

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 25, 2019

COMPASS DIVERSIFIED HOLDINGS
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-34927
(Commission
File Number)

57-6218917
(I.R.S. Employer
Identification No.)

COMPASS GROUP DIVERSIFIED HOLDINGS LLC
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-34926
(Commission
File Number)

20-3812051
(I.R.S. Employer
Identification No.)

301 Riverside Avenue, Second Floor, Westport, CT 06880
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (203) 221-1703

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of Each Class | Trading Symbol(s) | Name of Each Exchange on Which Registered |
|--|-------------------|---|
| Shares representing beneficial interests in Compass Diversified Holdings | CODI | New York Stock Exchange |
| Series A Preferred Shares representing Series A Trust Preferred Interest in Compass Diversified Holdings | CODI PR A | New York Stock Exchange |
| Series B Preferred Shares representing Series B Trust Preferred Interest in Compass Diversified Holdings | CODI PR B | New York Stock Exchange |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Section 7 Regulation FD Disclosure
Item 7.01 Regulation FD Disclosure

On Tuesday, June 25, 2019, the management of Compass Group Diversified Holdings LLC and Compass Group Management LLC spoke with investors and analysts at 11:45 a.m., Eastern Time, in New York. The event included a presentation by the Company's 5.11 Tactical® subsidiary. A copy of the management's presentation is attached as Exhibit 99.1 hereto.

The information contained under Item 7.01 in this Report, including Exhibits 99.1, is being furnished and, as a result, such information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Section 9 Financial Statements and Exhibits
Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

99.1 [Investor Presentation.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 25, 2019

COMPASS DIVERSIFIED HOLDINGS

By: /s/ Ryan J. Faulkingham

Ryan J. Faulkingham
Regular Trustee

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 25, 2019

COMPASS GROUP DIVERSIFIED HOLDINGS LLC

By: /s/ Ryan J. Faulkingham

Ryan J. Faulkingham
Chief Financial Officer



COMPASS
DIVERSIFIED HOLDINGS

INVESTOR DAY • JUNE 2019

Growth • Stability • Transparency



Legal Disclaimer

- Contains certain forward-looking statements within the meaning of the federal securities laws. These statements may be made a part of this presentation or by reference to other documents we file with the SEC.
- Some of the forward-looking statements can be identified by the use of forward-looking words. Statements that are not historical in nature, including the words “anticipate,” “may,” “estimate,” “should,” “seek,” “expect,” “plan,” “believe,” “intend,” and similar words or the negatives of those words, are intended to identify forward-looking statements. Certain statements regarding the following particularly are forward-looking in nature: Future financial performance, market forecasts or projections, projected capital expenditures; Our business strategy.
- All forward-looking statements are based on our management’s beliefs, assumptions and expectations of our future economic performance, taking into account the information currently available to it. These statements are not statements of historical fact. Forward looking statements are subject to a number of factors, risks and uncertainties, some of which are not currently known to us, that may cause our actual results, performance or financial condition to be materially different from the expectations of future results, performance or financial position. Our actual results may differ materially from the results discussed in forward-looking statements. Factors that might cause such a difference include, but are not limited to the risks set forth in “Risk Factors” included in our SEC filings.
- In addition, our discussion may include references to Adjusted EBITDA, EBITDA, cash flow, CAD or other non-GAAP measures. A reconciliation of the most directly comparable GAAP financial measures to such non-GAAP financial measures is included in our annual and quarterly reports in Forms 10-K and 10-Q filed with the SEC as well as the attached Appendix.

Today's Presenters



Elias Sabo
Founding Partner & CEO

- Responsible for directing CODI's strategy
- Joined The Compass Group in 1998 as one of its founding partners
- Graduate of Rensselaer Polytechnic Institute



Ryan Faulkingham
EVP & CFO

- Responsible for accounting and reporting, financial controls, as well as risk assessment
- Joined The Compass Group in 2008
- Graduate of Lehigh University and Fordham University



Patrick Maciariello
Chief Operating Officer

- West Coast Managing Partner
- Joined The Compass Group in 2005
- Graduate of University of Notre Dame and Columbia Business School



Dave Swanson
Partner

- East Coast Managing Partner
- Joined The Compass Group in 2001
- Graduate of University of Chicago and the Harvard Business School



Business Overview

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Executive Summary

Compass Diversified Holdings (“CODI” or the “Company”) acquires, operates and selectively divests middle-market consumer and niche industrial businesses, a strategy typically employed by private equity investors

- Unlike traditional private equity investors, CODI’s permanent capital structure provides a competitive advantage, enabling us to be more patient in capital deployment and divestitures

CODI is an experienced acquirer, manager and divestor of middle market businesses

- Rolled in 4 platform companies at time of IPO, 15 platform acquisitions since, pace of roughly 1 new platform acquisition per year
- Consummated 26 add-on acquisitions, or approximately 2 per year, the overwhelming majority of which have been highly successful
- Divested 11 subsidiaries (one pending) and will have generated realized gains in excess of \$1 billion

CODI has solidly outperformed major indices since going public, and has been amongst the best in returning capital to shareholders

- Since IPO, CODI has outperformed the Russell 2000 by 160 basis points and the S&P500 by 135 basis points
- CODI has paid in total \$17.88 in distributions, or ~120% of our IPO price. Quarterly distribution of \$0.36 per share has been held constant since 2011, and has never been reduced, even during the financial crisis

Competitive Advantages

Permanent Capital

- Allows the company to be opportunistic in both acquisitions and divestitures
- Fosters business building
 - Invest in people, processes and culture
 - Invest in growth opportunities (capital expenditures, sales and marketing, add-on acquisitions, etc.)

Cost of Capital

- Aggregation of 8 middle market companies provides for lower cost of capital versus financing each company separately

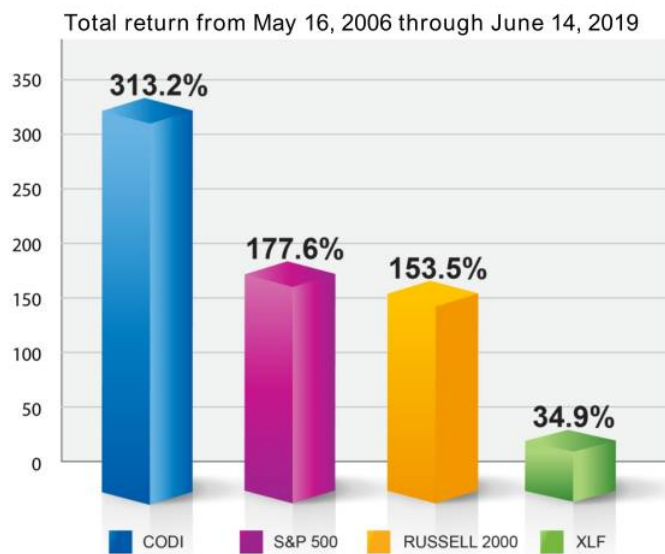
Management Team

- Compass Group Management, the Manager, has been executing the same strategy for over 20 years and has consistently generated superior results
- Private equity-like compensation structure aligns interest of shareholders and management team and allows for recruitment of top level talent
 - 13+ year history as a public company manager, patient deployer of capital, willing to net divest
 - Anticipates waiving management fee on CODI cash obtained from recent divestitures
 - Significant and growing ownership of CODI shares by Manager partners and employees
- Highly accountable organization focused on consistently exceeding our weighted average cost of capital on all invested capital

Total Return Performance

CODI's business model and execution has produced significant, long term outperformance versus the benchmarks

\$1.00 invested at IPO is worth \$4.13 vs. \$2.54 in the Russell 2000



Middle market asset pricing typically more attractive than larger liquid companies

Significant opportunity to affect change to increase shareholder value

- Professionalization of subsidiaries
- Creating a culture of accountability

Note: Total Return assumes reinvestment of distributions.

