

Humboldt Mfg. Co.



B

1 year PD
1.89% to 3.18%

Headquarters	Elgin, IL	U.S.
Type	Private (PE)	
Employees	~50	
Year Founded	1909	
Website	https://www.humboldtmgf.com/; https://www.humboldtscientific.com/	
Business	Manufactures testing equipment for construction materials.	
Revenues	\$38.1M	

Company Overview

- Company Overview:** Humboldt Mfg. Co. is a manufacturer and supplier of testing equipment for construction and civil engineering materials, with a strong domestic and international presence. They sell directly via catalogs, website orders, dealers, and outside representatives. They are HQ's in Elgin, IL (70k sqft), with another site at Raleigh, NC (15k sqft).
- Product:** They provide a range of testing equipment, including nuclear and nuclear-free electrical density gauges, compression machines, and lab ovens for infrastructure projects such as roads, bridges, and dams. It also offers specialized material analysis devices for soil, concrete, asphalt, and aggregate testing, along with advanced software and electronic solutions.
- Customers:** Road & infrastructure contractors, government agencies (DOTs, FHWA, municipal bodies), materials testing laboratories, cement & asphalt plants, universities, and engineering consultants.
- Ownership:** As of today, they are a leveraged ESOP (since 2001), with Dennis Burgess as the trustee and largest shareholder. The proposal considers a platform entity with PE-backing.
- Debt Structure:** Annually amortizing ESOP liability of \$3.65mn (per FY-23), \$2.7mn under a \$3mn R/C-line, two mortgages, jointly ~\$1mn (due '24, and '29), and a current liquidity access line with a \$465k UPB per FY-23.
- Basis for Assessment:** FY-21 CPA-reviewed; FY-22, FY-23 and TTM through 9/24 via QoE. The latter was the most relevant data for this analysis.
- Other (pros/cons):** Revenue growth and low leverage are supported by an R/C line, easing liquidity concerns, though high inventory limits flexibility in downturns. Improving profitability contrasts with below-industry margins and weak cash flow, making sustainable cash generation essential.

Financial Snapshot

	Dec-21	Dec-22	Dec-23	Chg
\$ '000s	T12	T12	T12	%
Total Revenue	32,255	32,993	35,944	8.9%
Gross Profit	8,006	8,109	9,324	15.0%
Adjusted EBITDA	1,623	1,301	2,187	68.1%
Gross Profit Margin	24.8%	24.6%	25.9%	1.4 ppt
EBITDA Margin	5.0%	3.9%	6.1%	2.1 ppt
Net Income	1,257	788	1,655	110.0%

Financial Ratio Benchmarking

# of Benchmarks:		39	Industry Median	Company Metric	Percentile Rank
			\$42M	\$38M	
Liquidity	Revenue		1.90	3.30	<div></div> 76%
	Current Ratio		1.16	0.79	<div></div> 30%
Leverage	Quick Ratio		1.42	1.81	<div></div> 41%
	Net Debt / EBITDA		22.8%	18.5%	<div></div> 59%
Profitability	Debt to Assets		9.8%	7.1%	<div></div> 28%
	EBITDA Margin		9.6%	13.0%	<div></div> 52%
			ROCE %		

of Industry Benchmarks39

Company Financials DateSep-24

Industry Benchmarks - Primary: Industrial Machinery and Supplies and Components

Business Risk

Industry Group Risk Profile			Capital Goods		15%	4.5	to	6.5
Industry Risk Assessment	KPI Rating	Contribution	Industry Group Description					
Cyclicality	Intermediate risk	<div></div>	Entities that derive a majority of their revenues from manufacturing and/or servicing industrial equipment. This includes manufacturers of heavy and light industrial equipment, machinery, industrial components, and systems, as well as providers of related services, such as construction equipment rental companies or industrial distributors.					
Competitive Risk	Intermediate risk	<div></div>						
Global Industry	Intermediate risk	<div></div>						
Market Segment Outlook	Stable	<div></div>						
Competitive Position Profile			Capital Goods		35%	5.5	to	7.5
Competitive Position KPIs	KPI Rating	Contribution	Rating Guideline					
Cycle-Tested	< 2000	<div></div>	Navigated multiple economic down-cycles.					
Product & Market Diversity	Above Average	<div></div>	Good product breadth in diverse, mostly attractive markets.					
Geographic Balance	Above Average	<div></div>	Significant geographic diversification but one or two dominant regions.					
Customer & Supplier Concentration	Satisfactory	<div></div>	Noticeable concentration with certain customers or suppliers, posing risks.					
Product and Service Differentiation	Satisfactory	<div></div>	Some differentiation but faces competition in branding and pricing.					
Customer Leverage & Retention	Above Average	<div></div>	Good leverage with customers; evident long-term relationships and decent retention.					
Supplier Leverage	Satisfactory	<div></div>	Average relationships; occasional challenges securing favorable terms.					
Project Execution	Above Average	<div></div>	Strong track record with minor issues occasionally.					
Innovation and Technological Advancement	Above Average	<div></div>						
Management, Governance, Sponsorship					50%	5.5	to	7.0

Anchor Modifiers

Modifiers					
Revenue Segment	Normalization	<div></div>	\$25-50M		
Trend Analysis	Adjustment	<div></div>	Strong Positive		
Fixed Cost Coverage Risk	Risk Flag	<div></div>	FCCR of 0.97x		

Rating Range (Rounded)

4.5

to

5.5