



Craftmade International halts sale

by David Carey

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Craftmade International Inc. has scrapped plans to sell itself, the company said Thursday, Aug. 23, in the latest in a string of midmarket corporate auctions that have been extended, put on hold or pulled due to debt market turbulence.

Shares of Craftmade, a Coppell, Texas, maker of ceiling fans and outdoors and indoor lighting products, fell \$1.23, or more than 7%, to \$15.89 on Nasdaq following the news.

The company put itself on the block in May, hiring Atlanta's **Mazzone & Associates** as adviser. It was expected to fetch up to \$120 million, including assumed debt.

Even if debt financing hadn't become harder to obtain, Craftmade might have had few takers. The company's sales plunged this year after a key lighting customer, **Lowe's Cos.**, cut back its orders.

Meanwhile, auctions of some solid midmarket companies unconnected to the troubled housing market have encountered obstacles or are taking longer than planned.

Among auctions rumored to have been slowed or pulled are those of **Prodigy Health Group**, a Buffalo, N.Y., health benefits administrator owned by **Caxton-Iseman Capital Inc.**, a New York private equity firm; and National Truck Parts Inc., a subsidiary of Tulsa-based **CCI Corp.**

Caxton-Iseman declined to comment. CCI didn't return calls for comment. A person familiar with the National Truck auction said it was still on course.

One M&A adviser said that even when debt financing is obtainable, the amounts lenders are willing to commit has shrunk. That pullback, in turn, is prompting bidders to offer less, increasingly dashing sellers' price expectations.

"We have not pulled any companies we have on the market, but we have delayed one or two auctions of companies in susceptible parts of the economy," said Jim D'Aquila, a managing director at Minneapolis' **Mercanti Group**, referring to sellers he's representing. "We've lost at least a turn," or a full multiple of cash flow, "on debt lenders putting up to finance upper middle-market deals," he said.

If the market turmoil persists, sellers eventually will have to accept lower prices, he said, adding: "Buyers always adjust their expectations faster than sellers. It's when expectations don't match that you experience a lull."