



FHL CAPITAL CASE STUDY: SALE OF MAJORITY STAKE IN AMERICA'S THRIFT STORES

THE NEED

Buford Salmon, founder and controlling owner of America's Thrift Stores (ATS), had successfully built a leading thrift store chain with 17 stores in five states. He was retired from day-to-day operations but enjoyed high level involvement. However, at his age he knew he should consider selling the business to liquefy his family's net worth and enjoy some rewards. He wanted to take care of his senior management team, who made him an offer to buy the business over several years. The managers didn't have enough capital to acquire the business within his lifetime, so Mr. Salmon got an appraisal of ATS and decided to pursue selling the business he had grown over 28 years.

THE SOLUTION

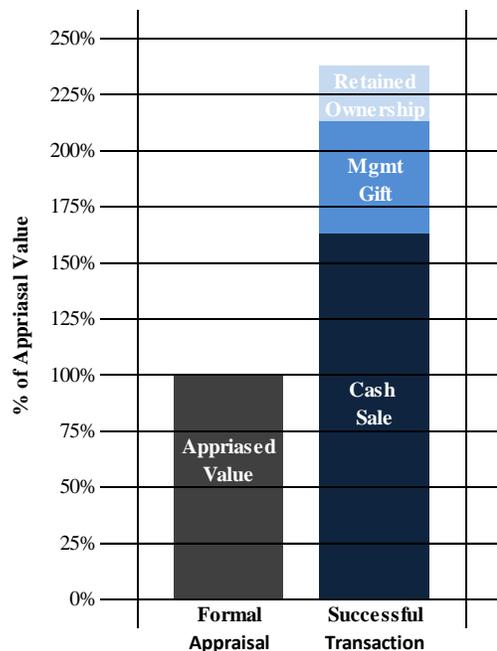
Mr. Salmon contacted his attorney for advice. His attorney then called FHL. FHL met with Mr. Salmon, sought to understand his personal goals, analyzed the business, and suggested a range of deal structures to accomplish his goals. FHL believed that this was a classic management buyout and they could find a private equity investor to pay above the appraised value, thus allowing Mr. Salmon to share some equity with the management team as well as retain ownership for himself. Mr. Salmon engaged FHL.

FHL, in conjunction with Mr. Salmon and the management team, then deeply analyzed the business and prepared an investor list and marketing materials. FHL coached the ATS team on how to best present their story and arranged and led meetings with qualified investors. FHL managed over 30 parties' interest and set up an auction to receive the best offers.

THE BENEFITS

FHL's disciplined process yielded 11 offers. FHL negotiated with several leading bidders and Mr. Salmon was able to choose the highest offer for his family and the best partner for the business. FHL managed the due diligence process and Mr. Salmon successfully sold 69% of ATS at a valuation that was 235% of the appraisal.

With the increase in value Mr. Salmon chose to keep 10% of the business himself plus a seat on the Board, as well as reward his management team with a gift of 21% of the business. Through the sale of 69% he received enough cash to take care of several generations of family.



"I was very impressed with FHL's results and highly recommend them" – Buford Salmon