

Growing PromenAid in a sustainable way

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PRESENTING TO:

MR GELLER, MR WARSHAW & THE REST OF THE BOARD OF PROMNAID

YOUR MAIN
CHALLENGE

How can PromenAid grow in a
sustainable way?

Imagine this future for PromenAid...



OUR
RECOMMENDATION

Reposition PromenAid in the current market
focusing on the foundation: independence

TODAY'S AGENDA



Situation – What business are you in?

What business are you in? Selling handrails

What business are
You really in?

Providing independence
to help people become
mobile again

Situation – There are two main markets with each

Commercial

General

- Hotels
- Restaurants
- Offices

Speciality

- Hospital
- Medical institutions

Residential

General

- Homeowner
s renovating

Speciality

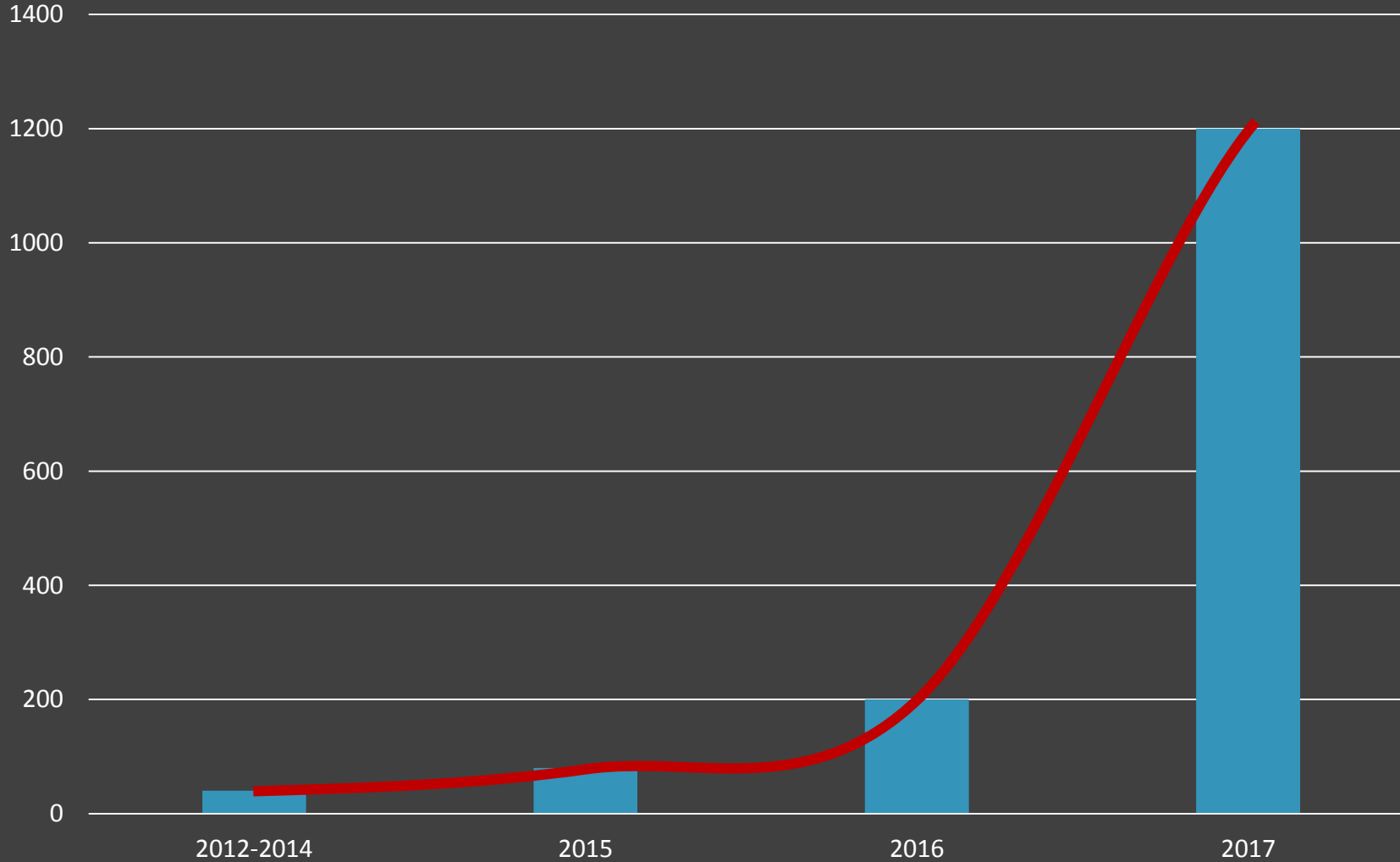
- Homeowners
who need
handrails

Target market

Situation – PromenAid has experienced some fast growth in the last year

Sales of PromenAid

Thousands of CAD



Funding

**600 000
CAD\$**

Situation

Analysis

Recommendation

Implementation

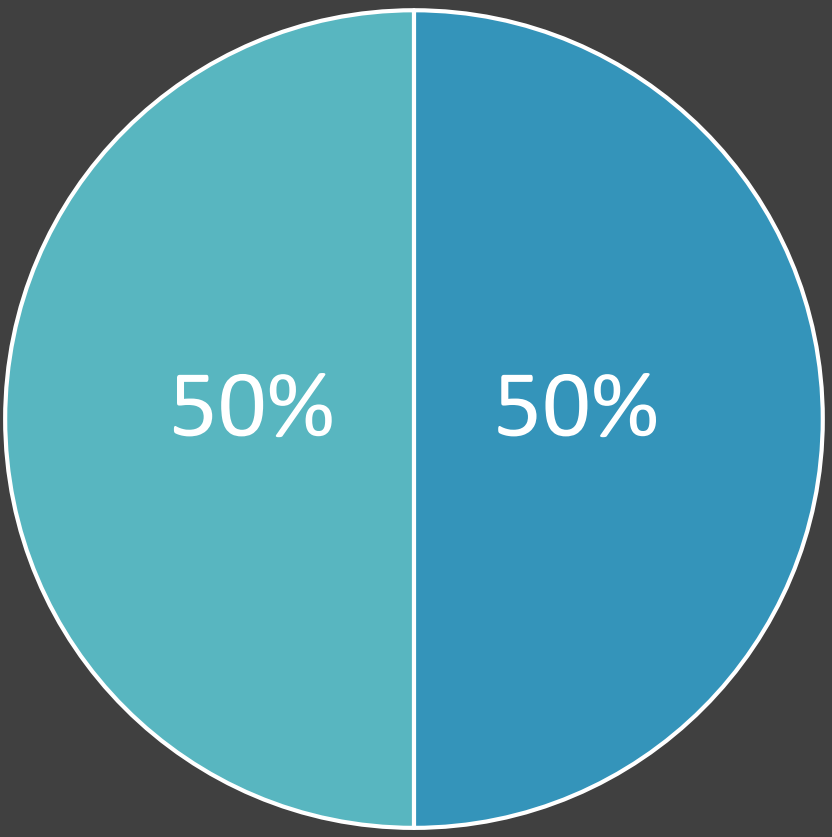
Financials

Risks

Conclusion

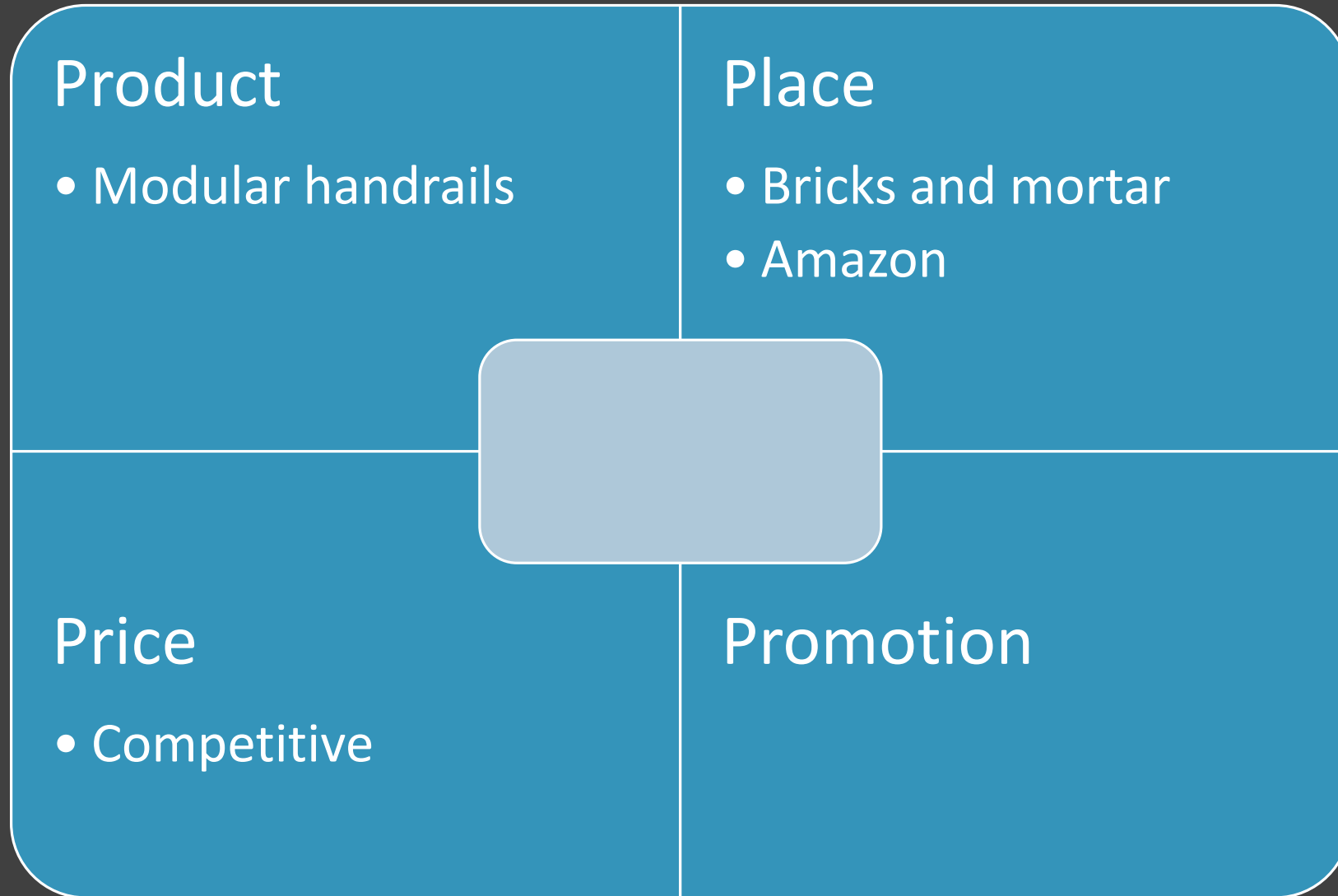
Situation – Half the sales are coming from e-commerce

How do you sell your products?

