

Icing On The Cake: Hilco, Monomoy Order Dessert - LBO Wire - June 1, 2009

By Beina Xu

Monomoy Capital Partners Principal Dan Collin tried, but couldn't exactly sample every product that his firm's newest add-on company makes.

The firm teamed up with Hilco Equity Partners LP buy Atkins Elegant Desserts Inc. as an addition to its Awrey Bakeries LLC platform.

"I don't think I'd be able to fit back in my apartment if I ate all of them," he said. "But I did get confirmation from their customers that they were the best in class."

Collin declined to disclose the size of the deal, but said that there was no additional leverage involved in the buyout.

Noblesville, Ind.-based Atkins produces cheesecakes, layer cakes and brownies for the food service industry, national restaurant chains and large retail customers. Awrey, based in Livonia, Mich., makes frozen baked goods including danishes, muffins, croissants, cakes, biscuits and brownies. Hilco and Monomoy bought the company out of bankruptcy protection for around \$25 million in 2005.

Awrey caters to large foodservice and bakery chains and nationwide foodservice distributors. The combined company will have around 400 employees.

Atkins has greater market share in the cheesecake market, and makes a higher-end dessert selection; it has a "great" layer cake business, according to Collins. The company specializes in dessert decorating as well, while Awrey focuses on high volume cake production.

"Atkins is known for having the best cheesecakes; Awrey has unbelievable brownies," Collin said, adding that he had tried both during diligence.

One of Awrey's customers introduced the firm to Atkins as a potential add-on, according to Collins, who said Monomoy had heard of the company before going into due diligence. Awrey had roughly \$70 million in annual revenue at the time of its bankruptcy, and is still posting that amount now, Collin said.

Monomoy Capital Partners LP closed at \$280 million in 2007; it has 10 core platforms and has done 24 deals. The firm targets turnaround situations in businesses with \$20 million to \$200 million in annual revenue, and invests typically \$5 million to \$25 million per deal.

Hilco closed its \$73 million debut fund in 2007. The firm invests \$5 million to \$20 million in equity per deal and targets companies with \$20 million to \$150 million in revenue.

A Hilco executive did not return a call and email for comment.