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Candlewood looks abroad

GLENN POLLACK of Candlewood Partners LLC traveled to China, Japan, South Korea, Kuwait, Pakistan and Egypt this year.

For the most part, the Chagrin Falls, Ohio-based merchant bank, which specializes in advising small and middle-market companies, has ventured onto the international front by necessity. “From our perspective, the Cleveland economy is losing jobs, which [reduces] opportunity,” Cleveland native Pollack says. “The economic factors that help a vibrant city grow are not here right now.”

Pollack says he’s just “not talking about the 2008 downturn.”

The difficulties Cleveland experienced over the past 15 years or so stem from the shrinkage of domestic manufacturers, he says. When Pollack, 53, founded Candlewood in 2001, its first mandates were local. It advised NCS HealthCare Inc., a Cleveland-based pharmaceutical provider, in its bankruptcy and sold it to Omnicare Inc. for \$521 million in 2003. That same year, Candlewood negotiated a prepackaged bankruptcy plan for local manufacturer Chart Industries Inc., seeing it through to its exit, in which it received a \$40 million debtor-in-possession loan from J.P. Morgan Chase & Co.

Bankruptcy work continues. Recently, Candlewood advised Wexford, Pa.-based steel tube maker PTC Alliance Corp. in a bankruptcy auction to Black Diamond Capital Management LLC, a \$144.6 million deal that was finalized in August.

More likely, however, clients are to be found overseas. “I’ve been to Egypt 29 times in 18 months,” Pollack says, flipping through his passport trying to find a blank spot without a stamp. He thanks the recession for this, because it provided an impetus for Candlewood to search for work outside its

own backyard. “Many of the opportunities are now outside of Cleveland, but they’re still being executed by Cleveland firms,” he says.

In addition to running Candlewood, Pollack serves as CEO of Damietta International Port Co., a joint venture with General Electric Co. and a consortium of overseas marine freight companies. The project, based 44 miles west of the Suez Canal, is building a container shipping terminal, with the hope of revitalizing trade between North Africa and the Mediterranean. Candlewood renegotiated \$800 million worth of construction and equipment contracts, and it arranged \$860 million of financing. Funding is expected to close next month.

Candlewood is also advising a majority shareholder of Progas Pakistan Ltd., Pakistan’s largest liquefied petroleum gas company, based in Karachi, and shopping the Indian assets of APW Ltd., a maker of enclosures for electronics and telecom products that filed for bankruptcy in 2002. Candlewood acquired one-third of APW’s secured debt in 2007.

Then there’s Odyssey Petroleum Corp., a bankrupt Vancouver, British Columbia-based oil and gas exploration and production company. Pollack is currently advising an undisclosed bidder for Odyssey.

While Pollack talks about his trips abroad, and quips that New York is “where the money is,” he is still proud to call Cleveland his home. “Cleveland’s a great place to live,” he says. One important indicator of Candlewood’s success, Pollack believes, is that most of the firm’s clients are referrals from quite sophisticated local private equity firms and law firms. “It’s not crowded in Cleveland,” he says. —*Anthony Noto*



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