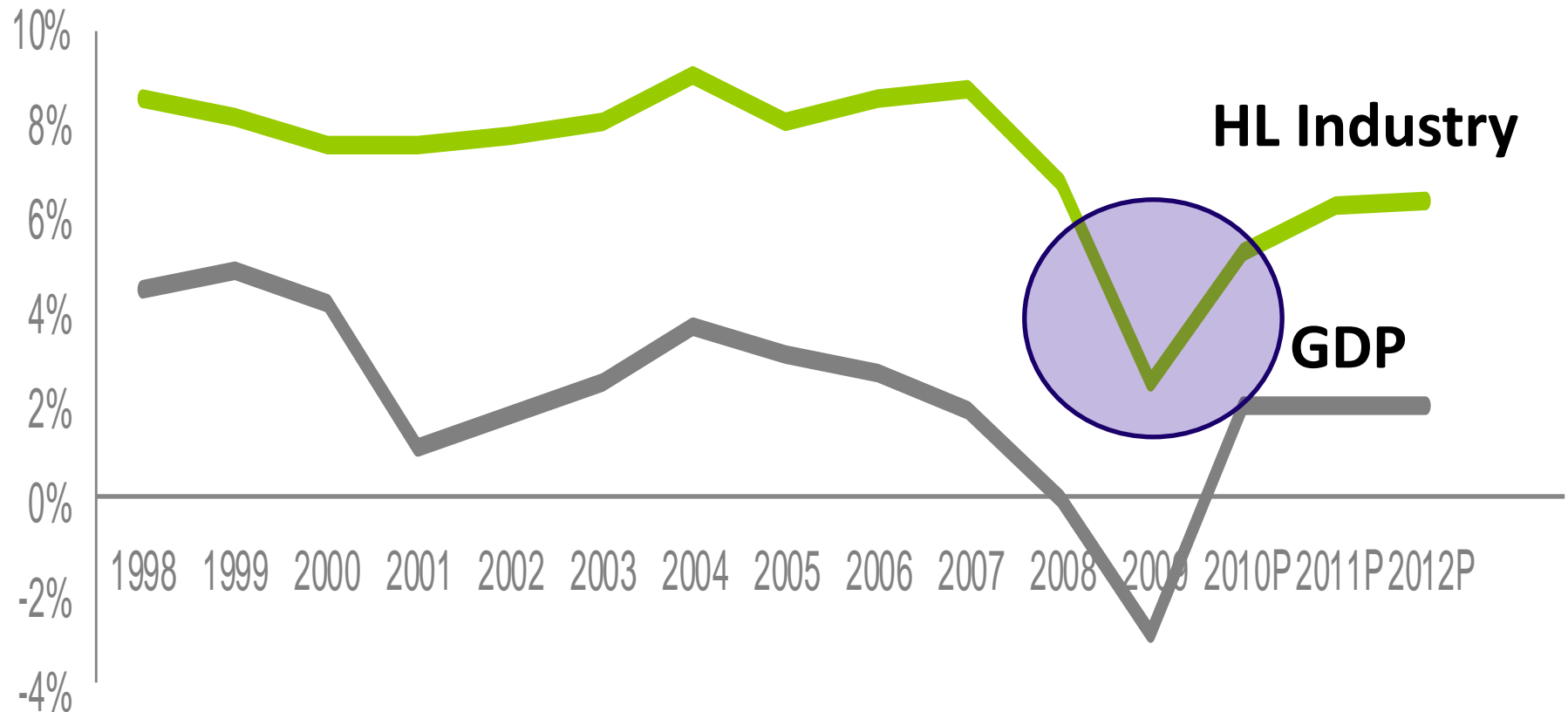


David T. Thibodeau
Managing Director



Large, Rapidly Growing Industry

Healthy Living Growth Rate vs GDP



Early Success Stories



HERBALIFE®



Private Equity Home Runs

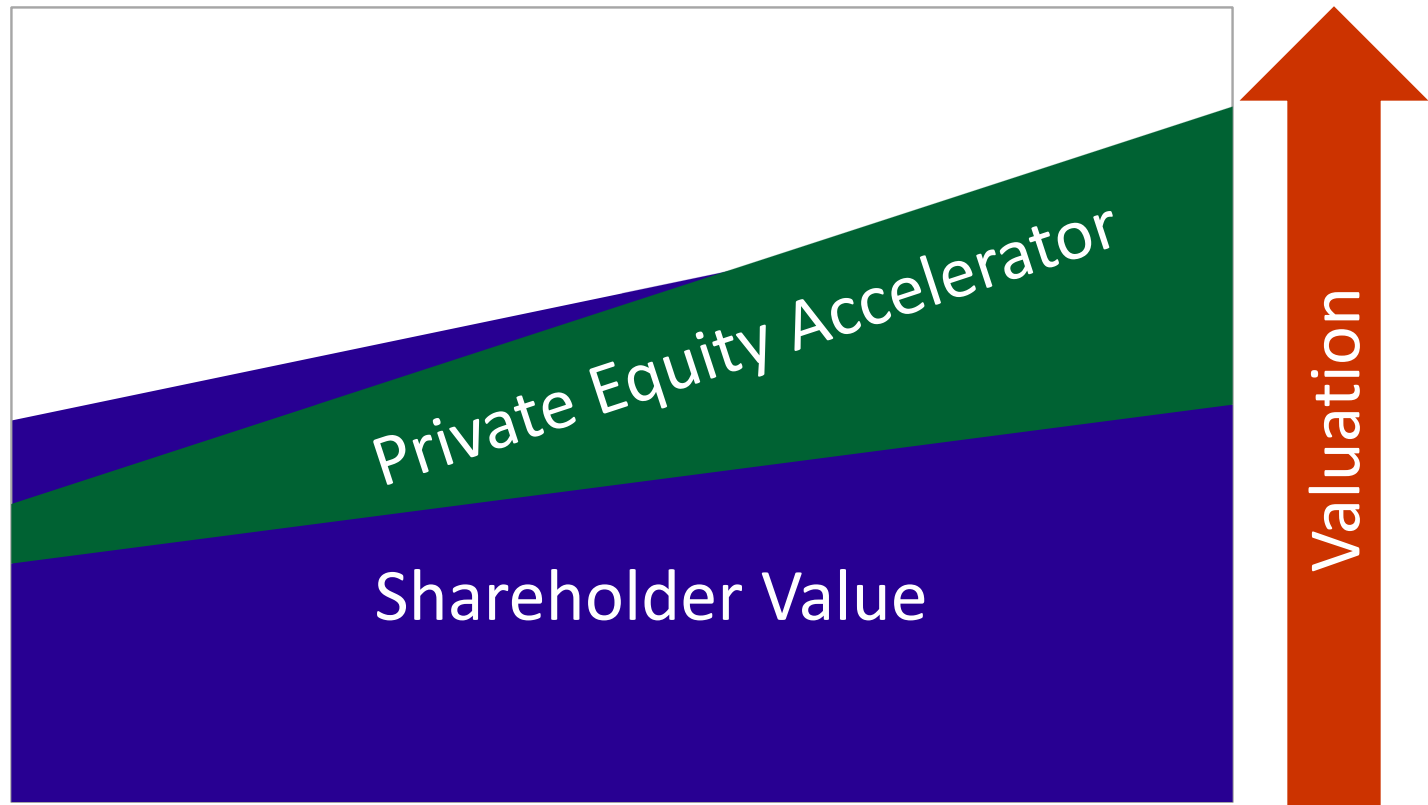
The Private Equity Factor

It's not just money



The Private Equity Factor

Enhancing shareholder value



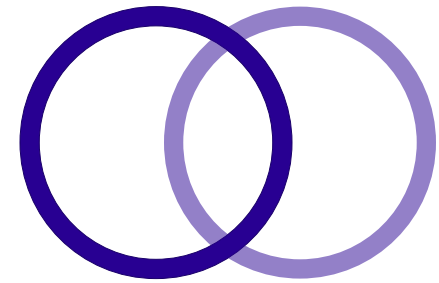
Finding the Right Balance

Private Equity firms are not created equal



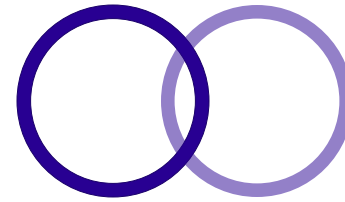
-
- Valuation
 - Deal terms
 - Control

Deal
Balance



- Partners
- Personality
- Expertise
- Integrity
- Approach

Out of Balance



Deal
Balance



Dressing up the Bride

Accentuate the positives, but don't hide the negatives

Attractive investment candidates possess:

- ✓ Consistent & predictable growth in cash flow
- ✓ Minimum customer concentration
