


Traffic Control Devices, LLC ("TCD")



BB

1 year PD
0.38% to 0.60%

Headquarters	Altamonde Springs, FL	U.S.
Type	Private (Non-PE)	
Employees	~250	
Year Founded	1978	
Website	http://trafficcontroldevices.com/	
Business	ITS integration and infrastructure contracting services.	
Revenues	\$121.6M	

Company Overview

- Company Overview:** TCD specializes in Intelligent Transportation Systems (ITS) integration and infrastructure contracting, providing advanced traffic control solutions across the U.S.
- Product:** Traffic signal installations, roadway lighting, ITS maintenance, fiber optic networks, and communication systems for transportation infrastructure.
- Customers:** Primarily serves government agencies and private contractors engaged in large-scale infrastructure and roadway projects.
- Ownership:** Operates as a subsidiary of Asplundh Tree Expert, LLC, a privately held entity under the UtiliCon Solutions division. Consolidated financials weren't available for this assessment. Hence, the analysis was solely based on TCD in isolation.
- Debt Structure:** Advance to parent over \$16.1mn in FY-23, \$23mn in FY-22. <\$9mn in debt mainly a deferred compensation plan plus Lease Liabilities.
- Other (pros/cons):** Analysis is based on audited FY-22, and FY-23 financials. No YTD financials for 2024 were provided (yet). Strong revenue growth (+30.6% YoY) and low leverage (5.2% debt-to-assets) support financial stability. They have about 1 year of backlog (\$151.7mn). High liquidity (current ratio 3.43) mitigates near-term risk. 38% of Total Assets are Goodwill, part of why ROCE is comparatively low. Given the nature of their business, the entity has a comparatively high customer concentration risk with the top 3 customers making 40% of its' revenue, and 30% of its ARs. They are involved in various claims arising out of the ordinary cours of business, considered immaterial by management. Non-cash expenses are depreciation (\$3.1mn) and amortization for intangible assets (\$3.9mn). Advance to parent may indicate higher credit risk on a consolidated basis.

Financial Snapshot

	Dec-21	Dec-22	Dec-23	Chg
\$ '000s	T12	T12	T12	%
Total Revenue	-	93,058	121,553	30.6%
Gross Profit	-	93,058	121,553	30.6%
Adjusted EBITDA	-	9,324	10,999	18.0%
Gross Profit Margin	-	100.0%	100.0%	0.0 ppt
EBITDA Margin	-	10.0%	9.0%	-1.0 ppt
Net Income	-	(319)	1,797	663.6%

				Weight	Rating Range		
				50%	6.5	to	7.5

Financial Ratio Benchmarking

# of Benchmarks:		23	Industry Median	Company Metric	Percentile Rank	# of Industry Benchmarks		23
			\$116M	\$122M		Company Financials Date		Dec-23
Liquidity	Revenue					Industry Benchmarks - Primary: Construction and Engineering		
	Current Ratio	1.65	3.43	<div></div>	100%			
Leverage	Quick Ratio	1.60	3.31	<div></div>	100%			
	Net Debt / EBITDA	1.25	0.64	<div></div>	59%			
Profitability	Debt to Assets	23.1%	5.2%	<div></div>	81%			
	EBITDA Margin	8.1%	9.0%	<div></div>	64%			
	ROCE %	17.1%	3.1%	<div></div>	14%			

Business Risk

Industry Group Risk Profile			Engineering And Construction	20%	6.0	to	8.0
Industry Risk Assessment		KPI Rating	Contribution	Industry Group Description			
Cyclicality		Intermediate risk	<div></div>	Entities that derive a majority of their revenues from engineering and design, construction, and maintenance work.			
Competitive Risk		Moderately high risk	<div></div>				
Global Industry		Moderately high risk	<div></div>				
Market Segment Outlook		Strong	<div></div>				
Competitive Position Profile			Construction	50%	5.5	to	7.5
Competitive Position KPIs		KPI Rating	Contribution	Rating Guideline			
Cycle-Tested		< 2000	<div></div>	Navigated multiple economic down-cycles.			
Project Diversity		Above Average	<div></div>	2-3 segment focus			
Backlog		Satisfactory	<div></div>	1-2 years backlog			
Supplier Relationships		Satisfactory	<div></div>	Average relationships with suppliers, comparable to industry peers.			
Quality of Work		Above Average	<div></div>				
Customer Concentration		Satisfactory	<div></div>	Above-average quality work.			
Contract Terms		Above Average	<div></div>				
Technological Integration		Above Average	<div></div>				
Management, Governance, Sponsorship				30%	5.0	to	6.5

Anchor Modifiers

Modifiers			
Financial Transparency	Risk Flag	<div></div>	Partial
Trend Analysis	Adjustment	<div></div>	Strong Positive
Financial Flexibility	Adjustment	<div></div>	Very High
Other Modifier	Risk Flag	<div></div>	Concerns about various claims TCD is involved with. Don't they have an R/C-line????!!

Rating Range (Rounded)

5.5 to 6.5