

Compass Diversified Holdings

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Exchange: NYSE
Ticker: CODI
Price (04/28/20): \$19.90
Market Cap: \$1.192B
52 Week High: \$26.37
52 Week Low: \$10.78

Common Shares Outstanding: 59,900
Preferred Shares A Outstanding: 4,000
Preferred Shares B Outstanding: 4,000
Preferred Shares C Outstanding: 4,600
Fiscal year end: December 31

Investment Considerations

Niche Leading Subsidiaries:

Opportunity to own highly defensible middle market businesses with strong cash flows and a 'reason to exist.' These businesses are typically owned by founding families or private equity firms; CODI provides liquid ownership platform with high levels of transparency and governance.

Considerable Financial Strength:

\$400 million available under revolving line of credit, \$291.0 million in cash and net working capital of \$618.9 million.

Strong Growth Prospects:

Opportunities for organic growth at each of our niche market leading subsidiaries are enhanced by the operating flexibility created by our financial strength. In addition, our financial capacity enables us to aggressively pursue attractive opportunities to grow our company through add-on or new platform subsidiary acquisitions.

Attractive Distribution:

\$0.36 per common share quarterly distribution declared on 04/02/20. Cumulative distributions of \$19.3152 paid since CODI's May 2006 IPO. CODI has never reduced the quarterly payout in its history as a public company.

\$0.453125 per preferred share A quarterly distribution declared on 04/02/20.

\$0.4921875 per preferred share B, distribution declared 04/02/20. This distribution covers the period from and including January 30, 2020, up to, but excluding, April 30, 2020.

\$0.4921875 per preferred share C, distribution declared 04/02/2020. This distribution covers the period from and including January 30, 2020, up to, but excluding, April 30, 2020.

Proven Management:

Highly successful management team with a proven track record over the past twelve years of acquiring, managing and growing middle market businesses through various economic conditions.

About Compass Diversified Holdings

Compass Diversified Holdings ("CODI") offers our shareholders an opportunity to own profitable middle market businesses that hold highly defensible positions in their individual market niches.

We own controlling interests in our subsidiary businesses, which maximizes our ability to impact their performance. Our model for creating shareholder value involves discipline in identifying and valuing businesses and proactive engagement with the management teams of the companies we acquire. From time to time, we will monetize our interests in those subsidiaries if we believe that doing so will maximize value to our owners.

We deliver a high level of transparency in our financial reporting and governance processes. We believe our owners deserve and should demand nothing less.

CODI owns and manages nine diverse subsidiaries; we believe that these businesses will continue to produce stable and growing cash flows over the long term, enabling us both to invest in the long-term growth of the company and to make distributions of cash to our shareholders.

Diverse Portfolio of Leading Middle Market Companies



5.11 is a leading designer and marketer of purpose built tactical apparel and gear serving a wide range of customers through outdoor retailers, military exchanges, company-owned retail, online, and a global network of dealers and distributors.



Advanced Circuits is a market leading provider of prototype, quick-turn, and volume printed circuit boards, or PCBs, throughout North America.



Arnold Magnetic Technologies is a global manufacturer of engineered magnetic solutions for a wide range of specialty applications and end-markets.



ERGObaby is a premier designer, marketer and distributor of babywearing products and accessories.



Foam Fabricators is a leading designer and manufacturer of custom molded protective foam solutions and OEM components made from expanded polymers such as expanded polystyrene (EPS) and expanded polypropylene (EPP).



Liberty Safe is the premier designer, manufacturer and marketer of home and gun safes in North America, producing home and gun safe models in a broad assortment of sizes, features and styles.



Marucci Sports is a leading manufacturer and distributor of baseball and softball equipment under the Marucci and Victus brands. Marucci's product portfolio includes wood and metal bats, apparel and accessories, batting and fielding gloves, and bags and protective gear.



Sterno Products is a manufacturer and marketer of portable food warming fuel and creative table lighting solutions for the foodservice industry.



Velocity Outdoor is a designer and manufacturer of airguns, archery products, and other shooting sports accessories marketed under a portfolio of leading brands including Crosman and Benjamin Airguns, Ravin Crossbows, CenterPoint Archery and Optics, and LaserMax, among others.

Gains from monetizing interests in subsidiary businesses have totaled approximately \$1 billion since CODI's IPO in 2006

Completed acquisition of Baseball Equipment Company Marucci Sports

Completed sale of our Clean Earth subsidiary for a \$206.3 million gain.

