

Food Solution Inc.

A vision for future

Team 10



AGENDA

1

- **Overviews**
 - What Happened?
 - SMART Objectives
- **Status Quo & Actions**
 - Consumables
 - Equipment
 - MRO & Consultancy

3

- **Research & Development**
 - Smart food packaging
 - Packaging solution consultancy
 - Sustainable packaging

2

- **Financial Overviews**
 - Top and Bottom-line Summaries
 - Income statement analysis
 - Financial actions

4

- **Equipment Portfolio**
 - Market segment position
 - Strategic repositioning
 - Offering new product



AGENDA

5

- **Competitor Intelligence**

- Market Players
- Product Competition
- Curbing Competition

6

- **Partnerships, Mergers and Acquisition**

- Acquisition intro
- Acquisition process
- Partnership and merging effect

7

- **Three-year Strategy**

- Scenario Planning
- Business targets

- **Conclusions**



What happened?

- The market is growing while Food solutions is losing its revenue
- Food solution market share has been declining since 2000



Throughout the years we have found that....

- Competitors have been significantly increasing
- Raw materials suppliers' market has been levelled off since 2010
- Number of customer is dropping while spending is increasing
- Technology has been improved 4 times more efficient
- Cost to build factories has been decreasing, resulting in increased competition



The vision – SMART Objectives



S

Boost growth of profit by increasing sales and clients of all areas

M

Increase profit by 15% based on 2017 financial year

A

Reduced possible 10% cost through negotiate with suppliers

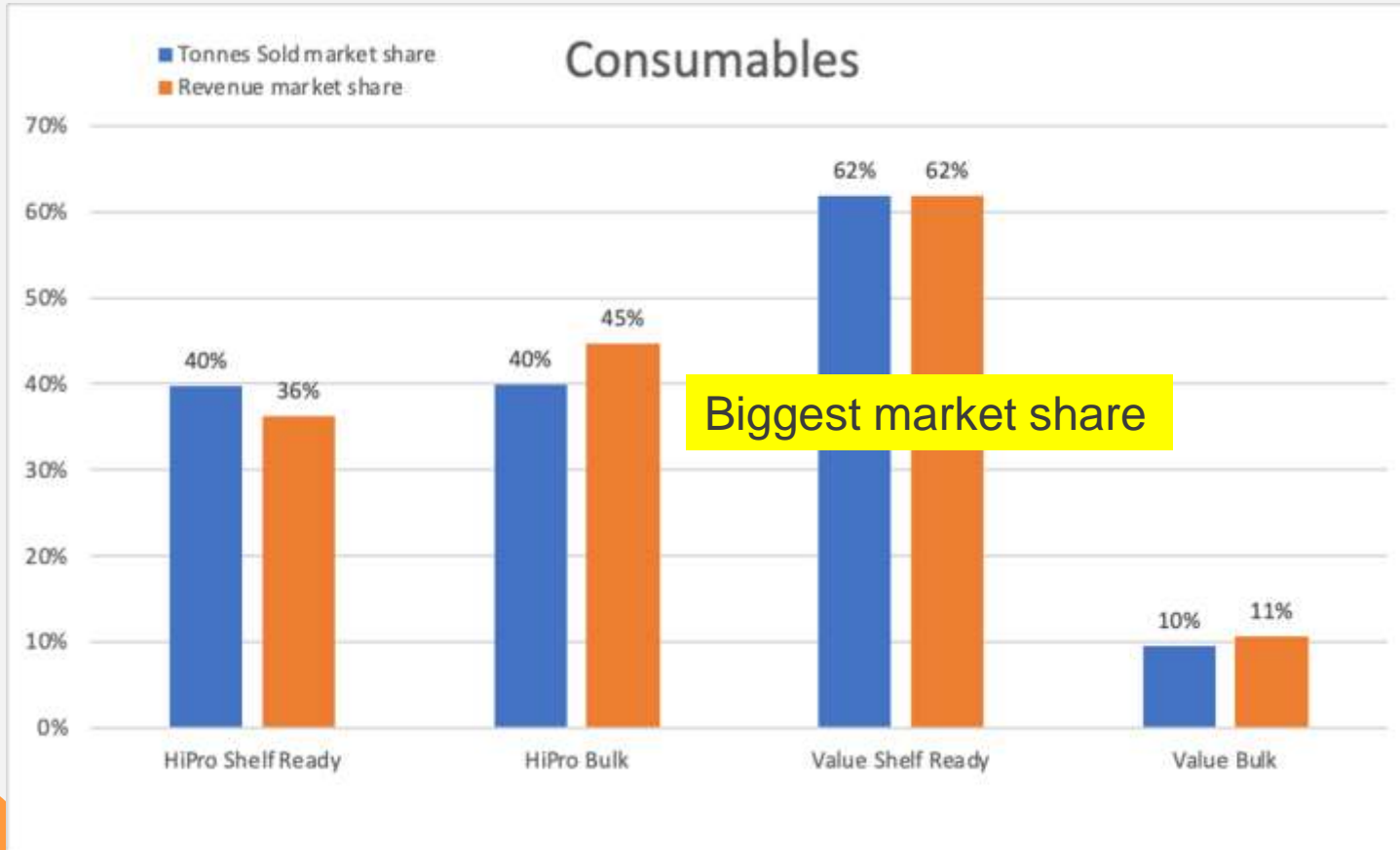
R

Invest in R&D, updating factories and infrastructure

T

In 3 years

Consumables Status Quo



Account for 70% of our revenue

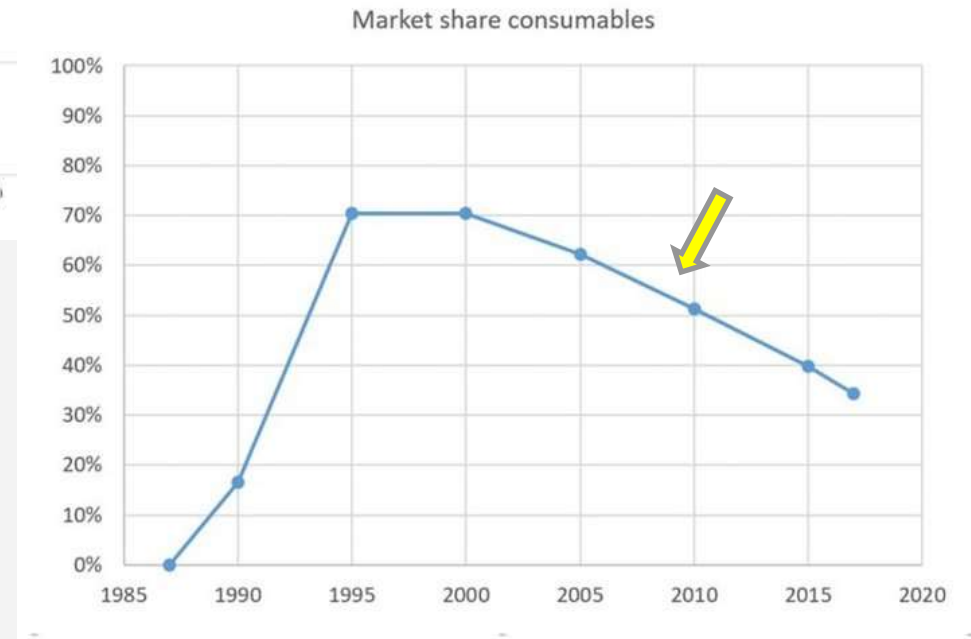
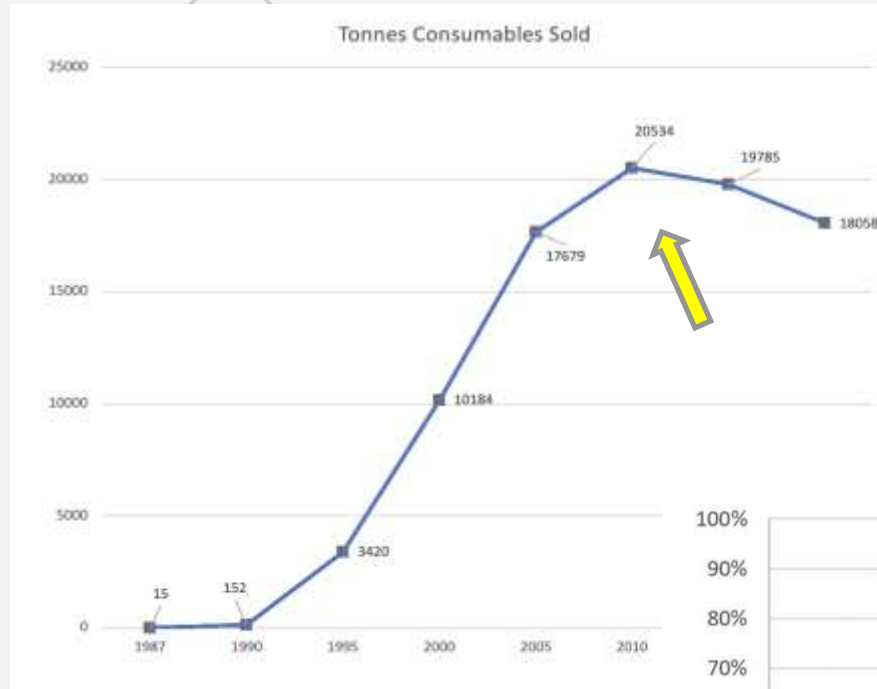
Total market share by:

- **Tonnes sold 31%**
- **Revenue 34%**



Consumables

- Quantity sold and market share are dropping
- Econo-Pack and Sustaino-Pack entered the market since 2010

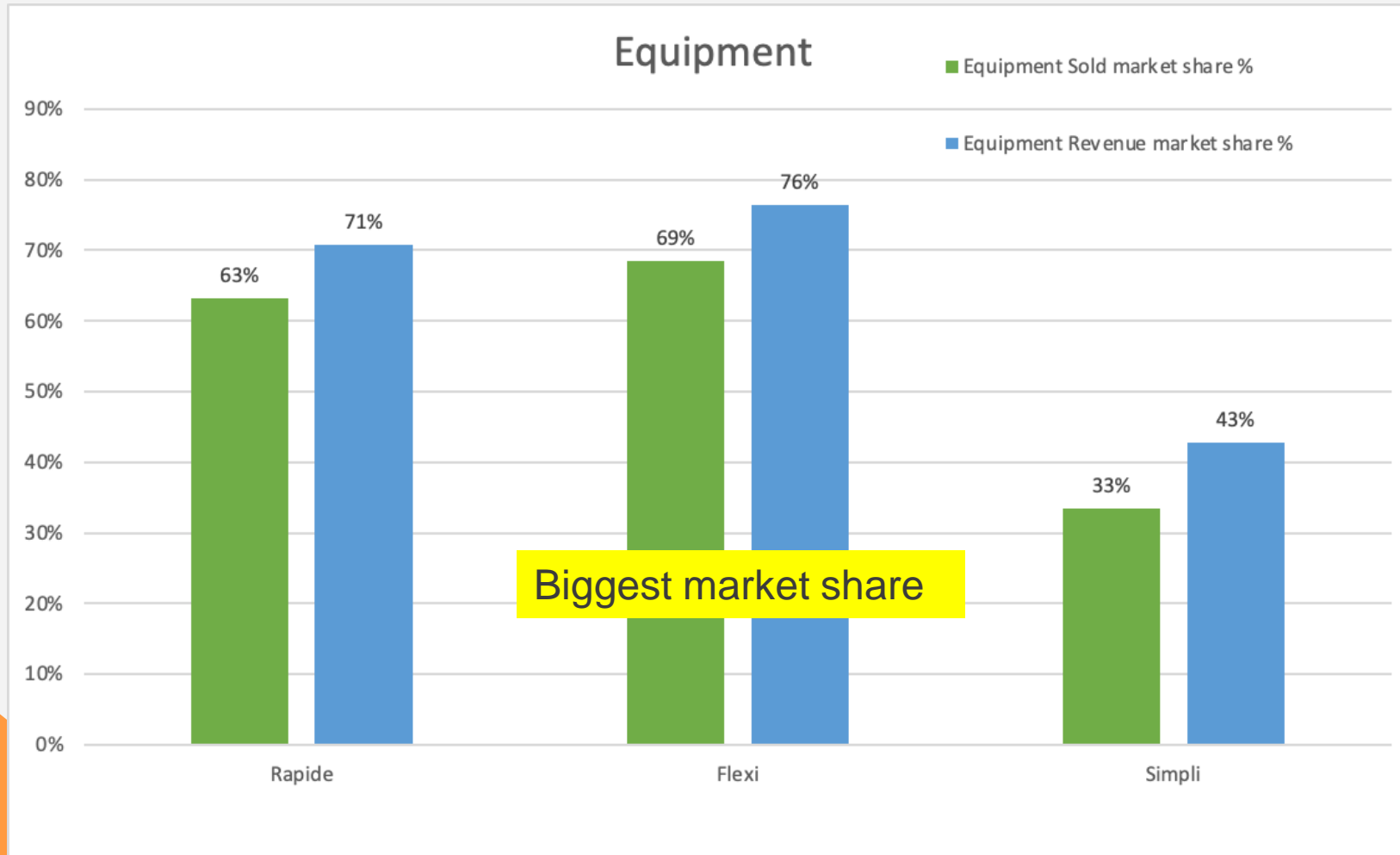


Consumable Actions

- 1 Invest in R&D and look for acquisition or partnership
- 2 Invest in infrastructures and factories
- + 3 Reduce possible 10% cost through negotiating with suppliers



