

SAMPLE
ONLY



TARNELL RESUME

Dateline: 1/11/2018

XYZ Pipe Systems North America, Inc.

(C16528-F100000)

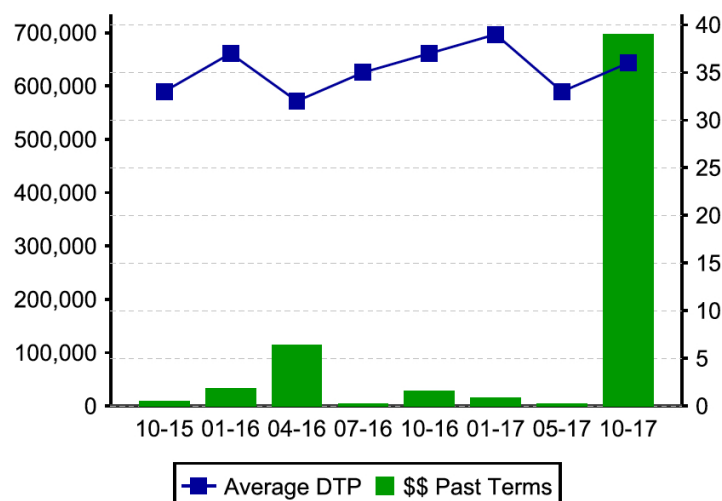
1234 Wilson Road, Carlton, MN 55718
Tel: 218-678-5432 Fax: 218-678-4321
Web: www.xyzpipes.com

BUSINESS STANDING

10/2017 Purchasing Paying Record: 15 experiences.
Average days to pay were 40. Weighted average
Days to pay were 59. High credit \$1,722,200.

The company's average days to pay for reporting Cycles dating back to 02/2013 averaged 35 days. The weighted average days to pay for the same period averaged 39 days. Since 02/2013, high credit increased from \$549,941 to \$1,722,200. Average days to pay increased from 34 to 40; weighted average days to pay increased from 47 to 59, and number of experiences increased from 10 to 15; total owing increased from \$1,001,801 to \$2,041,700, peaking days to pay increased from at \$2,041,700 in 10/2017.

Of the present amount owed, 50% is owed to Material Producers, 40% is owed to Material Distributors and 10% is owed to Other.



Purchasing Paying Record (PPR) History

Date	Experiences	High Credit	Owing	\$\$\$ Owing Past Terms	Avg Days to Pay	Weighted Avg DTP
Oct, 2017	15	\$1,722,200	\$2,041,700	\$ 696,838	40	59
May, 2017	13	\$ 748,745	\$1,358,204	\$ 4,703	33	49
Jan, 2017	17	\$ 605,302	\$ 448,064	\$ 16,280	39	46
Oct, 2016	19	\$ 605,302	\$1,302,767	\$ 27,558	37	43
Jul, 2016	18	\$ 386,380	\$ 294,248	\$ 4,987	35	36
Apr, 2016	18	\$ 386,380	\$ 572,850	\$ 114,826	32	43
Jan, 2016	19	\$ 386,380	\$ 744,135	\$ 32,478	37	33
Oct, 2015	17	\$ 741,501	\$ 520,898	\$ 9,681	33	33

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Finances: Fiscal year ends 12/31. The company operates as a subsidiary of ABC Pipe Systems International, Wolfsburg, Germany. In an interview, President Jill Chappelle-Wall reported that for FYE 12/2017, sales were \$25.9 million, representing a 23.9% increase compared to FYE 12/2016 sales of \$20.9 million. The favorable increase was due to a contract for fiber optic tube from a new customer. Sales for FY 2018 are expected to increase 5% due to unit volume gains from current customers and expanded capacity. Net income for FYE 12/2017 was \$2.1 million compared to \$1.6 million for the prior year. Net worth at 12/31/2017 was \$3.1 million. Gross profit margin for FYE 12/2017 was in the 10% to 15% range. Subject spent approximately \$9 million on raw materials for FYE 12/2017. Ratio of accounts receivable to accounts payable at 12/31/2017 was 2.1:1. Subject's debt is secured by its parent company and financing is provided as needed. Ms. Wall declined an estimate of the parent company's annual sales.

The company is presently operating at 65% of its total available production capacity. Prior to the June 2017 acquisition of certain assets of former competitor Joshua Fiber Optics LLC, subject was operating at 90% capacity. In January 2018, subject purchased a used tube extruder for approximately \$350,000 cash. The machine was purchased as a replacement for an older model.

