



SUN EUROPEAN
PARTNERS, LLP

HOW CEOs PARTNER WITH SUN

Conversations with CEOs of Sun European Partners'
affiliated portfolio companies

INTRODUCTION

What does it take to be a successful CEO of a Sun European Partners' affiliated portfolio company? Are there any characteristics that make a CEO more or less suited to working with Sun, and why should they be seen as a partner of choice?

We spoke to the CEOs from a selection of our affiliated portfolio companies to get their insights and perspectives. All were at different stages of their journey, some reflecting on the experiences following a Sun exit, some less than a year in the job.

While there are a broad variety of sectors and geographies represented, it is possible to detect a number of common themes, which can be found on the following pages, including:

- ◆ **First Impressions**
Passionate culture and clear expectations from the outset.
- ◆ **Getting Started**
Asking the right questions to understand and assess the opportunity.
- ◆ **Building the Business**
Understanding the business' requirements and setting goals to achieve success.
- ◆ **The Sun Transformation System**
Applying a proven and systematic set of tools to tackle every area of the business, and measuring results.
- ◆ **Dealing with Challenges**
Learning from experience and working together to overcome difficulties in a constructive and supportive way.

WHAT WE LOOK FOR IN A CEO

- ◆ Is hands on, accomplished and results driven
- ◆ Knows the business drivers, including the numbers
- ◆ Is thoughtful and confident but not arrogant
- ◆ Bold and focused, tough but supportive
- ◆ Is intellectually curious and open to new ideas and input
- ◆ Understands the importance of business strategy and how to build the right capabilities to win
- ◆ Is a catalyst for change
- ◆ Is willing to accept input and coaching but remain in control of their business and its priorities

WHAT SUN OFFERS IN RETURN

- ◆ A dynamic, fast-paced environment that is focused on creating great businesses
- ◆ A culture that is supportive, highlighted by the two most frequently asked questions: "What do you need?" and "How fast can you go?"
- ◆ Working with smart and talented teams
- ◆ Access to a proven transformation toolkit
- ◆ A CEO Conference where you can network with like-minded people
- ◆ Access to our foreign sourcing office
- ◆ Capital available for the right ideas

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FIRST IMPRESSIONS

Many of the CEOs had come from a large corporate environment with no experience working with a Private Equity firm. Inevitably, most had formed a view on what it might be like.

THE SUN VIEW

When talking with CEOs, we're very deliberate about never forgetting that this is their business to manage. We're all on the same team, so that's how we think about incentives and how we think about the business plan. We win when they win. What we hope to bring operationally is our experience with other portfolio companies and our knowledge of certain operational tools for improvement. Many of our professionals have sat in their position, so we bring a balance and understanding of the issues CEOs face on a day-to-day basis, in terms of executing.

CEO VIEW

"What impressed me at the time was the value statement that Sun had in all their conference rooms; they are very similar to the values that I'm used to working under." George Michel, Timothy's World Coffee/Boston Market (second-time Sun CEO)

"When I've talked to people who have had bad experiences with Private Equity, they often say the same thing. They think they're experts in whatever it happens to be because they've put money in and they bring in consultants to drive through their strategy. Sun is much more practical than that." David Knight, ScS Group plc

"I've always worked for large retailers and this is the first time I have worked with Private Equity. I suppose I expected that it would be less collaborative but I really enjoy the team approach." Helen Connolly, Bonmarché Holdings plc

"In my experience, other PE firms are not nearly as operationally focused as Sun is." Paul Schmitz, ThermaSys Corporation/Trulite Glass & Aluminium Solutions (second-time Sun CEO)

"Externally I was getting a bit of negative guidance – they change people a lot, it's a revolving door, it's very aggressive that sort of thing...but all of the initial conversations I had with Sun were very reasonable and there was nothing hidden. It's a performance culture; you're not coming here to train." Mike Logue, Dreams

OUR CULTURE

Integrity and fairness always
Honor and respect everyone
No ego or arrogance
Be decisive and accountable
Demonstrate commitment and passion
Have fun and lighten up