Equipment Status Quo



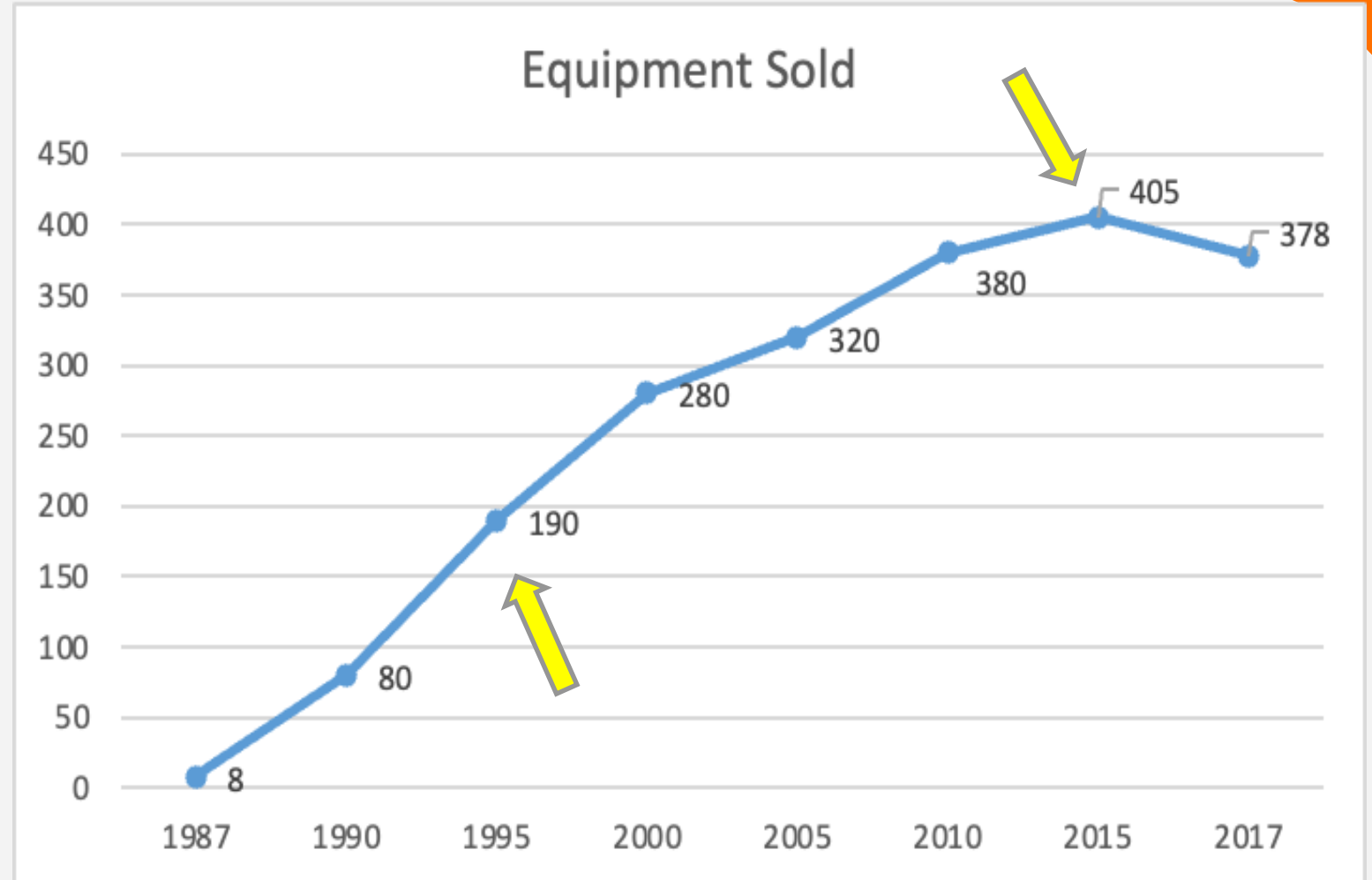
Total market share by:

- **Equipment sold 44%**
- **Revenue 46%**



Equipment

- Flexi-food entered the market in 1995
- Quantity dropping since 2015, Flexi-food became the biggest threat



Equipment Actions

- 1 Adapt the features that meet customer demands
- 2 Reposition equipment by re-evaluating the benefit score
- 3 Eliminate the low contribution equipment
- 4 Expanding sales into new channels e.g., online, agents



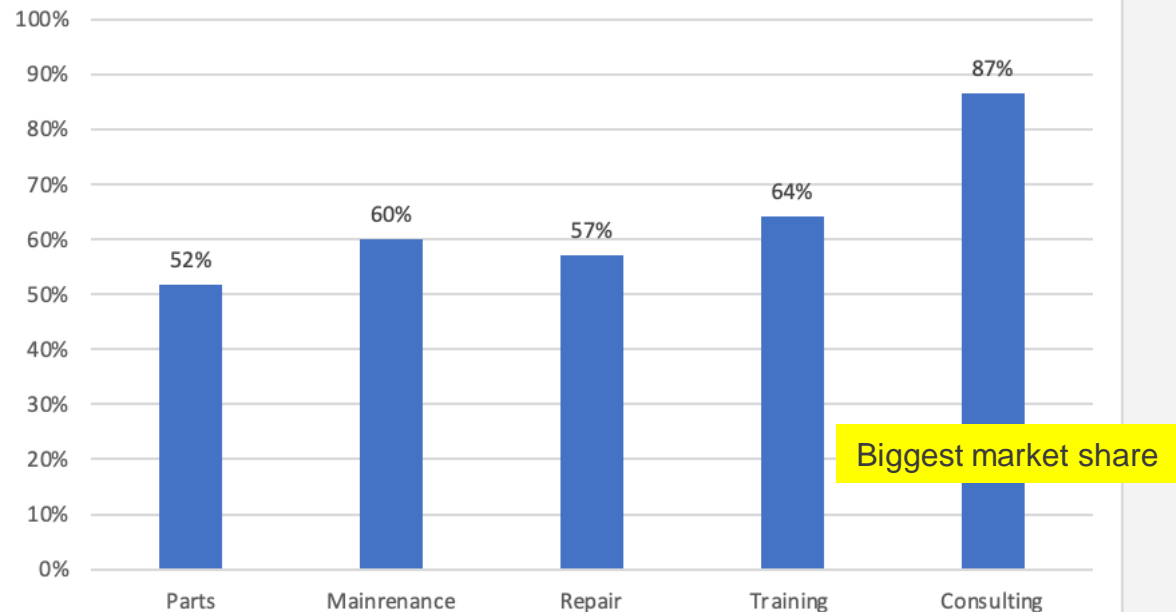
MRO Status Quo

Total market share:

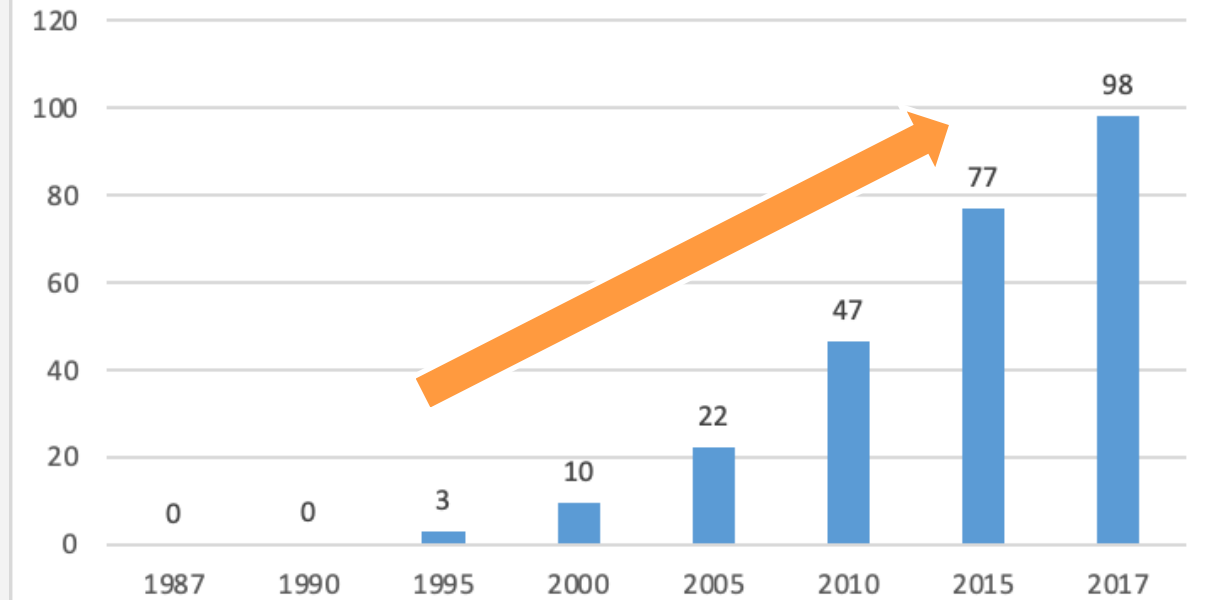
- **Revenue 58%**

- **Revenue doubled from 2010 to 2017**

MRO Revenue Market share In each area



MRO Revenue \$m



MRO & Consultancy Actions

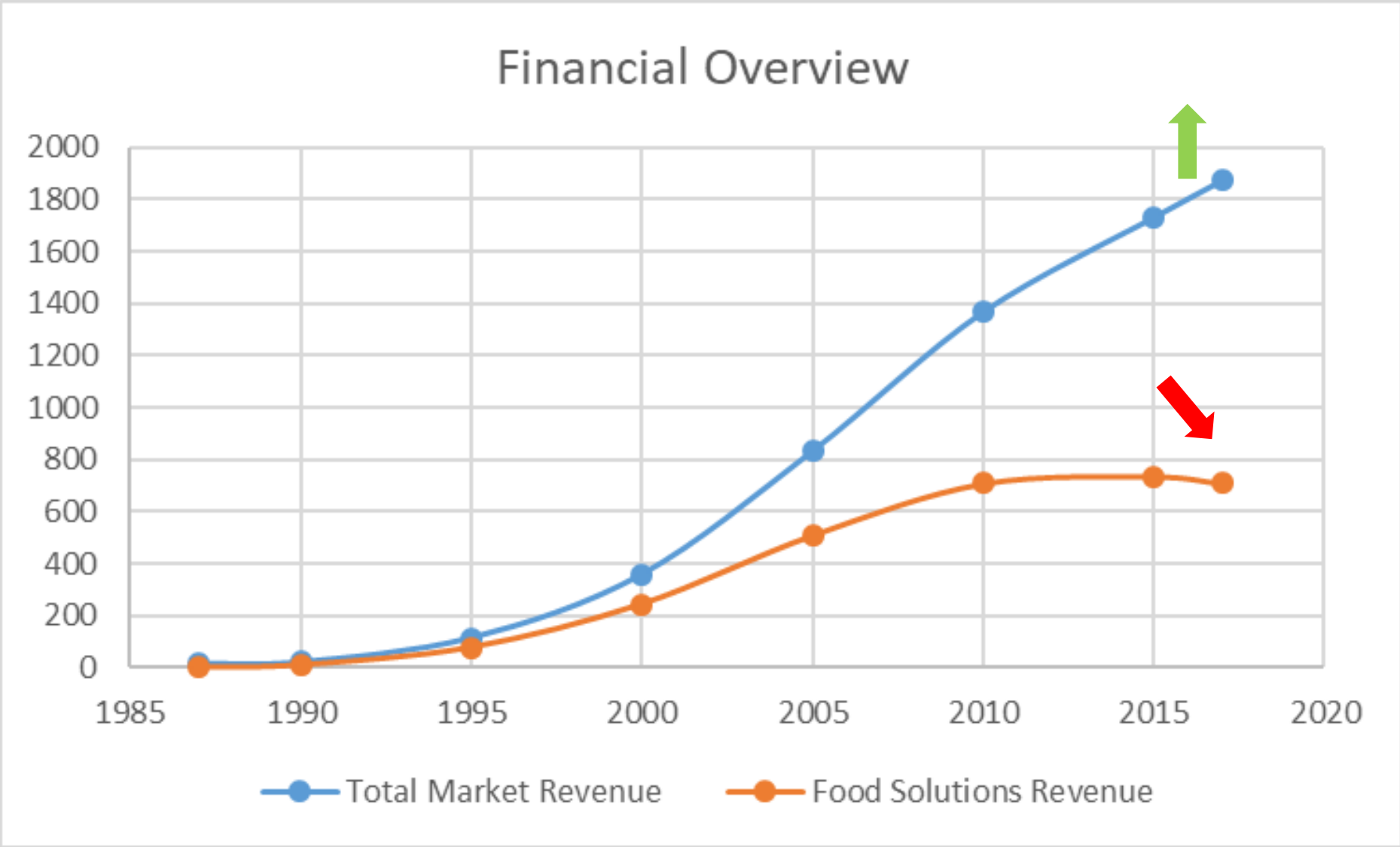
1 Expanding MRO & consultancy to competitors' equipment

