

PEARL

financial services

Barry's Example

Prepared for Barry Example Pty Ltd

06 February 2014

Setup

Reporting Period				
Year End	30-06-2011	30-06-2012	30-06-2013	30-06-2014
Period Length (months)	12	12	12	12

Profit & Loss				
Revenue	2,474,091	2,877,500	3,493,800	4,248,360
Gross Margin (\$)	1,394,253	1,999,939	2,443,698	3,098,296
EBIT	-374,476	4,492	506,266	1,158,297
Net Profit (After Tax)	155,603	95,693	579,283	1,279,264

Other Information				
Depreciation & Amortisation	200,000	150,000	130,000	110,000
Interest Paid	122,548	158,799	144,513	109,081
Other Income/Expenses	652,627	250,000	217,530	230,028
Distributions/Dividends	0	0	0	0

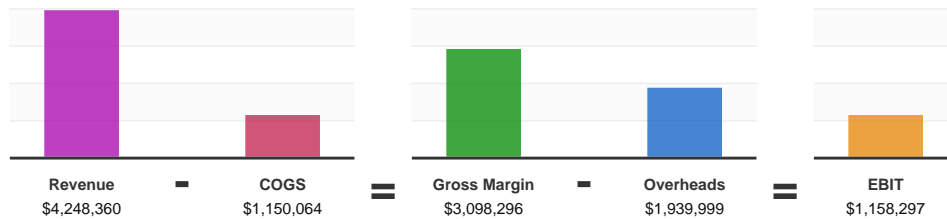
Balance Sheet				
Assets				
Total Assets	2,982,521	2,973,984	2,973,026	3,402,701
Cash	2,133	2,167	2,167	518,984
Trade Debtors	361,362	508,812	635,675	663,644
Stock	48,325	46,500	46,500	46,500
Total Current Assets	411,820	559,656	686,519	1,231,305
Fixed Assets	1,653,463	1,499,334	1,369,334	1,254,224

Liabilities				
Total Liabilities	3,175,405	3,121,571	2,249,091	1,692,426
Trade Creditors	153,298	153,298	163,075	141,338
Total Current Liabilities	1,285,520	1,286,465	886,757	357,851

Funding				
Bank Loans - Current	237,403	500,009	290,061	0
Bank Loans - Non Current	1,285,520	1,160,610	983,595	668,119

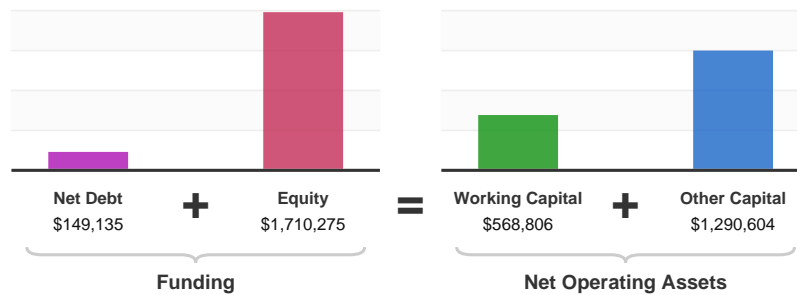
Summary Story

Your Profit Story

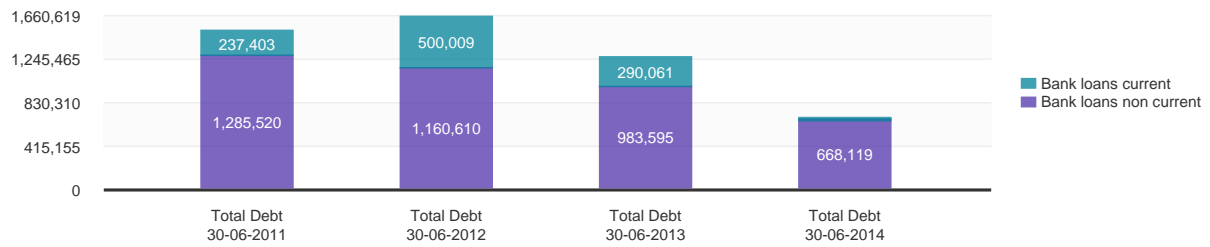


	Current Year	Change
Revenue	\$4,248,360	+21.60%
Gross Margin %	72.93	+4.27%
EBIT %	27.26	+88.16%
Net Profit %	30.11	+81.61%

