

## CASE STUDY



## Background

Founded in 1914 in Sydney, Australia by Ernest Hillier, Hillier's is Australia's oldest chocolate company. The business subsequently moved to Melbourne and grew organically to become one of the country's largest independent chocolate manufacturers. Hillier's increasingly struggled to compete due to inefficient production processes and an unsustainable cost base. These factors combined with an excessive product range to the company becoming financially distressed in 2015.

Hilco supported the MBI of the company with a new, sector experienced management team. A full financial and operational restructuring of the company was completed, including rightsizing the business to a sustainable cost base.

## Hilco Capital's Role

- Identified an experienced MBI team to lead the restructured business
- Acquired business in distress and completed financial restructuring process
- Substantial SKU rationalisation
- Operational restructuring to focus on key productive assets and higher margin products
- Overhead and direct cost reductions to reduce breakeven point
- Supported management team in progressive rebuild of higher margin contract business
- Parallel own brand development
- Provided working capital facility and investment support

## Results

- Production sites reduced from seven to three
- Downsized initially from \$18m to \$8m, then selectively and profitably rebuilt revenue back to \$12m
- Range reduced from 650 to 55 core SKUs
- Overheads reduced by 26% in first 12 months
- Returned to profitability within six months of restructuring
- Single customer concentration reduced from 50% to less than 30% in 18 months
- Three new, major long term supply contracts achieved on the back of efficiency and cost improvements

## Testimonial

"The Hilco Team have been very supportive and proactive in helping us with all aspects of the business set up and development from the start of this deal – great guys to work with a wide experience base and always accessible despite the distance." – **Darrell Houston, Director, Hillier's Chocolate**