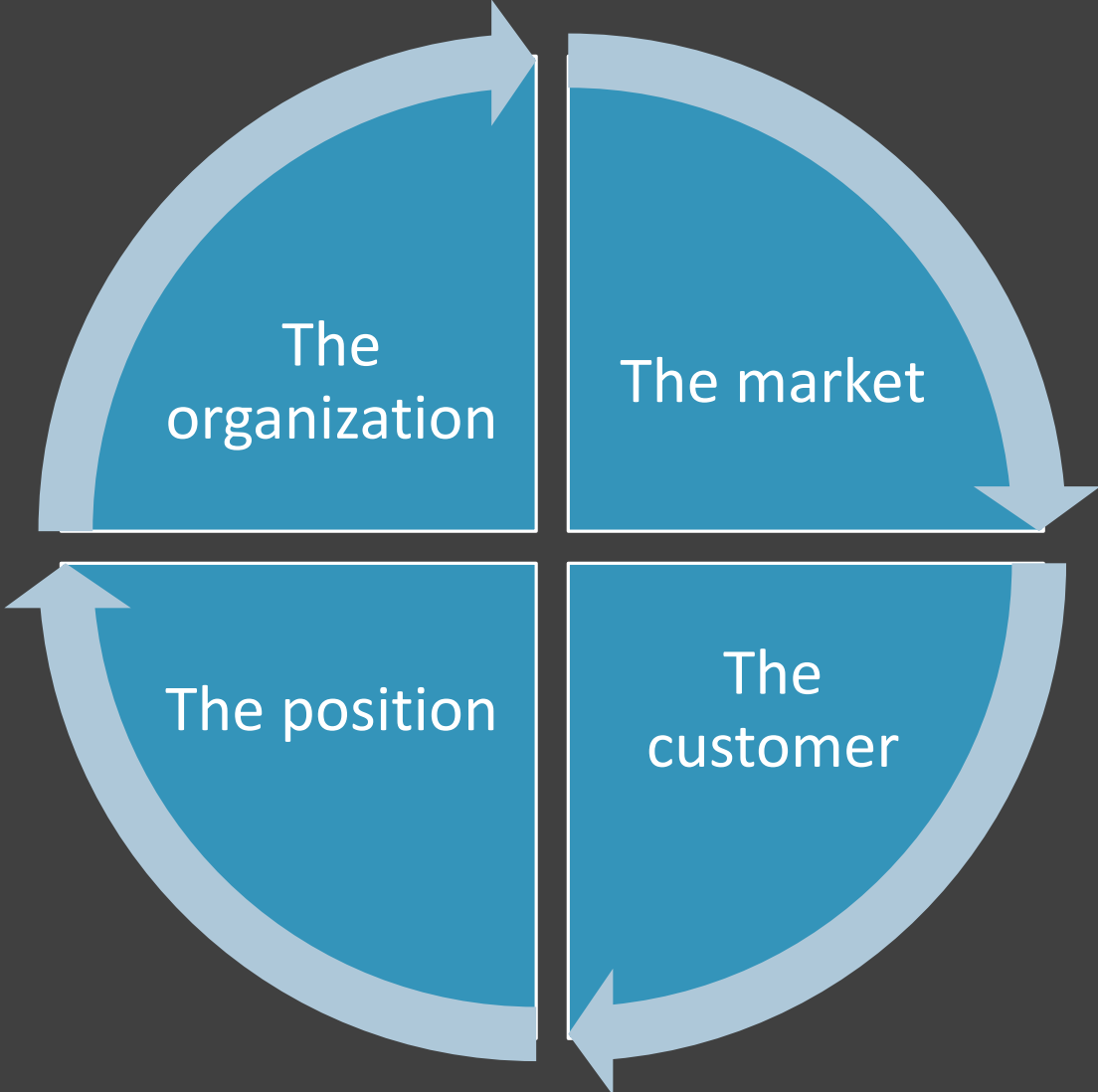


Amazon Bricks & mortals

Situation

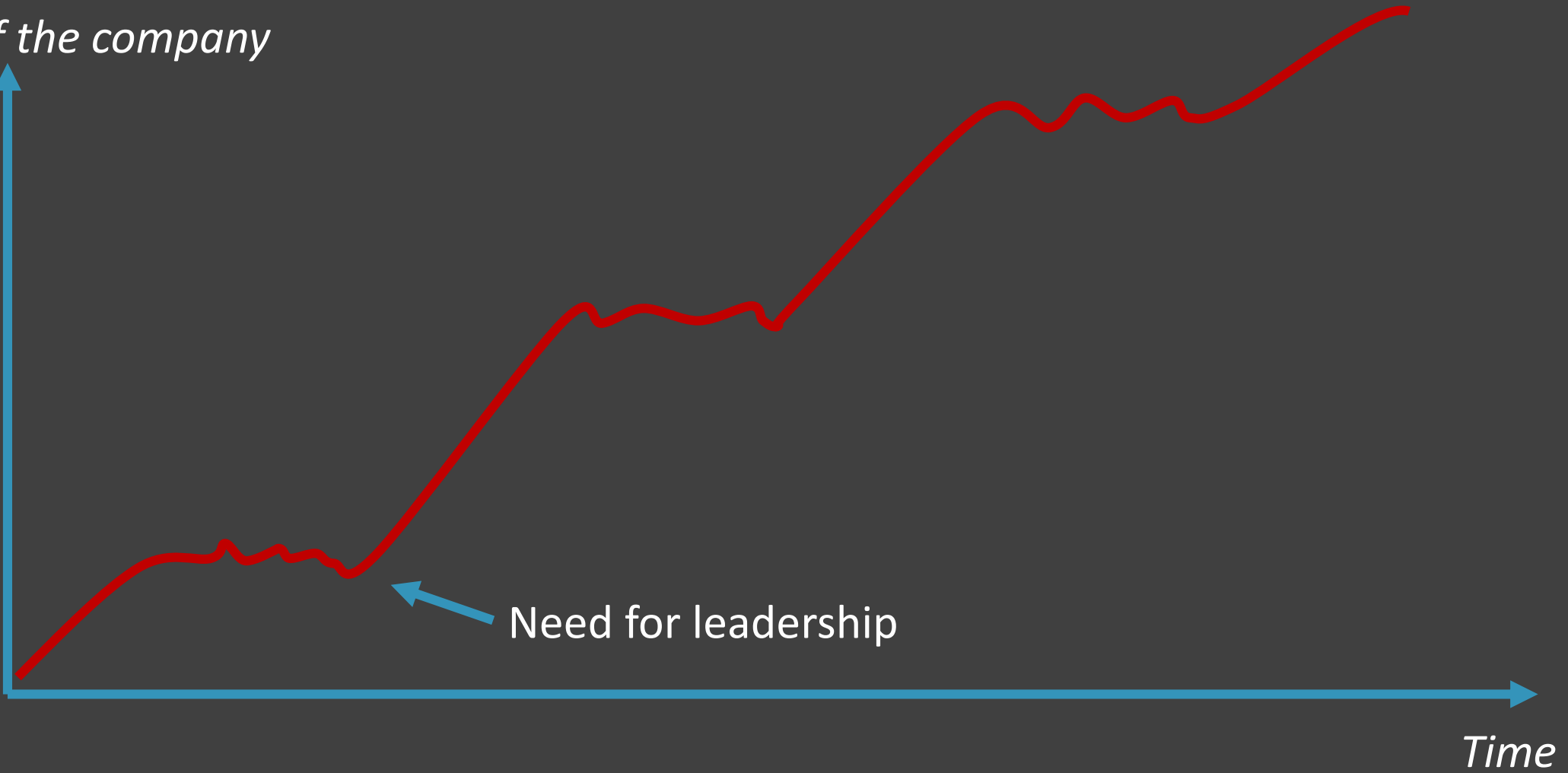


Analysis – four areas to analyze



Analysis – Continue to fuel growth but watch out for leadership crisis

Size of the company



The North American market

34 million

Over 65 years old

28 million

Mobility impaired

15 million

Over 65 & mobility
impaired

The PromenAid value proposition

Good design & safe grip to competitive price

“Hold on to what matters”

Analysis – The end user does not see the full picture of the brand

PromenAid

Core values:

