Project Cascade – Industrial Water Treatment Chemical Distributor

Teaser

Investment Considerations

R. L. Hulett

Our client is a Midwest-based distributor of industrial and commercial water treatment products. The Company delivers filtration and purification solutions to a diverse base of industrial, institutional, and municipal clients across the region. The Company is recognized for its technical expertise, reliable service, and long-term partnerships with its suppliers. Supported by a dedicated management team and a strong foundation of reoccurring customers, it continues to expand its reach and product offerings within the growing industrial water treatment market.

Established Legacy and Loyal Customer Base

With a long history of dependable service and deep expertise in industrial water treatment, the Company has built a strong reputation as a trusted regional provider. Its success is rooted in decades of reliable operations, enduring customer relationships, and a commitment to quality and responsiveness. Over the years, the Company has cultivated a diverse and loyal customer base that values its consistent service, technical knowledge, and ability to deliver tailored solutions across a wide range of applications.

Essential, High-Demand Industry

Water is an indispensable resource across all industrial, institutional, and municipal sectors, driving consistent demand for treatment and purification solutions. With increasing awareness of water scarcity and a growing regulatory emphasis on sustainability, organizations rely on trusted partners to ensure reliable access to clean and compliant water. The Company's long-standing presence in this essential market provides a durable foundation of recurring demand, operational stability, and continued growth opportunities.

Streamlined Business Model

The Company operates a straightforward stocking distributor type model focused on supplying high-quality water treatment products. The Company maintains meaningful inventory levels of treatment chemicals to ensure consistent product availability and quick delivery. Management views this model to be one of the company's differentiators in that it provides reliable customer service and reduces supply chain disruptions for its customers. This efficient model supports low overhead, disciplined operations, and strong relationships with key suppliers.

P&L Summary

(in $'s)	Years ended December 31,					TTM
	2020A	2021A	2022A	2023A	2024A	Sept 2025
Total Revenue	$ 8,239	$ 7,193	$ 7,759	$ 9,444	$10,066	$ 9,837
Revenue Growth		-12.7%	7.9%	21.7%	6.6%	-2.3%
Cost of Goods Sold	6,551	5,778	6,243	7,291	8,253	7,995
Gross profit	1,688	1,415	1,516	2,153	1,812	1,842
Gross Profit Margin	20.5%	19.7%	19.5%	22.8%	18.0%	18.7%
SG&A Expenses	911	976	1,016	1,138	1,164	1,147
Operating Income	777	439	500	1,015	649	695
Operating Profit Marg	9.4%	6.1%	6.4%	10.7%	6.4%	7.1%
Other Inc. (Exp.)	1	99	2	(10)	0	2
Net Income (Loss)	778	538	502	1,005	649	696
Definitional Adjustments:						
Interest (Inc.) Exp.	29	8	26	26	8	10
Depr. & Amort.	1	1	1	1	1	1
EBITDA, as adjusted	$ 808	$ 547	$ 529	$ 1,032	$ 657	$ 707
EBITDA Margin	9.8%	7.6%	6.8%	10.9%	6.5%	7.2%

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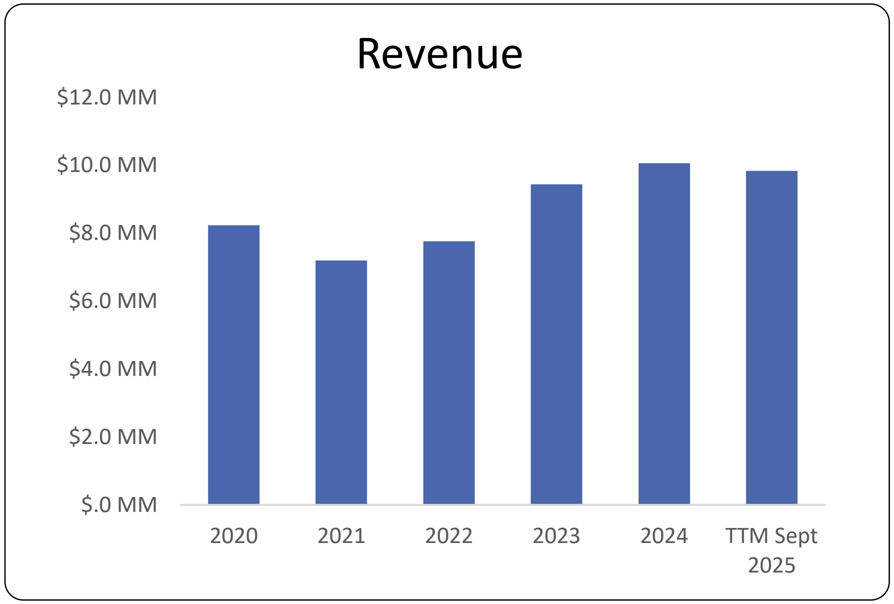
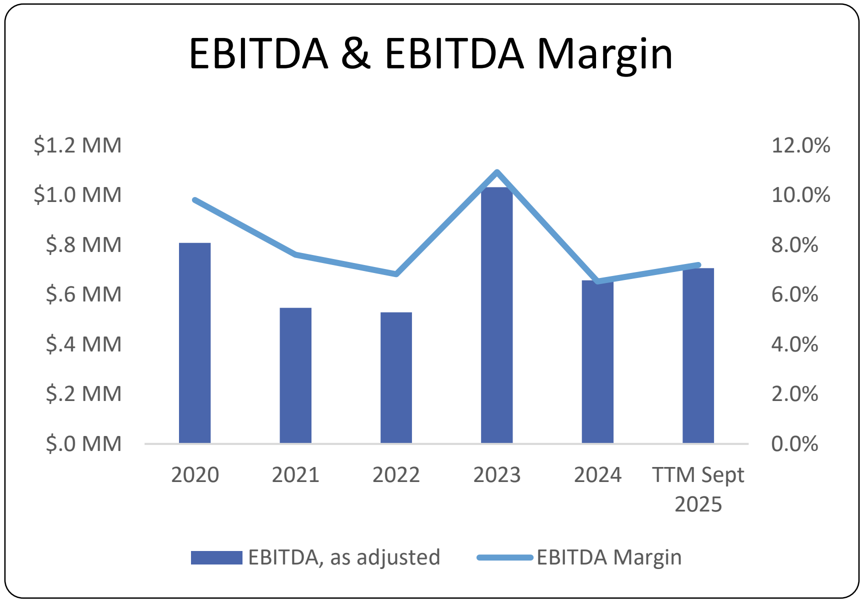
Trusted Supplier Partnerships

The Company maintains long-standing partnerships with its supplier base. These close relationships provide access to high-quality water treatment products and technical expertise that support consistent performance, reliability and continuity. These partnerships reinforce the Company's reputation as a dependable and factory authorized distributor committed to quality, consistency, and customer satisfaction.

Resilient Market Position

Operating in a mission-critical industry with consistent underlying demand, the Company benefits from a resilient and defensive market position. Water treatment products and services remain essential regardless of economic cycles, supporting steady sales performance and predictable revenue streams. This stability, combined with the Company's lean cost structure and diversified customer relationships, provides a strong foundation for sustainable growth and long-term value creation.





Contact Us

We anticipate circulating a Process Letter in the next several weeks that will outline our process going forward and guidance on your Indication of Interest submission. In the meantime, please direct all questions and communications through the RLH team members listed below.

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