

7/6/15 The Deal (Pg. Unavail. Online)
2015 WLNR 20655061

Deal, The
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July 6, 2015

Highlander Partners makes first foray into specialty chemicals

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Highlander Partners LP has continued adding consumer products lines to its portfolio this year, most recently adding Valvoline car-care brands in a deal that, interestingly enough, the Dallas private equity firm is also billing as its first foray into specialty chemicals. Highlander in February acquired McKinney, Texas-based Popular Ink LLC, a provider of custom-printed flexible packaging, and on March 23, it annexed Lemon-X Corp., which makes concentrated juices, tea, lemonade and cocktail mixes. The June 30 acquisition of Valvoline from Covington, Ky.-based Ashland Inc. (ASH) for undisclosed terms certainly stays true to Highlander's brand strategy. While Hernando, Miss.-based Valvoline is known for its products such as motor oil and antifreeze, Highlander acquired other assets, too. It received the Pyroil brand, which sells a line of automotive maintenance and performance chemicals; Car Brite products, including waxes, polishes, compounds, dressings and cleaners; and Eagle One washes, waxes, cleaners and dressings. The Car Brite automotive reconditioning products and the Eagle One detailing brands are sold through Valvoline's Do-It-For-Me channel. Highlander Partners completed the Valvoline acquisition through its newly formed affiliate, Niteo Products LLC. Highlander managing partner Jeff L. Hull will serve as the chairman of Niteo, and Highlander operating partner, Allen D. Schaar, was appointed CEO of Niteo. Valvoline's manufacturing and distribution facilities will also be acquired by Highlander as part of the deal, along with other maintenance chemicals sold in the DIY channel. While Valvoline enables Highlander to break into the specialty chemicals business, the PE firm's acquisition of Lemon-X gave it more bulk in the food and beverage sector. Lemon-X is the first add-on acquisition for Juice Tyme, a Chicago-based seller of concentrated juices and beverages that Highlander bought from Encore Consumer Capital in August 2013. Although the financial terms of the transaction weren't disclosed, Highlander partner and Juice Tyme Chairman Alex L. Guiva said by email on Monday that debt wasn't assumed in the deal. He declined to disclose details. Guiva, who worked on the deal for Highlander, said that the acquisition was initiated when the PE firm approached Lemon-X, which was owned by Jim and Sonja Grassi. They will continue to have a stake in the combined Juice Tyme-Lemon-X. According to a March 23 statement, the combination of the two juice companies increased Juice Tyme's scale, geographic coverage, and product offerings. Although Juice Tyme and Lemon-X were competing with each other prior to the acquisition, "they were playing in different segments of the market, so it's a great strategic fit," Guiva said. In April, Sam Lteif replaced Kirk Reid as CEO of Juice Tyme, but Reid remains on the company's board. Getzler Henrich & Associates LLC provided financial advice to Lemon-X during the sale, and Klestadt and Winters LLP served as Lemon-X's legal advisor, Guiva said. Andrews Kurth was legal counsel to Juice Tyme, he added. Guiva said that Highlander will continue to make add-on acquisitions to Juice Tyme. Juice Tyme and Lemon-X officials didn't return requests for comment. Lemon-X has manufacturing facilities in Frostproof, Fla., and its Huntington Station, N.Y., and is the largest distributor of Bag-in-Box beverage packaging. Highlander invested in the company through both equity and mezzanine financing. Juice Tyme, founded in 1980, uses Bag-in-Box and distributes its products in the U.S., Canada, Latin America and the Caribbean. Laurence E. Hirsch is currently the chairman of Highlander's board of directors.

<http://pipeline.thedeal.com/tdd/ViewArticle.dl?id=13207465>

---- **Index References** ----

Company: ANDREWS KURTH LLP; ASHLAND INC; ENCORE CONSUMER CAPITAL FUND LP; ELLIS AND WINTERS LLP; GETZLER HENRICH AND ASSOCIATES LLC; HIGHLANDER PARTNERS LP; JUICE TYME INC; LEMON X CORP; Popular Ink; VALVOLINE INSTANT OIL CHANGE INC

News Subject: (Business Management (1BU42); Corporate Events (1CR05); Corporate Groups & Ownership (1XO09); Funding Instruments (1FU41); Mergers & Acquisitions (1ME39); Private Equity (1PR15))

Industry: (Agriculture, Food & Beverage (1AG53); Beverages (1BE22); Financial Services (1FI37); Food & Beverage Production (1FO79); Juice (1JU85); Non-Alcoholic Beverages (1NO38); Packaging (1PA02))

Region: (Americas (1AM92); North America (1NO39); Texas (1TE14); U.S. Southwest Region (1SO89); USA (1US73))

Language: EN

Other Indexing: (Niteo Products LLC) (Sonja Grassi; Allen Schaar; Laurence Hirsch; Kirk Reid; Jeff Hull; James D. Grassi; James Grassi; Sam Lteif; Alex Guiva) (North America; Southwest; Texas; United States; United States - West)

Word Count: 584

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