

Profile Food Ingredients, LLC (sub of RPM International (NYSE:RPM))



B+

1 year PD
0.60% to 1.89%

- Strong liquidity and leverage profile. Very strong profitability and consistent cash flow generation, which together support its ability to self-fund operations and limit financial risk exposure.
- limited public transparency, a lack of evident succession planning, and reliance on a small leadership team elevate long-term continuity and key-person risk concerns

- Strengths
- Exceptional Liquidity & Conservative Balance Sheet:** FY-24 Current and Quick Ratio of 3.01/2.07 far exceed peers' (1.78 /0.95), with a Net Debt/EBITDA of -0.5x reflecting a net cash position, substantially reducing short-term risk exposure.
 - Strong Profitability Metrics vs. Peers:** EBITDA margin of 18.1% is more than 3x the peer median (5.8%), with an ROCE of 15.5% (vs. 8.0% median), reflecting efficient asset utilization and a highly profitable product mix.
 - Positive and Consistent Cash Flow Generation:** FCF of \$8.9mn and a \$10.1mn OCF in FY-24 support self-financing of operations and distributions, reinforcing operational health without the need for external leverage.
- Challenges
- High Dependence on Parent Structure:** No fully independent strategic footprint, legal autonomy, or long-term funding track record, which may mask potential standalone limitations in decision-making or capital access.
 - Limited Public Disclosure and Transparency:** As a private subsidiary, the company has no external ratings and no public reporting obligations, limiting third-party validation or oversight of financials, governance, and ESG practices.
 - Customer Concentration Risk Likely, But Not Confirmed:** Despite clear specialization in custom dry-blend systems for food manufacturers, customer concentration remains unverified; failure to diversify could lead to demand vulnerability.

Scorecard Summary

Financial vs Business Risk Weighting Factors					
	Ownership	Private (Non-PE)			
	Company Stage	Stabilized			
	Financials	Partial			
	Weight	Score	Dimension	Weight	Score
Financial	50%	7.7	Liquidity	30%	8.4
			Leverage	35%	5.9
			Profitability	35%	8.9
Business	50%	6.1	Industry Risk	20%	6.8
			Competitive Position	50%	5.4
			Mgmt / Governance	30%	6.7
			Sponsor / Parent		
Modifiers		-1.4	Revenue Segment		(0.5)
			Financial Transparency		(0.89)
			Financial Flexibility		0.50

Company Overview

Headquarters	Elgin, IL
Type	Private (Non-PE)
Employees	~50
Year Founded	2005
Website	https://www.profilefoodingredients.com/
Business	Custom food ingredient systems and blends.
Revenues	\$52.8M

- Company Overview:** Profile Food Ingredients, LLC is a private, Elgin, IL-based food ingredients company focused on the formulation and manufacture of custom dry-blend systems for food manufacturers in the U.S.
- Product:** Offers branded stabilizers, emulsifiers, protein blends, and shelf-life extenders tailored for dairy, bakery, beverage, and frozen dessert industries
- Customers:** B2B-focused, the company serves national and regional food manufacturers, particularly in the frozen foods, sauces, and baking sectors. No retail-facing operations were identified.
- Ownership:** Wholly-owned by Mantrose-Haeuser Co., Inc., itself a subsidiary of RPM International Inc. (NYSE: RPM), a large U.S.-based coatings and chemicals conglomerate.
- Debt Structure:** The entity hasn't reported any material and specific LT-debt. ~\$3mn is comprised of LT and ST Operating Leasee Commitments, with the balance being Other LT Debt. Cash exceeds all Cash, and almost all Liabilities.
- Basis for Assessment:** Company prepared, unaudited FY-24 (5/24) - b/s, i/s, cf/s.
- Single Event Risks:** Loss of key executives - risks operational disruption due to limited succession depth. Parent divestiture - could remove strategic and financial support. Major customer exit - threatens cash flow stability.

Financial Benchmarking & Debt Maturity Profile

# of Benchmarks:	41	Industry Median	Company Metric	Percentile Rank
Liquidity	Current Ratio	1.78	3.01	78%
	Quick Ratio	0.95	2.07	82%
Leverage	Net Debt / EBITDA	2.02	(0.48)	79%
	Debt to Assets	22.6%	8.2%	88%
Profitability	EBITDA Margin	5.8%	18.1%	71%
	ROCE %	8.0%	15.5%	
	Revenue	\$52M	\$53M	

Industry Benchmarks - Primary: Packaged Foods and Meats / Secondary: Specialty Chemicals

Debt Maturities



Financial Statement Highlights

\$ '000s	(C) Dec-22 #N/A	(B) Dec-23 #N/A	(A) May-24 T12	Change	
				(C) to (B)	(B) to (A)
Income Statement					
Total Revenue			52,756		n/a
Gross Profit			15,364		n/a
Adjusted EBITDA			9,569		n/a
Gross Profit Margin			29.1%		
Net Income			3,951		
Balance Sheet					
Cash And Cash Equivalents			9,235		n/a
Total Current Assets			20,130		n/a
Total Assets			56,600		n/a
Total Current Liabilities			6,698		n/a
Total Debt			4,638		n/a
Total Equity			46,413		n/a
Key Ratios					
Current Ratio			3.01		n/a
Quick Ratio			2.07		n/a
Net Debt / EBITDA			(0.48)		
Debt to Assets			8.2%		
EBITDA Margin			18.1%		
ROCE %			15.5%		

- EBITDA margin is above 18% on \$52.8mn in revenue, with a Net Income of \$4.0mn in FY-24. Cash and Equivalents of \$9.2mn are just \$1mn shy of Total Liabilities.
- \$9.2mn cash and no material long-term debt, supporting the negative Net Debt/EBITDA ratio and an 82% equity ratio, reflecting robust capital structure.
- FCF of \$8.9mn supports ongoing distributions of \$4.3mn, indicating internal funding sufficiency for equity returns without leverage strain.

Business Risk Highlights

- Industry:** Operates in the U.S. food ingredients sector, a segment of the Specialty Food Ingredients industry which is projected to grow at a CAGR of 5.4% through 2034, supported by clean-label and functionality-driven demand.
- Competitive Position:** Serves a niche market via customized formulations, but competes with large ingredient giants like Kerry Group, Ingredion, and Tate & Lyle, making differentiation through R&D and responsiveness essential.
- Management:** Operates as a private entity under Mantrose-Haeuser and ultimately RPM International, limiting independent disclosure and possibly subject to group-level priorities and capital allocation.
- Ownership:** Backed by RPM International's strong credit profile (\$&P BBB, stable outlook), but this support is not formally guaranteed, making its risk insulated unless otherwise contractually assure