

PARAGON Private Equity

BUY OUT AND EXPANSION CAPITAL

WHAT WE DO

Paragon provides private equity finance. We buy businesses from their existing owners, working closely with the management team. We also invest into businesses to assist their expansion.

In both cases, we invest for equity in the business, and share the risks and returns, creating wealth together with the other owners of the business.

We invest both money and our skills and effort into the businesses. We will only invest where we can add value, either directly or through our business contacts.

We are people who have built and managed substantial companies, and have broad business experience. We are 'real world' people who actively work with our portfolio companies.

WHO WE SEEK

Paragon invests into established companies, with a proven product or service.

They are companies which are seeking to grow, for example by expanding exports, operations domestically, or expanding production and product range. Expansion may be achieved organically, or through acquisition.

They are companies which have a competitive advantage, whether it be a brand, technology or market niche. They are often the number one or number two company in their defined region and industry sector.

As in any relationship, we also seek a personality fit and alignment of interests with the other owners and senior management of the business.

OUR INVESTMENT MANDATE

Paragon is able to pursue buyouts and expansion of companies throughout Australia.

We are particularly focussed on equity investments of \$1 million to \$5 million.

We have \$34 million of funds under management. All our money is fully committed by our investors, who are superannuation funds and high net worth individuals. Investment approval is obtained through our internal investment committee. There is no external investor approval required.

INVESTING IN:

- Manufacturing
- Electronics
- Sustainability
- Information Technology
- Mining Services
- Defence
- New media
- Food
- Biotechnology
- Retail
- Transport



WE INVEST MORE THAN MONEY

Our directors and staff are people who have managed and built companies, across a broad range of products and services, over varying sizes of business.

We have already gone through the same growth issues in marketing, sales, product development and human resources that our portfolio companies face, and work with them to achieve their vision.

Paragon has a wide network of senior people who have an interest in working in, or on the boards of, the firms in which we invest.

We appoint one or two directors, who add substantial value to the company through their past experience and current networks. These people may come from the Paragon directors and staff, or from our networks in the industry sector.

Our team brings with it the following areas of expertise:

Strategy

- Set up of strategic alliances
- Government relations
- Strategic development
- Use of professional and personal networks
- Research and analysis
- Merger & acquisition target identification and negotiation

Finance

- Bank borrowing negotiations
- Winning government grants
- Company valuations
- Acquisition & divestment
- Foreign exchange and hedging
- Standard costing
- Cash flow management

Human Resources

- Director and senior management search, both in house and through recruiters
- Network of senior managers available for contract positions
- Restructure for growth

Product Development

- R&D programmes
- Design & development of products
- Multiple projects
- Product life cycle
- Production and Quality
- Production line development and improvement

Exports & Distribution

- Set up and management of subsidiaries
- Exports of services and products
- Identification and signing of global and regional distribution partners
- Logistics
- Transportation
- Warehousing

TYPES OF INVESTMENT

Management Buy Outs

Paragon finances Management Buy Outs (MBOs) of companies worth up to \$20 million.

An MBO is where the management team uses private equity and debt financing to buy out the existing owners of the business.

For the management team, this provides them with an opportunity to part own the business they work for, and to hence share the increase in value of the company due to their work.

In addition, private equity encourages appropriate long term incentives. Combined, senior management have the opportunity to create life changing wealth for themselves.

For owners, an MBO means a sale to people who best understand the business, and a sale process which is discreet. Private equity involvement means that owners can be paid cash, in full and up front.

In addition, we understand the succession issues an owner faces, such as family distribution, taxation, and the separation of private and business assets.

Expansion Using Equity Finance

Private and unlisted companies are unable to easily raise additional capital, which places constraints on their growth. Paragon provides additional private equity of up to \$5 million.

Private equity can be used for any purpose, such as overseas expansion, new production lines, working capital or additional staff. We work alongside you and your lending institution to provide the best finance package.

Private equity bankrolls the company's expansion plans – we do not dictate the path the company is to take, nor do we try to manage the business.

Our investment is for an equity stake, as our aim is to share risks and returns, and create wealth with the other owners of the business for all shareholders.

We generally work to achieve a substantial capital gain, rather than pursuing a dividend stream.



OUR TEAM

Greg Boulton

EXECUTIVE CHAIRMAN



Greg Boulton is Executive Chairman and a founder of Paragon.

Greg is a Fellow of the Institute of Chartered Accountants, CPA Australia and the Australian Institute of Company Directors.

He was Managing Director of IPEC Transport for seven years. After 20 years experience in senior management roles, he now consults on change management implementation, strategic planning, best practice programmes and transport. He is on the board of a number of private and public companies and has broad experience in capital raisings, acquisitions and commercial negotiations.

Mr Boulton is also on the Board of Business SA.

Geoff Thomas

MANAGING DIRECTOR



Geoff Thomas is the Managing Director of Paragon. Geoff is a Fellow of the Australian Institute of Company Directors, has an MBA, and degrees in science and engineering.

