

Reference 2028

## **PORTION CONTROLLED FROZEN MEAT PRODUCTS**

**Business Description:** The Company is a growing, value-added, portion controlled food manufacturer to the food service and retail trade. The Company produces a broad array of brand name and private label raw frozen and cooked frozen meat products. Through recent acquisitions of its own, product expansion, and capital investment in plant and equipment, it has positioned itself for significant further growth in 2007 and beyond.

**Financial Information:** The Company's current activities have resulted in 97% revenue growth from 1997 to 2002 and 55% growth from 2000 through 2006. The Company is positioned for dynamic growth in the high margin, cooked product market, which it has grown 109% during the past three years.

### **Financial Summary** (U.S. \$000)

FY Ends 10/31	<u>2002</u>	<u>2003.</u>	<u>2004</u>	<u>2005</u>	<u>2006</u> <u>Prel.</u>	<u>2007</u> <u>Fcst</u>
Revenue	44,070	45,178	48,69 4	53,46 9	57,105	59,960
Gross Profit	11,891	11,972	11,93 4	13,47 8	15,752	16,369
Adjusted EBITDA	5,012	4,666	3,982	5,235	6,005	6,094

**Distribution:** The Company sells its products to the leading US foodservice distributors. The Company, through its own sales force, specifies products directly with institutions in various, high growth, business sectors, e.g., nursing homes, healthcare facilities, school districts, prisons, etc.. These institutions, in turn, purchase these "spec'd" products through their existing foodservice distributor. In the retail segment, the Company sells branded and private label products to leading US supermarket organizations.

**Operational Strengths:** The Company operates from a modern, 103,000 sq.ft., custom-built plant with the most up-to-date processing and cooking equipment and state-of-the-art freezers, demonstration kitchen, and quality control equipment and laboratories. In addition to generic growth in both retail and food service, the Company will take advantage of its capabilities and tap into the existing and growing demand in the pre-cooked frozen product areas. Its target has been to grow higher margin, pre-cooked revenues from 18% of total sales in 2002 to 37% in 2006, which it has done, and now to grow that to 50%, with gross margins growing to 26% on revenues of \$80MM in 2009.

**The Transaction:** The owner is seeking a means to assure a defined process to his retirement and the financial liquidity of this valuable asset. Two sons would like to continue to work, continuing to manage most or all of the operation, and

retain some ownership for an extended time. The buildings are owned separately, and they are available for purchase or long-term lease, currently leased at about \$1.12 million annually.