- Safety
- Security
- Independence
- Design

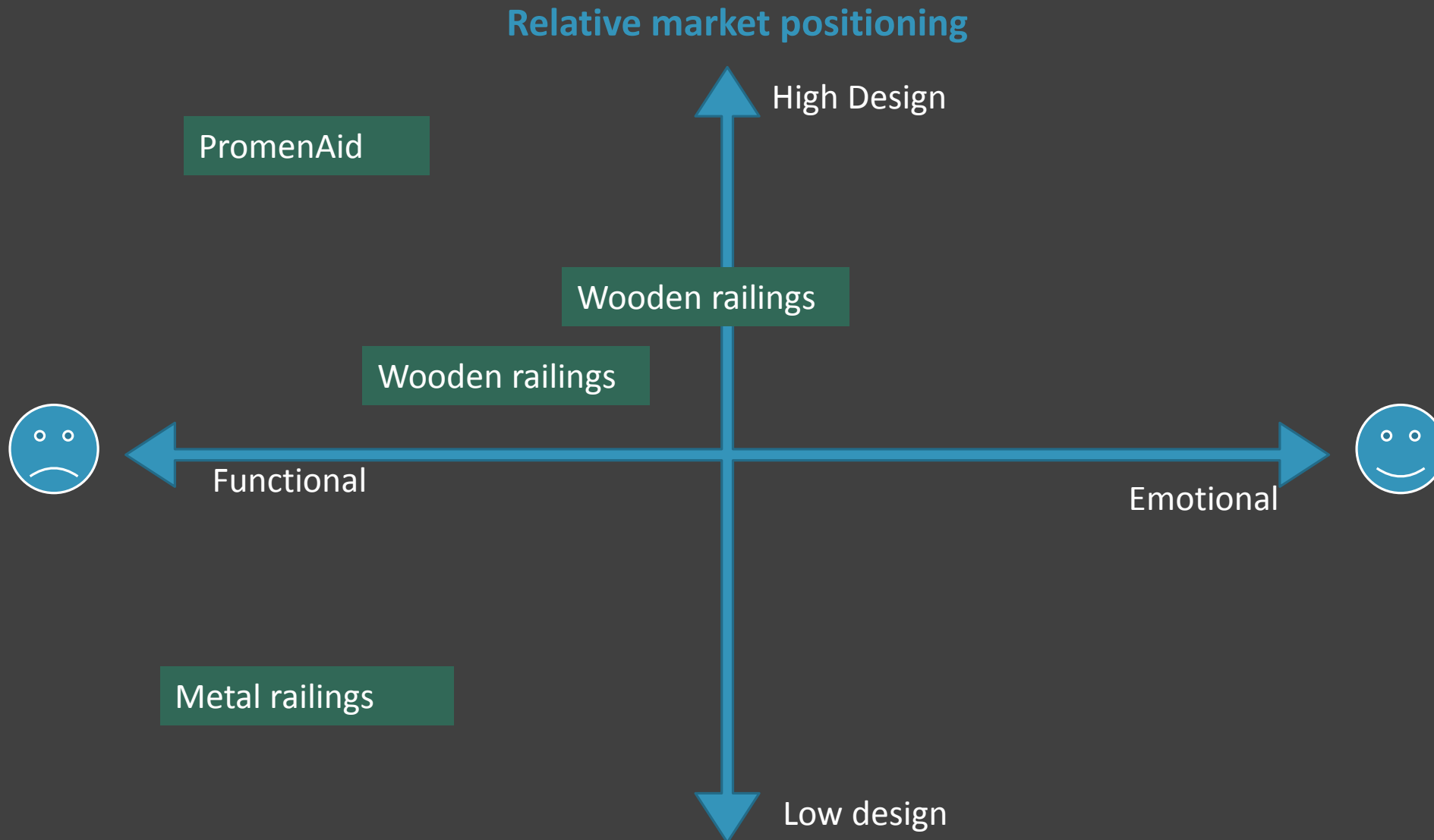
End users' perception

- Safety
- Security
- Design

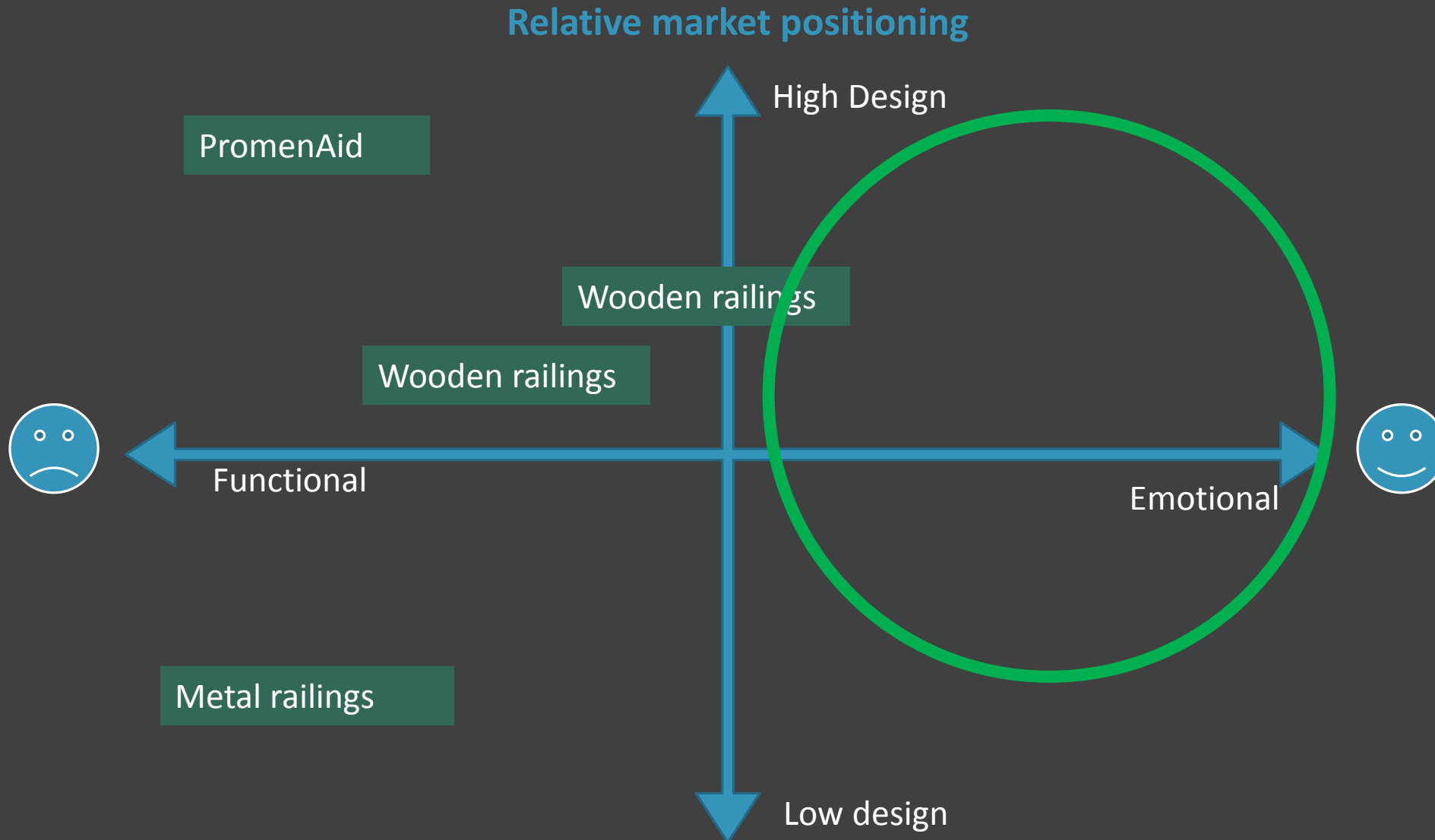
Perception Gap



Analysis – PromenAid should grasp the opportunity of emotional connection with end use



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Analysis – The psychological factors are important for users

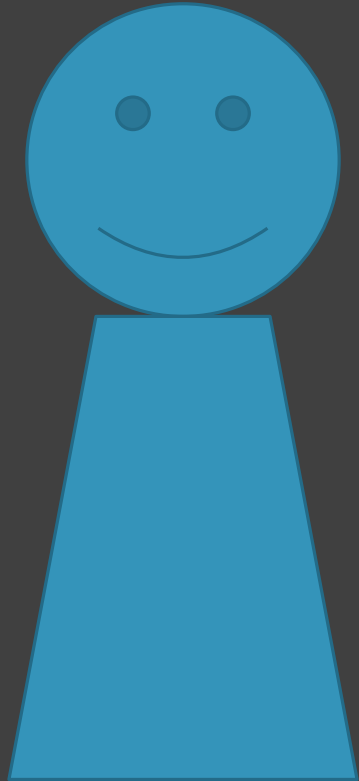
The user wants...

Confidence

Safety

Price

Pride



Mobility

Freedom

Design

YOUR MAIN
CHALLENGE

How can PromenAid grow in a sustainable way?

Recommendation

1

Expand into
new
geographical
market to fuel
fast growth

1

Diversify
product
portfolio to
cover a wider
range of
needs

3

Reposition
PromenAid in
the current
market focusing
on the
foundation:
independence

Recommendation – Four important criteria to take into consideration when moving on

1

Growth potential

2

Alignment with capabilities

3

Alignment with customers

4

Profitability

Recommendation

	Expand market	Diversify product portfolio	Repositioning
Growth potential	3	1	2
Capabilities	1	2	3
Alignment customers	1	2	3
Profitability	1	2	3
	SUM: 6	SUM: 7	SUM: 11

Recommendation

OUR RECOMMENDATION

Reposition PromenAid in the current market
focusing on the foundation: independence

Implementation

Commercial

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Speciality

- Hospital
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Residential

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Implementation – Building locks to a sustainable growth

