

The best potential acquisitions are not always advertised. Sometimes it takes market intelligence and a proactive process to know about possible matches outside the traditional auction environment.

Such was the case in Genesis Energy LP's recent \$563-million acquisition of five energy-related businesses from the Davison family, which has owned and controlled energy-related transportation businesses in Ruston, Louisiana, since 1937.

Genesis Energy, a diversified midstream energy master limited partnership (MLP) headquartered in Houston, acquired the Davison assets, including a refinery-services business, terminal business, trucking business and a fuel-procurement business, after Bainbridge's Capital Advisory Group identified the "off-market opportunity."



Nick Chini, managing principal, Bainbridge Capital Advisory Group

"This transaction demonstrates the value of proprietary deal flow and of having a proactive process and an experienced business-development team," says Nick Chini, Bainbridge managing principal.

The firm is a boutique management-consulting and M&A-advisory firm based in San Diego. "The market value of this transaction at auction would easily have exceeded \$800 million. Our process captured tremendous value for our client."

Bainbridge worked with the Genesis management team to identify and pursue specific assets that were outside the auction process. "The best deal,

like this one, is the one the investment banks and brokers never see, one that is true proprietary deal flow," Chini says.

The Bainbridge team has developed an extensive database with prospective companies and relationships with their owners.

Bainbridge's past transactions and experience as a buy-side advisor in the upstream and midstream oil and gas industry proved to play a significant role in conducting proprietary development of deal flow for Genesis Energy. Bainbridge's search-and-analysis service provides clients with consistent, quality deal flow through services that include acquisition search, valuation, market-feasibility studies and negotiation-strategy development.



THE DEAL Genesis Energy LP acquires five energy transportation-related businesses from the Davison family for \$563 million after "off-market opportunity" was identified by Bainbridge's Capital Advisory Group in its capacity as advisor to Genesis.

RESULT Genesis acquires refinery services, petroleum marketing, terminal, trucking and fuel-procurement businesses.

THE PLAYERS Genesis (the buyer), the Davison family (the seller) and Bainbridge's Capital Advisory Group (advisor to the buyer).

The Bainbridge team has developed an extensive database with prospective companies and relationships with their owners.

That team's members work as masters at market-intelligence gathering and in fostering relationships. At times, transactions are the result of years of work.

Here's one example. "We are working on a transaction now that was first developed in 2005. These are the best deals—the ones you have to pull to the negotiating table," Chini says.

The Genesis acquisition of the Davison assets was completed on July 25, 2007, and particularly key to the buyer. Genesis expects the transaction to allow it to move forward in negotiating several additional transactions with the owner of its general partner, Houston-based oil and gas producer Denbury Resources Inc.

Genesis anticipates the total value of these transactions with Denbury affiliates could exceed \$350 million during the next year or two.

The Davison family now holds approximately 48% of Genesis' outstanding common units and James E. Davison Sr. and James E. Davison Jr. have been named to Genesis' board of directors.

Genesis operates in four segments of the energy value chain: pipeline transportation, refinery services, logistics and supply, and industrial gas. Genesis' operations are primarily in Texas, Louisiana, Arkansas, Mississippi, Alabama and Florida.

"Bainbridge provides clients with custom-tailored solutions," Chini says. "Unlike traditional investment-banking or consulting firms, Bainbridge combines strategic and financial advisory services to produce business results."

Bainbridge's Capital Advisory Group provides a range of services to E&P and midstream companies, including acquisition search, sellside advisory, market-feasibility studies and due diligence.

"Using primary-source research, our team works with private-equity groups to provide deal flow outside the auction environment, putting your firm in non-bidding situations for well-qualified candidates," Chini says. ■