Discussion Topics

- About Rivington Capital Advisors, LLC
- Keys To A Successful Private Capital Process
About Rivington Capital
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- Independent “Boutique” Investment Banking Firm
  - Agent Platform (No Capital) with Co-Investment Capabilities
  - Energy Focus; Predominately Upstream
  - Capital Placement & M&A
  - 40* Employees in Two Offices (Houston and Denver)

- 10 Year Track Record
  - 64 Transactions – $4.2 Billion
  - Predominately Private Companies
  - 100% Private Capital

* Includes Rivington Financial Services, an affiliate that provides full service accounting services to the upstream sector.
About Rivington Capital (con’t)

- Two Core Business Strategies
  1) Capital Placements (Raising Money)
  2) Business Advisory – Contract Finance and Accounting

- Capital Placement Business Employs “Success-Based” Compensation Model
Over the last 10 years, Rivington has successfully closed 44 private capital transactions having an aggregate value of approximately $2.4 billion.
Broadly defined, the private capital markets are "illiquid" markets for cash and cash alternatives. These markets are vast and can take many forms.
Upstream Private Capital Explosion
(Capital Deployed & Available; Rivington Estimate)

$180 Billion

$60 Billion

2002

2012

Private Equity
Institutional Debt
Bank Debt
Keys To A Successful Private Capital Process

Maximize Probability of Success By:
- Knowing your audience – first impressions are very meaningful
- Knowing the competitive landscape – what are capital providers’ alternatives?
- Knowing the market – narrow initial bid/ask spread
- Knowing how you intend to make money – must be stated clearly and succinctly

Address Three Critical Elements
1) Management’s track record
2) Risk / reward proposition – growth and exit
3) Management / capital provider alignment
   - Upfront valuation (if any)
   - Management investment (required)
   - Management compensation (current and long-term or “back in”)
Keys To A Successful Private Capital Process (con’t)

- Process Failures (Or Negative Feedback)
  - October 2008 – October 2009
  - Didn’t address ALL of the critical elements outlined above
  - Initial transaction is overly complicated or “sticky”
  - Demonstrable track record of growth with no liquidity (cash on cash returns)
  - Management reputation

- Lessons Learned
  - Tapping private capital market is a privilege not a right
  - The “golden rule” applies, get over it or move on
  - PE is a “one step back, two steps forward” valuation market
  - Be prepared – initial impression is very important
  - Stick to your knitting
Always Hire A Financial Advisor

- Market & product knowledge
- Relationship with private capital providers
- Competitive marketing process (highest value added)
  - Publish a complete and uniform data set
  - Arrange meetings with multiple capital providers
  - Compel capital providers to react within a tight window of time
  - Results will be market clearing (good or bad)
- Rivington’s typical marketing process:
  - 90 days for debt capital
  - 120 days for equity capital
  - 15 capital providers
  - 30% conversion ratio
Thank You!