

Beard Integrated Systems, Inc.



CCC+

1 year PD
3.18% to 9.02%

- High leverage ratio 3.85, and liquidity challenges (current ratio 1.01), limit financial flexibility. ~\$15mn R/C-capacity via TCRG for working captial dampen liquidity concerns.
- Revenue jumped by 44% in FY-24 and EBITDA margin rising to 6.1%. FY-25 (annualized) indicates -1% in revenue, 8.6% EBITDA Margin and Net Income +31% (-6% lower COGS).

Strengths

- Profitability Improvements:** EBITDA margin improved from -3.8% in FY-22 to 6.1% in FY-24, targeting 8.6% in FY-25 showing better cost control and operational efficiency despite heavy leverage.
- Recovering Financials:** Although still over-levered (e.g. negative Equity), the company improved consistently since FY-22 (e.g. Equity increased by 36%, Debt-to-Asset ratio -34 points, Net Income from -\$2.47mn to +\$4.2mn).
- Project Diversity & Sponsorship:** The company serves multiple high-growth industries, mitigating concentration risks by a single sector. Owned by Bobby Patton via Texac Capital Resoure Group ("TCRG"), likely provides the entity with additional financial backing, advisory, positive PR and valuable business introductions/leads. No further details were found out about TCRG/Bobby.

Challenges

- High Leverage:** Leverage ratio of 3.85 is significantly above the peer median of 1.33, increasing financial risk and limiting financial flexibility.
- Liquidity Constraints:** Current ratio of 1.01 in FY-24 is below the peer median of 1.59, suggesting potential short-term financial stress and a limited buffer to meet obligations.
- Negative Equity Position:** With a negative equity of -\$8.99M as of 8/24, the company is over-leveraged and highly reliant on debt financing, which could limit its ability to attract new capital or invest in growth opportunities.

Scorecard Summary

Financial vs Business Risk Weighting Factors					
	Ownership	Private (PE)			
	Company Stage	Growth			
	Financials	Complete			
	Weight	Score	Dimension	Weight	Score
Financial	40%	4.2	Liquidity	25%	<div><div></div></div> 2.8
			Leverage	38%	<div><div></div></div> 1.3
			Profitability	38%	<div><div></div></div> 2.5
Business	60%	5.5	Industry Risk	15%	<div><div></div></div> 5.1
			Competitive Position	35%	<div><div></div></div> 6.8
			Mgmt / Governance	15%	<div><div></div></div> 4.3
			Sponsor / Parent	35%	<div><div></div></div> 5.0
Modifiers		-0.5	Trend Analysis		<div><div></div></div> 0.3
			Financial Flexibility		<div><div></div></div> (0.25)
			Fixed Cost Coverage Risk		<div><div></div></div> (0.50)

Company Overview

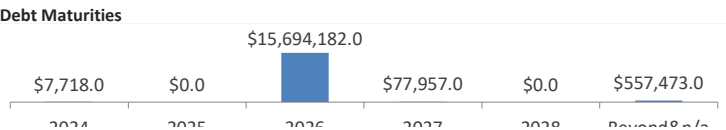
Headquarters	Dallas, TX
Type	Private (PE)
Employees	~250
Year Founded	1928
Website	https://beard-companies.com/
Business	Mechanical, electrical, and piping turnkey solutions.
Revenues	\$104.1M

- Company Overview:** Beard Integrated Systems, Inc. provides mechanical, electrical, and process piping solutions, specializing in turnkey services for large-scale industrial and commercial projects.
- Product:** Focuses on HVAC, electrical installations, plumbing, and custom pipe fabrication, supported by advanced technologies like the RotoWeld 3.0, crucial for high-precision sectors.
- Customers:** Notable clients include Texas Instruments, government agencies, and healthcare institutions, providing a stable and diversified customer base.
- Ownership:** Privately owned by Bobby Patton (via TCRG), a prominent businessman and co-majority owner of the Los Angeles Dodgers. However, we were unable to find much detail, if any about TCRG and Bobby Patton supporting the credit of Beard.
- Debt Structure:** R/C-line over \$30mn with \$14.9mn utilization per 2/24 is maturing in August 2025. Lender is TCRG though, which owns Beard, and has a long-term interest, which should mitigate the concern. The added borrowing capacity reduces concerns about their low FCCR and working capital needs in general.
- Other:** Their T6-24 financials through August suggest, on an annualized basis - excluding seasonality, a slight decline in revenue by -1%, yet a decline in COGS by -6%, eventually indicating an increase in Net Income by about 31% to \$6.1mn.

