QORVAL

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And

The Greater Naples Chamber of Commerce™

Leading Businesses. Leading Communities.

Presenting the February 24, 2016 Executive Series Event:

Optimizing Company Performance: Core Values and Tactical Solutions for Turning Companies Around

OVERVIEW: QORVAL = OPTIMIZING COMPANY PERFORMANCE

Qorval is an international business advisory firm providing financial restructuring, operational turnaround and management services across a broad range of industries to private equity groups, lenders/creditors and management, fiduciary leadership and other stakeholders of underperforming or troubled enterprises.

•By assuming a physical presence in the operations, Qorval takes accountability for delivering measurable value in all aspects of financial, organizational, operational, sales and service delivery, manufacturing, and technical infrastructure to ensure results.

•Qorval is unique in the industry for the speed with which it can introduce highly-specialized individuals into your organization to assess the situation, define the issues, make recommendations and implement changes.

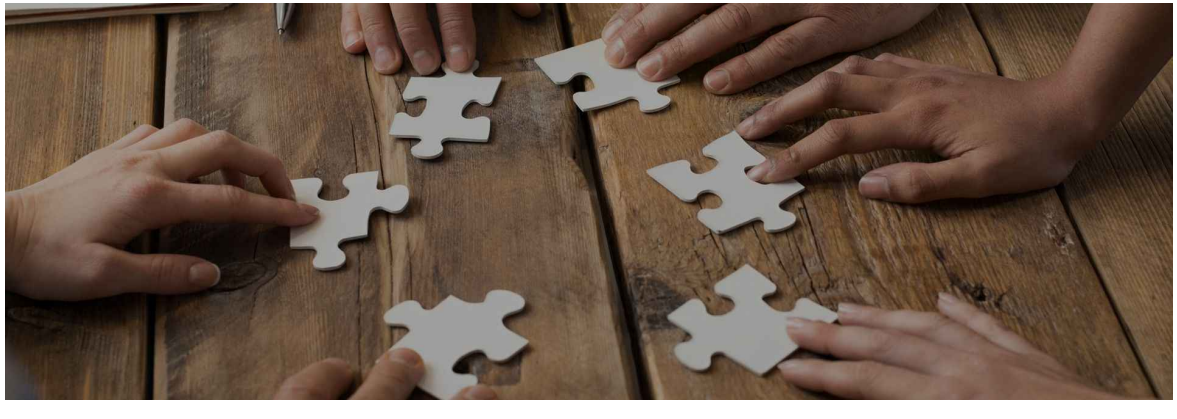
•All of our professionals are required to have hands-on operating experience. When a Qorval representative is assigned to your engagement, you can be assured that they are qualified, knowledgeable, and ready to begin the assessment, recommendation and implementation process immediately.

In addition to a track record of proven experience and people, Qorval has a uniquely integrated approach. Depending on the situation, the needed turnaround strategy may be financial, operational, strategic and/or cultural in nature. We match our personnel and services to precisely fit your needs.

QORVAL = CORE VALUES

Our Core Values: *Profit, Growth and Fun*. And, of course, Integrity.

- Stated simply, QORVAL is a *portmanteau* which stands for "core values." Our core values are built upon integrity: the cornerstone of every activity and action by the people of QORVAL. With integrity as our foundation, we've established our firm's core values: *profit, growth, and fun*.
- **Profit**: A company that is not profitable is doomed. A company that is not profitable cannot be sustained. *Profit is a core value.*
- **Growth**: A company that is not growing stagnates. A company must first survive and then thrive in order to be a sustainable and viable part of the economy. *Growth is a core value.*
- **Fun**: A company that is not profitable and is not growing is not having any fun. With the pieces of the puzzle face up (analysis) and with the pieces of the puzzle put in place (implementation), a company can profit and grow - and have a lot of fun in the process. *Fun is a core value.*



TODAY'S PRESENTERS:

James R. Malone, *Founder and Senior Managing Partner*

Jim Malone formed QORVAL to emphasize saving, improving and rehabilitating companies, as opposed to liquidation. Jim has been CEO of five Fortune 500 companies in as many industries, managed or participated in over 75 acquisitions and divestitures, led in and out-of-court reorganizations, and created international and domestic joint ventures and strategic alliances. He currently sits on the board of NYSE-listed Ametek, Inc. (AME).

Jim recently retired from the Board of Directors of Regions Financial Corporation (Regions Bank) after more than two decades of distinguished service, and serving as current Chair of the Compensation Committee and past Chair of the Risk Committee, as well as a Member of the Audit Committee. Jim previously served as Chairman of the Board of Governors for the nation's third largest underwriter of property insurance, Citizens Property Insurance Corporation of Florida from 2008 to 2011.

Jim recently led the successful rebound and sale of Nautic Global Group, an Indiana – based manufacturer of sport watercraft, marine vessels and other specialized lake, ocean and specialized boats and other watercraft, in the roles of President, CEO and Board Chairman.

Mr. Malone holds a Bachelor's degree from Indiana University, Bloomington and completed advanced studies at J.L. Kellogg School of Management, Northwestern University.

TODAY'S PRESENTERS:

James R. Malone, *Founder and Senior Managing Partner (continued)*

- Joined Purolator Products Inc., as President and COO with revenues of $80 million, and led its growth to $500 million with a market capitalization increase from $12 million to $350 million as chairman and CEO.
- Chairman and CEO of Grimes Aerospace Company, winning Boeing's "Supplier of the Year" two consecutive years.
- Jim served as President, CEO and later Chairman of the $1.2 billion Anchor Glass Container Corporation, and later Chairman of the reorganized Anchor Resolution Corporation, providing extensive international experience that included start-ups of wholly-owned European operations and successful joint ventures in India, Japan and China.
- Director, Chairman, CEO and CRO, Mail Contractors of America, Inc., the world's largest contractor for the USPS. Company was in default with lenders. Critical improvements in EBITDA were evident in four weeks. Achieved annualized savings of over $9 million in a 6 month period.
- President, Chairman, and CEO of Cenveo, Inc., one of North America's leading providers of print and visual communications. Within 90 days, increased EBITDA significantly; initiated and implemented $55.8 million in cost reductions; restructured the organization; rebuilt relationship with dissident shareholder, and set the stage for a dramatic increase in stock price.
- Mr. Malone provides his experience and expertise to both business and community endeavors. Jim currently serves as a member of The Florida Council of 100. He is a founding Trustee and former Chairman of the Naples Childrens' Education Foundation (NCEF) and was appointed by Governor Jeb Bush to the Board of Trustees, Florida Gulf Coast University.

TODAY'S PRESENTERS:

Paul Fioravanti, MBA, MPA; *Managing Director*

Paul is a seasoned C-level executive with extensive experience in COO, CFO, CRO (Chief Restructuring Officer) and president roles including leading a startup company (specialized transportation and construction services) to the Inc. 500 for four consecutive years.

He has also worked on consulting engagements, spearheaded successful startups, turnarounds, and post-merger integrations and has taught MBA level courses at four different New England universities. He brings a wealth of experience and expertise from a variety of industries including publicly and privately held companies, energy and utility companies, construction and infrastructure services, manufacturing, technology, and transportation logistics and equipment rental companies.

Paul has also has extensive experience in working closely with commercial banks, as well as capital raising with private equity groups, angel investors and other private investors. Well versed in key operational methodologies (LEAN, 55, Six Sigma), he holds three degrees from The University of Rhode Island (BS, MPA, MBA), an advanced degree from Bryant University and is a graduate of Leadership Rhode Island. He most recently led the turnaround and sale of the one of the largest NYC metro based wireless infrastructure companies which was successfully sold to a $4 billion private equity group at a more than 6X EBITDA multiple.

