

Investment Criteria

- Equity investments of \$3-15 million
- Larger transactions with co-investors
- Veteran management teams with successful relevant experience.
- Proven economic model (typically profitable)
- Significant growth potential
- Based in the Southwest, Southeast, Midwest and Mountain Regions
- Opportunistic focus on varied industries
- No investments in troubled companies, start ups, real estate developments, project finance or oil exploration

Types of Financings

- Growth capital
- Management-led buyouts
- Acquisition financings
- Minority recapitalizations

“They have a longer term perspective – and we’re a perfect example... 40 years in partnership.”

David Smith, President & CEO
The RectorSeal Corporation
Original Investment 6/1/67

“They are truly in it for the long haul. Everyone says that, but it’s rarely true. With Capital Southwest, it absolutely is.”

Larry Keener, Chairman, CEO & President
Palm Harbor Homes, Inc.
Original Investment 12/31/77

“They have been very supportive of our business development strategies. They see the value of opportunities that may not be as evident to others on the surface.”

Ron Robinson, President & CEO
Alamo Group Inc.
Original Investment 4/30/69

History

- One of nation’s oldest sources of equity capital
- Publicly-owned since 1961 (only capital raised)
- Sustained growth to \$496M of total assets
- Over 215 companies funded since inception
- Successful investment strategy: net assets are over 100 times the initial \$1.25 per share in 1961

Differentiated Approach

- We have a history of holding non-control positions for decades. Most of our initial investments are minority positions; however, we have attained majority ownership of several businesses as co-investors (and some managers) desired liquidity.

	Capital Southwest	“Typical” PE Firm
Holding Period (Avg.)	20 Years	5-7 Years
Ownership	20%-45%	51%-100%
Follow-On Financing?	Yes	Depends on fund stage

- As a perpetual concern, we are never “between funds,” and are able to provide subsequent growth capital to companies.
- As a public company, we are open-minded about the timing of exiting our investments. When significant growth is on the horizon, selling may not be wise.

More Than Money

- In addition to capital, we provide our portfolio companies many services to ensure success:
 - Active board representation
 - Transitional leadership and executive recruiting
 - Attention and experienced advice
 - Corporate finance strategy and modeling
 - Acquisition sourcing, advisory, due diligence and negotiation

Representative Investments



Tractor-mounted mowing and agricultural equipment; street-sweepers; excavators.



Computer memory and electronics contract manufacturing.



Specialty architecturally specified building products.



Branded automotive and household chemical products.



Cardiac imaging systems and devices.



Patented, automated hydrocarbon recovery and oil tank cleaning solutions.



Load securement products to prevent damage during shipment.



Datacenter products and services; data storage solutions.



Electrical wire and cable.



Branded action sports footwear products.



Consumer marketplace for preserving, storing and sharing videos and photos.



Specialty lubricants, compounds and other chemicals.



Contract biopharmaceutical development and manufacturing services.



Wooden pallets and pressure treated wood products.



Manufactured housing and modular homes.



Specialty chemical products.



Damage prevention devices that monitor goods in transit and equipment in use.



Smoke-containment systems that reduce vertical smoke migration in buildings.



Freight audit, invoice payment and logistics information services.



Specialty lubricants; transit coatings; fluid contamination control devices.

Acquisitive Companies

Jet-Lube - (up to \$20 million)

Seeks specialty chemicals, lubricants, sealants, cleaners, thread compounds and related products serving the energy E&P, petrochemical and industrial markets.

RectorSeal - (up to \$20 million)

Seeks proprietary chemical or mechanical products serving the plumbing, HVAC/R, electrical, hardware or commercial construction markets.

ShockWatch - (up to \$10 million)

Seeks branded, proprietary and innovative damage prevention devices used to monitor goods in transit.

Whitmore - (up to \$10 million)

Seeks companies that manufacture specialty lubricants, protective coatings or air filtration devices for industrial applications.

Investment Staff

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