2 Developing worldwide consulting services network

+ 3 Expanding to other industries

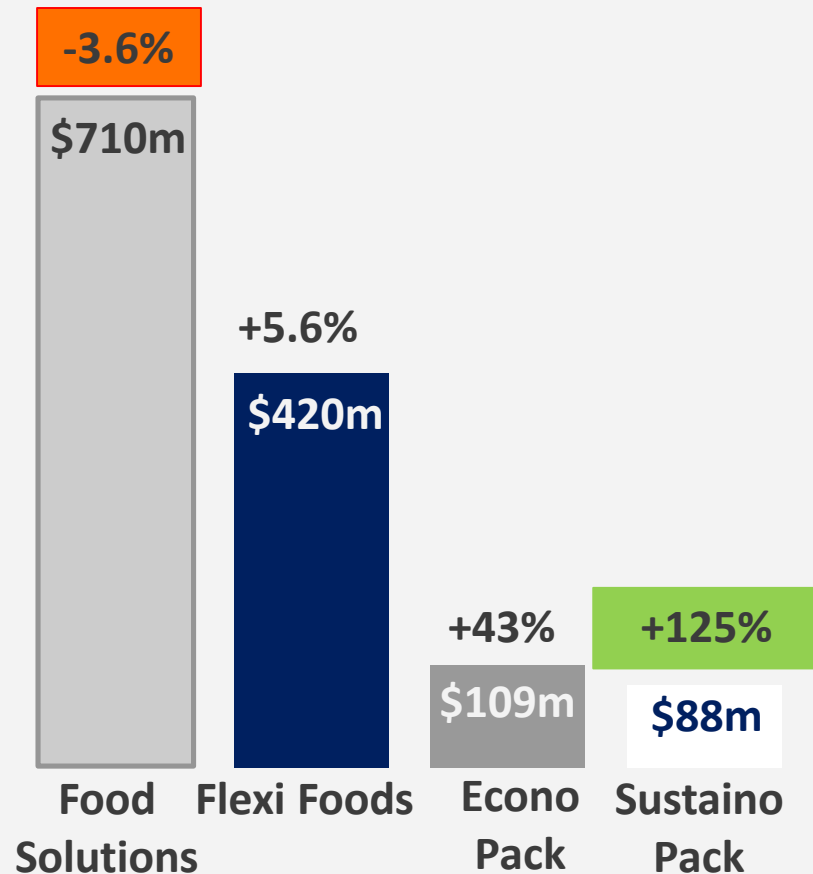


Financial Overview of Food Solutions

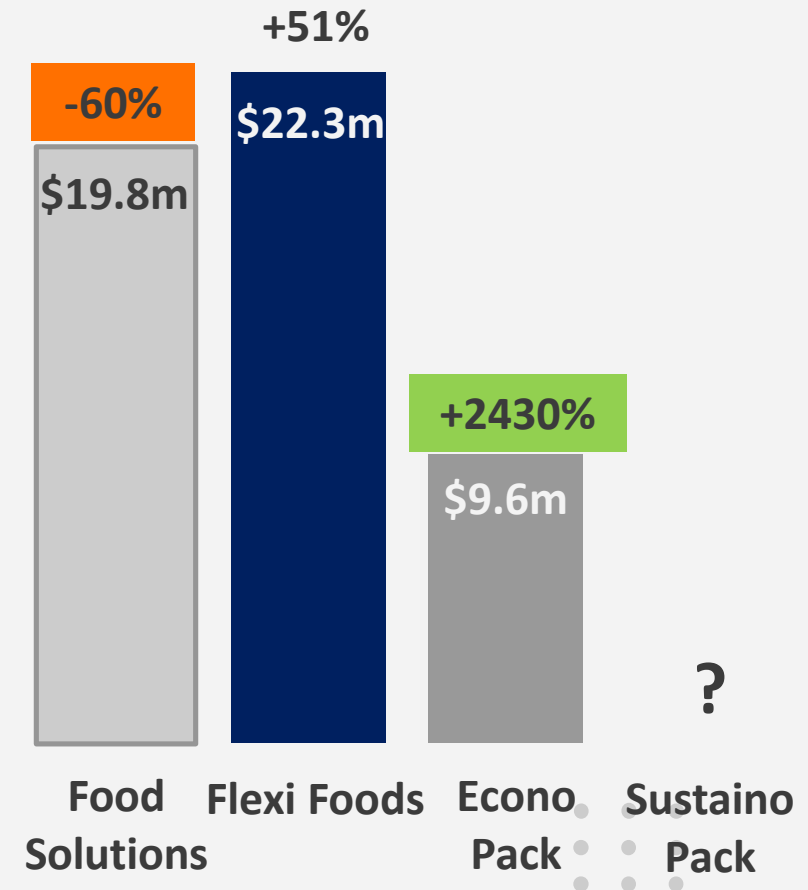


Revenue & Profitability Comparision

2017 Top Line \$mils
(%change vs 2015)



2017 Bottom Line \$mils
(%change vs 2015)



Income Statement Analysis

FOOD SOLUTIONS

	2017	2016	2015
Operating margin	2.8%	5.2%	10.1%
Gross Profit Margin	30.6%	33.3%	36.6%
Return on sales	3%	4%	7%
Year-on-Year Revenue growth	-2%	-1%	0%
Time Earned Interest	3.28	6.48	10.86

Operating Margin = (Operating Income / Total Revenue) x 100%

Gross Margin = (Gross Profit / Total Revenue) x 100%

Return on Sales = Operating Profit / Total Revenue

Time Earned Interest = EBITDA / Interest Expense

Financial Actions

1 Focus on equipment profitability

2 Cut-down on SG&A costs

3 Lowering down discounts



4 Fund consultancy firm to attract potential new customers

5 Maybe go public?

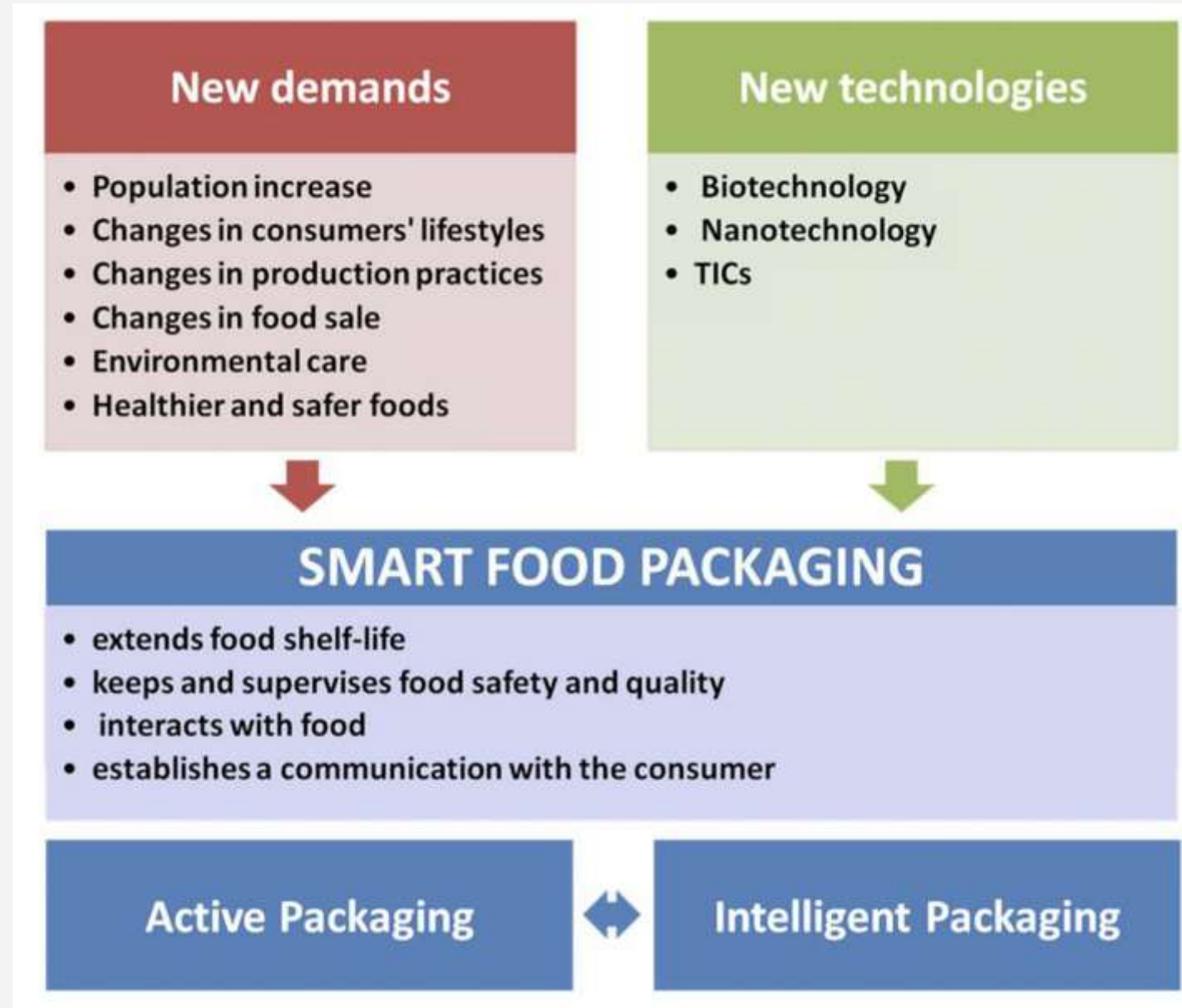


Research & Development

- **Driving forces from the current market**
 - Use of plastic represents 37% of packaging material in the market by 2015
 - Non-degradable
 - Pollution during manufacture and disposal



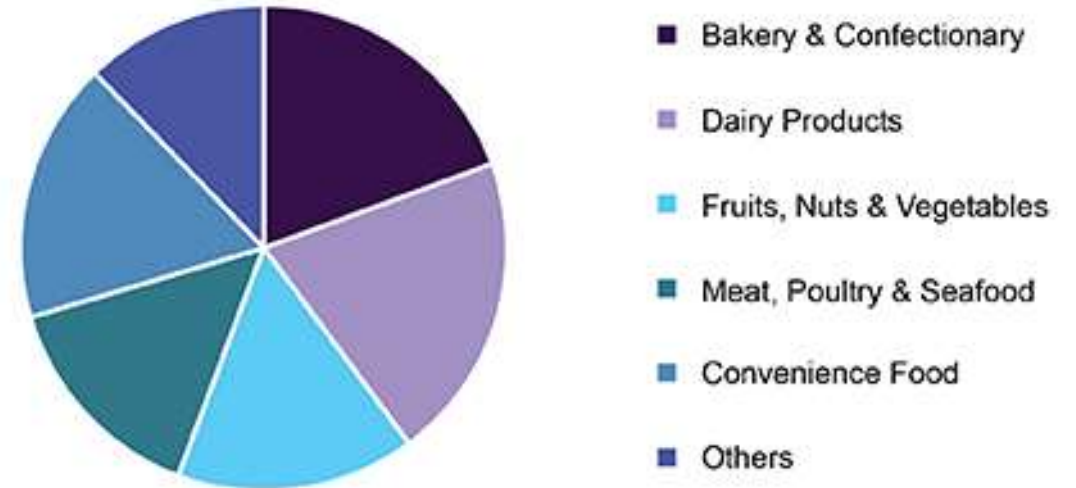
- **Driving forces from new trends**



Market expansion to meat & dairy

- Global Food Packaging Market is expected to achieve \$346.5B in 2021. By 2017:
 - Dairy products ~ 20%
 - Bakery & Confectionery ~ 20%
 - Meat, Poultry & Seafood ~ 15%
- Partnerships with global packaging companies in other sectors
 - Sonoco
 - Cargill

Global food packaging equipment market share, by application, 2017 (%)

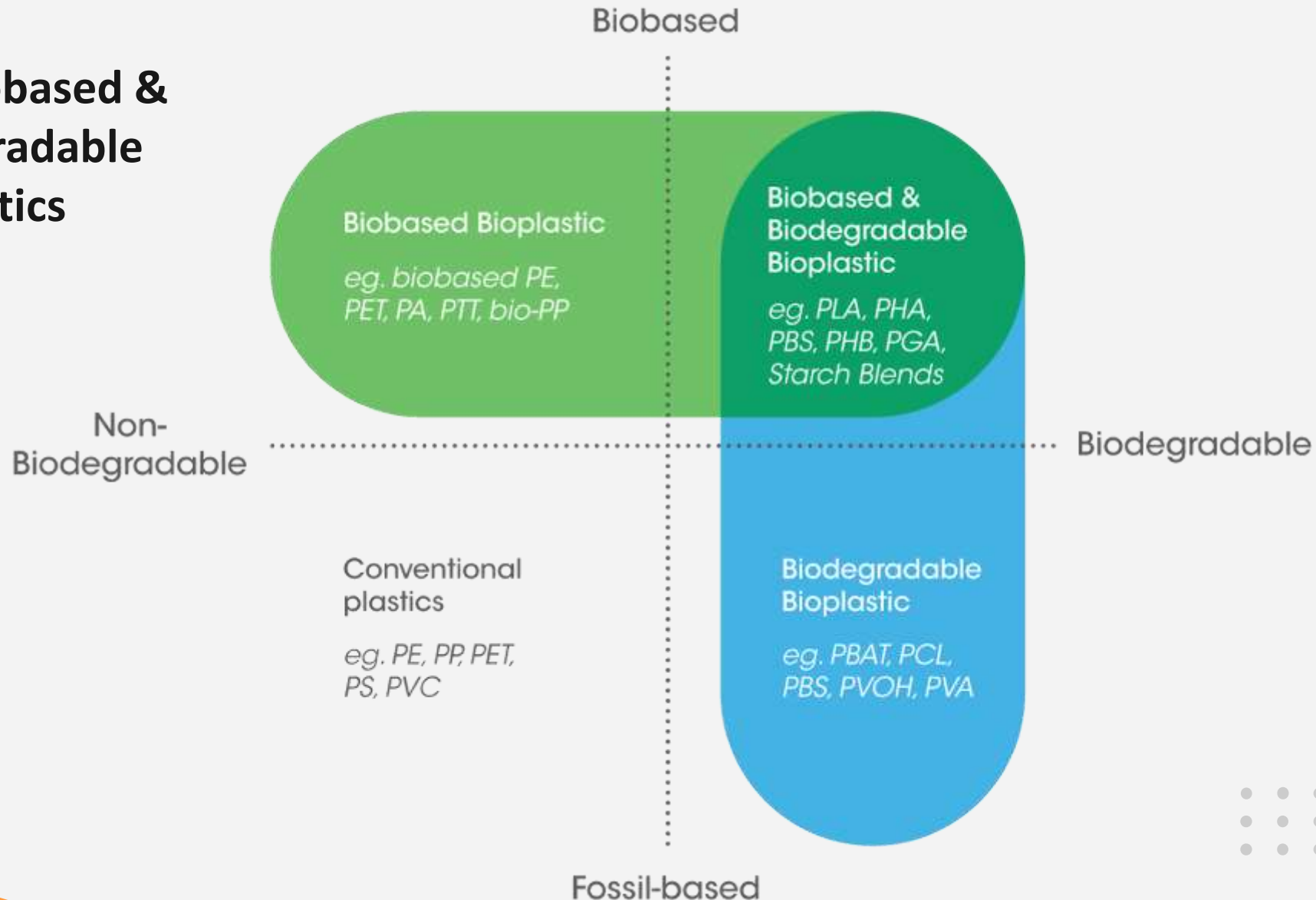


Global Food Packaging Equipment Market | Industry Report, 2018-2025. (n.d.).
Grandview Search. Retrieved December 11, 2022,
from <https://www.grandviewresearch.com/industry-analysis/food-packaging-equipment-market>