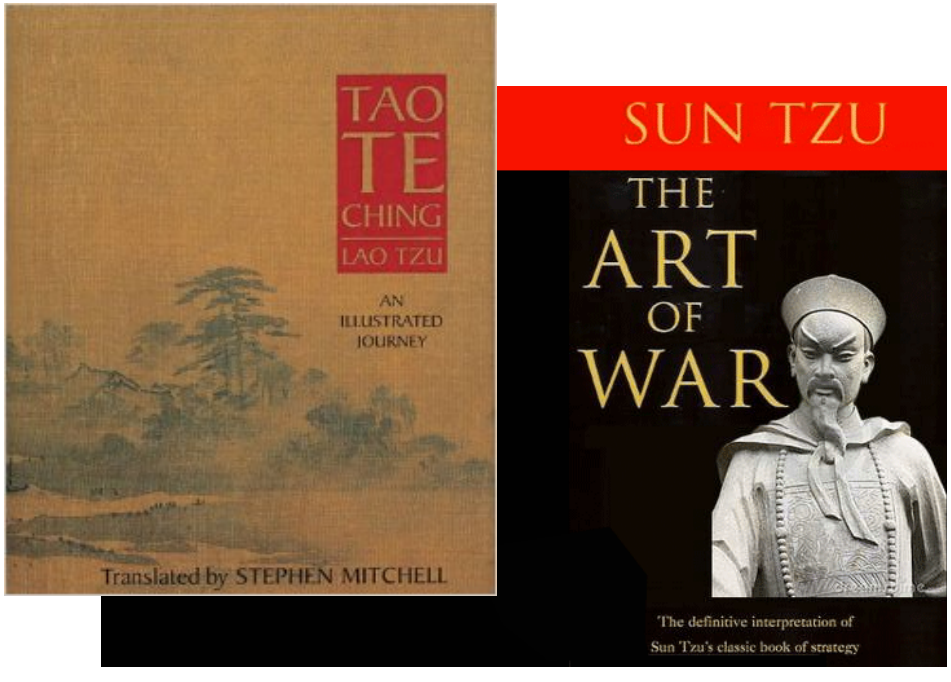
UNDERSTANDING VISION, STRATEGY, TACTICS:

- What is Strategy? A plan of action designed to achieve a particular goal or set of goals.

- Tactical = how battle is fought

- Four levels of warfare:
  - Politics
  - Strategy
  - Operations
  - Tactics

- ***Vision*** *is the model (why)*
- ***Strategy*** *is the planning (what)*
- ***Tactics*** *are the doing (how)*



A TRIP TO THE TZU:

- **Sun Tzu** "The Art of War"
  - Chinese military general
  - the "spring and autumn period" of China (722–481 BC) as a military general serving under King Helu who lived c. 544—496 BC. *The Art of War completed* in the "Warring States Period"(476–221 BC) ,a time of tremendous conflict.

- **Lao Tzu** is traditionally regarded as the author of the "Tao Te Ching"
  - Contemporary of Confucius (551–479 BC).
  - Philosopher- Tao – "The Way"

"People should not be unfamiliar with strategy,
Those who understand it will survive,
Those who do not understand it will perish"

Sun Tzu: The Art of War

VISION, STRATEGY, TACTICS ARE TIMELESS:

- ***Customer Management:*** "Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat. "
- ***Business Strategy:*** "Know thy self, know thy enemy. A thousand battles, a thousand victories. "
- ***Bidding:*** "Opportunities multiply as they are seized."
- ***People Development:*** "You have to believe in yourself."
- ***Business Development:*** "Can you imagine what I would do if I could do all I can?"
- ***Rewarding Success:*** "For them to perceive the advantage of defeating the enemy, they must also have their rewards."
- ***Design and Engineering:*** "Great acts are made up of small deeds. "
- ***Daily Progress:*** "All difficult things have their origin in that which is easy, and great things in that which is small."
- ***Avoiding Paralysis or Indecision:*** "An ant on the move does more than a dozing ox. "
- ***Incrementalism:*** "Anticipate the difficult by managing the easy."
- ***Blunt Truth:*** "At the center of your being you have the answer; you know who you are and you know what you want."
- ***Clarity of Direction:*** "If you do not change direction, you may end up where you are heading."

TACTICAL SOLUTIONS: TURNAROUND AND RESTRUCTURING SERVICES

Qorval is a full service boutique restructuring firm that brings best in class results for our clients across many industry sectors.

Continuum of Turnaround and Restructuring Services

Early Stage Distress / Underperformance

- Interim Management (CEO, CFO, COO)
- Accelerated Strategic Assessments
- Financial Reporting and Controls
- Lender Amendments and Refinancing
- Strategic Alternatives
- Operational Performance Improvement
  - Revenue Enhancement
  - Cost Realignment / Benchmarking
  - Supply Chain
- Due diligence
- Business Plan Assessment
  - Feasibility
  - Execution Risks
  - Alternative Options

Late Stage Distress / Insolvency

- Crisis Management (CRO, CEO, CFO)
- Trustee and Receivership Appointments
- Liquidity & Working Capital Sourcing
- Complex Creditor Negotiation / Mediation
- Asset Sales (363 Sales)
- Insolvency / Bankruptcy Proceedings
  - First Day Motions
  - Statements & Schedules
  - Claims Resolution
  - Employee / Vendor Communications
  - Valuation Testimony
  - Plan of Reorganization Development
  - Plan Feasibility Testimony

Creditor Recovery

- Post-Confirmation Creditor Recovery
  - Estate Administration
    - Bankruptcy
    - Non-Bankruptcy
  - Trustee Role
  - Cash Management
  - Tax Matters
  - Run-offs
  - Claims Resolution
    - Litigation Support
    - Avoidance Actions
    - Fraudulent Transfers
  - Non-Claims Related Litigation
    - D & O
    - Tort and other Liability

TACTICAL SOLUTIONS: ADVISORY SERVICES

Qorval's professionals provide a broad array of investment banking capabilities to facilitate any turnaround or restructuring engagement including asset divestitures & private placements.

Spectrum of Advisory Capabilities

Buy-Side/Sell-Side M&A Advisory

- Middle Market Experience – underperforming & performing
- Ability to meet the needs of the Company
  - Distressed Asset Sale (363 Sales)
  - Maximize after-tax proceeds
- Advise on value creation via merger, acquisition, or divestiture.
  - Identify Targets/Buyers
  - Create marketing materials
  - Primary contact – Confidential
  - Lead due diligence & negotiations
  - Minimize disruption to operations
- Industry Experience
  - Manufacturing & distribution
  - Specialty retail & business services
  - Media, telecom, IT, marketing & communications
  - Healthcare

Private Placement Capabilities

- Analyze the Company's short term & long term strategic plans
  - Short term liquidity needs
  - Long term capital requirements
  - Liquidity needs for shareholders
- Analyze the capital needs of Company to deliver strategic value
  - Senior Bank Debt (ABL/Cash flow)
  - Mezzanine Capital
  - Private Equity
  - Traditional & Non-traditional capital sources
- Identify the correct partners to meet the Company's goals & culture
  - Primary contact – Confidential basis
  - Lead due diligence & negotiations
  - Minimize disruption to the operations
- Qorval has strong relationships with lenders & financial sponsors to meet Company's needs

Financial Advisory Services

- Analyze the Company's strengths & weaknesses
  - Profitability of individual product & plants/locations
  - Access management team
- Analyze the Company's strategic alternatives to increase shareholder value
  - Short term & long term goals
  - Potential liquidity needs of shareholders
- Advise on value creation via merger, acquisition, or divestiture.
- Assist in the creation & implementation of a strategic plan
- Augment management holes to facility long term value

REPRESENTATIVE ENGAGEMENTS

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Anchor Glass Container Corp.

