



## INDUSTRY FOCUS AREAS

2017

NB Group (“NBG”) is actively seeking buyout and growth equity targets in several sub-sector focus areas, which are listed below. We also regularly evaluate opportunities outside these segments, but these areas represent the firm’s current “outbound” focus.

### I. TELECOM AND IT MANAGED SERVICES

**Description:** Companies that provide solutions (typically a mix of products and services) for businesses to more easily and cost effectively manage operation and security of their communications, network, and overall IT infrastructure on a recurring monthly fee basis. Demonstrated capabilities with next-generation technologies e.g. UCaaS, SD-WAN, Managed Security, etc.

**Transaction type:** Platform acquisition; growth equity

**Target size:** \$2M+ EBITDA, 15%+ EBITDA margin, majority of revenue recurring

### II. SOFTWARE

**Description:** Software companies with a high-value product offering in a niche end market that is growing. Vertical and horizontal agnostic. Ideally looking for companies with opportunity to extend the product into new areas (verticals, customer segments, etc.) through M&A or organic initiatives. Companies with strong product/tech capability, but lacking in sales/marketing expertise are also attractive opportunities where NBG can bring in a new VP of Sales and/or CEO with necessary skills to scale revenue.

**Transaction type:** Platform acquisition; growth equity

**Target size:** \$1m+ EBITDA (15%+), 50%+ of revenue recurring (or transitioning quickly)

### III. FITNESS/GYMS

**Description:** Regional independent gym chain operating with low-cost or “high value, low price” (HVL) model, or a multi-unit operator within a low-cost or HVL system. *Also open to boutique fitness concepts with strong 4-wall unit economics and demonstrated staying power, with a preference for corporate owned strategy (vs. franchising).*

**Transaction type:** Platform acquisition

**Target size:** \$3M+ EBITDA, 6+ locations

### IV. PACKAGED FOOD AND BEVERAGE BRANDS

**Description:** Companies in the packaged foods space with a history of consistent revenue (even if low growth) and stable EBITDA margins of at least 10%. NBG is looking for opportunities to grow this type of platform through: (1) improved distribution of existing products; (2) add-on acquisitions that leverage the platform’s existing distribution; (3) international expansion and product line extensions. *Healthy, natural, and ethnic foods are of particular interest, but we are open to interesting products in all categories.*

**Transaction Type:** Platform acquisition; growth equity



**Target size:** \$2M+ EBITDA for platform acquisitions; \$1M+ EBITDA for growth equity

## V. DIRECT-TO-CONSUMER MARKETING DRIVEN BUSINESSES

**Description:** Companies which sell products or services directly to consumers and rely heavily on continual paid customer acquisition, particularly through online channels. *Examples include but are not limited to consumer subscription businesses, educational providers, financial services (e.g. specialty insurance, warranties).*

**Target size:** \$3M+ EBITDA

**Transaction type:** Platform acquisition

## VI. QSR OR FAST CASUAL RESTAURANTS

**Description:** Multi-unit operator within a national QSR or fast casual brand franchise system, or an independent regional QSR or fast casual chain with a strong brand. *Also open to emerging fast casual concepts with strong 4-wall unit economics and demonstrated consumer traction.*

**Transaction type:** Platform acquisition; growth equity

**Target size:** \$3M+ EBITDA for platform acquisition; \$1M+ EBITDA and 5+ locations for growth equity

## VII. HR SERVICES

**Description:** Companies providing any sort of service where a HR Departments are the buyer. *Examples include Learning Management Systems, HR software, corporate IT security services, etc.*

**Transaction type:** Platform acquisition

**Target size:** \$2M+ EBITDA; high degree of recurring or repeat revenue

### About NB Group

NB Group is an independent lower middle market private equity firm formed at the end of 2016. Its Partners have a unique mix of private equity (Berkshire Partners, Audax Group), consulting (McKinsey, Bain), and operating experience. NBG focuses on buyouts of companies with under tapped growth potential in three core verticals: Consumer, Technology, and Business Services. NBG is a hands-on investor and works closely with experienced Operating Executives in its target sectors to form investment theses, assist in diligence, and provide operational support post-close.