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# Private Equity Firm Buys Excel Homes

New owner, H.I.G. Capital, plans aggressive growth for the modular-home manufacturer.

By: [John Caulfield](#)

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[Excel Homes](#), a leading supplier of factory-built modular houses, has been acquired by [H.I.G. Capital](#), a Miami-based private investment firm, for an undisclosed amount.

H.I.G., with more than \$7.5 billion in capital under management, acquired substantially all of Excel Homes' assets from Huron Capital Partners, which itself purchased Excel in late 2004. H.I.G.'s purchase of Excel, through a limited liability corporation called Excel Homes Group, was finalized on May 3 and disclosed on Monday.

Camp Hill, Pa.-based Excel was the industry's fifth-largest modular and whole-house panel builder in 2009, according to BUILDER's Builder 100 ranking for that year. It generated \$42 million in sales last year from 470 deliveries.

Steve Scharnhorst, Excel's president and CEO since 2007, when he replaced a retiring Ed Langley, left the company in mid-April to become president and CEO of Nashville, Tenn.-based Vista-Pro Automotive, which supplies parts to the automotive aftermarket. For Scharnhorst, this appointment is a homecoming of sorts, as before he worked for Excel he held management positions with the auto battery suppliers GNB Technologies, Exide Corp., and Optima Batteries.

Excel officials say Scharnhorst's resignation was voluntary. But the timing of his departure still seemed abrupt, given how emphatically he's been talking about expanding Excel's presence nationally recently. Company watchers credit Scharnhorst with introducing a series of best practices to Excel's operations, construction and marketing. "The company has always had an excellent vision, maybe the best in the business," observes Fred Hallahan, whose Baltimore-based [Hallahan Associates](#) tracks the modular housing industry.

But some of Scharnhorst's moves raised questions about whether he fully appreciated the magnitude of the housing crisis. For example, as market conditions came unglued, Excel Homes made two acquisitions in 2008—of [Oxford Homes in Maine](#) and Chelsea Homes in New York—whose operations Excel shut down or mothballed a year later.

Calls to Scharnhorst's office at Vista-Pro were not returned by presstime.

H.I.G. has installed Steven Scheinkman to replace Scharnhorst as Excel's CEO. In an interview with BUILDER on Monday, Scheinkman said he had worked with H.I.G. previously at several other companies, including Transtar Metals, a Torrance, Calif.-based service-center chain specializing in alloy aluminum products for the aerospace and defense industries, which in September 2006 was acquired by A.M. Castle & Co. for a reported \$180 million; and Claymont Steel, a steel-plate supplier that H.I.G. sold to The Evraz Group for \$565 million.

Prior to joining Excel, Scheinkman was running a self-named management-consulting firm in the Los Angeles area, according to its LinkedIn posting. He listed as his specialties private equity transactions, strategic planning and organizational leadership; and mergers, acquisitions, joint ventures and divestitures.

H.I.G.'s managing partner, Matt Sanford, said in a prepared statement that Excel Homes "is poised grow as a leader in custom modular innovation and design," and that the company would now embark on "on a new phase of growth, bringing together a market-leading business and management team with the strong financial partnership of H.I.G."

Indeed, one of H.I.G.'s first actions as Excel's new owner will be to reopen the company's manufacturing plant in Avis, Pa., in June. Excel had closed that plant a year ago in response to soft buyer demand. [Jack Gizienski, Excel's vice president of operations, told \*The Patriot-News\* in Pennsylvania that Excel is currently building between 16 and 20 homes per week, or double its production of a year ago. He said Excel might also eventually reopen its 110,000-square-foot plant in Marlboro, N.Y.](#)

Scheinkman said Excel is looking to open a third plant somewhere in the Northeast.

While he would not comment about the financial specifics of this acquisition, Scheinkman said that it has

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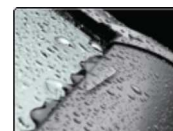
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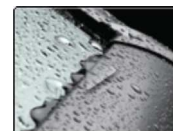
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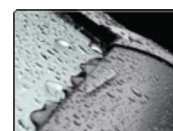
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