

The image features an abstract graphic design at the top. It consists of several overlapping geometric shapes. On the left, there is a large teal shape that tapers towards the top. In the center, there is a bright orange shape that also tapers towards the top, pointing downwards. On the right, there are more teal shapes, some overlapping each other and others overlapping the orange shape. The overall composition is clean and modern, with a white background.

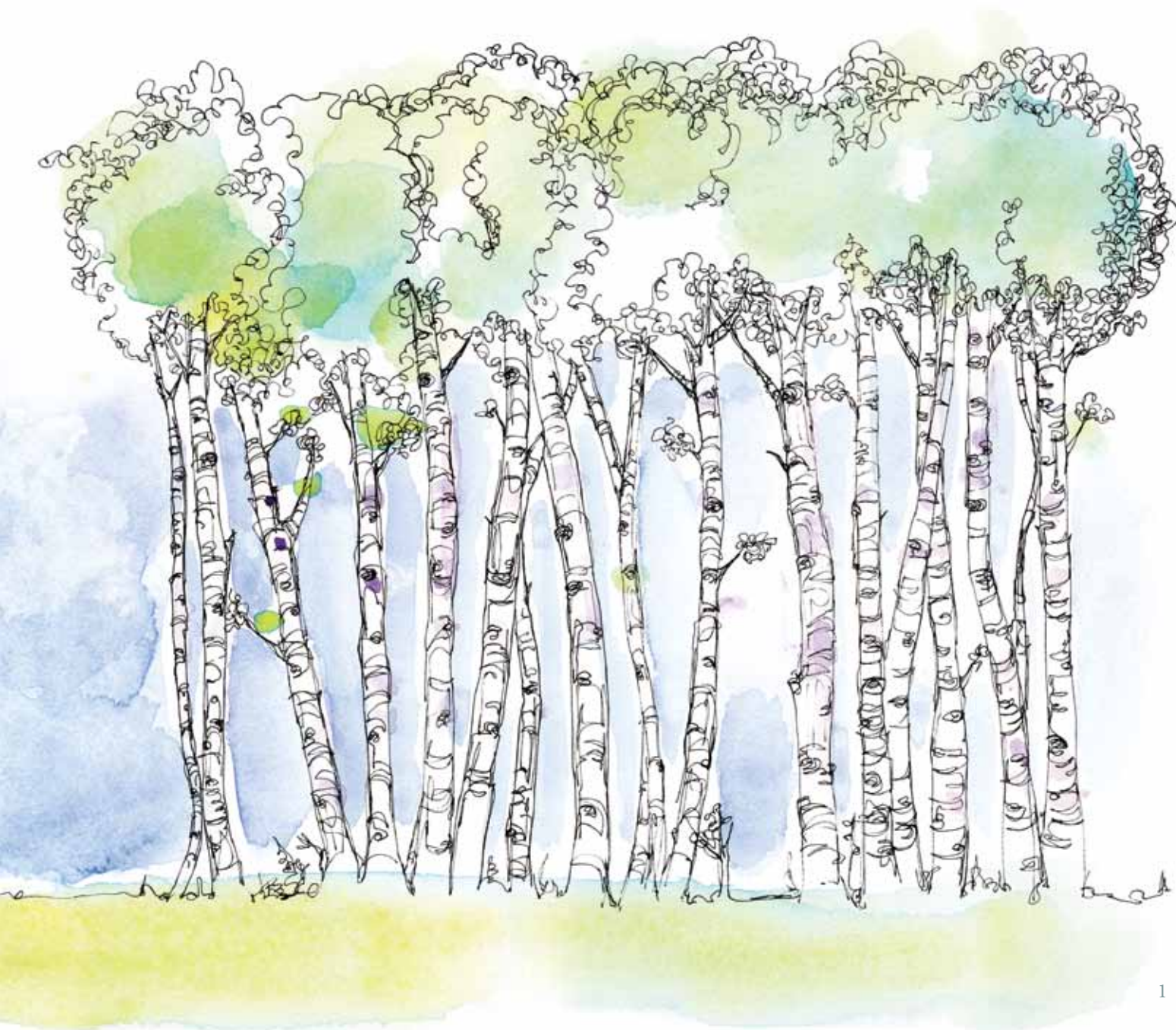
Growing. Together.

Birch Hill

The companies we invest in are just like yours.



Then they get even bigger.



