INVESTMENT TARGET STATEMENT

Experienced engineering and sales leader seeking to acquire a niche manufacturing business in the energy sector with strong product positioning and growth potential, generating $750K–$4M in EBITDA.

MY INVESTMENT TARGET THESIS

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CRITERION

REVENUE RANGE

- **$3M-$20M**

EBITDA/CASHFLOW

- **$750K-$4M**

FACILITY SIZE/FEATURES

- **Excess Capacity**

OTHER SIZE/EMPLOYEE CONSIDERATIONS

- **In-tact leadership team**
- **Experienced, detailed product & process knowledge**

INDUSTRY & PRODUCT PREFERENCES

Niche Manufacturing Sector

1. **Electrical Equipment**– Transformers, switchgear, circuit breakers, grid-scale power equipment, high voltage components, and industrial power solutions.
2. **Inorganic Chemicals**– Chlor-Alkali products, Ammonium Nitrate, Hydrogen Peroxide, Sodium Carbonate, Titanium Dioxide
3. **Advanced Material**– High-Performance Alloys, Advanced Polymers, Carbon Fiber Composites, Thermal Barrier Coatings, Metal Matrix Composites

Key Business Criteria:

- Vertically integrated: Design, manufacture, and testing all in scope
- Strong product positioning with branded offerings; OEM preferred
- B2B, end-user focused (not Tier 2 or Tier 3 suppliers)
- High-mix, low-volume production with recurring orders
- Focus on companies with engineered designs, competitive advantages, and growth potential

GEOGRAPHIC INVESTMENT TARGETS

Identifying locations aligned with industry strength, workforce availability, and business growth potential

NASHVILLE, TN

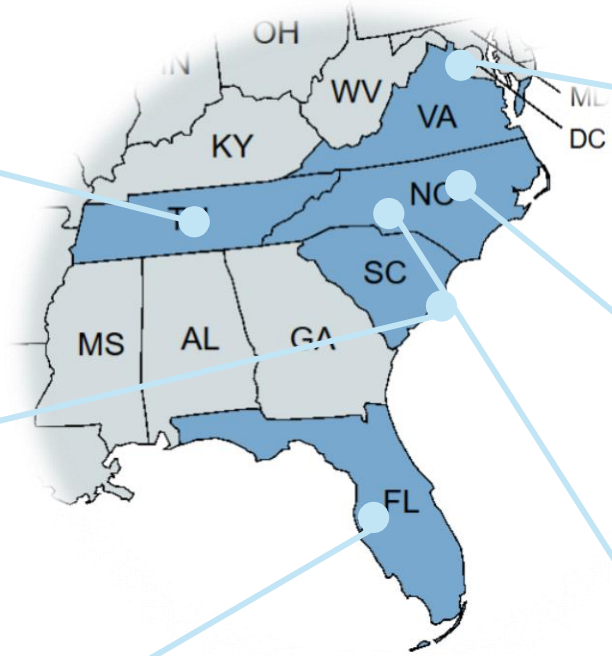
- Business-Friendly Tax Environment & Incentives
- Logistics Infrastructure
- Skilled Manufacturing Workforce & Lower Labor Costs
- Strong Industry Growth Potential (5.4% CAGR)

CHARLESTON, SC

- Strong Export Hub for Industrial & Chemical Manufacturing
- Thriving Industrial Equipment Manufacturing
- Business-Friendly Environment & Incentives

TAMPA, FL

- Pro-Business Tax Climate & Incentives
- Growing Defense, Aerospace, and Industrial Manufacturing Hub
- Port of Tampa Supports Chemical & Industrial Exports
- Skilled Workforce & Access to Technical Training Programs



ARLINGTON, VA

- Strategic Location within the Washington Metropolitan Area
- Highly Skilled Workforce & Technical Talent Pipeline
- Pro-Business Environment & Incentives
- Strong Economic Stability & Industry Diversification

RALEIGH, NC

- Robust Manufacturing Sector
- Strategic Location within Research Triangle
- Access to Skilled Workforce
- Diverse Industrial Base

