

# Business Profile on Compass Diversified Holdings (CODI)

## Origins of Compass Diversified Holdings (CODI)

Compass Diversified Holdings (CODI) was founded in 2005 as a publicly traded investment company specializing in acquiring and managing middle-market businesses. The company was established with the goal of providing investors with a diversified portfolio of high-quality businesses across various industries.

- **Catalyst:** The catalyst for the founding of CODI was the desire to create a unique investment vehicle that could offer stable returns and long-term value to shareholders.
- **Obstacles:** In its early days, CODI faced challenges in identifying suitable acquisition targets and structuring deals that would add value to its portfolio.
- **Funding:** The company received initial funding through a combination of equity capital from institutional investors and debt financing from financial institutions.
- **Location:** Compass Diversified Holdings is headquartered in Westport, Connecticut, with additional offices in Irvine, California.
- **Size:** Since its inception, CODI has grown to become a significant player in the middle-market investment space, managing a diversified portfolio of companies with a combined annual revenue of over \$1 billion.

## Compass Diversified Holdings (CODI) Company Statistics

Below are the key statistics of Compass Diversified Holdings:

Key Metrics	Details
Revenue	\$1.6 billion
Net Income	\$78.9 million
Market Capitalization	\$1.2 billion
Employees	Approximately 4,500
Operating Cash Flow	\$142.3 million
Debt-to-Equity Ratio	0.73

## Revenue Breakdown by Segment

- Advanced Circuits: \$435 million
- Clean Earth: \$320 million
- Ergobaby: \$210 million
- 5.11 Tactical: \$230 million
- Others: \$405 million

## Performance Metrics

Metric	Value
Return on Assets (ROA)	5.3%
Return on Equity (ROE)	8.1%
Gross Margin	24.5%
Operating Margin	12.6%

In summary, Compass Diversified Holdings has shown steady financial performance with a diversified revenue stream across its segments. The company has a healthy debt-to-equity ratio and continues to generate strong operating cash flow.

Business Plan Artwork

## Leadership at Compass Diversified Holdings (CODI)

Compass Diversified Holdings (CODI) is currently led by a team of experienced professionals who bring a wealth of knowledge and expertise to the company.

### Current Leadership Team

Name	Position	Background	Objectives and Agenda
Alan B. Offenberg	CEO & President	Alan has over 20 years of experience in finance and operations. He joined CODI in 2008 and has played a key role in the company's growth and success.	Alan's primary focus is on driving strategic initiatives to enhance CODI's portfolio companies and deliver value to shareholders.

Ryan J. Faulkingham	CFO & COO	<p>Ryan has a strong background in finance and has held various leadership roles in the industry. He joined CODI in 2015 and has been instrumental in managing the company's financial operations.</p>	<p>Ryan's agenda includes optimizing CODI's financial performance and executing on operational strategies to support long-term growth.</p>
Elias J. Sabo	VP of Corporate Development	<p>Elias has a proven track record in strategic planning and business development. He joined CODI in 2012 and has been involved in identifying new investment opportunities for the company.</p>	<p>Elias is focused on expanding CODI's portfolio through targeted acquisitions and partnerships.</p>

## Current Focus

- Driving strategic initiatives to enhance portfolio companies
- Optimizing financial performance
- Identifying new investment opportunities
- Executing operational strategies for long-term growth

The leadership team at Compass Diversified Holdings is dedicated to maximizing shareholder value and exploring new avenues for growth and expansion.

## Origins of Compass Diversified Holdings (CODI)

Compass Diversified Holdings (CODI) was founded in 2005 as a publicly traded investment company specializing in acquiring and managing middle-market businesses. The company was established with the goal of providing investors with a diversified portfolio of high-quality businesses across various industries.

- **Catalyst:** The catalyst for the founding of CODI was the desire to create a unique investment vehicle that could offer stable returns and long-term value to shareholders.
- **Obstacles:** In its early days, CODI faced challenges in identifying suitable acquisition targets and structuring deals that would add value to its portfolio.
- **Funding:** The company received initial funding through a combination of equity capital from institutional investors and debt financing from financial institutions.

- **Location:** Compass Diversified Holdings is headquartered in Westport, Connecticut, with additional offices in Irvine, California.
- **Size:** Since its inception, CODI has grown to become a significant player in the middle-market investment space, managing a diversified portfolio of companies with a combined annual revenue of over \$1 billion.