Your Balance Sheet Story



	Current Year	Change
Debtors Days	57.02	-9.39 days
Stock Days	14.76	-1.40 days
Creditors Days	44.86	-11.83 days
Working Capital Days	26.92	+1.03 days

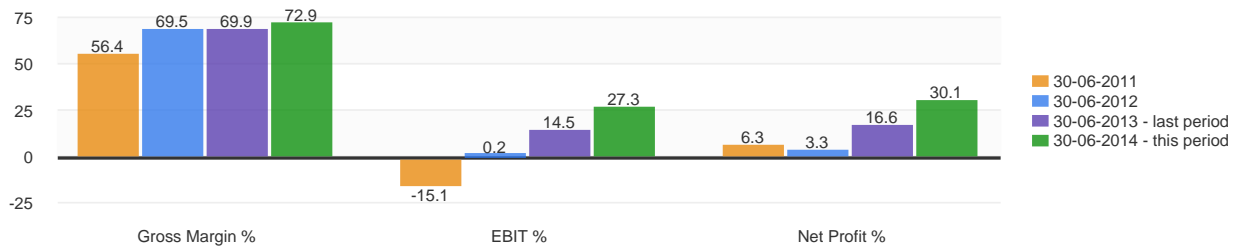
Your Cash Flow Story


	Current Year	Change
Marginal Cash Flow	59.54	+8.09%
Operating Cash Flow	1,218,591.00	+134.71%
Net Cash Flow	1,122,354.00	+190.04%

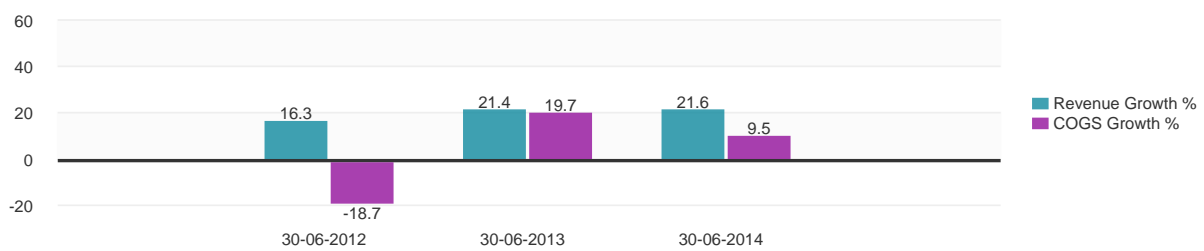
Chapter 1 - Profitability

Chapter 1 - Profitability	30-06-2013 12 months	30-06-2014 12 months	Change
Revenue	3,493,800	4,248,360	21.60%
Revenue Growth %	21.42	21.60	0.84%
Gross Margin %	69.94	72.93	4.27%
Overheads %	55.45	45.66	-17.65%
EBIT %	14.49	27.26	88.16%
EBITDA	636,266	1,268,297	99.33%
Net Profit %	16.58	30.11	81.61%

