



Project Peak - Industrial Mechanical Contractor

Teaser

Our client is a Pacific Northwest-based mechanical contractor specializing in HVAC, plumbing, and mechanical upgrades at federal, commercial, and industrial facilities. Known for its expertise in repairing, installing, and modernizing critical building infrastructure, the Company has developed a reputation for serving high-profile government and military projects, including work at healthcare centers and defense installations. R.L. Hulett has been retained as exclusive financial advisor to explore strategic alternatives for the business, including a potential sale. Ownership is seeking a buyer who recognizes the value of the business and who is interested in continuing to build on the platform developed over many years.

Exceptional Margins Outperforming¹ Industry Averages: From 2019 - TTM October 2024, the Company achieved gross profit margins ranging from 29.4% to 48.4%, and EBITDA margins between 19.4% and 38.0%. The reported EBITDA margin in the 19-38% range has consistently been well above industry averages. These robust margins reflect the niche and specialized nature of the end markets they serve along with the Company's pricing leverage in the market due to its reputation for quality and on-time execution.

Reputation for Quality: Known for meticulous quality control and a customer-centric approach, the Company has fostered long-standing relationships across the government and commercial sectors, positioning the Company well for future growth.

(in Thousands \$'s)

	Years ended Dec. 31,					TTM
	2019A	2020A	2021A	2022A	2023A	Oct. 2024
Net Sales	\$ 12,097	\$ 10,338	\$ 9,209	\$ 14,850	\$ 13,098	\$ 16,910
Revenue Growth		-14.5%	-10.9%	61.3%	-11.8%	29.1%
Cost of Goods Sold	7,944	6,313	5,929	10,484	6,757	8,945
Gross profit	4,153	4,024	3,280	4,365	6,341	7,965
Gross Profit Margin	34.3%	38.9%	35.6%	29.4%	48.4%	47.1%
SG&A Expenses	1,475	1,318	1,203	1,542	1,569	1,530
Operating Income	2,678	2,707	2,076	2,823	4,772	6,435
Operating Profit Margin	22.1%	26.2%	22.5%	19.0%	36.4%	38.1%
Other Income (Expense)	-	-	30	9	22	15
Net Income	2,678	2,707	2,106	2,832	4,794	6,450
Definitional Adjustments:						
Interest (Income) Expense	(1)	(1)	(1)	(2)	(25)	(88)
Depreciation & Amortization	61	59	49	51	67	67
EBITDA, as adjusted	\$ 2,739	\$ 2,765	\$ 2,155	\$ 2,881	\$ 4,836	\$ 6,429
EBITDA Margin	22.6%	26.7%	23.4%	19.4%	36.9%	38.0%

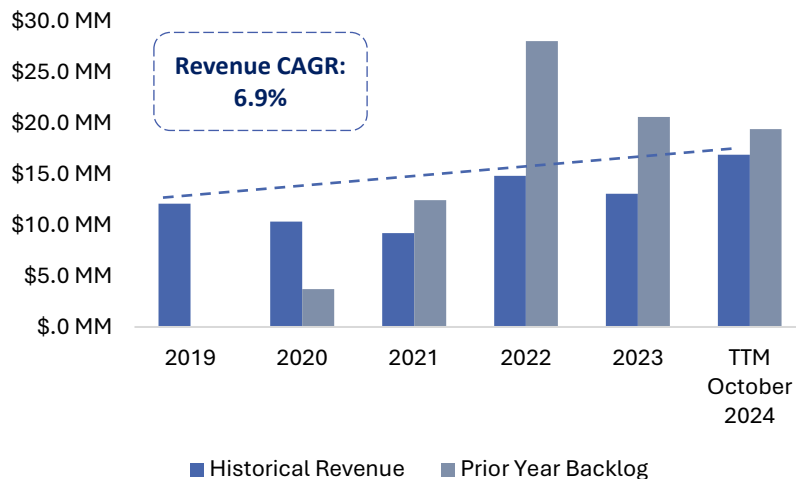
¹ According to the HVAC Industry Trends in 2024 report published by Sbe Odyssey in July 2024, the average profit margin for an HVAC business is between 2.5% and 5.0% with the top HVAC companies earning between 10% to 25%.

Experienced Management Team: Backed by an experienced management team with decades of knowledge & experience in estimating and project management, the Company has built a consistent track record of completing high-quality mechanical projects, offering a potential acquirer a robust operational foundation. Due to their deep experience and excellent track record, the Company is competitively positioned to win work going forward.

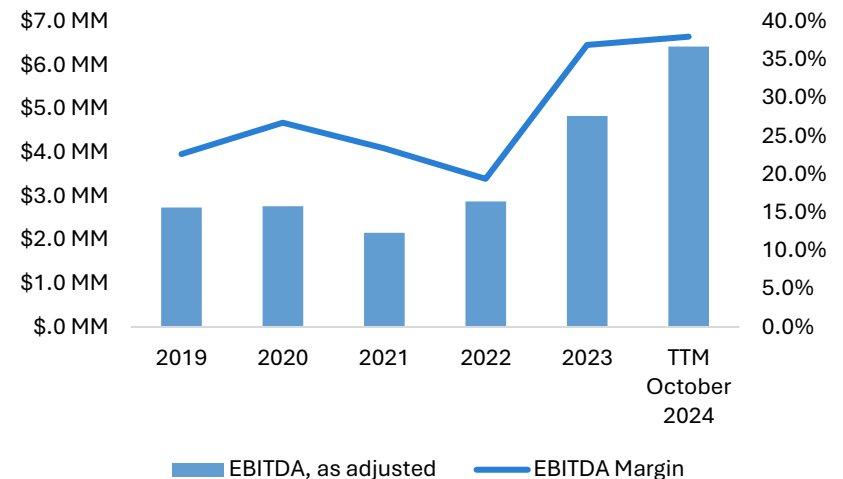
Strong Resume with Federal Agencies: With extensive experience in federal contracting, including work with U.S. military bases, the Company holds a competitive position for new government awards resulting from its adherence to strict performance standards.

