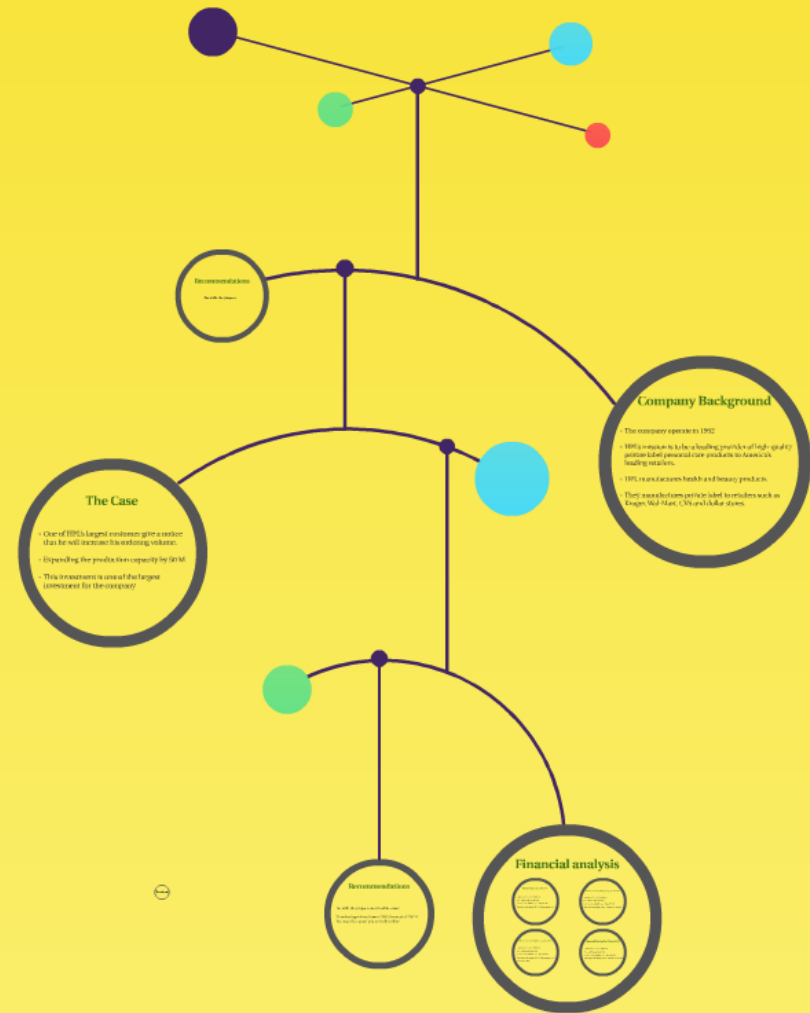


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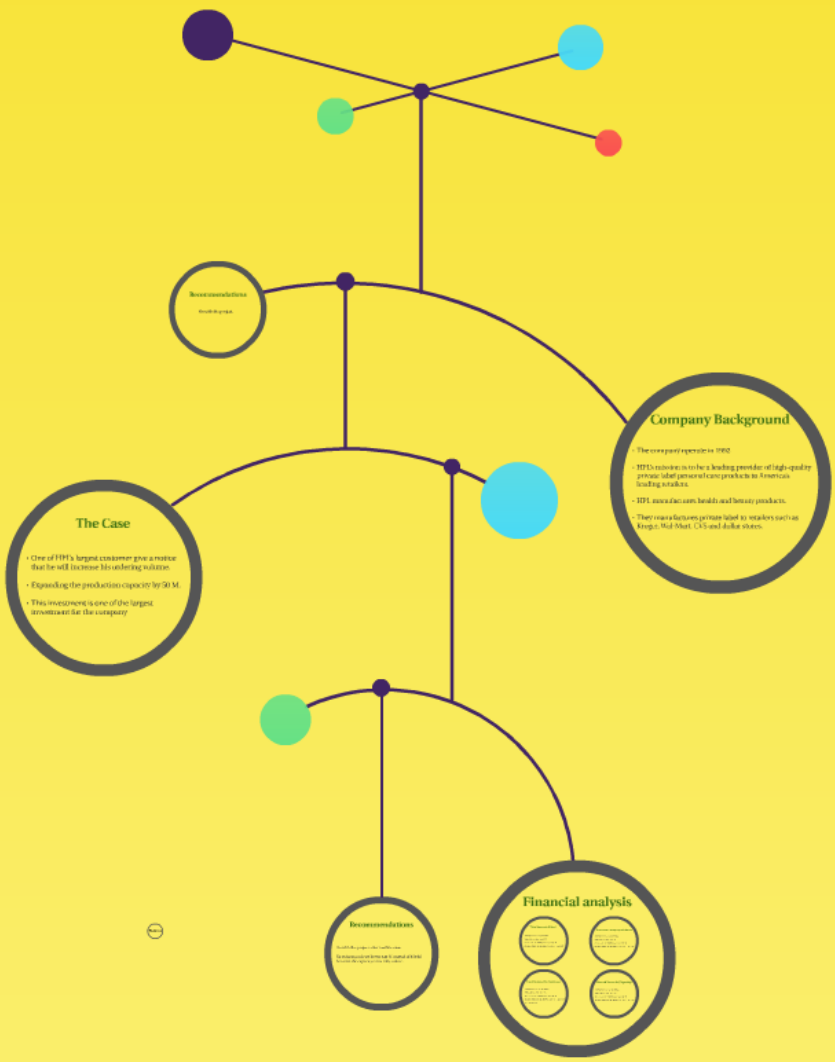


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Recommendations

Go with the project.

Company Background

- The company operate in 1992
- HPL's mission is to be a leading provider of high-quality private label personal care products to America's leading retailers.
- HPL manufactures health and beauty products.
- They manufactures private label to retailers such as Kroger, Wal-Mart, CVS and dollar stores.

The Case

- One of HPL's largest customer give a notice that he will increase his ordering volume.
- Expanding the production capacity by 50 M.
- This investment is one of the largest investment for the company

Financial analysis

Third Scenario (Price)

- Assumption : 10 years of production
- Price will grow each year by: 1.5%
- Cost of raw materials will grow each year by: 1%
- Capacity utilization begin with 60% and increase up to 85%

First Scenario (Company calculation)

- Assumption : 10 years of production
- Price will grow each year by: 2%
- Cost of raw materials will grow each year by: 1%
- Capacity utilization begin with 60 % and increase up to 85%

Fourth Scenario (Our Assumption)

- Assumption : 10 years of production
- Price will grow each year by: 2%
- Cost of raw materials will grow each year by: 1%
- Capacity utilization begin with 75% and increase up to 100%
