Strong Tie Ltd.

(JM)^2+T

Summary
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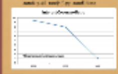
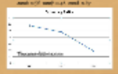
The Cash Problem
Thecasesolutions.com

- Lots of payments, not enough cash to cover them in long term if current trends continue
  - Decrease selling and administrative expenses
  - Would create increase in cash
  - Excessive Capital Expenditures
    2007: $4,280,000
    2008: $5,370,000

Strong-Tie's Solvency
Thecasesolutions.com

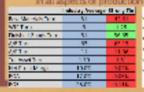
- The ability of a company to meet its long-term financial obligations
- Ensuring interest payments to debt holders and preventing bankruptcy depends mainly on a company's ability to sustain earnings

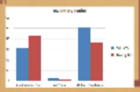




Asset Management
Thecasesolutions.com

- Inefficient at turning over assets
- Reflected in total asset turnover ratio and ROA
- Automation should make Strong Tie more efficient in all aspects of production





Our Recommendations
Thecasesolutions.com

- Cut back on health care and benefits expenditures
- Decrease selling and administrative spending
- Fix raw materials turnover ratio-increase in efficiency
  - Use automation correctly
- Temporary cut in daughters salaries
  - Adds cash back to company to pay for expenditures and pay off debts
- Cut in sister Katherine's preferred dividends income as well
- Factor Accounts Receivable-$2,854,000

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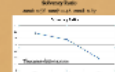

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Summary

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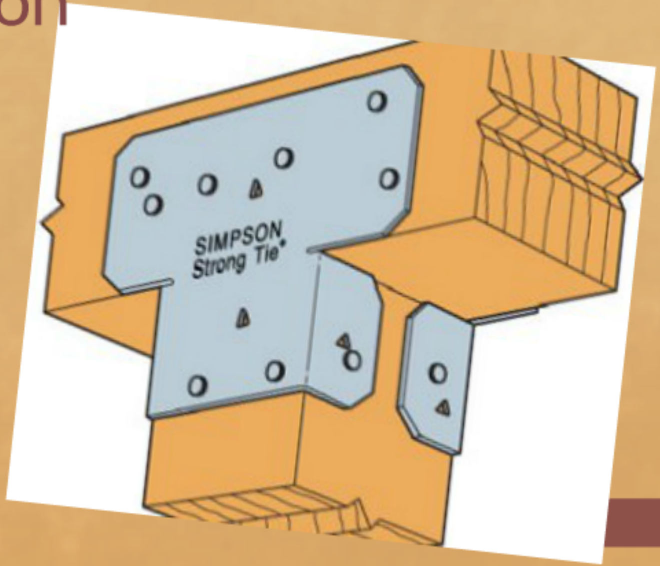
- Winnipeg, Manitoba, Canada
- Family-owned corporation
- Investing heavily in factory automation
- Decreasing market share
- Construction industry decline



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    2007: $4,283,000

    2008: $5,370,000

		2008		2009
Net Sales	$	16,500	$	16,362
COGS	$	11,950	$	11,698
Gross Profit	$	4,550	$	4,664
Selling and Admin	$	3,379	$	3,512
Depreciation	$	756	$	796
Operating Income	$	415	$	356
Other Income				
Interest Income	$	2	$	2
Other Expenses				
Interest Expense	$	407	$	431
Income Before Taxes	$	10	$	(73.28)
Income Taxes	$	3	$	2.00
Net Income	$	7	$	(75.28)

