OmniMax International, LLC

CCC+

1 year PD
3.18% to 9.02%

- OmniMax posted Losses in FY-22/23 (-$80mn / $120mn) driven by interest expenses and losses from selling parts of the operation (transformative). T7-24 financials indicate a break-even, and much improved EBITDA Margin this year.
- Liquidity ratios (current 1.4/quick 0.7), increase short-term financial risk and reliance on PE-sponsor / capital markets.

Strengths

- **Turnaround:** After the divestment of less appealing segments mainly in 2022/23, OmniMaxs' T7-24 financials indicate a profit and much improved operational efficiency (e.g. EBITDA Margin improved from 8.1% to 11.3%).
- **Parent Support**: Backed by SVPGlobal, they benefit from strong financial oversight and restructuring expertise. Combined with a remaining capacity of $33mn under their R/C-line SVPG's support shall provide financial stability and access to capital markets, mitigating near-term liquidity and refi risks.
- **Re-focused business model:** The focus on residential roofing and drainage solutions enhances operational efficiency and streamlines the business toward higher-margin segments.

Challenges

- **High Leverage:** Their Net Debt/EBITDA ratio of 6.59 and debt-to-assets ratio of 73.7% indicate heavy reliance on debt, which increases financial risk, particularly under rising interest rates. Maturity Wall in 2026.
- **Low Profitability:** While EBITDA margins have improved to 9.7%, they remain below the peer median of 11.9%, and the company posted a Loss of $120M in FY-23, highlighting ongoing profitability challenges.
- **Weak Liquidity:** With a current ratio of 1.41and quick ratio of 0.68, both below industry averages, OmniMax's liquidity constraints pose a short-term risk in meeting immediate obligations without relying on inventory turnover.

Company Overview

Headquarters	Duluth, GA
Type	Private (PE)
Employees	~3,500
Year Founded	1996
Website	https://omnimax.com/
Business	Manufacturer of Roofing and Drainage solutions.
Revenues	$478.4M

- **Company Overview:** OmniMax is a leading national manufacturer of building materials specializing in roofing and drainage systems, architectural metal products, mainly across the residential sectors.
- **Product:** Core product lines include "Amerimax" and "Berger" roof drainage systems, "Flamco" metal roofing products, and "Verde" architectural metal roofing, offering comprehensive solutions to homebuilders, architects, and RV manufacturers.
- **Customers:** They serve a diverse set of customers, from residential homebuilders to large-scale commercial contractors.
- **Ownership:** The company is privately owned by Strategic Value Partners ("SVPGlobal") a global investment firm specializing in distressed assets and operational turnarounds. SPVGlobal is a global investment firm with approximately $18bn in AUM ($48bn invested since 2001). Established by Victor Khosla in 2001, it has ~120 employees, including ~50 investment professionals, across its main offices in Greenwich (CT; HQ), London and Tokyo. SVPG led an out-of-court recapitalization to acquire OmniMax in 10/2020. Two months prior the entity defaulted on a major principal payment. Since the recap, the entity acquired more brands (e.g. "Verde"), opened a new plant, and divested its European and non-residential businesses (e.g. commercial and recreational).
- **Debt Structure:** Long-term debt consists of a Term Loan due 10/26 (~$204mn) and an $80mn R/C-line (same maturity) with ~$33mn remaining capacity. The balance ($68mn) is comprised of Operating Leases (1-17 years term).

