

Q2 NEWSLETTER

Milwaukee, WI | July 2020

Borgman
CAPITAL

Borgman Capital LLC is a privately held investment firm focused on acquiring majority interests in established closely held lower-middle market companies.

IN THE NEWS

Joining the AscendTek Team:



Georgia-based cell tower construction company, **SkyTelecom, Inc.**, and trusted telecommunications partner, **Communications Builder, Inc.** (CBI) from Illinois, are joining the AscendTek team after being acquired by Borgman Capital earlier this year.

I'm thrilled to welcome Sky Telecom and Communications Builders into the AscendTek family.

Rick Ploeckelmann,
President, AscendTek

About SkyTelecom, Inc.

Based outside Atlanta, GA, Sky Telecom, Inc. provides project management and execution services for the erection of cell towers, civil construction, antenna deployment, technology upgrades, and related services across the South Atlantic region.

About Communication Builders, Inc.

Communication Builders, Inc. (CBI) is a general contracting company that provides telecommunication services. Since 1998, CBI has focused on delivering professional, reliable work for a broad range of customers including wireless carriers, broadcasters, local municipalities, public works, and others. Through years of hard work, CBI has established itself an industry-leading company, providing quality results in site installation, modification, technical services, maintenance, structural enhancements and more.



PORTFOLIO UPDATES

Material Handling Holdings

President David Mitchell attributes the success of **Material Handling Holdings** to focusing, first and foremost, on the health and safety of our employees and their families. As an “essential business,” the manufacturing company has remained fully operational throughout the pandemic. All employees have returned to the office and will begin traveling out of state in the next few weeks, including permanent relocations as part of our long-term growth strategy.

Secondly, we shifted our focus to target other essential industries during the pandemic, such as medical equipment, pharmaceuticals, household supplies, transportation, and more.

Since the start of the pandemic, the **Lifts Products** manufacturing team in Waupun has not missed a day of production. In fact, they’re on track for a record year. With May and June shipments down from last year, despite record-setting sales in April, MHH has pivoted to enhance cost control measures, resulting in a +3% of EBITDA totaling over \$750,000. “We will continue to remain positive and work hard to keep MHH moving forward through these unprecedented times. We are confident that we will get through this and be positioned for more growth in the future.”

AscendTek

Last week, we hosted our first **AscendTek GM** meeting at the Borgman Capital office in Milwaukee. We genuinely couldn’t have been more pleased with the outcome; the instantaneous connections that quickly evolved into positive relationships give us great confidence in our fellowship moving forward. Their aligned values

and unanimous motivation to collaborate in uniting our businesses as 1-AscendTek as soon as possible means we’ll enhance our market value proposition and expedite our ability to access national contract discussions at the carrier and tower owner level for forward build plans. The success of our first GM meeting has set into motion our collective strategic actions and commitment to support integration of operational best practices, access to opportunities, cross selling, skills training, and resource sharing across geographies. We will be well-positioned to leverage our strengths and rapidly expand when the pent-up T-Mobile demand is released to market in the coming months.

Gilman Cheese

With exceptional management and a steadfast commitment to their industry of premium shelf-stable cheeses, **Gilman Cheese in Gilman, WI**, continues to successfully navigate a COVID-19 landscape. Here are 5 critical actions we took to help our business thrive:

1. Increased plant staffing by 80%.
2. Added a second shift of production on 4 lines to increase capacity in the packaging department by 35%.
3. Purchased and installed a new Tiromat packaging line (our 6th).
4. Added needed infrastructure to leadership staff including a corporate food safety manager, a corporate safety and training manager, and a continuous improvement analyst.
5. Responded to disaster relief efforts by supplying food banks, meal kit distributors, and school lunch programs in over 30 states.

