


March Products, Inc. (d/b/a California Umbrella)



CCC+

1 year PD
3.18% to 9.02%

- They have a positive Net Income and are debt-free. Yet, credit risk is increasing due to weakening profitability, negative cash flow, and liquidity strain - although surmountable.
- Supply chain reliance (tariffs, hedges), margin compression, and revenue underperformance, barely any D&A/CAPEX, heighten risks to financial stability and competitiveness though.

- Strengths
- Debt-Free Balance Sheet:** The company carries zero debt (Debt-to-Assets 0%), providing them with added financial flexibility, although limited profitability and negative cash flow may constrain long-term sustainability.
 - Established Brand:** Operating since 1974, their regional brand recognition in the patio umbrella and shade solutions market is strong. Its long-standing reputation provides a competitive advantage in both residential and commercial sectors.
 - Diversified Distribution Network:** The company sells via wholesalers, retailers, e-commerce, and direct-to-business orders. This multi-channel approach reduces reliance on any single distribution method, mitigating risks tied to market shifts.
- Challenges
- Deteriorating Liquidity & Negative Cash Flow:** Operating Cash Flow turned negative (-\$44k (FY-24) vs. +\$1mn (FY-23)), as APs and ARs were rising, plus pre-paid expenses. The Quick Ratio (0.45) is far below the peer median (1.02), highlighting reliance on inventory to cover liabilities. We are not aware of an R/C-line supporting working capital needs.
 - Declining Profitability & Margin Pressure:** EBITDA Margin fell from 3.9% to 1.2% (vs. peer median 7.1%), and ROCE dropped from 18.3% to 5.0%, reflecting inefficient capital utilization and reduced earnings power.
 - Rising Short-Term Liabilities Without Offsetting Growth:** APs increased 27% (\$3.6mn → \$4.5mn), while Total Liabilities rose 27% vs. Total Assets up only 15%. The increasing debt ratio (48.7% → 53.6%) suggests a heavier reliance on liabilities to finance operations.

Scorecard Summary

Financial vs Business Risk Weighting Factors					
Ownership		Private (Non-PE)			
Company Stage		Stabilized			
Financials		Complete (Unaudited)			
	Weight	Score	Dimension	Weight	Score
Financial	65%	4.3	Liquidity	40%	<div></div> 3.0
			Leverage	30%	<div></div> 5.4
			Profitability	30%	<div></div> 1.3
			Industry Risk	20%	<div></div> 5.5
Business	35%	5.5	Competitive Position	50%	<div></div> 6.1
			Mgmt / Governance	30%	<div></div> 4.3
			Sponsor / Parent		
			Revenue Segment		<div></div> (0.5)
Modifiers	-0.4		Trend Analysis		(0.19)
			Financial Flexibility		0.25

Company Overview

Headquarters	Jurupa Valley, CA
Type	Private (Non-PE)
Employees	<50
Year Founded	1974
Website	https://marchproducts.com/
Business	Wholesaler of outdoor shade products.
Revenues	\$17.5M

- Company Overview:** Established in 1974, the company specializes in designing, sourcing, and distributing outdoor shade products and accessories, operating through a global supply chain with multiple distribution facilities.
- Product:** The company offers a diverse range of patio umbrellas, umbrella bases, and outdoor furnishings, catering to both residential and commercial markets with customizable and durable designs.
- Customers:** It serves major retailers, e-commerce platforms, hospitality businesses, and direct consumers, providing large-scale distribution to commercial clients and individual buyers seeking high-quality outdoor shade solutions.
- Ownership:** Yungcheng Ma owns 25.9%, a Taiwanese resident holds 22.67%, and the remaining ownership structure is currently undisclosed based on available tax filings.
- Debt Structure:** Based on the financial information provided the entity doesn't seem to carry any LT Debt, and doesn't have an R/C-line.
- Basis for Assessment:** 2023 and 2024 tax filings - CPA-prepared, and signed.
- Single Event Risks:** Liquidity Crunch – negative cash flow, rising payables, and weak liquidity could trigger a payment default without external financing. If unhedged, they might be exposed to inventory price volatility which they may or may not be able to pass on. Supply Chain Disruptions – dependence on overseas suppliers risks inventory shortages, cost spikes, tariffs, and revenue loss. Customer/Channel Loss – declining revenue suggests market share erosion; losing key customers or distributors could accelerate financial distress.

