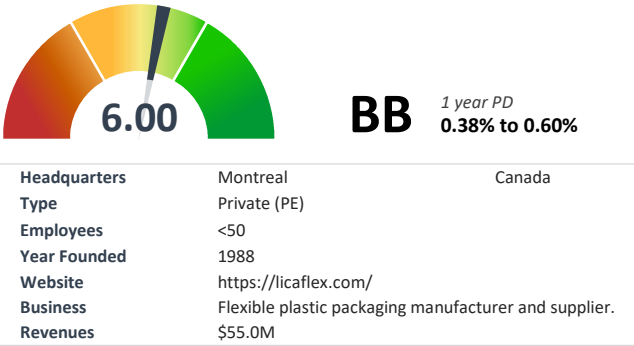


Licaflex Packaging, Inc.



Company Overview

- Company Overview:** Licaflex Packaging, Inc. (f/k/a Licaplast Industries - Emballages Inc.) is a leading producer of flexible plastic packaging products. With operations concentrated in North America.
- Product:** Shrink films, laminated roll stock, stand-up pouches, wicket bags, and heavy-duty packaging solutions tailored to industry-specific needs. Sustainability-focused product innovations to meet growing demand for environmentally friendly packaging.
- Customers:** The company serves a wide range of industries, reducing dependency on any single sector. B2B-customers span from food processing, to agriculture, retail, beverage, and industrial markets.
- Ownership:** Acquired in Q3-2020 by Charter Oak Equity ("COE"), and Fonds de solidarité FTQ ("FTQ"). COE has \$0.5bn invested in 30 niche portfolio companies with AUM <\$0.15bn, providing operational expertise but limited financial scale. Likely beneficial due to sector focus. FTQ is backed by \$18.4bn in net assets, and over 700k savers and shareholders with a 40-year track record, they offer robust financial stability and strategic support. Pure long-term, less monetary driven.
- Debt Structure:** Hit a maturity wall in FY-24, lacking updated details.
- Other (pros/cons):** Strong EBITDA margin of 35.6% supports profitability, despite modest revenue growth. Yet, y-o-y they decreased COGS and OPEX by -6%. Liquidity is sufficient when including \$5.6mn in capacity under an R/C-line. Backing by PE firms with subject matter expertise and long-term goals (not just monetarily), mitigates risks considering an elevated level of debt with Total Assets being comprised of 62% Goodwill and Intangibles (limiting financial flexibility).

Financial Snapshot

	Dec-21	Dec-22	Dec-23	Chg
\$ '000s	T12	T12	T12	%
Total Revenue	-	54,266	55,002	1.4%
Gross Profit	-	18,322	22,954	25.3%
Adjusted EBITDA	-	16,829	19,558	16.2%
Gross Profit Margin	-	33.8%	41.7%	8.0 ppt
EBITDA Margin	-	31.0%	35.6%	4.5 ppt
Net Income	-	5,958	6,074	1.9%

				Weight	Rating Range		
				40%	6.0	to	7.0

# of Benchmarks:		18	Industry Median	Company Metric	Percentile Rank	# of Industry Benchmarks	18
			\$296M	\$55M		Company Financials Date	Dec-23
Liquidity	Revenue					Industry Benchmarks - Primary: Paper and Plastic Packaging Products and Materials	
	Current Ratio	1.75	1.31	<div></div>	19%		
Leverage	Quick Ratio	1.04	1.17	<div></div>	66%		
	Net Debt / EBITDA	4.13	2.06	<div></div>	73%		
Profitability	Debt to Assets	49.3%	53.3%	<div></div>	43%		
	EBITDA Margin	9.4%	35.6%	<div></div>	100%		
		ROCE %	5.7%	22.6%	<div></div>	90%	

Business Risk

Industry Group Risk Profile	Containers And Packaging	15%	4.5	to	6.5
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Industry Risk Assessment	KPI Rating	Contribution	Industry Group Description
Cyclicality	Intermediate risk	<div></div>	Entities that derive the majority of their revenues from plastic, paper, metal, and glass packaging products, from rigid containers to flexible films, used for packaging food, beverages, and other consumer products (such as cosmetic and personal care products); health care and medical products; and, to a lesser extent, industrial products.
Competitive Risk	Intermediate risk	<div></div>	
Global Industry	Intermediate risk	<div></div>	
Market Segment Outlook	Stable	<div></div>	

Competitive Position Profile	Containers And Packaging	35%	6.5	to	8.5
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Competitive Position KPIs	KPI Rating	Contribution	Rating Guideline
Cycle-Tested	< 2000	<div></div>	Navigated multiple economic down-cycles.
Product Differentiation	Above Average	<div></div>	Moderate differentiation with some unique features.
Stability of Product Demand	Above Average	<div></div>	Moderate sales in stable markets.
Substitution Risk	Above Average	<div></div>	Moderate substitution risk but manageable.
Product Offering	Strong	<div></div>	Wide range of diverse and value-added products.
Customer Diversity	Satisfactory	<div></div>	High concentration but manageable due to product specification.
Material Diversity	Strong	<div></div>	Multiple types of packaging materials across segments.
End Market Diversity	Above Average	<div></div>	Moderate diversity, some growth segments.
Geographic Balance	Above Average	<div></div>	National presence, moderate regional diversification.
Cost Position	Strong	<div></div>	Low-cost production due to scale and efficiency.

Management, Governance, Sponsorship	50%	5.5	to	7.0
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Anchor Modifiers

Modifiers			
Revenue Segment	Normalization	<div></div>	\$50-100M
Financial Flexibility	Adjustment	<div></div>	Limited
Fixed Cost Coverage Risk	Risk Flag	<div></div>	FCCR of 1.20x
Other Modifier	Risk Flag	<div></div>	Missing updated information about debt structure. As of today, vast majority of debt matured, and was likely refinanced.

Rating Range (Rounded)

	5.5	to	6.5
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