CHARLOTTE, NC

- Major Energy & Electrical Manufacturing Hub
- Thriving Industrial & Niche Manufacturing Sector
- Centralized Logistics & Distribution Infrastructure
- Skilled Workforce & Manufacturing Talent Pool
- Pro-Business Climate with Tax Incentives

INDUSTRY & INVESTMENT TARGET OVERVIEW

Key Success Factors of Industries & Businesses Identified as Targets

INDUSTRY WITH HIGH BARRIERS OF ENTRY

Limited competition and specialized expertise create defensible market position

HIGH SWITCHING COSTS FOR CUSTOMERS

Established relationships, technical integration, and regulatory requirements increase customer retention

SCALABILITY

Enhanced product differentiation, capacity expansion, and geographic reach enable growth opportunities

CONTROL OF SUPPLY CHAIN DESTINY

Owning critical supply chain elements improve cost control, reduce lead times, and mitigate raw material shortages

RECURRING REVENUE & PRICING STABILITY

Contracts, aftermarket services, and consumable components help stabilize cash flow and minimize pricing volatility

MARGIN STRENGTH & ORDER BACKLOG VISIBILITY

A well-balanced mix, strong backlog, and pricing power drive sustainable profitability and cash flow resilience

PESTLE
MACRO ANALYSIS

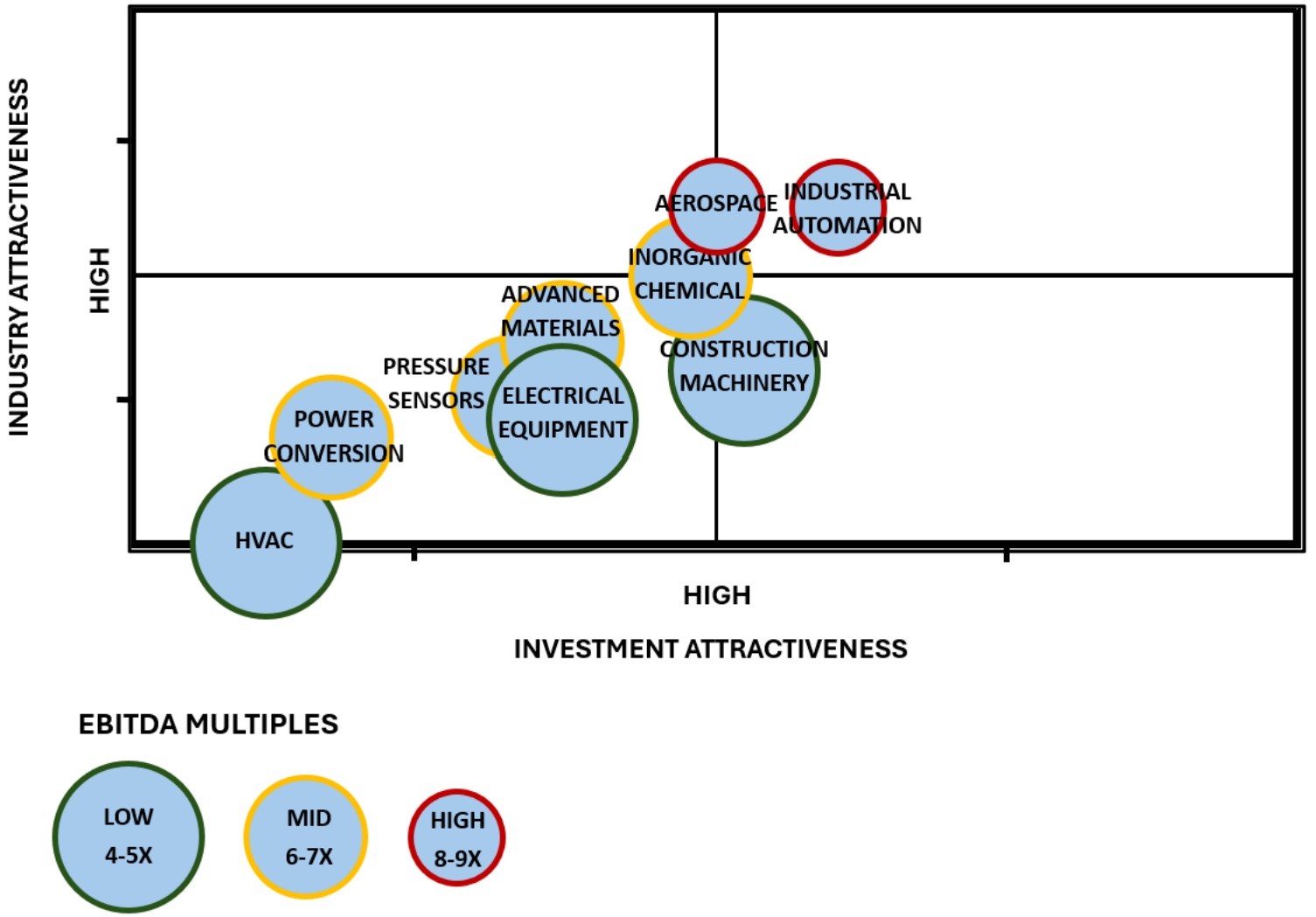
The U.S. manufacturing industry, particularly in electrical components, inorganic chemicals, and niche industrial sectors, offers strong growth opportunities driven by favorable government policies, reshoring trends, and infrastructure investments, but requires careful navigation of regulatory compliance, labor shortages, and supply chain risks.

