

EXTENSIVE ANALYSIS – ACME CORP



By: Investment Team
By order of: B.S.C. Duitenberg

Members of the Investment Team

- Harm Reurslag
- David Evers
- Walt schagen
- Gerik jan
- Gleb
- Karol

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1. Management summary

Company profile

Name:	Acme United corporation
Ticker:	ACU
Sector:	Consumer Goods
Average volume:	4.13K
Market cap:	68.26M
Current price:	18.01
52 Week high:	25.55
52 Week low:	18.01

Company introduction

Acme United Corporation, together with its subsidiaries, supplies cutting, measuring, first aid, and sharpening products to the school, home, office, hardware, sporting good, and industrial markets in the United States, Canada, Europe, and Asia. It offers scissors, shears, rulers, pencil sharpeners, paper trimmers, lettering products, and math tools under the Westcott brand name; and cutting tools for hardware and industrial, lawn and garden, food processing, sewing, and housewares channels under the Clauss brand. The company also provides fixed blade, folding, carnivore X machete, ravenous tomahawk, heat sizzle, and wildfire knives, as well as tactical tools and trench multi tool products under the Camillus brand name; first pocket sharpeners under the Glide brand; fishing tools and knives under the Cuda brand; cut and puncture resistant gloves under Kevlar brand; and sharpening tools for knives, scissors, chisels, skis, skates, and other edges under the DMT brand name. In addition, it offers first aid kits, refills, and safety products under the First Aid Only brand; first aid kits, industrial stations and refills, and emergency medical travel and recreational kits under the Pac-Kit brand; first aid kits, emergency and disaster kits, and kit refills, as well as hearing, eye, head protection, and ergonomic supports and braces; over-the-counter medications, including active ingredients aspirin, acetaminophen, and ibuprofen under the PhysiciansCare brand; and absorbents and clean up kits under the Spill Magic brand. The company sells its products directly and through its independent manufacturer representatives to wholesale, contract, and retail stationery distributors; office supply super stores; wholesale florists; mass market; e-commerce retailers; and hardware chains. The company was formerly known as Acme Shear Company and changed its name to Acme United Corporation in 1971. The company was founded in 1867 and is headquartered in Fairfield, Connecticut.

Fundamental ratios

	x-4	x-3	x-2	x-1	x	Required
Stock Price	15	19	17	25	18.01	-
52 Week high	19	20	27	29	25.55	-
52 Week low	14,50	16	14	22	18.01	-
EPS		1.30	1.64	1.09	1.37	-
P/E		~15	~10	~25	13.12	5<x<15
P/B		-	-	-	1.16	-
ROE		12.15%	11.1%	12.69%	8.12%	-



ROA		6.04%	5.89%	6.36%	3.53%	-
Operating margin		6.9%	6.69%	6.78%	5.97%	-
Net profit margin		4.47%	4.37%	4.7%	3.1%	>10%
D-E ratio		1.01	0.89	1	1.3	<0.8
Current ratio		3.74	5	5.07	4.64	>1
Quick ratio		1.55	2.02	2.16	2.25	-

Conclusion

Based on these numbers the drop in price seems legitimate because the fundamental ratios have worsened as well even though its PE is still good and the initial assumption is that the fundamentals will become better so the price is good now from these numbers a concrete price target cannot be made yet.

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2. Introduction

This analysis is performed in order of B.S.C. Duitenberg by the investment team. It serves as an advice for the portfolio of the association. The analysis is based on this template for the analyses of stocks. In this template the following elements are treated in order to get a good picture of the stock: General information, Fundamentals, Macro economical and Technical. Every element contains a summary in order to get a succinct and concentrated analysis. The selection of stocks will be obtained by following the strategy of the investment commission. This strategy is based on the outcomes provided by the marketscanner. The last chapter of this template contains the final advice.



3. General Information

3.1 Company profile:

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3.2 Revenue breakdown by product and geographic:

The company sells scissors knives first aid kits according to the analysts call the scissor and first aid market is the biggest and is divided 50-50.

