

# CONFIDENTIAL - DEAL MEMORANDUM

## EXECUTIVE SUMMARY

Titan Capital Partners proposes to acquire 100% of ACME Manufacturing Corp for an enterprise value of \$450 million. ACME is a leading manufacturer of industrial components with strong market position and consistent cash flows.

## KEY METRICS

- Enterprise Value: \$450M
- Equity Investment: \$180M (40%)
- Debt Financing: \$270M (60%)
- Entry Multiple: 8.5x LTM EBITDA
- Current EBITDA: \$53M

## FINANCIAL PROJECTIONS

Year 1: Revenue \$340M, EBITDA \$72M (22.4% margin)

Year 2: Revenue \$385M, EBITDA \$85M (22.1% margin)

Year 3: Revenue \$440M, EBITDA \$101M (23.0% margin)

Year 4: Revenue \$510M, EBITDA \$122M (23.9% margin)

Year 5: Revenue \$595M, EBITDA \$149M (25.0% margin)

## EXIT STRATEGY

Target exit multiple: 8.5x EBITDA

Projected exit value: \$1,267M (at Year 5 EBITDA)

Expected return: 3.5x MOIC, 28% IRR

## RISK FACTORS

- Customer concentration (top 3 customers = 45% revenue)
- Competitive pressure from low-cost overseas manufacturers
- Raw material price volatility (steel, aluminum)
- Dependency on automotive sector (35% of revenue)
- Key personnel retention post-acquisition

## **VALUE CREATION PLAN**

### **1. Operational Excellence**

- Implement lean manufacturing (target: 15% OPEX reduction)
- Upgrade ERP system for better inventory management
- Consolidate 3 facilities into 2 modern plants

### **2. Revenue Growth**

- Expand into aerospace sector (high-margin, stable)
- Launch e-commerce channel for smaller customers
- Geographic expansion: Southeast US and Mexico

### **3. M&A; Strategy**

- Acquire 2-3 complementary manufacturers
- Budget: \$50-75M for bolt-on acquisitions

## **MANAGEMENT TEAM**

CEO: John Smith (retained, 15 years experience)  
CFO: Sarah Johnson (new hire, ex-Big 4)  
COO: Mike Williams (promoted internally)  
VP Sales: Lisa Brown (retained, 20 years)  
VP Operations: David Lee (new hire, lean manufacturing expert)

## **DUE DILIGENCE SUMMARY**

Financial: Clean audit, no material issues  
Legal: One minor ongoing lawsuit, well-reserved  
Environmental: All facilities compliant, no contamination  
Commercial: Strong customer relationships, no major churn risk  
IT: Legacy systems, modernization needed (budgeted)