REPRESENTATIVE ENGAGEMENTS

Discussion Outline

Some points for discussion today:

- What business is your company really in?
- People: the most important element of business
- Management, motivation, measurement
- Process, controls and metrics
- Why some companies struggle and fail
- How winning companies change and thrive
- Common denominators for success
- Knowing when it's time to exit

What business are you in?

- Is your business about products, services, people, or value?
- Does Honda make vehicles? No, Honda makes **ENGINES**
- Is Starbucks a *coffee shop* or a *lifestyle place*?
- What do your customers expect from you? What do you give them?
- How does your company generate sales? Where do your profits come from?
- What does FedEx sell? **TIME**
- Does the 80/20 rule apply? For example, do 80% of your sales come from 20% of your customers

People: the most important element of business

- Do you have the right team?
- Do you have the right leadership?
- What is your company culture?
- Why do your employees want to be a part of the company?
- How well do you treat your employees, your customers?
- Can you achieve your goals with the team you currently have, and do you have the right people in the right roles?
- Understanding the “types” of workers – assessments, such as Myers-Briggs, DISC, are they still relevant?
- Are your people DIRECT, INDIRECT or SG&A expense?

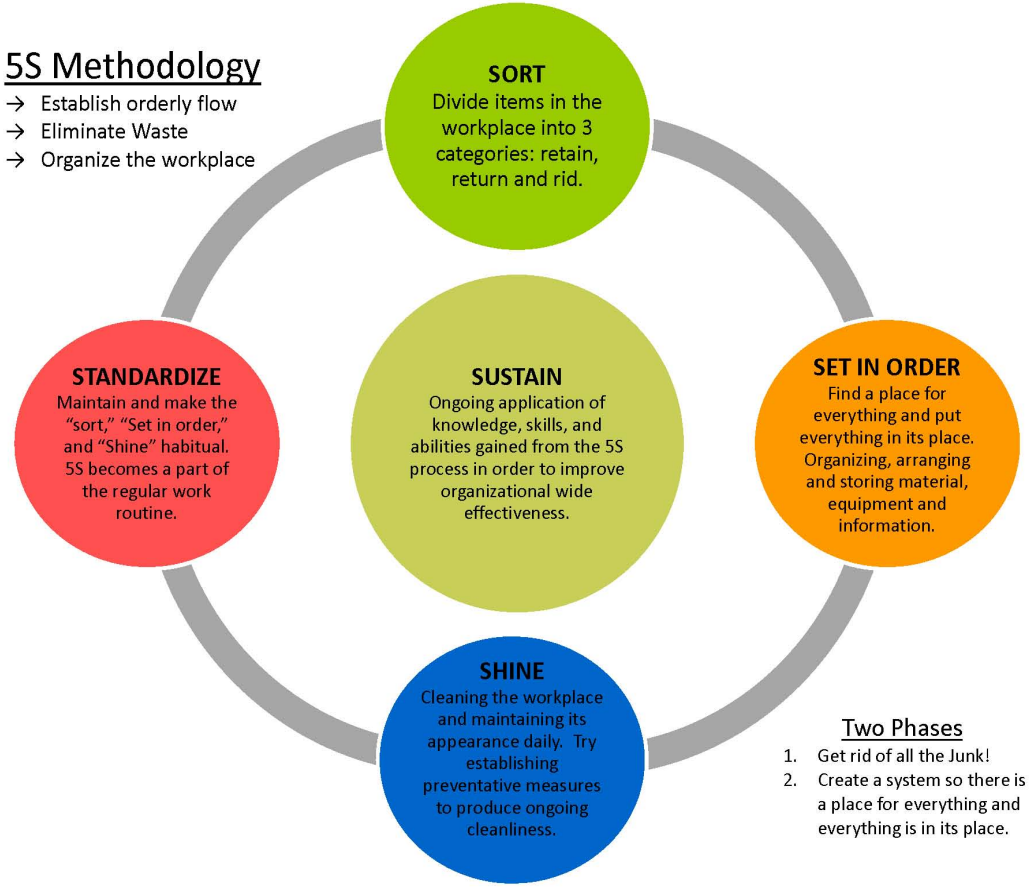
Management, motivation, measurement

- How frequently does your senior team and your tactical teams meet – sales, operations, finance, marketing/communications/branding, safety and risk management, e.g.
- What is the management culture?
- What motivates people?
- How are people, initiatives, successes and failures measured?
- Are you mapping current inputs, outcomes, system flows, e.g.? Are you measuring anything in the company?
- 3M – *Map* it, *measure* it, *modify* it

Process, control and metrics

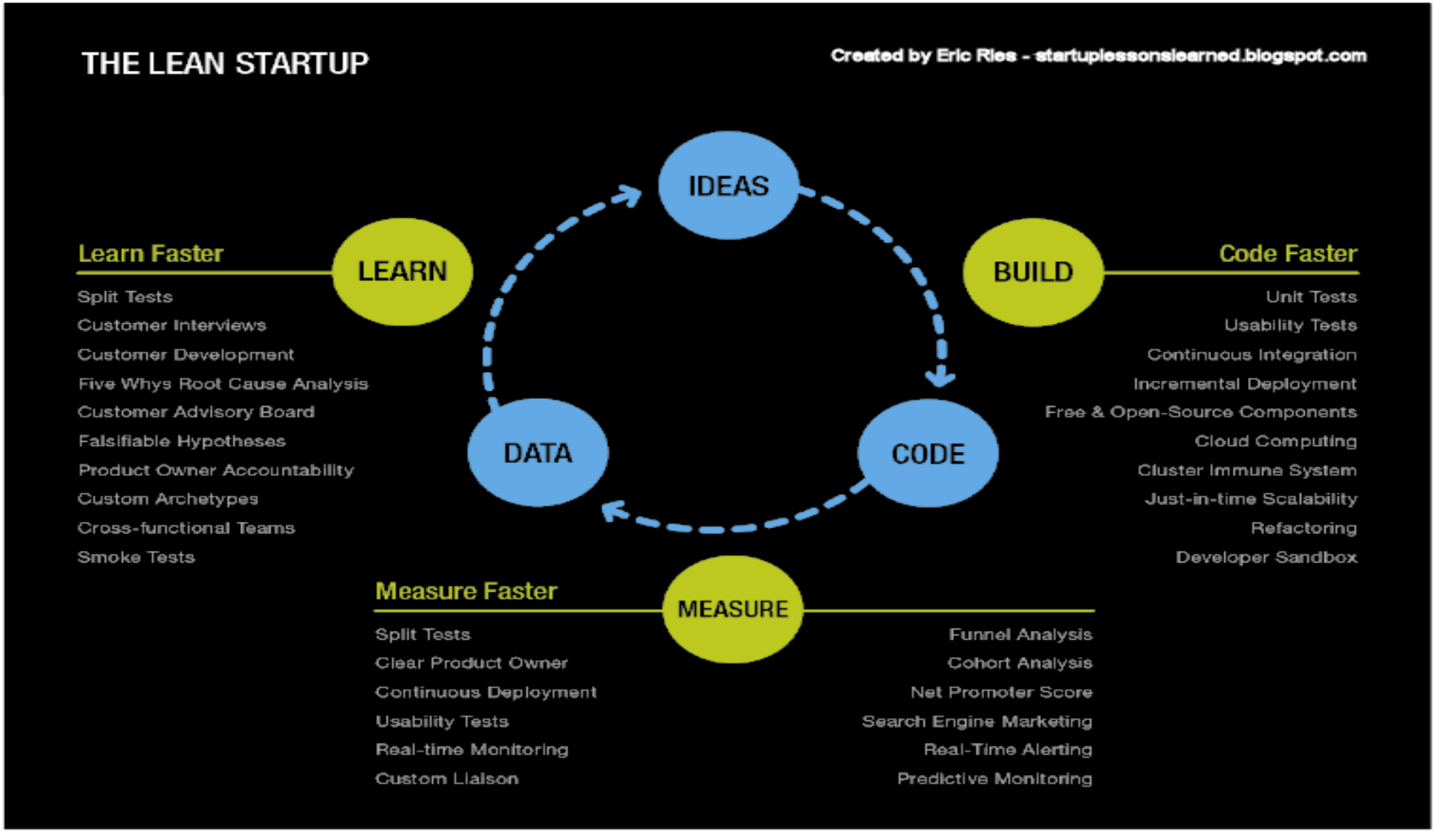
- What is the best way to produce your products/services and bring them to market? Is low cost the only area of focus?
- What is the role of quality? Customers' expectations of quality?
- Have you "brownsheeted" your process? What does this look like?
- Are you a learning organization? Practice continuous improvement?
- 5S, LEAN, e.g.
- What are your controls? Dashboards? Segregation of duties? Risk management controls? Care/custody/control issues?
- What are the metrics that best describe, measure and hold accountable your people and company?