The company's two largest customers, Joff International and Cory Communications, collectively accounted for 22% of 2017 gross sales. Competitors include BayCity Piping USA, Protop Conduit LLC and USA Fiber Optic Tubing Corp.

The following financial figures were summarized from audited reports that were submitted by management:

	12/31/2017	12/31/2016
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Cash	275,000	230,000
Receivables	1,900,000	1,700,000
Inventory	1,300,000	950,000
Current Assets	3,475,000	2,880,000
Accounts Payable	900,000	875,000
Total Current Debt	1,013,000	1,500,000
Working Capital	2,462,000	1,380,000
Fixed Assets	375,000	405,000
Other Assets	350,000	750,000
Other Debt	83,000	195,000
Total Assets	4,200,000	4,035,000
Total Debt	1,096,000	1,695,000
Net Worth	3,104,000	2,340,000
Sales	25,908,000	20,969,000
Profit/Loss	2,100,000	1,631,000
Financial Ratios		
Current Ratio	3.4:1	1.9:1
Quick Ratio	2.1:1	1.3:1
Debt/Equity	35 %	72 %
Current Debt/NW	33 %	64 %
Current Debt/Inv.	78 %	158 %
Fixed Assets/NW	12 %	17 %
Debt/Assets	26 %	42 %
LTD/Total Debt	8 %	12 %
A/R Turnover	26 days	29 days
Assets/Sales	16 %	19 %
Sales/Working Cap.	1052 %	1519 %
Accounts Pay/Sales	3 %	4 %
Return on Sales	8 %	8 %
Return on Net Worth	68 %	70 %
Return on Assets	50 %	40 %

Notes to Financial Statements: For FYE 2017: Other assets include Prepaid expenses. Continued receipt of financial statements is required for accurate analysis of condition and trend.

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Corporate Tree: Subject operates as a wholly owned subsidiary of **ABC PIPE SYSTEMS INTERNATIONAL**, Wolfsburg, Germany. Parent company's holdings include: XYZ CONDUIT SYSTEMS (Canada); XYZ PIPE SYSTEMS MEXICO, SA DE and XYZ PIPE SYSTEMS (INDIA).

XYZ Pipe Systems North America, Inc. operates the following facilities:

- XYZ Pipe Systems North America, Inc. - Carlton, MN - F100000
- XYZ Pipe Systems a/k/a - Spruce Cove, MN - F100002 – Site has five 200,000 pound storage silos.
- XYZ Pipe Systems a/k/a- Chattanooga, TN - F100001- Site has three 200,000 lb. silos and raiiling to accommodate 3 railcars.

Owns a 9,000 square foot facility at caption for headquarters and research/development. Purchasing and invoicing are centralized at caption. Owns a 33,000 square foot facility situated on 10 acres at 10 Pipeway Drive in Chattanooga, TN and a 20,000 square foot facility located at 1515 Spring Industrial Parkway in Spruce Cove, MN. Employs 100. Operates 3 shifts/day, 5 days/week.

Management and Ownership:

Jill Chappelle-Wall	President/Chief Executive Officer	218-678-5432	jcwall@xyzpipes.com
Davina Brown	Secretary/Chief Financial Officer	218-678-5432	dbrown@xyzpipes.com
Bobby Blue	Vice President of Operations	218-678-5432	bblue@xyzpipes.com

Board Chairman: Klaus Einstein (located at the parent company's location in Wolfsburg, Germany)

Directors: Jill Chappelle-Wall and those of the parent company.

1/1/1998 MN corporation, charter# J000000. Commenced in-house extrusion operations in 2013. Subject operates as a wholly- owned subsidiary of ABC Pipe Systems International, a privately-owned company headquartered in Germany. In 2010, relocated headquarters to caption from 420 Canton Industrial Park, Carlton, MN. In 9/2005, opened a plant in Chattanooga, TN. In 6/2017, acquired certain assets of former competitor Joshua Fiber Optics, a Nashville, TN-based fiber optic tube manufacturer who filed for bankruptcy.

Jill Chappelle-Wall is President, Chief Executive Officer and Dominant Financial Principal. She has been active since 1998. She earned a Master's degree in Business from the University of Nebraska. Previously worked in an executive capacity at Trendar Solutions, Inc.

Davina Brown, active since 2015, is Chief Financial Officer and Secretary. She has overall charge of Finances, Accounts Payable, and Accounts Receivable. She is a graduate of the University of Minnesota and is a Certified Public Accountant.

Bobby Blue is Vice President of Operations. He oversees materials specification, equipment specification and equipment purchasing. He earned an engineering degree from the University of Nebraska. He has been active with the company since 1998.