OUR PROMISE TO OUR PORTFOLIO COMPANIES

Support and empower your leadership team to foster the growth of your company

Share the experience and operational capabilities of Sun, along with the right tools and proven processes, to enhance the value of your company

Respect your time, respect your leadership teams, and respect your job to run your company

Live our values of teamwork, integrity, mutual accountability and transparency

Create value the right way: relentlessly focus resources, plans, and attention on serving customers, employees, and communities far better than competitors

THE JUMP START PROGRAM

(Getting Started)

The Sun Jump Start program typically happens within the first 100-days, and sets the tone for the entire lifecycle of the investment. What is the reality of working with Sun in the early months?

THE SUN VIEW

The fundamental objective of Jump Start is to get alignment. If the shareholder and the management team are clearly aligned on the plan from the beginning, that makes all subsequent decisions very easy. When we need to move quickly that level of understanding is there. Management teams find that level of alignment pretty exciting when they see it in action. What we're trying to establish is that we've got the people, the plan and the process. If you've got the 'three P's', good things usually happen. The P for planning is initiated at Jump Start.

CEO VIEW

"Sun does a great job assessing the opportunity before they buy the business, because they do a very thorough analysis and you inherit a book that has been done professionally about where the levers are, where the opportunities are, what the strengths, weaknesses, opportunities and threats are for the business. It's a nice blueprint to have as a starting point." George Michel, Timothy's World Coffee/Boston Market (second-time Sun CEO)

"We set up weekly calls and monthly meetings that became a constant process. I'll be frank with you; I was feeling under pressure in the early days because changes weren't happening. But the Sun team found the balance between suggesting and supporting, without dictating and without getting in the way." Mike Logue, Dreams

"The deal team at Sun called us a corporate orphan and I think that was fair. Big conglomerates can be slow moving and we're a fast and vibrant business. With Sun it is really about developing a clear plan and strategy, delivering against the plan and making quick decisions along the way." Martin Hudson, Flamingo Horticulture



alignment & planning

"We were struggling a lot in the early days to define the strategy, to define the right shape of the organization, to have the right people in the right place. Sun was very patient on this, which was unexpected to be honest." Wolfgang Doering, Elix Polymers

"It was very much a partnership from the get-go. They came from business. They didn't come from theory. Many of them had run businesses so they could empathise with the situation we had found ourselves in." David Knight, ScS Group plc

"I'll be honest; initially we were quite reluctant to follow the Sun formats because it felt like you were just regurgitating what you were already doing into a different format. By working closely together we have made it meaningful for us both." Helen Connolly, Bonmarché Holdings plc

"We're thrilled to be a part of the Sun Capital family. We feel the structure and support that Sun Capital brings to its portfolio companies will help us achieve far more than we ever could on our own." Kevin Mosher, ClearChoice

BUILDING THE BUSINESS

After the initial period of intense activity comes the longer term drive for value creation. Sun challenges businesses to try new approaches, allows CEOs to deliver without being overbearing and is a go to resource which many benefit from.

THE SUN VIEW

Having established the people and agreed to the plan, our attention moves to the process. What we mean by process is the ability to keep focused on the critical value drivers and measuring progress towards goals. More than anything, this is the Sun difference. That focus on process. Plan, do, check, act. Repeat.

CEO VIEW

“I give a lot of credit to Sun for the culture change at Dreams. I’d never tried to quantify employee engagement before, but that was one of the very few things they insisted upon.” Mike Logue, Dreams

“We feel more engaged, more passionate about the business than we did before. You only get out what you put in, and they have opened up that constant challenge and positivity around change.” Martin Hudson, Flamingo Horticulture

“I’ve never had a moment where they didn’t do what they said they would do – they always follow through on their commitments.” Paul Schmitz, ThermaSys Corporation/Trulite Glass & Aluminium Solutions (second-time Sun CEO)

