

Structural Impact on Multiples – Matrix

This is an assessment matrix for an overall view of the potential risk profile of the Company used to identify areas of strength to build on and areas of opportunity for improvement. For each category, review the characteristics of Below Average, Average, and Above Average for your Company. Select whole number rankings for each category of 1 through 6, noting there is no average, that is to say your rankings may be above average, below average, significantly above average (6 is best in class), or significantly below average (1 is lowest ranking).

Category	Below Average	Average Range	Above Average	Score
Product Type	High commodity products with low margins	Limited alternatives to products with average margins	Proprietary products with high margins	
Customer Concentration	Top customer > 50% of revenue	Top 10 Customers < 50% of revenue	No customer more than 5% of revenue	
Market Size/ Growth	Small market size, shrinking	Low market growth	Large market, rapid growth	
Number of Competitors	Thousands of competitors, no differentiation	Balanced market share across industry	Market leader with few competitors	
Barriers to Entry	Easy for new competitors to emerge and copy	New entrants require significant investment to compete	Significant capabilities difficult to recreate	
Supplier Contracts	No contracts	Annual contracts	Multi-year supply agreements with exclusivity	
Supplier Operations	Core operations outsourced to supplier	Painful to switch suppliers, but not crippling	Easy to bring in new suppliers	
Supplier Concentration	Top 3 suppliers > 50% of purchases	Top 10 suppliers < 50% of purchases	No supplier more than 5% of Purchases	
Financial Statements	No CPA involvement, compiled financials	Reviewed financials	Audited financials	
Accounting Systems	Little to no accounting systems	Limited information systems	Sophisticated information systems	
Operation Processes	No formal training or operating guidelines	Informal processes and reporting structure	Well documented systems and processes	
Sales Processes	No explicit sales process	Sales process with uneven execution	Sales process with coordinated incentive programs	
Economic Factors	Boom or bust	Cyclical business, correlated to GDP	Steady business, grew through recession	
Government Factors	Heavy government pressures / regulation, constraining business	Heavy government pressures / regulation, promoting business	Little government involvement	

Overall Assessment of Structural Impact on Multiples: