## **Case study: Deferred Capex Analysis**

**Client:** Three-Plant Bakery

**Project Type**: Deferred Capex Analysis

## **Background and Activities**

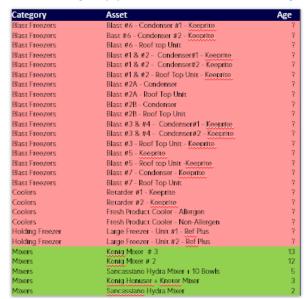
- As part of ODD for PE firm for bakery with 3 relatively-old facilities, completed deferred capex analysis to determine whether buyer would need to make large catch-up capital investments post-closing
- Activities included review of (i) PM program and program adherence, (ii) historic maintenance spend, (iii) equipment age and (iv) unplanned downtime at each site

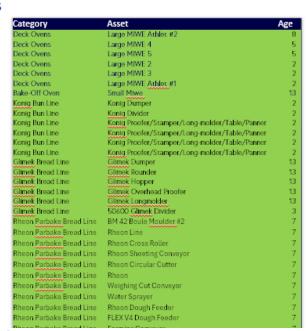
## **Findings & Benefits**

- ✓ While the business did not 'skimp' on PM, identified opportunities to improve work processes and systems, including PM work instructions, lock-out-tag-out, downtime tracking and CMMS system
- ✓ Identified need to replace freezer & cooler equipment at multiple plants including citations in last 2 quality audits
- ✓ Confirmed seller's willingness to invest in upgrading its assets when needed
- ✓ Identified significant amounts of equipment whose ages were 'unknown', due to poor record keeping by previous owners of plants

## RS1 – Unknown Age of Freezers & Coolers

Otherwise, major equipment is reasonable if not relatively new





Potential area of concern for facility, and for quality systems

	Evidence
Clause	11.6.2.1 The site shall provide confirmation of the effective operational performance of freezing, chilling, and cold storage facilities. Chillers, blast freezers, and cold storage rooms shall be designed and constructed to allow for the hygienic and efficient refrigeration of food and be easily accessible for inspection and cleaning.
Response	Minor
Evidence	Condensation drops noted at the holding freezer and cooler 1.
Root Cause	Condensation in holding freezer caused lack of heating line to the drain pipe. Condensation in the cooler caused by lack of pipe insulation.
Corrective Action	Condensation was cleaned by sanitation crew and repairs were performed by maintenance. See work orders and before / after photos attached.
Verification of Closeout	The pipe was wrapped, audit revised, training conducted, and proof attached.
Completion Date	16/Aug/2024
Closeout Date	15/Aug/2024

