

Cedar Creek sold: Equity firm buys Broken Arrow building materials distributor

by Kirby Lee Davis

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TULSA – Charlesbank Capital Partners acquired majority ownership in Broken Arrow-based building materials distributor Cedar Creek for an undisclosed price.

Through this asset purchase and capital investment, Boston-based Charlesbank intends to fuel Cedar Creek's expansion, both organically and through acquisition, as the national economy improves.

"We're expecting improvements in both fronts over the next three to five years," said Maura Turner, vice president of communications for Charlesbank.

Considered the nation's largest cedar distributor, Cedar Creek supplies lumberyards and building supply retailers across a 13-state area. With eight locations in seven states, employing a staff of 400, founder Clark Wiens projects sales of \$500 million this year, about even to 2009 results.

"It's been a tough two years, but we never lost money," said Wiens, who worked 18 months with Tulsa merger and acquisition consultants ClearRidge Capital to secure this recapitalization effort. "We just kind of hung in there."

William Adams was named chairman and chief executive of Cedar Creek. The equity firm has a long history with Adams, first recruiting him 18 years ago to reorganize ABTCO, a manufacturer of hardboard-based, vinyl and fiber cement siding, gable vents, and other specialty building products. Adams also has served Louisiana Pacific Corp., Masonite Corp. and Trussway.

"I've known Bill for about 20 years," said Wiens. "He's just been a guy that I've always had good relations with."

Charlesbank will retain not only Wiens and Cedar Creek co-founder David Bond, but fellow executive D. Wayne Trousdale in senior positions.

With more than \$2 billion of capital, Charlesbank typically invests from \$50 million to \$150 million in management-led buyouts and growth capital financing. It targets firms with enterprise value of \$100 million to \$750 million, its portfolio ranging from Blacksmith Brands and Animal Health International to Aurora Organic Dairy and Captain D's Seafood.

The private equity company said this deal completed its search for an expandable platform in the wholesale building materials distribution industry. Wiens said the first acquisition could come as quickly as next week.

"In Cedar Creek, we found an attractive product portfolio and a customer service-oriented business model that is highly valued by the customers," Charlesbank Managing Director Jon Biotti said in a press release.

Curtis Evans, an Oklahoma Manufacturing Alliance extension agent based at Northeastern State University's Broken Arrow campus, pinned Cedar Creek's strengths on its diverse product line, marketing and experienced staff.

While Cedar Creek imports most of its products from around the world, Evans said the firm manufactures enough to qualify under his agency.

"They mostly buy commodity hardwood and other hardwoods and ship it out," he said. "They are really a distributor, which is rare in today's market, because a lot of times anymore retailers buy direct."

Wiens gave credit to Bruce Jones and ClearRidge Capital for not only helping bring this deal about, but a financing package secured a year ago.

"We were never crippled by lack of money, but we were crippled by the ability to take on new products," he said in a telephone interview.

With two very strong months behind them, Wiens expects this infusion of talent and money to help Cedar Creek progress along long-sought expansion goals. He expressed less optimism about the national recession improving.

"The building materials business is tied to housing starts, and unfortunately they're foreclosing more homes than they're selling right now," he said. "I have cautious optimism, but very cautious. There's just too much problems in the financial end of it."

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