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Steve Young of Huntsman Gay on Deploying a New Fund In a Slow Market

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[Huntsman Gay Global Capital](#)



Huntsman Gay Global Capital is a new fund in deal-doing mode during a painfully slow time for buyouts. How is the firm approaching the deal market?

We're busier now than we were a year ago. Right now M&A is more event-driven with business owners still out there wanting to diversify risk and take chips off the table. It seems sellers expectations are finally beginning to moderate on price a bit. In this unique environment, we're certainly looking at it all, but we're very clearly sticking to our knitting. Our operationally intensive style allows us to grow companies of all styles, regardless of cycle. Our partners collectively have done over 200 deals. We really are industry-agnostic. I would term us multi-industry specialists. There are silos of industries, and if you look at the track records of our managing directors, there are ones that stick out.

Since forming in November 2007, the firm has done one deal, the acquisition of Turner Bros. Holdings, an industrial and energy services company. How many deals have you looked at and passed on?

We've seen quite a few deals of course. We don't have the challenges of managing a large legacy portfolio with company baggage, meaning we have a clean slate. We have a number of deals in the pipeline and expect close on some in the next quarter. There are three or four in the pipeline that could be closed in the next quarter.

What does this indicate about the quality of deal flow?

Sellers in the market are sophisticated people. Everyone was a little frozen in the market for some time. The public markets seemed to moderate on pricing a little more efficiently, and now the private markets are starting to do that. The sellers are considering more realistic prices, and that allows us all to start buying companies. Prices in the private market will fluctuate within a bandwidth that's smaller and smaller. It's part of a new reality. We're saying "6x (Ebitda) is the new 8x."

Are LPs antsy to see another deal or are they telling you they'd rather you not call any capital?

We have seven very large LPs that make up our \$1 billion fund. They committed to us in one of the most challenging times in private equity, and most people in the market believe funds raised in this time will be strong performers. They've been patient and supportive so far and we're in direct communication.

What are the fundamental differences between Huntsman Gay, and the firm you previously co-founded, Sorenson Capital?

I'm doing the same role in both. Huntsman Gay is a larger fund with larger group of founding partners. We have a have a more global approach as we

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position ourselves. At Sorenson, I was focused mainly on the US and West Coast.

Does that mean the firm is seeking cross-border deals?

Not currently. The global aspect has some visionary intent into the future. You can look at Jon Huntsman's global reach as far as his previous businesses and see the connection.

You also have a connection with China, now that Huntsman's son, Jon Huntsman, Jr., has been appointed ambassador to China.

Yes, that doesn't hurt.