

RIDGELINE OUTDOOR EQUIPMENT, INC.

Assumptions Sheet

DT-LBO-02 - Intermediate LBO Model

PE Edge LBO Modeling Series

BUILD MODELS. DRIVE INSIGHT. CREATE VALUE.

Operating and Transaction Assumptions

01 Operating Assumptions

Assumption	Detail
Revenue Growth	6.0%, 7.0%, 8.0%, 8.0%, 8.0%
Gross Margin Expansion	48.0% to 51.0%
EBITDA Margin Expansion	14.0% to 17.0%
Capital Expenditures	\$4.0M annually
Net Working Capital	Increase equals 2.0% of revenue growth
Tax Rate	25.0%

Year 1	Year 2	Year 3	Year 4	Year 5
6.0%	7.0%	8.0%	8.0%	8.0%

02 Transaction Assumptions

Assumption	Detail
Entry Multiple	10.0x EBITDA
Purchase Price	\$260.0M
Transaction Fees	\$8.0M
Financing Fees	\$4.0M

Capital Structure and Exit

03 Capital Structure

Assumption	Detail
Senior Debt	\$120.0M at 6.0%; 5.0% amortization
Subordinated Debt	\$40.0M at 10.0% cash interest; 2.0% PIK; no amortization
Sponsor Equity	\$112.0M

04 Exit Assumptions

Assumption	Detail
Exit Year	Year 5
Exit Multiple	11.0x EBITDA

05 Modeling Notes

1	All free cash flow used for senior debt amortization
2	Sub debt accrues PIK interest
3	Margin expansion modeled linearly
4	Working capital tied to revenue growth
5	Depreciation may be fixed or modeled as a percentage of revenue

06 Disclaimer

All assumptions are fictional and created exclusively for educational use within the PE Edge LBO Modeling Series.