## **Key Moments in the History of Compass Diversified Holdings (CODI)**

- 2005: Compass Diversified Holdings (CODI) is founded as a publicly traded investment company.
- 2006: CODI acquires its first subsidiary, CBS Personnel Holdings, Inc., a provider of temporary and permanent staffing solutions.
- 2011: CODI completes the acquisition of ERGObaby, a leading provider of baby carriers and accessories.
- 2014: CODI acquires Fresh Hemp Foods Ltd., a manufacturer of hemp-based food products under the Manitoba Harvest brand.
- 2017: CODI purchases 5.11 Tactical, a leading provider of innovative tactical apparel and gear for law enforcement, military, and first responders.
- 2020: CODI acquires BOA Technology Inc., a leader in innovative closure systems used in performance footwear and apparel.

## **Historical Analysis of Compass Diversified Holdings (CODI)**

Compass Diversified Holdings (CODI) is a publicly-traded investment company that has seen various market reactions and stock performance over the years, influenced by both internal and external factors. Let's analyze the historical performance and market reactions to CODI over key years:

### **2006-2008: Financial Crisis and Recovery**

- In 2006, CODI went public with an initial offering price of \$15 per share.
- During the financial crisis of 2008, CODI, like many other companies, saw a significant drop in its stock price due to market turbulence and economic uncertainty.

- Despite the challenges, CODI maintained its dividend program, providing some stability for its investors.

## 2010-2012: Growth and Acquisitions

- In 2010, CODI made strategic acquisitions in various industries, diversifying its portfolio and attracting investor interest.
- These acquisitions contributed to an uptick in CODI's stock performance, reflecting positive market reactions to its expansion efforts.

## 2015: Stock Split and CEO Change

Event	Impact on Stock
Stock Split	Increased liquidity and accessibility for investors, leading to a temporary boost in stock value.
New CEO Appointment	Market reaction was positive, signaling confidence in the new leadership and future direction of the company.

## 2019-Present: Market Volatility and Pandemic

- The global pandemic in 2020 led to market volatility, impacting CODI's stock performance along with many other companies.
- However, CODI weathered the storm by maintaining its dividend program and strategic focus on its diversified holdings.

In conclusion, CODI's stock performance and market reactions have been influenced by various factors over the years, from financial crises to acquisitions and leadership changes. Through it all, CODI has demonstrated resilience and adaptability, striving to create long-term value for its investors.

Business Plan Artwork

## Products and Services Offered by Compass Diversified Holdings (CODI)

Compass Diversified Holdings (CODI) is an investment holding company that focuses on acquiring controlling interests in various small to middle-market businesses. The company functions a bit like a private equity firm, but it's public and pays a healthy dividend yield. They aim to purchase overlooked, niche businesses with strong cash flows and leadership. The categories of their business includes consumer goods, industrial services and products, among others. Here are some of their major subsidiaries.

- **Sterno Products:** Sterno Products is a CODI-owned business that offers a wide range of portable food warming fuel and creative table lighting solutions for the hospitality and consumer sectors.
- **Luxfer Holdings PLC:** A global producer of highly-engineered industrial materials, Luxfer contributes to CODI's revenue stream from the industrial services sector.
- **Milwaukee Electric Tool Corporation:** This corporation is a manufacturer and marketer of heavy-duty, portable electric power tools and accessories.
- **Advanced Circuits:** Advanced Circuits is a leading provider of quick-turn, complex Printed Circuit Board (PCB) fabrication and assembly services.
- **Fresh Hemp Foods Ltd.:** This Company manufactures and sells hemp-based foods under the 'Manitoba Harvest' brand.
- **AFRM (Formerly Foam Fabricators):** AFRM manufactures EPS foam products for retail, consumer electronics, appliances, automotive and building products end markets.

## Key Offerings by Compass Diversified Holdings (CODI)

Some of the flagship or key offerings by CODI via their subsidiaries include the following:

- **Sterno Products - Portable Warming Solutions:** Known for their portable food warming solutions, Sterno Products is a household name in the hospitality sector. Their Chafing Dish Wire Rack, for instance, is a favorite for outdoor catering functions.
- **Luxfer Holdings – Industrial Materials:** Luxfer has a long history of technical innovation in industrial material production, providing specialty materials like magnesium, and other components to various industrial sectors.
- **Advanced Circuits – Circuit Board Fabrication:** Advanced Circuits' key offering is its proprietary software that enables the fast, efficient production of circuit boards, which are pivotal to the operation of many electronic devices.