Significant Events in 2019

Sold Manitoba Harvest in February

- Sale price of Cd\$370mm plus an earnout of up to Cd\$49mm
- Realized \$121.7 million gain
- Sold for >50x EBITDA
- Sale expected to be neutral to Cash Available for Distribution or Reinvestment ('CAD' or 'Cash Flow') in 2019 and \$7mm accretive to Cash Flow on an annualized basis

Announced the sale of Clean Earth in May

- Sale price of \$625mm
- Anticipate a realized gain of approximately \$210mm
- Sale expected to be approximately \$15mm dilutive to Cash Flow on an annualized basis assuming no repayment of term debt

Reported positive Q1 financial results in May

- Pro forma net sales up 1.9% y-o-y; pro forma adjusted EBITDA up 4.0% y-o-y
- Cash Flow up 26% y-o-y

Strategic Direction

Defensively positioned

- Longest economic expansion in US history at 10+ years
- Global weakness emerging, partially due to trade issues
 - CODI has only minor direct exposure to tariffs (estimated at less than 5% of EBITDA)

Continue to seek attractively valued acquisition opportunities where we can exceed our WACC

- Focus on add-on opportunities
 - Smaller companies, less efficient sale processes, better valuations
 - Ability to generate synergies to reduce effective acquisition multiple
- Continue to look for platform acquisitions – however difficult to find value in the current market environment

Selective divestitures

- Continue to consider taking advantage of elevated market pricing

Remain best in class in return of capital to shareholders

- Strong Cash Flow generation + best balance sheet in history = certainty of distribution



Competitive Advantages

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Competitive Advantages

Capital structure provides significant advantages over private equity investment model

Acquisitions

- No 5-year investment period, allows for more disciplined approach to deployment of capital
- Certainty of financing / speed of closure

Ownership

- Potential for extended ownership period, unlike traditional private equity models
- Ability to invest in businesses to drive long term value creation
 - Build management team
 - Invest in infrastructure
 - Invest capital for organic growth opportunities and add-on acquisitions

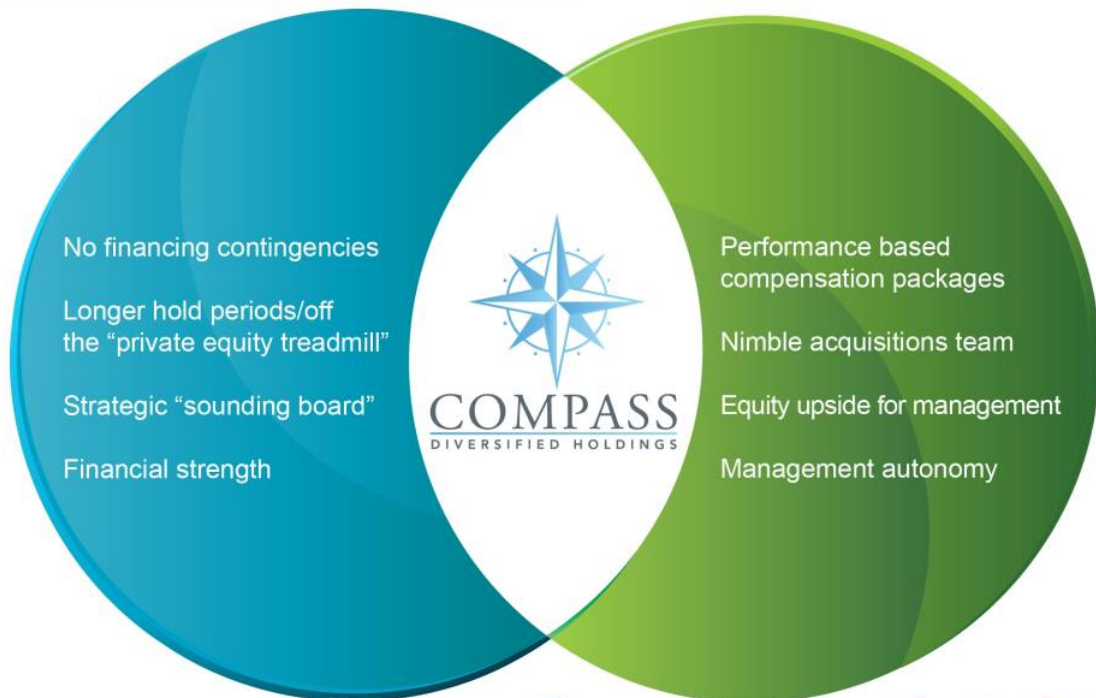
Opportunistic Divestitures

- No set divestiture timeline based on partnership timelines
- Ability to hold subsidiaries until divestiture optimizes outcome for shareholders
- Divestitures typically driven based on opportunistic sales
 - 7 of 11 subsidiaries exited outside of traditional sale processes (one pending)
 - 6 companies sold to strategic acquirers, 1 taken public

Sought-after Partner in Middle-Market

Perceived Attributes of Strategic Acquirers

Perceived Attributes of Financial Acquirers



Case Study: Manitoba Harvest



Overview: Manitoba Harvest is a pioneer and global leader in hemp-based foods, both under its own brand and as an ingredient supplier. The company is the world's largest vertically-integrated hemp food manufacturer and is strategically located near its supply base in Canada.

Purchase Price (July 2015): C\$132mm

Competitive Strengths:

- Market share leader in Canada and the U.S.
- Passionate and loyal consumer following
- Strong management team; thought leaders in Hemp industry
- Vertically-integrated manufacturing model
- Unique access to highly regulated supply base

Ownership and Management:

- Recruited Bill Chiasson, a former CEO of a CODI portfolio company, to transition from founder led business
- Recruited VP Marketing, SVP Global Sales, CFO
- Relocated corporate offices from Winnipeg to Minneapolis to provide access to robust talent pool for future growth
- Add-on acquisition (C\$42mm) of the leading hemp food ingredient processor, Hemp Oil Canada, strengthening product and supply position
- Invested heavily in sales, marketing and product R&D
 - Expanded points of distribution
 - Increased consumer awareness by ~100% (Household Penetration)
 - Launched multiple new products including protein powders, granola bars and CBD (announced prior to divestiture)

Divestiture of Manitoba Harvest

- In February 2019, CODI completed the 100% sale of Manitoba Harvest to Tilray Inc. for an aggregate sales price of up to C\$419mm
 - Under the terms of the agreement, C\$49mm of the aggregate sales price is subject to Manitoba Harvest achieving certain performance milestones in 2019

Successful Investment

- CODI to realize approximately C\$289mm in proceeds plus up to an additional C\$34mm potential milestone payment in early 2020



Subsidiary Review

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Current Subsidiaries

8 subsidiaries, 4 Branded Consumer and 4 Niche Industrial

- Market leaders with strong, identifiable competitive moats
- Extraordinary free cash flow profile
 - PF LTM 3/31/19 adjusted EBITDA, maintenance capex and cash taxes of \$236mm, \$18mm and \$15mm, respectively
 - \$203mm of net cash flow (before working capital changes and growth capex) on \$1.7 billion of acquisition price (includes add-on acquisitions)
 - Cash on cash yield (before working capital changes and growth capex) of 12.0%
- 1 subsidiary, 5.11, is rapidly growing and has transformational potential
 - Global brand in the tactical industry supplying first responders with aspirational, premium apparel
 - Rapidly growing consumer brand, aided by authenticity from the professional channel
 - Investing heavily in the consumer lifestyle business, including developing small format, highly curated retail stores (49 as of today), online through 511tactical.com, and traditional consumer wholesale.
 - YTD Q1 2019, consumer lifestyle represents 40% of overall business and 50% of domestic revenue
 - At time of acquisition, consumer lifestyle represented 25% of overall business and 30% of domestic revenue

Note: The above information is pro forma and excludes Clean Earth and Manitoba Harvest results for the periods discussed.



