

PromenAid Handrail: Managing Growth

Hold on to what matters

TEAM MPSTME NMIMS

Problem Statement

How will PromenAid Handrail manage growth by product differentiation and scaling up?

Agenda

1. Background Analysis
2. Alternatives
3. Recommendation
4. Financials
5. Implementation
6. Conclusion

Key Issues



SWOT Analysis



Background Analysis

Alternatives

Recommendations

Financials

Implementation

Conclusion

Competitive Analysis

Direct Competition

Wooden Railings

Metal Fabricators

Hybrid Type

Stair Lifts

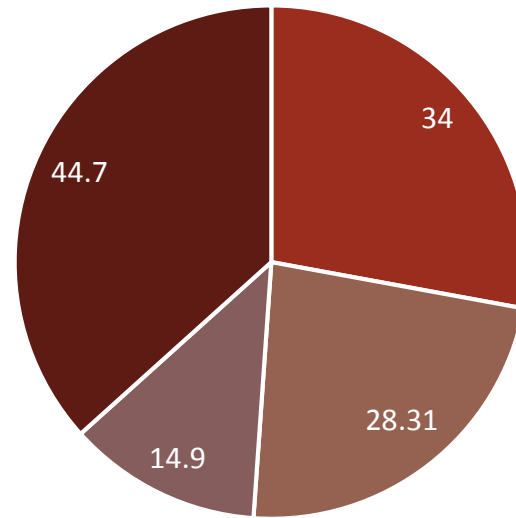
Indirect Competition

Elevators

Escalators

STP Analysis

Market Segments



- One or more residents >65 years
- One or more residents with mobility impairment
- One or more residents >65 years and mobility impairment
- One or more residents >65 years OR has mobility impairment

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STP Analysis

TARGET AUDIENCE

- Residential & Commercial
- People suffering from immobility; E.g. Parkinson's, Visual Impairment, Cerebral Palsy
- Ageing Canadian Population
- Topographically challenged areas

POSITIONING

- Major focus on residential and special needs

Growth Alternatives

Horizontal
Merger

Product
Innovation

Vertical
Merger

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Criteria Matrix

Factors	Weights	Horizontal Merger		Vertical Merger		Product Innovation	
		Raw Score	Weighted Score	Raw Score	Weighted Score	Raw Score	Weighted Score
Cost	4	1	4	3	12	2	8
Synergy	5	2	10	5	25	4	20
Distribution Channel	3	3	9	3	9	2	6
Profitability	4	2	8	4	16	3	12
Total			31		52		46

Our Recommendation

Vertical Merger

- Healthy Working Capital
- Customized In-House Production

Product Innovation Focus

- IoT Solutions
- Integrating latest technological solutions

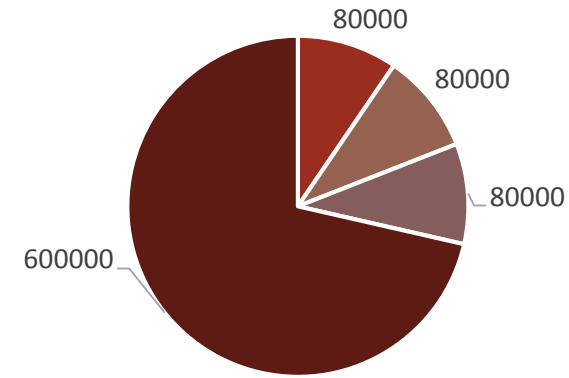
Financial Analysis

Key Assumptions:

1. Product Development Costs to increase 25% YoY from 2018 onwards
2. S&D to grow 5% YoY from 2018 onwards
3. Variable interest rate expense for different years
4. Corporate Tax Rate at 25%

