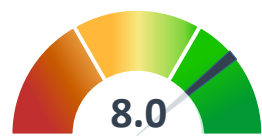


# Christie Lites Enterprises



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1 year PD  
0.04% to 0.05%

- Revenue jumped to \$164mn FY-2022 (1.33x growth - COVID bounce-back), but lower liquidity ratios and a relative niche market dependence poses risk.
- Market leadership, superior profitability (ROCE 41.9%) and a leverage ratio of 0.27x, much lower than its peers.

Strengths

- Exceptional Profitability and Operational Efficiency:** EBITDA margin (31.5%!!!) and ROCE (41.9%!!!) significantly higher than peers (8.3% and 8.4%), indicating superior profitability and capital utilization.
- Strong Debt Management:** Net debt to EBITDA ratio (0.27x) much lower than peer median (2.00x), showing effective debt management, and in conjunction with a Debt to Asset Ratio of 12% there is ample of room left.
- Market Leadership and Brand Equity:** As an international market leader in lighting and entertainment equipment, the company enjoys strong brand equity and significant market share.

Challenges

- Lower Liquidity Ratios Compared to Peers:** Current ratio (0.85x) and quick ratio (0.65) below peer median, indicating potential short-term liquidity challenges.
- Dependence on Niche Market:** Heavy reliance on the lighting and entertainment equipment sector could pose risks if the industry faces downturns, as we've seen during the pandemic - non-essential industry.
- Revenue Volatility:** Following the steep increase in revenue in FY-2022 (1.33x increase), the annualized T6-revenue through June 2023 suggests a decline by -3%.

## Scorecard Summary

	Weight	Score	Dimension	Contribution
Financial	65%	6.5	Liquidity	<div></div>
			Leverage	<div></div>
			Profitability	<div></div>
Business	35%	7.8	Industry Risk	<div></div>
			Competitive Position	<div></div>
			Mgmt / Governance	<div></div>
			Sponsor / Parent	<div></div>
Modifiers		0.8	Trend Analysis	<div></div>
			Financial Flexibility	<div></div>

Industry Benchmarks - Primary: Diversified Support Services

## Company Overview

Headquarters	Orlando, FL	U.S.
Type	Private (Non-PE)	
Employees	333	
Year Founded	1985	
Website	https://www.christielites.com/	
Business	Production lighting rental / service	
Revenues	\$164.2M	

- Company Overview:** Christie Lites is a prominent lighting company in North America, specializing in lighting solutions. The company is known for its expertise in integrating technology, logistics, and creativity. It operates globally, providing services across multiple countries. Management did an exceptional job getting through the pandemic, and used the time to improve efficiency - for which they are currently reaping the benefits. Profitability outshines competition substantially, despite a little dip in FY-2023 (due to hiring challenges, and capacity constraints that are trying to keep up with growth).
- Product:** The company's primary focus is on providing lighting equipment and related services. Their product offerings cater to a wide range of sectors, including entertainment, corporate events, and architectural lighting.
- Customers:** Christie Lites serves a diverse clientele, including religious organizations, theaters, concert venues, trade shows, TV and film productions, architectural projects, and special events.
- Ownership:** Effective 8/1/2021, the entity transferred LP-ownership under Christie Lites Holdings L.P. and general partnership to Christie Lites Holdings GP Inc. Simultaneously, the partnerships sold 50% of their equity to a third-party in exchange for \$45.2mn in cash. With the proceeds, the Christie paid \$29.8mn to its previous lender to extinguish debt obligations.

## Financial Ratio Benchmarking

# of Benchmarks:		23	Industry Median	Company Metric	Percentile Rank
Liquidity	Current Ratio	1.39	0.85		
	Quick Ratio	1.02	0.65		
Leverage	Net Debt / EBITDA	2.00	0.27		
	Debt to Assets	29.5%	12.0%		
Profitability	EBITDA Margin	8.3%	31.5%		
	ROCE %	8.4%	41.9%		
	Revenue	\$108M	\$164M		

- Debt to assets ratio (12.0%) vs peer median of 29.5%, leavs ample of room to cover for any liquidity challenges.
- EBITDA margin (31.5%) far exceeds peer median (8.3%), showcasing superior profitability.

## Financial Statement Highlights

\$ '000s	Dec-20 T12	Dec-21 T12	Dec-22 T12	Chg
Income Statement				
Total Revenue	46,371	70,576	164,241	132.7%
Gross Profit	11,460	22,248	94,092	322.9%
Adjusted EBITDA	(1,742)	10,420	51,721	396.4%
Gross Profit Margin	24.7%	31.5%	57.3%	+2577 bps
EBITDA Margin	-3.8%	14.8%	31.5%	+1673 bps
Balance Sheet				
Cash And Cash Equivalents	5,704	1,110	2,036	83.4%
Total Current Assets	13,438	18,977	36,926	94.6%
Total Assets	75,108	82,576	135,690	64.3%
Total Current Liabilities	19,147	21,615	43,294	100.3%
Total Debt	48,011	4,928	16,235	229.5%
Total Equity	20,897	60,961	92,396	51.6%
Cash Flow				
Net Income	(16,759)	4,082	28,634	601.5%
CAPEX	5,766	17,210	-	
Depreciation & Amortization	14,527	10,422	13,050	25.2%
Fixed Charge Coverage Ratio	-1.01x	0.71x	8.82x	+8.1x

- Total revenue increased from \$46.4mn in FY-2020 to \$164.2mn in FY-2022, followed by a projected annualizde (T6) revenue in FY-2023 of -3%.
- Net income rose from a loss of \$16.8mn in FY-2020 (COVID) to a profit of \$28.6mn in FY-2022, and a T6-annualized projected Net Profit of \$46.7mn in FY-2023 (despite a slightly lower annualized revenue projection of -3%).
- Profitability and efficiency increased substantially in FY-2022 over the prior year.

## Business Risk Highlights

- Industry:** Operating in the niche market of lighting and entertainment equipment, subject to industry-specific trends and economic cycles. CAGR projection over the next 5 years is 2-3%.
- Competitive Position:** Their efforts towards more efficiency, reflects in their margins compared to its peers. Furthermore, their low debt to asset ratio gives them ample of opportunity to fund it's organic growth strategy with barely any competitor being able to keep pace (according to their own assessment).
- Management:** Led by fonder and CEO Christie Huntly, management is setup rather robust with contingency plans in place. The company emphasizes it's focus on technological advancements and customer relationships (in business since 1982), both of which are critical success factors in the industry. During COVID they cut expenses, vacated spaces/markets, and focused on improving operational efficiency.
- PE Sponsor:** n/a