Subsidiary Snapshot

(\$ millions)

| Subsidiaries | TTM 03/31/19 ⁽¹⁾ | | | | | Ownership | Initial Purchase Price (Year) | Purchase Price + Add-ons |
|--|-----------------------------|----------------------------|--------------------|-------------------|---------------------|-----------|-------------------------------|--------------------------|
| | Revenue | Adj. EBITDA ⁽⁴⁾ | Adj. EBITDA Margin | Maintenance Capex | Growth Capex | | | |
|  | \$352 | \$35 | 10% | \$1 | \$16 ⁽²⁾ | 98% | \$400 (Aug 2016) | \$400 |
|  ⁽³⁾ | \$161 | \$29 | 18% | \$4 | \$1 | 99% | \$151 (Jun 2017) | \$248 (\$97 add-on) |
|  | \$91 | \$22 | 24% | \$1 | - | 82% | \$85 (Sep 2010) | \$168 (\$83 add-ons) |
|  | \$81 | \$7 | 9% | \$1 | - | 89% | \$70 (Mar 2010) | \$71 (\$1 add-on) |
| Branded Consumer: | \$685 | \$93 | 14% | \$7 | \$17 | | | |
|  | \$407 | \$68 | 17% | \$3 | \$1 | 100% | \$160 (Oct 2014) | \$344 (\$184 add-ons) |
|  | \$129 | \$30 | 23% | \$2 | \$1 | 100% | \$248 (Feb 2018) | \$248 |
|  | \$118 | \$14 | 12% | \$5 | - | 97% | \$129 (Mar 2012) | \$129 |
|  | \$94 | \$31 | 33% | \$1 | - | 69% | \$81 (May 2006) | \$100 (\$19 add-ons) |
| Niche Industrial: | \$748 | \$143 | 19% | \$11 | \$2 | | | |
| Consolidated: | \$1,433 | \$236 | 16% | \$18 | \$19 | | | \$1,708 |

- (1) Revenue, Adj. EBITDA, Capex shown pro forma for acquisitions and excludes Manitoba Harvest and Clean Earth
 (2) Growth Capex at 5.11 for ERP system, state-of-the-art warehouse and retail store rollout
 (3) Velocity Outdoor Revenue and Adj. EBITDA include the recently acquired Ravin business
 (4) Subsidiary Adj. EBITDA does not include \$13 million of corporate expenses

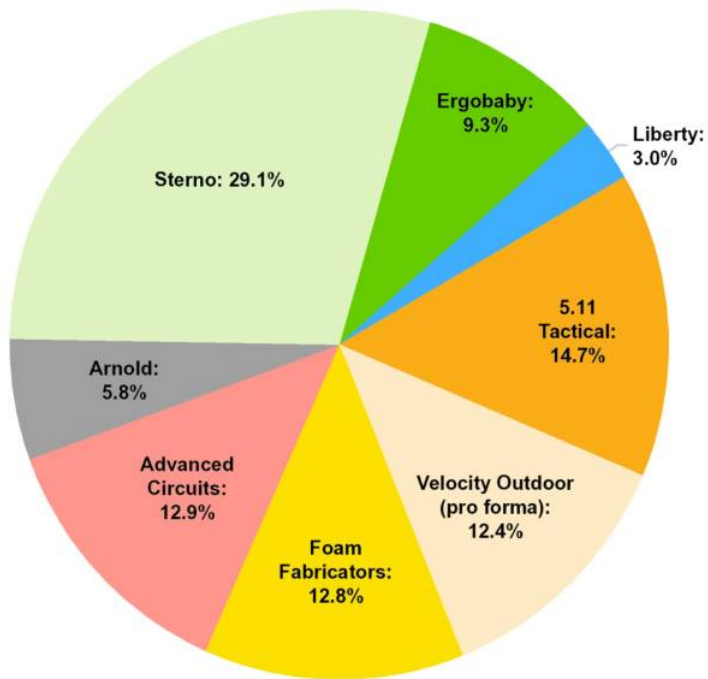


Financials

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Diversified Leading Brands and Growing Businesses, Producing Consistent Cash Flow and Earnings

% Pro Forma Subsidiary Adj. EBITDA



March 31, 2019 LTM Revenues and Pro Forma Subsidiary Adjusted EBITDA of \$1.4 billion and \$236 million, respectively

Diversified cash flows from 8 subsidiaries

- 4 niche industrial subsidiaries representing 52% of Revenues and 61% of Adjusted EBITDA
- 4 branded consumer subsidiaries representing 48% of Revenues and 39% of Adjusted EBITDA

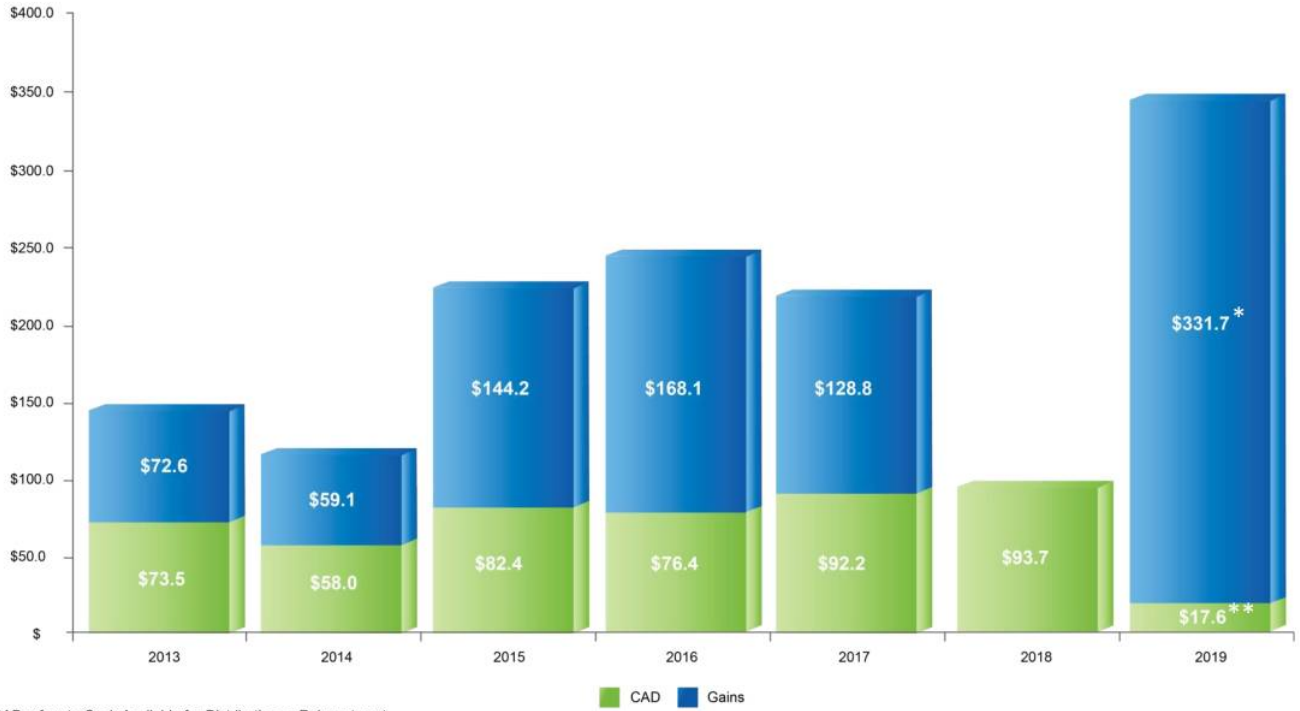
Diversified customer base

- 8 subsidiaries in diverse industry segments reduce customer concentration risk

Note: References to Adjusted EBITDA and Revenue are pro forma for the acquisition of Ravin (add-on to Velocity) and exclude Manitoba Harvest and Clean Earth

Demonstrated History of Value Creation

- Generated \$1.4 billion in Cash Flow and realized gains over the last 7 years
- Stable cash flow generated by diverse businesses



Note: CAD refers to Cash Available for Distribution or Reinvestment.
Refer to the appendix for a reconciliation.

