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Brentwood private equity firm buys auto division

KPAC Solutions purchase is its 15th in as many years

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A Brentwood private equity firm is making its 15th acquisition in as many years with the purchase of an Illinois engineering firm's automotive operations.

KPAC Solutions, which focuses on buying and turning around distressed manufacturers, said Wednesday it is buying a division of John Crane Inc. that makes mechanical water pump seals for use in engine coolant systems. The deal includes plants in Mexico, France and China as well as a testing facility in Illinois and a distribution operation in Texas.

John Crane, a Morton Grove, Ill.-based subsidiary of the British engineering firm Smiths Group PLC, is selling the division as part of a wider strategy to divest Smiths' automotive operations. InterOcean Investment Bank, a Chicago firm, brokered the transaction.

"This company is typical of companies in the automotive space," said Jim Patton, KPAC's founder and senior managing partner. "They're under stress from competition. ... But they're global leaders and have some very advantageous cost structures."

Terms of the deal were not disclosed.

KPAC officials said John Crane's auto operations, which will be renamed Cyclam Holdings, generate nearly \$100 million in annual revenues and have about \$50 million in assets.

Customers include Big 3

Cyclam's customers include the U.S. automakers Ford Motor Co., General Motors Corp. and Chrysler Group; foreign car companies Hyundai Motor Co., Daewoo Motors and Audi AG; and parts makers Magna International Inc., ASC Industries Inc. and Cardone Industries Inc.

KPAC closed the deal late last month and took control of Cyclam's operations Wednesday.

The firm will next look for complementary businesses to acquire and probably try to resell Cyclam within the next few years, KPAC officials said. They have no plans to liquidate the business.

"We don't make any money if we buy a business and months later close it down," Patton said.

The deal comes two months after KPAC sold James Burn International, a wire-binding firm that it bought in 2004.

KPAC's most recent acquisition was Kemmer Prazision, a German maker of drills and routers for the printed circuit board industry. KPAC bought that company from Kennametal Inc. in May 2006.

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