Completed the sale of our Manitoba Harvest subsidiary for a \$121.7 million gain.

Sold Tridien Medical for a TEV of \$25 million in September 2016.

Sold CamelBak Products, LLC for a TEV of approximately \$412.5 million in July 2015, which resulted in a gain to CODI of \$164.0 million.

Generated debt and equity proceeds totaling approximately \$525 million from the IPO and subsequent secondary offerings of CODI's Fox subsidiary in August 2013, July 2014, March 2016, August 2016, November 2016, and March 2017 respectively.

Sold Halo Holding Corporation for a TEV of approximately \$76.5 million in May 2012, which did not result in a significant gain or loss.

Sold Staffmark Holdings, Inc. for a TEV of approximately \$295 million in October 2011, which resulted in a gain to CODI of \$88.6 million.

Sold Silvus Technologies Group, Inc. for a TEV of approximately \$95 million in June 2008, which resulted in a gain to CODI of \$38.3 million.

Sold Aeroglide Corporation for a TEV of approximately \$95 million in June 2008, which resulted in a gain to CODI of \$34 million.

Sold Crosman Acquisition Corporation for a TEV of approximately \$143 million in January 2007, which resulted in a gain to CODI of \$36 million.

Management Team

C. Sean Day, *Chairman*
Elias J. Sabo, *Chief Executive Officer*
Ryan Faulkingham, *Chief Financial Officer*

Compass Group Management LLC manages the day-to-day operations and affairs of the company, oversees the management and operations of the businesses and performs certain other services.

Sell-side Analysts

Sun Trust - Douglas Mewhirter
CJS Securities - Larry Solow
Raymond James - Robert Dodd
William Blair - Robert Napoli
Jefferies - Kyle Joseph
BAML - Derek Hewitt
Janney - Mitchel Penn

Company News

04/02/2020 Declares First Quarter Distributions on Common and Series A, B, and C Preferred Shares
04/02/2020 Issues Shareholder's Letter
04/16/2020 Announces First Quarter Earnings and Conference Call information
04/20/2020 Completes acquisition of Marucci Sports

Investor Contact

For additional information, contact Leon Berman of The IGB Group at (212) 477-8438 or lberman@igbir.com.

Long-Term Growth Strategy

Acquisition Targets

We acquire niche-leading middle market businesses in various industries. These businesses are frequently ones that have 'outgrown' their entrepreneurial founder or are non-core subsidiaries of a larger parent corporation. Other qualities we look for include:

- Significant market share in a defensible industry niche
- Proven management team
- Low technological and/or product obsolescence risk
- Diverse customer and supplier base

Operating Improvements

We work with our subsidiary management teams to expand cash flows by:

- Pursuing organic and/or external growth opportunities
- Considering alternate product applications or sourcing
- Improving management information systems
- Enhancing financial reporting and monitoring
- Implementing appropriate incentive compensation programs

Key Factors for Success

- Disciplined approach to valuation and due diligence
- Proactive monitoring and management

Financial Results

The results of operations are for the months ended March 31, 2020 and 2019, and for the years ended December 31, 2019 and 2018. Please note - Cash Flow Available For Distribution does not include gains from the sale of businesses.

(in thousands)	Three Months Ended 03/31/2020	Three Months Ended 03/31/2019	Year Ended 12/31/2019	Year Ended 12/31/2018
Revenue	\$333,449	\$338,857	\$1,450,253	\$1,357,320
Cash Flow Available For Distribution	\$17,657	\$17,649	\$104,038	\$93,650
Common Shares Outstanding	59,900	59,900	59,900	59,900
Preferred Series A Shares Outstanding	4,000	4,000	4,000	4,000
Preferred Series B Shares Outstanding	4,000	4,000	4,000	4,000
Preferred Series C Shares Outstanding	4,600	N/A	4,600	N/A

The information in this document may include forward-looking statements. All statements, other than statements of historical facts, which address activities, events or developments that the Company expects or anticipates will or may occur in the future, are forward-looking statements. These statements are subject to risks and uncertainties, which could cause actual results and developments to differ materially from these statements. A complete discussion of these risks and uncertainties is contained in the Company's reports and documents files from time to time with the Securities and Exchange Commission.