

Dallas
Business
Journal

M&A

AWARDS

2005

THE
MOST OUTSTANDING
MERGERS
&
ACQUISITIONS
IN NORTH TEXAS

BEST BUYOUT OR CHANGE OF OWNERSHIP



WINNING DEAL

Acquisition by
Lewis
Hollingsworth
L.P.
of
TMG
Sports
Marketing

The players

Event marketing firm TMG Sports Marketing, with annual revenue of \$11.5 million and earnings before interest, taxes, depreciation and amortization of \$3 million, provides turnkey mobile promotions solutions, primar-

ily for sporting events, to a number of *Fortune* 100 companies.

TMG Sports Marketing key executives include:

Peter A. Toundas, president
Lynda A. Burbary, senior vice president and director of marketing, sales and promotion
Peter R. Neri, director of design
David Hines, senior vice president and director of operations
Sasko Dimoski, vice president and CFE

Lewis Hollingsworth L.P. is a Dallas-based investment firm that primarily makes equity investments in growing companies. It also acts as a merchant banker for selected clients. The partnership's investors include Banc One Corp. and the Weyerhaeuser, MacMillan (Cargill founders), Ordway (3M Corp.), Holland and Murchison families.

Lewis Hollingsworth key executives include:

John P. Lewis, managing general partner
Arthur W. Hollingsworth, managing partner
Keith M. Camp

Deal advisers

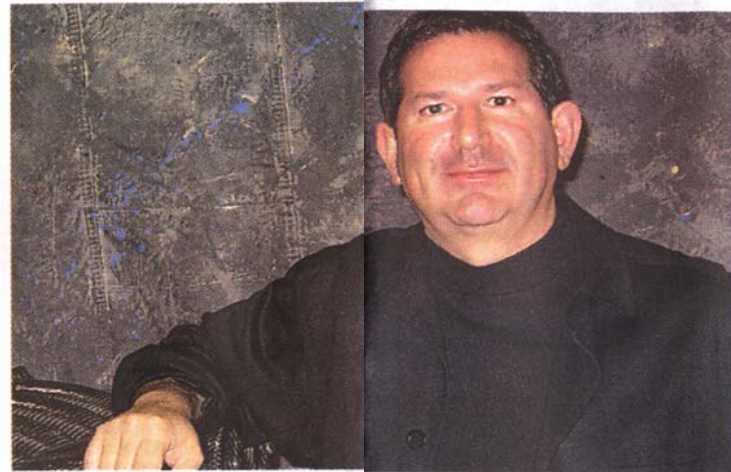
Winstead Sechrest & Minick
Legacy Bank of Texas

The details

Following the acquisition, TMG



Arthur Hollingsworth



Peter Toundas

continued to be led by former owner Toundas and the existing senior management team.

The \$12 million acquisition cost was equal to four times EBITDA.

The seller and Plano-based Legacy Bank of Texas each financed \$5.5 million for a total of \$11 million. The seller also acquired 15% of the equity.

The net contribution by Lewis Hollingsworth L.P. was \$450,000.

The acquisition was considered desir-

able because TMG Sports Marketing is viewed as a growth business with very low fixed costs. It operates in a growing industry. Event marketing represents a growing segment of advertising and marketing spending in the United States. In 2005, event marketing accounted for \$93.5 billion in advertising spending — up from \$83.5 billion the year before.

EBITDA and revenue of TMG Sports Marketing has shown annual growth of more than 25% for 10 years.

Over time, TMG is likely to be attractive to potential buyers in the advertising and communications arenas.

As a result of the acquisition, TMG Sports Marketing will be able to expand into new markets and focus on quality and customer issues.

The sale employed some creative deal structuring that keeps resources in the business, the judges said.

— Chad Eric Watt and Frances Gordon