Product – Sustainable packaging

Use biobased & biodegradable bioplastics



Technologies - Smart food packaging

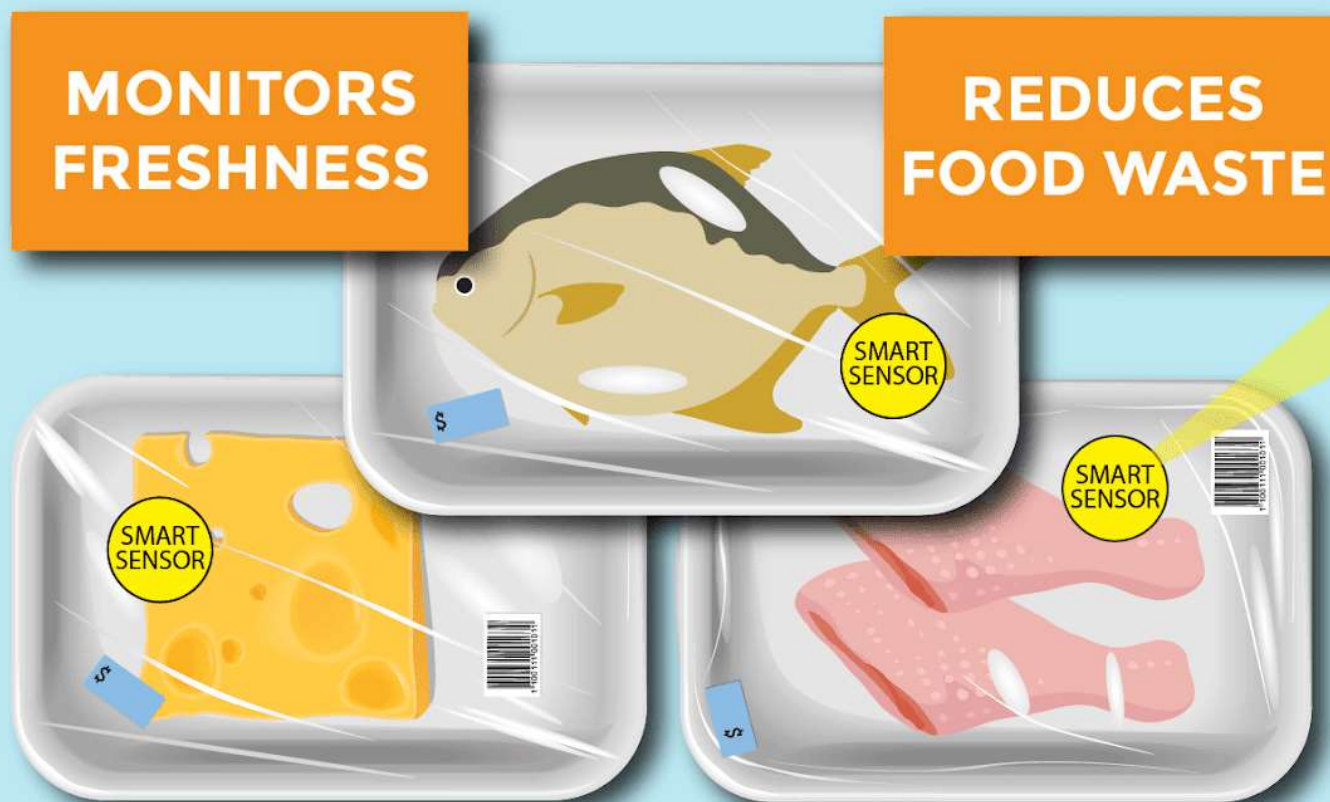
- **Interacts with food via sensors**
 - Detect bacteria through pH changes
 - Check food freshness without opening
 - Safe and easy to integrate
- **Goes beyond sustainable packaging**
 - Reduces food waste
- **Establish communication with the customer**



SMART Food Packaging

**MONITORS
FRESHNESS**

**REDUCES
FOOD WASTE**



New film membrane sensor:

- can check food freshness without opening
- detects bacterial growth through pH changes
- is easily integrated in food packaging
- is safe in direct contact with food

Kiryukhin, M. V., et al.: "A membrane film sensor with encapsulated fluorescent dyes towards express freshness monitoring of packaged food," Talanta (2018)

Services - Packaging solution consultancy

Division 1: packaging engineers, technicians & technologists

- Research existing packaging solutions
- Incorporate technological advancements
- Packaging graphic and constructive design

Division 2: sales consultants

- Support clients' choice of products & equipment
- Tailored service portfolio to meet client specific needs
- Packaging optimisation

Maximise profitability & performance across value chain



Equipment – Market Segment by attributes



Specification

- Speed
- Reliability (Machine mechanical Efficiency)
- Machine Footprint
- Average Product Lead time

Configured at order

- Product Coverage – product mass
- Product Coverage – product size
- Package options
- Product coverage – no. Pieces per pack



Flexibility

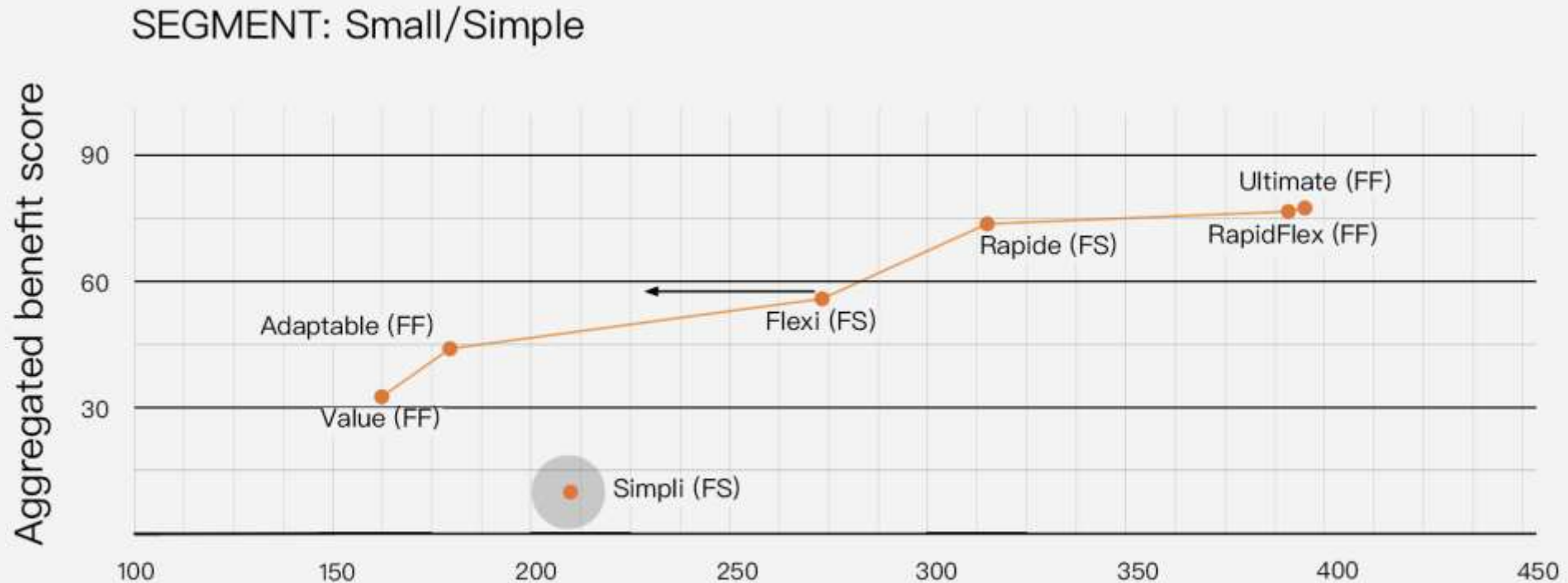
- Changeover time – different products
- Changeover time – different pack configurations

Feature

- Integrated cleaning unit
- Robotized palletization
- Automatic consumables feeding
- Advanced diagnostics
- Remote monitoring