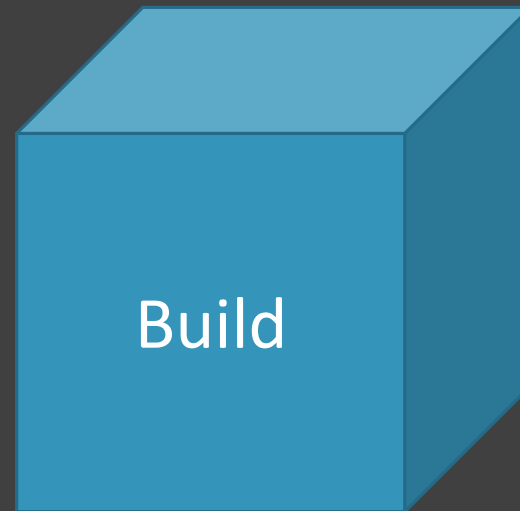
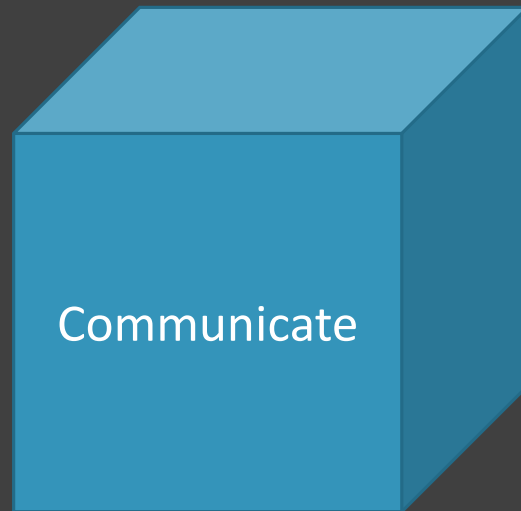
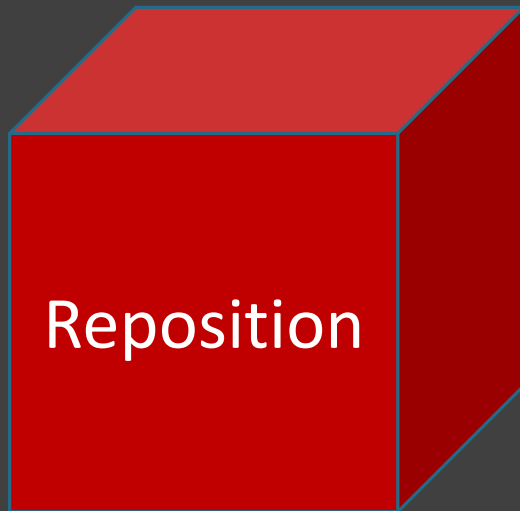
Reposition

Communicate

Build

Reposition PromenAid in the current market focusing on the foundation: independence

Implementation – Building locks to a sustainable growth



Identifying the customer needs to efficiently communicate the value of PromenAid

Implementation – Focusing on the true desire of the target user

For whom

- Senior people who live in houses with staircases
- People who are mobile impaired

In the market of

- Facilitating independence with the aid of home medical equipment

Promising

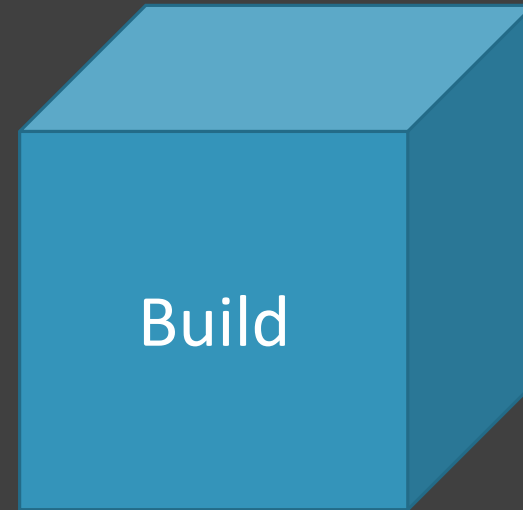
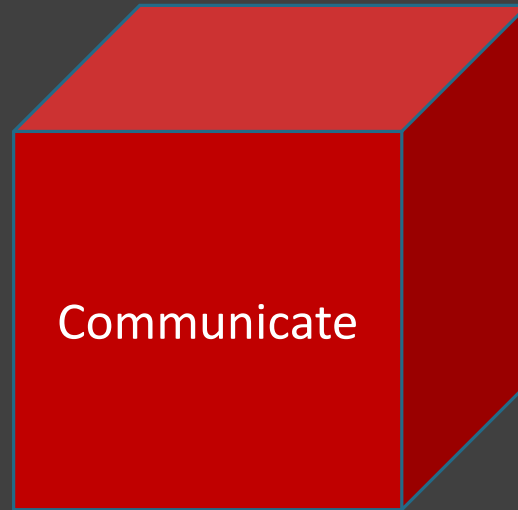
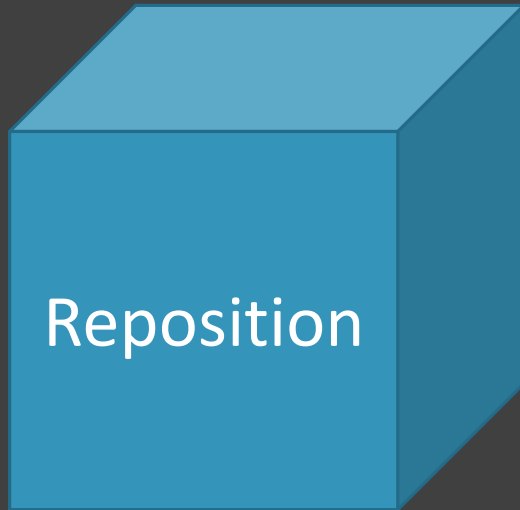
- The ability to walk up and down stairs feeling safe and secured

Proven by

- Legal requirements
- Design
- PowerGrip
- Ease of installation
- Quality

“We deliver home medical equipment, yet we sell independence”

Implementation – Set up new marketing strategy

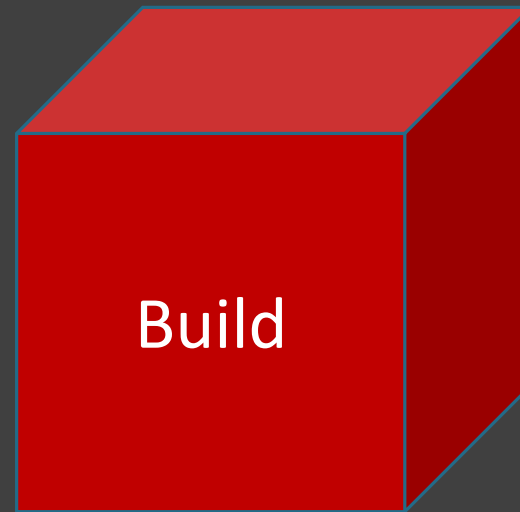
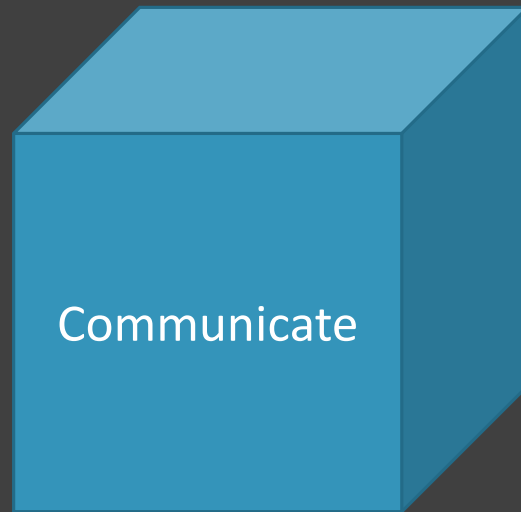
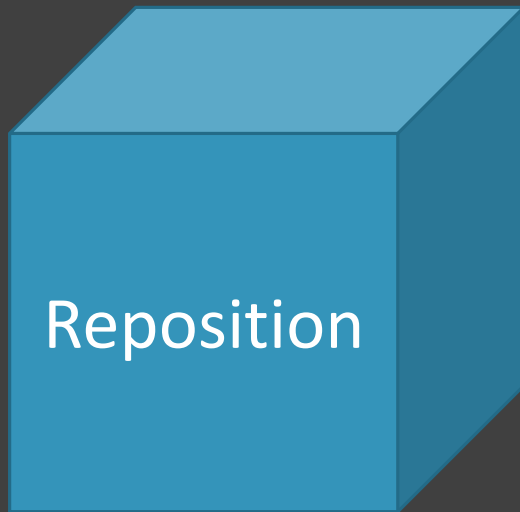


