

# Buyouts

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## DEALS

# NY Shop Forges Auto Parts Niche Platform

### SNAPSHOT:

**Target:** Aluminum die casting and machining operations of Citation Corp.

**Price:** Undisclosed

**Sponsor:** Monomoy Capital Partners

**Seller:** Citation Corp.

**Legal Adviser:** Sponsor: Neal & Harwell PLC; Seller: Bodman LLP

### By Bernard Vaughan

**Monomoy Capital Partners** is fast at work carving out a niche for itself in the beleaguered auto parts industry. The New York-based firm has now corralled its fourth add-on for **Compass Automotive Group Inc.**, a company it's using as a platform to roll-up businesses in the auto-related aluminum casting industry.

On March 16, Franklin, Ind.-based Compass Automotive, which makes aluminum steering wheels, airbag enclosures and other components, bought the aluminum die casting and machining operations of Citation Corp., an industrial metal components supplier with facilities in Grand Rapids, Mich., and Lowell, Mich. Compass Automotive funded the deal with its own cash and a revolver and term loan

from Wachovia, with no additional equity from Monomoy Capital. **Justin Hillenbrand**, partner at Monomoy Capital, declined to discuss the cost of the acquisition. The acquired plants employ a total of 60 people and generate about \$15 million in annual revenue. Compass Automotive employs 600 and generates about \$130 million in annual revenue, according to Hillenbrand.

Monomoy Capital sees great opportunity for consolidation plays in the auto parts industry, believing there is an excess of suppliers. There is currently enough capacity to produce 17 million cars, while there is only demand for 10 million, Hillenbrand estimated. "We're trying to consolidate as much of our industry as we can, given the current automotive environment," Hillenbrand said. "Right now there's tremendous over-capacity in the industry, and the auto industry will not solve its problems unless suppliers and OEMs [original equipment manufacturers] consolidate excess capacity."

The firm is currently looking at three more potential targets for add-ons to Compass Automotive, and Hillenbrand

said he would not be surprised if the firm completed one to two of those deals within the year.

Compass Automotive was formed in 2007 through the combination of portfolio companies Casting Technologies Co. and Magnesium Aluminum Corp. Later in 2007, the firm tucked in Alcoa's automotive casting business.

Monomoy Capital is about halfway through investing its first fund, a \$280 million vehicle closed in 2006. This is the second add-on deal it's overseen this year. In February, Fortis Plastics LLC, its plastics platform, bought the operations of Moll Ramos from Moll Industries, Inc. Moll Ramos operates a 136,000 square foot injection molding facility, which makes appliance components such as egg trays for refrigerators.

Founded in 2005, Monomoy Capital typically invests between \$5 million and \$30 million in companies with revenues between \$20 million and \$200 million and a maximum EBITDA of \$20 million. It invests in turnarounds, recapitalizations, bankruptcies, corporate divestitures and acquisitions of family owned business.

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