

Company analysis: Understanding revenue

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Introduction

- Where does revenue come from?
- How has this changed, what are the opportunities, and where are the risks?
- This is relevant to business buyers (individual, corporate, or PE) conducting due diligence and business owners
- Less relevant to public markets (listed equities, etc) as the data won't be available at this level of detail



Sales mix / product analysis

- What are the top products (or product categories)?
- How has this changed over time?
- What is the concentration risk?
- What are the opportunities to add new products?



Customer analysis – questions to ask

- How concentrated are the customers?
- How sticky is the customer base?
- What is customer retention?
 - Logo basis
 - Dollar basis
- What are the opportunities?
- What are the risks?



Geographic analysis

- Where does the business generate its revenue?
 - E.g. different cities, states, or countries
 - This include online (if applicable)
- Are there any obvious expansion opportunities?



Conclusions

- It is critical to understand where revenue comes from:
 - By product
 - By customer
 - By geography
- This is important to understand sources of risk, such as over-reliance on one customer
- This can also reveal potential avenues for growth
- If you are buying a business, understanding this early can inform the plan for integration and the business's subsequent strategy



Where you can reach me

- I help organisations make better decisions through thematic research, buy-side due diligence, and fractional corp dev
- With nearly 15 years' experience across private & public markets, I bring both depth and breadth of expertise
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