P	E	S	T	L	E
POLITICAL	ECONOMIC	SOCIAL	TECHNOLOGICAL	LEGAL	ENVIRONMENTAL
Pro-Manufacturing Govt Policies: Corporate tax cuts (15–20%), 100% bonus depreciation, and Section 179 ($1.25M) support capital investments. **Reshoring Incentives:** U.S. focus on domestic production favors chemicals and electrical components. **Right-to-Work States:** TN, FL, NC, SC, VA offer labor flexibility with low unionization risks. **Defense Spending:** Benefits electrical manufacturing, especially in VA and NC. **Trade Policy Impact:** Tariff protections support domestic niche industrial manufacturers.	**Strong Regional Growth:** NC, SC attract global manufacturers; FL thrives in aerospace and logistics. **Labor Market Dynamics:** Skilled workforce pipelines, but wage pressures in technical roles. **Tax Incentives:** SALT cap repeal and estate tax exemption ($13.99M) benefit business owners. **Interest Rates:** Elevated rates, but tax incentives offset financing costs. **Valuation Trends:** Strong M&A activity with multiples in 6x–8x for chemicals, 5x–7x for electrical.	**Skilled Workforce:** Technical talent from NC's Research Triangle and VA's defense sector. **Population Growth:** Drives demand for infrastructure, energy, and industrial materials. **Veteran Labor Pool:** VA offers skilled veterans transitioning into manufacturing roles. **Sustainability Focus:** Demand for eco-friendly products in chemicals and energy sectors.	**Automation Growth:** Tax incentives fuel robotics and process automation investments. **Smart Grid Demand:** Expands opportunities in electrical components for energy infrastructure. **Digitalization:** IoT and AI adoption improve operational efficiency in manufacturing. **R&D Ecosystems:** NC and VA foster innovation in chemicals and power electronics.	**Regulatory Compliance:** Stricter in VA; TN, FL, NC, SC more business-friendly. **Sustainability Trends:** Growth in renewable energy components and eco-friendly chemicals. **Climate Risks:** FL, SC face hurricane risks; impacts supply chains and insurance costs. **Circular Economy:** Opportunities in recycling, waste reduction, and sustainable materials.:	**Tax Law Changes:** Corporate tax cuts and depreciation incentives boost after-tax profits. **Regulatory Landscape:** OSHA, EPA, and ITAR compliance critical, especially for chemicals. **IP Protections:** Strong for proprietary processes in chemicals and electrical components. **Labor Laws:** Right-to-work laws reduce union-related risks; flexible labor management. **Safety Standards:** Industrial safety compliance key in hazardous chemical operations.

