Antego Tire and Wheel Inc

CCC+

1 year PD
3.18% to 9.02%

- Profitability bounced back, but reliance on supplier credit and weak liquidity pose short-term risks. Similarly immediate are concerns over tariffs (Chinese Products) and COGS-volatility.
- Revenue growth and product diversification are positive, yet low capital efficiency and e-commerce dependency raise long-term concerns. Multiple Single Event Risks.

Strengths

- **Strong Online & Multi-Channel Sales Strategy:** The company effectively leverages Amazon, Walmart, and its own website to reach a broad customer base, reducing dependency on a single sales channel. This online presence strengthens accessibility and brand visibility, increasing revenue potential.
- **Improved Profitability & Cost Management:** EBITDA Margin rebounded from 1.9% (FY-23) to 10.7% (FY-24) by compression of COGS in FY-24, after OPEX jumped in FY-23 (Salaries, Wages, Other Deductions).
- **Leverage:** Debt-to-Assets ratio declined to 13.1% in FY-23 (vs. 24.1%/34.1% in FY-22/24). Volatility is due to main order in Q4 of prior year, to be reduced by $400k in Q2-25. Normalized, they are ranging just slightly higher than their peers.

Challenges

- **High Dependence on Supplier Credit for Liquidity:** APs ($1.9mn) are significantly higher than ARs ($0.8mn), indicating reliance on supplier terms rather than strong cash collections. Any tightening of supplier credit could disrupt liquidity.
- **Platform Dependency**: 90% of total sales in FY-24 happened on Amazon.com, which makes it critically important that they maintaind a solid profile with positive reviews. Yet, they are beholden by Amazon, and any changes they may impose.
- **Tariffs & COGS**: The Chinese parent financed the entity through very favorable terms on the products that are mainly produced by them. Should tariffs rise further, the US entity is allowed to look at other options to source the articles from. The entity doesn't deploy hedges. Their main supplier kept prices stable over the past 4 years, only driven by freight expenses, yet Antego is up for sale.

Company Overview

Headquarters	Newman, GA
Type	Private (Non-PE)
Employees	<25
Year Founded	2016
Website	https://antegowheels.com/
Business	Specialty tire and wheel assembly supplier/retailer.
Revenues	$15.3M

- **Company Overview:** Antego Tire and Wheel Inc. is a distributor and assembler of tire and wheel solutions. They leverage a multi-channel sales strategy, selling through major e-commerce platforms and direct-to-consumer channels.
- **Product:** Tire and Wheel Assemblies - specializes in pre-mounted assemblies for golf carts, ATVs, lawnmowers, and trailers. Standalone Tires & Wheels - diverse range of tires for small off-road vehicles, catering to niche markets. Patented Fusion Wheels - developed proprietary wheel designs as a USP.
- **Customers:** Antego primarily serves direct-to-consumer (DTC) markets via Amazon (90%), Walmart (8%), Ebay (1%), and its own website (1%). Most products on Amazon are customer-rated between 4.5 and 5.0 - which is very positive overall.
- **Ownership:** Privately held entity based in Newnan, GA, with an additional operational hub in Salt Lake City, UT. 85% is held by Zhejiang Fengchi Mechanical Co from China. The rest might be linked to Robert Graham.
- **Debt Structure:** ~$1mn in LT-debt, not further specified - no terms provided.
- **Basis for Assessment:** FY-22, FY-23, FY-24, company prepared, unaudited, uncommented, unreviewed. Leaned mainly onf **FY-23** (incl. b/s) for this analysis.
- **Single Event Risks:** Supplier Credit - heavy reliance on supplier credit makes liquidity vulnerable to stricter terms, risking cash flow shortfalls. E-Commerce Dependency - platform policy changes or delisting could sharply reduce revenue, given reliance on Amazon (90%), Ebay (8%), and Walmart. International Trade & COGS - being (partially) owend by a Chinese company raises concerns about imports to the US in conjunction with tariffs. Not clear whether the entity uses hedges to protect from rising costs (e.g. steeel, rubber).

