

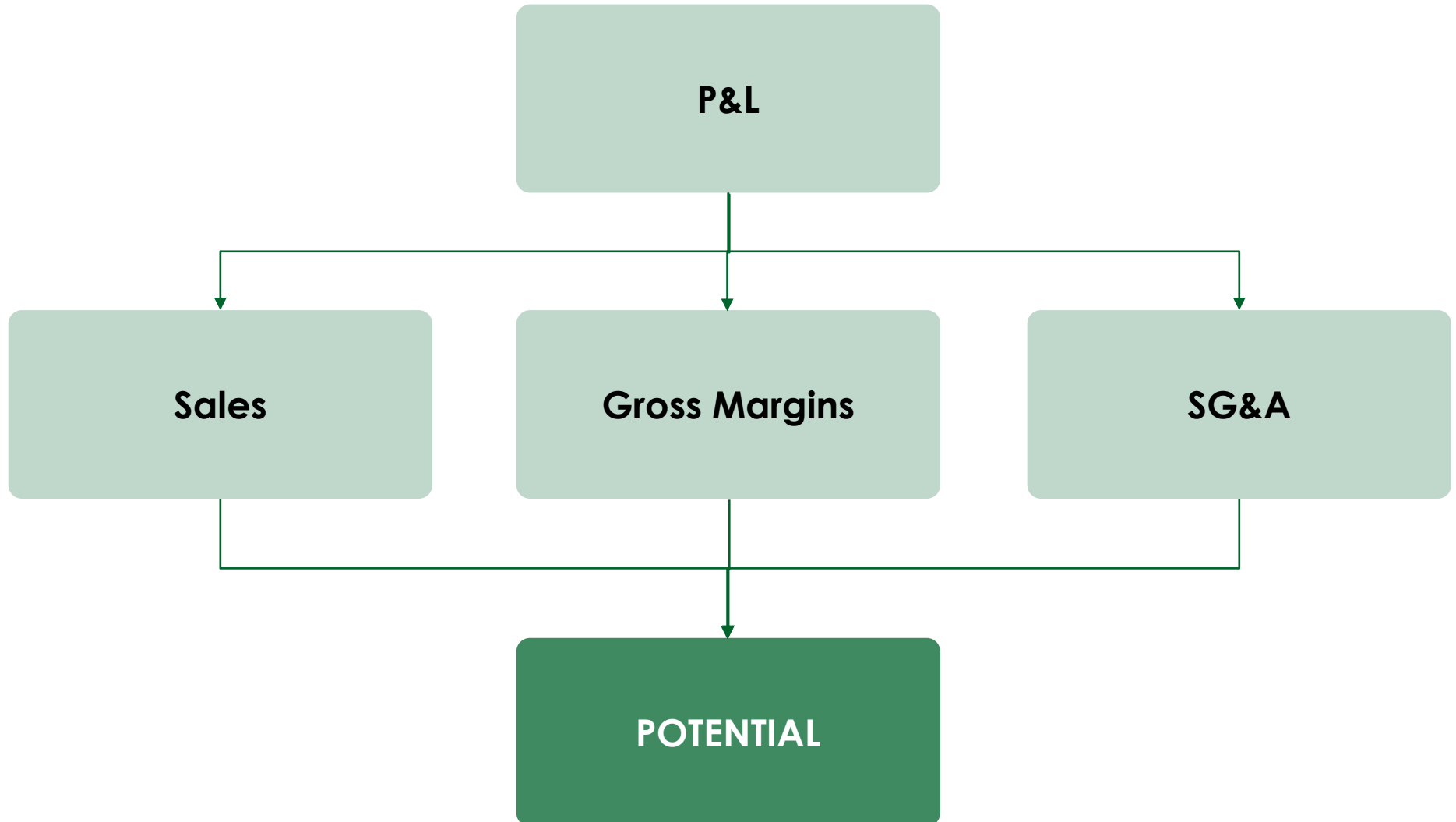


investing in leading consumer products companies

“What an Investor Looks for in a P&L”

Naturally Boulder
Spring Education Series
April 18, 2015

P&L EVALUATION



Sales

- Historical performance
- Projection assumptions
- Sales by:
 - Customer
 - Product
- Gross-to-net: trade spend

Gross Margins

- Commodities and ingredient purchasing
- Own-manufacturing vs. co-pack
- Pricing
- Gross margins by:
 - Customer
 - Product

SG&A

- Sales structure
- Marketing investment
- Organizational scalability
- Leadership

Sales

- Sell-through trumps sell-in – use POS data to tell the story
- Diversify your customer base but focus your SKU assortment
- Analyze trade spending for optimum ROI

Gross Margins

- Manage key ingredient exposure
- Plan for scalability
- You can't fight price gravity
- Constantly evaluate margins – prune the losers

SG&A

- The right sales people will more than pay for themselves
- Avoid marketing ahead of distribution – there's no point if consumers can't find you
- How many hats do you wear?
- Good companies with bad leaders will fail