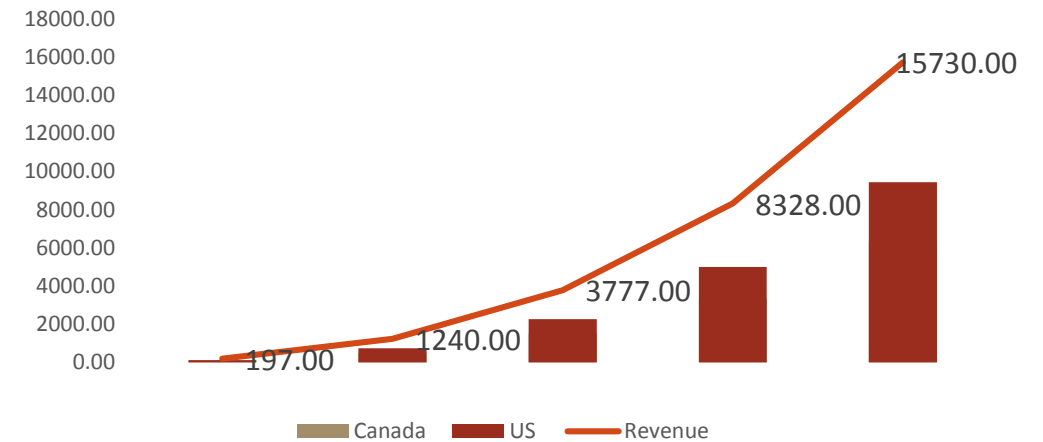
Financial Analysis

Income Statement	2017	2018	2019	2020
Revenue	1240.00	3777.00	8328.00	15730.00
COGS	468.00	1411.00	3066.00	5721.00
%Sales	38%	37%	37%	36%
Gross Profit	772.00	2366.00	5262.00	10009.00
%Sales	62%	63%	63%	64%
S&D	589.00	677.35	711.22	746.78
Grows 15% for 17-18; after that 5% Yoy	15%	15%	5%	5%
Product Development Cost	114.50	114.50	143.13	178.91
Increasing 25% YoY from 18-19-20			25%	25%
Operating Expenditure	703.50	791.85	854.34	925.68
Operating Profit (EBIT)	68.50	1574.15	4407.66	9083.32
Interest Expense	460.00	1120.00	1850.00	2900.00
%Rate	37%	30%	22%	18%
Earnings Before Tax (EBT)	-391.50	454.15	2557.66	6183.32
Tax Liability	-137.03	158.95	895.18	2164.16
%Tax Rate	35%	35%	35%	35%
Net Income	-254.40	291.20	1663.20	4014.40



■ Reich ■ Business Development Bank of Canada ■ Desjardins Financial ■ Group of Investors