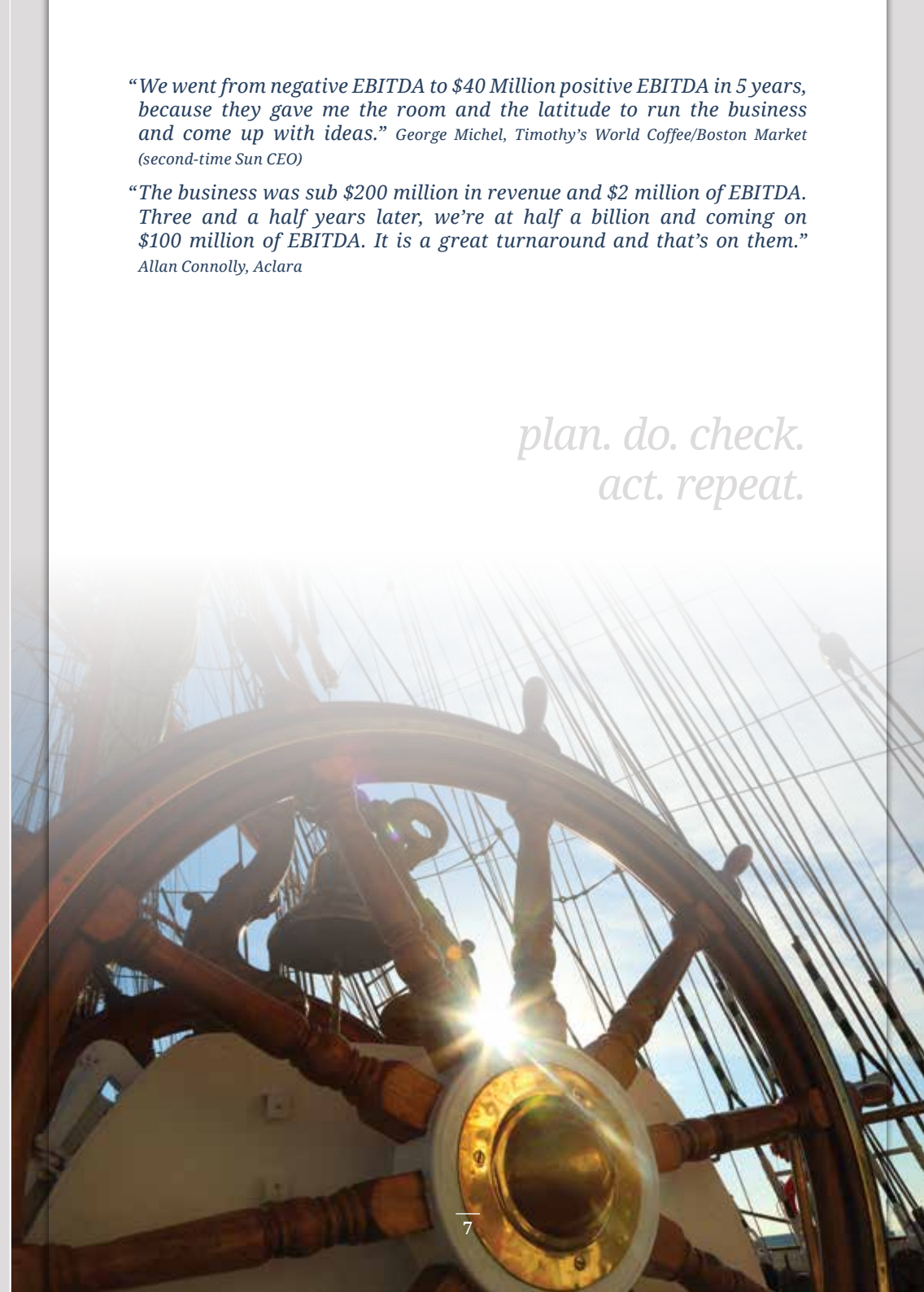
“In previous companies I’ve worked in, I never felt the need to have someone in charge of procurement. Following Sun’s suggestion, we tried it and the results are fantastic.” Marie-Eve Rougeot, Famosa

“They helped us drive it through in the early stages. Ok, this is what you have confirmed. Where is it? Where’s the data? Have you made progress? If not, why? Can we help make it happen?” Wolfgang Doering, Elix Polymers

