

PNC EQUITY BUYES EYE-CARE BUSINESS

By Christine Idzelis **The Deal.com**

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ICV Capital Partners LLC and **Palladium Equity Partners** said Tuesday, Jan. 2, they sold vision-products business **Hilsinger Holdings Inc.** to **PNC Equity Partners** in a secondary buyout that sources said was valued at more than \$100 million.

The Plainville, Mass.-based target supplies eyewear and eye-care products in the U.S. and U.K., generating about \$60 million of revenue last year. Among other things, it sells reading glasses, sports goggles, eyewear frames, replacement parts and lens-cleaning products.

The sale of the company yielded the New York-based sponsors 2.5 times their original money and an internal rate of return of more than 30%, said Tarrus Richardson, co-founder and managing director of ICV.

Neither private equity firm would disclose the deal's financial terms.

ICV and Palladium bought Hilsinger in May 2003, acquiring an 80% stake for an undisclosed price. A year later, the firms recapitalized the company, collecting an undisclosed dividend that went to limited partners.

Publicly traded buyout and mezzanine fund **American Capital Strategies Ltd.** said in May 2004 that it backed the recap with a \$60 million debt package.

The original purchase was supported with \$36 million of senior debt arranged by **Merrill Lynch Capital**.

Richardson said at the time that the sponsors planned to grow the company through acquisition. Indeed, the new debt under the 2004 dividend-paying recap helped Hilsinger finance three buys.

Under ICV and Palladium's ownership, the company's revenue — which was roughly \$44 million in 2003 — has grown 36%.

Marcos Rodriguez, founder and a managing director of Palladium, said that beyond Hilsinger's add-on acquisitions, business also was boosted by management's push to open up the mass-market channel, selling its products at major retailers like **Wal-Mart Stores Inc.** and Sam's Club.

Harris Williams & Co.'s Bill Roman and Tiff Armstrong advised Hilsinger on the deal.

Kirkland & Ellis LLP's Eunu Chun was counsel to the sellers.

The buyer tapped **Cohen & Grigsby PC's** Jeffery Peters for legal advice.