Revenue Growth



Background Analysis

Alternatives

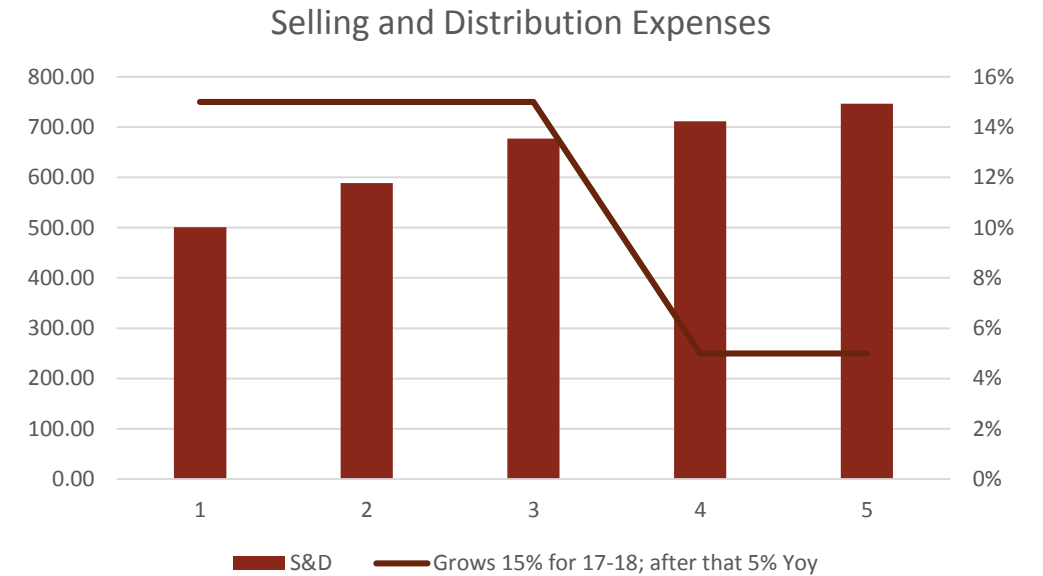
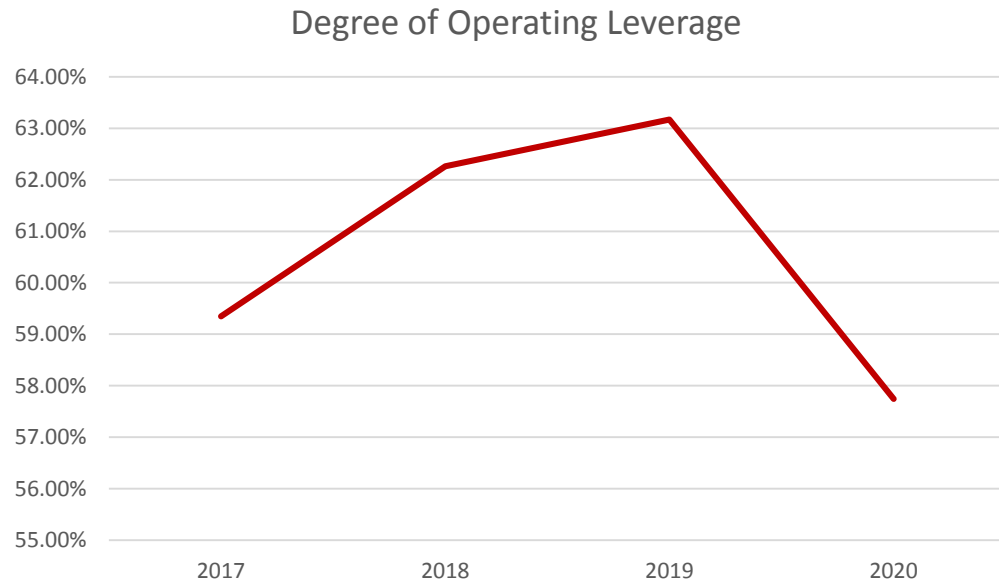
Recommendations