* Estimated \$210mm gain on sale of Clean Earth expected to be recorded in Q2 2019 ** Cash Flow is for Q1 2019 only

Distributions Paid Since IPO (\$17.88 per share) ~7.5% yield at 06/14/19



Strongest Balance Sheet in History

- When Clean Earth closes (estimated June 28th) we expect ~\$506mm in net proceeds
- Manitoba Harvest remaining sale proceeds (end of August) we expect ~\$27mm in add'l net proceeds

(millions, estimated)

| | <u>March 31, 2019</u> | <u>Pro Forma*</u> |
|--------------|-----------------------|-------------------|
| Cash | \$40mm | \$488mm |
| Revolver | \$85mm | \$0mm |
| Term Loans | \$495mm | \$495mm |
| Bonds | \$400mm | \$400mm |
| Net Leverage | 3.57X | <1.9X |

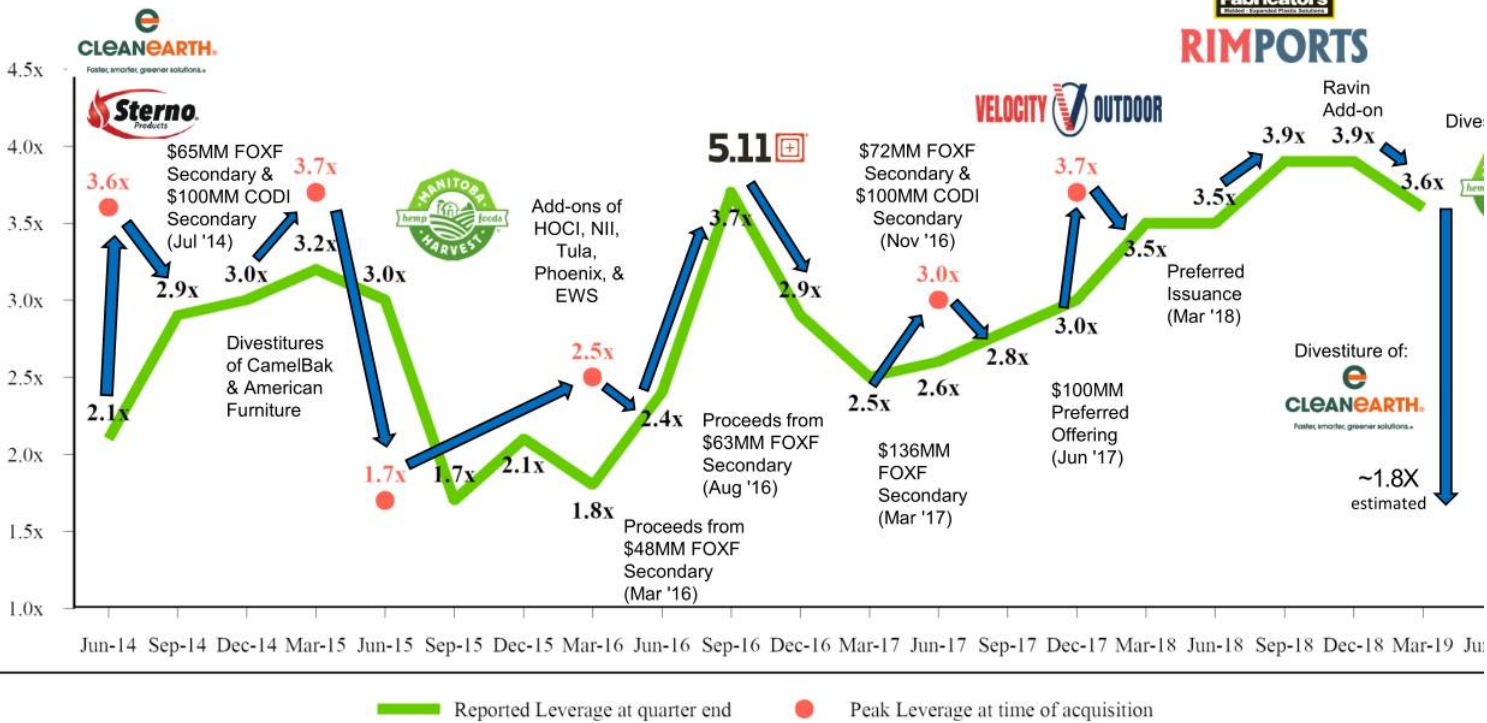
Total Availability: > \$1 Billion

If we deploy @ 8x EBITDA = > \$125 million in additional EBITDA

* Pro Forma for the sales of Manitoba Harvest and Clean Earth; net proceeds applied to March 31 balances to pay down Revolver and remainder held as cash

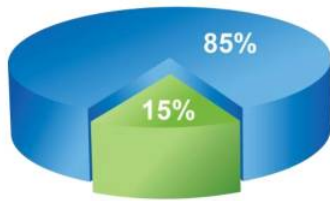
History of Successfully Deleveraging

- CODI has a demonstrated history of paying down its debt and is committed to staying conservatively levered



Improving Cost of Capital

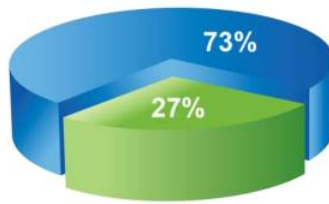
May 2006



■ Equity ■ Debt

Rate on debt – 10.9%

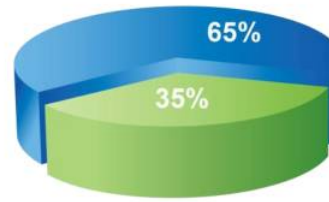
Dec 2011



■ Equity ■ Debt

Rate on debt – 8.8%

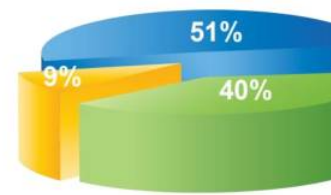
Dec 2016



■ Equity ■ Debt

Rate on debt – 5.5%

Est. Jun 2019



■ Equity ■ Debt ■ Preferred

Rate on debt – 6.4%
Rate on preferred – 7.6%

Cash Flow Impact of Divestitures – Annualized impact

| (estimated, in millions) | <u>Manitoba Harvest</u> | <u>Clean Earth</u> |
|-----------------------------------|-------------------------|--------------------|
| Adj. EBITDA – TTM March | \$5mm | \$50mm |
| Less: | | |
| Cash Taxes | (0.5) | (8) |
| Maint. Cap Ex | <u>(0.5)</u> | <u>(8)</u> |
| Cash flow to CODI | \$4 | \$34 |
| Less: | | |
| Mgmt. Fee | (2) | (8) |
| Revolver Int. Exp. | (9) | (3) |
| Interest on Cash | — | <u>(8)</u> |
| (Accretive) Dilutive to Cash Flow | (7) | 15 |

Only \$8mm of Lower Cash Flow on an Annualized Basis

Benefits of Owning CODI

Consistent outperformance of benchmarks

- CODI total return of 313% since IPO versus total return of 154% for the Russell 2000
- Consistent distribution which has never been reduced

Access to an attractive segment of the market historically reserved for private equity managers

- Experienced manager with aligned compensation model

Superior governance model

- Majority of Board of Directors independent with Chairman and CEO roles separated
- Transparency into each of the operating subsidiaries
- SOX compliance with 404 pushed down to each operating subsidiary

Liquidity

Why CODI Now?