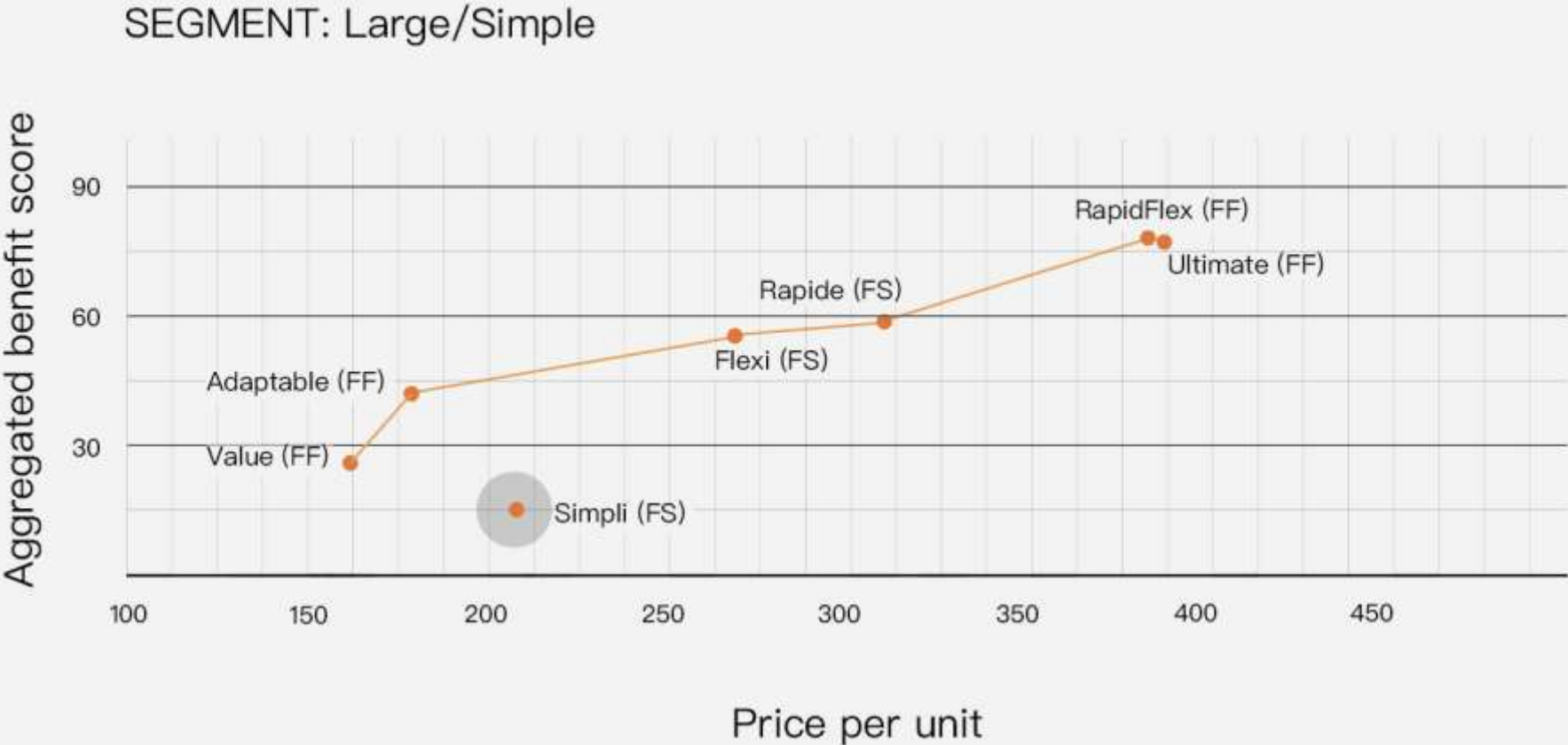
Equipment – Market Segment Position



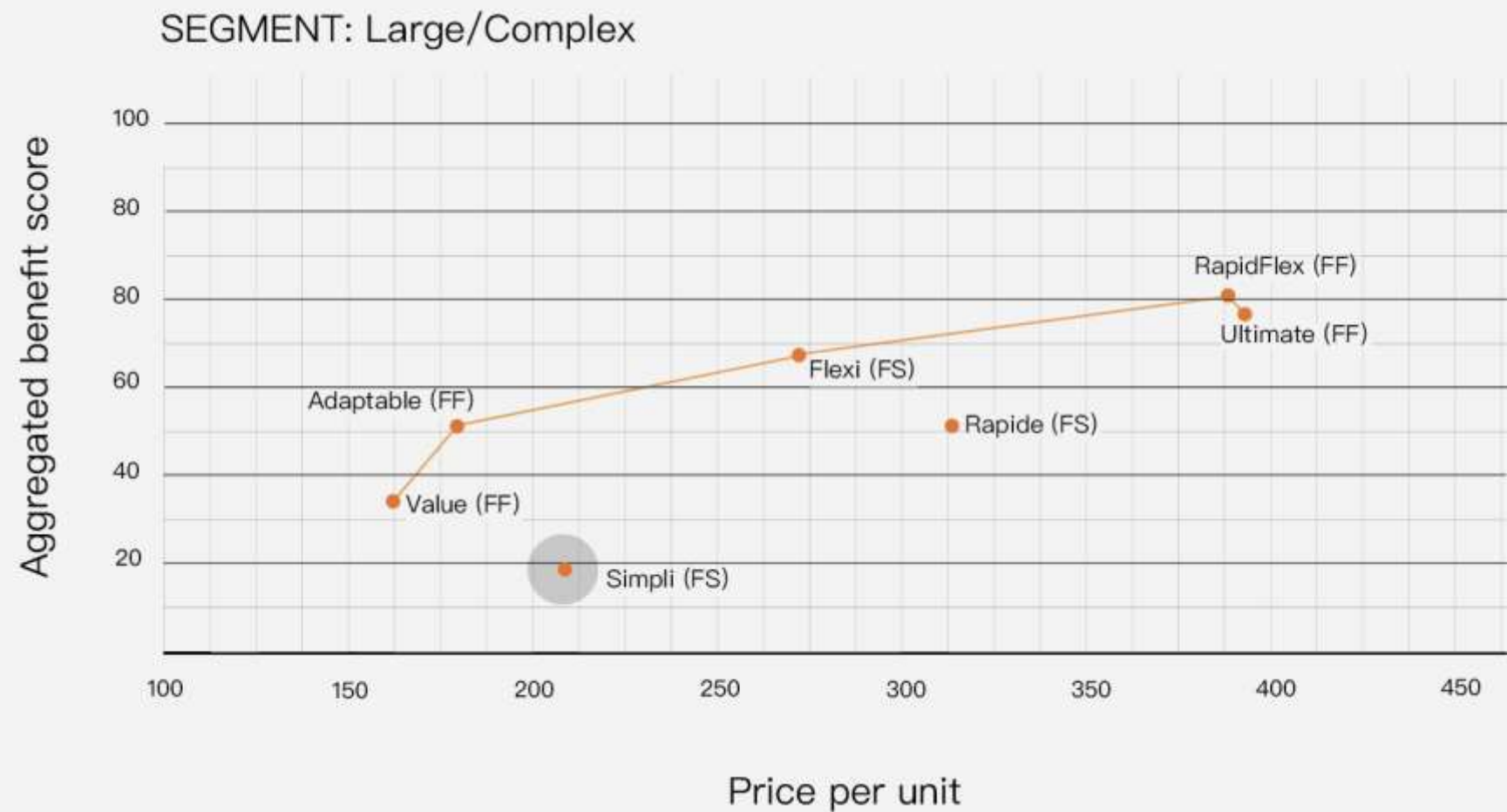
Equipment – Market Segment Position



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Equipment – Market Segment Position

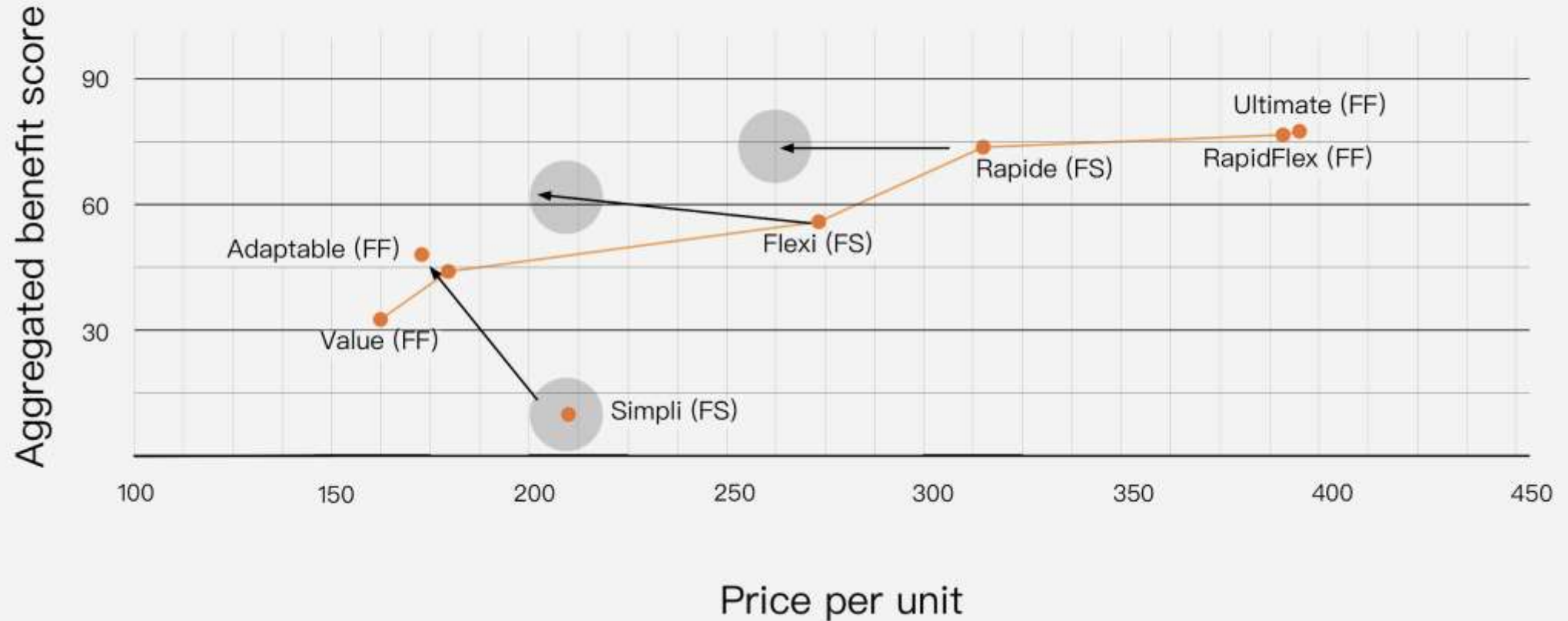


Equipment – Market Segment Position

- **Portfolio** isn't currently as **competitive** as **Flexi-foods**. However, **it can be**.
- The **Development of RapiFlex** has enabled Food solutions to be **competitive on the high-end market**.
- **Simpli** as a **product offering** performs **poorly across all market segments**
- Currently we are looking to **re-allocate resources**. **Discontinuing the current Simpli model**.
- **Rapide** is a **high price** compared to **Flexi** as a product offering with **limited benefits across all customer segments**.

Strategic repositioning of current equipment lines

EXAMPLE – SEGMENT: Small/Simple



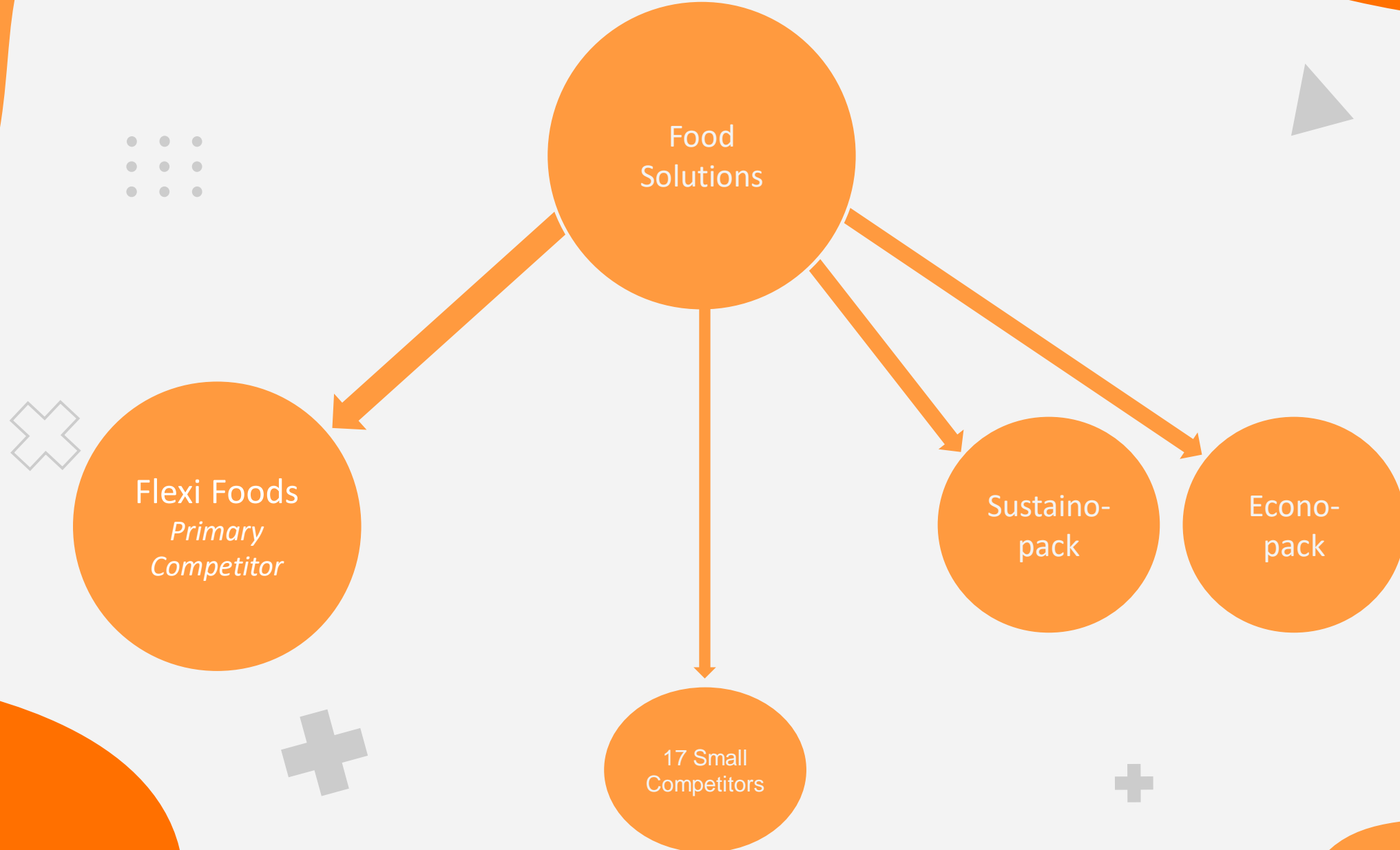
Strategic repositioning of current equipment lines

- Flexi-foods have reduced their fixed manufacturing costs for Ultimate to below 15% of the total cost of equipment. **Reduce fixed manufacturing costs across the range**, (For Rapide, currently it's 22% of the total cost of equipment)
- Phase out Simpli – **Simpli is a good product**, however, it is **poor value for money** when compared to the Value and Adaptable competition.
- **Introduce a new product** that can **compete with Flexi-foods** bottom-end **Value and Adaptable** lines.

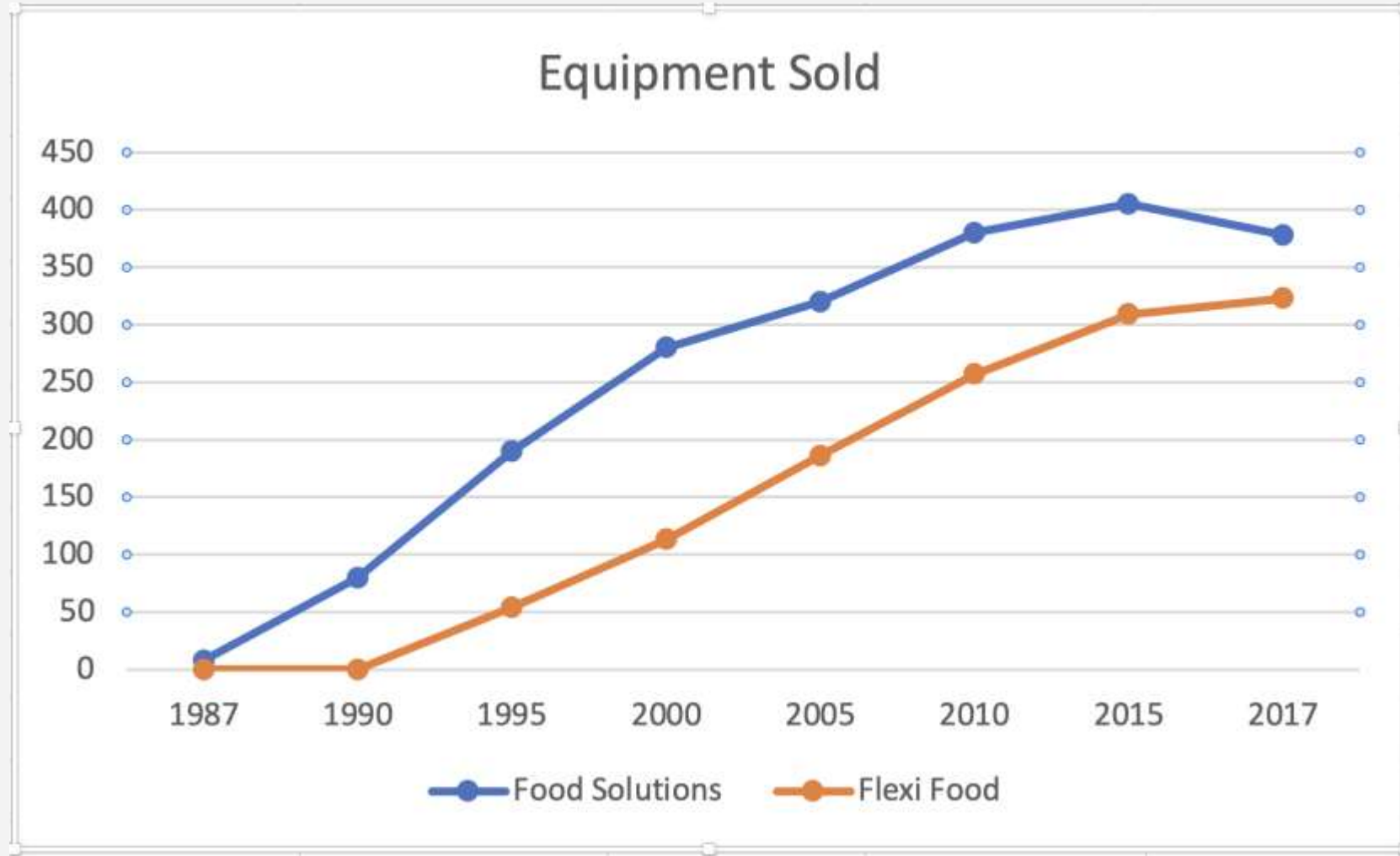
New Product Offering – Benchmarked against Simpli

