



TORONTO

NEW YORK

DALLAS

[WWW.QUANTUMCAPITAL.COM](http://WWW.QUANTUMCAPITAL.COM)



## OVERVIEW

Quantum Capital is a Toronto and Dallas headquartered private equity investment firm. Working on behalf of an established network of high net worth business leaders, Quantum makes control investments in emerging and middle market companies. Quantum invests to achieve targeted value-add or value-arbitrage returns in sole-sourced and proprietary investment opportunities. Quantum emphasizes the management of downside risk through diligence, valuation and the structuring of each transaction, playing an active role to achieve forecasted exits. In order to keep upfront valuations attractive, Quantum relies solely on its proprietary deal flow rather than participating in broad auctions and is industry agnostic. Quantum expects to make one to two new investments per year, which allows for appropriate focus and support of portfolio companies to maximize investment returns. Typical transactions range in value from \$25 million to over \$300 million including equity contributions of \$5 million to \$100 million per transaction.



Quantum completed the acquisition of Skyway Canada Limited and Total Support Services, the largest privately held Canadian scaffolding company and industry leader.



Quantum completed the acquisition of RailCrew Xpress, an industry leading provider of logistics services to Class One railways. To create value by expanding and protecting margins, Quantum teamed with management to rapidly consolidate the sector, completing three equity financed follow-on acquisitions within the first year of ownership: (i) Brown's Crew Car of Wyoming, (ii) JLS, Inc., and (ii) Raudin McCormick, Inc. Today, RailCrew enjoys industry leading market share, expanding margins, and low leverage. Quantum's LTM EBITDA acquisition multiple has been reduced to less than 2.5 as a result of the synergies already achieved. RailCrew Xpress has 875 vehicles, 1,354 employees and a footprint within eighteen states.



Quantum successfully completed the purchase and sale of its interest in Don Best Sports to Fun Technologies (AIM/TSX: FUN) for an EBITDA multiple of nearly double what Quantum paid. Don Best Sports, based in Las Vegas, is the premier sports information provider of real time and accurate sports lines data ("odds"). Fun Technologies was subsequently purchased by Liberty Media (NYSE: L).



## **DISCIPLINED, VALUE-ORIENTED INVESTMENT APPROACH**

Quantum's analysis of any investment opportunity is underpinned by rigorous macro and bottoms-up due diligence and an intensely analytical focus on value. Quantum believes that this disciplined, value-oriented approach will always serve investors well in the pursuit of investment opportunities, even in an environment of constrained liquidity, or flat/contracting valuation multiples over the holding period of an investment.

## **FLEXIBLE INVESTMENTS**

Unlike many private equity firms, Quantum does not target companies with a pre-conceived notion of where and how it will participate in the companies' capital structure or at what valuation level. Quantum structures investments which are appropriate for the identified opportunity. The firm employs leverage to achieve operational and financial objectives consistent with its investment thesis. Quantum is capable of investing in all stages of a company's lifecycle and in any form of its financial securities. More specifically, Quantum has made investments to replenish working capital, to fund capital developments, to support research and development, to fuel corporate expansion, to facilitate mergers and acquisitions, to support recapitalizations, and to back-stop management buyouts and strategic sales.

## **REPUTABLE INVESTING**

Quantum has cultivated a reputation for honest, forthright investing based on fundamental analysis. Having made numerous investments in various industries, Quantum's Partner's have demonstrated integrity, creativity and constant support, which, collectively, provide for an active level of high impact engagement with portfolio company management teams.

## **CONTINGENCY-FREE COMMITMENTS**

In the spirit of forging relationships, Quantum considers its commitments a bond. Quantum does not customarily demand egregious contingencies, caveats or management fees. Quantum does not rely on the financial wherewithal of third parties to meet its commitments. Instead, Quantum has sufficient capital to meet its obligations and to bridge additional capital needs as they are required. Consequently, companies benefit from investments completed in compressed time frames with financing certainty and are not burdened by egregious recurring management fees.

## **CRITERIA**

Quantum seeks investment opportunities in middle-market, cash generative businesses that have strong defensible competitive positions with significant value creation opportunities. Targeted investments include acquisitions of divisions or assets from corporations, acquisitions or recapitalizations of privately owned or publicly traded businesses, and acquisitions of distressed businesses either through a restructuring or a bankruptcy process.