NICHE MANUFACTURING SUBSECTOR ANALYSIS

INDUSTRY/INVESTMENT ATTRACTIVENESS

Over 20 manufacturing subsectors were evaluated across 12 qualitative and quantitative criteria, identifying electrical equipment, inorganic chemicals, and advanced materials as top investment opportunities due to high entry barriers, strong EBITDA margins, and resilient growth in industrial markets.



NICHE MANUFACTURING

INDUSTRY & INVESTMENT ATTRACTIVENESS SCORING

Sector	Market Growth	Macro Trends	Barriers to Entry	Competitive Intensity	Supplier & Customer Strength	EBITDA Margins	Investment Entry Point	Revenue Quality	Risks and Mitigants	Growth Potential	Operational Complexity	Capital Intensity	Industry Attractiveness Score	Investment Attractiveness Score
	20%	20%	10%	15%	20%	15%	10%	20%	10%	10%	15%	10%		
Inorganic Chemical Manufacturing	3	4	5	4	4	3	5	4	4	3	3	3	0.77	0.73
Aerospace Product Manufacturing	3	5	5	4	4	3	4	4	3	5	3	3	0.80	0.73
Pressure Sensor Manufacturing	3	4	4	3	4	2	4	4	4	3	3	3	0.67	0.70
Electrical Equipment Manufacturing	4	4	4	2	4	2	4	4	4	3	3	3	0.67	0.70
Industrial Automation Equipment Manufacturing	4	5	4	4	4	3	4	4	4	5	4	4	0.80	0.83
Construction Machinery Manufacturing	3	4	4	4	4	2	4	4	3	4	4	4	0.70	0.77
Advanced Materials Manufacturing (Composites, Alloys)	4	4	4	3	4	3	4	4	3	4	3	3	0.73	0.70
Power Conversion Equipment Manufacturing	3	4	4	3	3	2	4	3	3	3	3	3	0.63	0.63
Heating & Air Conditioning Equipment Mfg	2	3	3	2	3	2	3	3	3	4	3	2	0.50	0.60

INDUSTRY ATTRACTIVENESS	
Criterion	**Score Description**
Market Growth (20%)	5 (Excellent): CAGR ≥ 6% (High-growth)
	4 (Strong): CAGR 4% - 5.9% (Steady growth)
	3 (Moderate): CAGR 2% - 3.9% (Stable, mature)
	2 (Low): CAGR 0.5% - 1.9% (Slow-growth)
	1 (Very Low): CAGR < 0.5% (Stagnant or declining sectors)
Macro Trends (20%)	5 (Highly Favorable): Strong alignment with megatrends (e.g., reshoring, AI, defense spending)
	4 (Favorable): Some alignment with growth trends but moderate exposure to external shocks
	3 (Neutral): Neutral impact from macro trends; steady demand regardless of cycles
	2 (Unfavorable): Exposed to adverse trends (e.g., regulatory risk, import dependency)
	1 (Highly Unfavorable): Directly threatened by long-term negative trends
Barriers to Entry (10%)	5 (Very High): Specialized IP, high R&D, capital-intensive, regulatory complexity
	4 (High): Moderate capital intensity, technical expertise needed
	3 (Moderate): Some barriers like scale, distribution, or regulatory hurdles
	2 (Low): Few barriers; moderate investment required
	1 (Very Low): Minimal barriers; commoditized industries
Competitive Intensity (15%)	5 (Low Competition): Few players, high differentiation, strong pricing power
	4 (Moderate Competition): Oligopoly or niche dominance
	3 (Average): Balanced competitive landscape
	2 (High Competition): Fragmented, price-sensitive industries
	1 (Very High Competition): Commoditized, race-to-the-bottom pricing
Supplier & Customer Strength (20%)	5 (Highly Favorable): Low supplier power, diversified customer base
	4 (Favorable): Balanced relationships, some cost pass-through ability
	3 (Neutral): Average concentration and negotiation power
	2 (Unfavorable): High supplier dependency, customer concentration risk
	1 (Highly Unfavorable): Overreliance on key suppliers/customers with little pricing control
EBITDA Margins (15%)	5 (Excellent): EBITDA > 20% (High-margin sectors)
	4 (Strong): EBITDA 15% - 19.9%
	3 (Moderate): EBITDA 10% - 14.9%
	2 (Low): EBITDA 5% - 9.9%
	1 (Very Low): EBITDA < 5% (Highly commoditized, low-margin sectors)

