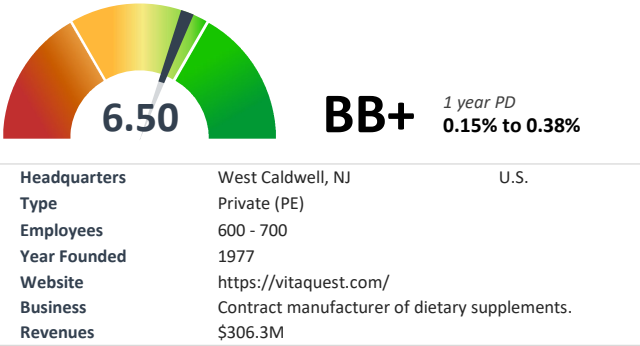


# Vitaquest International, LLC



## Company Overview

- Company Overview:** Vitaquest International, LLC is a contract manufacturer specializing in dietary supplements and nutraceutical products. The company provides custom formulations and end-to-end services, catering to over 500 global brands.
- Product:** Offers a wide range of dietary supplements, including vitamins, herbal remedies, weight management products, probiotics, and sports nutrition. Advanced manufacturing ensures premium quality, certified under cGMP, NSF, Halal, and Kosher standards.
- Customers:** Diverse client base across startups, private label manufacturers, and established health and wellness brands globally.
- Ownership:** Wholly owned by CK Life Sciences International Holdings Inc., providing financial backing and global resources.
- Debt Structure:** No details were provided in support of a maturity profile and/or a comprehensive composition of their debt.
- Other (pros/cons):** Strong liquidity and deleveraging, with a Current Ratio of 3.67, improved Debt to Assets at 31.2%, and Net Debt/EBITDA of 1.13 (peer median: 3.34), mitigating near-term financial risks. Revenue grew by 13.1% in FY-23, with a ROCE of 24.0% (peer median: 9.1%) and an EBITDA margin of 11.8% (<2x peers), reflecting operational strength and strong capital utilization. Growth in Net Income was more than 3x the revenue growth in FY-23. Financials provided were unaudited, and didn't have notes (e.g. no transparency about the debt structure). Parent entity (CK Life Sciences) has a vital dependency on Vitaquest pursuing its path of growth and efficiency.

## Financial Snapshot

	Dec-21	Dec-22	Dec-23	Chg
\$ '000s	T12	T12	T12	%
Total Revenue	-	270,745	306,325	13.1%
Gross Profit	-	69,185	83,747	21.0%
Adjusted EBITDA	-	27,233	36,135	32.7%
Gross Profit Margin	-	25.6%	27.3%	1.8 ppt
EBITDA Margin	-	10.1%	11.8%	1.7 ppt
Net Income	-	22,672	34,467	52.0%

## Financial Ratio Benchmarking

# of Benchmarks:	22	Industry Median	Company Metric	Percentile Rank	# of Industry Benchmarks	22
Company Financials Date	Dec-23	\$189M	\$306M		Industry Benchmarks - Primary:	Health Care Distributors
Liquidity	Revenue					
	Current Ratio	1.51	3.67	<div></div> 89%		
Leverage	Quick Ratio	1.13	2.14	<div></div> 84%		
	Net Debt / EBITDA	3.34	1.13	<div></div> 68%		
Profitability	Debt to Assets	42.7%	31.2%	<div></div> 59%		
	EBITDA Margin	5.3%	11.8%	<div></div> 75%		
	ROCE %	9.1%	24.0%	<div></div> 73%		

## Business Risk

Industry Group Risk Profile	Business And Consumer Services				15%	5.5	to	7.5
Industry Risk Assessment	KPI Rating	Contribution	Industry Group Description					
Cyclicality	Intermediate risk	<div></div>	Primary revenues from offering solutions for noncore activities or providing varied business and consumer services, including: services for direct consumer needs; product distribution services; facilities services for maintaining other businesses' premises or staffing; and general and professional services for complex business support.					
Competitive Risk	Intermediate risk	<div></div>						
Global Industry	Intermediate risk	<div></div>						
Market Segment Outlook	Above Average	<div></div>						
Competitive Position Profile	Distribution				35%	6.5	to	8.5
Competitive Position KPIs	KPI Rating	Contribution	Rating Guideline					
Cycle-Tested	< 2000	<div></div>	Navigated multiple economic down-cycles.					
Geographic Coverage	Strong	<div></div>	Has a distribution network that covers major markets globally.					
Supplier Relationships	Above Average	<div></div>	Has solid relationships with multiple suppliers.					
Product Range	Strong	<div></div>	Distributes a wide range of products from diverse categories.					
Customer Relationships	Above Average	<div></div>	Good relationships with both large and small retailers.					
Delivery Speed	Above Average	<div></div>	Above-average delivery times.					
Inventory Management	Satisfactory	<div></div>	Average inventory management, occasional stockouts or overstock.					
Value-Added Services	Strong	<div></div>	Provides high-value services like merchandising support, data analysis, or after-sales support.					
Technology Use	Above Average	<div></div>	Good use of technology for key operations, some areas still manual.					
Management, Governance, Sponsorship					50%	6.0	to	8.0

## Anchor Modifiers

Modifiers			
Financial Transparency	Risk Flag	<div></div>	Complete (Unaudited)
Trend Analysis	Adjustment	<div></div>	Strong Positive
Financial Flexibility	Adjustment	<div></div>	Above Average
Other Modifier	Risk Flag	<div></div>	No notes to financials.

## Rating Range (Rounded)

6.0 to 7.0

Weight	Rating Range		
30%	7.0	to	8.5