- **Net price – Under \$180,000**
- **Maintain the same machine footprint** as the discontinued Simpli machine
- **Reliability** needs to be improved - currently 0 - adaptable 61.5 score(aggregate)
- **Waste/recycling improved** by 50% (current score = 0, adaptable score = 50)
- **Increase mass and size** of our machine compared to Simpli
- **Greater package options**
- **Improve Product Coverage**
- **Change over time** for different product reduce by **3 hours**.
- **Add roboticized palletization**

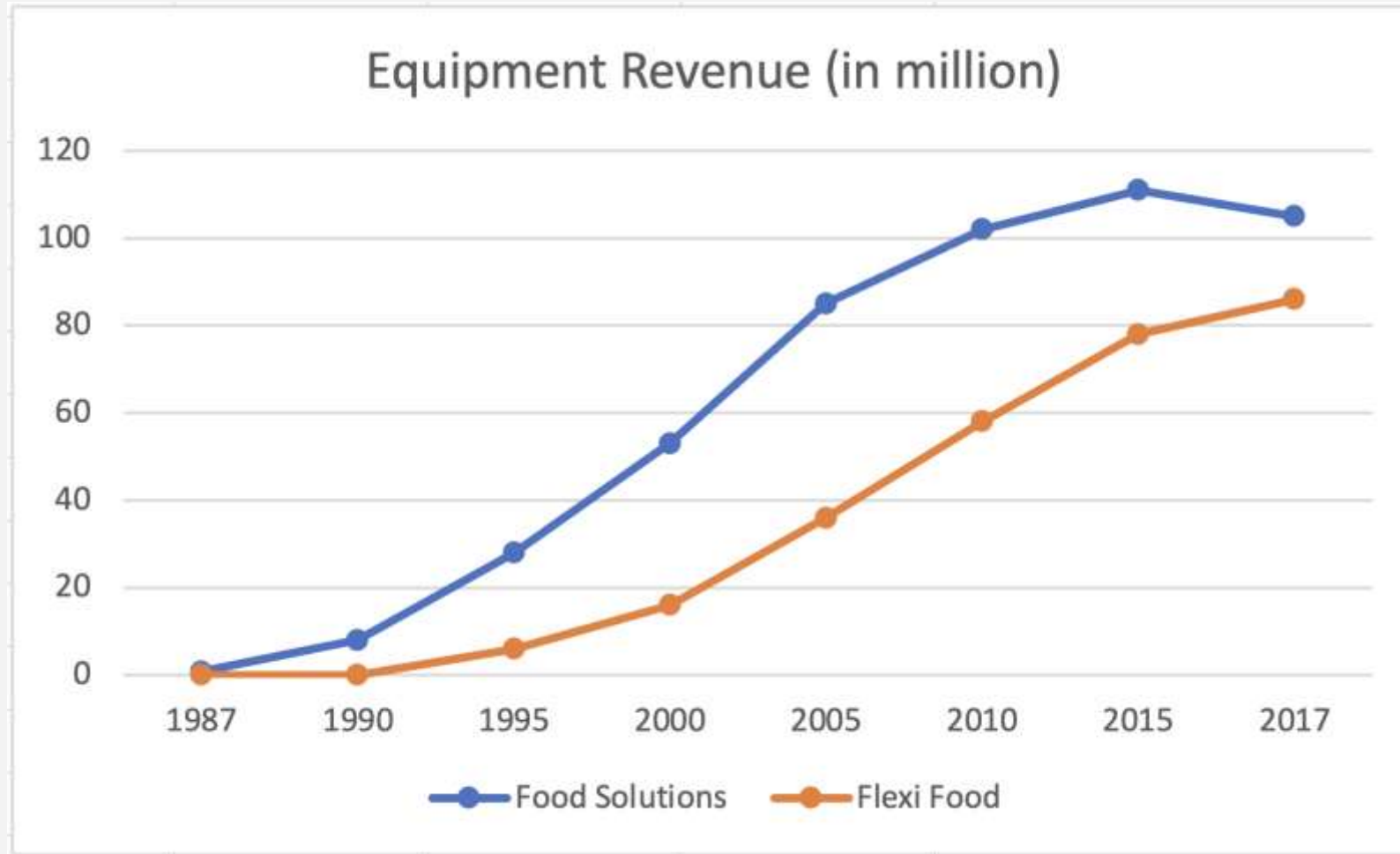
Market Players



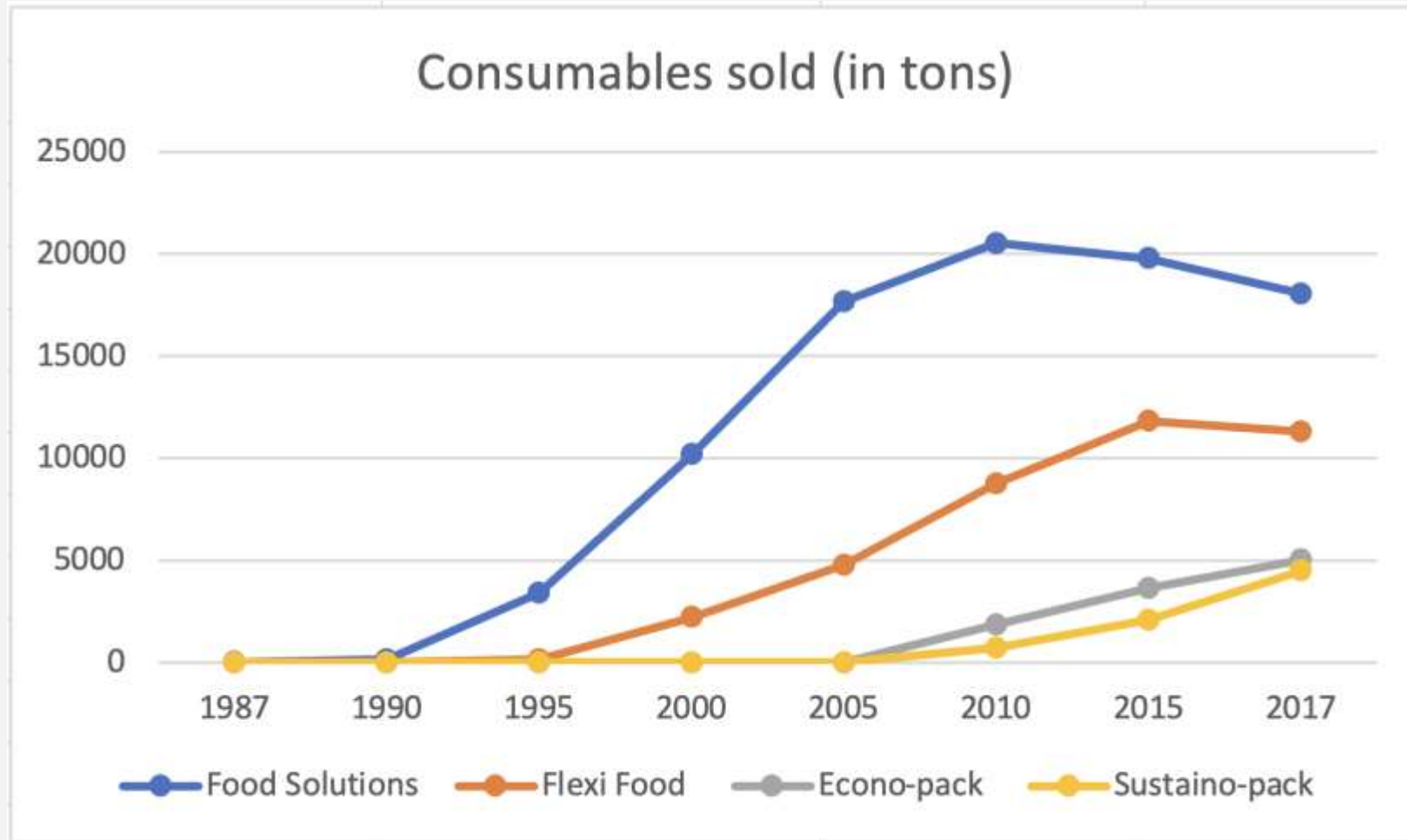
Equipment



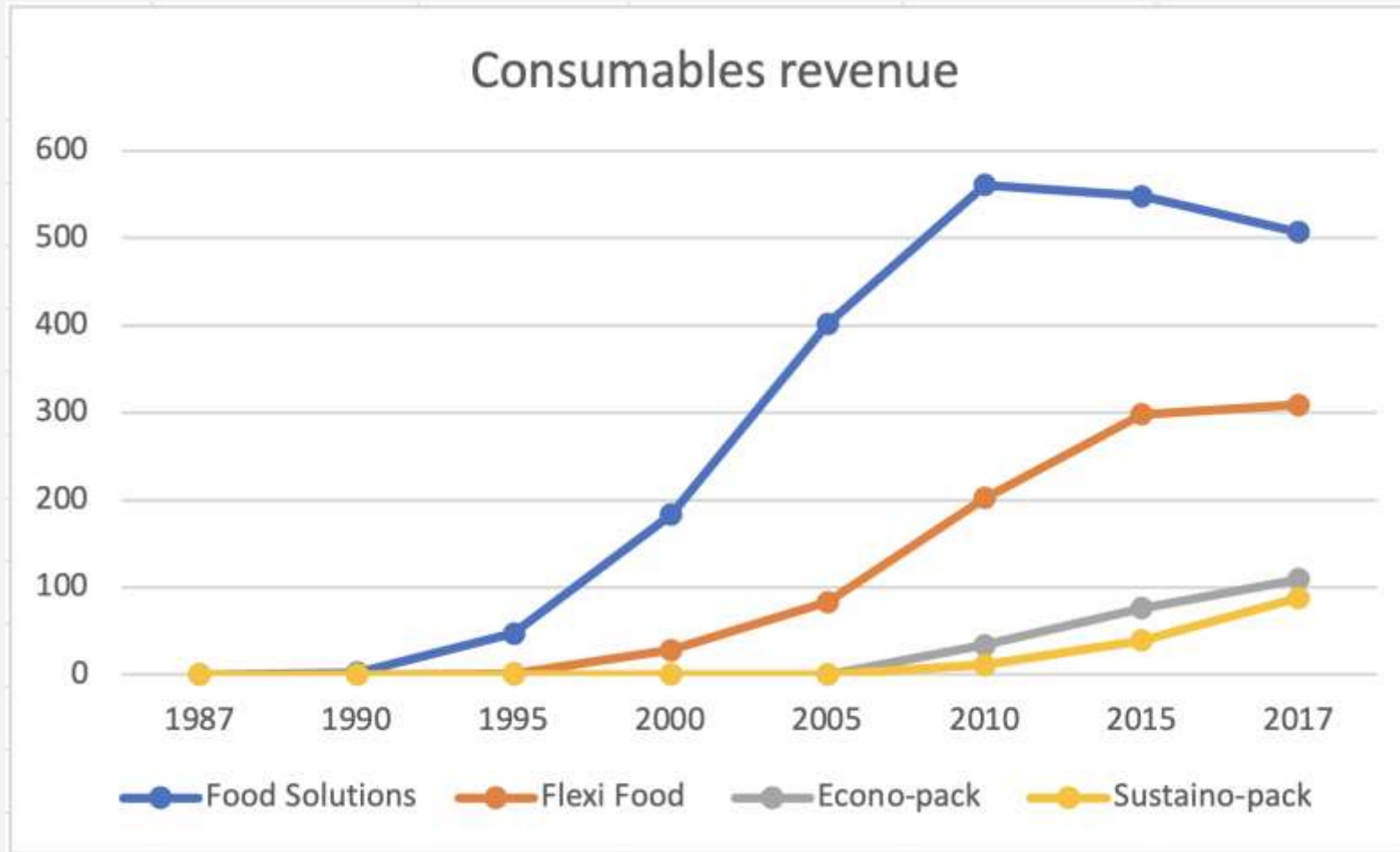
Equipment



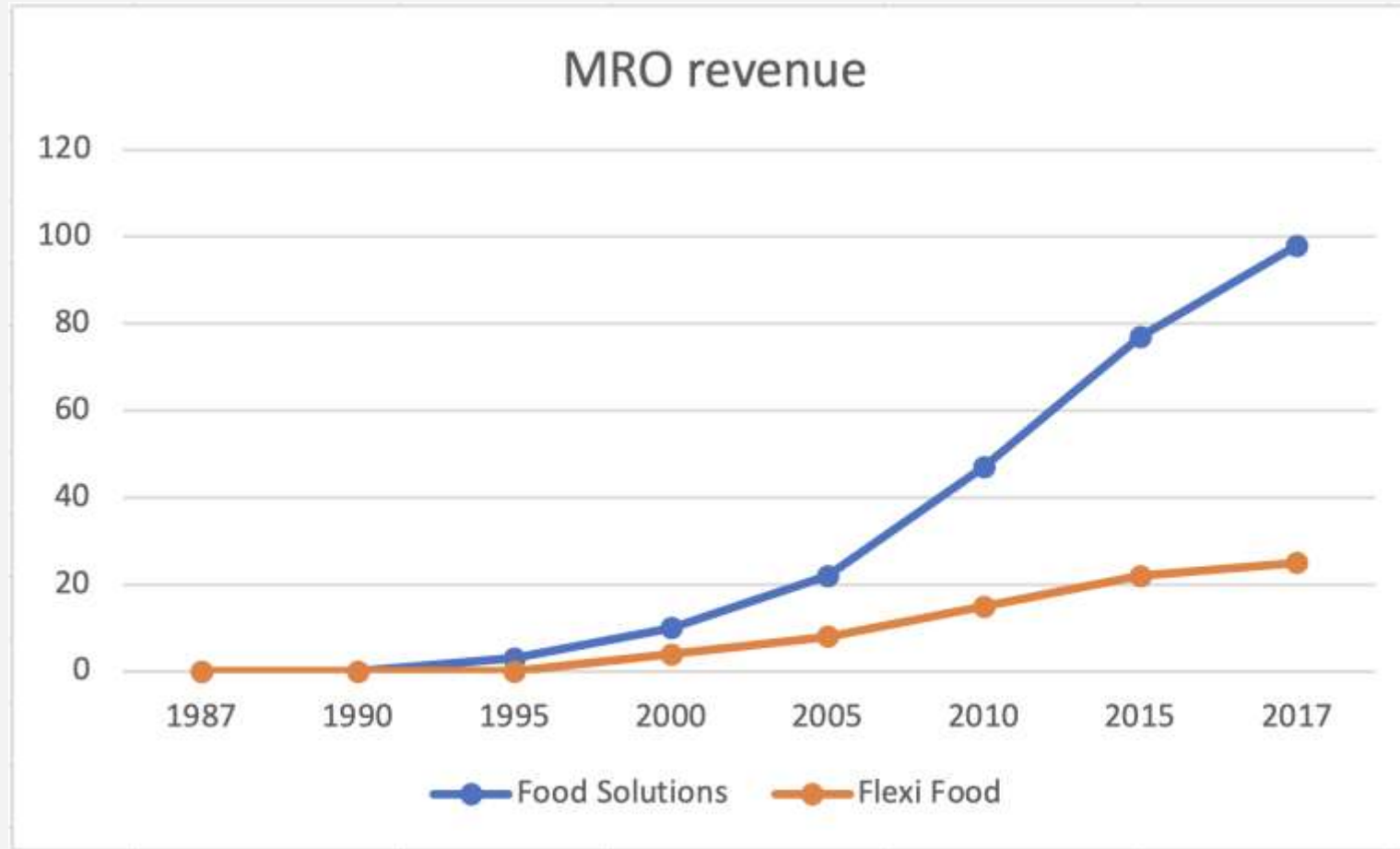
Consumables



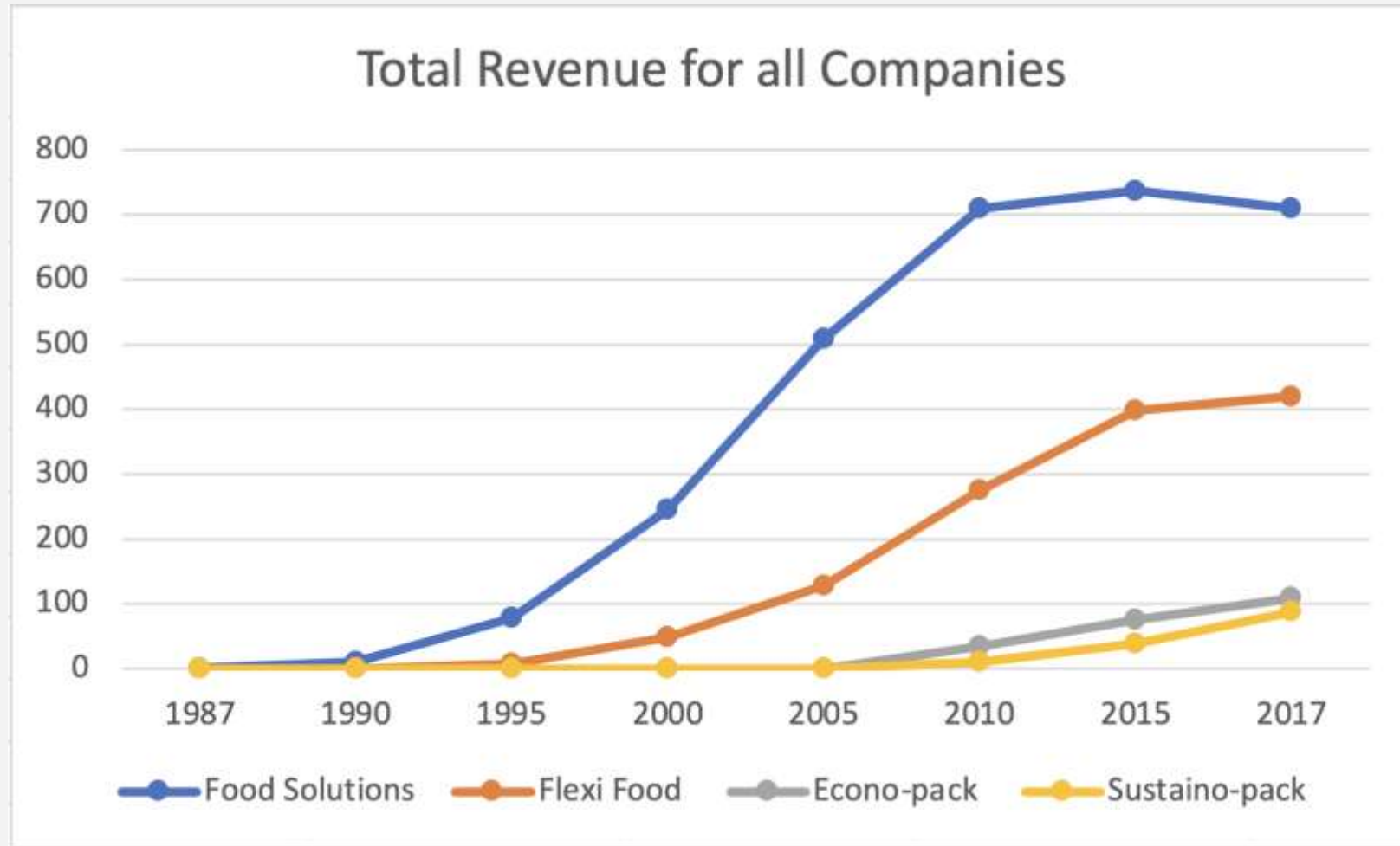
Consumables



MRO



Total Revenue (all companies)



Competition Analysis - 2017

	FoodSolutions	FlexiFoods	Econo-pack
Operating margin	2.8%	8.7%	8.5%
