

FIRM OVERVIEW

Avem Partners ("Avem") is a Los Angeles, California-based private equity firm formed in 2016 by Principals from Hancock Park Associates (HPA). Avem focuses on lower middle-market control investments in aerospace and industrial companies based in North America. The Avem team has invested successfully in these sectors over a 10-year period while at HPA.

STRATEGY

Avem will invest in undervalued aerospace and industrial companies. Areas of focus will include metallic structures, fluid conveyance, composite structures and surface treatment companies. Industrial investments will target companies that share common characteristics with aerospace; namely, engineering-driven precision manufacturing with regulated quality controls and product certification requirements.

INVESTMENT CRITERIA

- Value focused
- Family or entrepreneur-owned / Corporate carve-outs
- EBITDA up to \$10mm
- Enterprise Value \$20-\$100mm
- Deploy \$10-\$25mm in equity per investment
- Profitable, stable, cash-flowing companies
- Opportunity for growth, strategic & operational change
- Target 70% aerospace / 30% industrial

PERFORMANCE

(\$ millions)	Invested Capital	Total Value*	Gross Multiple*
Aerospace & Industrial	\$142.3	\$356.7*	2.5x
All Investments	\$265.7	\$720.1**	2.7x

* \$329.3 realized

** \$622.7 realized

TEAM

- 60 years of combined investing and operating experience
- Worked together for over 10 years completing over 30 platform and add-on investments
- Partners have led 14 platform investments, deploying \$266mm generating 2.7x gross MOIC*

KEY FACTORS

- Aerospace is a large, growing global market that has historically outperformed the S&P 500
- Avem strategically positioned – deep relationships with key suppliers and OEMs (Boeing, Lockheed, Honeywell, GE, Northrop Grumman)
- Preferred partner with OEMs – facilitates introductions to potential investments
- Supply base to OEMs highly fragmented with significant barriers to entry
- Cost pressures at OEM's are driving outsourced manufacturing
- Multi-year diversified backlogs at OEM's and long-term supply agreements – good visibility on top line
- LMM underserved by PE firms and investment banks
- Southern California – largest supply cluster in the world for aerospace and one of the largest manufacturing bases in the US – 1,700 companies in Avem's target market
- Robust pipeline – 5 actionable deals

SUMMARY

Fund Type: Lower middle-market buyout

Target size: \$200 million, \$250 million Hard Cap

Investment Period: 5 years from final close

Carried interest: 20%

Preferred return: 8%

Management fee: 2%



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