## **PORTFOLIO COMPANY OVERSIGHT**

**Attracting Strong Management** – Quantum believes that each company should be run by the best professional managers available – individuals whose full time and attention are focused on creating value from a given business. In most situations, strong operating management comes with the acquisition and is a principal reason for Quantum’s interest in the investment. However, if it becomes necessary to supplement management, Quantum can draw on a large stable of proven successful business leaders of the highest caliber management experience in the targeted sector and operational strategy.

**Management and Employee Incentivization** – In addition to attracting talented executives, Quantum structures management incentives and compensation plans that align the interests of management and shareholders. A requirement for all managers of Quantum companies is that they make a significant personal financial investment in their businesses, sharing directly in both the rewards and risks of equity ownership. Where management feels it makes sense, Quantum strives to extend incentives as deeply as possible throughout its portfolio companies’ employee base.

**Pursuing Acquisitions and Divestitures** – Quantum’s portfolio companies have been opportunistic in both buying and selling businesses. Quantum has served as an important catalyst, offering an array of contacts as well as its own experience in negotiating, executing, and financing transactions. The acquisitions and dispositions of Quantum portfolio companies have enabled these organizations to expand and solidify market positions, better focus their businesses, and increase their financial and operational flexibility.

**Helping Portfolio Companies Arrange Financings** – Quantum continually seeks to optimize the capital structure of each portfolio company to reflect management’s operational strategy and take advantage of opportunities in the capital markets, while minimizing the cost of funds and maximizing flexibility.

**Providing Effective Oversight** – The core oversight role that Quantum plays on a day-to-day basis through its position on the Boards of Directors of its portfolio companies is vitally important. Quantum works closely with each management team to put into place a rigorous infrastructure and monitor corporate results on a consistent and continual basis. Quantum’s objective is to instill a discipline that translates into predictable and superior performance. Quantum is involved in and knowledgeable about all aspects of a company’s business, continually reviewing budgets and providing input on broader strategic planning efforts and detailed financial forecasts. An important focus for Quantum is cash management. Quantum plays a central role in helping portfolio companies determine how they can operate most efficiently and best find and channel resources to serve specific strategic objectives. Over the course of an investment, difficult situations may arise. Quantum’s willingness to face such situations head-on and play an active role in their resolution often preserves value and the long-term valuation of the company.

**Maximizing Value When Exiting Investments** – Quantum seeks to maximize the value of its portfolio companies and achieve long term ‘out-performance’ for its shareholders based on flawless execution of proven investment and operating strategies. Although the firm may be opportunistic in taking advantage of periodic financial market arbitrage, it generally seeks to realize value through carefully selecting the timing and method of portfolio liquidity events.



## PARTNERS

**Andrew Blott** co-founded Quantum Capital in 2004 and led the firm’s investments in Don Best Sports, Skyway and RailCrew Express. Prior to founding Quantum, Mr. Blott was financial advisor on behalf of Borealis Capital to value, structure and underwrite Canada’s first and second “Public-to-Private-Partnership (P3)” healthcare initiatives. These two lead equity investments included: (i) a 608 bed new acute care hospital with a capital cost in excess of \$400 million (William Osler Health Center), and (ii) a 188 bed new mental health facility with a capital cost in excess of \$100 million (Royal Ottawa Health Center). Previously, Mr. Blott spent ten years on Wall Street originating and structuring Leveraged Buyouts, Mergers & Acquisitions and Leverage Finance transactions at firms including Credit Suisse First Boston, Salomon Smith Barney, Banc of America Securities and CIBC World Markets. Mr. Blott has completed over 30 leveraged buyouts and follow-on financings, mergers, acquisitions and divestitures for many large private equity funds including: KKR, Clayton Dubilier & Rice, and Oaktree Capital Management. These transactions included: \$13 billion of public and private debt financings, \$6 billion of M&A transactions and \$800 million of public equity offerings. His transaction experience also involved negotiating with well known large-cap companies, such as, Phillip Morris, Nabisco and United Parcel Service to effect leveraged buyouts.

Mr. Blott is a Director of: Skyway Canada Limited, an industry leading Canadian scaffolding services provider; Lone Star Texas Grill, a Texas themed Canadian restaurant chain; and RailCrew Xpress, an industry leading provider of logistics services to the US Class One railways. Mr. Blott holds officer positions and is Chairman of the Audit Committees of Skyway Canada, RailCrew Xpress and Lone Star Texas Grill. Mr. Blott is also a member of the Young Presidents Organization (chapters: Global One; Ontario).

