

# Precision Roll Solutions, LLC ("PRS")



CCC

1 year PD

9.02% to 14.87%

Headquarters	Green Bay, WI	U.S.
Type	Private (PE)	
Employees	~100	
Year Founded	1983	
Website	https://www.precisionrollsolutions.com/	
Business	Precision-engineered rolls and custom industrial components.	
Revenues	\$74.9M	

## Company Overview

- Company Overview:** PRS is a specialized manufacturer of precision-engineered rolls and custom components, serving industries such as packaging, flexographic printing, and converting.
- Product:** Precision rolls, flexographic printing sleeves, and custom-engineered components, focusing on high-performance, niche markets.
- Customers:** Primarily serves industrial manufacturers in the packaging and printing sectors, with a strong emphasis on customized, precision-manufactured products.
- Ownership:** Founded in 2008, Guardian Capital Partners ("GCP") is a PE firm based in Wayne, PA, who acquired PRS in 2022. They focus on control investments in lower middle-market companies, primarily in sectors such as manufacturing, consumer products, and business services. Guardian partners closely with management teams to foster growth, improve operational efficiency, and enhance long-term value.
- Debt Structure:** TBD
- Other (pros/cons):** The entity has an inflated credit risk due to the high leverage of 5.4x, which ranges significantly above the peer median of 1.50, stressing its debt serviceability (FCCR = 0.15x). A strong EBITDA margin of 19.3% indicates operational efficiency, which partially offsets leverage concerns and suggests potential for debt mitigation through profitability. Liquidity ratios are below peers, but they have a \$7.5mn unused R/C-line. **ARC has been profitable over the past 3 years, but PRSs' OPEX and debt increased substantially in FY-22 leading to a loss (consolidated) since then. A Credit Snapshot analysis should entail a more detailed assessment of some of the figures that are not clear.**

## Financial Snapshot

	Dec-21	Dec-22	Dec-23	Chg
\$ '000s	T12	T12	T12	%
Total Revenue	59,686	66,289	74,927	13.0%
Gross Profit	23,960	22,108	27,451	24.2%
Adjusted EBITDA	15,669	10,919	14,470	32.5%
Gross Profit Margin	40.1%	33.4%	36.6%	3.3 ppt
EBITDA Margin	26.3%	16.5%	19.3%	2.8 ppt
Net Income	15,031	(13,675)	(7,131)	-47.9%

## Financial Ratio Benchmarking

# of Benchmarks:		26	Industry Median	Company Metric	Percentile Rank
			\$78M	\$75M	
Liquidity	Revenue		1.95	1.06	<div></div> 12%
	Current Ratio		1.37	0.82	<div></div> 24%
Leverage	Net Debt / EBITDA		1.50	5.40	<div></div> 6%
	Debt to Assets		17.1%	56.1%	<div></div> 10%
Profitability	EBITDA Margin		10.7%	19.3%	<div></div> 87%
	ROCE %		14.8%	1.1%	

# of Industry Benchmarks

26

Company Financials Date

Dec-23

Industry Benchmarks - Primary: Industrial Machinery and Supplies and Components

## Business Risk

Industry Group Risk Profile			Capital Goods		15%	4.5	to	6.5	
Industry Risk Assessment	KPI Rating	Contribution	Industry Group Description						
Cyclicality	Intermediate risk	<div></div>	Entities that derive a majority of their revenues from manufacturing and/or servicing industrial equipment. This includes manufacturers of heavy and light industrial equipment, machinery, industrial components, and systems, as well as providers of related services, such as construction equipment rental companies or industrial distributors.						
Competitive Risk	Intermediate risk	<div></div>							
Global Industry	Intermediate risk	<div></div>							
Market Segment Outlook	Stable	<div></div>							
Competitive Position Profile			Manufacturing			35%	5.5	to	7.5
Competitive Position KPIs	KPI Rating	Contribution	Rating Guideline						
Cycle-Tested	< 2000	<div></div>	Navigated multiple economic down-cycles.						
Competitive Advantages	Satisfactory	<div></div>	Average position in a market with several competitors; moderate threat of new entry and substitution.						
Supplier Diversity	Satisfactory	<div></div>	Limited diversity of suppliers, reliant on a few key ones.						
Customer Concentration	Satisfactory	<div></div>	Top 5 customers 26-40% of revenue						
Manufacturing Redundancy	Above Average	<div></div>	Multiple manufacturing sites in similar locations.						
Demand Elasticity	Strong	<div></div>	Products have inelastic demand (necessities or unique products).						
Technological Leadership	Satisfactory	<div></div>							
Management, Governance, Sponsorship						50%	4.5	to	5.5

## 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 0.15x
Other Modifier	Risk Flag	<div></div>	

## Rating Range (Rounded)

3.5

to

4.5