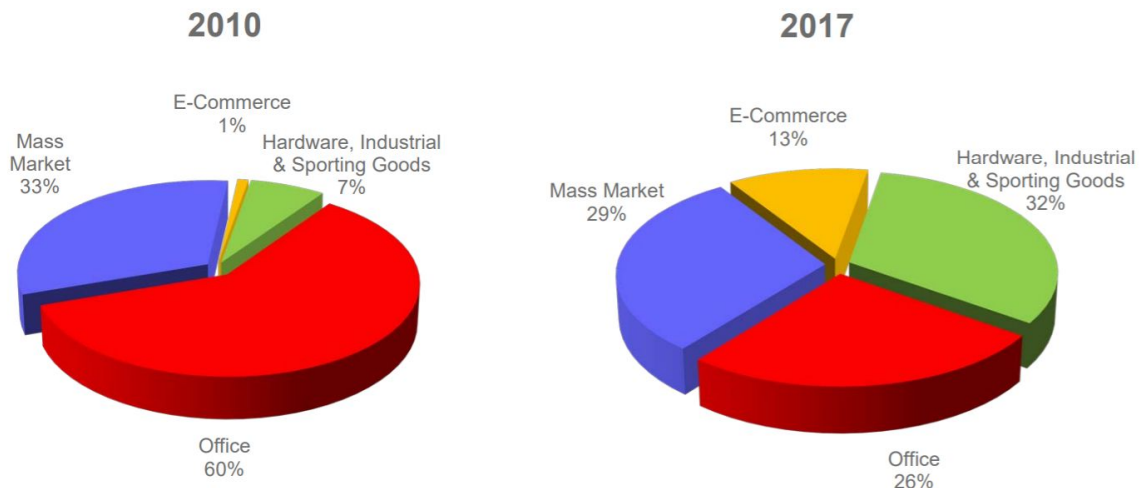


3.3 Product

they own a couple of very old american brands which sell specialized tools for fishing hunting kitchens and diamond machining, all in all their products can be described as quality made in the USA for the USA stuff. they also sell in europe as a secondary market

Acme has a leading scissor brand in the USA, the rest of their products are not market leading but all of their companies have a very long trackrecord

3.4 Customers/target group



From this figure it is not exactly clear what their target group is but how it is distributed should give us an indication that their distribution is changing according to demand

3.5 Management ^[2- 5]

3.5.1 Management Board

Function	Title	Name	Surname
CFO		Paul G. Driscoll	
CEO		Walter C. Johnsen	
COO		Brian Olschan	
Chairman (Board of Directors)		Walter C. Johnsen	
Investor Relations			
Member of Board of Directors			
Member of Board of Directors			
Member of the Management Board			



President (Management Board)		Brian Olschan	
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Walter C. Johnsen has been a long time at the company and according to his wikipedia page he has knowledge to run a company like this

***Brian Olschan** has also been with the company for a long time and has worked his way up in the company*

***Paul G. Driscoll** has been with the company a long time but came from somewhere else*

3.5.2 Long term strategy of the board:

Business Strategy

The Company's business strategy includes the following key elements:

- a commitment to technological innovation achieved through consumer insight, creativity and speed to market;
- a broad selection of products in both brand and private label;
- prompt response;
- superior customer service; and
- value pricing.

3.6 Major shareholders:

3.6.1 Total overview transactive insiders

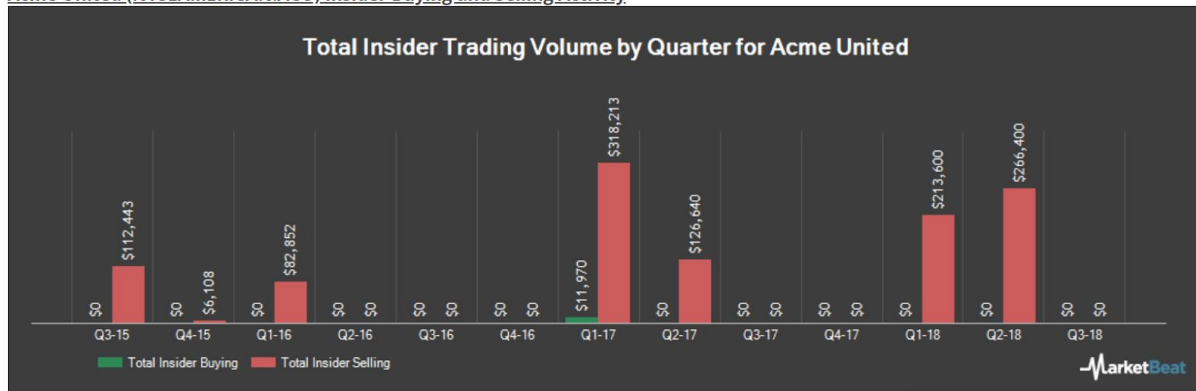
12.28%	% of Shares Held by All Insider
---------------	---------------------------------

60.38%	% of Shares Held by Institutions
---------------	----------------------------------



3.6.2 Individual transactions^[6]

Acme United (10/20/2018) - Insider Buying and Selling Activity



Major shareholder positions

[Look up what currently are the biggest shareholders.]

