

True North M&A Case Study

Project Electric – Midwest Electrical Contractor Acquired by Private Strategic Buyer



Industry

Building Construction



Type

Electrical Contracting



Years in Business

30+

RESULTS AT A GLANCE

5

INDICATIONS OF INTEREST WERE SUBMITTED
DURING THE PROCESS

2

LETTERS OF INTENT WERE SUBMITTED DURING THE
PROCESS

A well-known full-service Midwest electrical contractor turned to True North Mergers & Acquisitions (TNMA) as their exclusive financial advisor to explore the outright sale of the business. Renowned for its expertise in new construction, remodels, additions, service panel upgrades, and more for multi-family properties, apartments, hotels, single-family, and executive homes, they are trusted and relied upon by the top general contractors in the region. The owner, seeking to retire, thought the business would be valuable in the hands of a company with a current industry footprint or one intent on growing the business to the next level using the existing management team. With a strong management team and established brand identity in the region, the company was poised for a strong future with a growing backlog and a robust pipeline of signed contracts.

Key Takeaways:

Market Impact

The U.S. electrical contracting industry consists of over 75,000 establishments, generating over \$170 billion in annual revenue, with projections to reach \$283.74 billion by 2028, growing at a CAGR of 3.94%. Post-pandemic demand for new housing and office spaces, along with ongoing renovations to accommodate remote work and modern living, were key growth drivers making it an attractive market for private equity groups and strategic buyers alike. True North M&A's Compass Exit Opinion (CEO) strategy utilized favorable market conditions to negotiate a beneficial deal structure, positioning the company for success in the market.

Buyer Synergy:

Private Strategic Buyer

The private strategic buyer that acquired Project Electric saw it as a compelling investment opportunity because of the synergies between the two companies, including their geographical locations, customer needs, and company cultures. The buyer, who owned an HVAC business, recognized the opportunity to expand their services by adding an electrical contracting division.

CEO Process Insights

Preparation Phase

TNMA's deal team and advisor laid the groundwork for a successful deal through marketing materials that emphasized the business's growth opportunities and strong customer relationships.

Marketing Phase

Prioritizing the seller's desire to sell to a buyer who would take care of employees, True North M&A utilized the QuietAuction™ process to generate 5 IOIs and 2 LOIs.

Execution Phase

During the final stages of the transaction, the seller and TNMA's team managed a comprehensive due diligence process ensuring the seller was able to find a good cultural fit for their company that would take care of their employees.

QuietAuction™ Negotiations



Market value is an estimate of the current price at which an asset or enterprise company can be bought or sold

Results:

Through TNMA's QuietAuction™ process, the deal team and the seller successfully identified and negotiated a deal that capitalized on market conditions and the synergies between the two companies. Their compatibility led to a successful agreement that satisfied both parties.