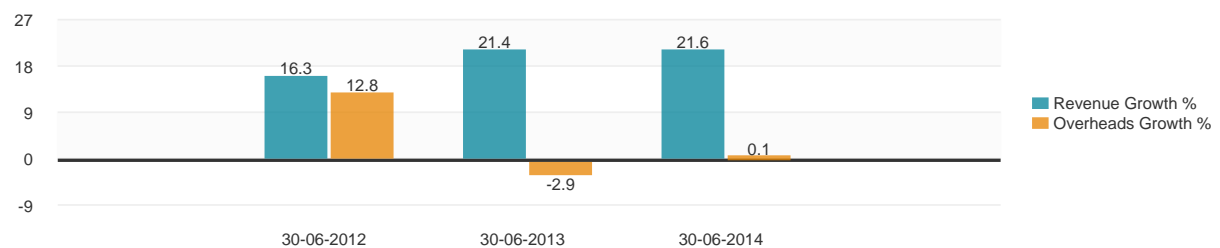
Profitability Trends



Revenue Growth vs COGS Growth



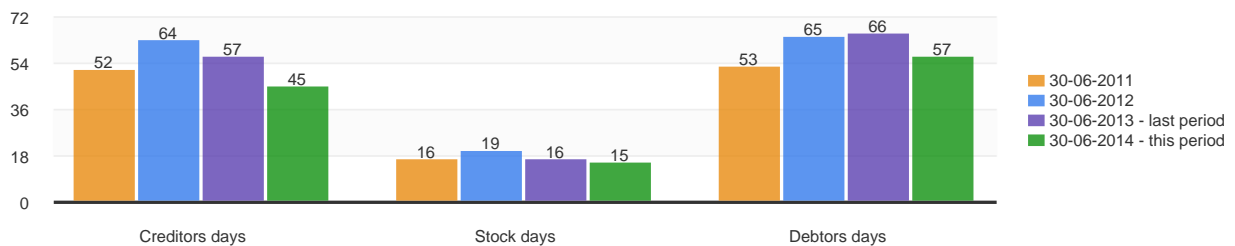
Revenue Growth vs Overheads Growth



Chapter 2 - Working Capital

Chapter 2 - Working Capital	30-06-2013 12 months	30-06-2014 12 months	Change
Debtors Days	66.41	57.02	-14.14%
Stock Days	16.16	14.76	-8.69%
Creditors Days	56.68	44.86	-20.86%
Working Capital Days	25.89	26.92	3.97%
Working Capital %	14.86%	13.39%	-9.89%
Marginal Cash Flow	55.09	59.54	8.09%
Current Ratio	0.77	3.44	344.44%

