

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)