Process, control and metrics



Process, control and metrics

Process, control and metrics

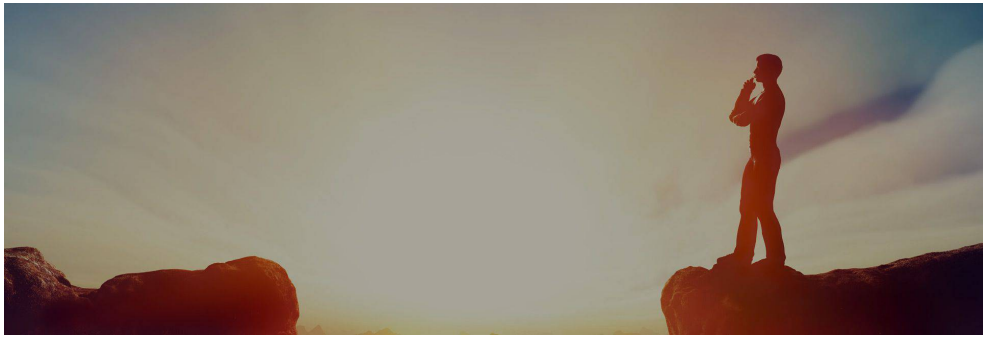


Why some companies struggle and fail

- Where they place their focus
- How they spend their time
- What business they think they are in
- Their relationship with their customer
- Capital, competition, culture
- Where do sales come from?
- Where do profits come from?
- Where do new customers come from?

How winning companies change and thrive

- Corporate Darwinism – Blockbuster vs. Redbox; Redbox vs. Netflix
- Adaptation – change in order to flourish, to survive
- Input from the front lines – *Generals vs. Infantry*
- Closeness to the customer
- Are you a railroad or are you in the transportation business?



Common denominators for success

- Shared vision, purpose, incentives
- Fiscal prudence
- Intimacy with the customer
- Leading, not following
- Culture vs. strategy
- Speed AND Accuracy
- Relevance AND Value
- Delight

Failure Factors

- Why do businesses stumble? Typical reasons include:
  - Downturn in economy and other external factors
  - “Doworseification” = divested key capital into immature, long term prospective investment
  - Denial, complacency, management or owner extravagance, benevolence
  - Inertia, no strategy, poor execution, e.g.
  - Costs – high operating & capital; debtload
  - Financial controls – loose or nonexistent
  - Being too emotionally attached

It's a Changing World

WHERE DO WE WANT TO GO?

- Financial stability
- Controls
- Strong backlog
- Rightsized - Capacity Management
- Activity based costs – profitability
- Rolling quarter – what do the next 13 weeks look like? (The 13-Week Cash Flow)

TURNAROUND "SUCCESS FACTORS"

- Management change and ownership/senior team buy-in
- Experienced, credible "change agents"
- Situation analysis – immediate reality assessment by operational area:
  - Finance and accounting
  - Sales and marketing
  - Operations
  - e.g.

SOMETIMES, IT'S SURVIVAL, PERIOD.

- Survival is Goal One.
- Is the company viable? Usually.
- Do whatever is necessary to survive
- Communication – must give employees reality of situation. We are leaning up to remain viable and gain strength. If we don't adapt we will cease to function and our collective livelihoods go away.

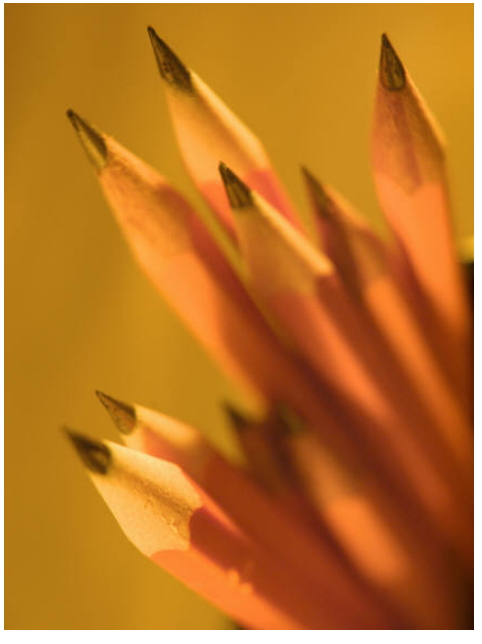
ATTITUDE AND ALIGNMENT

Friends	Enemies
Reality	Complacency
Sacrifice	Entitlement
Flexibility	Rigidity, Fear, Ego
The Future	The Past and the Present
Honesty	Denial