Financials

Implementation

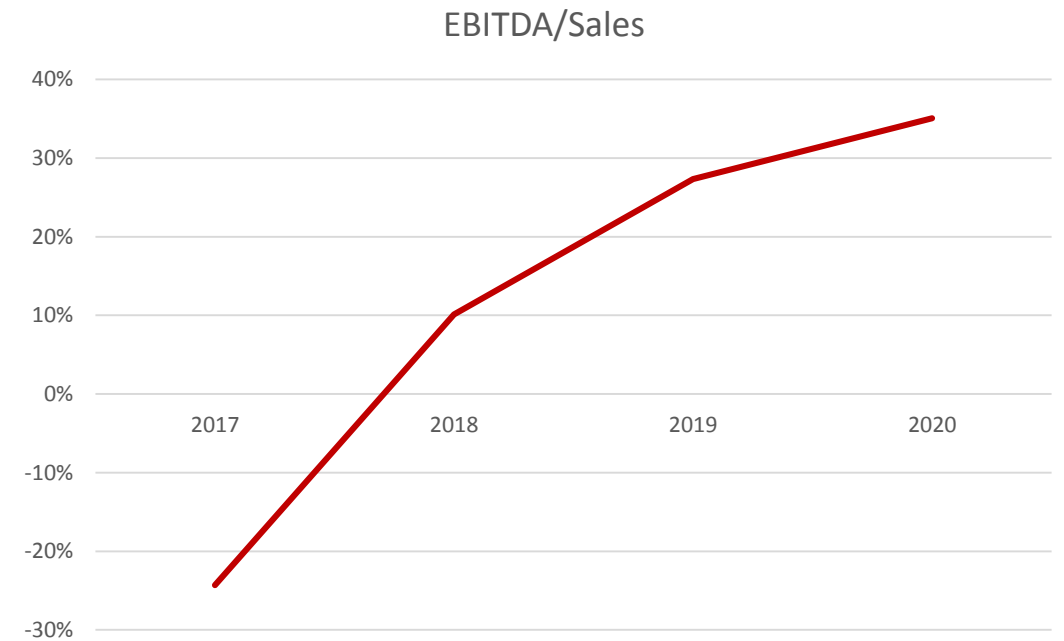
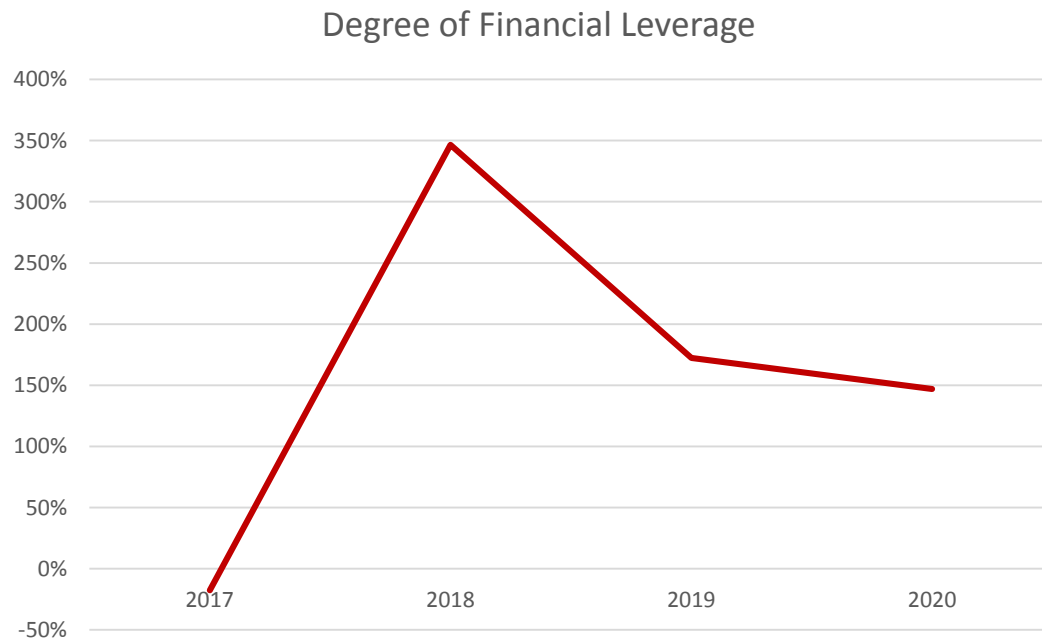
Conclusion