Working Capital Days

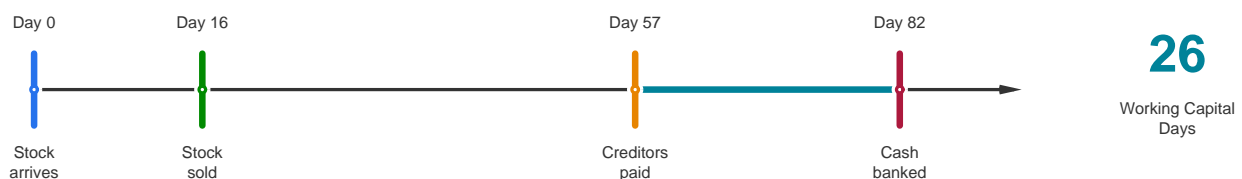


Working Capital Timeline at 30-06-2014

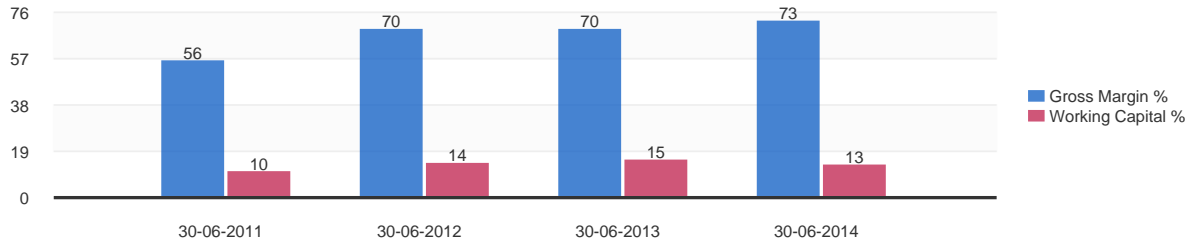
This Period



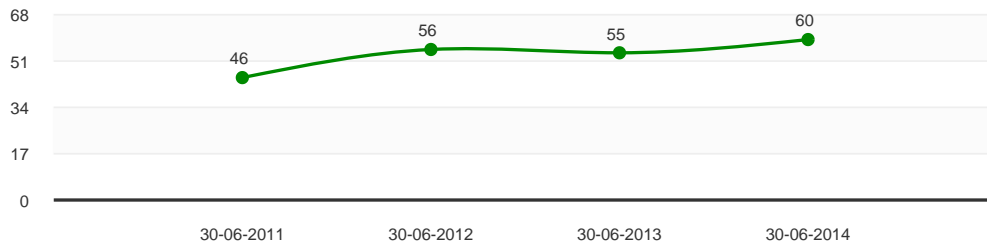
Last Period



Gross Margin vs Working Capital



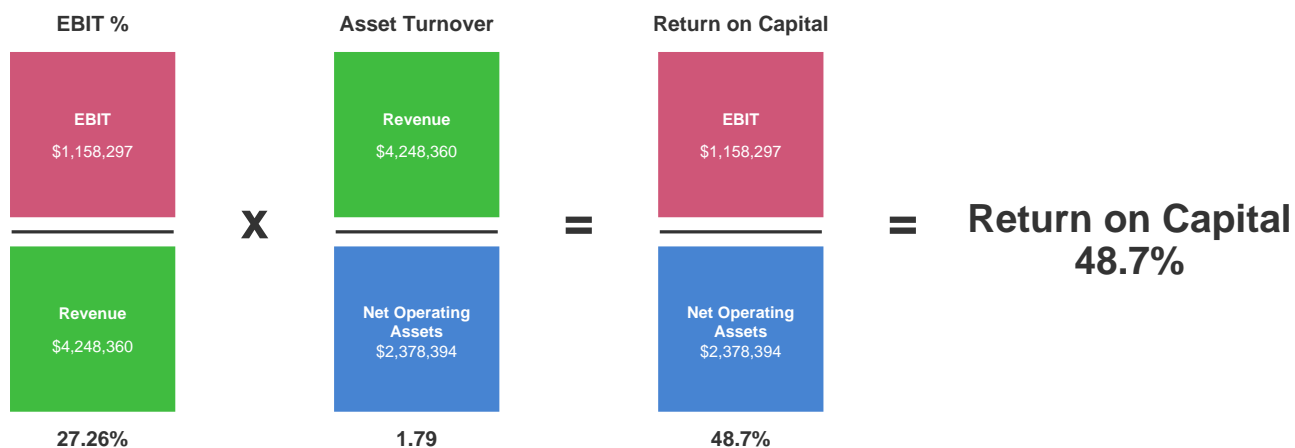
Your Gap



Chapter 3 - Non Current

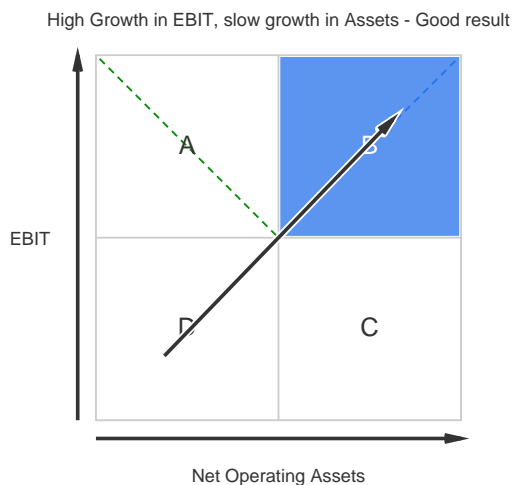
Chapter 3 - Non Current	30-06-2013 12 months	30-06-2014 12 months	Change
Asset Turnover	1.75	1.79	2.13%
Return on Capital Employed %	25.34%	48.70%	92.16%
Return on Total Assets %	17.03%	34.04%	99.90%
Return on Equity %	80.02%	74.80%	-6.52%