## Breakdown by Revenue Streams

The company has a well-diversified portfolio of product offerings and its revenue streams are well diverse too. In 2019, revenue shares across business categories were as follows:

Segment	2019 Revenue (%)
Consumer Goods	40%
Industrial Services & Products	60%

## Estimate of Compass Diversified Holdings (CODI) Annual and Lifetime Earnings

Financial estimates involve numerous variables and require access to inside financial data, consequently, it is beyond the scope of this analysis. However, CODI as a publicly traded company posts its financial results openly. As of Q3 2021, CODI reported a quarterly revenue of \$518.53 million. The company also reported total assets of \$3.89 billion as of 2021. Compass Diversified Holdings' annual revenue for the year ending December 31, 2020, was approximately \$1.6 billion, showcasing a YoY growth of 15.52%. For deeper financial analysis including the company's expenses, profits, and lifetime earnings, it is recommended to explore the company's annual reports or engage a financial advisor.

## Analysis of Compass Diversified Holdings (CODI) Main Product

Compass Diversified Holdings (CODI) is a holding company that acquires and manages a diverse portfolio of middle-market businesses across various industries. One of its main products is the Ergobaby carrier, a popular baby carrier brand known for its ergonomic design and comfort for both parents and babies.

- **Product Differentiation:** The Ergobaby carrier stands out in the market for its innovative ergonomic design, which provides proper support for both the baby and the wearer, reducing strain and promoting comfort during long periods of wear. This unique selling point has helped the product gain a strong foothold in the baby carrier market.
- **Market Positioning:** Compass Diversified Holdings has positioned the Ergobaby carrier as a premium product catering to parents who prioritize comfort, safety, and functionality when it comes to carrying their babies. The product targets a niche market segment that values quality and design in baby products.

- **Distribution Channels:** The Ergobaby carrier is distributed through a combination of online channels, retail stores, and specialty baby stores. This multi-channel distribution strategy allows the product to reach a wider range of consumers and maximize its market reach.
- **Competitive Landscape:** In a highly competitive baby products market, the Ergobaby carrier faces competition from other baby carrier brands offering similar features and benefits. However, CODI's strong brand reputation, innovative design, and focus on quality give the product a competitive edge in the market.

#### Key Aspects of CODI's Main Product: Ergobaby Carrier

Aspect	Analysis
Product Differentiation	The Ergobaby carrier's ergonomic design sets it apart from competitors, offering superior comfort and support.
Market Positioning	CODI positions the Ergobaby carrier as a premium product for discerning parents seeking quality and functionality.
Distribution Channels	The product's multi-channel distribution strategy enhances its accessibility to consumers through various retail outlets.
Competitive Landscape	Despite competition, the Ergobaby carrier's brand reputation and design innovation give it a competitive advantage in the market.

In conclusion, the Ergobaby carrier is a key product in Compass Diversified Holdings' portfolio, offering unique features and benefits that cater to a niche market segment seeking high-quality baby carriers. CODI's strategic positioning and distribution channels have helped the product establish a strong presence in the market despite competition from other brands.

## Compass Diversified Holdings (CODI) Future Expectations

Compass Diversified Holdings (CODI) is positioned for continued growth and success in the coming years based on current market trends and strategic initiatives. Here are the company's future expectations:

- **Next 5 Years:** Over the next five years, CODI aims to expand its portfolio through strategic acquisitions in industries with high growth potential. The company will focus on diversifying its holdings and maximizing shareholder value through smart investments and operational improvements.



- **Next 10 Years:** In the next decade, CODI plans to solidify its position as a leading diversified holding company by further strengthening its existing portfolio companies and exploring new investment opportunities. The company aims to capitalize on emerging markets and industry trends to drive sustainable long-term growth.
- **Next 20 Years:** Looking ahead 20 years, CODI envisions itself as a powerhouse in the global investment landscape, with a diverse and resilient portfolio of companies across various sectors. The company's commitment to excellence, innovation, and strategic growth strategies will enable it to deliver superior returns to shareholders and maintain its competitive edge in the market.

## **Public Sentiment on Compass Diversified Holdings (CODI)**

Based on an analysis of various sources, the overall sentiment towards Compass Diversified Holdings (CODI) appears to be largely positive.

- Investors appreciate the company's diverse portfolio of subsidiaries across various industries, which provides stability and potential for growth.
- CODI's consistent track record of paying dividends is seen favorably by income-focused investors.
- The company's transparent communication with shareholders and strong management team are viewed positively.
- Some investors and analysts have expressed optimism about CODI's ability to capitalize on growth opportunities in its target markets.
- Overall, there is a sense of confidence in CODI's long-term value and performance among many stakeholders.