Financial Benchmarking & Debt Maturity Profile

# of Benchmarks:	29	Industry Median	Company Metric	Percentile Rank
Liquidity	Current Ratio	1.59	1.01	<div><div></div></div> 10%
	Quick Ratio	1.48	1.01	<div><div></div></div> 30%
Leverage	Net Debt / EBITDA	1.33	3.85	<div><div></div></div> 29%
	Debt to Assets	24.7%	66.3%	<div><div></div></div> 11%
Profitability	EBITDA Margin	8.1%	6.1%	<div><div></div></div> 30%
	ROCE %	17.1%	139.1%	<div><div></div></div> 100%
	Revenue	\$108M	\$104M	

Industry Benchmarks - Primary: Construction and Engineering



Financial Statement Highlights

\$ '000s	(C) Feb-22 T12	(B) Feb-23 T12	(A) Feb-24 T12	Change	
				(C) to (B)	(B) to (A)
Income Statement					
Total Revenue	73,975	72,453	104,063		43.6%
Gross Profit	3,196	9,673	12,592		30.2%
Adjusted EBITDA	(2,838)	4,182	6,378		52.5%
Gross Profit Margin	4.3%	13.4%	12.1%		(125) bps
Net Income	(2,472)	2,586	4,219		63.2%
Balance Sheet					
Cash And Cash Equivalents	967	2,436	1,368		-43.9%
Total Current Assets	22,838	25,655	35,272		37.5%
Total Assets	24,038	28,053	39,106		39.4%
Total Current Liabilities	18,706	28,778	34,977		21.5%
Total Debt	24,400	26,242	25,932		-1.2%
Total Equity	(18,888)	(16,302)	(12,083)		25.9%
Key Ratios					
Current Ratio	1.22	0.89	1.01		13.1%
Quick Ratio	1.22	0.89	1.01		13.1%
Net Debt / EBITDA	(8.26)	5.69	3.85		-32.3%
Debt to Assets	101.5%	93.5%	66.3%		(2724) bps
EBITDA Margin	-3.8%	5.8%	6.1%		+36 bps
ROCE %	-59.6%	-506.5%	139.1%		+64563 bps

- Revenue increased by 44%, from \$72.5mn in FY-23 to \$104mn in FY-24, whilst EBITDA improved significantly, from -3.8% in FY-22 to 6.1% in FY-24, and 8.6% during FY-25.
- Interest expense rose by 28%, from \$1.05mn in FY-23 to \$1.35mn in FY-24, mainly due to an increased interest rate for the R/C-line provided by TCRG (from 3.25% to 8.25%).
- Negative Equity, yet on an improving path, supported by rising Net Income.

Business Risk Highlights

- Industry:** Serving high-growth sectors like semiconductors and healthcare, Beard benefits from industry tailwinds, but is also exposed to volatility in project demand cycles. The Construction and Engineering industry in North America, particularly in non-residential sectors like mechanical and electrical contracting, is valued at over \$2trn and is projected to grow at a CAGR of approximately 4.5% through 2028.
- Competitive Position:** The company's technological edge, such as the RotoWeld 3.0, positions it well against competitors in precision-demanding industries.
- Management:** Under Bobby Patton's ownership, the company has shown the ability to win long-term contracts, but addressing its high leverage and negative equity will be crucial for long-term sustainability. Something the company has been improving on over the past 3+ years.
- PE Sponsor:** Bobby Patton via TCRG.
- Other:** Strong in-house fabrication capabilities reduce reliance on external suppliers, but the company remains exposed to material cost fluctuations.