Future growth opportunities: The Company is in discussion with the U.S. military for a large proposed contract worth tens of millions of dollars to help the military decentralize its operations. Management forecasts a 90% chance of winning this contract.

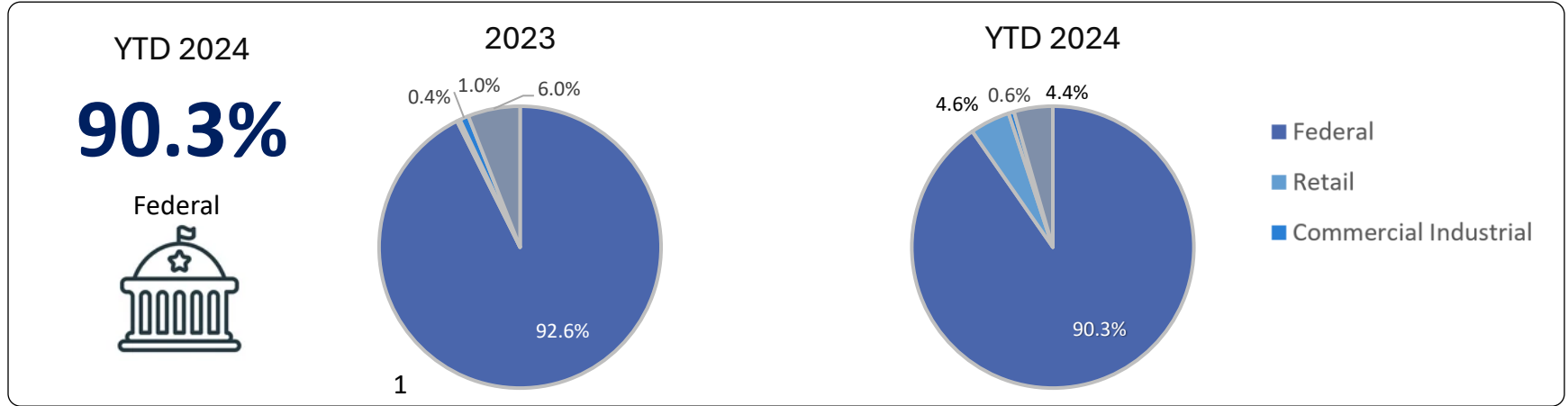
Historical Revenue



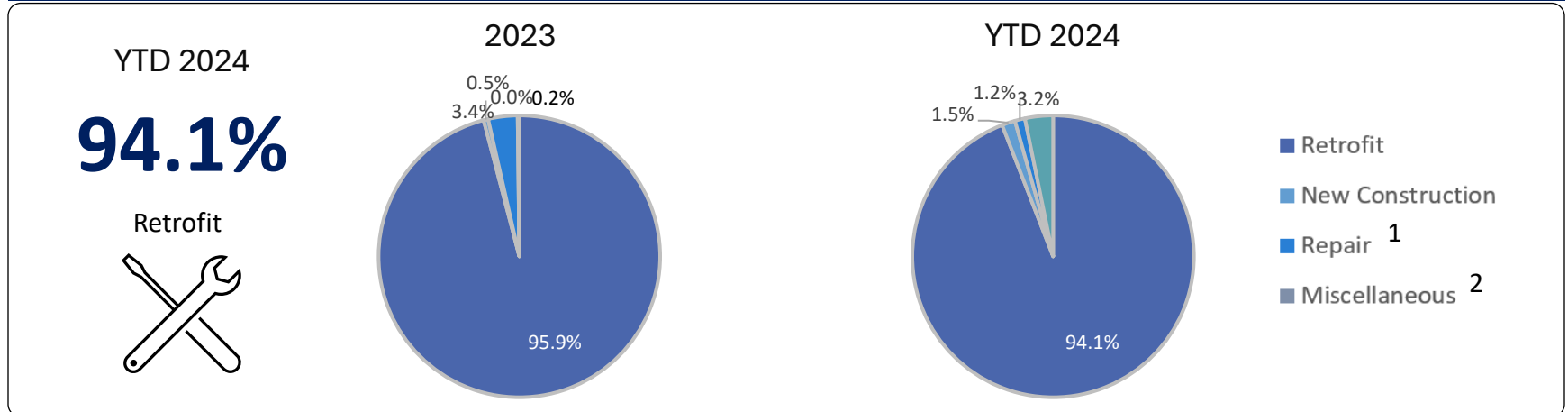
EBITDA & Margin



Revenue by End Market



Revenue by Job Type



1 Management classifies Repair jobs as having no bid, no general contractor and being small.
2 Management classifies Retrofit jobs as requiring bids, having a GC, and are larger jobs.



Contact Us

If you are interested in learning more about this opportunity, please complete and sign the Confidentiality Agreement ("CA"), and return it via e-mail. Upon receipt of the signed CA, we will follow up with more information on the transaction opportunity. Please direct all questions and communications through the RLH team members listed below.

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