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- 03 The Private Equity Model**
Understanding The PE Investment Model
- 04 Preparing for an Investment / Exit**
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Firm Overview



Rock Island – Introduction

2005 Founded
\$550M AUM
4 Current Funds
31 Partnerships
41 Acquisitions

Who We Are

- Chicago-based investment firm
- 20+ years of investing history
- Flexible capital structures
- Partnership approach with active support
- 12 professionals (accounting focus / 8 CPAs)

Relevant Partnerships / Investments

OKLAHOMA CHILLER
 Commercial & industrial HVAC service provider
 Tulsa, OK

EXPOSED SURFACES
 Specialty subcontractor providing concrete polishing, flooring, waterproofing, etc.
 Dallas, TX

CENTRAL POWER SYSTEMS & SERVICES
 Power generation, distribution, and equipment provider
 Kansas City, MO

RPRENTS
 Aerial lift equipment rental, parts, and service provider
 Chicago, IL

Today's Presenters

Al Mattaliano
 Founding Partner
Rock Island Capital

Paul Winkler
 Managing Director
HURON Deloitte



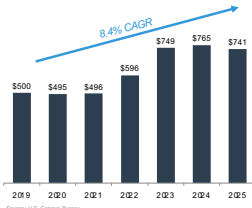
Industry Trends

U.S. Construction Activity, AEC Investment & Technology

U.S. Construction Activity – Long Term Trends

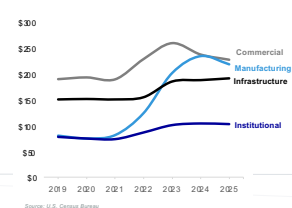
Strong growth over the past 5 years

Private, non-residential construction spend
\$ in billions



Driven by the manufacturing sector

Private, non-residential construction spend
\$ in billions



U.S. Construction Activity – 2025 Performance

2025 was the first construction decline since 2020

US\$ Billions	2024	2025	Chg. (\$)	Chg. (%)
Commercial	\$ 238	\$ 228	\$ (10)	(4.2%)
Manufacturing	235	219	(16)	(6.8%)
Infrastructure	188	192	3	1.8%
Institutional	104	103	(1)	(1.2%)
Total	\$ 765	\$ 741	\$ (24)	(3.1%)

Source: U.S. Census Bureau

Largely as a result of...

- Tariffs
- Inflation
- Supply Chain Disruptions
- High interest rates
- Labor shortages

Data Center vs. Other Commercial

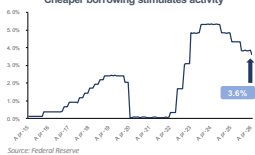
US\$ Billions	2024	2025	Chg. (\$)	Chg. (%)
Data Centers	\$ 31	\$ 41	\$ 10	32.0%
Other	204	178	(26)	(12.7%)
Commercial	\$ 238	\$ 228	\$ (10)	(4.2%)

Source: U.S. Census Bureau

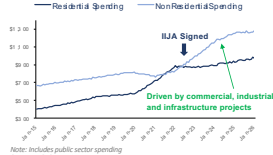
Data Centers = 4x increase since 2021
...but still only 5.5% of total

Economic Indicators

Federal Funds Effective Rate



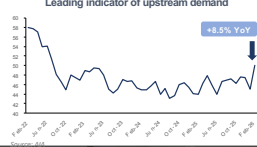
Construction Spending



Dodge Momentum Index (10-Yr)



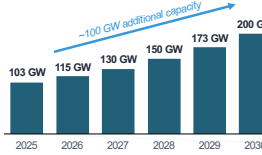
Architectural Billings Index



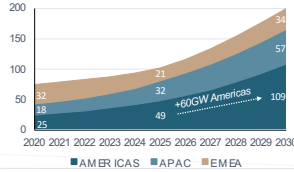
Data Center Trends

100 GW of new capacity needed over the next 5 years, with roughly half coming from Americas

Data center capacity: forecasted growth (GW)



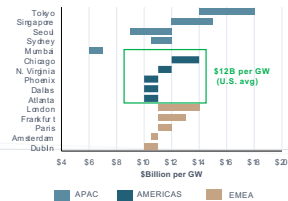
Global supply forecast by region (GW)