We've worked with many great companies. There's no one path to growth. Our role is to help you find the best path for your business.

Since 1994, we have partnered with over 50 companies that include:

ACE Bakery  
AltaGas Services  
Aquaterra  
Atria Networks  
Bio Agri Mix  
Bluewave Energy  
Carmanah Design and Manufacturing  
Comcare  
Constellation Software  
Creation Technologies  
Holiday Canada Retirement Group  
Innergex  
Marsulex  
Mastermind Toys  
MLSE  
Nealanders International  
Persona Communications  
Q9 Networks  
Shred-it International  
Sleep Country

## THE LONG VIEW

“Birch Hill is not into the quick flip. They're there to take an existing business to another level.”

GEOFF REED  
CO-FOUNDER AND CHAIRMAN  
CREATION TECHNOLOGIES



REAL  
COLLABORATION

“Birch Hill walks  
the line well.  
We’re operating  
but they contribute  
substantively  
to our biggest  
opportunities and  
challenges.”

VINCE DE PALMA  
CEO  
SHRED-IT INTERNATIONAL



SHOULDER  
TO SHOULDER

“Everyone was  
there for the  
same reason.  
There was never  
any sense of  
‘us and them’;  
it was  
always ‘us’.”

MARTIN CONNELL  
CO-FOUNDER  
ACE BAKERY



# Growing well is what we do...

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## Our focus: leadership in long-term value creation for the Canadian mid-market

### Market Position

- C\$2.0 billion in capital under management.
- Birch Hill Fund IV: \$1.04 billion – currently investing.

### Mandate

- Companies valued in the C\$30 to \$600 million range with an investment size of C\$30 to \$150 million.
- Focus on growth oriented businesses across most industries. We do not invest in real estate, pure commodity companies or start ups.