Communicate the true value of PromenAid: Offering independence

Implementation – Changing the marketing strategy to efficiently reaching the user

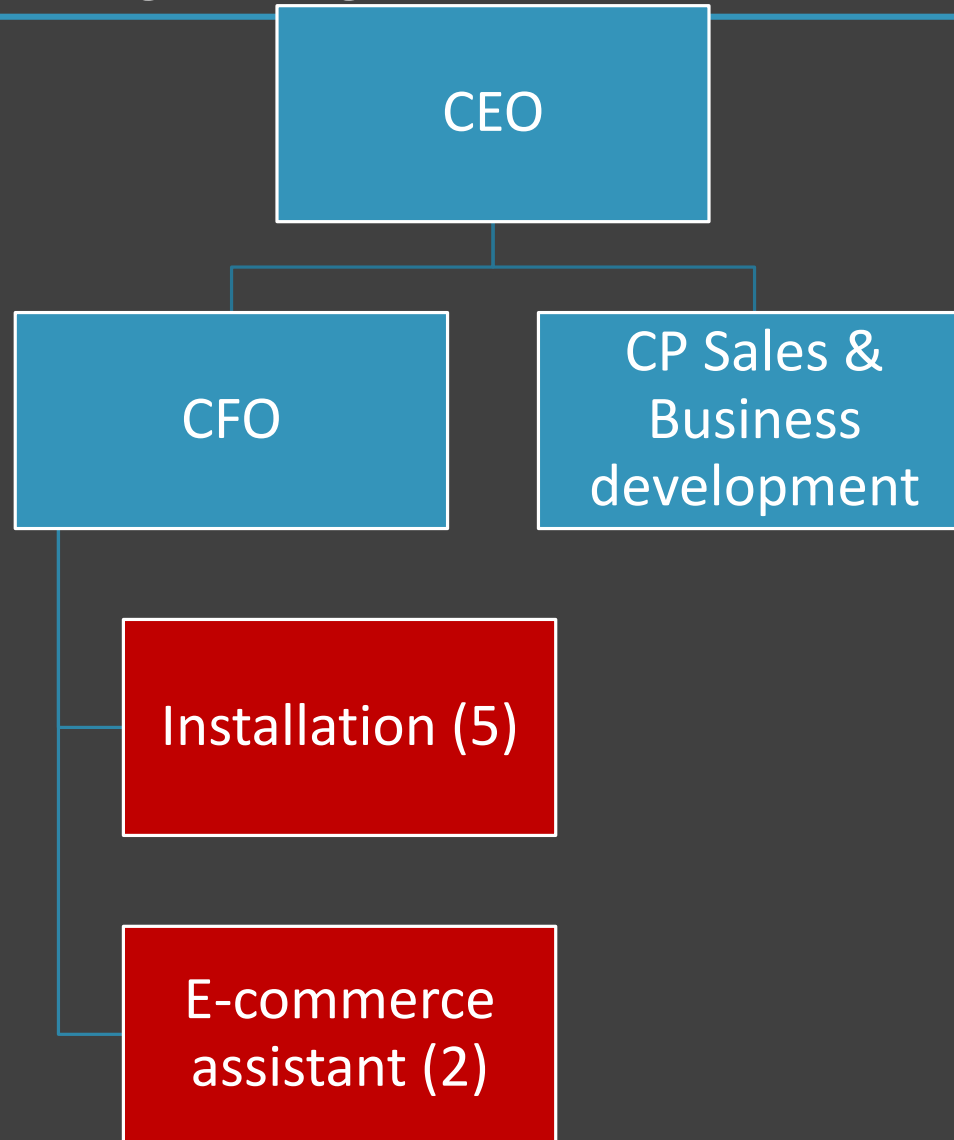
<h2>Product</h2> <ul style="list-style-type: none">• Modular handrails• Installation service	<h2>Place</h2> <ul style="list-style-type: none">• Bricks and mortar• Amazon• Contactors• PromenAid Webshop• Suppliers and homerenovation outlets
<h2>Price</h2> <ul style="list-style-type: none">• Competitive	<h2>Promotion</h2> <p>Repositioning Focus on end value: Independence Storytelling Marketing campaigns on TV, newspaper</p>

Implementation build the organizational structure around business model add-ons



Identifying necessary HR and operational investments

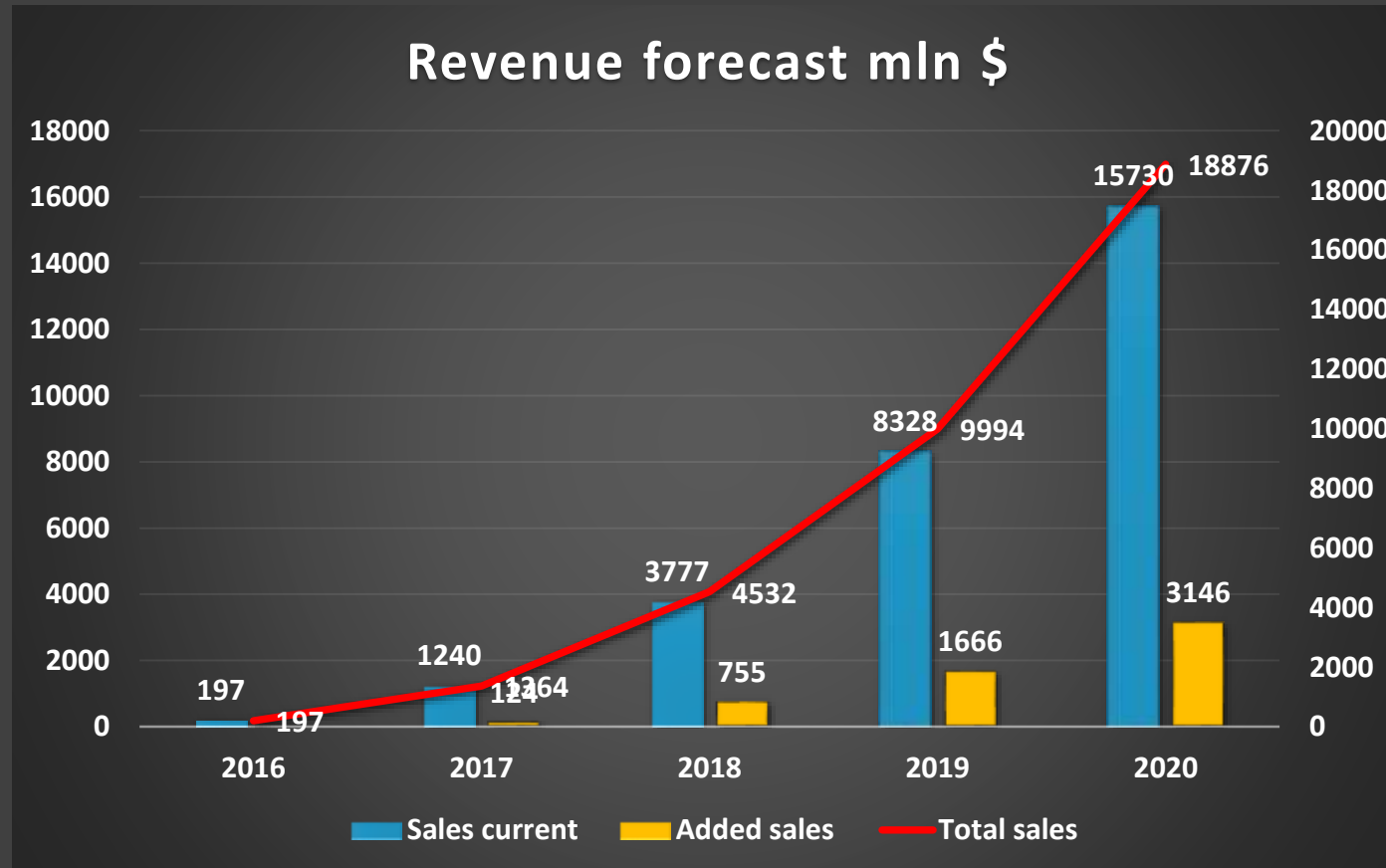
Implementation – Redefining the organizational structure