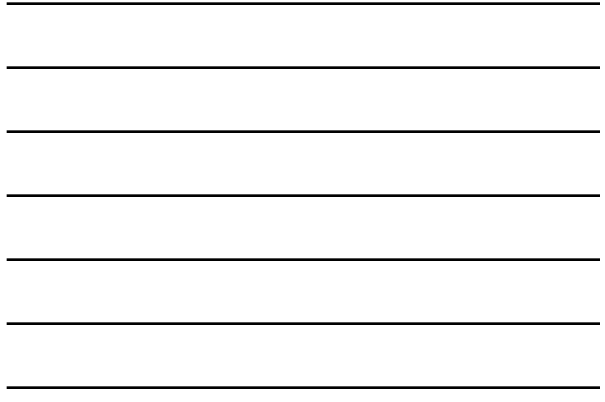
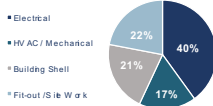
Data Center Trends

\$100 billion+ of forecasted spend in the U.S., with HVAC / Electrical representing the majority of construction costs (57%)

2026 average data center construction costs (\$B per GW)

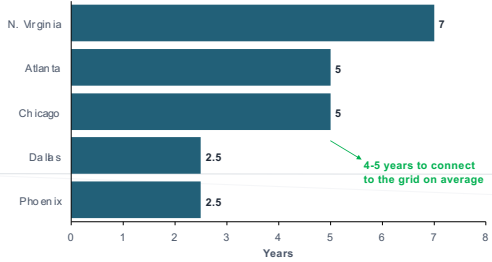


Data Center Cost Analysis



Data Center Trends

Longer grid connection lead times drive operators toward self-generation, PPAs, and private wire deals

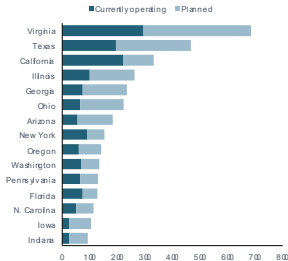


Source: A.J. "2025 Global Data Center Outlook" January 2025

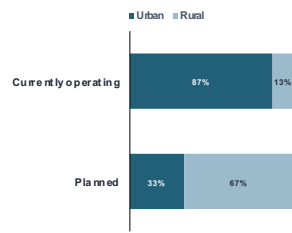
Data Center Trends

Data center footprint shifting from urban to rural, led by Virginia, Texas, and Illinois

Number of data centers by state, by status



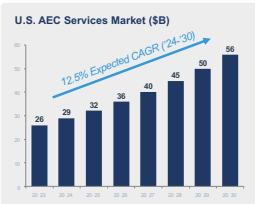
Percentage of U.S. data centers by location type



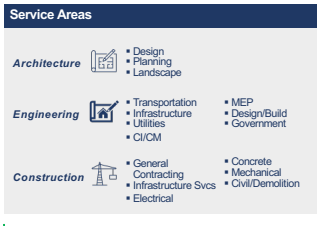
Source: Open StreetMap Center, "Most new data centers in the U.S. are coming to rural areas," April 18, 2025

AEC Industry

AEC expected to grow 12.5% CAGR over the next 5 years



Source: Grand View Research



Strong PE Interest in all areas

Common Misconceptions About PE

✗ PE will fire employees and slash headcount	✓ Growth-focused — retain talent and often hire needed leadership positions.
✗ PE will saddle the company with dangerous debt	✓ Modest leverage (2-4x EBITDA); over-levering hurts returns.
✗ PE always takes majority control and runs the business	✓ Often minority stakes — partners with management, not operators.
✗ PE investors only care about trendy sectors	✓ Sector-agnostic — follows growth and cash flow; AEC fits both.
✗ PE will force a sale within five years	✓ Exit timing flexes — dependent on business trajectory and owner readiness.

How PE Helps You Grow

Private equity accelerates growth on five fronts – capital, acquisitions, technology, strategy, and people

- 1 Capital for Expansion**
Equity and debt financing for new offices, equipment, capacity expansion, and pursuit of large public infrastructure projects.
- 2 Add-on Acquisitions**
PE firms identify and integrate add-on targets, leveraging shared services and cross-selling to build scale.
- 3 Professionalization & Technology**
Implement ERP/CRM, data analytics, AI tools, and BIM platforms to improve efficiency and decision-making.
- 4 Strategic Discipline**
Clear value creation plans. Refine strategy, pricing, and procurement to unlock margin expansion.
- 5 Network, Talent & Expertise**
Access to industry experts, board members, and operational advisors. Recruit experienced executives.