Strong-Tie's Solvency

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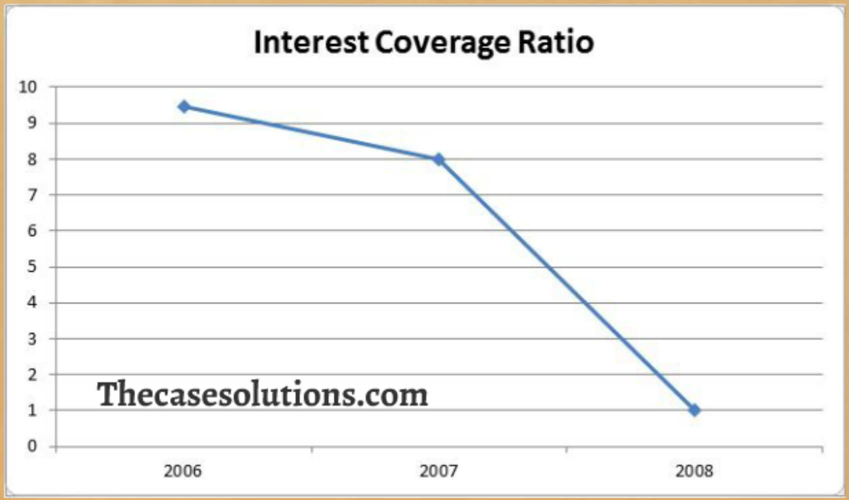
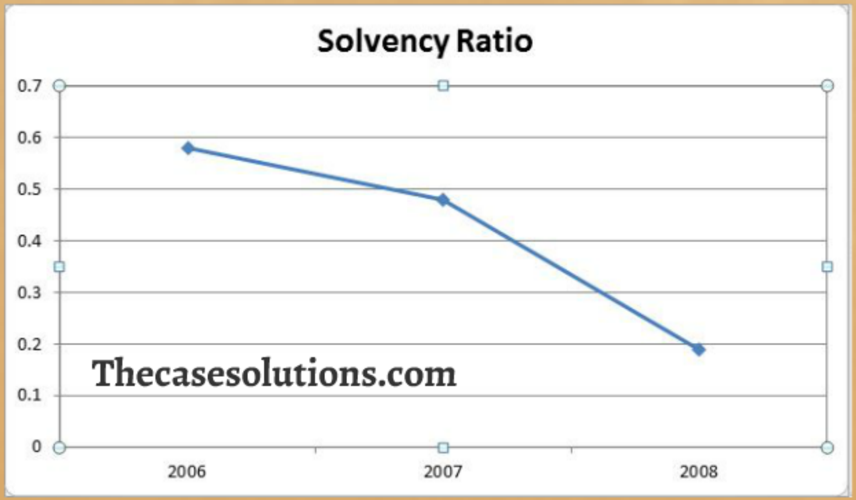
Interest Coverage Ratio

2006: 9.46 **2007:** 7.99 **2008:** 1.02



Solvency Ratio

2006: 0.58 **2007:** 0.48 **2008:** 0.19



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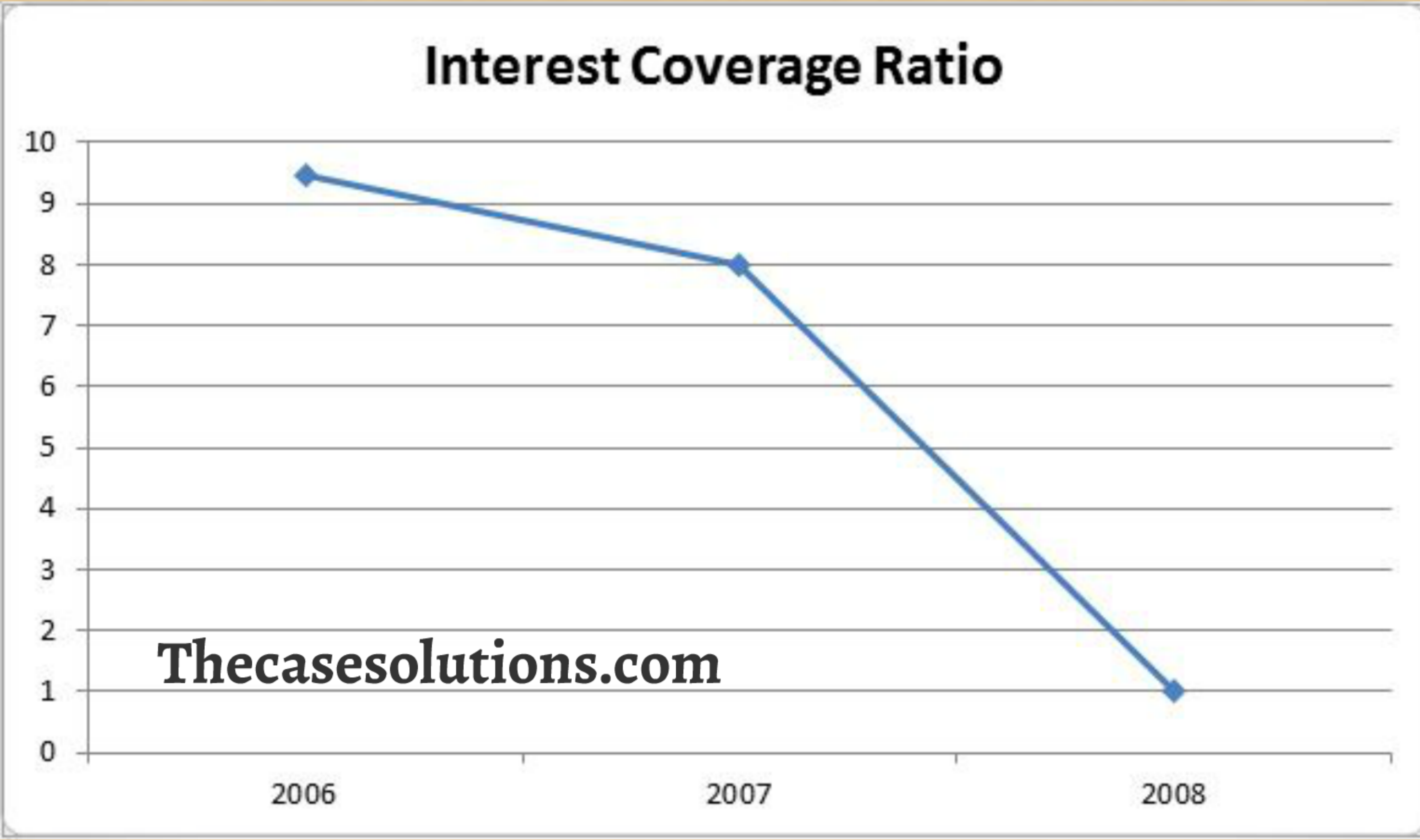

