The aftermarket is changing. Investment companies are taking notice of our industry and using their significant resources to redefine the way business is done. The recent acquisition of Extang and TruXedo by Kinderhook Industries, LLC is one example of the inevitable changes that are sweeping the business world.

Capstone Financial Group outlined the details of transaction when it announced the completed sale of its client, Extang Corporation to an affiliate of Kinderhook Industries, LLC, as well as Capstone’s representation of Kinderhook in the purchase of TruXedo:

“Capstone was contacted by Extang to discuss strategic alternatives which would allow for a divestiture of the founding shareholders’ interests while keeping the company’s talented professional management team intact. Due to the heightened interest in the truck accessories segment of the auto aftermarket industry, Capstone entertained several bids for the purchase of Extang from a variety of prospective purchasers, both financial and strategic. Kinderhook emerged as the winning bidder during final rounds of negotiations and subsequently completed a purchase of all of Extang’s issued and outstanding shares.

“Simultaneously, Capstone was asked by Kinderhook to assist in the acquisition of TruXedo, a transaction which would give the combined companies approximately 40 percent market share in soft tonneau covers, one of the most popular add-on accessories for light trucks.

This combination of companies is particularly relevant in light of the burgeoning consolidation trend among manufacturers of aftermarket products which has partly been necessitated by the shrinking of their customer base and shifts in traditional distribution methods.

**Kinderhook Background**

Kinderhook Industries completed the transactions through THI, an investment vehicle created to pursue opportunities in the truck aftermarket. “I am very excited to be working with Bill Reminder and Kelly Kneifl as they lead the combined Extang/TruXedo organization to the next level. Kinderhook intends to support a vigorous investment program in marketing and new product development to expand the tonneau market. Additionally, we believe the consolidation of the Extang/TruXedo businesses will serve as a platform for further acquisitions in the truck aftermarket,” said Thomas Tuttle, Managing Director of Kinderhook.

Kinderhook Industries is a New York-based private equity firm that manages $470 million of committed capital. It was founded in 2003. The firm was established to capitalize on the principals’ expertise in acquiring middle market companies. Kinderhook primarily makes control investments in companies with transaction values of $10-$75 million where the firm can achieve significant financial, operational, and growth improvements. Kinderhook’s principals have completed in excess of fifty transactions, investing over $1 billion throughout their investment careers. In addition, Kinderhook is a licensed Small Business Investment Company (SBIC) with the U.S. Small Business Administration.

The Kinderhook investment philosophy is predicated on matching unique, value-oriented investment opportunities with high quality management — their “Search for Value”. Their focus is on identifying proprietary opportunities, where their experience and abilities will allow them to add value.

Kinderhook believes that strong management teams are vital in leading and growing outstanding companies. To that end, Kinderhook works as a partner with management using their experience and resources to help build successful companies.

**From The Desk Of Bill Reminder**

We were interested in hearing about this latest development from industry insider and Extang Corporation President and COO Bill Reminder, who’s insight and experience can shed some more light on the transaction’s aftermarket implications. Here’s what he had to say:

**TT:** Congratulations on the recent sale of Extang to Kinderhook along with the partnership with TruXedo. It sounds like many exciting things are happening for your companies and we’d like to share the story with our readers. Can more leading-edge manufacturers expect to be approached by investment companies? Do you see business in general heading in this direction?

**Reminder:** I believe a better perspective would be that many leading-edge manufacturers will approach the investment companies vs. the investment companies approaching the manufacturers. The reason is simple… the
Automotive Aftermarket is in the initial stage of a significant transformation. Many aftermarket manufacturers will experience significant difficulty by not rethinking large aspects of their strategies. Having the resources and expertise of a private equity firm along with combining great brands during the time of great change will prove to be very valuable forward thinking.

TT: What advantages are there to such an acquisition to your company?
Reminder: Bringing together the financial resources of an investment firm along with strong management teams and other well branded products/companies will allow us to have an even greater impact in the market for both our customers and suppliers.

TT: What advantages are there to such an acquisition to the industry as a whole?
Reminder: With where the aftermarket is headed, you need to be extremely agile and have the ability to adapt to the changes in the distribution channels which have begun. Strong management teams backed by powerful financial resources will allow these companies to position themselves to meet the needs of the consumer.

TT: What will be your role at THI as CEO?
Reminder: As President and CEO my primary goal is to ensure we stay on track and execute our strategy.

TT: What impact will this have on retailers?
Reminder: Simply…we will be able to bring new and innovative products to the market. We will continue to build the best brands backed by the best service in the aftermarket all the way to the end user.

TT: Any other comments or insights to share?
Reminder: This is just the first step of an important strategic plan. The path we are on will be very exciting.