

Case Study: Corporate Joint Venture



Petreco International, Inc.
Houston, TX

www.petrecointl.com

- Business:** Industry leading energy services including separation equipment product lines for produced water treatment, crude oil treatment and injection water filtration.
- Background:** Baker-Hughes (NYSE: BHI) announced that it sought to exit the upstream oil and gas process equipment market to focus on its core down-hole business.
- Structure:** In December 2001, the HRCo lead investor group purchased a majority position in a recapitalization, allowing Baker-Hughes to retain a minority position while achieving partial liquidity and deconsolidating this operation from its financial statements.
- Co-investors:** MassMutual (DL Babson), Yorktown (Tanglewood), Baker-Hughes, Company Management, HRCo Executive Affiliates
- HRCo Directors:** Steve Crihfield (Chair), Scott Oakford
- HRCo Value-Add:**
- Non-auction transaction in partnership with Brad Goebel, an HRCo executive affiliate
 - Added other key managers and assembled strong BOD
 - Creative deal structure and conservative balance sheet
 - Advised Company on major acquisition of complementary UK-based business
- Results:**
- Expanded company's product offering and geographic presence.
 - Financed UK acquisition (KCC) with operating cash flow and cash-on-hand.
 - Grew sales from \$43 to \$118 million; Grew EBITDA from \$5.5 to \$14.2 million.
 - Company sold to Cooper-Cameron (NYSE:CAM) in February 2004.
- Management Partners**
- Brad Goebel
 - David Zachariah
 - Mitch Ulrey
 - Les Hiller