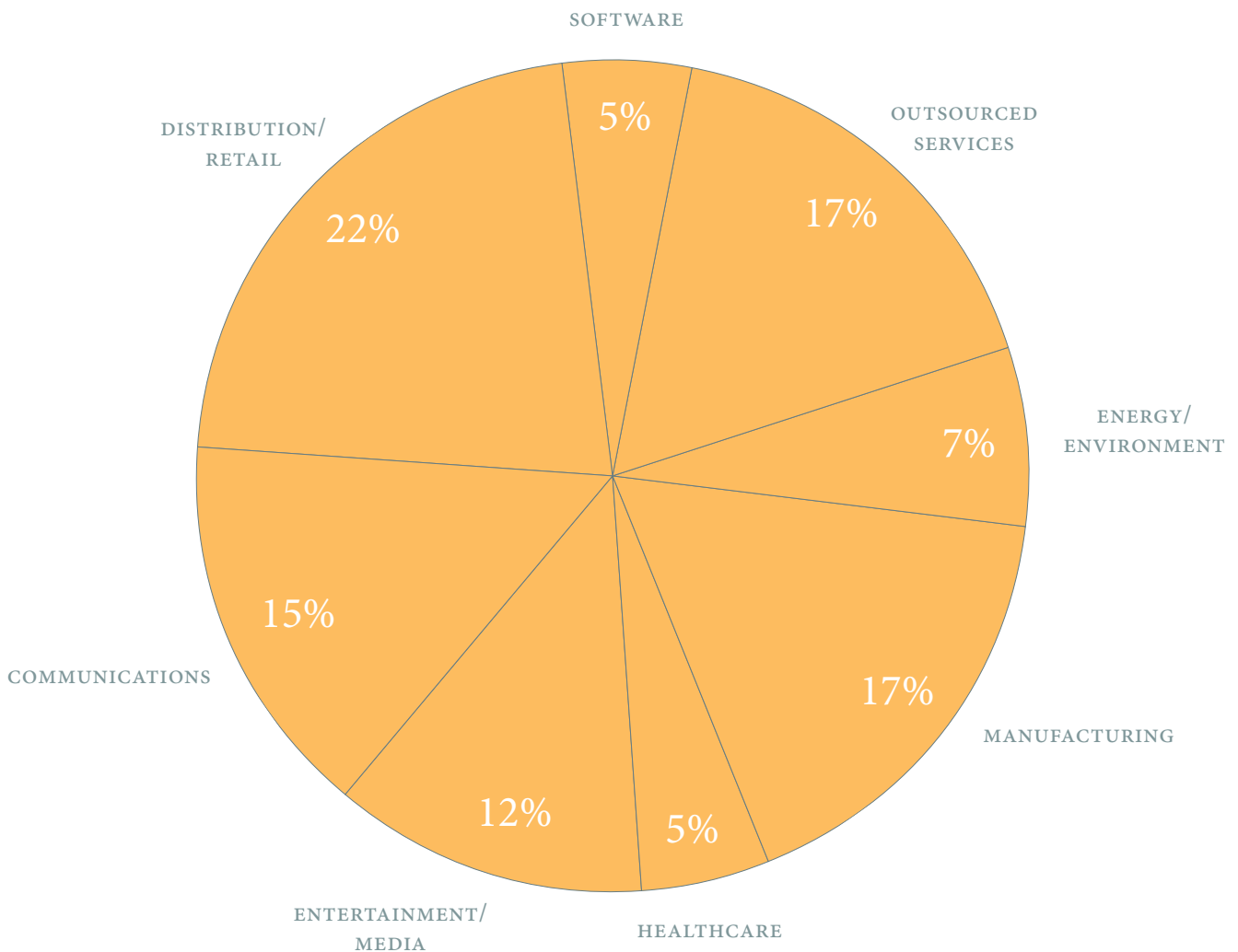
### Performance

- 30 fully realized investments since 1994 that produced realized returns of 25%.
- 20% cumulative average rate of EBITDA growth on actively employed capital.

### Structure

- The bench strength of 20 professionals, who have over 270 years of collective investment experience.

## OUR PORTFOLIO: INVESTMENTS BY SECTOR



*“Entrepreneurial companies that have experienced intensive growth reach a point where they must change to reach the next stage in their development. Innovation, standardization of processes, deeper management talent and enhanced systems are all designed to take a company to the next level.”*

VINCE DE PALMA, CEO, SHRED-IT INTERNATIONAL



# How we grow together.

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Our investment strategy begins long before we take a position in a partner company and extends for the full life of our relationship.

## Recognizing Value

Focus on industries with solid fundamentals and dominant companies with growth potential.

## Structuring Value

Balance risk and efficiency in the tax and financing structure.

