

Pinnacle Cosmetic Packaging LLC



- Total otal Debt has significantly reduced as of Aug 2023 indicating minimal reliance on debt for assets whilst their Cash position improved significantly.
- Limited information on customer base, competitive position, and ownership restricts evaluation of business stability and future financial impact.

Strengths

- **Diverse Product Range:** Pinnacle offers a wide array of packaging solutions, catering to various cosmetic products, positioning it well in the cosmetics packaging industry.
- **Healthy Liquidity:** A Current Ratio of 1.54 and Quick Ratio of 1.54, although slightly below the peer median, still indicates a reasonably healthy liquidity position to manage short-term obligations.
- **Low Leverage:** With a Debt to Assets ratio of 3.5% and Net Debt/EBITDA of 0.04, the company maintains a low-leverage position.

Challenges

- **Limited Financial Transparency:** Absence of detailed financial breakdowns, such as specific revenue streams or detailed expenses, makes a comprehensive financial assessment challenging.
- **Limited Public Financial Data:** Lack of comprehensive financial data (e.g. notes to financials), in combination with rel. low revenue restricts a full understanding of the company's financial health, strategy, and direction.
- **Lack in qualitative information:** Absence of detailed information about the customer base, competitive factors, and management raises concerns about further risk esposures.

Scorecard Summary

	Weight	Score	Dimension	Contribution
Financial	65%	7.8	Liquidity	<div></div>
			Leverage	<div></div>
			Profitability	<div></div>
Business	35%	5.7	Industry Risk	<div></div>
			Competitive Position	<div></div>
			Mgmt / Governance	<div></div>
			Sponsor / Parent	<div></div>
Modifiers		-1.0	Revenue Segment	<div></div>
			Trend Analysis	<div></div>
			Financial Flexibility	<div></div>

Industry Benchmarks - Primary: Paper and Plastic Packaging Products and Materials

Company Overview

Headquarters	Kenilworth, NJ	U.S.
Type	Private (Non-PE)	
Employees	n/a	
Year Founded	2002	
Website	n/a	
Business	Packaging solution to cosmetics industry	
Revenues	\$6.4M	

- **Company Overview:** Pinnacle Cosmetic Packaging LLC operates as a key player in the cosmetic packaging industry, providing a wide array of products and solutions to various businesses. The company is headquartered in Kenilworth, NJ.
- **Product:** The company specializes in offering a diverse range of packaging solutions, including plastic and paper materials, ensuring a comprehensive product line that caters to different customer needs in the cosmetic sector - from skincare to makeup.
- **Customers:** While specific details are not available, the broad product offerings suggest a wide-ranging customer base, potentially spanning various segments within the cosmetics and related industries.
- **Ownership:** The company is owned by Ed Halsch. Per Aug 2023 balance sheet, Ed Halsch holds 50%, Karen, Lauren and Gerald hold 16.7% each of the equity capital.

Financial Ratio Benchmarking

# of Benchmarks: 7		Industry Median	Company Metric	Percentile Rank
Liquidity	Current Ratio	2.72	1.90	<div></div>
	Quick Ratio	1.34	1.90	<div></div>
Leverage	Net Debt / EBITDA	0.39	0.0%	<div></div>
	Debt to Assets	11.2%	0.0%	<div></div>
Profitability	EBITDA Margin	7.0%	15.2%	<div></div>
	ROCE %	-0.8%	81.3%	<div></div>
	Revenue	\$48M	\$5M	

- EBITDA Margin at 15.2% is significantly above the peer median of 7.0%, showcasing a strong ability to generate profits from operations.
- With an ROCE of 81.3%, they are effectively utilizing capital to generate returns. Benchmark data quality is limited at best.

Financial Statement Highlights

\$ '000s	Aug-23 T8	Dec-21 T12	Dec-22 T12	Chg
Income Statement				
Total Revenue	4,776	4,754	6,351	33.6%
Gross Profit	4,775	4,749	6,335	33.4%
Adjusted EBITDA	724	48	524	992.8%
Gross Profit Margin	100.0%	99.9%	99.7%	(15) bps
EBITDA Margin	15.2%	1.0%	8.2%	+724 bps
Balance Sheet				
Cash And Cash Equivalents	558	201	27	-86.4%
Total Current Assets	1,700	1,004	1,351	34.6%
Total Assets	1,787	1,053	1,437	36.5%
Total Current Liabilities	896	887	880	-0.8%
Total Debt	-	206	50	-75.8%
Total Equity	891	166	557	235.9%
Cash Flow				
Net Income	724	736	523	-28.9%
CAPEX	-	-	-	
Depreciation & Amortization	-	-	-	
Fixed Charge Coverage Ratio		1.53x		

- Revenues increased by +33.6% from FY-2021 to FY-2022. Annualized T8 revenues of \$4.78mn through 8/2023, indicates an increase in FY-2023 of 12.8% vs. FY-2022.
- Total Debt has significantly reduced from \$50mn in FY-2021 to \$206 in FY-2022, and then down to zero as of Aug 2023 indicating minimal reliance on debt for assets.
- EBITDA Margins expanded from 1.0% in FY-2021 to 8.2% in FY-2022 and further improved to 15.2% during T8 ended Aug 2023.

Business Risk Highlights

- **Industry:** The cosmetics packaging industry is influenced by trends in the cosmetics sector, making it susceptible to shifts in consumer preferences and regulatory changes.
- **Competitive Position:** Without detailed customer and market share data, assessing the company's competitive position is challenging and warrants further investigation to understand its market standing, aside from the quantiative indications (benchmark analysis, yet peer group consists only of 7 entities within a range from \$0.1mn - \$100mnin annual revenue, suggests several quantiative advantages).
- **Management:** Limited information on the company's direct management and governance practices poses challenges in assessing the quality of leadership and strategic direction.
- **PE Sponsor:** n/a
- **<Other>:** n/a