NEW HIRES



Brent Adam

Named Operating Partner to Focus on Special Situation Opportunities

Brent Adam is an expert in financial due diligence. He began his career as an auditor, and later in Mergers and Acquisitions, at Ernst & Young, after earning a Master of Accountancy and bachelor's degree - with Distinction - from the University of Wisconsin-Madison. Brent is a Certified Public Accountant and a member of the [American Institute of CPAs \(AICPA\)](#). He currently serves on the board of directors of [Olympus Group](#) and is the Managing Member of the [Adam Group LLC](#), an investment company.

While working with M&A, Brent assisted both corporate and private equity clients on over 100 transactions, working with numerous Fortune 100 companies in the healthcare industry. The deals for which he provided advisory counsel ranged from \$1 million to over \$6 billion in enterprise value.

After leaving Ernst & Young, Brent joined a venture capital fund. While working with the fund, Brent transitioned to become the CFO of Form Factory, which was created through a merger of the fund's two largest portfolio companies. Brent led the financial aspects from the creation of [Form Factory](#) to its ultimate acquisition by [Acreage Holdings](#).

Now, with seventeen years of experience, Brent is joining the Borgman Capital team. He will leverage our resources to partner with companies struggling with the economic downturn as a result of COVID-19. In close collaboration with business owners, he will help stabilize balance sheets, maintain strategic growth, and ensure each respective company's legacy during these unprecedented times.



George Linn

Intern, University of Dallas

Originally from Milwaukee, WI, George Linn is a junior at the [University of Dallas](#) where he is pursuing a major in politics and minors in both business and accounting. Additionally, George is in the process of establishing an investment management program at his university. Last summer he interned at [Baird in Private Wealth Management](#). In his free time, George enjoys playing jazz piano, pickup basketball, and golf. Because of his experience in the public market, George is very excited to get exposure to the inner workings of Private Equity.

INVESTOR HIGHLIGHTS



Mike Malatesta

ERC Midwest LLC

Entrepreneur, investor, and business executive Mike Malatesta founded, built, and sold one of the largest environmental service companies in the Upper Midwest: **ERC Midwest, LLC**, a leading provider of hazardous and non-hazardous transportation, processing, wastewater treatment, disposal and cleaning solutions.

ERC Midwest LLC is a holding company he formed with **Rock Island Capital** to purchase and grow companies specializing in providing recycling and disposal solutions to commercial and manufacturing clients. After successfully recapitalizing two environmental companies in 2018, they are actively pursuing more.

Mike recently recorded his 100th episode of his podcast *How'd it Happen*, which features stories of successful people from all walks of life. He's a compassionate leader with proven talent for developing and achieving exciting vision and mission initiatives.

Joe Gehrke

Kesslers Diamond Center, Inc.

Joe Gehrke, President of **Kesslers Diamond Center, Inc.**, is responsible for the overall strategic direction of the company, including supporting the seven existing retail locations, the centralized goldsmith shop, operations center, and corporate office.

Kesslers - Wisconsin's largest diamond jewelry retailer - celebrates 40 years in business this year. Since converting to 100% ESOP ownership in 2017, the company continues to look at opportunities to evolve in a dynamic retail environment. Their website is now open for direct sales and they plan to open new brick and mortar locations in the near future.

Prior to joining Kesslers in July 2017, Joe worked at **Commercial Bank** (1996-2000) and progressed to various senior leadership roles at **Associated Bank** (2000-2017).

Joe holds a Bachelor of Arts degree from Western Michigan University. He lives in Grafton, WI with his wife Annie, and their three daughters: Halena, Grace, and Ellie.



EMPLOYEES ON THE MOVE

Megan Brobson Analyst

Megan Brobson, our analyst at Borgman Capital, has recently joined the **WI Board of Governors for Midwest Business Brokers and Intermediaries (MBBI)**. With a strong presence in Milwaukee, MBBI is a premier organization that connects business professionals in the lower middle market. MBBI creates opportunities for individuals to grow personally and professionally with one another through hosting networking and education events. Megan says she is excited to bring new ideas and fresh perspective to the board, as well as supporting the continued growth of the Wisconsin chapter in the business community. Megan Brobson is also on the **MACC Fund Emerging Leaders Board Leaders Board**.



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