Return on Capital %

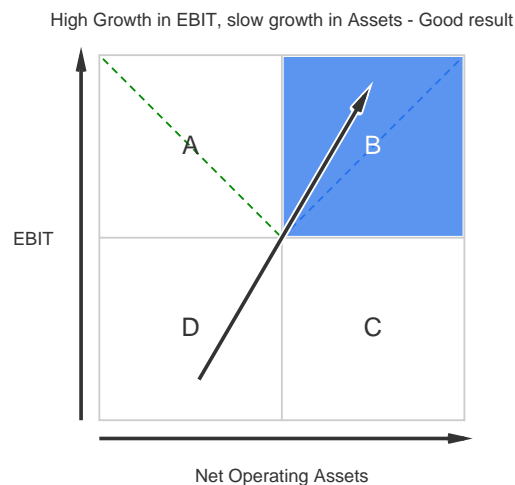


Your Strategy

Last Period



This Period



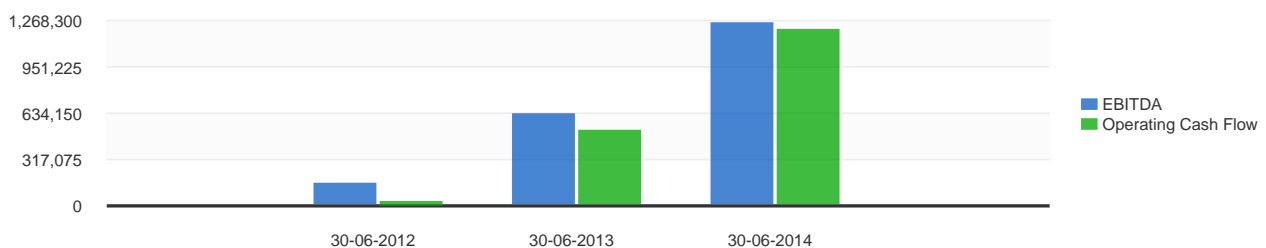
Chapter 4 - Funding

Chapter 4 - Funding	30-06-2013 12 months	30-06-2014 12 months	Change
Net Debt	1,271,489	149,135	-88.27%
Net Cash Flow	386,963	1,122,354	190.04%
Debt to Equity	1.76	0.39	-77.80%
Interest Cover	3.50	10.62	203.11%
Operating Cash Flow	519,180	1,218,591	134.71%

Profit vs Cash Flow

Profit		Cash Flow		Change
Revenue	4,248,360	Cash from Customers	4,220,391	-27,969
COGS/DC	1,150,064	Cash to Suppliers	1,171,801	-21,737
Gross Margin	3,098,296	Gross Cash Profit	3,048,590	-49,706
Overheads excl Depreciation	1,829,999	Overheads excl Depreciation	1,829,999	-
EBITDA	1,268,297	Operating Cash Flow	1,218,591	-49,706

EBITDA vs Operating Cash Flow



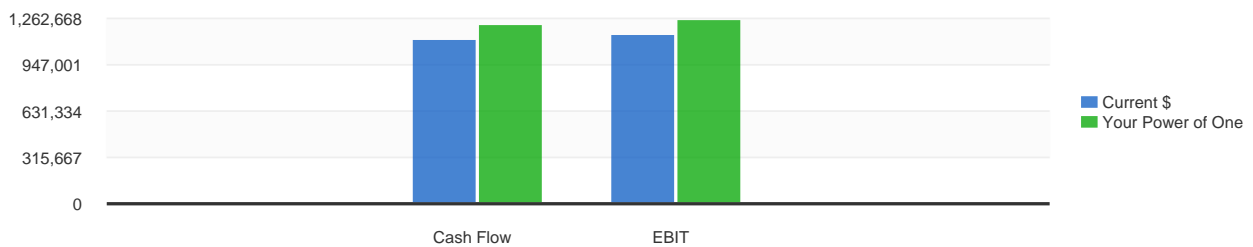
Power of One

Your Power of One		Net Cash Flow \$	EBIT \$
Your Current Position		1,122,354	1,158,297

