



Project Picasso: Paint Sundries and Accessories Supplier

TEASER

The Opportunity: Our client is a manufacturer and distributor of premium quality paint and coatings sundries serving the paint and coatings industry throughout the US. R.L. Hulett has been retained as exclusive financial advisor to explore strategic alternatives for the business, including a potential sale. Ownership is seeking a buyer who recognizes the value of the business and who is interested in continuing to build on the platform developed over many years.

Key Investment Highlights

Diverse Customer Base: The Company has hundreds of active customer accounts with the top customer representing less than 10% of revenue and the top five customers less than 32% in the YTD period through October 2022. Many of the top customers have been with the Company for decades.

Established brand: With over 80 years experience producing premium quality paint sundry products in the U.S., the Company has built an exceptional reputation among the professional and contracting community for best-in-class quality.

Capacity for Growth: The Company recently invested in a new finishing machine that can support much higher volume levels, which uniquely positions the business for future growth. The Company is in the process of evaluating other equipment with new, more cost effective and efficient technology which would enable the company to double capacity and enhance EBITDA margins.

Financial Summary

(in \$'s)	Years Ended December 31,				TTM Oct
	2018A	2019A	2020A	2021A	2022A
Revenue	\$ 2,028,425	\$ 2,176,195	\$ 2,653,757	\$ 3,158,570	\$ 3,517,927
<i>Revenue Growth</i>		7.3%	21.9%	19.0%	11.4%
Cost of Goods Sold	1,218,533	1,260,644	1,697,345	2,033,511	2,183,446
Gross Profit	809,892	915,552	956,412	1,125,059	1,334,480
<i>Gross Profit Margin</i>	39.9%	42.1%	36.0%	35.6%	37.9%
Selling, General & Administrative	857,994	859,592	876,578	963,698	1,142,802
Operating Profit	(48,102)	55,959	79,834	161,361	191,679
<i>Operating Profit Margin</i>	-2.4%	2.6%	3.0%	5.1%	5.4%
Other Income (Expense)	(7,102)	(5,032)	(325)	(12,225)	(12,398)
Net income	(55,204)	50,928	79,509	149,136	179,281
Interest expense	7,282	5,266	579	12,482	21,222
Depreciation/Amortization	49,911	37,946	26,940	22,231	22,231
EBITDA, as adjusted	\$ 1,989	\$ 94,140	\$ 107,028	\$ 183,849	\$ 222,734
<i>Adjusted EBITDA Margin</i>	0.1%	4.3%	4.0%	5.8%	6.3%

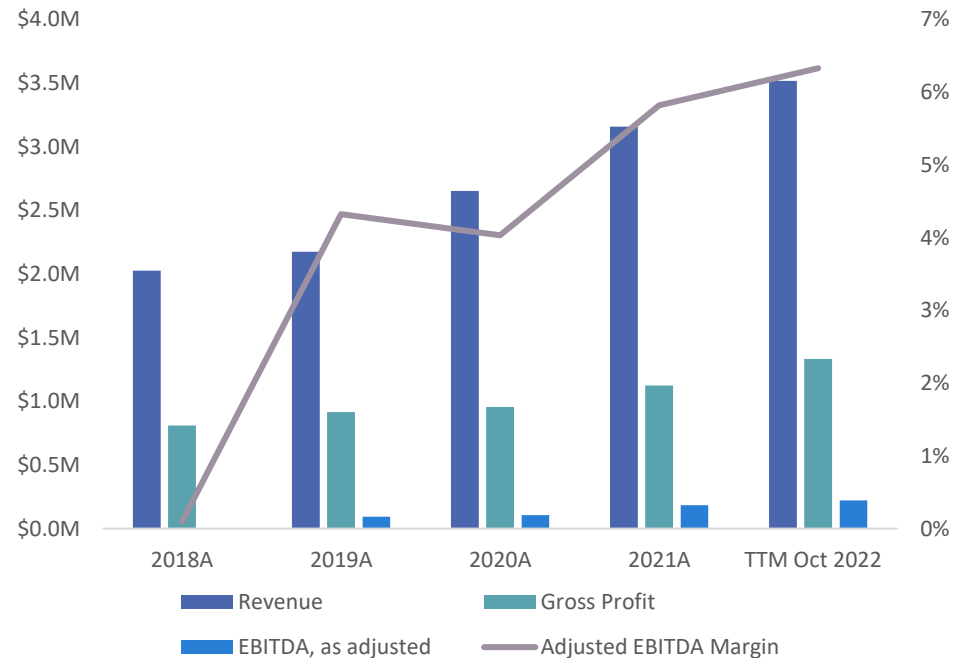
Key Investment Highlights

Differentiated Capabilities: The Company has been manufacturing quality products for over 60 years and has developed significant intellectual property in terms of what equipment to run and how to run it. The equipment, know-how and processes have been evolving for decades setting the Company apart from its competitors.

Experienced Management Team: The Company has a senior management team made up of individuals with over 60 years of combined experience working in the trade.

High Barriers to Entry: Given the substantial CapEx required to operate in this space, in addition to the necessary “know-how” to efficiently operate this equipment, the industry has a low to medium probability of new entrants emerging.

Financial Summary



8000 Maryland Avenue, Suite 650
Clayton, Missouri 63105

Trevor Hulett

Managing Director
314-721-0608
thulett@rlhulett.com

Ryan Hartman

Analyst
314-721-8027
rhartman@rlhulett.com

