

## FLORIDA PACKAGING & GRAPHICS, INC.



CCC

1 year PD

9.02% to 14.87%

- Strong EBITDA margin (13.7%) nearly 2x their peers, and liquidity is at/above market. Despite improvements, leverage is still >2xd and debt-to-assets nearly 4x their peers.
- They probably have a diverse customer base, with Waxman Ventures bolstering their growth potential. Current regional focus with dependency on a solid supply chain for paper.

Strengths

- Profitability Efficiency:** EBITDA Margin of 13.7% far exceeds the peer median of 7.0%, showcasing strong operational performance and cost management.L
- Liquidity Position:** Current Ratio of 2.96 and Quick Ratio of 2.52 outperform peer medians (2.72 and 1.34), highlighting robust short-term solvency.
- Diverse Customer Base:** Serving sectors such as pharmaceuticals, cosmetics, and automotive, the company mitigates dependency on any single market, enhancing resilience against industry-specific downturns.

Challenges

- High Leverage:** Debt to Assets ratio of 41.0% compared to a peer median of 11.2% signals over-reliance on external financing, increasing financial vulnerability.
- Limited Geographic Presence:** Focus on the Southeastern U.S. and Caribbean constrains growth opportunities and exposes the company to regional economic volatility.
- Size and Supply Chain Risks:** Comparatively small entity size increases the empirical default risk. Heavy dependence on paperboard materials increases exposure to raw material price fluctuations and potential supply disruptions. Given they are a smaller actor in the space, they may not have the biggest supplier leverage in times of distress.

### Scorecard Summary

Financial vs Business Risk Weighting Factors					
Ownership		Private (PE)			
Company Stage		Stabilized			
Financials		Complete (Unaudited)			
	Weight	Score	Dimension	Weight	Score
Financial	35%	6.3	Liquidity	62%	<div></div> 7.1
			Leverage	38%	<div></div> 1.8
			Profitability	0%	<div></div> -
Business	65%	5.7	Industry Risk	15%	<div></div> 4.5
			Competitive Position	35%	<div></div> 5.9
			Mgmt / Governance	15%	<div></div> 5.0
			Sponsor / Parent	35%	<div></div> 6.2
Modifiers	-1.7		Revenue Segment		<div></div> (1.2)
			Financial Flexibility		<div></div> (0.25)
			Other Modifier		<div></div> (0.25)

### Company Overview

Headquarters	Fort Lauderdale, FL
Type	Private (PE)
Employees	<25
Year Founded	2003
Website	http://flpginc.com/
Business	Custom packaging solutions for various industries.
Revenues	\$5.0M

- Company Overview:** Florida Packaging & Graphics, Inc. is a leading manufacturer of custom packaging solutions, specializing in paper-based and specialty packaging. The company operates with a strong focus on product customization, catering to diverse industries and markets.
- Product:** Folding cartons, printed boxes, and point-of-purchase displays tailored to client specifications.
- Customers:** Diverse clientele across pharmaceuticals, cosmetics, food, and automotive sectors.
- Ownership:** Privately held with leadership under Frances L. Long, who serves as President. Waxman Ventures is going to acquire the entity as part of an SLB-transaction.
- Debt Structure:** We did not receive sufficient level of detail during this assessment to prepare a maturity profile, and/or as structural perspective aside from the recognition that 91% of their LT-debt consists of 3 SBA-loans. We are not aware of an R/C-line in support of working capital needs, etc.
- Other:** Despite the decline in revenue in FY-23, and likely a (annualized) flat growth for FY-24, they did gradually increase their Net Income from FY-22 onwards with FY-24 potentially almost doubling FY-23 as a result of lower COGS and OPEX. High Leverage and Debt-to-Asset ratio are a financial hinderance, although Liquidity (they don't have an R/C-line), and EBITDA Margin are very good. Waxman is likely going to use the net proceeds to cover for the acquisition. At this point in time we have no further insights about their respective plans/strategy.

### Financial Benchmarking & Debt Maturity Profile

# of Benchmarks:

7

Industry Median

Company Metric

Percentile Rank

Liquidity	Current Ratio	2.72	2.96	<div></div> 68%
	Quick Ratio	1.34	2.52	<div></div>
Leverage	Net Debt / EBITDA	0.39	0.82	<div></div> 47%
	Debt to Assets	11.2%	41.0%	<div></div> 39%
Profitability	EBITDA Margin	7.0%	13.7%	
	ROCE %	-0.8%	24.6%	
	Revenue	\$48M	\$5M	

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

Debt Maturities

\$0.0

\$0.0

\$0.0

\$0.0

\$0.0

\$1,175,420.0

2024

2025

2026

2027

2028

Beyond 2028

### Financial Statement Highlights

\$ '000s	(C)	(B)	(A)	Change	
	Dec-21	Dec-22	Dec-23	(C) to (B)	(B) to (A)
Income Statement					
Total Revenue	5,196	5,546	5,006		-9.7%
Gross Profit	2,112	1,970	1,915		-2.8%
Adjusted EBITDA	789	489	685		40.1%
Gross Profit Margin	40.7%	35.5%	38.3%		+273 bps
Net Income	546	215	478		121.9%
Balance Sheet					
Cash And Cash Equivalents	651	502	621		23.6%
Total Current Assets	1,018	1,192	1,357		13.9%
Total Assets	2,528	2,649	2,882		8.8%
Total Current Liabilities	264	485	458		-5.6%
Total Debt	1,357	1,274	1,182		-7.2%
Total Equity	729	785	1,191		51.8%
Key Ratios					
Current Ratio	3.86	2.46	2.96		20.7%
Quick Ratio	3.17	2.04	2.52		23.7%
Net Debt / EBITDA	0.90	1.58	0.82		-48.1%
Debt to Assets	53.7%	48.1%	41.0%		(709) bps
EBITDA Margin	15.2%	8.8%	13.7%		+487 bps
ROCE %	30.4%	16.6%	24.6%		+801 bps

- EBITDA Margin improved from 8.8% (FY-22) to 13.7% (FY-23), reflecting enhanced operational efficiency over time, which further increased during T6-24 to possibly double the net income in FY-24 (annualized).
- Since FY-21 they reduced total debt, and increased equity, resulting in an improving yet still elevated debt-to-assets ratio, and an eradic leverage due to EBITDA volatility.

### Business Risk Highlights

- Industry:** Operating in the packaging industry, the company benefits from stable demand driven by sectors like pharmaceuticals and food, with projected global growth of 1.92% CAGR (2024-2032). Considering inflation-levels, this is a rather sobering projection.
- Competitive Position:** Customization and advanced production capabilities, such as UV coating and six-color offset printing, provide differentiation in a competitive market. In FY-24 (A) they seemingly reduced OPEX and COGS significatnly.
- Management:** Privately held under experienced leadership, which fosters long-term decision-making and operational consistency.
- PE Sponsor:** Waxman Ventures is a family-run holding company specializing in acquiring and scaling companies within niche markets, including vertical software, specialty manufacturing, and mission-critical business services. The firm emphasizes long-term growth and operational excellence, leveraging its resources and expertise to enhance the performance of its portfolio companies.