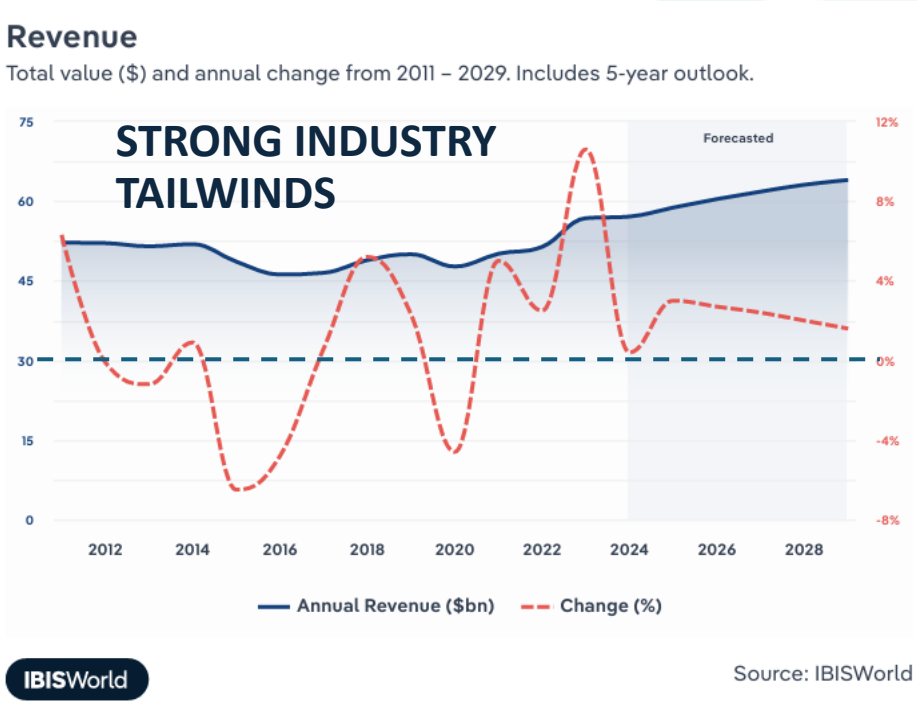
INVESTMENT ATTRACTIVENESS	
Criterion	**Score Description**
Investment Entry Point (10%)	5 (Highly Attractive): Abundant targets, favorable valuations
	4 (Attractive): Good volume of targets, moderate buyer competition
	3 (Neutral): Average deal flow, valuations aligned with industry norms
	2 (Limited): Few targets, high valuations due to demand
	1 (Challenging): Highly competitive space, few targets, premium pricing
Revenue Quality (20%)	5 (Excellent): > 80% recurring revenue (Software-integrated Automation, Defense Contracts)
	4 (Strong): 60% - 79% recurring revenue (Maintenance Contracts, Long-Term Supply Agreements)
	3 (Moderate): 40% - 59% recurring revenue (Project-based with some recurring services)
	2 (Low): 20% - 39% recurring revenue (Transactional Sales with Limited Repeat Business)
	1 (Very Low): < 20% recurring revenue (One-off Projects)
Risks and Mitigants (10%)	5 (Low Risk): Stable demand, low regulatory risk, diversified markets
	4 (Moderate Risk): Some risks, but strong mitigation strategies
	3 (Average Risk): Industry-standard risks, manageable with typical controls
	2 (High Risk): Significant exposure to economic downturns or supply chain issues
	1 (Very High Risk): High dependency on single customers, volatile markets, or regulatory exposure
Growth Potential (10%)	5 (Excellent): Strong growth drivers (AI, EVs, Defense Tech, IoT)
	4 (Strong): High demand from evolving markets
	3 (Moderate): Stable growth aligned with GDP
	2 (Low): Mature markets with limited growth
	1 (Very Low): Saturated or declining markets (Legacy Equipment)
Operational Complexity (15%)	5 (Simple): Standardized, easily managed operations (Basic Manufacturing)
	4 (Moderate): Some technical/process complexity, manageable with strong teams
	3 (Average): Standard operational demands, moderate complexity
	2 (High): Technical complexity, multi-site operations, regulatory hurdles
	1 (Very High): Highly complex, specialized manufacturing (Clean Rooms, Military Tech, Fabrication Plants)
Capital Intensity (10%)	5 (Low): Asset-light model, minimal CapEx (Service-Heavy Automation, Small Niche Components)
	4 (Moderate): Moderate CapEx, manageable through cash flow
	3 (Average): Standard CapEx for industrial businesses
	2 (High): High ongoing CapEx for maintenance and growth
	1 (Very High): Extremely capital-intensive (Heavy Industrial Plants)