PE Platform vs. Add-on – Key Differentiators

PLATFORM		ADD-ON
Anchor investment — establishes a new thesis in a sector or vertical; built to scale	Strategic Rationale	Bolt-on to an existing platform; accelerates the platform's growth via scale, scope, or capability
\$5M–\$25M+ EBITDA; sized to support standalone infrastructure and debt capacity	Scale	Typically \$1M–\$7M EBITDA; sized to extend the platform
Full platform pricing; pays for management, systems, and growth runway	Valuation	Tuck-in pricing; multiple arbitrage is a core value-creation lever
Full-scope vendor diligence (QoE, legal, commercial, IT, HR, etc.)	Diligence	Streamlined — focus on integration, customer/vendor overlap, synergies
Standalone CEO/CFO, board governance, reporting, banking, insurance	Team	Absorbed into platform systems and back office
Standalone ERP, BI/analytics, BIM, cybersecurity; built for scale	Technology	Migrated onto platform stack; often replaces legacy systems

Preparing for an Investment / Exit

How to Prepare Your Business for a Potential Investor

Preparing for an Investment (12-24 months out)

Clarify Goals & Timeline

Decide between full sale, majority recap, or minority investment. Determine desired ongoing involvement and ideal timing.

Financial Housekeeping

Produce GAAP-compliant statements; normalize earnings; prepare multi-year forecasts; obtain a sell-side Quality of Earnings (QoE) report.

Strengthen Management

Build a strong second-tier team that can operate independently. Document processes. Diversify customer and supplier relationships.

Develop Growth Playbook

Show investors a plan to scale via hiring, capacity expansion, and acquisitions. Include backlog visibility and pipeline conversion data.

Invest in Systems & Data Infrastructure

Update ERP, CRM, and BI tools so operating data is clean and accessible. Build the underlying reports to track backlog and pipeline – and revenue by segment, product, and customer.

Prepare Due Diligence

Organize financial, legal, HR, and IP documents. Provide backlog/WIP schedules, utilization metrics, safety records, and concentration analyses.

What PE Investors Look For

Predictability

Repeatability

Growth Potential

Diversification

Financial

- Consistent revenue growth & profitability
- Strong EBITDA margins
- Healthy cash flow & cash conversion
- Working capital discipline (DSO, WIP, retainage)
- Backlog visibility and revenue quality

Operational

- Scalable processes & modern ERP/CRM/BIM
- Strong second-tier management team
- Employee retention & safety culture
- Documented SOPs and compliance records
- Technology adoption (AI, digital twins)

Strategic

- Exposure to growth sectors (data centers, power)
- Customer diversification & recurring contracts
- Geographic footprint & market position
- Cross-sell/upsell potential across services
- Acquisition platform potential

Rock Island Capital

Overview

Rock Island Partnerships



Maintain Operational Control

Management continues to run day-to-day operations, with Rock Island serving as a strategic resource to support execution and operational improvement.



Retain Meaningful Equity

Existing owners retain meaningful equity and control of the business while partnering with Rock Island to support a recapitalization and growth.



Obtain Liquidity

Owners diversify personal net worth and take some chips off the table while remaining owners and participating in future upside.



No Personal Guarantees

If you personally guarantee debt, those guarantees will be removed. If we fund future growth with debt, debt will not need personal guarantees.



Growth Equity Capital

Equity capital remains in the business to fund growth initiatives rather than servicing bank debt amortization.



Flexible Capital Structure

A low-debt, flexible capital structure positions the company for accelerated growth through strategic investments.



Employee Ownership

Key employees are given the opportunity to earn equity, strengthening alignment, retention, and long-term value creation.



Rock Island Partnership

The Rock Island team will serve as a hands-on resource to management, providing strategic, operational, and financial support.



Access to Additional Capital

Partnership with Rock Island provides access to additional capital over time to support acquisitions, expansion, and other growth initiatives.



Rock Island Network

Value-add introductions to potential resources, customers, or acquisition targets via Rock Island portfolio, investor network, and other connections.

Case Study: Oklahoma Chiller

Company Overview



Company: Oklahoma Chiller
Headquarters: Tulsa, OK
Locations: Oklahoma (2), Texas (4)
Partnership: August 2024
Industry: Mechanical & HVAC services

Value Creation Initiatives

1. Strategy & Value Creation Plan
2. Geographic Expansion / M&A Growth
3. Team / Succession Planning
4. Employee Ownership
5. Technology Strategy / Implementation
6. Value-add Intros
7. Financial Reporting / KPIs
8. Insurance & Bonding

Service



Projects



Rentals



Automation/Controls



