Citizens™

GUIDING THREE FAMILY FOUNDERS' TRANSITION STRATEGY IN THE PANDEMIC

At a glance

When a founding partner and family member was ready to retire, Lacerta Group, LLC explored several options, including a privately negotiated sale to a strategic buyer. Citizens helped the three founders assess the full scope of options available to them.

Ultimately, they partnered with Citizens to execute a traditional sale to a private equity group, capturing a final valuation that pleased all three shareholders. The transaction met the family's goals and ushered the company into its next era of growth.

> *"It has been a pleasure to work with the Citizens team over the years to meet our growing needs and helping us to go through the M&A process. Over the years they have been fully engaged with Lacerta to support and meet our needs with continued strong relationship post transaction."*
>
> — **Mory Lotfi**, *Principal, Lacerta Group*

A thriving immigrant-founded business

Lacerta Group, LLC is a leading designer and manufacturer of custom plastic packaging solutions, primarily serving food processors and supermarkets. Most of Lacerta's products can be made with recycled materials and are 100% recyclable after use.

Based in Mansfield, MA, Lacerta was founded in 1993 by two brothers, Ali and Mory Lotfi, and their cousin Mostafa Lotfi.

All three emigrated to the U.S. from Iran in late 1970s, and they all studied mechanical engineering at Northeastern University.

Citizens' relationship with Lacerta dates back to the inception of the company. The relationship evolved over the years, with Citizens supporting the company's strategic and financial objectives as well as financing equipment, real estate and working capital as the company grew.

A solution-agnostic partnership produced a great outcome

The founders had grown the business into a thriving enterprise and after three decades, they had begun thinking about their individual next steps and transitioning the business.

THE TEAM AT CITIZENS OFFERED "SOLUTION-AGNOSTIC" GUIDANCE BASED ON THEIR UNDERSTANDING OF THE BUSINESS, THEIR KNOWLEDGE OF LACERTA'S INDUSTRY AND THEIR PROVEN ABILITY TO ENGAGE AND EXECUTE WITH THE RIGHT BUYERS FOR A COMPANY LIKE THEIRS.

As many family-founded businesses do, they started by exploring options on their own, including a directly negotiated sale with a strategic buyer or using financing to buyout the founding members.

The family looked to Citizens, its longtime banking partner, for help in assessing the options they had identified. The team at Citizens offered "solution-agnostic" guidance based on their understanding of the business, their knowledge of Lacerta's industry and their proven ability to engage and execute with the right buyers for a company like theirs. They helped the family compare the different solutions that would enable the founders to transition their ownership.

With this support, the founders ultimately decided to pursue a traditional sale for their company. Citizens conducted a full marketing process, which produced a range of serious buyers.

The final buyer, SK Capital, also elected to finance their purchase through Citizens. When the deal was completed, the founding family members turned to Clarfeld, Citizens' wealth management platform, for investment solutions to accommodate their post-transaction needs.

IN THE END, THE FOUNDERS WERE PLEASED WITH THE OUTCOME, WHICH RELIED ON CITIZENS' M&A, CAPITAL MARKETS AND WEALTH MANAGEMENT SERVICES.

THE RESULTS

A deal with the terms the founders sought

The final deal closed with a strong valuation, driven both by higher multiples in the mid-pandemic era and by competitive pricing pressure through the marketing process.

Financing to complete a pandemic-era transaction

The buyer chose to finance the transaction through Citizens, which executed the process successfully even as the pandemic disrupted credit markets.

Support for the three owners' next phase

Clarfeld was able to offer investment management solutions to the family to suit their new financial conditions.

For more information about our commercial offerings and services, please visit citizensbank.com/commercial.