Ratio Analysis



Gradual decline of DOL in line with 5% increase in S&D YoY post 2018

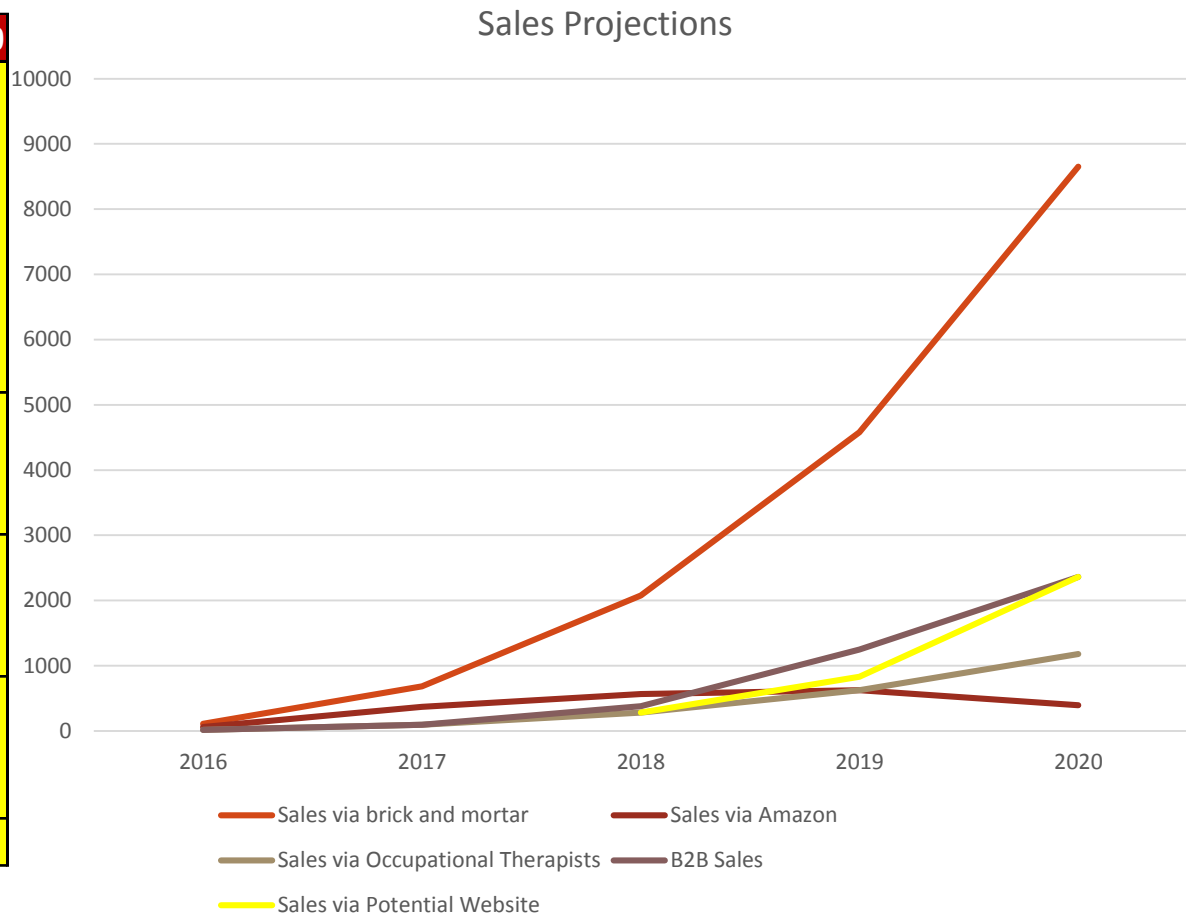
Ratio Analysis



EBITDA/Sales growing at a steady rate

Pricing Analysis

Income Statement	2016	2017	2018	2019	2020
Revenue	197.00	1240.00	3,777.00	8,328.00	15,730.00
	55%	55%	60%	60%	60%
Sales via brick and mortar	108.35	682	2,077.35	4,580.40	8,651.50
US	54.175	341	1,038.68	2,290.20	4,325.75
Canada	54.175	341	1,038.68	2,290.20	4,325.75
	30%	30%	15%	7.5%	2.5%
Sales via Amazon	59.1	372	566.55	624.60	393.25
	7.50%	7.50%	7.50%	7.50%	7.50%
Sales via Occupational Therapists	14.775	93	283.28	624.60	1,179.75
	7.50%	7.50%	10%	15%	15%
B2B Sales	14.775	93	377.70	1,249.20	2,359.50
	0%	0%	7.50%	10%	15%
Sales via Potential Website			283.28	832.80	2,359.50