Implementation – Growing 20% by 2021

	2017	2018	2019	2020
Repositioning				
Add installation				
Recruit staff				
Set up e-commerce				
B2b sales expansion				
Marketing campaign				
Establish HQ				
Investments	\$400 000	\$200 000	\$75 000	\$75 000

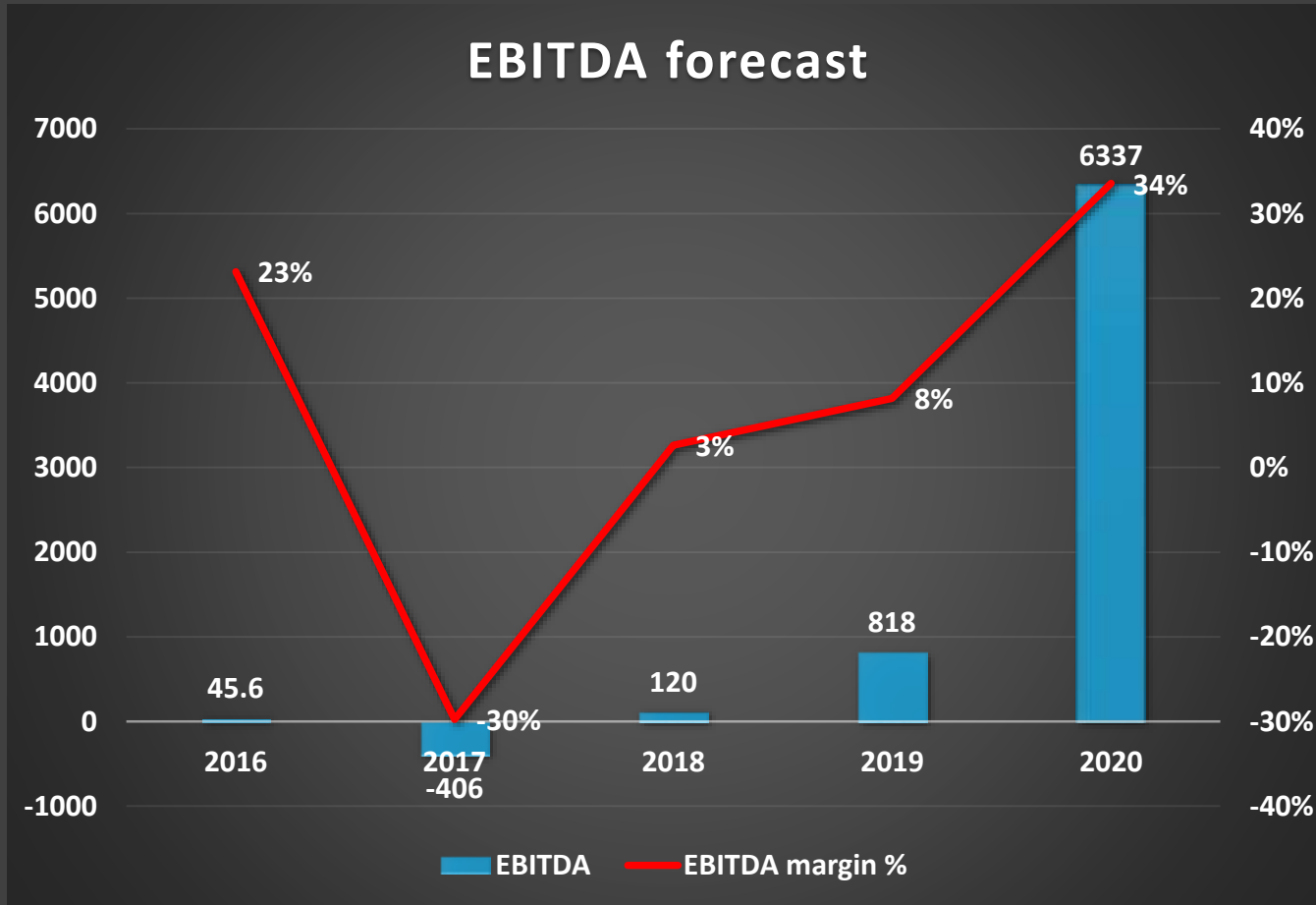
Financials



Incremental revenues (+20%)
stemming from:

1. Repositioning
2. New sales channels (e-commerce, B2B)
3. Installation service

Financials



+ 20% increase in marketing and advertising costs (vs initial plan)

Financials

Cash Flows mln \$	2016	2017	2018	2019	2020
EBITDA	46	-406	120	818	6337
Contingencies		-248	-100		
Product Development costs		-130	-100	-75	-75
Webshop		-20	-5		
Repayment of debt		-134			
Working capital needs (2% of sales)			-91	-200	-378
Total cash outflows/inflows		-938	-176	543	5885

Currently 1,2 bn \$ available, which is enough for next years, but need to secure further lines of financing.

Financials

FINANCING NEEDS

- Short-term financing (Working Capital needs + contingency costs)

POTENTIAL SOURCES

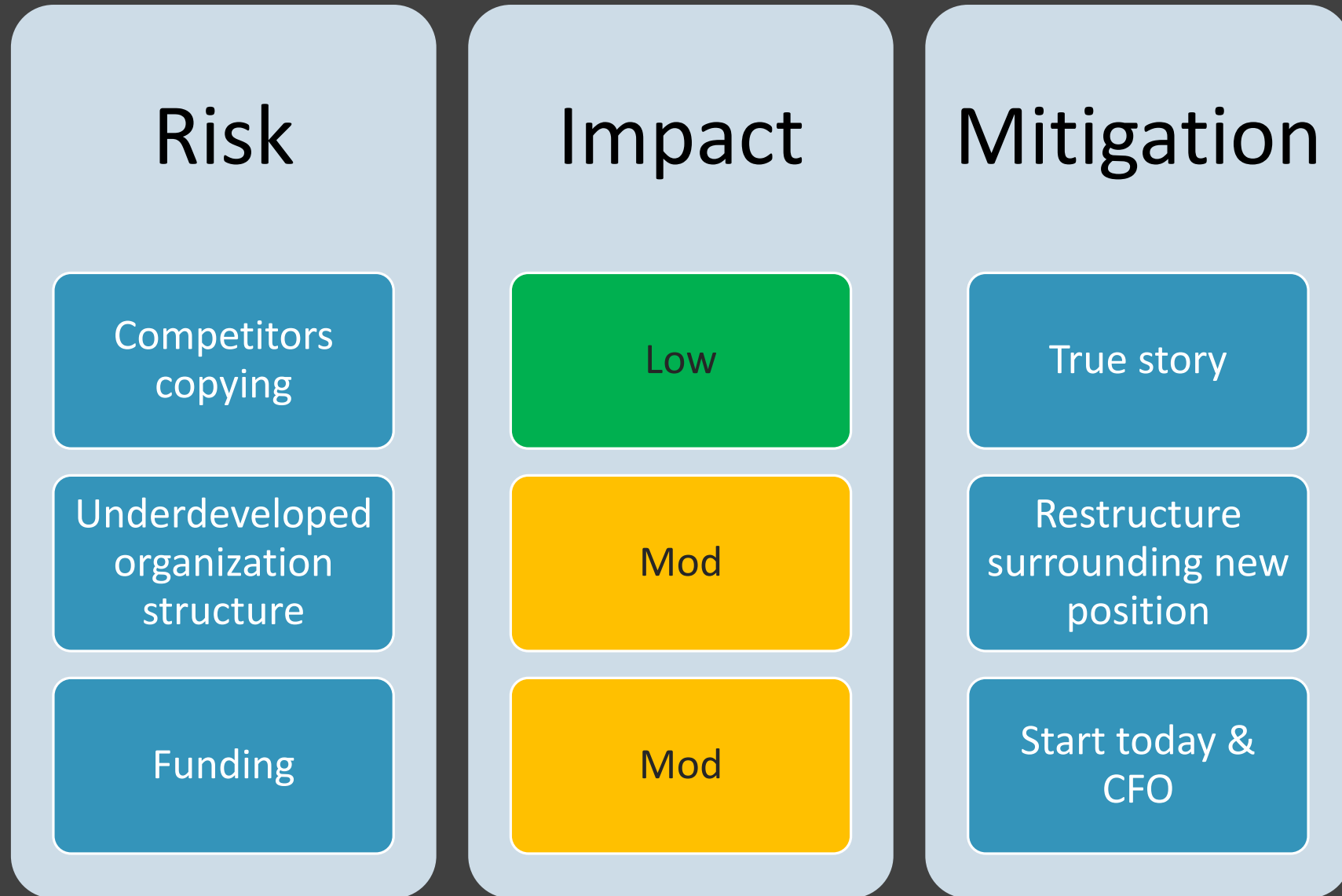
- VC (short-term debt, notes)
- PE
- Banks
- Company has profitable business model
- Likely to become cash flow positive in 2017/2018