Strongest balance sheet in our history

- Pro forma for the Clean Earth sale and Manitoba Harvest proceeds, leverage <2x
- Approximately \$1bn of availability to deploy

Lowest cost of capital in our history

- 2018 debt refinancing extended maturities and added \$400mm of unsecured debt with flexible covenants
- Approximately 50% of capital non-dilutive at an average cost of 6.6%

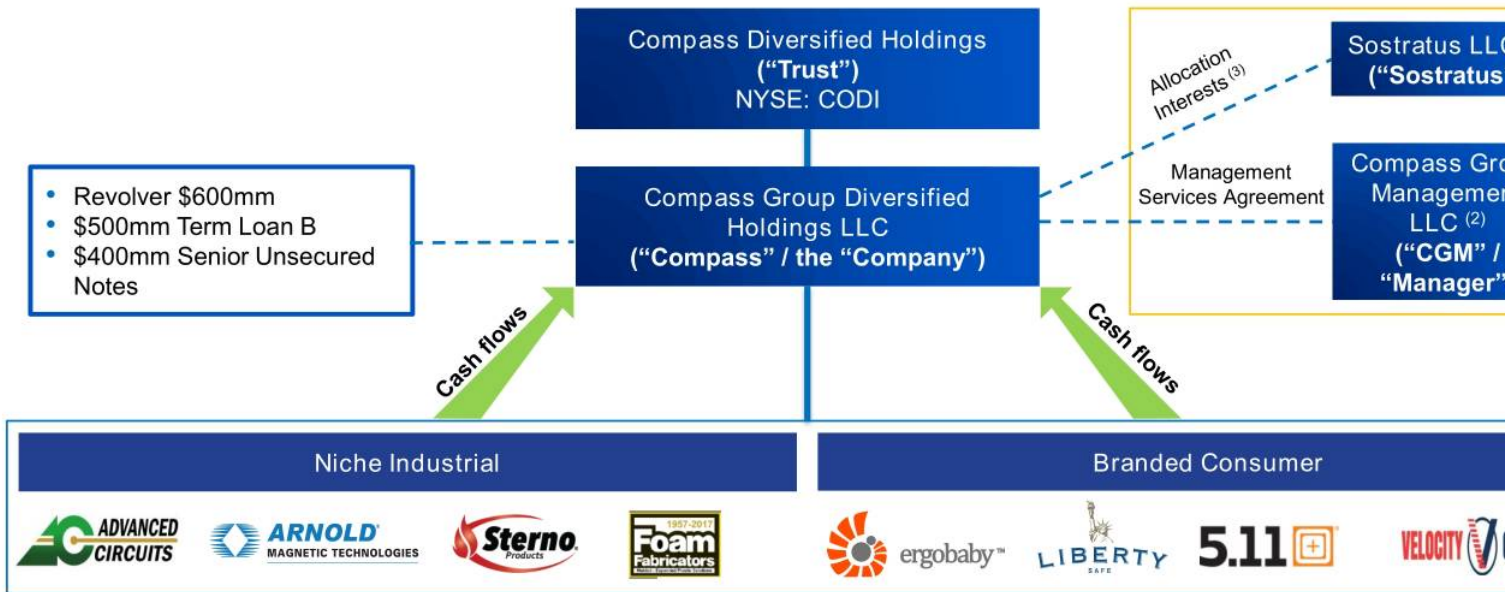
CODI is positioned to deliver regardless of economic climate

- Continued economic expansion - eight remaining subsidiaries producing strong Cash Flow which on an annualized basis is expected to exceed distribution; poised to grow in economic expansion
- Economic contraction – Cash Flow from existing subsidiaries expected to decline, however offset by \$1bn in available capital to deploy into acquisitions at attractive prices



Appendix

CODI Partnership Structure



(1) As of 12/31/18, 49.0% beneficially owned by certain persons who are employees and partners of our Manager. C. Sean Day, the Chairman of our Board of Directors, CGI and former founding partners of the Manager, are non-members.

(2) Mr. Sabo is a Member and the Manager of this entity, which is an LLC, not a partnership.

(3) The Allocation Interests, which carry the right to receive a profit allocation, represent less than 0.1% equity interest in the Company.



Current Subsidiaries

5.11



Industry: Designer and manufacturer of purpose-built tactical apparel and gear serving a wide range of global customers

Purchase Price (August 2016): \$400mm

Competitive Strengths:

- Passionate and enthusiastic customer base
- Entrenched position in the professional market providing stable cash flow
- Broad customer base and product portfolio

Compass Value Added:

- Working with management to enhance product distribution globally, and continue its direct-to-consumer efforts through online and retail.

Financials:

| (\$ millions) | Three Months Ended 3/31/2019 | Three Months Ended 3/31/2018 | Year Ended 12/31/2018 | Year Ended 12/31/2017 | Proforma Year Ended 12/31/2016 |
|-----------------|------------------------------|------------------------------|-----------------------|-----------------------|--------------------------------|
| Revenue | \$88.1 | \$84.0 | \$347.9 | \$310.0 | \$295.3 |
| Adjusted EBITDA | \$8.3 | \$5.9 | \$32.3 | \$38.5 | \$36.2 |

VELOCITY  **OUTDOOR**



Industry: Designer, manufacturer and marketer of airguns, archery products, optics and related accessories

Purchase Price (June 2017): \$152mm + \$97mm add-on acquisitions

Competitive Strengths:

- Market share leader in airguns and crossbows
- Unrivaled sourcing and manufacturing capabilities allows for penetration into new markets
- Well-known brand names
- Enthusiastic and passionate customer base

Compass Value Added:

- Working with management to develop strategy for new market penetration, identify add-ons and broaden international distribution

Financials:

| (\$ millions) | Three Months Ended 3/31/2019 | Proforma Three Months Ended 3/31/2018 (1) | Proforma Year Ended 12/31/2018 (2) | Proforma Year Ended 12/31/2017 (3) |
|-----------------|------------------------------|---|------------------------------------|------------------------------------|
| Revenue | \$31.1 | \$35.3 | \$164.5 | \$150.0 |
| Adjusted EBITDA | \$4.0 | \$6.1 | \$31.3 | \$25.7 |

(1) Includes revenue of \$10.9 and adjusted EBITDA of \$2.9 related to Ravin add-on acquisition
 (2) Includes revenue of \$33.5 and adjusted EBITDA of \$10.8 related to Ravin add-on acquisition
 (3) Includes revenue of \$30.0 and adjusted EBITDA of \$7.5 related to Ravin add-on acquisition



Industry: Designer and manufacturer of soft structured baby carriers, wraps, as well as complementary juvenile products

Purchase Price (September 2010): \$85mm + \$83mm add-on acquisitions

Competitive Strengths:

- Carrier endorsed as “one of the 20 best products in the last 20 years” by Parenting Magazine
- Superior design resulting in improved comfort for both parent and child
- Passionate and enthusiastic customer base
- Reduced cyclicality industry with low elasticity of price due to importance of product to purchaser

Compass Value Added:

- Recruited senior management team. Working with management to improve product distribution globally, identify add-on acquisitions and related brand products to sell into passionate customer base

Financials:

| (\$ millions) | Three Months Ended 3/31/2019 | Three Months Ended 3/31/2018 | Year Ended 12/31/2018 | Year Ended 12/31/2017 | Year Ended 12/31/2016 |
|-----------------|------------------------------|------------------------------|-----------------------|-----------------------|-----------------------|
| Revenue | \$22.5 | \$22.2 | \$90.6 | \$103.0 | \$103.3 |
| Adjusted EBITDA | \$5.6 | \$4.7 | \$21.1 | \$33.0 | \$32.7 |



Industry: Manufacturer of home and gun safes and related accessories

Purchase Price (March 2010): \$70mm + \$1mm add-on acquisition

Competitive Strengths:

- Market share leader
- Well-known brand names
- Category management capabilities for customers
- Low cost domestic manufacturer

Compass Value Added:

- Working with management to build brand and expand manufacturing capabilities. Continue national marketing efforts and pursuit of organic growth initiatives

