

## **Morgenthaler Partner Discusses Deal Strategy**

By Joshua Hamerman  
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"For every strategic buyer looking at an asset we're looking at, there are probably three to four financial buyers," Daniel Farrar, a general partner on Morgenthaler's 11-member buyouts team, told *Mergers & Acquisitions Report*.

Farrar, who works in Cleveland-based Morgenthaler's Boston office, said management team relations can ensure the private equity firm's victories over competing bidders. He claimed that between 25% and 35% of its deals are proprietary. The firm invests in companies with more than \$10 million in EBITDA and has a target transaction value of between \$50 million and \$250 million.

On May 9, Morgenthaler expanded into the flow control space with its acquisition of \$90 million-in-annual sales Flow Solutions. Farrar declined to divulge the price Morgenthaler paid for Livermore, Calif.-based Flow.

Morgenthaler did not hire financial advisors on the Flow deal. "On the buy side, we typically don't retain an investment bank," Farrar said. He added, "We're constantly being approached by different banks that come forward with assets or properties that they're representing; it's a daily occurrence. We like to maintain relationships so they'll reach out to us when they have properties with characteristics we like." Jones Day was the firm's legal advisor on the transaction.

As for future M&A, Farrar revealed Morgenthaler has been considering commercial aerospace targets. "It's a sector we like because it's a highly engineered product, there's a heavy manufacturing content to it and it has great long-term contracts," he said, declining to name the assets Morgenthaler might buy.

Farrar closed a deal several weeks ago, but he would only say the target was a "general industrial" business.

Farrar, with Morgenthaler since 2004, was the chief executive officer of General Electric Co.'s Fleet Services Europe division for six years before that.