eFinancialModels

FINANCIAL MODEL CASE STUDY

Beverage Manufacturing Financial Model Case Study

How we developed a Startup Financial Model for a New Beverage Manufacturing Plant



Co-packing for other brands brings cash early; an own brand builds value. The financial model showed the founder how far each route could carry the business, before investors and lenders asked.

KEY TAKEAWAYS

- A pre-revenue start-up planned a beverage plant to fill drinks under its own brand and for other brands.
- Revenue per bottle and the sales channel mix drive profit more than any other input.
- Turning point: co-packing margins proved thin and create dependency, which made the case for the own brand.
- Outcome: a complete start-up model with returns, exit value and bank ratios for investors and lenders.

At a glance

INDUSTRY	Beverage manufacturing (own brand and co-packing)
CLIENT	Founder, pre-revenue start-up
REGION	North America
PURPOSE	Investment case and financial feasibility of a new beverage plant
MODEL SCOPE	Sales by product (SKU) and channel with different price points, costs, capacity, profitability, exit value, investor returns and bank ratios
DELIVERABLES	Financial model

The situation

A founder planned a new beverage plant. The company, still pre-revenue, would produce its own proprietary products and also act as a co-packer for other brands. Products would be sold to wholesalers and, to some extent, to retailers, through an online store and at trade fairs, each channel at its own price point. To make the investment case, the founder had to show which products and channels make the money, how fast volumes could grow, and what investors and lenders would get back.



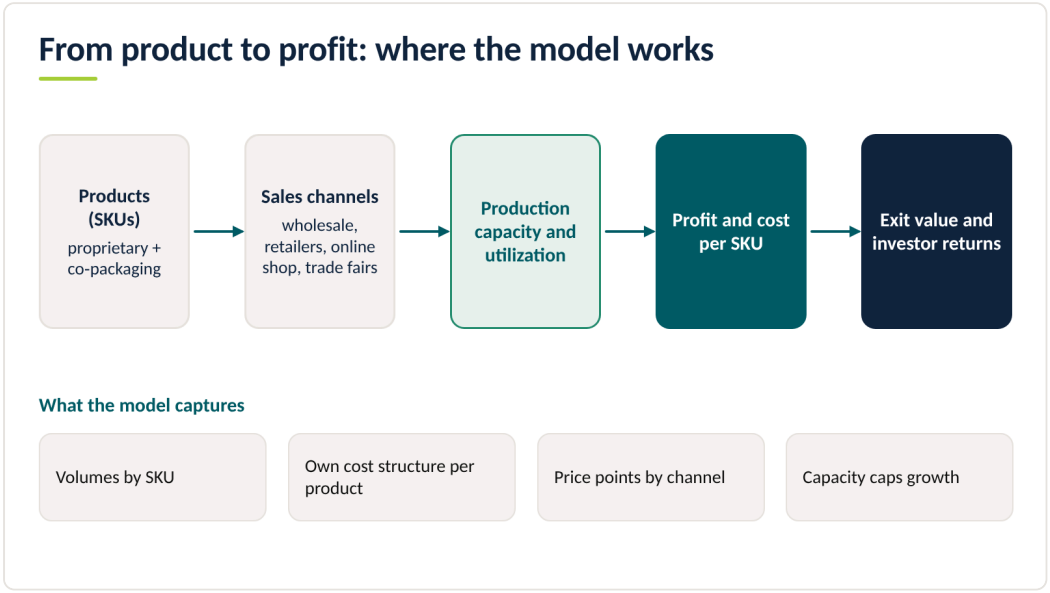
What was at stake: Why the model mattered for the investment case

A pre-revenue start-up cannot point to past results, so the model carries the case. Investors ask which products and channels make the money and what they get back. Lenders ask whether the debt can be serviced. Each question had its place: margin per SKU and channel, exit value, investor returns, bank ratios.

How a beverage plant makes money, and where the model comes in

A beverage plant produces and fills drinks, some under its own brand and some for other brands. Each product has its own volumes, costs and prices, and the plant has a fixed capacity, so the model works product by product and channel by channel.

