

Company	Company X
Description	Company X, Inc. ("Company X" or the "Company") is a private-label/contract manufacturer of a broad line of molded chocolate and chocolate nutraceutical products.
Location	Pittsburgh, Pennsylvania
Reason for Sale	The current investor group has decided to explore its liquidity options by putting it up for sale.
Date	August 20XX
Source	XXX
Lead / Review	XXX
IOI Due	XXX

Financial Profile (\$'s in 000's)

For the period ending 30, June

	Historical				Projected		
	2013	2014	2015	2016	2017E	2018E	2019E
Revenue	XX	XX	XX	XX	XX	XX	XX
Growth		XX%	XX%	XX%	XX%	XX%	XX%
Cost of Goods Sold	XX	XX	XX	XX	XX	XX	XX
Gross Profit	XX	XX	XX	XX	XX	XX	XX
Margin	XX%	XX%	XX%	XX%	XX%	XX%	XX%
EBITDA	XX	XX	XX	XX	XX	XX	XX
Margin	XX%	XX%	XX%	XX%	XX%	XX%	XX%
Capex	XX	XX	XX	XX	XX	XX	XX

Management estimates CapEx to be in the range of \$XX to \$XX during the projected period

Business / Deal	<ul style="list-style-type: none"> - Caters to global food and confectionery companies, national and regional chocolate and nutritional product entities, marketers, and retailers for over 30 years - Operates on tolling as well as turnkey basis - More than 80% of the company's production has been done on a tolling basis in which the customers supply the vast majority of ingredients and packaging. Management estimates revenue would be near \$XX million in FY 20XX and over \$XX million in FY 20XX if all of the production was done on a turnkey - The company anticipates continued growth, which has been the impetus behind the company's recent investments to increase capacity on its production lines while reducing labor. Invested \$XX MM in 20XX to expand production line with wider cooling tunnel and new servo-driven depositor - According to management and based on current customer discussions, there is an increasing trend towards outsourced production and significant volumes of co-manufacturing work becoming available for quality manufacturers. The US confectionary market is expected to grow at XX% till 20XX to reach \$XX billion
Pros	<ul style="list-style-type: none"> - Strong revenue growth and EBITDA margin profile - Blue chip customer base with several key relationships of over 18 years - Significant growth opportunities driven by continued nutraceutical growth, private label for top retailers, increased sales and marketing efforts and unused capacity (operating at approximately 45% of total production capacity assuming no new equipment upgrades) - The Company is Safe Quality Food (SQF) Level 3 Certified which is internationally recognized as the most stringent food safety management system available and has never issued a product recall
Cons	<ul style="list-style-type: none"> - Highly regulated industry with stringent quality control requirements - Client concentration with over 50% sales generated from the top 3 clients (and only one year of relationship with the third largest client) - Yet to observe the impact of increased advertising and marketing spend
Key Questions	<ul style="list-style-type: none"> - Competitive edge? ROIC on the CapEx?
Recommendation	<ul style="list-style-type: none"> - Gather thoughts on the projected growth trends on outsourced manufacturing and ability to upsell to the existing client relationships