

FIRST ATLANTIC GETS SPRINT INDUSTRIAL

BY VYVYAN TENORIO

First Atlantic Capital Ltd. said Monday, Nov. 5, it acquired a majority interest in **Sprint Industrial Holdings LLC**, a Houston-based provider of liquid and solid storage and safety services to the petrochemical and refining industries.

Executives would not disclose the price of the secondary buyout from **CapStreet Group LLC**, but it is believed to be in the \$200 million range, with a debt-to-Ebitda multiple of more than 4.5 times, according to sources familiar with the deal.

New York private equity firm First Atlantic led a group of co-investors comprising affiliates of **Goldman, Sachs & Co.**, **Cordova, Smart & Williams LLC** and **Oaktree Capital Management LP**.

First Atlantic did not reveal its equity investment, but the middle-market buyout shop typically puts in \$30 million to \$40 million in equity.

CIT Group Inc. provided financing.

The Sprint Industrial management team, led by CEO Jacob Davis, will stay on.

Sprint, founded in 2001 by the management team, has two businesses. About two-thirds of its revenue comes from Tidal Tank, which provides temporary portable storage tanks for maintenance of chemicals and hazardous materials. The rest comes from Sprint Safety, which supplies equipment such as breathing air systems and gas detection monitors.

Roberto Buaron, CEO of First Atlantic, said Sprint is the only major equipment rental company catering to the

petrochemical and refining industries that supplies both rental tanks and safety equipment.

It has “very strong” growth opportunities riding on outsourcing trends, he said. The existing infrastructure of its customer base is aging, and “the older they become, the more maintenance they require,” Buaron added.

Outsourcing to companies such as Sprint also makes sense because third-party providers can better monitor stringent regulatory requirements, said Emilio Pedroni, a principal at First Atlantic.

Houston-based CapStreet acquired control of Sprint when the company recapitalized in 2005. CapStreet principal Paul De Lisi said Sprint doubled the size of its tank fleet during the firm’s ownership.

Sprint’s Ebitda is expected to be in the mid-\$20 million range in 2007, a source said.

The new investors now hold more than 50% of the voting stock. First Atlantic will have four representatives on the seven-person board, and Goldman and Cordova will each have one. The CEO will be the seventh director.

First Atlantic invested out of its most recent fund — its fourth — now in fundraising mode. It is targeting \$400 million.

Kirkland & Ellis LLP’s Frederick Tanne and Markus Bolsinger represented First Atlantic.

Sprint tapped **Edgeview Partners LLC**’s Drew Quartapella and Will Cooper and **Vinson & Elkins LLP**’s Bruce Herzog.

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