Before working at Paragon, Geoff was Chief Executive from 2001-2004 of Playford Capital, a start-up technology investor in South Australia. Prior to this he was a Senior Manager at Vision Abell, a top ten high technology Defence company in Australia for over 13 years.

Geoff has been on the boards of public and private companies, and has broad experience in negotiation of contracts in the US, Europe and the Middle East.

Dan Hill

INVESTMENT MANAGER



Dan Hill joined Paragon in June 2008 as Investment Manager.

Dan is a member of the Institute of Chartered Accountants, a Fellow of FINSIA and an Affiliate of the Securities Institute (UK). He has a Bachelor of Accountancy and an MBA.

Prior to joining Paragon, Dan spent six years in London working in industries including property, oil and gas, FMCG and insurance; gaining extensive experience in international financial reporting and analysis. Whilst in London, he was directly involved in the establishment and successful exit of multiple retail franchises.

He qualified as a Chartered Accountant in 1999 at a public practice accounting firm in Adelaide and has also worked in the head office of an ASX listed, diversified conglomerate.



DIRECTORS

John Glenn

DIRECTOR

John Glenn is a Chartered Accountant with more than 30 years experience in public practice providing business advice to SMEs.

The diverse client base which he serviced during this time in public practice has allowed him to develop an excellent understanding of the SME market, particularly with regard to businesses in a strong growth phase.

Mr Glenn is a director of a number of manufacturing companies and a Fellow of the Institute of Chartered Accountants.

Richard Green

DIRECTOR

Richard Green founded Essential Computer Systems and developed it into one of the largest independent IT companies in South Australia. It won a number of software awards, was named in the top 20 fastest growing companies and with over 65 staff it remains a significant employer in the Adelaide community. Mr Green sold the company in March 2006.

Mr Green has been involved in management buyouts in the IT industry and has played key roles in the turn-around and eventual sale of fledgling IT companies.

Timothy Lebbon

DIRECTOR

Tim Lebbon is the Chairman of Leadenhall Australia Limited, which he established in 1982.

He has over 20 years experience in consulting and corporate advisory work and over ten years experience in accounting and auditing. Mr Lebbon has specialist skills and experience in financial analysis, valuations, negotiations and investment. He is co-author of the major reference work, Australian Valuation Handbook.

Stephen Mathwin

DIRECTOR

Stephen Mathwin holds a Bachelor of Law from the University of Adelaide. He operated his own legal practice before being appointed a Stipendiary Magistrate and was the first appointee to the position of Master of the District Court.

For the past 18 years he has been a partner and consultant with Kelly & Co. During his time at Kelly & Co he developed a particular expertise in employment and industrial law assisting many major corporations in negotiating enterprise agreements and assisting in employment restructuring.



PARAGON Private Equity

BUY OUT AND EXPANSION CAPITAL

Paragon Advisory Pty Ltd is the Investment Manager of the Paragon Private Equity Fund 1

Paragon Private Equity

Level 1

121 Greenhill Road

Unley SA 5061

Tel (08) 8271 0160

Fax (08) 8373 5075

Email enquiry@paragonadvisory.com.au

Website www.paragonadvisory.com.au

INVESTMENTS TO DATE



KEE TECHNOLOGIES

In April 2004, Paragon invested into KEE Technologies, a manufacturer of guidance and auto steering systems for tractors. Paragon funded the company's expansion into the United States. In September 2006, KEE Technologies was sold to Topcon, a Japanese/American company. Topcon acquired the company to access its North American distribution and to integrate KEE's products with its own.



BRESAGEN LTD

In August 2005, Paragon invested into BresaGen Ltd, a developer of proteins and peptides, especially biogenics. In October 2006, BresaGen was sold to Hospira Inc of the US, and Paragon made a 2.35x return on investment, and 135% IRR. Hospira acquired the company to further develop BresaGen's intellectual property, and to distribute its products into the US.



NUKORC

In April 2006, Paragon invested into NuKorc, a manufacturer of synthetic corks. Paragon funded the company's working capital and production improvement program. NuKorc currently sells 500 million closures a year, and is the number two synthetic manufacturer in the world.



www.levett.com.au

LEVETT ENGINEERING

In June 2007, Paragon invested into Levett Engineering. Levett machines aerospace and defence components from titanium, aluminium and exotic alloys. It has a series of contracts on the Joint Strike Fighter with the prime contractor, Lockheed Martin, and engine supplier, Pratt & Whitney.



COWELL ELECTRIC

In September 2007, Paragon acquired a substantial minority stake in Cowell Electric. Cowell Electric constructs power lines and provides infrastructure services to mine sites and other remote communities. Headquartered in Cowell, SA, it provides services to all mainland states.



A.E.M CORES PTY. LTD.

AEM CORES

In December 2008, Paragon acquired, along with management, AEM Cores from its owner. AEM Cores designs and produces machines used in the manufacture of electrical distribution transformer cores. These machines have been sold on all six continents. AEM Cores also manufactures transformer cores for the domestic market, especially those with demanding performance requirements.