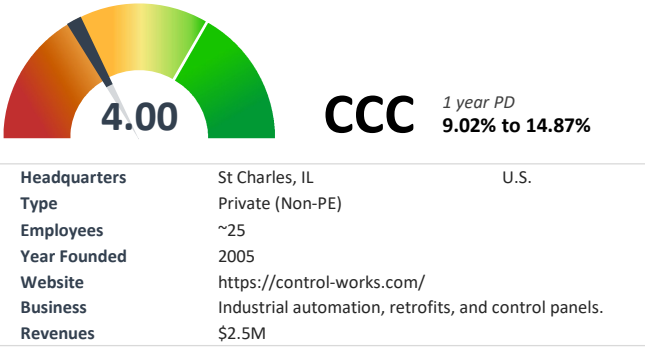




Control Works, Inc.



Company Overview

- Company Overview:** Control Works, Inc. is a specialized provider of industrial automation services, focused on engineering, retrofitting, and integrating complex control systems for industrial machinery. Established in 2005 and based in St. Charles, IL, the company serves manufacturing clients throughout the U.S., Canada, Mexico, and Guatemala.
- Product:** Designs and installs custom control panels, press brake retrofits, and integrates automation platforms like Cybelec, Rockwell, and Beckhoff.
- Customers:** Industrial and manufacturing clients in sheet metal forming, rollforming, and packaging, primarily mid-sized firms seeking modernization and compliance upgrades.
- Ownership:** Privately held by founders David Locke and David Cossey, with no known institutional ownership.
- Debt Structure:** The vast majority of debt is represented by 2 car loans over \$58.4k, and \$13k in current liabilities. No further details (e.g. maturities) were provided.
- Basis for Assessment:** Company prepared, uncommented FY-23, and FY-24
- Other (pros/cons):** Strong liquidity, a (net of cash!) debt-free capital structure, technical expertise in automation, and consistent profitability support a stable near-term risk profile. Long-term risk stems from key-person reliance, limited succession planning, and rising capex exposure in light of planned facility expansion. Single event default risks identified included key-man risk - loss of David Locke could disrupt operations due to lack of (known) succession planning; CAPEX execution risk - delays or overruns on growth investments may strain cash flow; Entity size - small company increases empirical default risk.

Financial Snapshot

	Dec-22	Dec-23	Dec-24	Chg
\$ '000s	T12	T12	T12	%
Total Revenue	-	2,071	2,464	19.0%
Gross Profit	-	1,157	1,425	23.1%
Adjusted EBITDA	-	230	212	-7.9%
Gross Profit Margin	-	55.9%	57.8%	1.9 ppt
EBITDA Margin	-	11.1%	8.6%	-2.5 ppt
Net Income	-	82	69	-16.0%

Financial Ratio Benchmarking

# of Benchmarks:	51	Industry Median	Company Metric	Percentile Rank
Liquidity	Revenue		\$8M	\$2M
	Current Ratio		1.80	3.09
	Quick Ratio		1.04	1.19
Leverage	Net Debt / EBITDA		1.13	0.08
	Debt to Assets		21.8%	43.9%
Profitability	EBITDA Margin		8.1%	8.6%
	ROCE %		16.5%	127.5%

Business Risk

Industry Group Risk Profile			Capital Goods		20%	6.0	to	8.0
Industry Risk Assessment	KPI Rating	Contribution	Industry Group Description					
Cyclicality	Intermediate risk	<div><div></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></div></div>						
Global Industry	Intermediate risk	<div><div></div></div>						
Market Segment Outlook	Strong	<div><div></div></div>						
Competitive Position Profile			Capital Goods		50%	4.0	to	5.5
Competitive Position KPIs	KPI Rating	Contribution	Rating Guideline					
Cycle-Tested	2001-2008	<div><div></div></div>	Pre-GFC.					
Product & Market Diversity	Satisfactory	<div><div></div></div>	Some product and market diversification but may have concentration areas.					
Geographic Balance	Satisfactory	<div><div></div></div>	Some geographic diversification but with concentration risks in specific regions.					
Customer & Supplier Concentration	Satisfactory	<div><div></div></div>	Noticeable concentration with certain customers or suppliers, posing risks.					
Product and Service Differentiation	Satisfactory	<div><div></div></div>	Some differentiation but faces competition in branding and pricing.					
Customer Leverage & Retention	Satisfactory	<div><div></div></div>	Moderate customer relationships; some long-term contracts but not widespread.					
Supplier Leverage	Above Average	<div><div></div></div>	Some leverage with suppliers, mostly favorable terms.					
Project Execution	Satisfactory	<div><div></div></div>	Satisfactory performance; some projects might not meet all benchmarks.					
Technical Reputation & Certification	Above Average	<div><div></div></div>						
Management, Governance, Sponsorship					30%	4.0	to	5.5

Anchor Modifiers

Modifiers			
Revenue Segment	Normalization		< \$5M

Rating Range (Rounded)

3.5	to	4.5
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Weight	Rating Range		
65%	6.5	to	8.0

of Industry Benchmarks 51
Company Financials Date Dec-24

Industry Benchmarks - Primary: Industrial Machinery and Supplies and Components | Secondary: Electrical Components and Equipment