Financial Statement Highlights

$ '000s	(C) Dec-22 T12	(B) Dec-23 T12	(A) Dec-24 T12	Change (C) to (B)	Change (B) to (A)
Income Statement					
Total Revenue	12,229	15,522	15,329		-1.2%
Gross Profit	3,132	3,686	5,070		37.6%
Adjusted EBITDA	1,342	295	1,642		457.3%
Gross Profit Margin	25.6%	23.7%	33.1%		+933 bps
Net Income	476	0	1,159		100.0%
Balance Sheet					
Cash And Cash Equivalents	352	387	490		26.8%
Total Current Assets	7,239	5,471	5,628		2.9%
Total Assets	9,183	7,669	8,046		4.9%
Total Current Liabilities	2,181	1,939	1,067		-45.0%
Total Debt	2,209	1,001	2,741		173.9%
Total Equity	4,817	4,750	4,645		-2.2%
Key Ratios					
Current Ratio	3.32	2.82	5.27		87.0%
Quick Ratio	0.63	0.65	0.83		27.6%
Net Debt / EBITDA	1.38	2.08	1.37		-34.2%
Debt to Assets	24.1%	13.1%	34.1%		+2102 bps
EBITDA Margin	11.0%	1.9%	10.7%		+881 bps
ROCE %	14.3%	1.2%	20.2%		+1894 bps

- Revenue grew by 26.9% in FY-23, reaching $15.5mn, yet EBITDA Margin was only 1.9% that year before rebounding to 10.7% in FY-24 at a slightly lower revenue.
- Total Liabilities decreased from $4.4mn (FY-22) to $2.9mn (FY-23), with Total Assets dropping from $9.2mn to $7.7mn, due to an inventory write-off.
- Lower Current Ratio (4.4x to 2.8x (FY-23)), means less short-term liquidity. Weak Quick Ratio of 0.65x (FY-23), vs peers' (0.93x), indicates reliance on inventory for cash flow.

Scorecard Summary

Financial vs Business Risk Weighting Factors

Ownership	Private (Non-PE)
Company Stage	Stabilized
Financials	Partial

	Weight	Score	Dimension	Weight	Score
Financial	50%	5.5	Liquidity	40%	*5.5*
			Leverage	30%	*2.1*
			Profitability	30%	*3.4*
Business	50%	6.0	Industry Risk	20%	*6.5*
			Competitive Position	50%	*6.3*
			Mgmt / Governance	30%	*5.0*
			Sponsor / Parent		
Modifiers		-1.2	Revenue Segment		*(0.9)*
			Other Modifier		*(0.25)*

Financial Benchmarking & Debt Maturity Profile

# of Benchmarks:	*29*	Industry Median	Company Metric	Percentile Rank
Liquidity	Current Ratio	1.62	5.27	*93%*
	Quick Ratio	0.93	0.83	*50%*
Leverage	Net Debt / EBITDA	0.97	1.37	*38%*
	Debt to Assets	23.1%	34.1%	
Profitability	EBITDA Margin	7.5%	10.7%	
	ROCE %	11.6%	20.2%	
	Revenue	$25M	$15M	

Industry Benchmarks - Primary: Other Specialty Retail | Secondary: Tires and Rubber

Debt Maturities

Business Risk Highlights

- **Industry:** The tire and wheel assembly sector operates in a low-margin, price-competitive environment, with rising material costs and supply chain volatility impacting profit stability. The specialty tire retail industry in the United States is a significant segment of the automotive market, with projections indicating robust growth in the coming years. The U.S. tire market is expected to expand from $127.9bn in '23 to approximately $225.4bn by '32, reflecting a CAGR of 6.5% during this period.
- **Competitive Position:** The company competes against brands like MaxAuto and Excel Tire & Wheel, but lack of clear differentiation beyond price and product variety could impact long-term sustainability in a fragmented market.
- **Management:** The small-scale leadership team (less than 10 employees) suggests a lean operational model, but also potential resource constraints in scaling operations and managing supply chain risks.
- **PE Sponsor:** N/A