Background Analysis

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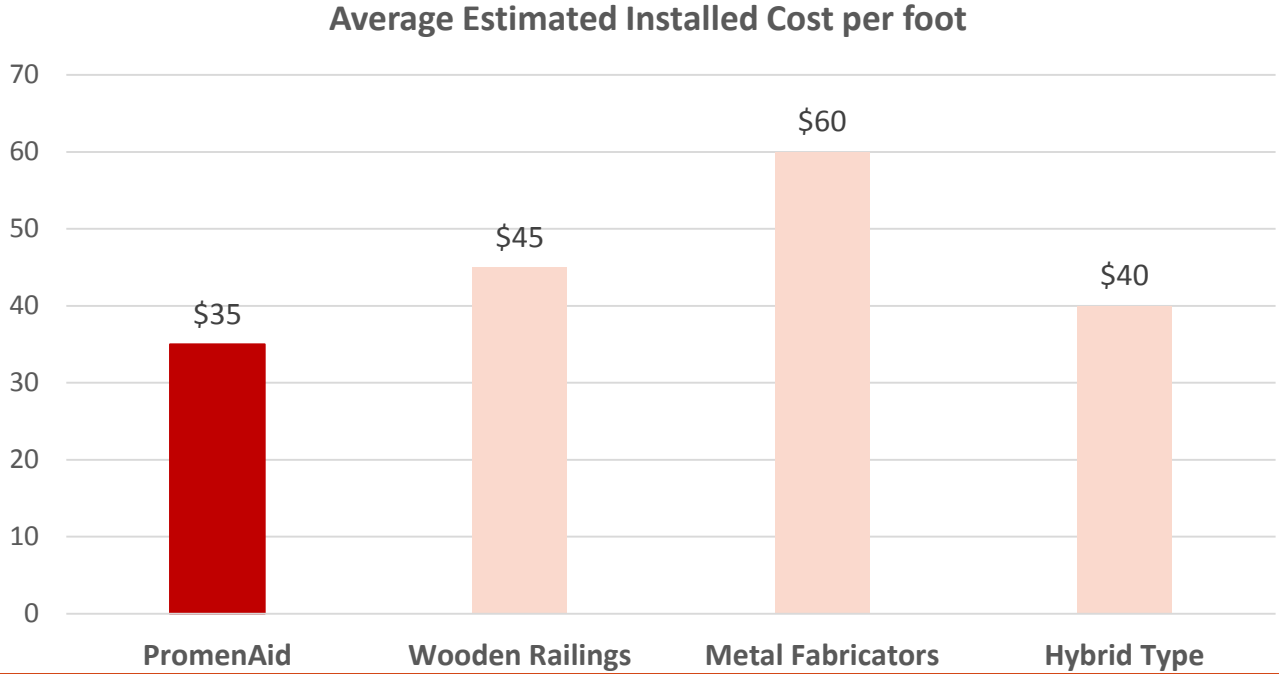
Financials