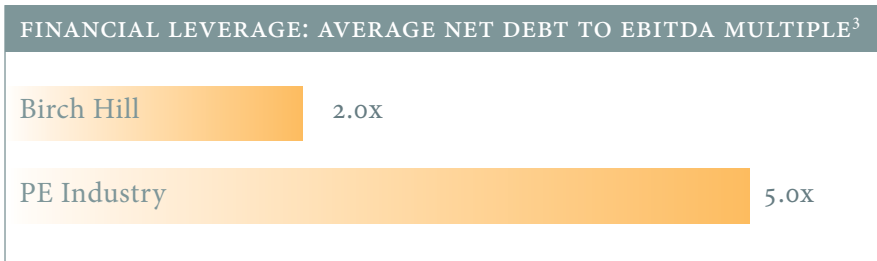
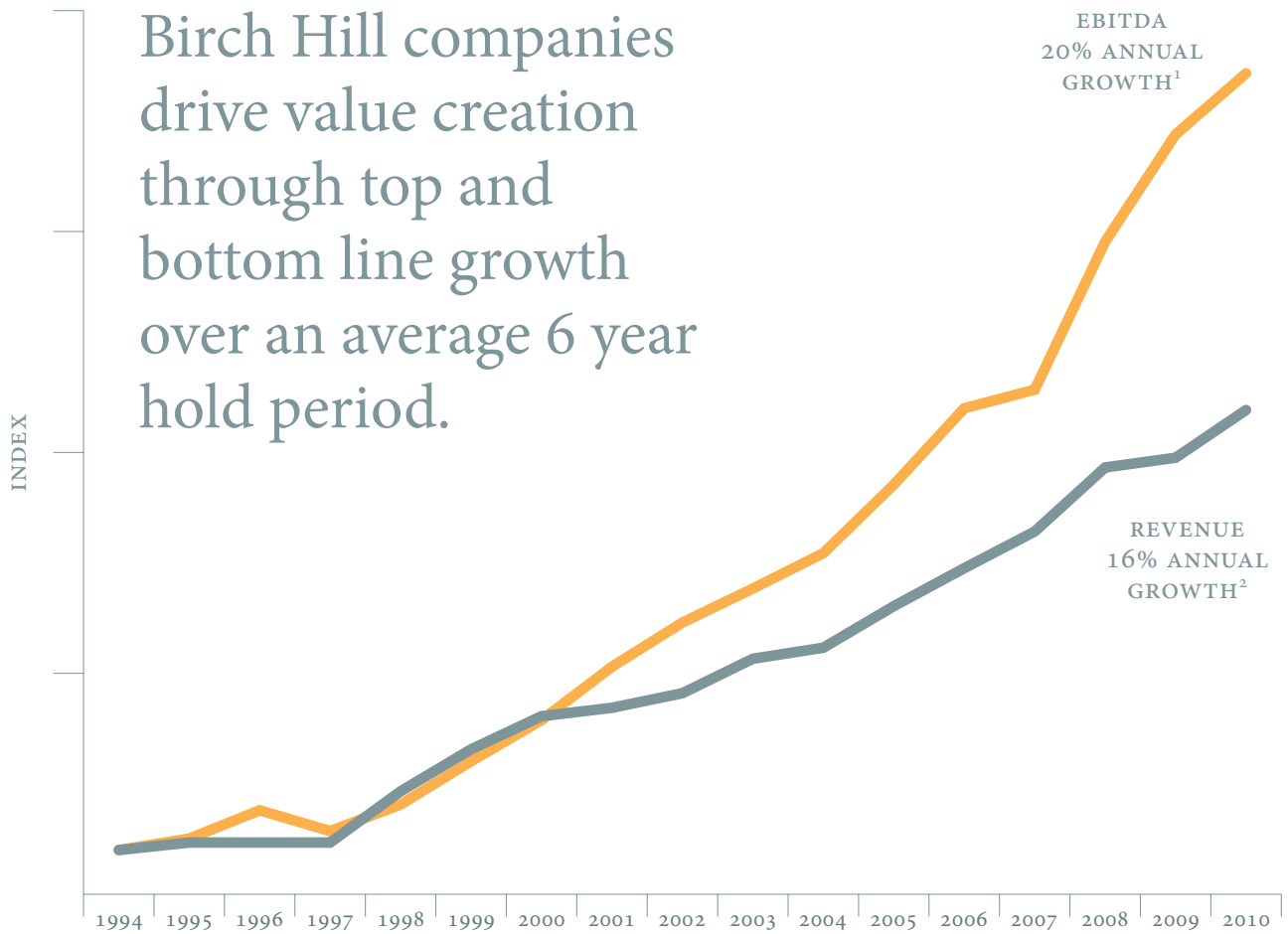
Realizing Value

Maintain a disciplined, patient approach to identifying opportunities.

Building Value

Work with management on the strategic agenda to drive growth and profitability.

VALUE CREATION: REVENUE AND EBITDA GROWTH



Birch Hill's financing structure supports its growth objectives.

Note:

- (1) Portfolio company sales and EBITDA annual growth during investment holding period indexed by ownership
- (2) Revenue index excludes Biox, GreenField and Bluewave due to commodity price swings
- (3) Average opening net debt/EBITDA for Fund III investments. Average U.S. midmarket buyout leverage (2006-2009), source: S&P LCD

# Working together

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There are many ways to unlock value. We can help.

## SCENARIO

*Funding acquisitions/  
growth capex:*

Creation Technologies

Atria Networks

Constellation Software

## SCENARIO

*Owner/Managers  
selling part of business:*

ACE Bakery

Bio Agri Mix

Mastermind Toys

## SCENARIO

*Privatization of  
publicly traded company:*

Sleep Country

Persona Communications

## SCENARIO

*Corporate owners  
divesting a division:*

Shell-Bluewave

Danone-Aquaterra

CAE-Carmanah

Design

## SCENARIO

*Management transition  
and fueling growth:*

Shred-it International

Marsulex

# Working together

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## *ACE Bakery*

Together we turned a little dough into a lot of dough.



**Scenario:** Owner/Managers selling part of their business due to succession issues but seeking a partner to support growth

ACE Bakery is a leading Canadian producer of fresh and par-baked artisan breads. The Company's products are branded and sold through leading Canadian and U.S. mid west grocery retailers.

Birch Hill developed an investment thesis that targeted growing Canadian, "niche" branded product companies with expansion potential to the U.S. ACE closely matched our industry thesis and as such we followed the Company for four years.