Financials:

| (\$ millions) | Three Months Ended 3/31/2019 | Three Months Ended 3/31/2018 | Year Ended 12/31/2018 | Year Ended 12/31/2017 | Year Ended 12/31/2016 |
|-----------------|------------------------------|------------------------------|-----------------------|-----------------------|-----------------------|
| Revenue | \$22.2 | \$23.5 | \$82.7 | \$92.0 | \$103.8 |
| Adjusted EBITDA | \$2.2 | \$3.3 | \$8.1 | \$11.7 | \$16.9 |



Industry: Engineered permanent magnet and magnetic assemblies, manufacturer of thin and ultra-thin alloy products in a variety of materials

Purchase Price (March 2012): \$129mm

Competitive Strengths:

- Market share leader
- Attractive and diverse end-markets
- Engineering and product development capabilities
- Stable blue chip customer base – 2,000+ customers globally
- Global manufacturing footprint

Compass Value Added:

- Working with management in the pursuit of acquisitions, the development of its strategic plan, organic growth initiatives and sourcing program

Financials:

| (\$ millions) | Three Months Ended 3/31/2019 | Three Months Ended 3/31/2018 | Year Ended 12/31/2018 | Year Ended 12/31/2017 | Year Ended 12/31/2016 |
|-----------------|------------------------------|------------------------------|-----------------------|-----------------------|-----------------------|
| Revenue | \$30.0 | \$29.4 | \$117.9 | \$105.6 | \$108.2 |
| Adjusted EBITDA | \$3.2 | \$3.4 | \$14.0 | \$10.3 | \$12.8 |



Industry: Quick-turn production printed circuit board ("PCB") manufacturing

Purchase Price (May 2006): \$81mm + \$19mm add-on acquisitions

Competitive Strengths:

- Insulated from Asian manufacturing due to small, customized order size and requirements for rapid turnaround
- Largest quick turn manufacturer in the US; approx 300 unique daily orders received
- Manufacturing scale produces high margins
- Completed accretive acquisitions of Circuit Express and UCI
- Diverse customer base – 10,000 current customers
- Approximate 30% EBITDA margins

Compass Value Added:

Working with management to identify and consummate add-on acquisitions and build complementary quick turn assembly business

Financials:

| (\$ millions) | Three Months Ended 3/31/2019 | Three Months Ended 3/31/2018 | Year Ended 12/31/2018 | Year Ended 12/31/2017 | Year Ended 12/31/2016 |
|-----------------|------------------------------|------------------------------|-----------------------|-----------------------|-----------------------|
| Revenue | \$23.1 | \$22.1 | \$92.5 | \$87.8 | \$86.0 |
| Adjusted EBITDA | \$7.4 | \$6.9 | \$30.0 | \$27.2 | \$26.6 |



Industry: Designer and manufacturer of custom molded protective foam solutions and OEM components made from expanded polystyrene

Purchase Price (February 2018): \$248mm

Competitive Strengths:

- A leader in molded foam protective packaging
- National manufacturing footprint of 13 plants provides:
 - Ability to scale raw material purchases
 - Ability to service national customers
- Long-tenured blue-chip customer relationships

Compass Value Added:

- Working with management to develop its strategic plan and to pursue add-on acquisitions

Financials:

(\$ millions)

| | Three Months Ended 3/31/2019 | Pro forma Three Months Ended 3/31/2018 | Pro forma Year Ended 12/31/2018 | Pro forma Year Ended 12/31/2017 | Pro forma Year Ended 12/31/2016 |
|-----------------|------------------------------|--|---------------------------------|---------------------------------|---------------------------------|
| Revenue | \$30.7 | \$30.5 | \$128.5 | \$126.4 | \$112.7 |
| Adjusted EBITDA | \$7.2 | \$6.3 | \$29.4 | \$29.0 | \$27.4 |



Industry: Foodservice and Consumer Products manufacturer and marketer

Purchase Price (October 2014): \$160mm + \$184mm add-on acquisitions

Competitive Strengths:

- Leading manufacturer in a niche market
- Iconic brand with over 100 year history
- Strong management team with proven ability to make accretive acquisitions

Compass Value Added:

- Working with management team to develop its strategic plan to enter new markets, and support the development of new products

Financials:

| (\$ millions) | Three Months Ended 3/31/2019 | Proforma Three Months Ended 3/31/2018 (1) | Proforma Year Ended 12/31/2018 (1) | Proforma Year Ended 12/31/2017 (2) | Proforma Year Ended 12/31/2016 (3) |
|-----------------|------------------------------|---|------------------------------------|------------------------------------|------------------------------------|
| Revenue | \$91.2 | \$90.0 | \$405.9 | \$383.4 | \$356.1 |
| Adjusted EBITDA | \$13.9 | \$14.4 | \$69.3 | \$66.3 | \$60.1 |

(1) Includes revenue of \$24.8 and adjusted EBITDA of \$5.5 related to Rimports add-on acquisition
 (2) Includes revenue of \$157.3 and adjusted EBITDA of \$34.7 related to Rimports add-on acquisition
 (3) Includes revenue of \$140.1 and adjusted EBITDA of \$29.3 related to Rimports add-on acquisition



Balance Sheet - Condensed(000's)

March 31, 2019

Current Assets:

| | |
|--|---------------------|
| Cash and cash equivalents | \$ 39,837 |
| Other current assets | 665,368 |
| Total current assets | <u>705,205</u> |
| Property, plant and equipment | 203,549 |
| Goodwill, intangibles and other assets | 1,460,872 |
| Total assets | <u>\$ 2,369,626</u> |

Current Liabilities:

| | |
|---------------------------|------------------|
| Current portion of debt | \$ 5,000 |
| Other current liabilities | 245,112 |
| Total current liabilities | <u>250,112</u> |
| Long-term debt | 955,395 |
| Other liabilities | 163,338 |
| Total liabilities | <u>1,368,845</u> |

Stockholders' Equity:

| | |
|--|---------------------|
| Controlling interest | 948,594 |
| Non-controlling interest | 52,187 |
| Total stockholders' equity | <u>1,000,781</u> |
| Total liabilities and stockholders' equity | <u>\$ 2,369,626</u> |

Income Statement - Condensed(000's)

YTD March 31, 2019

| | |
|--|-------------------|
| Net Sales | \$ 402,489 |
| Cost of Sales | <u>266,300</u> |
| Gross Profit | \$ 136,189 |
| | |
| Operating Income | \$ 14,868 |
| Interest expense, net | (18,582) |
| Other income (expense) | (7,384) |
| Provision (benefit) for income taxes | 403 |
| Net gain on sales of discontinued operations | <u>121,659</u> |
| Net Income | \$ 110,158 |
| Noncontrolling interest | <u>850</u> |
| Net income attributable to Holdings | <u>\$ 109,308</u> |

Cash Flow Statement – Condensed (000's)

YTD March 31, 2019

| | |
|---|--------------------|
| Net cash used in operating activities | \$ (8,936) |
| Net cash provided by investing activities | \$ 168,944 |
| Net cash used in financing activities | \$ (172,448) |
| Effect of foreign currency on cash | <u>\$ (1,049)</u> |
| Net increase in cash and cash equivalents | <u>\$ (13,489)</u> |