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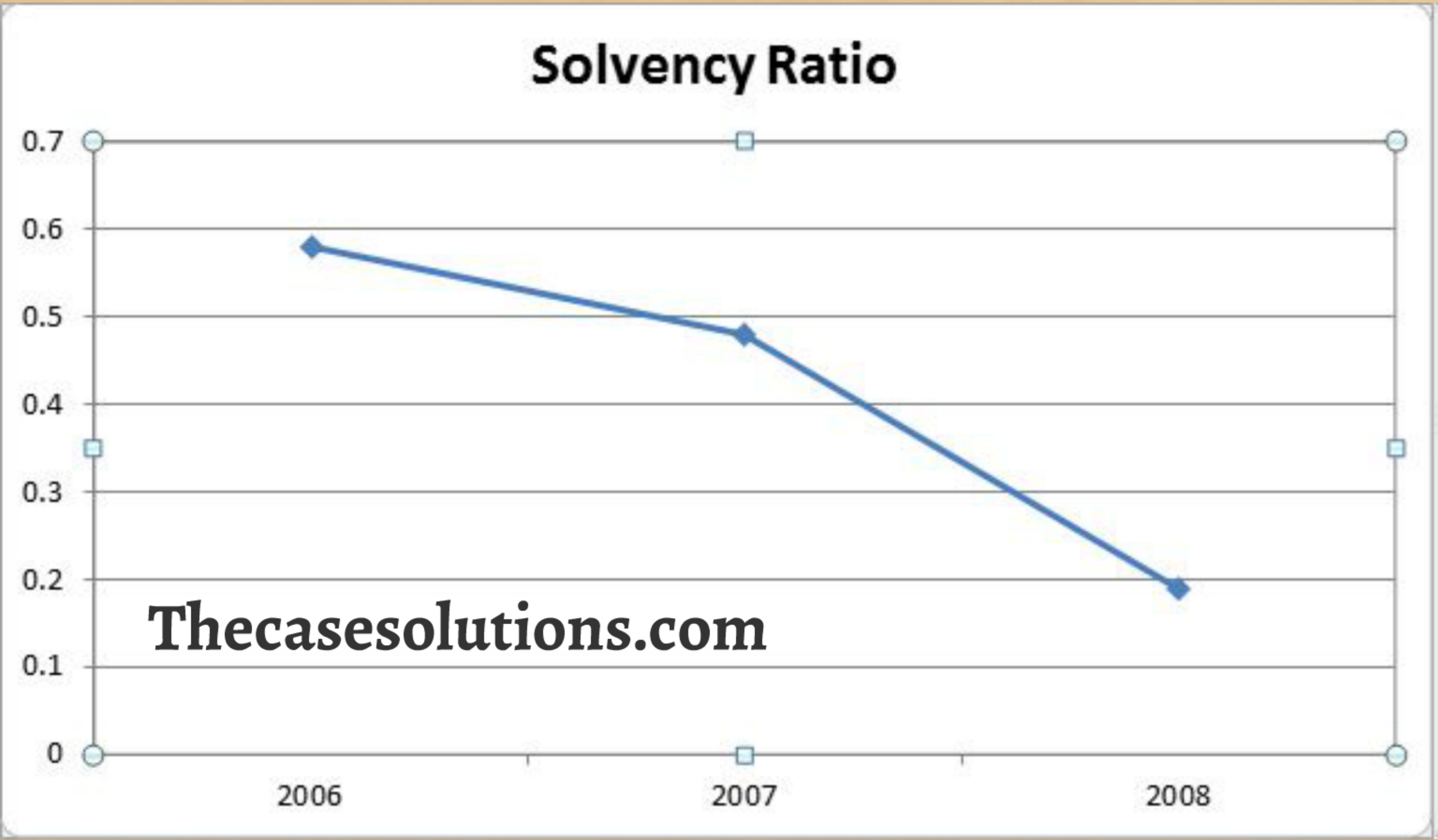

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	Industry Average	Strong Tie
Raw Materials Turn	31	42.61
WIP Turn	3	1.28
Finished Goods Turn	51	36.65
A/R Turn	63	63.13
A/P Turn	11	11.06
Tot Asset Turn	1.70	1.31
Net Profit Margin	10.0%	0.04%
ROA	17.0%	0.06%
ROE	28.0%	0.11%

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