

Case Study - M&A and Corporate Finance

Harmony Laboratories

Company

Harmony is a full-service outsourced development manufacturer of topical cosmeceutical, over-the-counter, and prescription skin care products. Headquartered in Landis, North Carolina, Harmony produces over 450 SKUs in various forms of creams, lotions, ointments and other topical solutions. The company serves as a critical outsourcing partner to its customers providing turn-key solutions from formulation development and testing through full-scale custom manufacturing, packaging and fulfillment.

Objective

William A. Lynch, a seasoned senior manager and entrepreneur, desired to acquire Harmony in a management-led buy-in.

Acquisition Rationale

With a loyal customer base, established FDA regulated manufacturing operations and a strong product pipeline, management and its financial sponsors believe that Harmony represents an ideal platform from which to build one of the premier custom manufacturers of topical cosmeceuticals and pharmaceuticals in the U.S.

Sweetwater Mandate

Sweetwater's professionals served as Mr. Lynch's financial advisor, supporting him in the following areas:

- (i) target identification and deal origination;
- (ii) strategy development;
- (iii) valuation and analysis;
- (iv) acquisition finance; and
- (v) transaction structuring and negotiation.

Project Results

Dogwood Equity, LP, manager of the North Carolina Economic Opportunities Fund, and William A. Lynch, acquired Harmony in May 2003.

- Secured private equity sponsor
- Assisted in securing supplemental debt financing
- Assisted in transaction structuring and negotiation

"We faced a very complicated situation with several critical elements that needed to be managed. Simply put, they helped us get it done."

- Will Lynch
Chairman & CEO, Harmony Labs