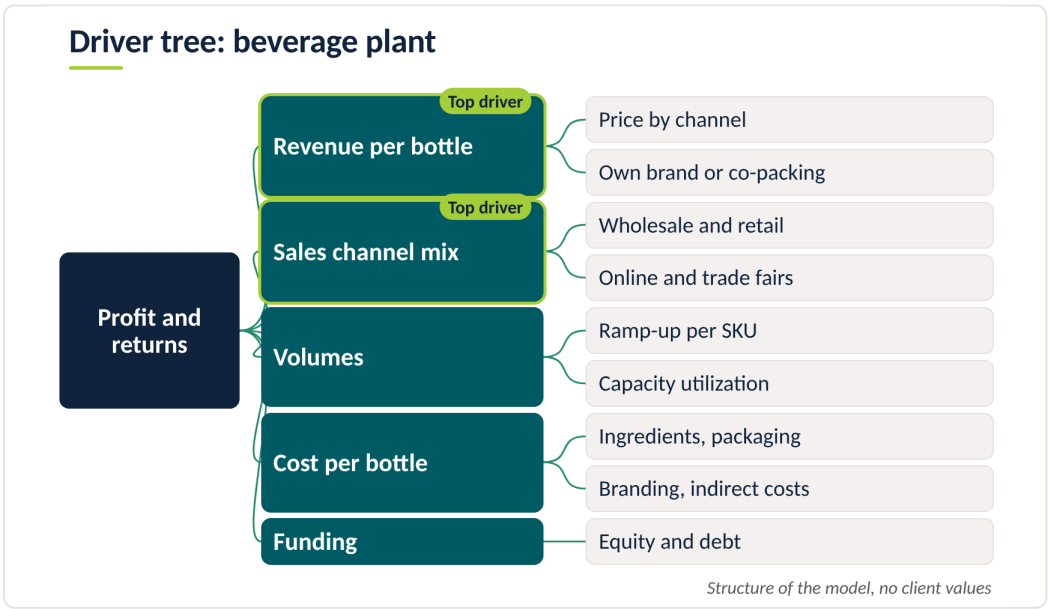
1. **Products (SKUs)**
   Own and co-packaged products, each with its own ingredients, branding and packaging.
2. **Sales channels**
   Wholesale, retailers, the online store and trade fairs, each at its own price point.
3. **Capacity**
   The plant can only produce so much. Capacity and utilization decide how far sales can grow.
4. **Profit per SKU**
   Costs per product, direct and indirect, show which products make the money.
5. **Exit and returns**
   Exit value, investor returns and bank ratios follow from the cash flows.



From product to profit: where the model works.

What drives the value?

Two inputs moved profit most in the engagement: revenue per bottle and the mix of sales channels.



Driver tree: from profit to the inputs (structure only, no client values).

What made it hard to model?

1 Own brand and co-packing, modeled SKU by SKU

DIFFICULTY Co-packing for other brands brings volume and cash early. An own brand takes more time and effort and carries more risk. One average per product group would hide the difference.

OUR SOLUTION We modeled sales volumes by SKU (stock keeping unit), so every own-brand and co-packed product has its own volume and margin line.

2 A different cost structure for every product

DIFFICULTY Each product uses different ingredients, branding and packaging, so costs per unit differ widely, and shared costs blur the picture.

OUR SOLUTION We built a cost structure for each product and separated direct from indirect costs.

3 Ramp-up, pricing and inflation

DIFFICULTY A new product does not sell at full volume on day one. Start dates, growth and prices differ by product, and costs and prices change over time.

OUR SOLUTION We modeled the start and expected growth in volumes per SKU, and forecast pricing and inflation.

4 Sales can only grow as far as capacity allows

DIFFICULTY Volumes in the plan are only realistic if the plant can produce them, so growth and capacity have to be tied together.

OUR SOLUTION We modeled and tracked the expected increases in production capacity and the capacity utilization.

5 Several sales channels, several price points

DIFFICULTY Each product is sold to wholesalers and, to some extent, to retailers, through the online store and at trade fairs, each at a different price point.

OUR SOLUTION We modeled volumes by sales channel in detail and applied the different price points throughout the forecast period.

6 Finding the real profit drivers

DIFFICULTY Total margins do not show which product assumptions make or break the plan.

OUR SOLUTION We analyzed costs as a percentage of revenue and broke profit down per SKU and channel. Revenue per bottle and the channel mix came out as the main profit drivers.

