










LISTING OPPORTUNITY

Full Service Electrical Contracting Services - \$517,407 Earnings



SPECIFICATIONS

 Price: \$1,580,000	 Revenue: \$4,421,099 (3-Year Avg)	 Cash Flow: \$517,407 (3-Year Avg)
 Location: Monterey County	 Service Area: Monterey Co. + beyond	 Profit Margin: 12.3% (3-Year Avg)
 Employees: 20 FTE	 Reason for Sale: Sellers are Retiring	 Goodwill: 41 Yr. Reputation, Experienced Technicians

BUSINESS SUMMARY

Year Established:	1982
Services:	Full-Service Electrical Contractor
Clients:	Agriculture, Industrial, Commercial
Revenue Mix:	40% Agriculture, 40% Industrial, 20% Commercial
Lease:	600 sq. ft. \$1500.00 Per Month, Assumable
Lease Expiration	Month to Month
Required Licenses:	C10 Contractors License
Reason for selling:	Retirement
Employees:	1 Superintendent, 4 Foreman, 12 Certified Journeyman Electricians, 3 Apprentices
Seller Training:	3 weeks
Growth Opportunity:	Currently there is more demand for work than contractors can serve
Seller's Responsibility:	Seller currently manages this business along with several others from out of state, he spends several hours per day communicating with his superintendent and foremen. He spends at least 1 week per month doing this in person at the various job sites.

This acquisition opportunity is for a 41-year, well-established and highly reputable electrical contractor business located in Monterey County.

The business' specialties include vacuum coolers, greenhouse engineering services, greenhouse wiring, environmental control, temperature control systems, generator installations, and other services common to the agricultural clients.

For industrial clients the company provides conveyor wiring solutions, energy efficiency solutions, harmonic installation, specialty voltages, lighting retrofit, and PLC solutions.

Commercial services offered include breaker boxes, GFCI outlet installation, office electrical solutions, outdoor illumination, power outlet installation, and safety inspections.

Located in Monterey County, the service area also covers the surrounding counties of San Benito, Santa Cruz, and Santa Clara. This company primarily caters to the agricultural industry within these regions.

The demand for quality electrical services in this area is growing with many contractors are experiencing a backlog of booked work. Growth potential is nearly unlimited, especially if the company expanded services into the residential market as well.

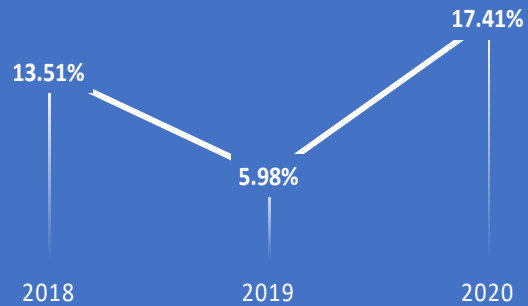
Included in their book of clients are Dole and Tanamura & Antle (two of the largest growers in California,) which together account for roughly 40% of their business. Both of these large, ongoing client contracts require a large portion of the full list of services offered by this company. Industrial customers range from manufacturing facilities to warehouses, and everything in between, which accounts for another 40% of their business. The remaining 20% of business comes from smaller commercial accounts and some residential customers.

There is 1 superintendent who manages 4 foremen and handles most of the bids and purchasing supplies. The 4 foremen schedule the individual jobs and assign the different tasks to the 12 certified journeyman electricians and 3 apprentices, who in turn perform the electrical work and labor.

VALUE PROPOSITION

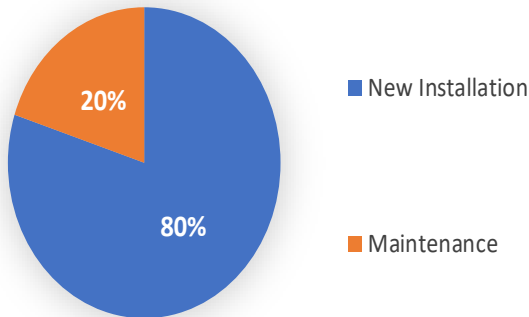
- 41 Years of established Reputation
- Priced Below Market for Quick Sale - Retirement
- Growing buisness through COVID
- SDE trended up in 2020
- Short-term lease that can be assumed or relocated
- 40% revenue comes from two of the largest growers in CA
- Diverse mix of clients
- First year cash return will likely cover the down payment