“We went from negative EBITDA to \$40 Million positive EBITDA in 5 years, because they gave me the room and the latitude to run the business and come up with ideas.” George Michel, Timothy’s World Coffee/Boston Market (second-time Sun CEO)

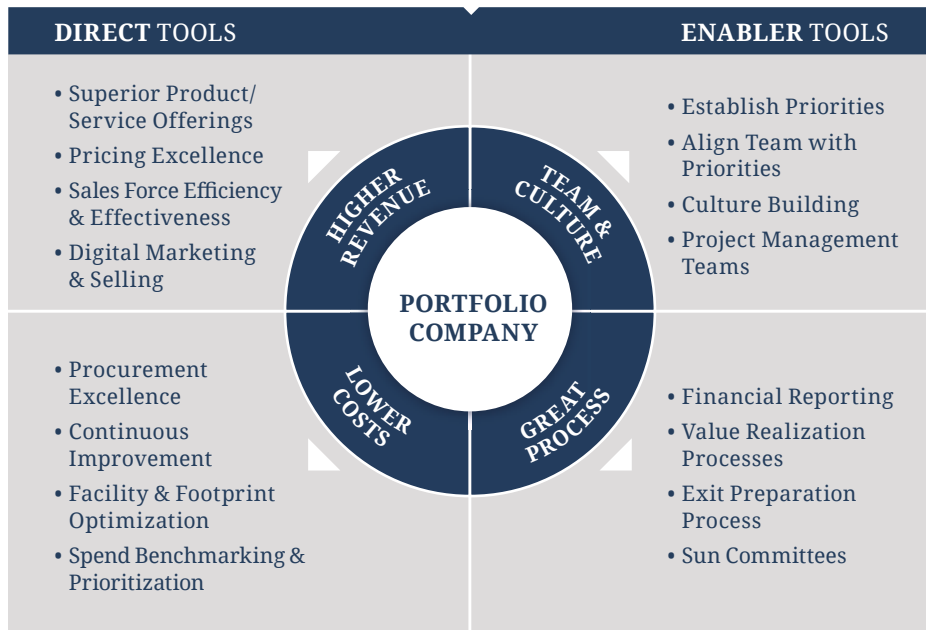
“The business was sub \$200 million in revenue and \$2 million of EBITDA. Three and a half years later, we’re at half a billion and coming on \$100 million of EBITDA. It is a great turnaround and that’s on them.” Allan Connolly, Aclara

*plan. do. check.
act. repeat.*



THE SUN TRANSFORMATION SYSTEM

Sun looks to collaborate with management teams to leverage their experience and uses The Sun Transformation System - a dynamic set of tools – to help management teams tackle nearly every challenge in a systematic, rigorous, and comprehensive way.



Find out more about The Sun Transformation System by watching the video at www.suneuropeanpartners.com/transforming-potential-into-results

THE SUN VIEW

One of the major challenges in any business is trying to take on too many things and failing at everything. The Sun Transformation System helps to provide focus on the key things we need to deliver. What are the levers of change that support what we're trying to do in the business?

CEO VIEW

“The Sun Transformation System is a distillation of tactics that have been developed from Sun’s experience operating many different businesses. I like the fact that the tools in this toolkit have been applied successfully multiple times and proven at more than one business, so we can use them to transform results consistently.” Allan Connolly, Aclara

“There are some really good companies in the portfolio that can give you insights from other sectors and parts of the world.” Wolfgang Doering, Elix Polymers

“There is a lot of scrutiny around the metrics in the business and plans to improve those figures. Having management pay so much attention to this helps keep everything on track.” Paul Schmitz, ThermaSys Corporation/Trulite Glass & Aluminium Solutions (second-time Sun CEO)

“The senior people at Sun are very hands on and give you a global 360 view which is very helpful over and above the day to day running of the business.” François Luscan, Albéa

“When Sun was brought on board, everybody then knew there was a partner behind us who could help. This helped change our reputation.” Andreas Katzer, Flabeg

“The fact that the senior leadership team still get involved is a huge benefit and a massive motivation for management and staff. To be connected with others in your position addressing similar issues, like overhauling e-commerce, that was enormously rewarding.” Mike Logue, Dreams

focus & execution

DEALING WITH CHALLENGES

Everybody has to deal with tough times in business, and that's often when the CEO's relationship with a Private Equity shareholder is tested the most.

