

Available for Acquisition

Specialized Commercial and Residential HVAC Contractor

Est. FYE 2017 Rev: \$18.0 MM

Recast EBITDA: \$2.5 MM

- **Superior Name and Reputation:** In business since 1984, our client has built substantial goodwill by providing customers with exceptional service. Management credits reputation, established strong customer relationships, expertise, and ability to meet the needs of complex, fast track projects as the critical factors contributing to the company's historical success. As such, the subject benefits from significant repeat and referral-based business.
- **Diversified Expertise:** Our client operates in both the commercial and residential sectors in its major metropolitan market. The company's NATE-certified technicians have extensive experience with all different types of heating and air conditioning systems. Additionally, the company is a diamond-certified business and a member of the US Green Building Council.
- **Recession-Resistant Market:** Our client operates in a relatively recession-resistant market, where customers essentially need to repair broken heating and air condition systems regardless of bad economic times.
- **Strong Revenue Growth:** Historical sales have grown from \$10,519,000 in FYE 2014 to \$14,854,000 in the fiscal year ending April 30, 2016, representing a compound annual growth rate of 18.8%. For the fiscal year 2017, our client is conservatively forecasted to grow 21.2% to \$18,000,000.
- **Highly Profitable Niche Business:** Through its pricing strategies, operational efficiencies, strong management team and corporate culture, the subject achieved an average EBITDA margin of 13.2% of sales and a high of 14.0% of sale, during the historical period. This significantly exceeded the RMA industry average of 4.1% of sales for 2016 for similar businesses in the sector.
- **Impressive EBITDA Growth:** Our client's EBITDA increased from \$1,369,000 in FYE 2014 to \$1,856,000 in FYE 2016, representing a CAGR of 16.5%. For the fiscal year 2017, the subject is projected to increase EBITDA to \$2,471,000 or 13.7% of sales.
- **Strong Balance Sheet:** In FYE 2016, unadjusted current assets were approximately \$2,943,000 and current liabilities were \$2,219,000, representing a Net Working Capital of \$724,000. The company's debt ratio (less than 1.0 is favorable) and current ratio (greater than 1.0 is favorable) as of the end of 2015 were 0.6 and 1.3, respectively.

For additional information regarding Client #60301-JPDH please execute and return the attached Confidentiality Agreement via email to jpoythress@generational.com and/or dho@generational.com

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Specialized Commercial and Residential HVAC Contractor

Location: West Coast US

The subject company specializes in design build, plan, and spec commercial and residential HVAC. The company also provides 24-hour emergency service; annual maintenance agreements; new equipment installation; duct work fabrication and installation; and ventilation systems. Our client's on-site sheet metal shop allows it to fabricate custom ducting, architectural, and general sheet metal.

The subject's provides all aspects of HVAC contracting services across the spectrum of customer types. Commercial customers comprise the largest portion of annual revenue, while residential customers and service contracts comprise smaller but consistent portions of annual revenue. Commercial projects are typically larger and longer, while residential projects may be smaller and shorter in time frame, but are consistently spread across many customers providing greater operating stability and efficiency that leads to significant referrals.

The company employee base consists of 51 full-time highly experienced and knowledgeable, non-union and union affiliated HVAC contracting and service professionals. Our client employs estimators and project managers responsible for maintaining and supporting strong relationships with all customers, especially commercial customers. The company utilizes rapid and modern marketing and business development strategies that include a website, social media, and videos. This marketing and business development approach is highly unique to our client and largely innovative for industry as a whole.

Historically, our client's revenue growth was attributed to the company's superior quality, service, dependability, and ability to complete complex, fast track projects. Growth in the market was also attributed to increased new construction and renovations in its geographic market. Additionally, EBITDA during this period improve due to the company's lean operations and economies of scale.

Recast Historical and Pro Forma Statement of Income				
<i>Revised and Pro Forma Income Statements for the Fiscal Years Ended April 30 (\$000)</i>				
	Recast		Base Year	Pro Forma
	FYE 2014	FYE 2015	FYE 2016	FYE 2017
Revenue	10,519	11,483	14,854	18,000
% of Sales	-	9.2%	29.4%	21.2%
EBITDA	1,369	1,612	1,856	2,471
% of Sales	13.0%	14.0%	12.5%	13.7%
				14.2%

Recast Balance Sheet			
<i>As of April 30, 2016 (\$000)</i>			
Current Assets	2,943	Current Liabilities	1,762
Net Fixed Assets	612	Non-Current Liabilities	-
Other Assets	-	Equity	1,793
Total Assets	3,555	Total Liability & Equity	3,555

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