Name	Shares	Date Reported
JOHNSEN WALTER C	304,373	Dec 13, 2017
OLSCHAN BRIAN S	39,576	Jun 7, 2017
DRISCOLL PAUL G	30,643	Apr 26, 2017
WARD STEVENSON E III	15,700	Mar 9, 2016
HOLDEN RICHMOND Y JR	15,250	Jul 25, 2017
MURPHY SUSAN H	9,603	Sep 27, 2016

CEO walter johnson is buying shares again (albeit a small amount (9k\$)

Interesting positions

[Look whether and if so which institutions have a short position in company x.]

Short	%
	1%

3.7 Important dates/ Business number agenda

[Look up important dates, like quarterly result, dividend payments and product announcements]

Date	Activity
October 19, 2018	Acme United Reports Third Quarter Results
October 15, 2018	Acme United Corporation Third Quarter 2018 Earnings Conference Call



3.8 Summary

Alot of insiders have sold shares in the past, possibly because the company was overvalued. for the last 6 months however there was no selloff and no new buy in could be because the drop has been very recent. The board states that it is there for the long term, so it is weird that they sold off stock.

3.9 Sources:



4. Fundamental Analysis

4.1 Qualitative analysis

4.1.1 Recent news:

The USA has a lot of volatility because of the political tensions where the results have a direct result on this company. The rising of interest rates will decimate this company if the rates hike even more. Trade tariffs are not favorable as they are a globalized company. The company will profit from tax cuts

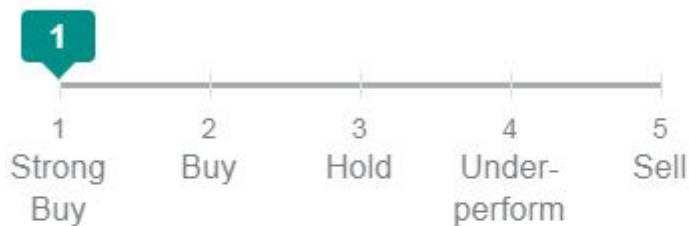


4.1.2 Banks and other financial facilities

Recommendation Trends >



Recommendation Rating >



Analyst Price Targets (2) >



yahoo analysts

4.1.3 Sector outlooks

in a less physical environment i see the use of tools and first aid kits diminish significantly. but their revenues still grow steadily



4.1.4 Company outlook

Companies with a good product will probably maintain market share but might not be heavy growers. the assumption that this company's growth will come out of it undervaluation

]

4.1.5 SWOT

[Make a SWOT analysis of the company:

Strengths:

Good product

Has been in the market for more than 150 years

Weaknesses:

High debt levels



Opportunities:

The current drop in price might be an opportunity

Threats:

Political legislation / Interest rates hike

]

4.2 Quantitative Analysis

4.2.1 General Macro-Economic figures

United States (including direct import sales from Asia) – \$115.5 million, Europe – \$8.2 million and Canada – \$6.9 million

We sell our products primarily to wholesale, contract and retail stationery distributors, office supply super stores, mass market and e-commerce retailers, industrial distributors, school supply distributors, drug store retailers, sporting goods stores, hardware chains and wholesale florists.

]

4.2.2 Sector comparison

competitors are private companies which are all smaller so fear of massive market share loss is not really a threat. This also makes comparison harder.



4.3 Price targets & Stop loss levels

If the economy continues to perform well in the coming months the price will definitely bounce back to 20 a share as the company claims it has had a one time problem. the company is very stable so holding it is also an option if it takes longer then expected

4.4 Summary

Analysts recommend buying the share, the CEO is buying again and the interest rates for the coming period have been announced and will probably not give big surprises. the american market is doing fine at the moment and should be expected to stabilize after 6 nov.

]

4.5 Sources:



5. Technical Analysis:

5.1 [Biggest index in country of headquarters]

[Use different technical indicators, like MCDA, RSI, Fibonacci retracement. Also try to recognize patterns in the stock price development.]

]

5.2 [Company X]

[Use different technical indicators, like MCDA, RSI, Fibonacci retracement. Also try to recognize patterns in the stock price development.]



]

5.3 Price targets & Stop loss levels

[Based on your technical analysis, come up with target price(s) and a stop loss levels.]

]



6. Conclusion & Advice:

6.1 Conclusion

The company is a stable investment and uses its funds to acquire new companies so there is growth potential. The insiders have sold massive amounts of stock a year ago and the share price has fallen significantly since. If the earnings per share become "normal" again next earnings report the stock should go back up as the price has fallen drastically recently

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6.2 Advice

We, the Investment Team, give Student Investment Club Duitenberg a **[positive]** advice to buy **[ACU]** based on the previous stated information given.

[[When advice is positive] We suggest buying **[10-20]** shares for a price of **[\$17]** per stock, which would amount to an investment of **[\$170-340]**.

We suggest placing a stop loss order at **€[x]**.

We suggest a target price of **[\$21]**.

This should be evaluated every **[1] months.**]



7.



Appendix
