

SECTION B | JANUARY 23, 2009

THE

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& ACQUISITIONS in NORTH TEXAS

MHT Partners:

for its work for Authentix Inc.

BY KATHRYN HOPPER | CORRESPONDENT

Investment banking firm MHT Partners LP had been helping Authentix Inc. devise its growth strategy for years. So it was only natural that when it came time to sell the company, Authentix Inc.'s executive team turned to the Dallas-based firm.

An Addison-based maker of tiny markers that help authenticate items such as bank notes and brand-name alcohol, Authentix Inc. evolved from its predecessor, Isotag Technology Inc., which was founded in 1996. The company grew through multiple rounds of capitalization from 1996 through 2004 to include a complex base of shareholders.

MHT Partners helped Authentix navigate the capital markets and develop a growth plan that included broadening its base of clients. "We set about to define the industry, lay out the competitive landscape and build the customer base," says Mike McGill, managing director and co-founder of MHT. "We concluded that governments, pharmaceuticals, consumer products and even aerospace could use their products and services."

Authentix became a market leader and, eventually, a takeover target. In 2007, a private equity firm made an unsolicited bid for the business. MHT Partners helped navigate the proceedings and conducted a broad market-check process on behalf of the company — all under a tight time frame and during the year-end holiday season.

MHT helped generate multiple offers, from both investment bankers and strategic partners. After shepherding several of the potential buyers through accelerated diligence and management presentations, MHT Partners helped Authentix close the sale to private equity firms The Carlyle Group and J.H. Whitney & Co., along with Corpus Christi-based Manti Resources Inc. and the Authentix management team. The transaction closed April 18, and the financial terms were not disclosed.

McGill said the new ownership not only provided a new infusion of cash to fuel further growth, but also added valuable client contacts, particularly in the government sector. And Authentix continues to be valuable client for MHT Partners. "We tend to stick with our clients and they continue to want us to stick with them," McGill said. "It's an ongoing relationship."

Formed in 2001, MHT Partners has three of its four founders on its board, including managing directors McGill, Shawn Terry and Eric Wenick. "We started in a soft M&A market, and we built up some early scar tissue coming up in a time when investing banking was in somewhat disarray," McGill said. "We grew in a time others were downsizing, so this isn't totally new to us."

He said the strength of the firm lies in its ability to deliver top-tier execution skills and rigorous strategic thinking to entrepreneurs, private equity investors and large corporations. In the last year, MHT Partners' clients have included Study Island, a Dallas-based provider of Web-based, state-specific, standards mastery and test preparation for the U.S., and Shuttlewagon, a Missouri-based manufacturer of railcar movers.

MHT Partners conducts its investment banking activity through its wholly owned subsidiary MHT Securities LP, a member of NASD and SIPC.

He said the firm's client base of growth companies has helped it better weather the current market, and although the firm continues to seek out growth companies,

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TRANSACTIONAL TRIO: Mike McGill, managing director of MHT Partners, center, is flanked by Authentix Inc. executives David Moxam, left, CEO, and Craig Stamm, CFO.

he expects to have more of a focus on buy-side advisory and minority investor transactions.

But he adds that the current market presents a growth opportunity. MHT Partners has 20 employees in its Dallas headquarters, but it is eyeing expansion.

"We're looking for ways to take advantage of this market disruption," McGill said. "That's why we're contemplating new locations."

HOPPER is a Southlake-based writer.

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Mike McGill, MHT Partners

THE PLAYERS

DAVID MOXAM

CEO, Authentix Inc.

CRAIG STAMM

CFO, Authentix Inc.

STEVE BAILEY

Managing director, The Carlyle Group

BRIAN CHERRY

Principal, J.H. Whitney & Co.

THE ADVISERS

MIKE MCGILL

Managing director and co-founder, MHT Partners LP

ERIC WENICK

Director, MHT Partners LP

RICHARD WAGGONER

Partner, Gardere Wynne Sewell LLP

JEFF CHAPMAN

Partner, Vinson & Elkins LLP