Gross Profit Margin	30.6%	33.4%	28.3%
Return on sales	3%	5%	9%
Year on Year Revenue growth	-2%	2%	23%
Time Earned Interest	3.28	4.11	65.74

Acquisition Intro



Food Solutions



Sustaino-pack

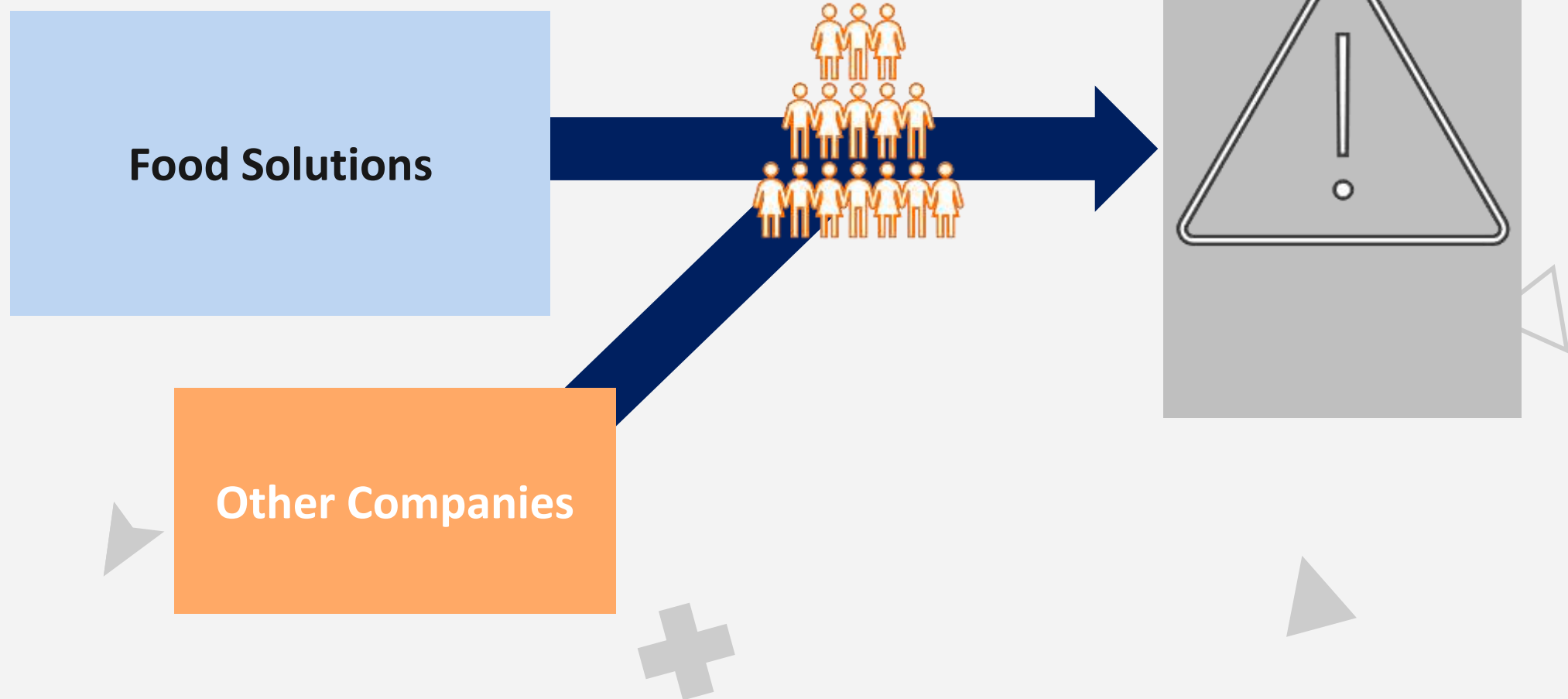


Food Solutions

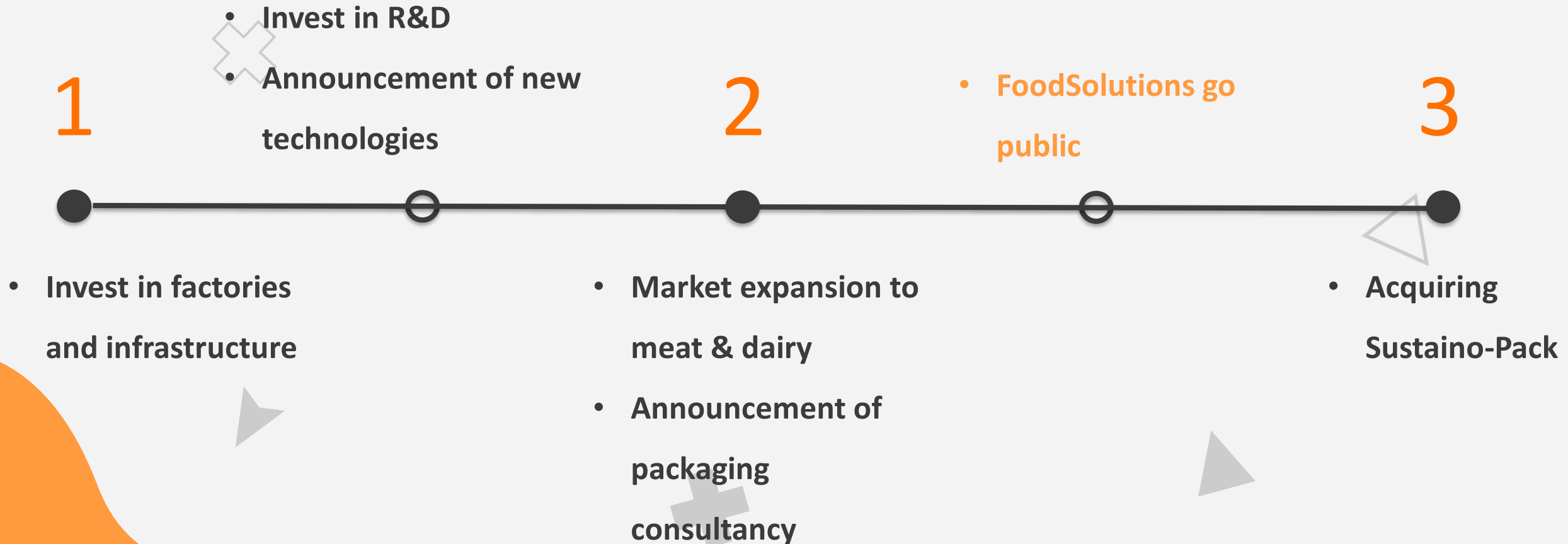
Acquisitions Process



Partnerships & Mergers



Business Targets for the next 3 years Consumables

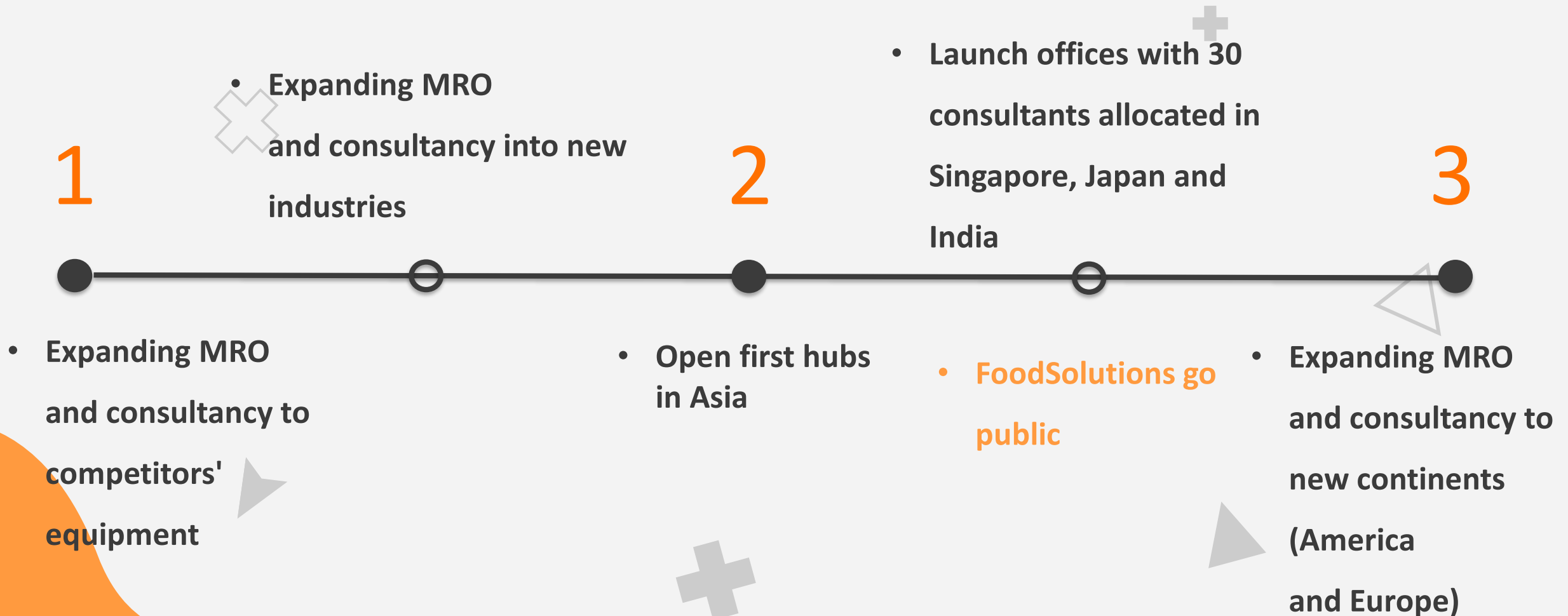


Business Targets for the next 3 years Equipment



Business Targets for the next 3 years

MRO & Consultancy



Scenario Planning

Proprietorship

- Food Solutions goes public- enough funding to develop vertical integration throughout the supply chain.
- Raw materials suppliers will be forced to shut down due to decreasing revenue.
- Sustaino-Pack will have to
 - source raw materials from Food Solutions - loss of bargaining power
 - Food Solutions acquiring Sustaino-Pack to prevent them from being insolvent

