


## American Architectural Millwork, LLC ("AAM")



CCC+

1 year PD  
3.18% to 9.02%

- Profitability and leverage have improved materially, supported by strong margin gains and retained earnings, signaling operational and financial stabilization.
- Limited transparency on liabilities, weak cash conversion, and absence of succession planning remain key credit concerns. Relatively small entity size increases empirical default risk.

Strengths

- Liquidity Strength:** FY-24 Current and Quick Ratios of 4.83x each, far exceeding the 1.53x / 1.15x peer median, indicate a substantial liquidity buffer capable of absorbing near-term operating shocks. Yet, the increase is largely driven by increasing Accounts Receivables (+72%), which may indicate a rising credit risk.
- Balance Sheet Deleveraging:** Debt-to-Equity improved from 8.75x (FY-23) to 0.85x (T4-25), driven by strong retained earnings and no distributions—showing a transition to a healthier capital structure.
- Profitability Turnaround:** EBITDA margin surged from 2.4% (FY-23) to 46.8% (T4-25); ROCE reached 24.2%, suggesting substantial operating leverage gains and possibly sustainable margin architecture. Yet, it could also be due to seasonality!

Challenges

- Receivables Exposure:** Accounts Receivable rose from \$1.2mn (FY-23) to \$2.0mn per FY-24, and \$2.1mn (T4-25), with no corresponding rise in Accounts Payable - indicating potential collection risks and/or cash conversion inefficiency.
- Opacity in Liabilities:** “Other Long-Term Liabilities” totaled \$3.9mn in T4-25, accounting for over 36% of total assets, with no clarity on their structure, term, or covenants - a rather material blind spot for credit analysis.
- Limited Forward Revenue Visibility & Entity Size:** Absence of backlog disclosures and unclear contract structure challenge the ability to assess revenue durability despite a strong T4 performance (could be heavily seasonality driven). With just about \$6.5mn total revenue in FY-24, the entity is comparatively small, increasing the empirical default risk. Unclear succession/contingency planning - key man risk.

### Scorecard Summary

Financial vs Business Risk Weighting Factors					
Ownership		Private (Non-PE)			
Company Stage		Stabilized			
Financials		Complete (Unaudited)			
	Weight	Score	Dimension	Weight	Score
Financial	65%	6.2	Liquidity	45%	10.0
			Leverage	28%	1.7
			Profitability	28%	4.5
Business	35%	3.8	Industry Risk	20%	3.6
			Competitive Position	50%	3.7
			Mgmt / Governance	30%	4.0
			Sponsor / Parent		
Modifiers		-0.9	Revenue Segment		► (0.9)
			Trend Analysis		0.25

### Company Overview

Headquarters	Englewood, FL
Type	Private (Non-PE)
Employees	<50
Year Founded	2012
Website	http://www.aapgco.com/
Business	Architectural wood products design and manufacturing.
Revenues	\$6.6M


- Company Overview:** AAM is a private, Florida-based manufacturer and designer of customized architectural wood products, operating under the trade name American Architectural Products Group (AAPG). The company serves commercial and institutional clients across North America, offering high-specification interior build-out solutions.
- Product:** Offers proprietary and custom-engineered panel systems, real wood veneers, acoustical solutions, and eco-friendly laminates tailored for design-driven construction projects.
- Customers:** Services sectors like hospitality (e.g., Virgin Hotels, Marriott), education (e.g., Nova University), corporate (e.g., Wells Fargo), civic/government, and healthcare.
- Ownership:** Privately held, managed by Maria West. No external equity sponsors or institutional debt noted to date.
- Debt Structure:** As of April 2025 the the entity carried \$3.9mn in LT-debt, and \$1.5mn in current liabilities. No further details were provided. Although currently unused, they seem to have an R/C-line - yet no terms/limit provided.
- Basis for Assessment:** Company-prepared, uncommented i/s and b/s covering FY-23, FY-24, and YTD 4/25. Main support for the rating is FY-24.
- Single Event Risks:** Loss or delinquency of a major customer could strain liquidity due to already weak cash conversion and high receivables. Key person risk from sole dependence on Maria West, with no visible succession plan. Unclear long-term liabilities pose risk of unexpected debt acceleration or covenant breach.

### Financial Benchmarking & Debt Maturity Profile

# of Benchmarks:	52	Industry Median	Company Metric	Percentile Rank
Liquidity	Current Ratio	1.53	4.83	<div></div> 100%
	Quick Ratio	1.15	4.83	<div></div> 100%
Leverage	Net Debt / EBITDA	1.27	6.84	<div></div> 4%
	Debt to Assets	36.0%	55.5%	<div></div> 17%
Profitability	EBITDA Margin	10.4%	8.2%	<div></div> 39%
	ROCE %	18.5%	9.9%	<div></div> 29%
	Revenue	\$21M	\$7M	

Industry Benchmarks - Primary: Building Products | Secondary: Construction and Engineering

Debt Maturities



### Financial Statement Highlights

	(C)	(B)	(A)	Change	
\$ '000s	Apr-25	Dec-23	Dec-24		
	T4	T12	T12		
Income Statement					
Total Revenue	4,361	6,586	6,646		0.9%
Gross Profit	3,934	4,088	4,891		19.6%
Adjusted EBITDA	2,039	159	542		240.3%
Gross Profit Margin	90.2%	62.1%	73.6%		+1153 bps
Net Income	2,046	249	690		177.0%
Balance Sheet					
Cash And Cash Equivalents	1,291	305	66		-78.5%
Total Current Assets	10,387	4,577	6,493		41.9%
Total Assets	10,693	4,848	6,794		40.1%
Total Current Liabilities	2,267	1,191	1,345		13.0%
Total Debt	3,879	3,282	3,774		15.0%
Total Equity	4,547	375	1,969		425.1%
Key Ratios					
Current Ratio	4.58	3.84	4.83		25.6%
Quick Ratio	4.58	3.84	4.83		25.6%
Net Debt / EBITDA	1.27	18.70	6.84		-63.4%
Debt to Assets	36.3%	67.7%	55.5%		(1216) bps
EBITDA Margin	46.8%	2.4%	8.2%		+574 bps
ROCE %	24.2%	-1.8%	9.9%		+1175 bps

- Net Income increased from \$249K (FY-23) to \$690K (FY-24) and reached \$2.05mn in T4 2025, driven by improved gross margins and cost containment.
- Shareholder equity rose from \$375k to \$4.6mn, completely through profit retention and with no equity issuances or owner distributions.
- Despite record profitability, FY-24 operating cash flow was −\$1.3mn, pointing to ongoing working capital inefficiencies (primarily slow receivables turnover).

### Business Risk Highlights

- Industry:** Operates in the cyclical commercial construction and architectural millwork space, where demand is sensitive to economic and real estate cycles. The industry’s growth for millwork products is estimated at 1.3% CAGR through 2030. Considering the FRB’s inflation target corridors of 2.0%, this equates to an actual decline.
- Competitive Position:** No brand-name product moats, but unique branded SKUs like CompactWood® and Carbon Zero HPL® offer niche differentiation in a crowded custom fabrication space.
- Management:** Closely held and operated, led by Maria West. There’s limited visibility into strategic governance processes, continuity planning, or executive depth beyond the manager/agent filings.
- PE Sponsor:** N/A
- Other:** Operations appear centralized in a single Florida facility, which raises geographic and operational redundancy risks in the event of disruption or disaster.