In 2005, the owners elected to enter into negotiations with Birch Hill rather than pursue an auction. Birch Hill purchased a 63% ownership stake from the two founders of ACE.

Birch Hill and the founders significantly upgraded the Company's management team in order to pursue growth. The new management team successfully expanded into the U.S. and grew sales by 68% during Birch Hill's two and half years of ownership.

Birch Hill and the founders exited in 2008.

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*"There comes a time in all entrepreneurial enterprises when you start running into capacity walls or you want to stay engaged but not at the same level. Birch Hill probably offers the best opportunity for lightening the load or getting out."*

MARTIN CONNELL, CO-FOUNDER, ACE BAKERY

# Working together

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## *Shred-it International*

We needed a partner to help us tear up the competition.



## Scenario: Management transition and fueling growth

Shred-it International is the global leader in the document destruction industry with more than 150,000 customers around the world. The document destruction industry was growing at double digits and Shred-it had a dominant market position which provides significant scale advantage in a fixed route logistics business.

In 2008, the management team was in transition and the owners began a process to sell the business as it needed to resolve a pressing debt situation.

Birch Hill was selected as the preferred partner due to greater comfort with principals and preference for a Canadian solution who understood that capital is only part of what it takes to succeed. The owners retained a 10% stake on the advice of Birch Hill.

Subsequent to its investment, Birch Hill hired a new CEO who rebuilt the senior management team.

With the new management team in place, earnings have doubled and the Company is growing rapidly via acquisitions and organically through an improved sales and marketing program.

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*“They help challenge our thinking in very constructive ways. They can look at the business from a completely different angle. They ask very provocative questions that cause us to think differently about how we’re looking at the business, how we’re measuring the business.”*

VINCE DE PALMA, CEO, SHRED-IT INTERNATIONAL

# Working together

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## *Sleep Country*

I slept very well knowing  
Birch Hill was on our team.



## Scenario: Privatization of publicly traded company

Sleep Country is the largest mattress retailer in Canada. At the time of Birch Hill's investment, Sleep Country had 159 stores throughout Canada and also operated the Sleep America banner in Arizona.

Birch Hill completed the privatization of Sleep Country in September, 2008 for a total purchase price of \$370 million.

Birch Hill worked on an exclusive basis with the Sleep Country management team/founders to execute the transaction.

Birch Hill saw significant upside in supporting the management team on a value creation agenda that includes: significantly growing the company's presence in Quebec, selectively adding in-fill stores across Canada, stabilizing the Arizona business and extending the product line.

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*“Typically, at the first sign of trouble other investors would try to grab the wheel and tell you what to do. Not Birch Hill. They're smart and know how to add value. They're the only people we would trust to go through recessionary times with.”*