**Lawrence Stuart** co-founded Quantum Capital in 2004 and led the firm’s investment in RailCrew Express. Mr. Stuart was previously Managing Partner of Hicks, Muse, Tate, & Furst, Inc, which he joined in September 1995 after serving as a long-time senior advisor to the firm since its founding. At Hicks, Muse, Mr. Stuart was responsible for structuring and executing the firm’s worldwide acquisition, financing and sale of portfolio companies. He led over 100 transactions totaling more than \$10 billion, in the U.S., Europe and Latin America, including those resulting in the largest radio company in the world, Clear Channel Communications. Other notable transactions led by Mr. Stuart included International Home Foods, Marcus Cable, Perrier-Jouet Champagne and Triton Energy. At Hicks, Muse, Mr. Stuart’s responsibilities also included management of the firm’s internal operations, the structure and negotiation of the firm’s private equity funds, and managing the firm’s relationships with outside law firms, accounting firms and other service providers. From August 1989 to September 1995, Mr. Stuart was an Attorney with Weil, Gotshal & Manges, LLP, most recently serving as Managing Partner of the Dallas office of that firm. Among his clients were Hicks, Muse and other private equity firms. For these clients, he led the acquisition of more than 500 businesses, including A&W Brands, Dr Pepper Company, Greyhound Lines, Seven-Up Company, Swift Meat Packing Company, and Trident Energy. Mr. Stuart also served as lead Corporate Counsel on a number of restructurings, including Greyhound Lines and Zale Corporation. Mr. Stuart holds a B.A. in Economics and a J.D. from Southern Methodist University. He received his law degree from The Dedman School of Law at SMU, where he graduated third in his class and was Editor-in-Chief of the school’s law review, The Southwestern Law Journal.





## **PARTNERS (CONT'D)**

**Jack Cowin** is the Founder, Chairman and owner of Competitive Foods Australia Ltd. (“CFAL”), an owner, operator and franchisor of fast food restaurants in Australia. CFAL founded the Domino’s Pizza business in Australia which went public in May 2005. CFAL also operates manufacturing plants which produce frozen meat products and processed vegetables and is a leading supplier to the Australian supermarket and food service industry as well as exporting food products to 26 countries. Mr. Cowin also owns Torbreck Vinters Ltd., a Barossa based wine producer of ultra premium category wines rated among the highest quality red wines in Australia. Mr. Cowin is a Director and majority shareholder of BridgeClimb, a highly profitable leading tourist attraction in Sydney; and RailCrew Xpress, an industry leading provider of logistics services to US Class One railways. Mr. Cowin is Chairman of CIBC Australia Ltd.; is a director of the TEN Television Network and a member of its Executive committee and Business Development Committee. Mr. Cowin has been active in Young President’s Organization since 1972: serving as Chairman of the Sydney Chapter, member of its International Board of Directors from 1978 to 1988, and International President from 1985-86 for the worldwide organization of 7,000 members. Mr. Cowin is a Graduate of the University of Western Ontario in Canada. In 1992, Mr. Cowin was elected to the UWO Athletic Hall of Fame.

**John Drake** co-founded Drake Goodwin & Co., a merchant banking company, in 1985 to focus on control leveraged buyout investments. Mr. Drake has invested in manufacturing, distribution and financial services businesses, as well as real estate development. As a financial buyer, he has successfully originated, purchased and subsequently resold companies across North America ranging in revenues from \$10 million to \$500 million. Mr. Drake served as chairman of Wolverine Tube, Inc. (sold in 1992 for \$300 million), and North Atlantic Holdings, Inc. (aka Zig Zag Papers – sold in 1997 for \$200 million). Mr. Drake has been chairman of DGM Bank and Trust in Barbados since June 1998; has served as president of Drake Goodwin Corporation, since its inception in September 1985; and is the Co-Founder of Red Tail Golf Club in London, Ontario. Mr. Drake received a B.A. in Biology and an L.L.B. from the University of Western Ontario.



**TORONTO**

**NEW YORK**

**DALLAS**

HEADQUARTERS:  
161 Bay Street, 27<sup>th</sup> Floor  
Toronto, Ontario M5J 2S1  
Tel (416) 572 2070  
Fax (646) 349 2994

**[WWW.QUANTUMCAPITAL.COM](http://WWW.QUANTUMCAPITAL.COM)**