U.S. ELECTRIC EQUIPMENT MFG
(NAICS 33531)

$57.1bn
INDUSTRY SIZE

+2.4%
CAGR (EST.) '24-29

$52.2bn
TOTAL IMPORTS



*"Power demand growth in the next 20 years is projected to be **600% higher** than the past two decades." (Source: McKinsey & Company)*

STRENGTH
- Strong Industry Connections
- High/Steady Barriers to Entry
- Resilient to Economic Shock– Critical Infrastructure
- Low Capital Requirements

WEAKNESS
- Tariff Exposure on Raw Materials (Copper & Aluminum
- Global Competition from Large Players
- High Customer Class Concentration

NAICS 33531

OPPORTUNITY
- High Imports = Growth Under New Trade Regulation
- High Sector Growth (Grid Demand)
- Smartgrid Opportunities

THREAT
- World Price of Aluminum
- Govt Investment & Policies in Question

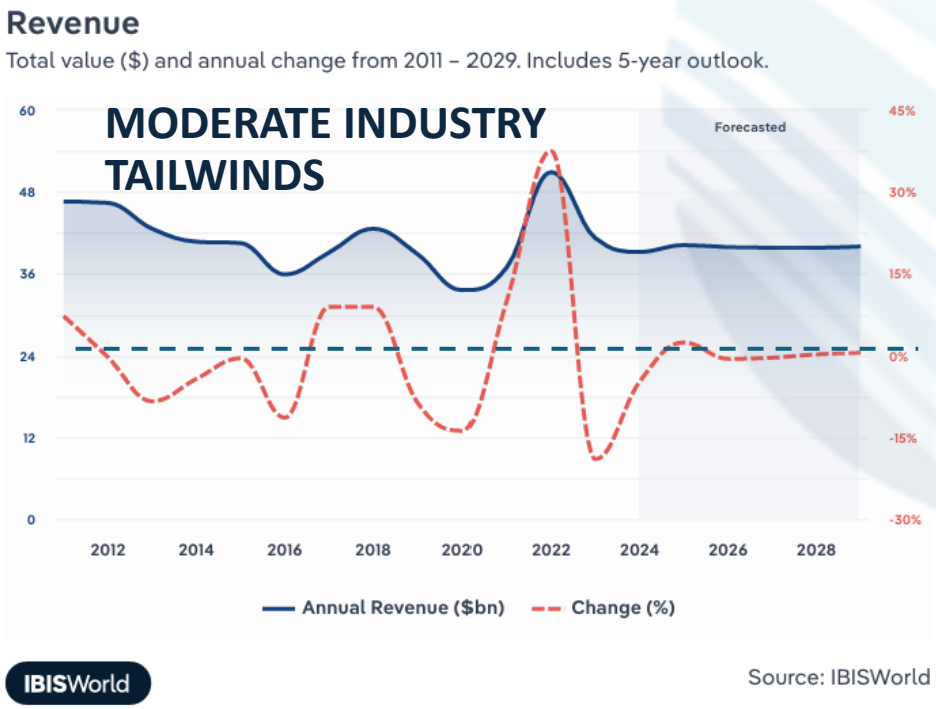
Product Category	Details
Power Distribution Equipment	Switchboards, Panelboards, Load Centers, Distribution Transformers, Bus Ducts
Switchgear Manufacturing	Low-Voltage Switchgear, Medium-Voltage Switchgear, Protection Relays, Control Panels, Circuit Breakers
Transformers (Power & Distribution)	Oil-Filled Transformers, Dry-Type Transformers, Pad-Mounted Transformers, Power Transformers, Distribution Transformers
Circuit Breaker Manufacturing	Molded Case Circuit Breakers, Air Circuit Breakers, Miniature Circuit Breakers, Thermal Magnetic Breakers, Solid-State Breakers
Control Panels & Industrial Automation	Motor Control Centers, PLC Panels, Relay Panels, Automation Panels, VFD Panels
High Voltage Equipment	High-Voltage Switchgear, Surge Arresters, Insulators, Power Capacitors, HV Cables