FIRST 30-60-90 DAYS

- Financial Review
- Vendor review (Insurance, e.g.)
- Contract/Legal Review
- Low hanging fruit
- Financial controls
- Rebudgeting – Op Budget and Forecast (real)
- Positive Cash Flow Income Statement/EBITDA
- AP-AR, DSO (money calls), DPO
- Balance Sheet
- Statement of cash flows
- Operating budget
- Capital budget
- Fundamental ratios

$$Quick\ Ratio = \frac{Current\ Assets - Inventory}{Current\ Liabilities}$$



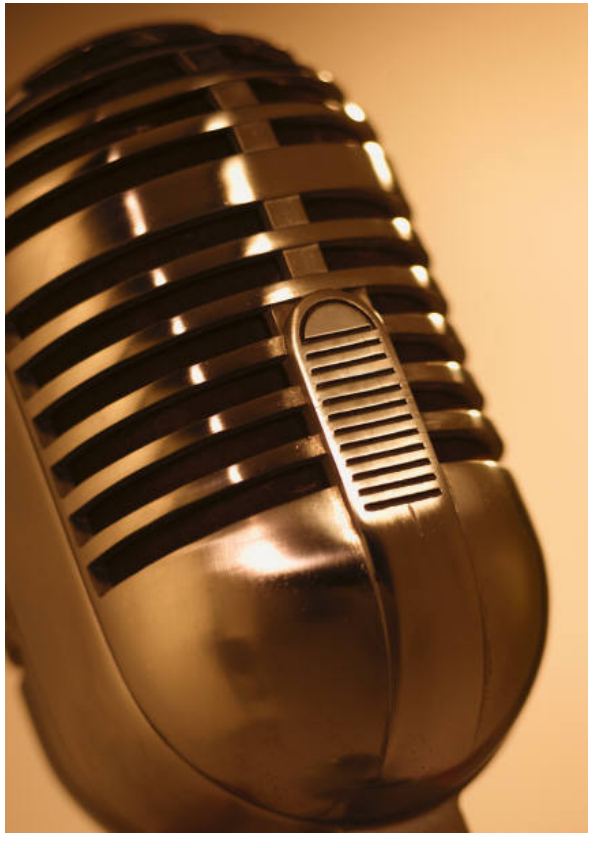
$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

SUPERFLUOUS EXPENSES

- Senior manager/owner perks; excess and benevolence
- “Bleeders” – cleaning services, water deliveries, poorly managed credit cards, cell phone plans, large fleet, posh space, e.g.
- Inconsistency in compensation
- Underperforming assets, people, locations, offices, e.g.

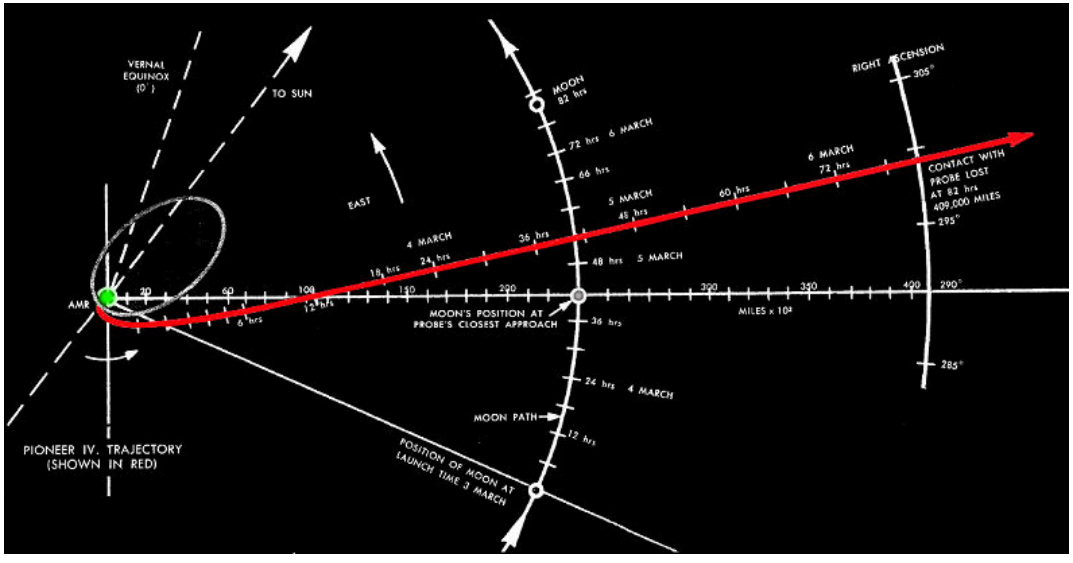
MESSAGE STRATEGY/COMMUNICATIONS

- Company is, or can be STRONG
- Increased customer focus
- Increased market opportunities
- Employee newsletter
- Customer newsletter
- Fresh branding/advertising
- Social media
- Town Hall meetings
- Positioning statement



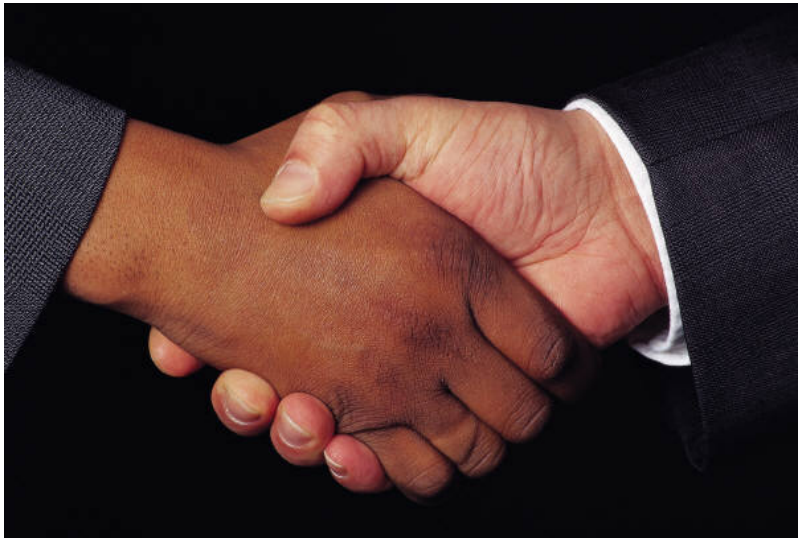
ESTABLISHING A NEW TRAJECTORY

- Announce change – appointment of change agent – new CEO, or COO, or other roles
- Announce new brand/positioning statement
- Publish basic overview of details of plan
- Inclusive strategy
- Open communication – weekly management meetings and biweekly employee meetings, “Town Hall” meetings



SALES, CUSTOMER OUTREACH

- Meet with every customer
- Formalized sales goals
- New bids, new work, new markets
- Categorizing customers (great, problem, opportunistic, prospective)
- Trade shows by new segment – field visibility



DOLLAR "SOURCES AND USES"

- Look at where every marginal dollar comes from and where it goes.
- Follow the money
- Profit analysis by person, asset, activity, customer, region, segment, trend, e.g.
- ABC – activity based costing; activity based selling

SMALL SPECIALTY CONTRACTOR: WHEN THE ANSWER IS RIGHT IN FRONT OF YOU

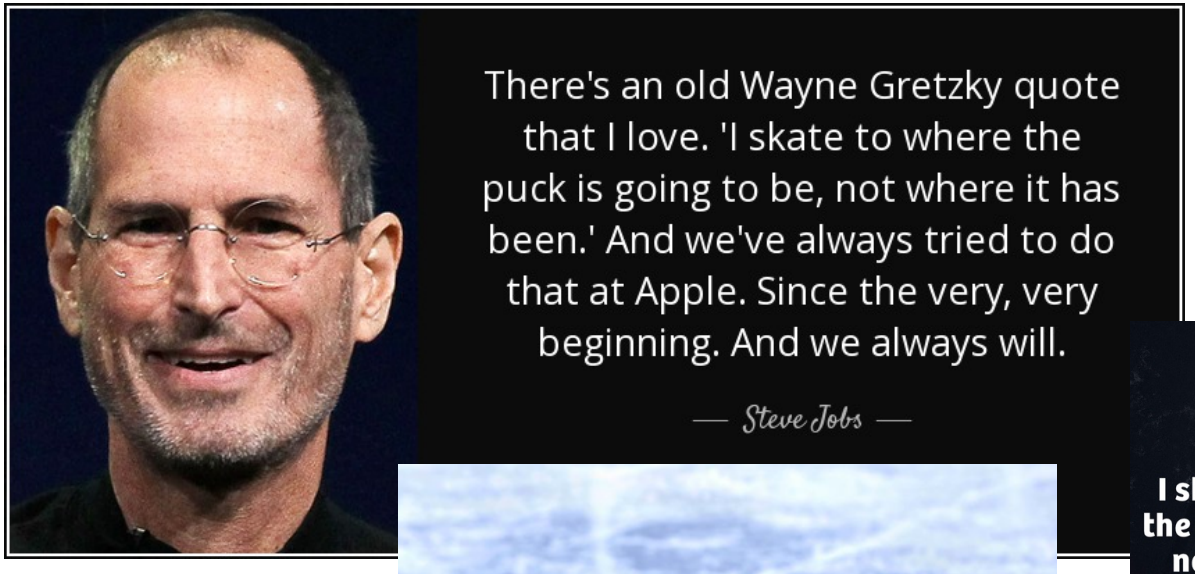
- Benevolent Owner refuses to make changes
- Running on “hope”
- 72 Year old company
- Controller and controls weak
- World has changed, company hasn’t
- Blue chip client base but eroding

