

CFC Group, LLC (d/b/a The CFC Group)



Company Overview

- Company Overview:** CFC is a well-established sales agent for contract office furniture manufacturers, operating primarily in the Southeast.
- Product:** Via its' sales agents/platform CFC offers office furniture solutions such as desks, chairs, workstations, and textiles, representing manufacturers like AIS and Stinson.
- Customers:** Corporate offices, educational institutions, healthcare facilities, and government agencies.
- Ownership:** Privately held - likely by Todd and Rhonda Close, who are also actively involved in the company ("Principals & Sales").
- Debt Structure:** Long-term liabilities consist of a \$15.6k vehicle financing agreement. In addition they have a \$69k bank loan and a \$43k shareholder loan - both current. Net of \$202k in cash, they are essentially debt-free.
- Other (pros/cons):** Strong profitability with a 30.6% EBITDA margin in FY-24, and revenue growth over the past 3 years, substantially outperformed by the growth in Net income (+42% in FY-24). Debt-to-Asset ratio isn't really applicable, as the service-business doesn't have a meaningful assets beyond cash. Liquidity, mainly based on cash is high, and reduces near-term bk-risks, despite the elevated empirical default risk due to the small entity size. Highly flexible expense base, given they are a service business, located in Florida, an at-will employment state. FY-24 financials are based on YTD through 12/19. Total Equity grew in FY-24 (CPA-letter) by 73% to \$137.4k. Employees have 401k plans, or a 3% match. Long-term relationships with and diversity of suppliers (~12, avg 8.3 years) as well as customers (>200 retailers) indicate a long-term intent. Combined with their longevity (since 1996), 4.5 (due to low revenue size) is tentatively too low.

Financial Snapshot

	Dec-22	Dec-23	Dec-24	Chg
\$ '000s	T12	T12	T12	%
Total Revenue	1,795	1,980	2,300	16.2%
Gross Profit	1,795	1,980	2,300	16.2%
Adjusted EBITDA	508	511	703	37.5%
Gross Profit Margin	100.0%	100.0%	100.0%	0.0 ppt
EBITDA Margin	28.3%	25.8%	30.6%	4.7 ppt
Net Income	491	495	703	42.0%

				Weight	Rating Range		
				65%	6.0	to	7.5

# of Benchmarks:		103	Industry Median	Company Metric	Percentile Rank	# of Industry Benchmarks		103
			\$17M	\$2M		Company Financials Date		Dec-24
Liquidity	Revenue					Industry Benchmarks - Primary: Office Services and Supplies Secondary: Distributors Tertiary: Specialized Consumer Services		
	Current Ratio	1.69	2.00	<div></div>	55%			
	Quick Ratio	1.04	2.00	<div></div>	74%			
Leverage	Net Debt / EBITDA	1.61	(0.11)	<div></div>	79%			
	Debt to Assets	25.9%	37.0%	<div></div>	39%			
Profitability	EBITDA Margin	12.0%	30.6%					
	ROCE %	19.6%	293.2%	<div></div>	100%			

Business Risk

Industry Group Risk Profile				Business And Consumer Services	20%	4.5	to	6.5
Industry Risk Assessment		KPI Rating	Contribution	Industry Group Description				
Cyclicality		Intermediate risk	<div></div>	Primary revenues from offering solutions for noncore activities or providing varied business and consumer services, including: services for direct consumer needs; product distribution services; facilities services for maintaining other businesses' premises or staffing; and general and professional services for complex business support.				
Competitive Risk		Intermediate risk	<div></div>					
Global Industry		Intermediate risk	<div></div>					
Market Segment Outlook		Stable	<div></div>					
Competitive Position Profile				Business And Consumer Services	50%	6.5	to	8.5
Competitive Position KPIs		KPI Rating	Contribution	Rating Guideline				
Cycle-Tested		< 2000	<div></div>	Navigated multiple economic down-cycles.				
Market Position		Satisfactory	<div></div>	Limited market position with few barriers to entry.				
Brand Equity and Reputation		Above Average	<div></div>	Good brand with some ability to command a price premium.				
Business Strategy		Strong	<div></div>	Consistent business strategy supporting leadership in the marketplace. High customer retention rates.				
Customer & End-Market Diversity		Above Average	<div></div>	Good customer diversity; limited reliance on specific customers.				
Service Diversity		Strong	<div></div>	Offers a wide range of services that cater to diverse customer needs.				
Geographic Diversity		Satisfactory	<div></div>	Limited geographic diversification. Strong dependence on specific regions.				
Supplier Diversity		Strong	<div></div>	Diverse supplier base from multiple regions.				
Expense Structure		Strong	<div></div>	Ability to flex staff or inventory levels without hurting service quality. Low direct labor expense as a percent of revenue.				
Supplier Contract Terms		Above Average	<div></div>					
Management, Governance, Sponsorship					30%	4.5	to	5.5

Anchor Modifiers

Modifiers			
Revenue Segment	Normalization	<div></div>	< \$5M
Trend Analysis	Adjustment	<div></div>	Strong Positive

Rating Range (Rounded)

4.0 to 5.0