Adjusted EBITDA

Three Months Ended March 31, 2019

| | Corporate | 5.11 | Ergobaby | Liberty | Velocity Outdoor | ACI | Arnold | Foam | Sterno | Consolidated |
|---|-------------------|-----------------|-----------------|-----------------|---------------------|-----------------|-----------------|-----------------|------------------|-------------------|
| Net income (loss) | \$ 104,899 | \$ (1,870) | \$ 1,523 | \$ 153 | \$ (1,865) | \$ 3,704 | \$ 137 | \$ 604 | \$ 1,446 | \$ 104,899 |
| Adjusted for: | | | | | | | | | | |
| Provision (benefit) for income taxes | — | (445) | 626 | 118 | (693) | 1,061 | (263) | 539 | 481 | — |
| Interest expense, net | 18,410 | (4) | — | — | 48 | (1) | — | — | — | 18,410 |
| Intercompany interest | (20,874) | 4,565 | 979 | 1,080 | 2,779 | 1,737 | 1,584 | 2,277 | 5,873 | — |
| Depreciation and amortization | 493 | 5,258 | 2,119 | 428 | 3,312 | 707 | 1,644 | 3,067 | 5,485 | — |
| EBITDA | 102,928 | 7,504 | 5,247 | 1,779 | 3,581 | 7,208 | 3,102 | 6,487 | 13,285 | 102,928 |
| Gain on sale of business | (121,659) | — | — | — | — | — | — | — | — | (121,659) |
| Other (income) expense | 363 | (8) | — | 43 | 11 | (58) | (2) | 16 | 70 | — |
| Noncontrolling shareholder compensation | — | 559 | 225 | 9 | 270 | 6 | (15) | 254 | 420 | — |
| Acquisition expenses and other | — | — | — | — | — | — | — | — | — | — |
| Loss on sale of investment | 5,300 | — | — | — | — | — | — | — | — | — |
| Integration services fee | — | — | — | — | — | — | — | 281 | — | — |
| Other | — | — | — | 266 | — | 58 | — | — | — | — |
| Management fees | 9,769 | 250 | 125 | 125 | 125 | 125 | 125 | 188 | 125 | — |
| Adjusted EBITDA | \$ (3,299) | \$ 8,305 | \$ 5,597 | \$ 2,222 | \$ 3,987 | \$ 7,339 | \$ 3,210 | \$ 7,226 | \$ 13,900 | \$ (3,299) |

Note: Excludes adjusted EBITDA information from Clean Earth

Adjusted EBITDA

Three Months Ended March 31, 2018

| | Corporate | 5.11 | Ergobaby | Liberty | Velocity Outdoor | ACI | Arnold | Foam | Sterno | Consolidat |
|--|-------------------|-----------------|-----------------|-----------------|---------------------|-----------------|-----------------|-----------------|-----------------|---------------|
| Net income (loss) | \$ (4,588) | \$ (2,775) | \$ 674 | \$ 1,318 | \$ (1,286) | \$ 3,118 | \$ 91 | \$ (597) | \$ 1,545 | \$ (2,5 |
| Adjusted for: | | | | | | | | | | |
| Provision (benefit) for income taxes | — | (1,779) | 262 | 452 | (485) | 887 | (135) | (3) | (443) | (1, |
| Interest expense, net | 6,037 | 8 | — | — | 73 | — | — | — | — | 6, |
| Intercompany interest | (16,551) | 4,099 | 1,316 | 1,012 | 1,915 | 1,887 | 1,630 | 1,172 | 3,520 | |
| Depreciation and amortization | 627 | 5,481 | 2,050 | 363 | 2,049 | 842 | 1,602 | 913 | 2,988 | 16, |
| EBITDA | (14,475) | 5,034 | 4,302 | 3,145 | 2,266 | 6,734 | 3,188 | 1,485 | 7,610 | 19, |
| Loss on sale of fixed assets | — | — | — | 57 | — | — | 49 | 6 | — | |
| Noncontrolling shareholder compensation | — | 612 | 271 | 19 | 381 | 6 | 36 | 85 | 541 | 1, |
| Acquisition related expenses | 5 | — | — | — | — | — | — | 1,552 | 632 | 2, |
| Integration services fee | — | — | — | — | 375 | — | — | 281 | — | |
| Loss on foreign currency transaction and other | 1,339 | — | — | — | — | — | — | — | — | 1, |
| Management fees | 9,543 | 250 | 125 | 125 | 125 | 125 | 125 | 94 | 125 | 10, |
| Adjusted EBITDA | \$ (3,588) | \$ 5,896 | \$ 4,698 | \$ 3,346 | \$ 3,147 | \$ 6,865 | \$ 3,398 | \$ 3,503 | \$ 8,908 | \$ 36, |

Note: Excludes adjusted EBITDA information from Clean Earth and Manitoba Harvest

Adjusted EBITDA

Year Ended December 31, 2018

| | Corporate | 5.11 | Ergobaby | Liberty | Velocity Outdoor | Advanced Circuits | Arnold | Foam | Sterno | Consolidated |
|--|--------------------|------------------|------------------|-----------------|------------------|-------------------|------------------|------------------|------------------|------------------|
| Net income (loss) | \$ (35,018) | \$ (12,079) | \$ 4,937 | \$ 1,161 | \$ (4,458) | \$ 15,029 | \$ (740) | \$ 1,103 | \$ 12,451 | \$ (1,100) |
| Adjusted for: | | | | | | | | | | |
| Provision (benefit) for income taxes | — | (2,180) | 1,634 | 409 | (598) | 3,736 | 1,731 | 1,152 | 4,582 | 1,100 |
| Interest expense, net | 54,994 | 14 | 1 | — | 281 | (46) | — | — | 1 | 55,233 |
| Intercompany interest | (78,708) | 17,486 | 4,674 | 4,233 | 9,298 | 7,402 | 6,213 | 8,228 | 21,174 | (18,028) |
| Depreciation and amortization | 2,739 | 21,898 | 8,523 | 1,620 | 12,352 | 3,310 | 6,384 | 10,973 | 27,385 | 63,784 |
| EBITDA | (55,993) | 25,139 | 19,769 | 7,423 | 16,875 | 29,431 | 13,588 | 21,456 | 65,593 | 14,178 |
| Gain on sale of business | (1,258) | — | — | — | — | — | — | — | — | (1,258) |
| (Gain) loss on sale of fixed assets | — | (194) | — | 92 | 47 | — | 55 | 73 | 19 | (108) |
| Non-controlling shareholder compensation | — | 2,183 | 869 | 45 | 1,009 | 23 | (167) | 848 | 1,901 | 4,608 |
| Acquisition expenses | 115 | — | — | — | 1,362 | — | — | 1,552 | 632 | 3,661 |
| Integration services fee | — | — | — | — | 750 | — | — | 1,969 | — | 2,719 |
| Earnout provision adjustment | — | — | — | — | — | — | — | — | (4,800) | (4,800) |
| Inventory adjustment | — | 4,175 | — | — | — | — | — | — | — | 4,175 |
| Loss on foreign currency transaction and other | 4,083 | — | — | — | — | — | — | — | — | 4,083 |
| Management fees | 38,786 | 1,000 | 500 | 500 | 500 | 500 | 500 | 658 | 500 | 43,344 |
| Adjusted EBITDA | \$ (14,267) | \$ 32,303 | \$ 21,138 | \$ 8,060 | \$ 20,543 | \$ 29,954 | \$ 13,976 | \$ 26,556 | \$ 63,845 | \$ 20,178 |