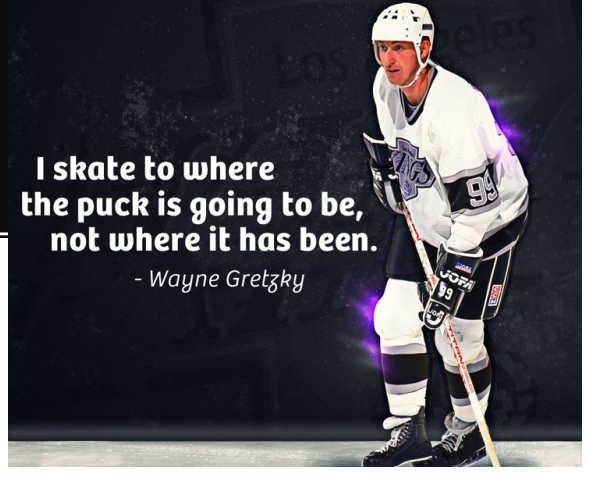
	2011	2012	2013	2014	2015
Revenue	$ 21.9	$ 18.8	$ 14.6	$ 16.3	$ 10.1
Gross Profit	$ 3.3	$ 3.0	$ 2.8	$ 2.4	$ (1.3)
G&A	$ (2.9)	$ (3.0)	$ (2.8)	$ (2.4)	$ (2.7)
Approx. EBITDA	$ 0.4	$ -	$ -	$ -	$ (4.0)
	All values in millions				

When it's time to exit

- Valuation: understanding value, maximizing value
- Motives for exiting the business – liquidity event? Declining performance? Bank/lender pressure or fatigue? Human conflict – partnership issues, divorce, e.g.
- Future value creation – rents, royalties, licensing, equity, e.g.
- Staying on? Leaving?
- Control issues
- Taxes

What did Apple learn from Hockey?





CASE STUDIES

CASE STUDY: BROWN JORDAN INTERNATIONAL

Brown Jordan International, Inc., designs, manufactures and markets retail and contract furnishings under the brand names Brown Jordan, Tommy Bahama, Pompeii, Winston, Vineyard, Molla, Tradewinds, Stuart Clark, Werner Woods, Casual Living, Loewenstein, Charter, Lodging by Charter, Wabash Valley, Texacraft, and Tropic Craft. Brown Jordan International's corporate office is located in Pompano Beach, Florida, with offices and manufacturing facilities located both domestically and internationally.

Opportunities/Challenges:

- EBITDA had decreased from a run rate of $40M to annualized $17M
- Overhead had increased three-fold
- Layered, non-responsive corporate office had been established
- Inventory levels and costs were out of control
- Off-shore sourcing in constant state of disruption
- Poor quality in company's own facilities

Solutions:

- Focus efforts on overhead and operating costs
- Eliminate "corporate office" structure
- Establish four distinct market-focused SBUs
- Utilize China sourcing and logistics
- Move more product to Mexico
- Refocus SKU management and responsibilities
- Reduce SKUs by over 40% in the "traditional" market channel
- Establish detailed focus on cost
- No "Silver Bullets"; enforce cost and quality discipline

BJI BROWN JORDAN INTERNATIONAL

Results:

- EBITDA:
  - 2004: $17M
  - 2005: $27.5M
  - 2006: Estimate mid-$30s
- Drove manufacturing cost efficiencies from operating margin in low 20s to mid-40s
- Improved "big box" channel profitability by 30% - from an average of 14% to 18.3%
- Each SBU became its own profit center
- Regained leadership position "channel-by-channel" in product offering and design through disciplined product design and replacement process and procedures
- Improved employee turnover at the same time by reducing employee costs with consumer-driven health insurance

CASE STUDY: AVBORNE, INC.

One of North America's largest independent aviation service companies providing maintenance, repair and overhaul services to US and international passenger and cargo airlines. Avborne, Inc. originally consisted of two divisions: Avborne Accessory Group (components and parts repair, inventory management) and Avborne Heavy Maintenance (airframe heavy checks, MRO, conversions, installations, interior modifications). Major customers included Airborne Express, ASTAR, FedEx, AirTran and US Airways.

Opportunities/Challenges:

- In 2000, the company had $120 million in revenue and exceeded $20.0 million of EBITDA; after the events of 9/11, profitability declined to approximately $5.0 million of EBITDA
- Highly leveraged balance sheet
- Negative cash flow
- $123 million of debt in default
- Customer base had its own financial distress
- Extremely low employee morale

Solutions:

- Negotiated a significant restructuring of the senior and subordinated debt, buying $100 million of senior debt for $30.0 million and converting $25 million of sub-debt into equity
- Reduced corporate overhead burden from parent to subsidiary
- De-centralized senior management
- Provided subsidiary with necessary resources and cash flow to rebuild the business
- Created separate manpower training and outsourcing pool for the industry
- Built consensus among ownership interests
- In 2003, negotiated a new $25 million senior credit facility and $9.0 million sale leaseback facility, returning most of the capital invested in the restructuring

Results:

- Improved trailing EBITDA from $3 million to $9 million in an 18-month period
- As the accessories division was getting ready to be sold (a long-term objective), the multiples in this industry changed from the 4-6's to the 7-9's
- Turned one-time projects into long-term service contracts
- Employee morale was at all-time high
- Customer satisfaction was highest level ever, leading to 5-year supply agreements
- In 2003, returned 80% of capital invested at time of restructuring
- In January 2005, half of the business (accessories) was sold to a large strategic buyer for a purchase price in excess of $90 million (11 times EBITDA), providing the investors with a 34% IRR
- In 2005, the Company executed a $15 million dividend recap from the remaining business (heavy maintenance)
- In March 2008, the heavy maintenance portion of the business was sold to AAR Corp.; the remaining at-risk capital ($16.75 million) was recovered – with an opportunity to receive an additional $8 million in excess distributions

CASE STUDY: ADS LOGISTICS, LLC

Headquartered in Chesterton, IN ADS Logistics is a premier provider of fully-integrated supply chain management services in the United States and parts of Canada. With over 30 years of experience, ADS Logistics has emerged as the North American leader in metals transportation and warehousing. The Company is made up of three fully integrated divisions: 1) Trucking 2) Warehousing and 3) Intermodal.

