

Cleary Gull helps management, two PE firms acquire Shawano foundry

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Aarrowcast Inc., a Shawano-based green sand iron foundry, has been acquired by the company's management and two private equity firms – Connecticut-based J.H. Whitney & Co., and New York-based Cornerstone Capital Partners Inc.

Terms of the acquisition were not disclosed. J.H. Whitney holds a majority share in the company, while Cornerstone and Aarrowcast's employees hold minority stakes.

Milwaukee-based Cleary Gull Inc. provided investment banking services to the buyers in the transaction.

About 17 of Aarrowcast's salaried employees were able to purchase a stake in the company in the buyout, said Jon Moreau, senior vice president and chief financial officer.

“Within our company we opened it up to all salary employees who wanted to invest,” he said. “We set a relatively low floor of \$5,000 for the minimum investment. Of the significant investors (within the company), there were six people.”

Aarrowcast makes iron castings between three pounds up to 2,000 pounds. It produces components for the agricultural, construction and military vehicle markets, as well as wind power generation manufacturers and other industries.

The company has about 345 employees and operates from a 225,000 square foot facility in Shawano.

Aarrowcast is one of a handful of companies that produces its castings using a highly specialized and automated process. That process allows it to make multiple castings of complex parts, which are difficult to replicate in foreign markets.

“(The private equity investors) heard the story, they love the management team and the niche that this company provides, and they saw the value there,” said Ryan Olsta, a vice president in Cleary Gull's investment banking group. “Even in the recession, they've seen tremendous profitability and growth. They're fairly specialized, and their claim is that they do this in a repeatable and mechanized process. They can make large quantities in differentiated metallurgy and complex shapes.”