7 Exit value, feasibility and investor returns

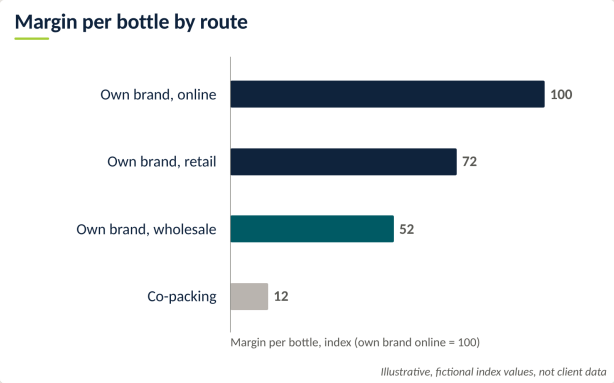
DIFFICULTY To make the investment case, investors want to know the exit value, and lenders want to know the plan is financially feasible.

OUR SOLUTION We modeled the potential exit value and the valuation by year. We calculated project and equity IRR, MOIC, cash-on-cash yield and bank ratios (DSCR, debt/EBITDA), plus investor returns from the investment structure and cash flows.

THE TURNING POINT

Co-packing pays the bills; the own brand builds the business

Co-packing is the quick route: act as a contract manufacturer for other brands, fill the line and generate cash quickly. An own brand takes more time and effort and carries more risk. The model showed the other side of the picture: co-packing margins are thin, and relying on other brands creates dependency. It made the case for putting more effort into developing the own brand.



Margin per bottle by route, index with fictional values (not client data).

Capacity is a trade-off, not only a limit

Every bottle a plant fills for another brand uses line time that an own-brand bottle could have used. The useful comparison is therefore not only what a co-packed bottle earns, but what the same capacity would earn under the own brand once it has ramped up. A model that shows both side by side makes the trade-off visible to investors and lenders.

What we built

INPUTS	CALCULATION MODULES	OUTPUTS
Products (SKUs) and prices	Sales by SKU and channel	Revenue and cost forecast
Ingredient, packaging and branding costs	Cost by product, direct and indirect	Profit and cost per SKU
Ramp-up and growth by SKU	Capacity and utilization	Exit value and valuation by year
Sales channels and price points	Profitability per SKU	IRR, MOIC, cash-on-cash yield
Capacity, inflation, investment	Valuation and returns	DSCR and debt/EBITDA

How we worked together

Step 1

Kick-off discussion

Analyzed the concept and led the discussion on own-brand and co-packed products sold through several channels.

Step 2

Draft and iterate

Drafted the model by SKU and channel, then discussed and fine-tuned it in several iterations.

Step 3

Review call

Explained the model, took feedback and polished it further.

Step 4

Handover call

Explained the final model, took last feedback and handed it over properly.

What came out of it?

The founder can show investors and lenders where the margin is made, and why the own brand deserves more of the effort.

- A complete start-up financial model for the new beverage plant.
- Exit value and company valuation by year, to support the investment case.
- Profit and cost per SKU and channel, showing which assumptions drive profitability.
- Project and equity IRR, MOIC, cash-on-cash yield, bank ratios and investor returns.

Lessons for Beverage Manufacturing

1. Price per bottle by channel decides profit. The same bottle earns very different margins online, in retail and in wholesale.
2. Co-packing buys time, not value. It brings early cash, but thin margins and dependency on other brands.
3. Capacity caps growth. Tie volumes to capacity and utilization before you forecast sales.

Questions your model must answer

1. What does each product earn per bottle in each sales channel?
2. How much of the plan depends on co-packing for other brands, and for how long?
3. How dependent is the plant on a few co-packing customers?
4. How fast can each SKU ramp up, and what sets the pace?
5. Can the plant produce the planned volumes, and at what utilization?
6. Which costs are direct per bottle, and which are shared?
7. What exit value and investor return does the plan support?
8. Can the debt be serviced (DSCR, debt/EBITDA) if the ramp-up is slower?

Client details are anonymised to protect confidentiality. Charts, schematics and worked examples are illustrative and contain no client data.

Planning a beverage manufacturing project?

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