Opportunities/Challenges:

- Given the economic downturn in the automotive and manufacturing industries, ADS experienced a severe decline in its business
- Revenue declined from an annualized run rate of $120mm to $75mm, producing negative EBITDA
- SG&A reductions did not coincide with the incremental decline in revenues
- The warehousing division occupied numerous facilities that were unprofitable and saddled by above market long-term leases

Solutions:

- Qorval was installed as the CRO and several Qorval team members took positions on the Board
- Worked with the company to restructure driver incentives to improve profitability of the trucking divisions
- Completed a comprehensive profitability analysis of the warehousing division and developed a strategy to exit unprofitable locations
- Utilized the Chapter 11 process to restructure the business and exit unprofitable leases

ADS Logistics, LLC
Supply Chain Solutions for the Metals Industry

Results:

- Improved EBITDA from a run rate of negative $1.2mm to positive $5.5mm
- Reduced annual SG&A by $4mm
- Successfully reorganized the footprint of the warehousing division to achieve maximum utilization and profitability
- Completed a successful restructuring and sale to the Company's existing lenders
- Exited bankruptcy in less than 60 days with a 363 sale process
- Positioned the restructured company to actively capture the improved economic conditions in the automotive market

CASE STUDY: RINKER BOATS/GODFREY MARINE

Headquartered in Syracuse, Indiana, Rinker is one of the world's largest producers of cruisers, cuddies and bowriders. Godfrey Marine, based in Elkhart, Indiana, was the largest family-owned, independent manufacturer and marketer of pontoon and multi-purpose deck boats.

Opportunities/Challenges:

- Rinker Boats was purchased by an equity firm in the summer of 2004; Godfrey Marine was acquired as an add-on to the platform in November 2005
- Integration synergy opportunities were thought to exist; expertise did not exist within either company

Solutions:

- Qorval engaged in the chief integration officer role
- Critical integration teams were formed to drive synergy savings, best practices and culture change
- Served on the management team directing and participating in strategy definition
- Modified and improved critically deficient business practices including bill of materials, product concept to production, pricing strategies, facility rationalization, and global sourcing strategies

Results:

- Annualized synergy savings of over $10M
- Established completely new business practices in areas in need of turnaround -type change
- Generated the roll-out of a cross-selling team to produce new sales opportunities that would add $25M to $50M in additional revenue
- Recommended key management team changes and support

CASE STUDY: NAUTIC GLOBAL GROUP

Headquartered in Elkhard, Indiana, Nautic Global Group was one of the world's largest producers of cruisers, hurricane boats, pontoon boats, specialty fishing boats and bowriders.

Opportunities/Challenges:

- Rollup of four recreational brands (Godfrey, Rinker, Polar Kraft and Hurricane) owned by hedge fund
- Integration synergy opportunities were thought to exist; synergies and strategies were muddled and the rollup failed to deliver anticipated opportunities.

Solutions:

- Qorval engaged in the CEO role
- Critical integration teams were formed to drive synergy savings, best practices and culture change
- Served on the management team directing and participating in strategy definition
- Modified and improved critically deficient business practices including bill of materials, product concept to production, pricing strategies, facility rationalization, and global sourcing strategies
- Qorval led efforts to transform the company and prepare it for exit through a sale process in part or whole.

NAUTIC
GLOBAL GROUP

Results:

- Significant operational overhead savings
- Redirected company from "adrift at sea" to "clear direction and course"
- Improved dealer relations and sales and marketing strategy
- Focused on products and initiatives that produced profit
- Modeled company to optimize profits post-sale (helped buyers see the opportunity)
- Led sale of company
- Identified buyer
- Closed sale
- Jobs and lines saved
- Company survived, but changed form

CASE STUDY: BUILDING MATERIALS RETAILER/DISTRIBUTOR

$385 million wholesaler, retailer and distributor of building materials. Company also provided advertising and marketing to the construction and building materials market.

Opportunities/Challenges:

- Six-generation family-owned company
- Huge down-turn in housing industry
- Company took on huge amount of debt in selling 60% of the ownership to a private equity group
- Initially the company's leadership was in denial of there being a substantive problem
- Management had no experience operating in a leveraged environment
- Company was in default of loan agreements
- As is often the case, the bank's agenda, management's views, the family shareholders' and the private equity group's shareholders objectives, capabilities, motives and strategic views were often at odds

Solutions:

- Sell and or shut down traditional lumberyard operations
- Substantially reduce corporate and operating company's overhead
- Re-size the corporate organization
- Focus operating management on managing for cash flow
- Develop and negotiate a recapitalized company and balance sheet
- Company set a new strategy that reflected the realities of the marketplace

Results:

- Reorganization and recapitalization was completed in February of '09
- Company returned to profitability in April of '09
- Expansion and market share increase strategy is underway
- Supply chain and product line is refocused
- Expansion strategy and implementation to take advantage of competitor's weakness is successfully underway
- Management is functioning to everybody's benefit and satisfaction
- ALL constituencies are happy: the family, banks, private equity group and employees

CASE STUDY: FLIGHT OPTIONS

Flight Options, headquartered in Cleveland, Ohio, is the 2nd largest seller and operator of fractional aircraft shares in the United States. Flight Options operates a fleet of over one hundred corporate aircraft and offers fractional ownership, JetPass cards , and aircraft management services. to its diverse base of customers.

Opportunities/Challenges:

- Significant downturn in the general aviation market during the 4th quarter of 2008
- Redemption requests from existing fractional owners were creating a major liquidity problem for the company
- Cost structure was not in line with the revised revenue projections for the business
- General distrust between the management team and the majority ownership group created an environment where the business was paralyzed by indecision

Solutions:

- Recommended immediate personnel changes that addressed excesses throughout the organization
- Identified and helped implement other cost saving initiatives within fuel purchasing, refurbishment, and aircraft wholesales
- Instilled a sense of urgency and accountability; created a culture of execution and results
- Recommended improved processes and procedures to address increased redemption requests for existing fractional shares
- Identified numerous operational enhancements to improve inventory management and maintenance activities for the fleet

flightOptions

Results:

- Inspired the management team to focus on right-sizing the business regardless of who would ultimately own the business
- Identified and helped implement over $18M in annualized cost savings
- Reduced the monthly cash burn from $1.5M per month to break-even
- The majority owner was able to sell its controlling interest of the company to the management team at a fair valuation

CASE STUDY: AMERICAN ASPHALT & GRADING COMPANY

American Asphalt & Grading Company, Inc. operates as a general contractor in Nevada, Arizona, California, South Dakota, and Utah. Its services include grading, road construction, slurry seal, excavation, bridges, seal coat, paving, concrete work, striping, golf course construction, lot preparation, patching, detention basins, and aggregate production. The company's projects include public works, golf courses, and master planned communities. American Asphalt & Grading Company, Inc. was founded in 1987 and is based in Las Vegas, Nevada..

Opportunities/Challenges:

- Serious accounting issues arose leading to the termination of key executives
- Collapsing local housing & building market
- Weak, inconsistent processes & procedures
- Cash management & debt level issues
- Workforce availability
- Key employee retention

Solutions:

- Hired a qualified CFO with thirty years of experience in construction with particular expertise in Percentage of Completion and Work in Progress Accounting.
- Implemented Operational Improvement Plans that generated $8M in annualized savings.
- Reviewed all equipment leases.
- Closed the Phoenix offices and the Arizona business.
- Identified non-performing divisions and closed the Concrete, Underground and S.W.P.P.S. Divisions
- Sold a $3M, 5-acre office and shop facility for needed cash.
- Hired an in-house legal professional to handle nearly 100 ongoing construction defect claims.