Titanic

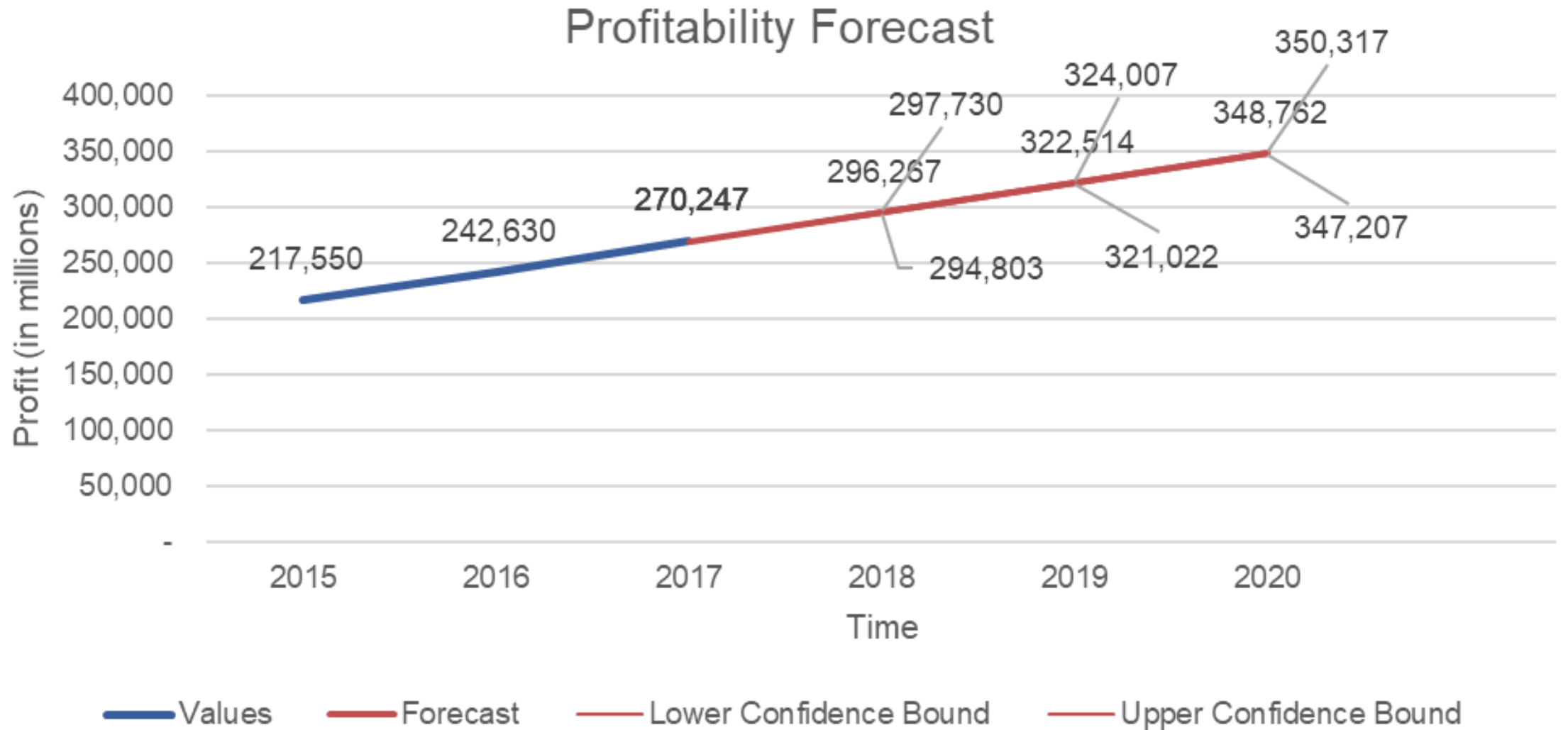
- Sustainable technology becomes the norm and industry-standard within 5 years
- Sustaino-Pack leads the entire food packaging market with propriety eco-friendly consumables
- Advancement in technology propels other competitor equipment to surpass Food Solutions by a considerable margin
- Food Solutions unable to go public due to poor public image

Scenario Plan

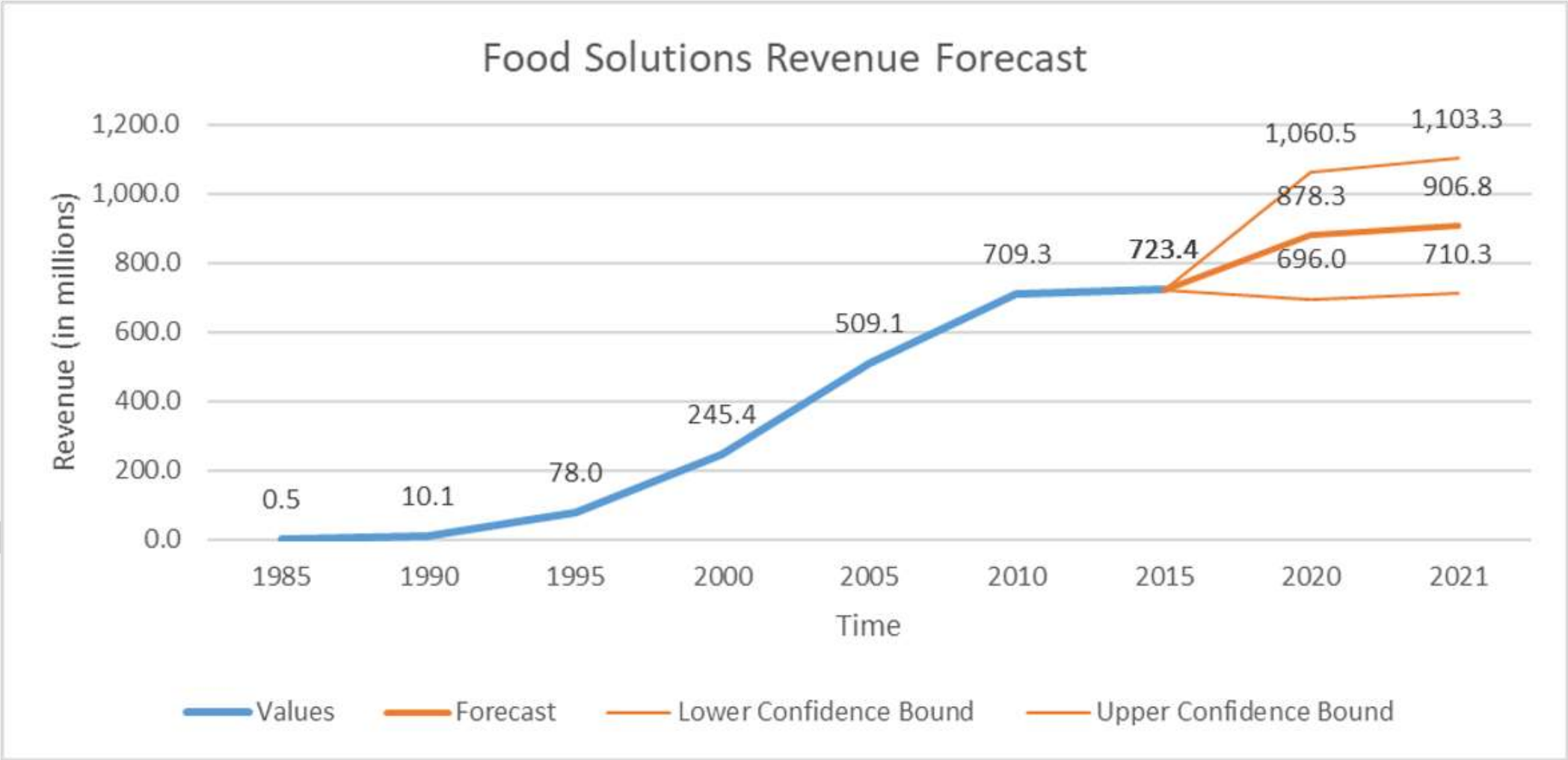
	Proprietorship	Titanic
Consumables Strategy	✓✓	✗✗✗
Equipment Strategy	✓✓✓	✗✗
MRO & Consultancy Strategy	✓	✗



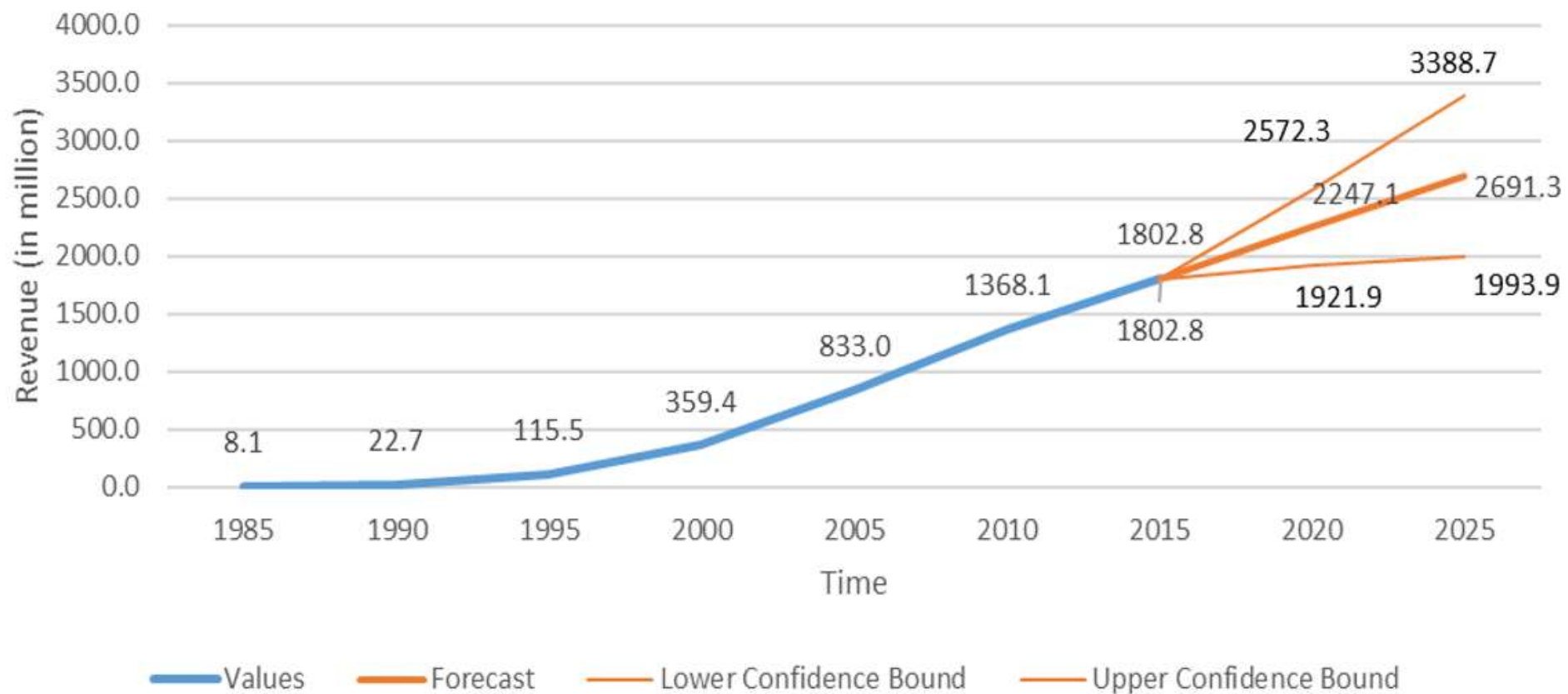
Top & Bottom-Line Forecast



Top & Bottom-Line Forecast



Forecasted Total Market Revenue



Conclusion

- Transition from internal development and resolution to external expansion.
- Building the worldwide reputation through MRO and Consultancy.
- All combined will increase profits and revenue
- Increase our global market share across multiple customer segments



Thank you



Appendix

New Product – 4 Ps