Ben Green is Production Manager - Chattanooga, TN. He oversees manufacturing, including plastics processing.

Cindy Black is Production Manager - Spruce Cove, MN. She oversees manufacturing, including plastics processing.

David White is Production Manager - Carlton, MN. He oversees manufacturing, including plastics processing.

Patty Wright is Materials and Logistics Manager. She oversees inventory and purchasing of all materials.

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Primary Manufacturing Assets:

- (5) Pipe Extrusion Lines
- (4) Tube Extruders (5th tube extruder will be up and running in March 2018)
- (1) Injection Molding Machine 200-Tons

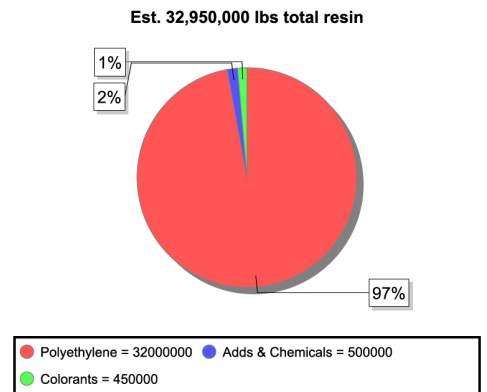
Secondary Equipment: Feeders, Winders, Blenders, Chillers, Railcar Offloaders and Hoppers

Equipment Insight: Capital equipment budget for 2018 is \$500,000. Secondary Equipment Vendors include Automated Equipment Systems, Inc., Raleigh, NC and Industrial Chiller Corporation, Danville, IL.

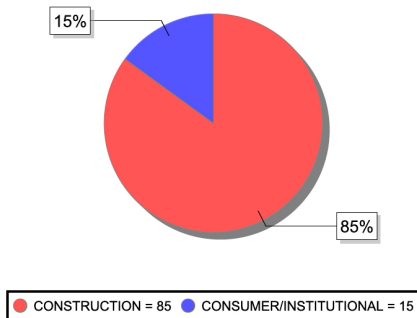
Primary Materials: Utilizes approx. 32,950,000 lbs. annually of Prime and Recycled Polyethylene (HDPE, MDPE, LDPE), Additives & Chemicals and Color Concentrate pellets.

Materials Insight: In 2018, usage of prime grade polyethylene is expected to increase by approximately 500,000 pounds due to new products and expanded capacity. Purchases pelletized color concentrate in various colors including Red, Blue, Yellow and Green. Pelletized color concentrate volume is expected to increase by approximately 15,000 pounds in 2018 due to higher polyethylene consumption.

Buys Additives and Chemicals including flame-retardants and UV stabilizers. No volume increases are expected for 2018. Materials are purchased in Railcar, Bulk Truck, Gaylord and Bag quantities. 75% of scrap generated from operations is reused and 25% is sold.



End Markets
(est. % of Revenues)



Key Customers: Joff International, Cory Communications, Newton Corporation

Manufactured Items: Conduit, Fiber Optic Tubes, Couplers, Tubing, Pipe and Packaging.

Products are Custom and Proprietary. Industries served include construction, electrical, telecommunications and consumer.

Distribution: Markets via distributors and direct to end-users. Billing terms include N30, N45 and N60 days. Maintains fewer than 100 active accounts. Market is primarily domestic. Less than 2% export to Puerto Rico. Winter is the slowest season.

Banking Relations: First America Bank reports that subject opened a checking account in 3/2013. Current balance is in the high 6-figure range. Account is rated satisfactory. A secured low 7-figure line of credit was opened in 9/2014 and has 100% available for use. All accounts are handled as agreed.

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Suits, Liens, Filings: In a 1/2018 search of MN state public records, 3 UCC liens, originating from 4/1/2013 to 9/1/2017 were found active. The collateral includes equipment.

A 1/2018 search of U.S. Court records revealed a 3/12/2017 lawsuit filed by subject against competitor BayCity Piping for patent infringement.

Financial References:

Public Accountant: Prius, Dole & Shields, LLP, Carlton, MN
Bank: First America Bank, Carlton, MN
UCC Secured Parties: First America Bank, Carlton, MN
Jitawa Equipment Company, Trenton, NJ
Thomason Leasing, LLC, Bakersville, CA

Trade References: Purchasing Paying Records reflect 15 suppliers. In addition to these suppliers, the following trade references were provided by Ms. Wall:

Downen Chemical Company, Westford, MN
Midwest Logistics Company, Grand Rapids, MI
L&G Materials Company, Boston, MA
Automated Equipment System, Inc., Raleigh, NC
Industrial Chiller Corporation, Danville, IL.