



DECEMBER 2019

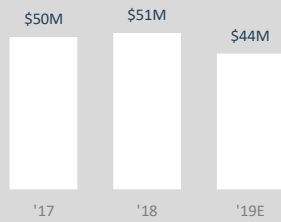
Leading Foodservice Equipment and Supply Company Seeks Acquiror

HEADQUARTERS LOCATION:

North East U.S.



REVENUE:



INDUSTRY:

Foodservice Equipment and Supply

COMPANY HIGHLIGHTS:

- Established Brand with Significant Market Share
- Sales Backlog of \$18M
- \$6.2M of Inventory
- \$10.7M of A/R

COMPANY OVERVIEW

The Company is a leading integrated foodservice equipment and supply company in the Northeast United States through its multiple locations. The Company generates roughly 60% of its \$44M of annual revenue from distributing a wide array of commercial kitchen products in the bar supply, janitorial supply, kitchen supply, restaurant

furniture and equipment, small wares and tabletop categories. The balance of revenue (40%) stems from a robust project management offering that designs, engineers, builds and installs commercial kitchens for hotels, healthcare facilities, country clubs, sports venues, financial and professional services businesses, restaurants and educational facilities.

The Company competes in the \$13 billion foodservice sales and distribution market that is growing 3.4% annually according to the Manufacturers Agents Association for the Foodservice Industry. The Company is a member of two of the largest foodservice buying groups in the country.

From 2014 to 2016, the Company experienced an 18% CAGR in revenue from \$23M to \$32M and improved EBITDA to \$900,000 in 2016. In April 2017, the Company acquired a foodservice distributor in an adjacent geographic market that had \$26M in revenue in 2016. The acquisition did not proceed as planned, resulting in lost revenue and a massive distraction to the original business. Issues with systems integration, personnel and unanticipated costs resulted in operating losses in both 2017 and 2018.

The acquisition missteps and subsequent losses led to a constriction of working capital. In late 2018, ownership made a

capital infusion and replaced senior management. The new management team implemented a turnaround plan, cutting losses in half and stabilizing the business in the first 12 months of management. New leadership was hired for key satellite offices, accounting and reporting were completely overhauled and a systematic focus to sales was employed. The new management team believes that the hardest portion of the turnaround has been completed and once properly capitalized, the business will be cash flow positive, profitable and growing.

The Company is currently projecting \$44M in revenue and a loss of \$2.0M in EBITDA for 2019 (down from a loss of \$4.0M in 2018). The Company believes working capital constraints kept the Company from capturing an additional \$15M in revenue and \$3.3M in EBITDA in 2019 from lost contracts, missed project timelines, current backlog and cancelled orders.

CURRENT SITUATION

The Sponsor/Owners believe the best path forward is an expedited sale of the business. Management believes that if properly capitalized, the business will recapture lost sales and generate over \$50M in revenue and \$1.5M in EBITDA for FYE 2020. The current management team has the business on the rebound and is eager to continue the turnaround with a properly capitalized business.

FOR MORE INFORMATION

Please complete and return a signed Confidentiality Agreement (CA) on the next page for access to the Confidential Information Memorandum and supporting Virtual Data Room. Signed CA's should be emailed to ca@321capital.com.

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PLEASE COMPLETE AND RETURN AGREEMENT VIA EMAIL: CA@321CAPITAL.COM OR FAX: (443) 320-9225

This Non-Disclosure Agreement (hereinafter "Agreement"), which shall be regarded as a mutual and reciprocal contract between the Parties, is made and entered into as of this _____ day of _____, 2019 between Three Twenty-One Capital Partners ("Investment Banker") and _____ ("Recipient").

WHEREAS, the Parties hereto are desirous of establishing a mutually-beneficial business relationship for the entirety sale, refinance, investment, joint venture partnership, or other related transaction of our client, herein referred to as "The Company". The Parties hereto are prepared to disclose information or data of a confidential nature, including but not limited to financial information, client information, business concepts, business strategies, business opportunities, business relationships and sources of capital and financing.

NOW THEREFORE, in consideration of the mutual agreements contained herein,

1. Except as otherwise required by law, the Parties agree to hold all confidential or proprietary information or trade secrets ("Information") in trust and confidence and agrees that it shall be used only for the contemplated purpose, and shall not be used for any other purpose or disclosed to any third party under any circumstances whatsoever except as may be necessary to complete the desired results above.
2. When requested in writing, all materials are to be returned or destroyed and no copies may be kept. Notwithstanding the foregoing, one copy of the materials may be kept for legal, compliance, or other internal document retention policies, including electronic copies made during automated back-up procedures.
3. This Information shall not be disclosed to any employee, consultant or third party unless the said party agrees to be informed of and act in accordance with the terms of this Agreement.
4. Information excluded from these confidentiality obligations shall include any such information which: (i) is or becomes generally available to the public other than as a result of a disclosure by Recipient, (ii) becomes available to Recipient on a non-confidential basis from a source other than the Company or Investment Banker, (iii) was already in Recipient's possession prior to the date hereof and which was not obtained from the Company or Investment Banker, or (iv) was independently developed by the Recipient.
5. The Parties acknowledge the Information disclosed herein is proprietary or trade secrets and in the event of any breach, either Party shall be entitled to seek injunctive relief as a cumulative and not necessarily successive or exclusive remedy to claim for monetary damages.
6. This agreement shall be binding upon and inure to the benefit of the Parties, their successors and assigns.
7. Each Party acknowledges that this Agreement is a valid and legally binding obligation that has been executed by an authorized representative. A copy of this Agreement transmitted via facsimile, bearing the signature (or e-signature) of one or both Parties shall be deemed to be of the same legal force and effect as an original of the Agreement bearing such signature(s) as originally written by such one or both Parties.
8. This agreement expires upon one year of the date of execution of this document.

In witness of this, the Investment Banker and the Recipient have executed this Agreement as of the day and year first written above.

Signature: _____

Three Twenty-One Capital Partners: _____

Print Name: _____

Date: _____

Date: _____

Email: _____

Phone: _____

