

# Circuit Works Corporation ("CWC")



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1 year PD  
1.89% to 3.18%

Headquarters	Waukegan, IL	U.S.
Type	Private (Non-PE)	
Employees	<50	
Year Founded	1989	
Website	https://www.cwcems.com	
Business	Electronics manufacturing and assembly service provider.	
Revenues	\$46.5M	

## Company Overview

- Company Overview:** Circuit Works Corporation is a trusted electronics manufacturing services (EMS) provider delivering high-quality, cost-effective solutions for various industries.
- Product:** Services include materials management, surface-mount assembly, through-hole assembly, electronic prototyping, final assembly, and testing, catering to both industrial and medical markets.
- Customers:** CWC serves diverse industries, including transportation, digital audio, and medical devices, reducing dependency on a single sector.
- Ownership:** Privately owned (main principal Fred Wacker III; Chairperson), with leadership focused on maintaining quality and operational efficiency.
- Debt Structure:** No debt terms were provided. Since 2023, Total Debt was reduced by -59% (they seemingly repaid an R/C-line - TBC). The balance (\$3.8mn) consists mainly of an SBA-loan and a subordinated note.
- Basis for Assessment:** Unaudited, uncommented, high-level (Excel) i/s and b/s per FY-22, FY-23, and YTD through 11/30/2024. T11 was annualized for a comparable FY-24(A).
- Other (pros/cons):** Very strong liquidity and low leverage reduce near-term credit risk, but declining profitability and revenue trends raise concerns about long-term sustainability.Yet, the entity remains profitable after all. Stable leadership, but limited manufacturing redundancy and demand fluctuations challenge operational resilience. The most applicable single event risk for the entity is a significant disruption in its supply chain. We didn't find much data to have a strong opinion on most qualitative parameters yet.

## Financial Snapshot

	Dec-22	Dec-23	Dec-24(A)	Chg
\$ '000s	T12	T12	T12	%
Total Revenue	44,676	51,846	46,543	-10.2%
Gross Profit	6,488	7,487	6,643	-11.3%
Adjusted EBITDA	3,400	3,963	3,173	-19.9%
Gross Profit Margin	14.5%	14.4%	14.3%	-0.2 ppt
EBITDA Margin	7.6%	7.6%	6.8%	-0.8 ppt
Net Income	2,525	2,802	2,163	-22.8%

## Financial Ratio Benchmarking

# of Benchmarks: 27		Industry Median	Company Metric	Percentile Rank
		\$69M	\$47M	
Liquidity	Revenue	1.80	4.00	<div></div> 100%
	Quick Ratio	1.02	1.71	<div></div> 82%
Leverage	Net Debt / EBITDA	1.28	1.23	<div></div> 51%
	Debt to Assets	29.8%	15.0%	<div></div> 69%
Profitability	EBITDA Margin	7.1%	6.8%	<div></div> 45%
	ROCE %	18.1%	8.5%	<div></div> 35%

# of Industry Benchmarks 27

Company Financials Date Dec-24(A)

Industry Benchmarks - Primary: Electronic Manufacturing Services

## Business Risk

Industry Group Risk Profile		Technology Hardware And Semiconductors		20%	5.0	to	6.5
Industry Risk Assessment		KPI Rating	Contribution	Industry Group Description			
Cyclicality		Moderately high risk	<div></div>	Entities that derive a majority of their revenue from the sale of technology hardware and semiconductors. This includes manufacturers of semiconductors and semiconductor equipment, computer hardware, storage, and peripherals, electronic components and equipment, office electronics, consumer electronics, communications equipment, technology distributors, and electronic manufacturing services, which currently consists of mostly outsourced manufacturing providers.			
Competitive Risk		Moderately high risk	<div></div>				
Global Industry		Moderately high risk	<div></div>				
Market Segment Outlook		Above Average	<div></div>				
Competitive Position Profile		Manufacturing		50%	5.0	to	6.5
Competitive Position KPIs		KPI Rating	Contribution	Rating Guideline			
Cycle-Tested		< 2000	<div></div>	Navigated multiple economic down-cycles.			
Competitive Advantages		Satisfactory	<div></div>	Average position in a market with several competitors; moderate threat of new entry and substitution.			
Supplier Diversity		Satisfactory	<div></div>	Limited diversity of suppliers, reliant on a few key ones.			
Customer Concentration		Satisfactory	<div></div>	Top 5 customers 26-40% of revenue			
Manufacturing Redundancy		Above Average	<div></div>	Multiple manufacturing sites in similar locations.			
Demand Elasticity		Above Average	<div></div>	Products have slightly elastic demand (few substitutes available).			
Backlog		Weak	<div></div>				
Contract Term		Satisfactory	<div></div>				
Quality Certifications		Above Average	<div></div>				
Management, Governance, Sponsorship				30%	4.5	to	5.5

## Anchor Modifiers

Modifiers			
Revenue Segment	Normalization	<div></div>	\$25-50M
Trend Analysis	Adjustment	<div></div>	Moderate Negative
Financial Flexibility	Adjustment	<div></div>	Above Average
Other Modifier	Risk Flag	<div></div>	No Notes to Financials (-0.25). Very limited transparency to populate qualitative KPIs at this point in time (-0.25)

## Rating Range (Rounded)

4.5

to

5.5