



At the time of our acquisition in early 2007, **Elgin** was engaged in three primary business activities: engineering and construction of bulk material handling systems for coal and coal-fired power plants (Roberts & Schaefer); manufacturing of coal and mineral processing equipment; and design and manufacturing of specialty fastener products.



*“Working with the GFI Energy Group has been a tremendous experience for me personally and professionally. The team invested significant capital, time, and its own expertise to allow the Company to reach its fullest potential. I believe the GFI Energy Group stands alone among other investors when it comes to the full package of team building, respect, empowerment, integrity, and of course the financial results. I look forward to the opportunity to work with them again.”*

— PETE WALIER, FORMER CEO, ELGIN NATIONAL INDUSTRIES

### CHALLENGES

Prior to our acquisition of Elgin, the company was highly levered, with a significant amount of public debt, and suffering from liquidity and bonding issues due to significant losses on a number of problematic projects at its engineering unit. In addition, Elgin consisted of numerous subsidiaries loosely organized along three business groups without a clear strategy or effective integration. Finally, despite its international reputation for product and engineering excellence, Elgin was substantially underperforming in high growth international markets.

### SOLUTIONS

We filled gaps in Elgin’s leadership by hiring individuals with significant experience running project-based businesses. We also created a strong board consisting of independent directors with relevant experience, insights and relationships. The enhanced management team, with board support, put in place procedures and tools to improve project management and financial controls. In addition, a new surety line ensured that bonding would not limit pursuit of more and larger projects. Finally, with input and insights from us and the board, management successfully implemented a strategy to diversify beyond its primary North American coal market to pursue growth opportunities internationally.

### RESULTS

Following our acquisition, Elgin successfully wound down its money losing projects and never experienced another loss project again. This resulted in \$52 million in EBITDA during the first full year of our ownership, more than five times the amount achieved during each of the prior two years. As a result, Elgin paid down a significant portion of its debt and had the resources to invest in its growth and strategic repositioning, including successfully expanding its business into high growth markets in Asia. KBR acquired Elgin’s Roberts & Schaefer business and Audax Group acquired the Elgin Equipment Group and the Elgin Fastener Group.