Results:

- CEO level transition completed
- Culled executive team
- Stabilized management team & workforce
- Hiring controls instituted with a freeze on salaried and indirect labor
- AAG had $95M in long-term secured debt
- Company sold the mining division to a private equity firm allowing AAG to retire and reduce $75M of debt.
- $40M worth of heavy equipment was sold, eliminating lease obligations
- Sold the paving and pavement maintenance divisions to further reduce long-term debt and operating expenses
- In late 2009 the decision was made to close down the remaining portions of the AAG business. As of January 2011 the business continues to cease operations. Long-term secured debt is less than $3.5M. Major assets consist of 5.5M tons of construction aggregate reserves located in North Las Vegas, NV

CASE STUDY: COMMUNITY BANK

Midwest-based community bank with over $1.7 billion in total assets. The bank operates as a community-oriented financial institution in the area surrounding its 24 full-service banking centers. When it engaged Qorval, the bank was critically undercapitalized and received a PCA from the FDIC within days of Qorval's arrival onsite.

Issue Identification

1. Mission critical activities: liquidity, financial reporting, leadership
2. Management oversight / governance
3. Risk management
4. Asset quality
5. ALLL and asset valuation

Rehabilitation

1. Installed as interim CFO and interim COO
2. Developed and implemented an active liquidity management and monitoring process
3. Created a systematic procedure for financial reporting
4. Improved the operating procedures for management of special assets
5. ALLL oversight and improved measurement procedures
6. Open and abundant communication with the regulators

Resolution

1. Developed and implemented comprehensive communication plan
2. Developed comprehensive responses to Consent Order requirements
3. Worked closely with regulators to coordinate the bidding / due diligence / resolution process

Results

1. Restored credibility with the federal and state regulators
2. Provided significant improvement in Board oversight of the Bank operations
3. Resolution action was extended to 113 days after the PCA
4. Provided the Bank with time to exhaust all potential sources of capital
5. Regulators were afforded the time to find the "right" buyer for the institution – created significant option value for all parties

CASE STUDY: AgriBioTech, Inc. – POST CONFIRMATION

The predecessor company was AgriBioTech, Inc. (ABT), a $300 million roll-up of a series of agricultural-related entities.

Opportunities/Challenges:

- The Company liquidated virtually all operating assets, and needed a way to improve an expected low return to creditors.
- Following the confirmation of the debtors' plan of reorganization, the ABT Creditor Trust was established to liquidate the debtors' remaining assets, reconcile outstanding claims, prosecute avoidance and other actions and dissolve the outstanding corporate entities.

Solutions:

- A Qorval professional a member of the team that served the Trustee.
- They successfully pursued causes of action, adding over $46 million to the estate.
- Claims against the estate were reduced by 78 percent.

ABT™
AgriBioTech, Inc.

Results:

- Secured and priority claims were paid in full .
- At confirmation, unsecured creditors were expected to receive a distribution of approximately $.03 per $1 claim ($2 million).
- These efforts have resulted in the return of $.325 per $1 unsecured claim ($ 38 million) and certain stakeholders have realized as much as 60% on their combined unsecured and agreed secured claims for a total recovery of $53 million.

QORVAL KEY TEAM MEMBERS

Keith M. Northern. Managing Partner

With expertise in the operational and financial restructuring and turnaround of troubled companies (with extensive experience in automotive, natural resources, and financial institutions), Keith M. Northern leads Qorval's Lender Services, N.E. He brings nearly three decades of success in key turnaround disciplines as an advisor and consultant to management and lenders. Keith has acted on behalf of Lenders in a variety of businesses including: financial institutions, various automotive entities, security, plywood and paneling manufacturer, metal fabrication, jewelry, maritime, hotel & restaurant, golf, and homebuilders among others.

Paul Keipper. Managing Director.

Paul Keipper has more than 33 years of experience in accounting, finance and information systems, the past seven in the field of bankruptcy. His previous experience with Bridge Associates includes serving as Restructuring Advisor to Renaissance Health Systems, Inc., post confirmation liquidation of Wadley Regional Medical Center, and Senior Management Services of America. His Wind Down Team experience includes ProCare Automotive Service Solutions LLC, Durango Georgia Paper Company, Conseco Finance Corporation, Wickes Inc., Tropical Sportswear and James River Coal Inc., providing preference analysis and support as well as claims management.

Matthew Kirst, CFA. Managing Director.

Matthew Kirst is a seasoned financial services professional with over two decades of transactional and operational experience with both U.S. and European financial institutions, including BankOne, Crédit Lyonnais, Heller Financial, and GE Capital. During his career, he has originated, structured, and executed debt and equity investments in a wide range of industries and countries. In addition, he has played leadership roles with operational and risk management (including distressed investing / workout) responsibilities for industry-leading financial institutions.

KEY TEAM MEMBERS

Richard Reighard. Managing Director.

Richard Reighard is an operating executive with a strong concentration in finance. He has over two decades of senior financial executive experience, including numerous assignments as Chief Financial Officer. With engagements ranging from medium-sized private companies to Fortune 500 businesses, his experience transcends a variety of industries including manufacturing, transportation, aerospace, healthcare, publishing and professional services.

Robert J. Dwyer. Senior Director.

Robert Dwyer is a seasoned senior-level finance and operational executive with a solid background in transforming underperforming companies in a variety of business environments, Robert J. Dwyer's expertise and experience includes finance, general management, strategic planning and mergers and acquisitions. Dwyer's experience and expertise brings focus and control to an organization with limited resources by identifying core business strengths and weaknesses, and acting on them to implement long-term solutions.

Eric Glassman. Senior Director.

Eric Glassman brings nearly 30 years of hands-on senior financial experience to Qorval. A former Senior Consultant with Bridge Associates, he specializes in financial restructuring and complex accounting matters for a variety of industry clients including healthcare, insurance, energy, information technology, transportation and retail to name a few. Eric holds a BBA in Accounting from the University of Cincinnati.

KEY TEAM MEMBERS

Greg Johnson. Senior Director.

Greg Johnson is a seasoned financial expert, Gregory S. Johnson's portfolio of experience includes serving as a trust officer with a major bank-holding company, corporate finance with one of the country's largest privately-held companies, and investment banking with a leader in the field. This has led to extensive experience in every aspect of middle-market buyouts, as well as providing financial advising services to middle-market companies, reflecting Johnson's MBA from Chicago University in Finance and Accounting, and undergraduate degree from Creighton in finance.

Mark Karrenbauer. Director.

Mark Karrenbauer has served in the role of Vice President, Human Resources for a Fortune 500 durable goods manufacturer and a mid-size aerospace manufacturing entity. As a senior executive, he has over 25 years of human resource management including: health and welfare plan administration, defined benefit contribution pension plans, compensation, labor and employee relations, collective bargaining and workplace partnerships.

Maziar Akram. Senior Principal.

From experience in developing LBO models, returns analyses, and due diligence evaluations of various investments, to expertise in mergers and acquisitions from the perspective of a $3.5 billion private equity group, an investment banking boutique firm and the investment banking division of a major Wall Street firm, he is fully vested in today's global economy.

Q & A AND FORUM

QORVAL

red2black

We thank you for your time and attention today, and especially wish to thank Jackie Woodring, VP of Events, and the team from The Greater Naples Chamber of Commerce for their professionalism and assistance.

Jim Malone and Paul Fioravanti

Please visit us online at:

QORVAL.COM