U.S. INORGANIC CHEMICAL MFG
(NAICS 32518)

$39.2bn
INDUSTRY SIZE

+11.9%
PROFIT MARGINS

$16.1bn
TOTAL IMPORTS



STRENGTH	WEAKNESS
High Profit Margins Strong Barriers to Entry	Complex Supply Chain Potential Environmental Impact/Regulations Volatile Industry in Past High Capital Resources
NAICS 32518	
OPPORTUNITY	**THREAT**
Reshoring & Geopolitical Tailwinds Decreased Regulation with New US Policies Recent Drop (5 Years) in EBITDA Multiple	*Using Past Volatility as a Reference* Dependence on Volatile Raw Material Regulatory Compliance Energy Price Shocks

Product Category	Details
Chlor-Alkali Products	Caustic soda and chlorine, used in water treatment, plastics, and industrial chemicals
Ammonium Nitrate & Fertilizers	Essential for agriculture and explosives, supporting the fertilizer and mining sectors
Hydrogen Peroxide	Key ingredient in paints, coatings, and plastics for industrial and consumer applications
Sodium Carbonate (Soda Ash)	Used in glass manufacturing, detergents, and various industrial chemical processes
Titanium Dioxide (Pigments)	Common oxidizer in industrial bleaching, sanitation, and environmental applications
Specialty Inorganics for Electronics	Specialty chemicals used in semiconductors, high-tech coatings, and electronic components

ADVANCED MATERIALS MFG
(NAICS 332117)

$68.5bn
INDUSTRY SIZE

+6.3%
CAGR (EST.)
'24-29

STRENGTH
- High Profit Margins
- Strong Barriers to Entry
- Diversity of Markets

WEAKNESS
- Parts of Industry tied to Automotive (Volatile)
- Capital Intensive Operations
- High R&D

NAICS 332117

OPPORTUNITY
- Defense & Aerospace Demand
- Reshoring & Geopolitical Tailwinds
- Emerging Technology Tied to Growth

THREAT
- Dependence on Volatile Raw Material
- Energy Price Shocks
- Supply chain Risks – Global Minerals

Product Category	Details
High-Performance Alloys	Lightweight, high-durability materials used in aerospace, automotive, and industrial applications
Advanced Polymers	Strong, lightweight materials widely used in aerospace, wind energy, and industrial applications
Carbon Fiber Composites	High-strength metal alloys used in aerospace, automotive, and heavy industrial applications
Thermal Barrier Coatings	Advanced metal composites used in aerospace, defense, and high-performance industries
Metal Matrix Composites	Heat-resistant coatings applied in aerospace, power generation, and industrial machinery
Graphene-Based Materials	Cutting-edge materials with exceptional conductivity and strength for industrial applications