Your Power of One		Impact on Cash Flow \$	Impact on EBIT \$
Price Increase %	1 %	35,847	42,484
Revenue Growth %	1 %	25,295	30,983
COGS Reduction %	1 %	10,552	11,501
Overheads Reduction %	1 %	19,400	19,400
Reduction in Debtors Days	1 days	11,639	
Reduction in Stock Days	1 days	3,151	
Increase in Creditors Days	1 days	3,151	
Total Impact		109,035	104,367

Your Power of One		Net Cash Flow \$	EBIT \$
Your Adjusted Position		1,231,389	1,262,664

Your Power of One Impact

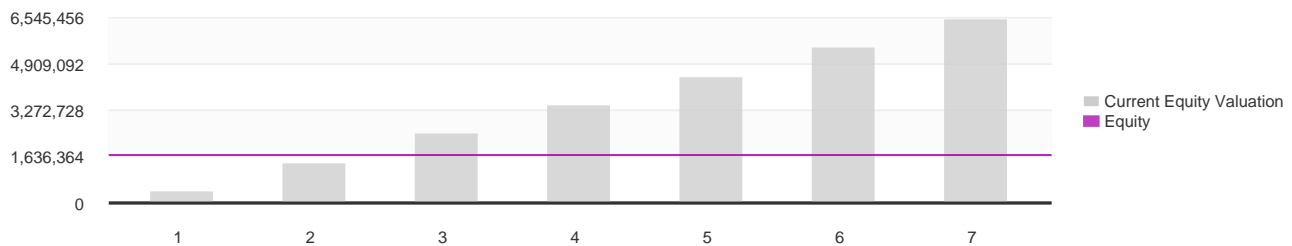


Business Value Indicator

Your Current Business Value Indicator

Weighted Average EBITDA	\$ 1,030,510	+ 0	= 1,030,510
Your Expected Business Value	\$ 0		

EBITDA Multiple	1	2	3	4
EBITDA Valuation Of Your Business	1,030,510	2,061,020	3,091,530	4,122,040
Less Total Debt	668,119	668,119	668,119	668,119
Your Equity Valuation	362,391	1,392,901	2,423,411	3,453,921
Your Actual Equity	1,710,275	1,710,275	1,710,275	1,710,275



