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# Buyouts

Vol. 18, No. 24 November 28, 2005

EXITS

## KPS Sells GFG To Mitsubishi

**KPS Special Situations Funds** and **Pegasus Partners** used a long-standing relationship with Mitsubishi to recently close a complex multinational deal.

KPS sold GFG, a maker of roll coating equipment, to Mitsubishi-Hitachi Metals Machinery Inc., which is a joint venture between Mitsubishi Heavy Industries Ltd. and Hitachi Ltd. GFG is a subsidiary of Genesis Worldwide II Inc., which is the holding company for Herr-Voss Stamco, which makes coil processing equipment. Genesis is owned by Pegasus and KPS. Terms of the deal weren't disclosed.

"For a transaction between a U.S. seller and a Japanese buyer to occur over a period of basically

four months—that's moving at light speed," said **Michael Psaros**, a managing principal of KPS.

"This transaction would not have happened if it wasn't for the level of interpersonal trust between KPS and Mitsubishi which has been developed over 10 years."

KPS bought Genesis Worldwide out of bankruptcy in Dec. 2001 with its now-fully invested KPS Special Situations Fund, LP, vintage 1999, said Psaros. KPS is currently investing out of its KPS Special Situations Fund II.

Mitsubishi International, the New York-based affiliate of Japanese conglomerate Mitsubishi Corp., is a limited partner of KPS Special Situation II and has some-

one on KPS's permanent staff.

That fact was instrumental in getting the trust of the Japanese j.v. that bought it, said Psaros. It is a rarity for a Japanese industrial to buy a U.S. industrial, he noted, and also, it's a validation that an American company can still manufacture and compete on a global scale. GFG was once a pure play domestic company, which now does more than half its sales abroad," said Psaros.

KPS and Pegasus Partners II LP still hold 100% of Genesis Worldwide. **Tak Ishikawa**, the senior vice president of Mitsubishi International Corp. who worked on the deal, didn't return a call for comment. —M.C.