- ✓ Above average GPMs, GPM stability and pricing power
- ✓ Business scalability
- ✓ Proprietary products with limited cyclicity
- ✓ Brand recognition at consumption point in supply chain
- ✓ Revenue predictability/visibility
- ✓ Minimal country risk
- ✓ Minimal regulatory risk

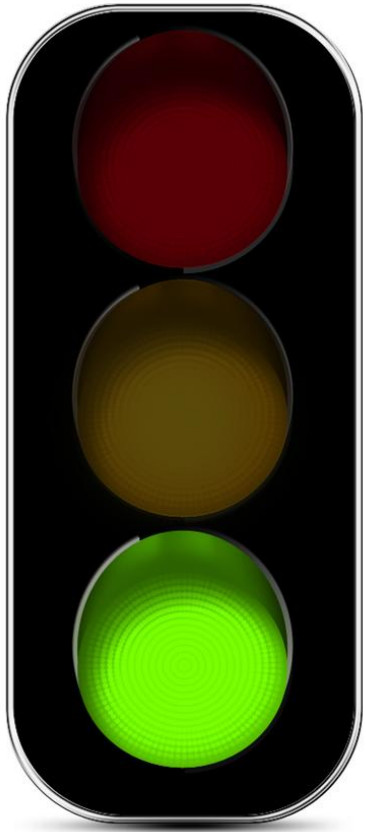
Deal Killers – Why deals don't get done



Organization /Culture
Deteriorating Financials
Customer Concentration
Manufacturing Issues
Ingredient Concerns
Regulatory Issues
Legal Issues
Skeletons

Legal Options

Mitigating risk through negotiation



- Earn-outs
- Claw backs
- Indemnification
- Escrows

The PE Bridge

Resources · Expertise · Contacts



Exploit the Opportunity

High-growth industry

Aligned value-creation objectives

Resources, Expertise & Contacts

Long-lasting Partnerships

\$430 billion available capital