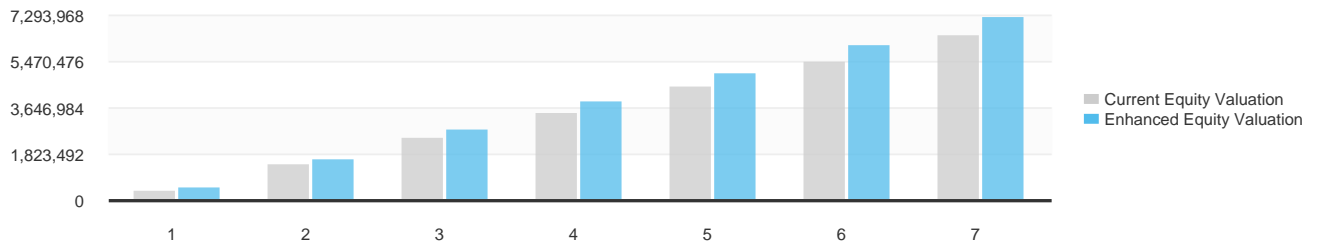
Your Value Improvement

Your Power Of One Value Uplift

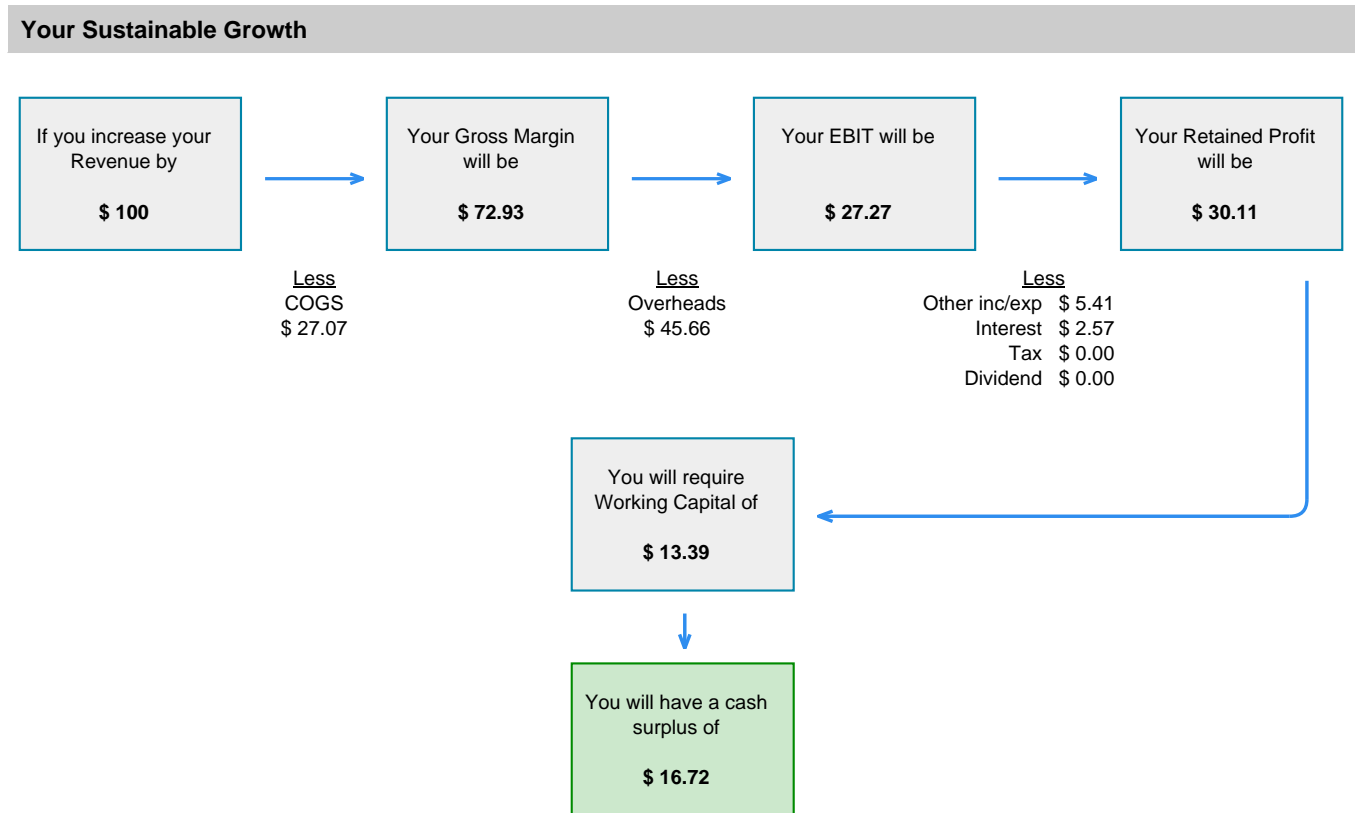
EBITDA Multiple	1	2	3	4
Price Increase (1%)	42,484	84,967	127,451	169,934
Volume Increase (1%)	30,983	61,966	92,949	123,932
COGS Reduction (1%)	11,501	23,001	34,502	46,003
Overheads Reduction (1%)	19,400	38,800	58,200	77,600
Profit Impact on Valuation	104,367	208,734	313,102	417,469
Reduction in Debtors Days (1d)	11,639	11,639	11,639	11,639
Reduction in Stock Days (1d)	3,151	3,151	3,151	3,151
Increase in Creditors Days (1d)	3,151	3,151	3,151	3,151
Cash Impact on Valuation	17,941	17,941	17,941	17,941
Your Power of One Impact	122,308	226,675	331,043	435,410

Your Value Improvement

Your Enhanced Value Indicator				
EBITDA Multiple	1	2	3	4
Your Equity Valuation	362,391	1,392,901	2,423,411	3,453,921
Your Power of One Impact	122,308	226,675	331,043	435,410
Your Enhanced Equity Indicator	484,699	1,619,576	2,754,454	3,889,331



