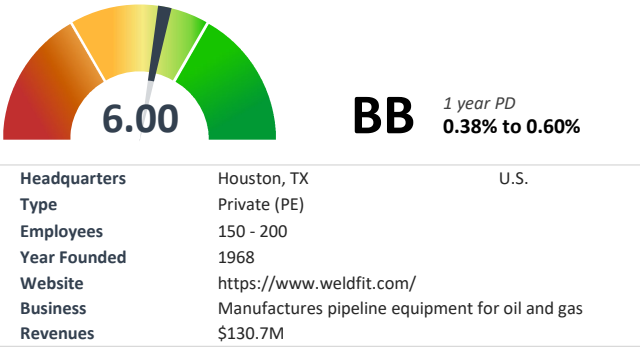


WeldFit Management Holdings, LLC



Company Overview

- Company Overview:** WeldFit Management Holdings, LLC specializes in advanced pipeline and emissions control products for the oil and gas sector, backed by private equity ownership for over a decade.
- Product:** Their portfolio includes automated pigging systems, connectors, and emission control equipment. The emphasis on pigging systems and emissions technology aligns with growing regulatory demands in the oil and gas industry (at least through 2024).
- Customers:** Primarily serving large oil and gas companies across North America, WeldFit provides specialized equipment for pipeline maintenance and emissions control.
- Ownership:** WeldFit is privately held, with ownership by Apex Heritage Group (operates as a family office fund), who purchased them in 2008 and White Deer Energy (added in 2023, which is when the holding was created (3.0bn AUM), both of which offer strategic guidance and financial support.
- Debt Structure:** No details about structure/maturities were provided as part of this light assessment.
- Other (pros/cons):** WeldFit has shown consistent revenue growth and robust EBITDA margins (39.0% in FY-23, >2x peers). Rather than 'just' driving up debt, they had a capital injection of about \$100mn in FY-23, likely via the addition of WDE as a co-owner. They introduced strategic industrial expertise, yet the recent partnership also raises concerns about alignment and long-term commitment. The company operates in a highly volatility industry. It seems like they had a major acquisition in 2023, but we were unable to unearth more details.

Financial Snapshot

	Dec-21	Dec-22	Dec-23	Chg
\$ '000s	T12	T12	T12	%
Total Revenue	-	89,615	130,743	45.9%
Gross Profit	-	40,289	55,255	37.1%
Adjusted EBITDA	-	39,737	50,930	28.2%
Gross Profit Margin	-	45.0%	42.3%	-2.7 ppt
EBITDA Margin	-	44.3%	39.0%	-5.4 ppt
Net Income	-	23,380	35,187	50.5%

				Weight	Rating Range		
				30%	6.5	to	8.0

Financial Ratio Benchmarking

# of Benchmarks:		22	Industry Median	Company Metric	Percentile Rank	# of Industry Benchmarks		22
			\$122M	\$131M		Company Financials Date		Dec-23
Liquidity	Revenue					Industry Benchmarks - Primary: Oil and Gas Equipment and Services		
	Current Ratio	1.55	1.26		28%			
Leverage	Quick Ratio	1.18	1.26		57%			
	Net Debt / EBITDA	1.43	0.62		82%			
Profitability	Debt to Assets	23.3%	16.7%		71%			
	EBITDA Margin	14.0%	39.0%		100%			
	ROCE %	8.5%	21.8%		77%			

Business Risk

Industry Group Risk Profile			Oil And Gas Integrated, Exploration And Production				15%	5.0	to	6.5	
Industry Risk Assessment		KPI Rating	Contribution	Industry Group Description							
Cyclicality		Moderately high risk	<div><div></div></div>	Entities that derive a majority of their revenues from the development and production associated with oil and natural gas hydrocarbons, including integrated oil and gas companies. These integrated companies have, in addition to E&P (upstream) operations, other significant operations such as refining and marketing (downstream) businesses, and midstream businesses such as transportation; storage; wholesale marketing; and trading of crude oil, natural gas, and refined products.							
Competitive Risk		Moderately high risk	<div><div></div></div>								
Global Industry		Moderately high risk	<div><div></div></div>								
Market Segment Outlook		Above Average	<div><div></div></div>								
Competitive Position Profile				Capital Goods				35%	5.0	to	7.0
Competitive Position KPIs		KPI Rating	Contribution	Rating Guideline							
Cylcle-Tested		< 2000	<div><div></div></div>	Navigated multiple economic down-cycles.							
Product & Market Diversity		Satisfactory	<div><div></div></div>	Some product and market diversification but may have concentration areas.							
Geographic Balance		Satisfactory	<div><div></div></div>	Some geographic diversification but with concentration risks in specific regions.							
Customer & Supplier Concentration		Satisfactory	<div><div></div></div>	Noticeable concentration with certain customers or suppliers, posing risks.							
Product and Service Differentiation		Above Average	<div><div></div></div>	High product differentiation with solid brand recognition and pricing power.							
Customer Leverage & Retention		Satisfactory	<div><div></div></div>	Moderate customer relationships; some long-term contracts but not widespread.							
Supplier Leverage		Satisfactory	<div><div></div></div>	Average relationships; occasional challenges securing favorable terms.							
Project Execution		Above Average	<div><div></div></div>	Strong track record with minor issues occasionally.							
Management, Governance, Sponsorship								50%	5.5	to	7.0

Anchor Modifiers

Modifiers					
Financial Transparency	Risk Flag		Complete (Unaudited)		
Trend Analysis	Adjustment		Moderate Positive		
Financial Flexibility	Adjustment		Above Average		
Other Modifier	Risk Flag		No notes to financials		

Rating Range (Rounded)

5.5 to 6.5