

HT Airsystems Carolinas, LLC (d/b/a Insight Partners)



CCC+

1 year PD
3.18% to 9.02%

- Strong revenue growth and profitability mitigate long-term risks, but declining margins and unverified liquidity (no balance sheet provided) raise concerns about cost control and flexibility.
- Minimal leverage (assumed - no interest expenses reported '24), and solid returns reduce financial risk, while stable management and strategic partnerships enhance market position (e.g. ACC).

Strengths

- Revenue Growth:** Revenue grew from \$48.8mn in FY-22 to \$102.7mn in FY-24, reflecting a 45.5% CAGR, demonstrating robust market demand and effective scaling strategies. It is not (yet) clear how they achieved that growth.
- Potentially Low Leverage:** With an assumed Net Debt/EBITDA of 0, the company may have a minimal reliance on external borrowing, offering significant financial flexibility and reduced credit risk. We are leaning on the missing interest expenses in the FY-24 income statements, since no balance sheet was provided.
- Superior ROCE:** The company achieved a 12.4% ROCE, exceeding industry averages and signaling efficient capital utilization to generate strong returns.

Challenges

- Margin Decline:** Gross margin fell from 33.7% in FY22 to 25.3% in FY-24, indicating cost pressures or potential pricing challenges that could impact long-term profitability. EBITDA Margin seems to be on a declining trend over the past 3 years from 6.9% in FY-22 to the current 6.1% (FY-24), which may indicated operational efficiency challenges.
- Limited Geographic Footprint:** Operations are confined to three states, potentially restricting growth opportunities compared to competitors with national or multi-regional reach.
- Unverified Liquidity:** Absence of reported Current & Quick Ratios raises concerns about the company’s ability to manage short-term obligations, particularly given its rapid expansion. We are not aware of an R/C-line.

Company Overview

Headquarters	Charlotte, NC
Type	Private (Non-PE)
Employees	<100
Year Founded	2016
Website	https://www.insightusa.com/
Business	Commercial HVAC solutions and equipment distribution.
Revenues	\$102.7M

- Company Overview:** HT Airsystems Carolinas, LLC (d/b/a Insight Partners) is a leading distributor of HVAC systems and services in the southeastern United States, specializing in energy-efficient solutions for commercial and residential applications.
- Product:** The company provides a broad range of HVAC equipment, parts, and controls, including advanced solutions tailored for indoor agriculture and pharmaceutical environments.
- Customers:** Insight Partners serves HVAC contractors, engineers, and building owners, focusing on long-term partnerships and application-specific solutions.
- Ownership:** In June 2024, Insight Partners merged with Faulkner Haynes & Associates under the Air Control Concepts ("ACC") network. ACC is owned/backed by Madison Dearborn Capital Partners ("MDCP").
- Debt Structure:** We did not receive any insights about the entity's debt. Given they did not report an interest expense in FY-24, they might be debt-free.
- Basis for Assessment:** Excel file with unaudited income statements FY22/23/24. Given we did not receive consolidated financials under ACC, we did not give credit / assess MDCP. It's not clear how relevant Insight USA is to them.
- Single Event of Default:** Nothing specific so far, also due to current state of insights (1/26/25). Potential candidates are (a) Loss of a key supplier or disruption in supply chain, or (b) Significant customers loss / revenue concentration risk.

Financial Statement Highlights

\$ '000s	(C)	(B)	(A)	Change	
	Dec-22	Dec-23	Dec-24	(C) to (B)	(B) to (A)
Income Statement					
Total Revenue	48,784	70,236	102,694		46.2%
Gross Profit	16,441	20,418	26,025		27.5%
Adjusted EBITDA	3,362	3,692	6,279		70.1%
Gross Profit Margin	33.7%	29.1%	25.3%		(373) bps
Net Income	1,663	1,475	3,221		118.4%
Balance Sheet					
Cash And Cash Equivalents	-	-	-		FALSE
Total Current Assets	-	-	-		FALSE
Total Assets	-	-	-		FALSE
Total Current Liabilities	-	-	-		FALSE
Total Debt	-	-	-		FALSE
Total Equity	-	-	-		FALSE
Key Ratios					
Current Ratio					n/a
Quick Ratio					n/a
Net Debt / EBITDA	-	-	-		
Debt to Assets					
EBITDA Margin	6.9%	5.3%	6.1%		+86 bps
ROCE %					

- Revenue increased 110% from FY-22 to FY-24, presumably driven by strong market demand and operational expansion.
- Despite declining gross margins, the EBITDA margin bounced back to 6.1% in FY-24, (vs 5.4% in FY-23), yet there seems to be an overall trend of decline (FY-22 - 6.9%).
- Fixed charge coverage increased from 5.2 in FY-23 to 9.10 in FY-24.

Scorecard Summary

Financial vs Business Risk Weighting Factors					
Ownership	Private (Non-PE)				
	Growth				
	Minimal				
Company Stage					
Financials					
	Weight	Score	Dimension	Weight	Score
Financial	15%	6.2	Liquidity	0%	-
			Leverage	50%	1.3
			Profitability	50%	0.5
Business	85%	6.1	Industry Risk	20%	6.5
			Competitive Position	50%	5.8
			Mgmt / Governance	30%	6.3
			Sponsor / Parent		
Modifiers		-1.6	Financial Transparency		(1.1)
			Trend Analysis		0.50
			Other Modifier		(1.00)

Financial Benchmarking & Debt Maturity Profile

# of Benchmarks:	33	Industry Median	Company Metric	Percentile Rank		
Liquidity	Current Ratio	1.45				
	Quick Ratio	0.76				
Leverage	Net Debt / EBITDA	4.19	-	88%		
	Debt to Assets	34.2%				
Profitability	EBITDA Margin	5.3%	6.1%	53%		
	ROCE %	12.4%				
	Revenue	\$99M	\$103M			
Industry Benchmarks - Primary: Trading Companies and Distributors Secondary: Diversified Support S						
Debt Maturities						
\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2025	2026	2027	2028	2029	2030	Be...

Business Risk Highlights

- Industry:** HVAC distribution operates in a stable but competitive environment, influenced by regulatory trends emphasizing energy efficiency and sustainability. The U.S. HVAC distribution industry, particularly in the commercial sector, is experiencing significant growth, driven by increasing demand for energy-efficient systems and technological advancements. The market is projected to grow at a CAGR of 6.26% from 2023 to 2033. The U.S. HVAC services market is expected to grow at a CAGR of 6.6% from 2025 to 2030, reaching \$29.13bn by 2030.
- Competitive Position:** Strong supplier relationships and product diversity provide a competitive edge but are tempered by a limited geographic footprint (Southeast US).
- Management:** Leadership appears operationally effective, as evidenced by high ROCE (12.4%) and sustained growth, though governance details remain undisclosed.
- PE Sponsor:** MDCPs' \$31bn capital raised, \$5bn Fund VIII, and 160+ investments demonstrate financial strength and industry expertise, may benefit HT Airsystems Carolinas' credit risk (via ACC) through stable backing, operational support, and strategic growth focus. They were founded 1992 and are HQ'd in Chicago. Due to the remote relationship, MDCP is not included in this assessment