Financial Statement Highlights

$ '000s	*(C)* Jul-24 T7	*(B)* Dec-22 T12	*(A)* Dec-23 T12	Change (C) to (B)	Change (B) to (A)
Income Statement					
Total Revenue	274,786	488,436	478,403		-2.1%
Gross Profit	75,681	91,063	107,409		18.0%
Adjusted EBITDA	31,015	39,774	46,508		16.9%
Gross Profit Margin	27.5%	18.6%	22.5%		+381 bps
Net Income	1,592	(80,447)	(120,223)		49.4%
Balance Sheet					
Cash And Cash Equivalents	5,952	5,652	6,900		22.1%
Total Current Assets	153,192	280,665	143,858		-48.7%
Total Assets	420,272	651,467	425,434		-34.7%
Total Current Liabilities	100,122	145,480	101,706		-30.1%
Total Debt	244,670	436,872	313,578		-28.2%
Total Equity	19,237	61,247	18,722		-69.4%
Key Ratios					
Current Ratio	1.53	1.93	1.41		-26.7%
Quick Ratio	0.66	1.38	0.68		-50.8%
Net Debt / EBITDA	7.70	10.84	6.59		-39.2%
Debt to Assets	58.2%	67.1%	73.7%		+665 bps
EBITDA Margin	11.3%	8.1%	9.7%		+158 bps
ROCE %	7.6%	-1.5%	2.2%		+372 bps

- Revenue decreased from $488mn in FY-22 to $478mn in FY-23. Yet, profitability improved from 8.1% to 9.7% and in T7/24 11.3% EBITDA Margin.
- Interest expenses remained a significant drain on profitability at $39.9mn in FY-23, contributing to the company's Net Income Loss of -$120mn.
- Net Income turned into a profit (T7-24) after they recognized (one-off) Losses from sales of business segments in FY-22 and FY-23.

Scorecard Summary

Financial vs Business Risk Weighting Factors

Ownership	Private (PE)
Company Stage	Growth
Financials	Complete

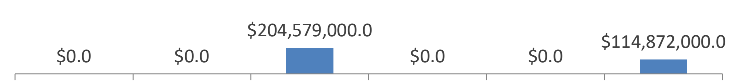
	Weight	Score	Dimension	Weight	Score
Financial	40%	3.2	Liquidity	25%	*2.7*
			Leverage	38%	*1.0*
			Profitability	38%	*1.6*
Business	60%	7.1	Industry Risk	15%	*6.1*
			Competitive Position	35%	*7.3*
			Mgmt / Governance	15%	*4.3*
			Sponsor / Parent	35%	*8.6*
Modifiers		-1.0	Financial Flexibility		*(0.3)*
			Fixed Cost Coverage Risk		*(0.50)*
			Other Modifier		*(0.25)*

Financial Benchmarking & Debt Maturity Profile

# of Benchmarks:	*23*	Industry Median	Company Metric	Percentile Rank
Liquidity	Current Ratio	2.04	1.41	*20%*
	Quick Ratio	1.07	0.68	*19%*
Leverage	Net Debt / EBITDA	2.26	6.59	*19%*
	Debt to Assets	39.2%	73.7%	*11%*
Profitability	EBITDA Margin	11.9%	9.7%	*34%*
	ROCE %	13.8%	2.2%	*13%*
	Revenue	$469M	$478M	

Industry Benchmarks - Primary: Building Products

Debt Maturities



Business Risk Highlights

- **Industry:** The Building Products industry in North America, particularly in roofing and drainage products, is valued at over $400bn. It is projected to grow at a CAGR of ~5.2% through '27, driven by residential and commercial construction demand, energy-efficient building solutions, and renovation trends. Volatility in this industry is moderate, often tied to housing market cycles and economic fluctuations. Supply chain risks, especially related to raw materials like aluminum and steel, can be disruptive.
- **Competitive Position:** While OmniMax holds a competitive position due to its brand strength, it faces stiff competition from larger players like "Cornerstone Building Brands" and "GAF", which have broader market reach and higher profitability.
- **Management:** OmniMax's management team is supported by SVPGlobal. Hence, there have been quite some movements at the helm, lately: In 9/23 John Krause was appointed CEO of OmniMax, succeeding John Wayne (retired). John is tasked with continuing OmniMax's expansion across North America. CHRO Karina Hernandez joined 4/24to foster employee engagement and aligning talent strategies with business growth. Chief Marketing Officer Michelle Lane was appointed 6/24 to drive OmniMax's marketing strategy and product management. Each person has a strong track record on their own. It is likely that SVPG was