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Pricing Analysis

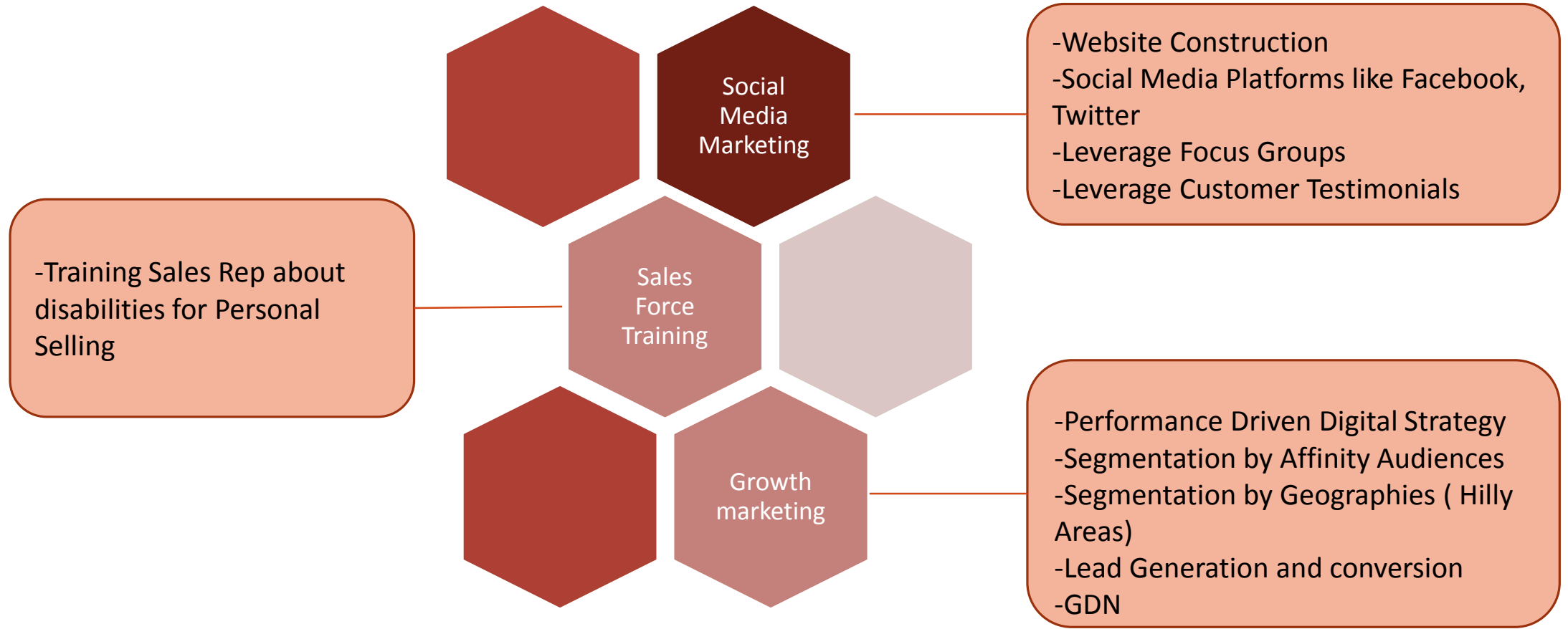
Avg. Price per linear foot per unit				
	PromenAid	Wooden Railings	Metal Fabricators	Hybrid Type
Estimated Installed Cost per foot	\$30-40	\$30-60	\$40-80	\$30-50
Average Estimated Installed Cost per foot	35	45	60	40



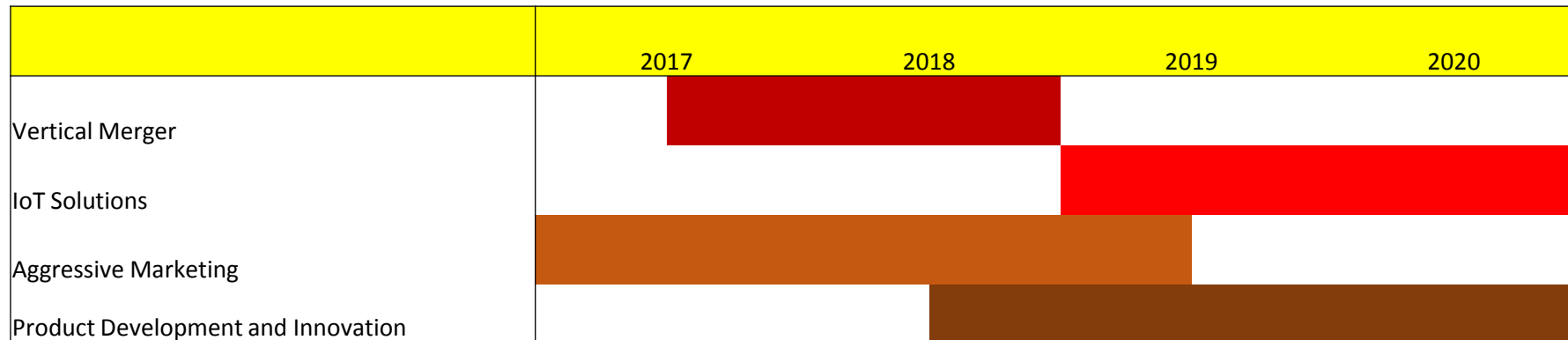
Implementation

Communication Strategy Matrix	Commercial Markets (Traditional)		Residential Markets (Modern)	
Stakeholders	Special		Special	
Builders (Buyers)	Low cost		High volume, margins	
Home Owners (Users)	Aesthetic, Low cost		-	
Occupational Therapists (Influencers)	Certifications		Certifications	
Distributors (Buyers)	Margins		Margins	

