

ACQ

Going out with a bang

Is this the end of an era?



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SSG makes it big

ACQ's Charlotte Abbott speaks with J. Scott Victor, Managing Director at SSG Capital Advisors, LLC about the investment bank's recent role in Sun Capital's acquisition of Mobile, Ala.-based tire retailer Big 10 Tire Stores Inc.

SSSG Capital Advisors, LLC is a leading independent boutique investment bank dedicated to representing middle market companies as well as their stakeholders in restructuring situations – both in and out of bankruptcy proceedings.

SSG provides its clients with comprehensive advisory services in the areas of mergers and acquisitions, financing, financial restructuring and valuation. SSG's professionals are well versed in all areas of restructuring and include former bankruptcy attorneys, senior credit officers, M&A professionals and commercial lenders.

SSG's roots go back to 1994 when the group was started as the Special Situations Group at Berwind Financial's investment bank in Philadelphia. In 2001, they acquired the group from Berwind and formed SSG Capital Advisors, L.P.

"We grew the practice nationally and in Europe and became a leading firm in special situations investment banking. In August 2006, we sold SSG to National City Bank and became the Special Situations Group within National City's investment bank. As a result of PNC's acquisition of National City, we had the opportunity to reacquire SSG and did so on May 1 of this year. Once again, SSG is one of the country's leading independent investment banks focusing on special situations.

My role at SSG as a Managing Director and founding principal is to originate, lead and close transactions. Over the past five years, SSG has successfully completed over 150 investment banking assignments on behalf of clients facing challenging situations in North America and Europe."

Competitive Advantage

SSG specializes in distressed M&A, both sell and buy side, private placements of capital at all levels of the balance sheet, valuations, fairness opinions and solvency opinions.

"SSG's advantage over our competition comes down to senior level attention and experience. For companies facing challenges, failure to execute is not an option. For distressed M&A assignments, SSG's professionals are highly experienced in positioning a turnaround story for sale and we maintain strong relationships with strategic buyers in almost every major industry as well as distressed-oriented private equity firms.

We have expertise in every distressed sale transaction structure, including out of court deals, chapter 11 section 363 asset sales and plans of reorganizations as well as Article 9 sales.

For difficult capital raises, SSG has a proven track record of closing financing transactions for clients who have limited access to capital markets. SSG seeks creative solutions to handle our clients' special situations and maintains close relationships with multiple non-traditional capital providers including hedge funds. One of SSG's greatest strengths is the ability to pursue parallel paths. Since a company's life is at stake, we often pursue both sale and financing processes concurrently in order to deliver multiple alternatives and ensure positive outcomes for our clients. Of similar importance is the ability to transact quickly. For distressed deals where

there isn't the luxury of time, we are experts at getting deals done in the shortest amount of time possible. Finally, SSG has international expertise and has represented companies based in the UK, France, Spain, Germany, Mexico and China. Moreover, we canvass the world for potential buyers and have sold companies to buyers headquartered in China, India, Germany, France and the Netherlands."

The Deal

Recently, Sun Capital Partners acquired AL-based tire retailer Big 10 Tire Stores through a chapter 11 section 363 sale process which was essentially a balance sheet restructuring. Sun originally acquired Big 10 Tires from the Wilson family in 2006 and at that closing entered into sale/leaseback transactions for all of the stores.

SSG was hired as investment banker to Big 10 Tires both before and during the Chapter 11 bankruptcy proceeding to shop the company for sale to see if there was a strategic acquirer out there that would beat Sun's price.

"We also provided financial advisory services to the company with respect to the debtor-in-possession (DIP) financing, negotiations with the creditors' committee, formulating and instituting a management incentive plan, and overseeing the Chapter 11 process from a financial prospective.

With revenues declining and lease costs rising in 2007, 2008 and going into 2009, Sun had to act decisively to take control of their own special situation. Sun acquired the senior secured debt of Big 10 Tires in late 2008 to control their own destiny as equity owner.

Without a buyer at the requisite price, Sun determined that the best way to fix Big 10 Tires' balance sheet, terminate non-performing store leases and renegotiate continuing store leases was to reacquire Big 10 Tires' assets through a chapter 11 section 363 sale process. After the commencement of the chapter 11 proceeding, SSG continued to market the company to see if there was a higher and better offer than Sun's stalking horse offer. Despite a broad market test, there was no higher or better offer than Sun's and the sale was approved by the Bankruptcy Court and closed in June."

2008/ 2009

2008 was a great year for SSG, completing the acquisition of Boscov's, the sales of Marcal Paper, Diamond Glass, Verso Technologies, Penn Specialty Chemicals, Aluminum Shapes, Zestra Laboratories, Simplicity, Global Vision, Reading Broadcasting, Great Lakes MDF and the refinancing of OTG.

"2009 is already a landmark year for SSG due buying back our company from National City / PNC on May 1. We have regained our status as a premier independent investment bank with a focus on special situations.

To date, SSG has completed the sales of Big 10 Tires, Bruno's Supermarkets and Craftex Mills, the acquisition of Ritz Camera Centers and the refinancing of Ellery Homestyles and have several new deals underway set to close by year end." **ACQ**

DETAILS



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