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Audax in digital radio play

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Boston-based Audax Group is aiming to capitalise on consumers upgrading to digital radio with its latest acquisition of Broadcast Electronics. Thompson Street Capital Partners is notching an exit through the sale.

The Audax Group acquired Thompson Street Capital Partners portfolio company Broadcast Electronics. The sale price, according to a Thompson Street statement, came to over \$100 million (€83 million). No other financial terms were disclosed.



Finley: Thompson Street's digital bet paid off.

Broadcast Electronics, based in Quincy, Illinois, is a manufacturer of transmission and broadcast automation systems used by radio stations. The company's products are used in digital broadcasting.

Like television, which is slowly transitioning to high definition broadcasting, radio too is upgrading its systems to comply with the digital age. Purportedly, HD radio transmissions remove multipath interference, which is the hissing sound that can sometimes interrupt broadcasts, and the technology also allows more channels to be squeezed into the same amount of space on the radio dial.

The BBC in the UK has been broadcasting digital radio as far back as 1995. In the US, however, adoption has been a bit slower. But the growing popularity of satellite radio, from providers such as XM Radio, has impelled terrestrial broadcasters to improve their product, and digital is one avenue radio stations are exploring.

When the St. Louis-based Thompson Street first acquired the company in 2004, it was this trend that the firm targeted to drive the company's growth.

Firm co-founder Peter Finley told PEO, "Digital radio brings AM stations up to FM quality and FM stations up to CD quality... When we bought the company it was basically a replacement oriented business focused on analog transmission and software."

Thompson Street's initial thesis has apparently played out as anticipated. The firm helped Broadcast Electronics reposition itself to gain exposure to the HD angle, and the company also acquired data-casting company The Radio Experience last year. Under Thompson Street's watch, Broadcast Electronics' sales have doubled.

Thompson Street, however, would not disclose its profits on the deal.

The firm made the investment out of its debut Thompson Street Capital Partners fund, a \$145 million vehicle raised in 2002.

Audax, meanwhile, closed its follow-up fund late last year, corraling \$700 million in limited partner commitments.

GE Antares is leading a senior debt facility to help finance the deal, while ABRY Mezzanine Partners led the mezzanine financing tranche.

Harris Williams advised Broadcast Electronics on the sale.