PROFIT MARGIN

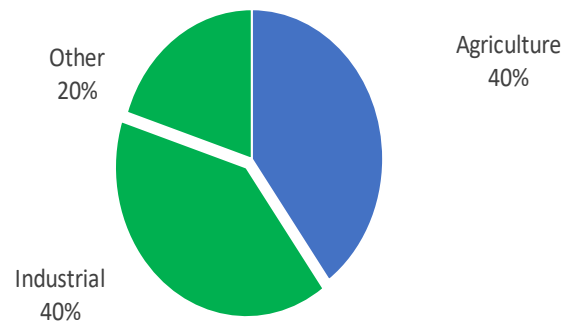


REVENUE BREAKDOWN

Revenue by Service



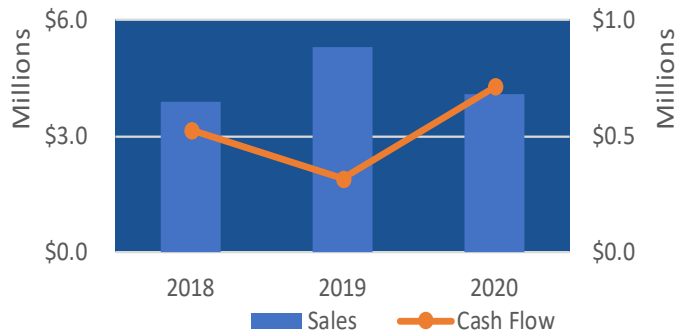
Revenue by Customer



FINANCIAL HIGHLIGHTS

- Listing Price \$1,580,000 (includes \$50K Inventory)
- On Target for \$6,000,000 Gross Sales for 2021
- \$4,421,099 3-Year Average Sales
- \$517,407 3-Year Average SDE
- Business Has Continued to Grow Through Covid
- Labor cost not included in 2018-2019 COGS; they were accounted for as an Operating Expense
- Accounting is done in Cash Basis in Tax Return
- 2019 Sales were over \$6M but over \$800K was not collected

Sales and Seller's Cash Flow



CASHFLOW ANALYSIS

Financial Statement Source	Tax Return 2018	Tax Return 2019	P&L 2020
Sales	\$3,882,730	\$5,296,149	\$4,084,417
<i>Less</i> Cost of Sales	\$2,393,855	\$3,058,025	\$3,040,791
<i>Less</i> Operating Expenses	\$1,176,771	\$2,131,126	\$381,220
<i>Equals</i> Net Income Before Taxes	\$312,104	\$106,998	\$662,406
<i>Plus</i> Depreciation	\$120,407	\$116,741	\$0
<i>Plus</i> Amortization	\$0	\$0	\$0
<i>Plus</i> Interest on Loans to Business	\$14,567	\$2,604	\$2,243
<i>Plus</i> Officer/Owner's Salary			
<i>Plus</i> Payroll Taxes on Officer/Owner's Salary			
<i>Equals</i> Preliminary Seller's Discretionary Earnings	\$447,078	\$226,343	\$664,649
Addbacks:			
Meals & Travel 50%	\$6,216	\$8,295	\$5,116
Auto Expenses for Owner's Benefit	\$44,014	\$43,127	\$36,879
Insurance Premium - Working Family Member			
Legal	\$23,454	\$34,314	\$1,093
Non-Business Phone, Internet & Cell Phone Expenses	\$3,604	\$4,523	\$3,517
Sum of Addbacks:	\$77,288	\$90,259	\$46,605
Total Seller's Discretionary Earnings (SDE)	\$524,366	\$316,602	\$711,254
Profit Margin	13.51%	5.98%	17.41%

ASKING PRICE

The asking price is determined using a cash flow methodology. Cash flow is the sum of net income from the business plus any non-cash expenses, non-recurring items and any seller's personal expenses. A multi-factor multiplier is applied to the cash flow based on the condition of the business.

For this business, a three-year average cash flow is applied making the business price more favorable to the buyer. The multiplier applied in this case is 3.05x, below the market in favor of the buyer.

CASHFLOW X PRESCRIBED MULTIPLE = FAIR MARKET VALUE

With this information, the computation is as follows:

$$\underline{\$517,407} \quad \times \quad \underline{3.05} \quad = \quad \underline{\$1,580,000}$$

The fair market value found above positions the listing price as:

\$1,580,000

FUNDING EXAMPLE

Purchase Price: \$1,580,000

20% Buyer Down Payment	\$316,000	Buyer's equity
80% Bank Loan	\$1,264,000	10-Year term at a rate of 5.50% = Monthly loan payment of \$13,718

- Cash Flow (SDE 3 YR Average): \$517,407
- Annual Payment to Bank: \$164,616
- Net Profit (After Expenses and loan payment): \$352,791

Numbers above
result in a **111%**
return on cash in the
first year.

A lender is usually required to have a
1.25 coverage ratio for a business
loan extended.

At a proposed purchase price of
\$1,580,000 with the terms listed
above the coverage ratio is **2.72**

* Please note that the decision of whether to extend a loan on any sale belongs to the bank, and this document does not guarantee specific terms or verify that financing is available.