Sustainable Growth



Results

Profit & Loss	30-06-2011 12 months	30-06-2012 12 months	30-06-2013 12 months	30-06-2014 12 months
Revenue	2,474,091	2,877,500	3,493,800	4,248,360
COGS	1,079,838	877,561	1,050,102	1,150,064
Gross Margin	1,394,253	1,999,939	2,443,698	3,098,296
Overheads	1,768,729	1,995,447	1,937,432	1,939,999
EBIT	-374,476	4,492	506,266	1,158,297
Other Inc/Exp	652,627	250,000	217,530	230,028
Interest	122,548	158,799	144,513	109,081
Net Profit before Tax	155,603	95,693	579,283	1,279,244
Tax	0	0	0	-20
Net Profit	155,603	95,693	579,283	1,279,264
Dividends Paid	0	0	0	0
Retained Profit	155,603	95,693	579,283	1,279,264

Balance Sheet				
Cash	2,133	2,167	2,167	518,984
Trade Debtors	361,362	508,812	635,675	663,644
Stock	48,325	46,500	46,500	46,500
Other Current Assets	0	2,177	2,177	2,177
Current Assets	411,820	559,656	686,519	1,231,305
Fixed Assets	1,653,463	1,499,334	1,369,334	1,254,224
Other Non Current Assets	917,238	914,994	917,173	917,172
Non Current Assets	2,570,701	2,414,328	2,286,507	2,171,396
Total Assets	2,982,521	2,973,984	2,973,026	3,402,701
Trade Creditors	153,298	153,298	163,075	141,338
Bank Loans - Current	237,403	500,009	290,061	0
Other Current Liabilities	894,819	633,158	433,621	216,513
Current Liabilities	1,285,520	1,286,465	886,757	357,851
Bank Loans - Non Current	1,285,520	1,160,610	983,595	668,119
Other Non Current Liabilities	604,365	674,496	378,739	666,456
Non Current Liabilities	1,889,885	1,835,106	1,362,334	1,334,575
Total Liabilities	3,175,405	3,121,571	2,249,091	1,692,426
Equity	-192,884	-147,587	723,935	1,710,275

Chapter 1 - Profitability	30-06-2011 12 months	30-06-2012 12 months	30-06-2013 12 months	30-06-2014 12 months
Revenue	2,474,091	2,877,500	3,493,800	4,248,360
Revenue Growth %	N/A	16.31	21.42	21.60
Gross Margin %	56.35	69.50	69.94	72.93
Overheads %	71.49	69.35	55.45	45.66
EBIT %	-15.14	0.16	14.49	27.26
EBITDA	-174,476	154,492	636,266	1,268,297
Net Profit %	6.29	3.33	16.58	30.11

Chapter 2 - Working Capital				
Debtors Days	53.31	64.54	66.41	57.02
Stock Days	16.33	19.34	16.16	14.76
Creditors Days	51.82	63.76	56.68	44.86
Working Capital Days	17.83	20.12	25.89	26.92
Working Capital %	10.36%	13.97%	14.86%	13.39%
Marginal Cash Flow	45.99	55.53	55.09	59.54
Current Ratio	0.32	0.44	0.77	3.44

Chapter 3 - Non Current				
Asset Turnover	1.86	1.90	1.75	1.79
Return on Capital %	-28.16%	0.30%	25.34%	48.70%
Return on Total Assets %	-12.56%	0.15%	17.03%	34.04%
Return on Equity %	-80.67%	-64.84%	80.02%	74.80%

Chapter 4 - Funding				
Net Debt	1,520,790	1,658,452	1,271,489	149,135
Net Cash Flow	N/A	-137,662	386,963	1,122,354
Debt to Equity	-7.90	-11.25	1.76	0.39
Interest Cover	-3.06	0.03	3.50	10.62
Operating Cash Flow	N/A	8,867	519,180	1,218,591