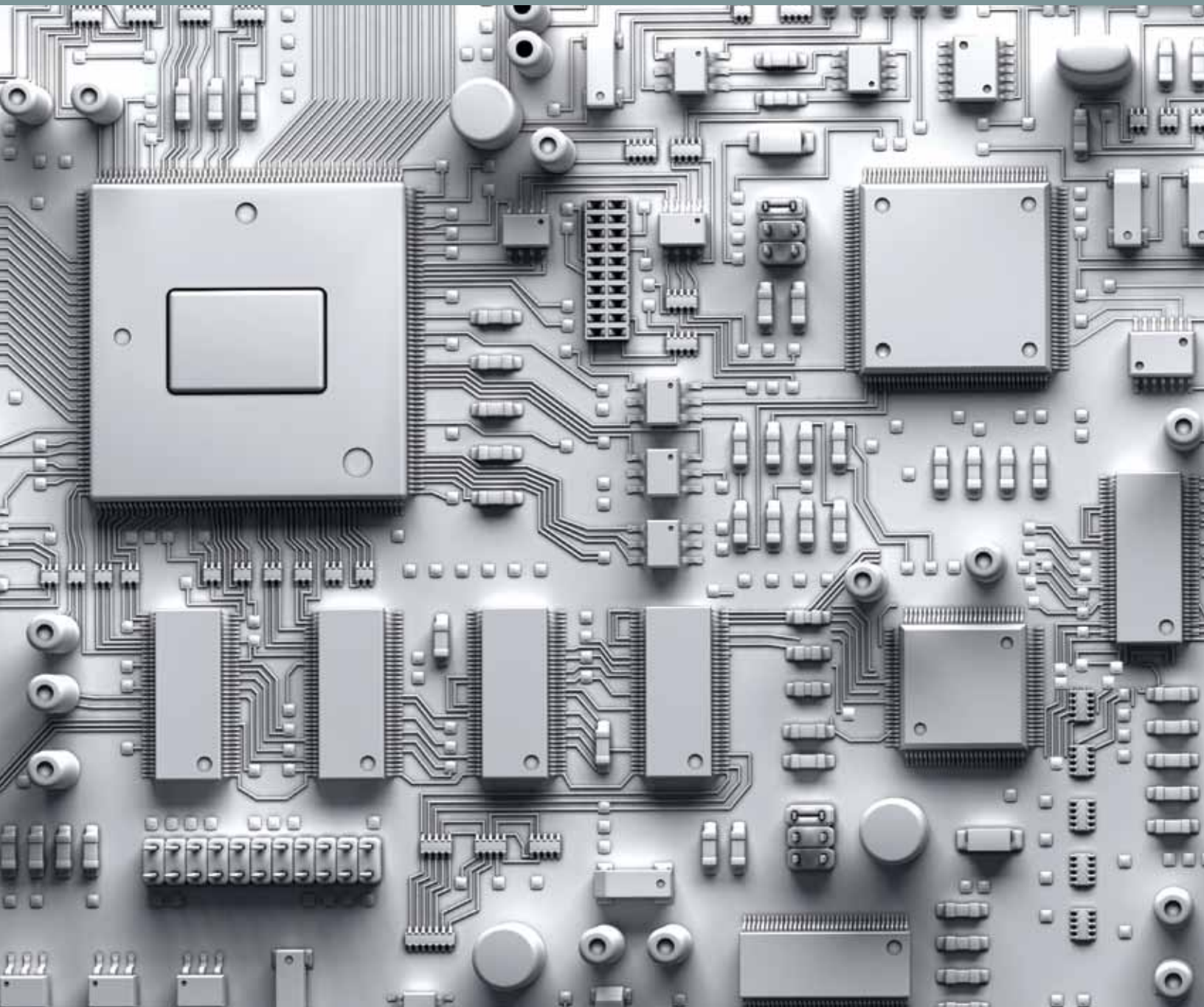
STEVE GUNN, CO-FOUNDER, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, SLEEP COUNTRY

# Working together

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## *Creation Technologies*

We needed a partner who  
had faith in our vision.



## Scenario: Funding acquisitions/growth capex

Creation Technologies provides high-mix, high-complexity start-to-finish electronic manufacturing services to over 170 original equipment manufacturers across North America.

In 2006, Creation decided to actively seek a liquidity event for certain founders and financial investors as well as raise capital to finance acquisitions of regional competitors. With a high degree of employee ownership, Creation was looking for a partner to support its growth plans. Birch Hill and Creation negotiated on an exclusive basis.

Subsequent to Birch Hill's investment, Creation made four acquisitions supported by additional investments from Birch Hill.

Creation also gained significant market share throughout the recession as customers migrated from weaker suppliers.

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*“The leadership team thinks Birch Hill is the best partner they could have. They hold us accountable but they don't want to make money at our expense. We're going to make it together. They want to make money with us versus taking it from us.”*

GEOFF REED, CO-FOUNDER AND CHAIRMAN, CREATION TECHNOLOGIES

Working together

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*Bluewave Energy*

Always work with people who  
can really stand the heat.



## Scenario: Corporate owners divesting a division

Bluewave Energy is a Nova Scotia-based full service fuel company that delivers heating oil, diesel, gasoline and heavy fuel oil to homes and businesses.

In late 2006, Bluewave management had the opportunity to purchase Thermoshell, the heating oil and commercial diesel distribution assets of Shell Canada in the Maritimes and parts of Ontario.

To complete the purchase, Bluewave was under substantial pressure to close the transaction within 30-45 days. Bluewave chose Birch Hill as a financial partner who could meet that deadline and who also shared management's vision of growing Bluewave. Based upon the successful transition of the Thermoshell business to Bluewave, Shell also decided to sell its similar western Canadian distribution assets to Bluewave. These transactions created a national platform to pursue further consolidation of the fuel distribution market.

In January 2010, Bluewave was sold to Parkland Income Fund.