THE SUN VIEW

What really matters is the ultimate value of a business. We understand that there may be bumps in the road during Sun's investment. We have patience – far more than public markets – for a business that is showing progress towards a plan. We have little patience for a business that has no plan.

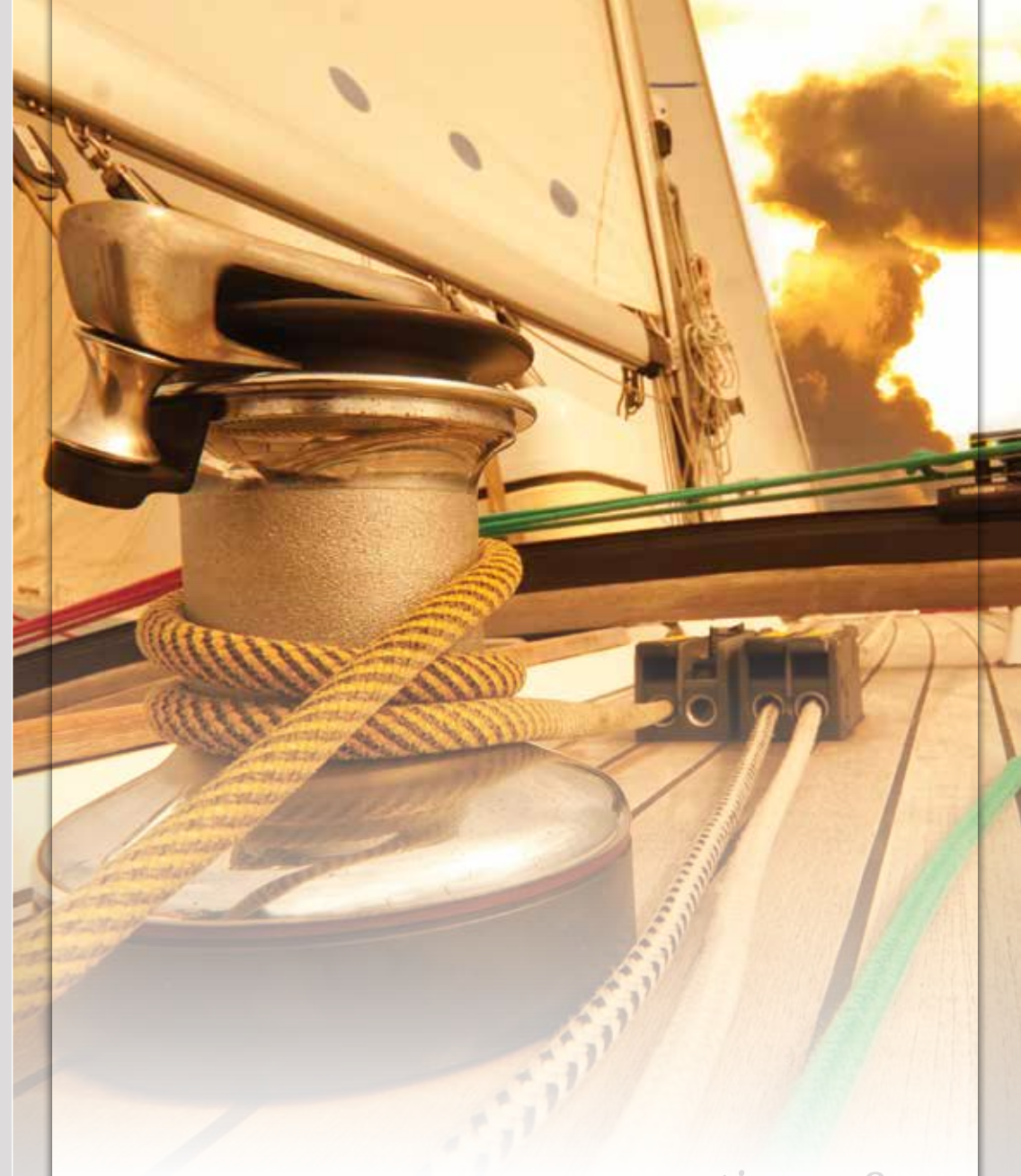
CEO VIEW

"I like to work with Sun, because you meet people who are really on a high level. You have somebody to talk to if you want to get input from the outside, a third party input, and this really adds value." Andreas Katzer, Flabeg

"I didn't do everything perfectly in all the years I worked with Sun, but they weren't focusing on the things I did wrong; they were focusing on how to learn from it and move forward." Marie-Eve Rougeot, Famosa

"With the diverse experiences that the operations team has got there's not much that they haven't seen before one way or the other." Martin Hudson, Flamingo Horticulture

"We went from negative EBITDA to \$40 Million positive EBITDA in 5 years, because they gave me the room and the latitude to run the business and come up with ideas." George Michel, Timothy's World Coffee/Boston Market (second-time Sun CEO)



*patience &
support*

ADVICE TO POTENTIAL CEOs

Finally, what advice would our CEOs give to someone starting out on the process of working with Sun with the benefit of hindsight?

THE SUN VIEW

You have to be open to challenges and be honest with yourself. We don't like ego or arrogance, but we look for people who carry conviction. The best CEOs we've worked with are humble, keen to learn from anyone, but with a deep rooted conviction of what will make the business succeed. They appreciate a partnership with our operations team because they know we've been in their shoes.

CEO VIEW

"I think they've got the right balance between letting us run the business but staying connected, understanding what's happening with the business in detail, and providing guidance. They really act like a board, versus an executive team. And I think they've got that balance much better than any Private Equity firm I've worked with before." Allan Connolly, Aclara

"You've got to be completely honest. A lot of small corrections can lead to a big improvement. That's what I found. Openness and transparency are important. And not being embarrassed to run with an idea that you didn't think of yourself." Martin Hudson, Flamingo Horticulture

"You need to be prepared to take bold and decisive steps. Sun will support this, while understanding that there will sometimes be risk associated with it." Paul Schmitz, ThermaSys Corporation/Trulite Glass & Aluminium Solutions (second-time Sun CEO)

"You will thrive in this environment if you have the right experience and are comfortable with the accountability. If you're a game player, go and play games somewhere else. This is about improving businesses and delivering value. If you're ready for that you'll be successful." Mike Logue, Dreams

"With Private Equity you have to think about changing your mind-set. You have not only to work on some improvements but on a real change in terms of speed, performance, professionalism and the business case. The market is challenging, so you are consistently under pressure."