Implementation: Aggressive Marketing



Implementation: Gantt Chart



Background Analysis

Alternatives

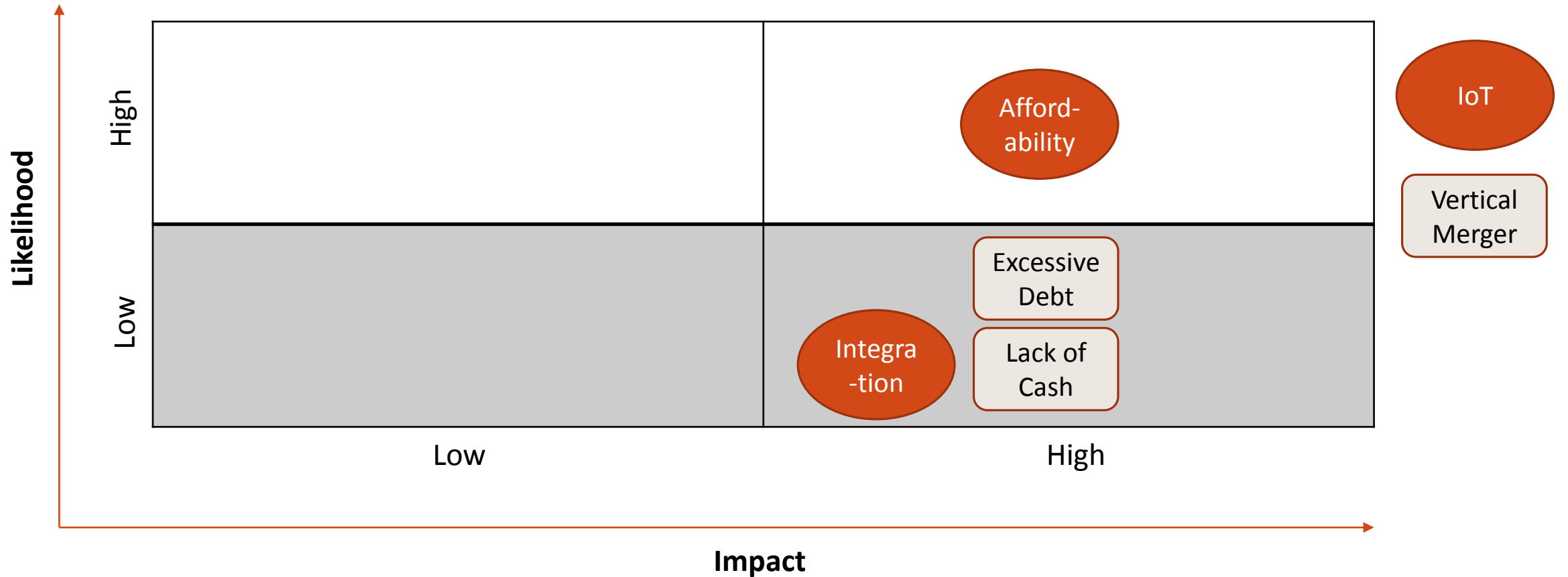
Recommendations

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Implementation: Risk Mitigation



Conclusion

-A vertical merger will solidify PromenAid's position and supply chain

-Aggressive Marketing is quintessential in Product Differentiation and increasing market share

-IoT solutions and integration of cutting edge technologies will help to maintain their Niche position and become a market leader