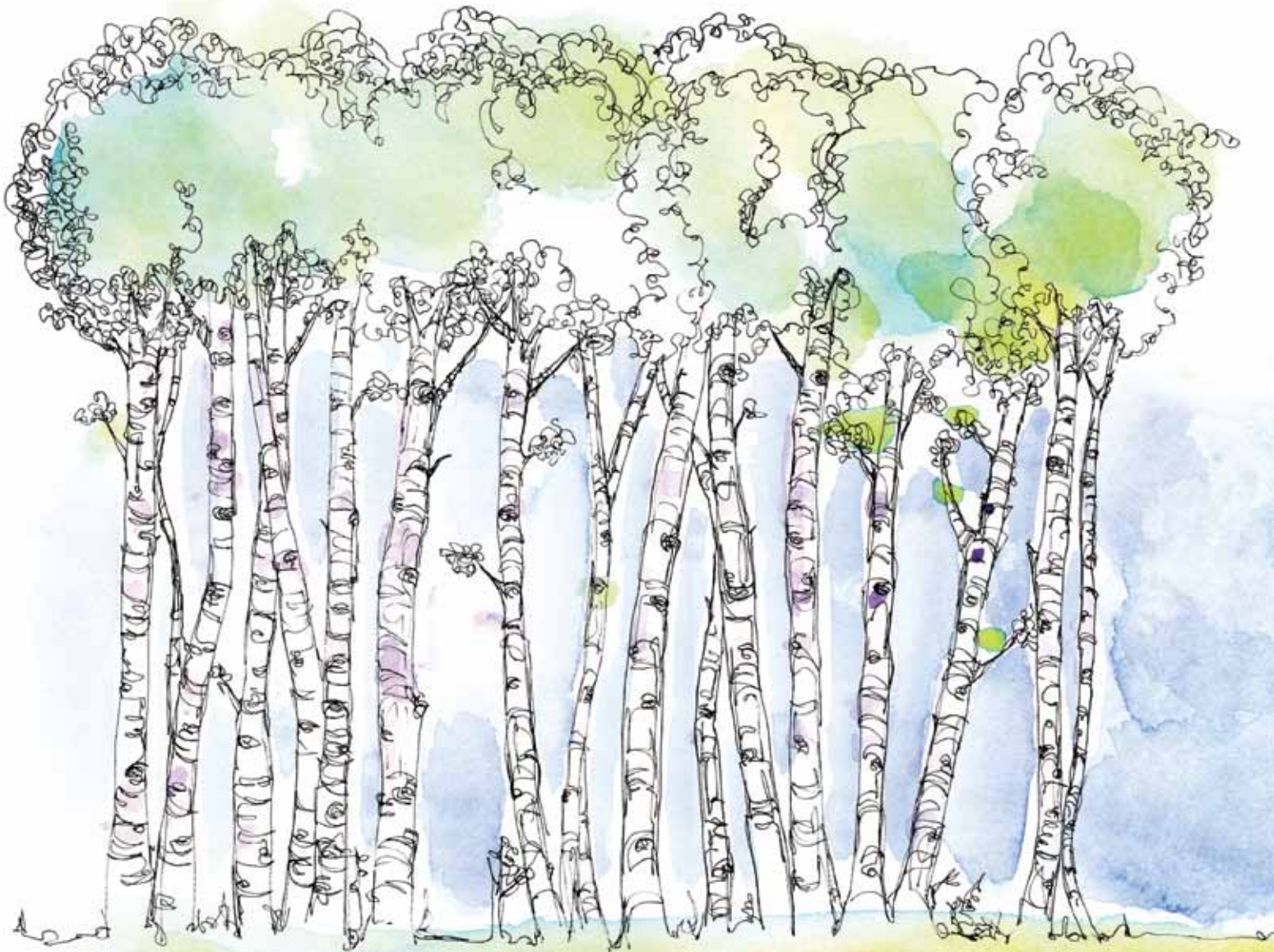
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*“We are serial acquirers. We meshed closely with Birch Hill on that. They add great value because of their experience assessing a cross-section of businesses.”*

BILL SANFORD, PRESIDENT AND PARTNER, BLUEWAVE ENERGY

Every business has its  
unique growth story.  
Let's talk about yours.

For more insights from Birch Hill  
partner CEOs, visit our web site:  
[www.birchhillequity.com](http://www.birchhillequity.com)



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