Andreas Katzer, Flabeg

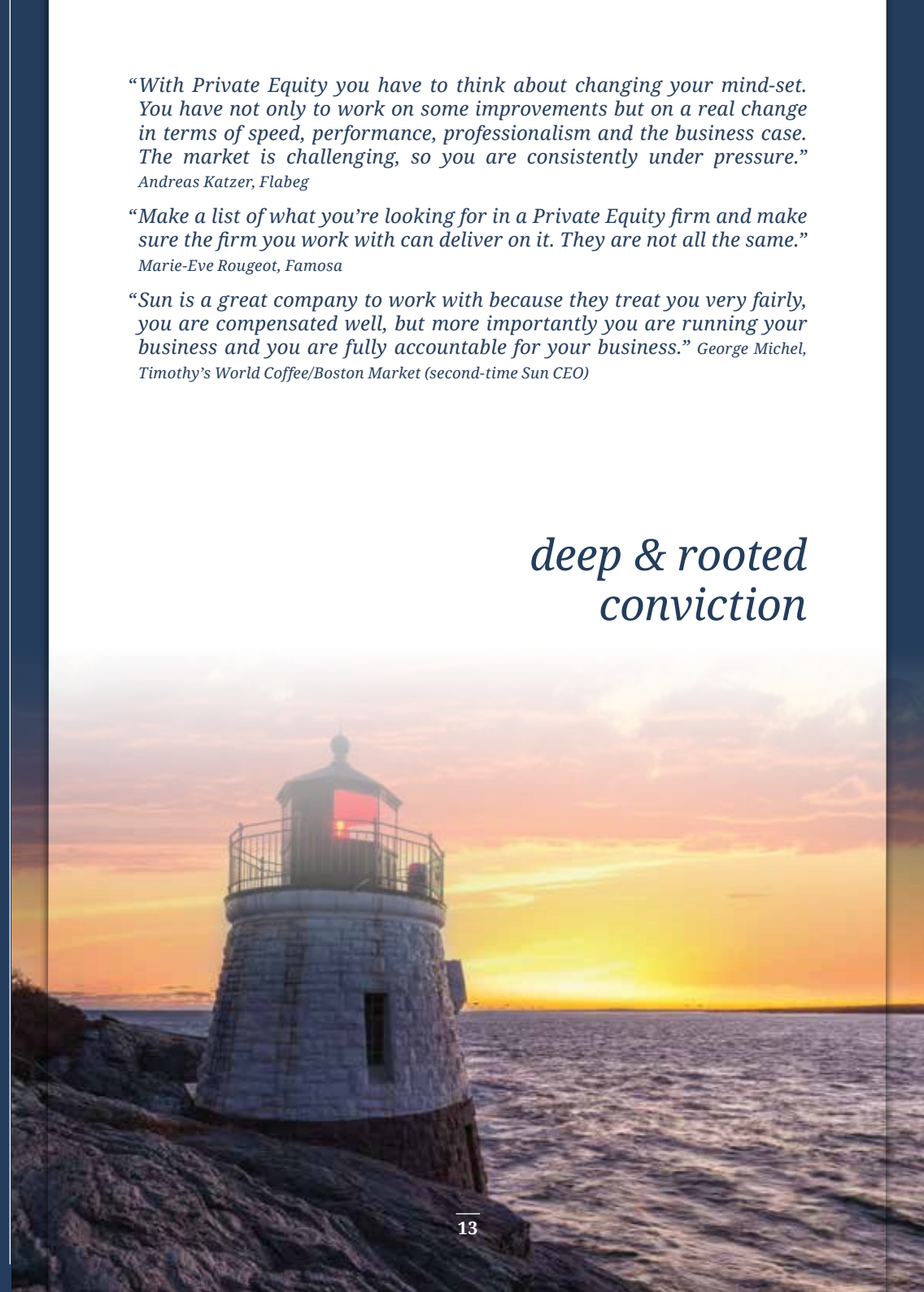
"Make a list of what you're looking for in a Private Equity firm and make sure the firm you work with can deliver on it. They are not all the same."

Marie-Eve Rougeot, Famosa

"Sun is a great company to work with because they treat you very fairly, you are compensated well, but more importantly you are running your business and you are fully accountable for your business." George Michel,

Timothy's World Coffee/Boston Market (second-time Sun CEO)

*deep & rooted
conviction*





FIRM OVERVIEW

Sun European Partners, LLP is a leading private investment advisory firm, focused on identifying companies' untapped potential and leveraging its deep operational and financial resources to transform results. Sun European is a trusted partner that is recognised for its investment and operational experience, including particular expertise in the consumer products and services, food and beverage, industrial, packaging, chemicals, building products, automotive, restaurant and retail sectors. Since 1995, affiliates of Sun European have invested in more than 355 companies worldwide with revenues of approximately €40 billion across a broad range of industries and transaction structures. Sun European has offices in London and affiliates in Boca Raton, Los Angeles, New York and Shenzhen.

BOCA RATON* | LOS ANGELES* | NEW YORK* | LONDON | SHENZHEN*

*Location of an affiliate of Sun European Partners, LLP

www.suneuropeanpartners.com