- Investment : \$40 M

Second Scenario (Capacity)

- Assumption : 10 years of production
- Price will grow each year by: 2%
- Cost of raw materials will grow each year by: 1%
- Capacity utilization begin with 45 % and increase up to 85%

First Scenario (Company calculation)

- **Assumption : 10 years of production**
- **Price will grow each year by: 2%**
- **Cost of raw materials will grow each year by: 1%**
- **Capacity utilization begin with 60 % and increase up to 85%**

Second Scenario (Capacity)

- **Assumption : 10 years of production**
- **Price will grow each year by: 2%**
- **Cost of raw materials will grow each year by: 1%**
- **Capacity utilization begin with 45 % and increase up to 85%**

Third Scenario (Price)

- **Assumption : 10 years of production**
- **Price will grow each year by: 1.5%**
- **Cost of raw materials will grow each year by: 1%**
- **Capacity utilization begin with 60% and increase up to 85%**

Fourth Scenario (Our Assumption)

- **Assumption : 10 years of production**
- **Price will grow each year by: 2%**
- **Cost of raw materials will grow each year by: 1%**
- **Capacity utilization begin with 75% and increase up to 100%**
- **Investment : \$40 M**

Recommendations

Go with the project after modification:

To reducing risk we Invest \$40 M instead of \$50 M because the capacity is not fully utilize.



Thank you

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