

Southlake private equity firm to invest \$500 million

BY JEFF BOUNDS | STAFF WRITER

A Southlake private equity firm has raised more than \$500 million to buy and turn around poorly performing, middle-market companies.

Insight Equity has landed \$435 million for its second equity fund, dubbed Insight Equity II LP, and an additional \$90 million for Insight Equity Mezzanine I LP, a parallel fund that will provide debt financing for deals in which it is making equity investments. Ted Beneski, Managing Partner and CEO of the firm, said a bit more money may come in by the end of January, but the fundraising process is essentially finished.

"It took us about a year," he said. "I'd describe (the fundraising process) as difficult, even though we had an excellent track record, because, as most people would acknowledge, this was the most difficult fundraising environment in the history of the industry."

Arthur Hollingsworth, founder and managing partner of the Dallas private equity firm Lone Star Investment Advisors LLC,

did not dispute that the fundraising climate has been difficult, but said things have improved somewhat since March of last year.

"It's just starting now to percolate back up," he said.

Successful strategy

Founded in 2002, Insight raised its first fund, worth \$280 million, in 2005. That fund is about 85% invested and its remaining money will be used to provide additional capital to portfolio companies, Beneski said. The firm buys troubled, asset-intensive businesses with revenue between \$75 million and \$750 million that it intends to turn around.

"We invest in all industries except what we call the three r's," Beneski said. Those are real estate, retail and restaurants.

Insight acquired seven companies across North America with its first fund and controls two businesses, including Euless-based Direct Fuels, one of the biggest re-

gional fuel distributors in the state. Insight's nine portfolio companies have about \$1.5 billion in annual revenue, Beneski said.

He expects to use the two new funds to acquire about 12 companies. "We're not changing our strategy. It's been very successful," he said.

Though Insight has yet to sell or take public any of its portfolio companies, it has used other techniques to distribute \$187 million to its investors.



BENESKI

READY FOR DEALS

NAME: Insight Equity
BUSINESS: Private equity firm
HEADQUARTERS: 1400 Civic Place, Ste. 250, Southlake 76092-7641
OWNERSHIP: Private
TOP EXECUTIVE: Ted Beneski, Managing Partner and CEO
EMPLOYEES: 20
ANNUAL REVENUE: Not applicable
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