Financial Benchmarking & Debt Maturity Profile

# of Benchmarks:	103	Industry Median	Company Metric	Percentile Rank
Liquidity	Current Ratio	1.94	1.86	<div></div> 48%
	Quick Ratio	1.02	0.45	<div></div> 23%
Leverage	Net Debt / EBITDA	1.86	(3.47)	
	Debt to Assets	33.5%	0.0%	<div></div> 98%
Profitability	EBITDA Margin	7.1%	1.2%	<div></div> 11%
	ROCE %	19.3%	5.0%	<div></div> 18%
	Revenue	\$46M	\$18M	

Industry Benchmarks - Primary: Homefurnishing Retail | Secondary: Distributors



Financial Statement Highlights

\$ '000s	(C) Dec-22 T12	(B) Dec-23 T12	(A) Dec-24 T12	Change	
				(C) to (B)	(B) to (A)
Income Statement					
Total Revenue	-	18,070	17,506		-3.1%
Gross Profit	-	6,869	6,469		-5.8%
Adjusted EBITDA	-	701	202		-71.2%
Gross Profit Margin		38.0%	37.0%		(106) bps
Net Income	-	464	189		-59.3%
Balance Sheet					
Cash And Cash Equivalents	682	772	700		-9.3%
Total Current Assets	10,756	7,312	8,451		15.6%
Total Assets	10,986	7,350	8,487		15.5%
Total Current Liabilities	6,588	3,578	4,551		27.2%
Total Debt	1,000	-	-		FALSE
Total Equity	3,398	3,772	3,936		4.3%
Key Ratios					
Current Ratio	1.63	2.04	1.86		-9.1%
Quick Ratio	0.17	0.31	0.45		47.5%
Net Debt / EBITDA					
Debt to Assets	9.1%	0.0%	0.0%		0 bps
EBITDA Margin		3.9%	1.2%		(273) bps
ROCE %	0.0%	18.3%	5.0%		(1329) bps

- Current Ratio dropped from 2.04 to 1.86, while Quick Ratio remains critically low at 0.45, highlighting an increasing dependency on inventory for working capital.
- Net Operating Cash Flow turned negative (-\$44k in FY -24 vs. +\$1mn in FY-23), reflecting a weaker ability to self-finance operations.
- Revenue declined -3.1% YoY while Gross Profit declined -5.8%, showing costs are rising faster than revenue adjustments.

Business Risk Highlights

- Industry:** The broader home furnishings industry is projected to grow at 8.4% CAGR, but March Products' revenue decline (-3.1%) suggests it is underperforming relative to industry trends. Specifically the outdoor furniture market is experiencing robust, but lesser growth. In 2025, the market is projected to generate approximately \$19.1bn in revenue, with an anticipated annual growth rate of 3.5% from 2025 to 2029. Critical success factors are Product Innovation, Effective Distribution Channels, and Brand Reputation (e.g. customer service, quality), in a competitive market.
- Competitive Position:** EBITDA margin (1.2%) is well below the peer median (7.1%), indicating less pricing power and cost control compared to competitors like Frankford Umbrellas and Homecrest Outdoor Living.
- Management:** Pertaining questions about strategic direction/reaction. While the company reduced distributions from \$90K to \$25K, no confirmed restructuring efforts or financing strategies have been disclosed to counteract profitability and liquidity declines. We are not aware at this point about succession/contingency plans as Yungcheng Ma (President) may of an advanced age by now. SVP & Partner Bryan Sanches might be part of such considerations.