- Current funding might not be enough

- Company has profitable business model
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Risks



Conclusion

Situation

- Fast growth

Challenge

- How can PromenAid grow in a sustainable way?

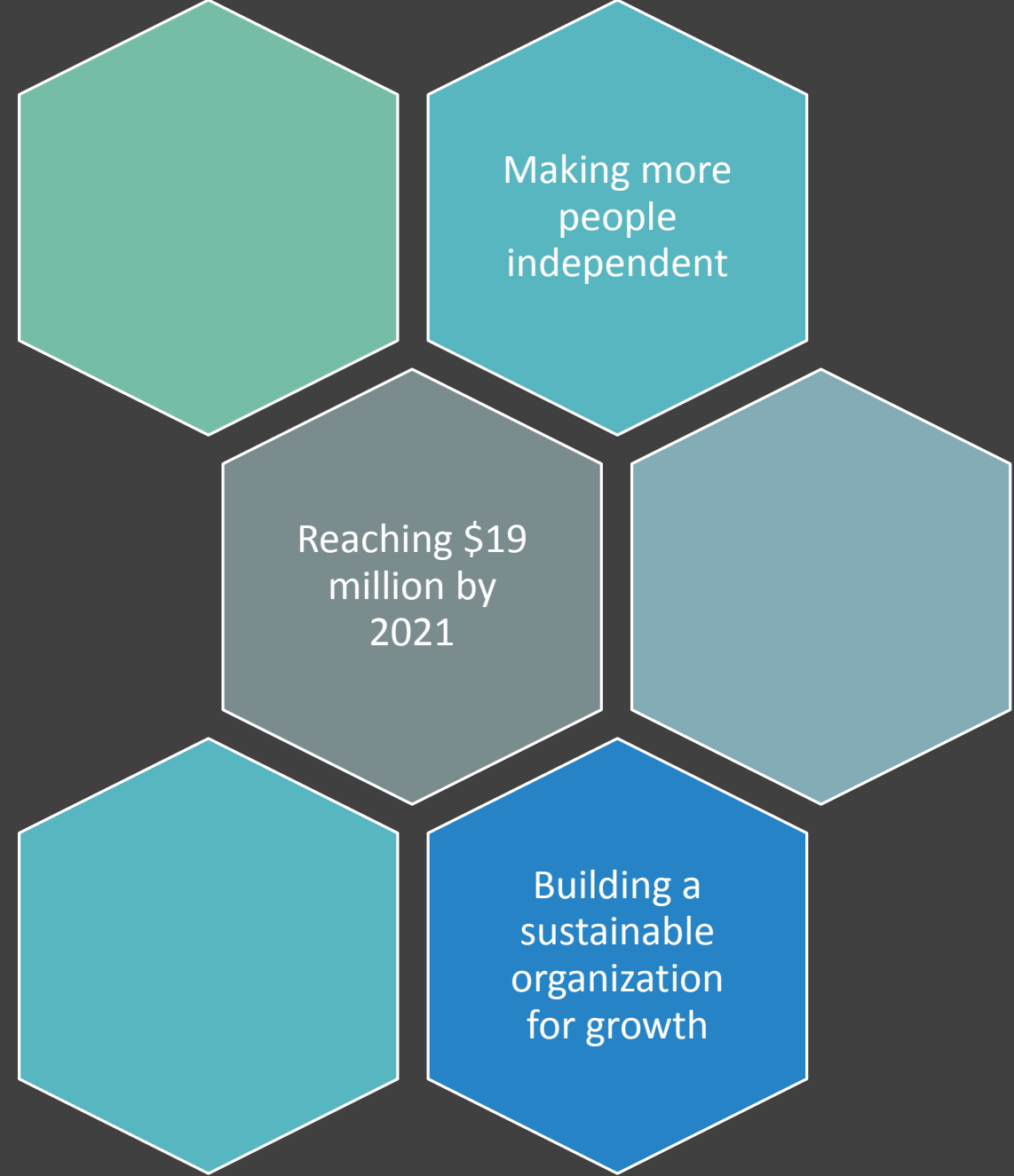
Recommendation

- **Reposition PromenAid in the current market focusing on the foundation: independence**

Objectives

- Overcoming the stigma problem
- Growing your business

Imagine this future for PromenAid...



Assumptions					
Sales growth		629%	305%	220%	189%
New lines of growth		10%	20%	20%	20%
Operational costs % of sales	50%	92%	60%	55%	30%
% operational costs					
Advertising and Promotion		23%	35%	25%	25%
Selling costs		32%	30%	30%	30%
Other		45%	35%	40%	40%

Initial					
mIn \$	2016	2017	2018	2019	2020
Sales current	197	1240	3777	8328	15730
Cost of Sales	53	468	1411	3066	5730
Gross Profit	144	772	2366	5262	10000
%	73.10%	62.26%	62.64%	63.18%	63.57%
Operational Costs total	98.4	1073.6	1983.6	2986.8	4486
Advretising and Promotion		248			
Selling costs		341			
Other		485			
EBITDA	45.6	-301.6	382.4	2275.2	5514
EBITDA margin %	23%	-24%	10%	27%	35%

Revised forecast					
mIn \$	2016	2017	2018	2019	2020
Sales current	197	1240	3777	8328	15730
Added sales		124	755	1666	3146
Total sales	197	1364	4532	9994	18876
Gross Profit	144	849	2839	6314	12000
%	73.1%	62.3%	62.6%	63.2%	63.6%
Operational Costs total	98	1255	2719	5496	5663
Advertising and Promotion		290	952	2498	4719
Selling costs		399	816	2998	5663
Other		566	952	3997	7550
EBITDA	45.6	-406	120	818	6337
EBITDA margin %	23%	-30%	3%	8%	34%