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PE DEALS

FalconPoint goes underground in debut with investment in Jennmar

FalconPoint is looking to make two to three deals per year.

FalconPoint Partners will announce its first deal, the acquisition of Pittsburgh-based ground control manufacturer Jennmar, later today. The deal was made out of the firm's FalconPoint Partners II, LP fund and has closed.

PE Hub spoke with FalconPoint founder and managing partner Russell Gehrett about the New York-based firm's first deal, its growth plans for Jennmar and its overall investment strategy.

The connection between Gehrett and Jennmar began five years ago. Gehrett was a partner at Pamplona Capital Management. He struck up dialogue with Jennmar's CEO Tony Calandra about a potential investment. A deal didn't happen, but Gehrett and Calandra kept in touch over the next five years before Calandra reached out again about a deal.

"The company has a very strong market position across four different continents, where it offers an indispensable set of products and services required for their customers' ongoing operation," Gehrett told PE Hub.

Founded in 1922, Jennmar manufactures bolts, beams, channels, trusses, resin and rebar. Those items are used for coal and hard rock mining, tunneling and civil construction. The company has revenue of approximately \$1.7 billion, according to a source.

"If there's any significant tunneling anywhere in the US, Jennmar's products



Russell Gehrett, FalconPoint Partners

are likely being used to support the roof and the walls, ensuring of a safe environment," Gehrett said.

FalconPoint has invested and committed more than \$250 million of equity

to support the expansion and global growth of Jennmar. FalconPoint is looking at a number of add-on targets in North America, Europe and Australia. It is focused on construction, civil and hard rock mining end markets. Gehrett said these companies are anywhere from \$5 million-\$300 million of revenue. In the last six months, Jennmar itself has made three different acquisitions.

"We are looking at a very robust acquisition pipeline going forward,"

Gehrett said. "One of the reasons that Tony was attracted to our partnership was our ability to accelerate the company's M&A pipeline and to enable the company to consider and execute upon larger scale targets."

Future deals

FalconPoint expects to make two to three deals per year. "The deal environment is becoming more and more active as financing markets open up as the year progresses," Gehrett said. "And we're certainly seeing a commensurate pickup in activity and the actionability of our pipeline as well."

The firm is focused on targets in the industrial and business services sectors. It also has interest in companies that are baby boomer-led businesses. As those businesses' owners think about either succession or raising liquidity, Gehrett said the firm's flexible capital solutions and commitment to true partnership would be attractive to potential targets.

FalconPoint also has two themes. First, it's looking at companies with technological transformation possibilities where the firm can take a company with a 20th century business model and apply 21st century technology to it. The firm also focuses on another theme – the conversion of companies that historically are B2B to B2C.