Note: Excludes adjusted EBITDA information from Clean Earth and Manitoba Harvest



Adjusted EBITDA

Year Ended December 31, 2017

| | Corporate | 5.11 | Velocity Outdoor | Ergobaby | Liberty | Advanced Circuits | Arnold | Sterno | Consolidated |
|---|-------------|------------|---------------------|-----------|-----------|----------------------|-------------|-----------|--------------|
| Net income (loss) | \$ (22,790) | \$ (9,405) | \$ 7,634 | \$ 16,674 | \$ 4,861 | \$ 17,503 | \$ (10,740) | \$ 10,712 | \$ 14,812 |
| Adjusted for: | | | | | | | | | |
| Provision (benefit) for income taxes | — | (12,492) | (11,274) | 917 | 531 | (2,518) | (2,337) | 3,432 | (23,641) |
| Interest expense, net | 27,047 | 53 | 167 | — | — | (12) | — | — | 27,255 |
| Intercompany interest | (49,193) | 14,521 | 4,590 | 5,990 | 4,029 | 8,171 | 6,996 | 4,896 | (10,184) |
| Depreciation and amortization | 2,745 | 40,393 | 7,878 | 12,042 | 1,742 | 3,578 | 6,821 | 11,868 | 87,167 |
| EBITDA | (42,191) | 33,070 | 8,995 | 35,623 | 11,163 | 26,722 | 740 | 30,908 | 105,138 |
| Gain on sale of business | (340) | — | — | — | — | — | — | — | (340) |
| (Gain) loss on sale of fixed assets | — | (160) | 43 | — | 46 | (4) | (7) | 216 | (126) |
| Non-controlling shareholder compensation | — | 2,301 | 508 | 698 | 17 | 23 | 191 | 740 | 4,478 |
| Acquisition expenses | — | — | 1,836 | — | — | — | — | 214 | 2,050 |
| Impairment expense | — | — | — | — | — | — | 8,864 | — | 8,864 |
| Loss on equity method investment | 5,620 | — | — | — | — | — | — | — | 5,620 |
| Adjustment to earnout provision | — | — | — | (3,780) | — | — | — | (956) | (4,736) |
| (Gain) loss on foreign currency transaction and other | (3,137) | — | — | — | — | — | — | — | (3,137) |
| Integration services fee | — | 2,333 | 750 | — | — | — | — | — | 3,083 |
| Management fees | 28,053 | 1,000 | 290 | 500 | 500 | 500 | 500 | 500 | 31,853 |
| Adjusted EBITDA | \$ (11,995) | \$ 38,544 | \$ 12,422 | \$ 33,041 | \$ 11,726 | \$ 27,241 | \$ 10,288 | \$ 31,622 | \$ 152,172 |

Note: Excludes adjusted EBITDA information from Clean Earth and Manitoba Harvest



Adjusted EBITDA

Year Ended December 31, 2016

| | Corporate | 5.11 | Velocity Outdoor | Ergobaby | Liberty | Advanced Circuits | Arnold | Sterno | Consolidated |
|---|-------------|-------------|---------------------|-----------|-----------|----------------------|-------------|-----------|--------------|
| Net income (loss) | \$ 53,312 | \$ (10,441) | | \$ 5,916 | \$ 5,409 | \$ 9,294 | \$ (22,782) | \$ 6,411 | \$ 47 |
| Adjusted for: | | | | | | | | | |
| Provision (benefit) for income taxes | — | (5,190) | | 4,440 | 3,449 | 5,020 | 2,761 | 3,453 | 13 |
| Interest expense, net | 24,131 | 40 | | — | — | — | — | 12 | 24 |
| Intercompany interest | (36,107) | 4,847 | | 5,134 | 4,203 | 7,810 | 6,721 | 7,392 | 61 |
| Depreciation and amortization | (238) | 23,594 | | 9,350 | 2,956 | 3,938 | 9,421 | 12,589 | 61 |
| EBITDA | 41,098 | 12,850 | | 24,840 | 16,017 | 26,062 | (3,879) | 29,857 | 146 |
| Gain on sale of discontinued operations | (2,308) | — | | — | — | — | — | — | (2) |
| (Gain) loss on sale of fixed assets | — | — | | — | 48 | (10) | 5 | — | — |
| Non-controlling shareholder compensation | — | 473 | Not Applicable | 677 | 342 | 23 | 184 | 661 | 2 |
| Acquisition expenses | 98 | 2,063 | | 799 | — | — | — | 189 | 3 |
| Impairment expense/ Loss on disposal of assets | — | — | | 5,899 | — | — | 16,000 | — | 21 |
| Gain on equity method investment | (74,490) | — | | — | — | — | — | — | (74) |
| Adjustment to earnout provision | — | — | | — | — | — | — | 394 | — |
| (Gain) loss on foreign currency transaction and other | (1,327) | — | | — | — | — | — | — | (1) |
| Integration services fee | — | 1,167 | | — | — | — | — | — | — |
| Management fees | 25,723 | 333 | | 500 | 500 | 500 | 500 | 500 | 26 |
| Adjusted EBITDA | \$ (11,206) | \$ 16,886 | | \$ 32,715 | \$ 16,907 | \$ 26,575 | \$ 12,810 | \$ 31,601 | \$ 126 |

Note: Excludes adjusted EBITDA information from Clean Earth and Manitoba Harvest

CAD Reconciliation

| | Quarter Ended | Year Ended | Year Ended | Year Ended | Year Ended | Year Ended | Year End |
|--|---------------|------------|------------|------------|------------|------------|------------|
| (in thousands) | 3/31/2019 | 12/31/2018 | 12/31/2017 | 12/31/2016 | 12/31/2015 | 12/31/2014 | 12/31/2013 |
| Net Income | \$110,158 | \$(1,790) | \$33,612 | \$56,530 | \$165,770 | \$291,155 | \$78,816 |
| Adjustment to reconcile net income to cash provided by operating activities: | | | | | | | |
| Depreciation and Amortization | 28,638 | 120,575 | 110,051 | 87,405 | 63,072 | 55,696 | 46,227 |
| Impairment expense | — | — | 17,325 | 25,204 | 9,165 | — | 12,918 |
| (Gain) loss on sale of businesses | (121,659) | (1,258) | (340) | (2,308) | (149,798) | (264,325) | — |
| Amortization of debt issuance costs and original issue discount | 1,079 | 4,483 | 5,007 | 3,565 | 2,883 | 3,125 | 3,366 |
| Unrealized (gain) loss on interest rate hedges | 1,099 | (2,251) | (648) | 1,539 | 5,662 | 7,722 | 130 |
| Loss (gain) on equity method investment | — | — | 5,620 | (74,490) | (4,533) | (11,029) | — |
| Noncontrolling shareholder charges | 2,205 | 8,975 | 7,027 | 4,382 | 3,737 | 4,744 | 4,683 |
| Deferred taxes | (2,323) | (9,472) | (59,429) | (9,669) | (3,131) | (8,601) | (5,257) |
| Supplemental put expense | — | — | — | — | — | — | (45,995) |
| Other | 1,030 | 1,440 | 3,940 | 730 | 34 | 1,923 | 1,698 |
| Changes in operating assets and liabilities | (29,163) | (6,250) | (40,394) | 18,484 | (8,313) | (9,715) | (24,212) |
| Net cash provided by operating activities | (8,936) | 114,452 | 81,771 | 111,372 | 84,548 | 70,695 | 72,374 |
| Plus: | | | | | | | |
| Unused fee on revolving credit facility | 387 | 1,630 | 2,856 | 1,947 | 1,612 | 1,914 | 2,349 |
| Integration service fee | 281 | 2,719 | 3,083 | 1,667 | 3,500 | 1,000 | — |
| Other | 6,029 | 14,607 | 2,467 | 5,866 | 4,587 | 6,557 | — |
| Changes in operating assets and liabilities | 29,163 | 6,250 | 40,394 | — | 8,313 | 9,715 | 24,212 |
| Less: | | | | | | | |
| Payments on interest rate swap | 94 | 1,783 | 3,964 | 4,303 | 2,007 | 2,008 | — |
| Maintenance capital expenditures | 4,997 | 27,246 | 20,270 | 20,363 | 18,194 | 13,637 | 14,208 |
| Realized gain from foreign currency | — | — | 3,315 | 1,327 | — | — | — |
| Changes in operating assets and liabilities | — | — | — | 18,484 | — | — | — |
| Preferred share distributions | 3,781 | 12,179 | 2,457 | — | — | — | — |
| Other | 403 | 4,800 | 8,322 | — | — | 16,244 | 11,189 |
| Estimated cash flow available for distribution and reinvestment | \$17,649 | \$93,650 | \$92,243 | \$76,375 | \$82,359 | \$57,992 | \$73,538 |



