






LISTING OPPORTUNITY

SB777: Excellent 6 lift Full-Service Auto Repair Shop

584 Five-Star Reviews Generating \$461,675 Average SDE per year.



SPECIFICATIONS

 Price: \$1,015,000	 Revenue: \$1,730,166 (3-Year Avg)	 Cash Flow: \$461,675 (3-Year Avg)
 Location: South SF Bay Area	 SEO Strength: 2046 new users last 12 mo.	 Adjusted Profit Margin 26.92% (3-Year Avg.)
 Employees: 3 Techs, 2 Service Reps	 Reason for Sale: Seller is Retiring	 Average Work Order \$687.77

BUSINESS SUMMARY

- Year Established:** 1977, current ownership since 1985 and in current location since 1992
- Services:** A/C, full auto and truck, brakes, diagnostic, diesel service, electrical, fleet, transmission, engine, cooling
- Equipment:** 6 lifts, Mitchel software RO on 5 computers, parts washing machine, in ground smog dyno, tire balancing machine, overhead exhaust system, and much more
- Clients:** 95% retail and 5% fleet
- Lease:** 5900 sf assumable lease at \$11,524 per month NNN, average 7.6% per month rent cost, 2 years plus 5-year option remain
- Personnel:** 3 full time technicians and 2 full time service advisors, owner is full time

This asset purchase is for an established repair shop known for excellence in service and quality of work. With 6 lifts and 3 full time ASE-Certified technicians they average 10 jobs a day. The SEO drives 5 to 6 new customers per day on average to the business with roughly half of them making appointments. The monthly cost of SEO maintenance is just over one average repair ticket. This year is on pace to break \$2 million in sales.

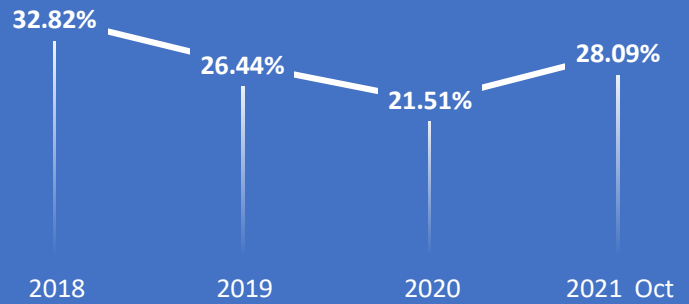
The business' reputation and commitment to the highest standard of service keeps both long-time and new customers coming back for a one-of-a-kind experience. All technicians are ASE-Certified and receive on-going training and education to keep up with the changes in the auto industry.

Whether you are looking to expand your current automotive services business or have made the decision that it's time to use your skillsets to work for yourself, this is a rare opportunity to acquire one of the top-rated auto-shops in the South Bay with a great cash flow.

VALUE PROPOSITION

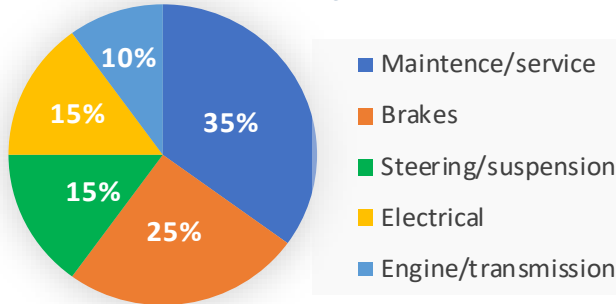
- Continuous service since 1977
- 584 five star reviews
- Uses Digital Workflow for efficiency
- Easy to find location with great accessibility
- Exceptionally clean shop
- Considered an essential business
- AAA Approved, Diamond Certified & Star Certified
- Buyer replace Seller, PT bookkeeper needed
- Average work order for 2020: \$687.77
- Average jobs per day: 10

ADJUSTED PROFIT MARGIN

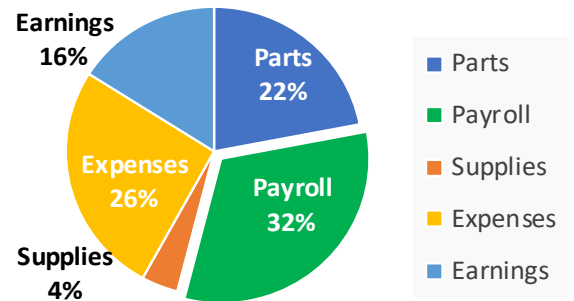


REVENUE BREAKDOWN

Revenue by Service



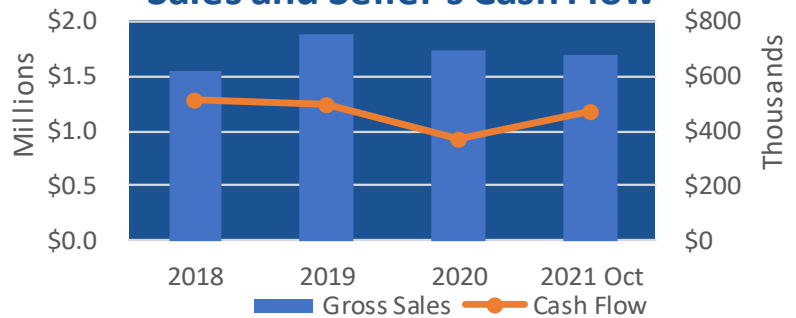
Performance ratio's



FINANCIAL HIGHLIGHTS

- Listing Price: \$1,015,000 including inventory
- 2020 Cashflow (SDE): \$375,069
- 2020 Sales \$1,746,370
- 2021 sales on track to pass \$2 Million
- Seller + wife's W-2 & K-1 = \$274,294 on 2020 taxes
- Recommended Working Capital: \$50,000
- Inventory Estimated Monthly Average: \$5000
- PPP loan forgiven
- No EILD Loan

Sales and Seller's Cash Flow



CASHFLOW ANALYSIS

Financial Statement Source	Tax Return 2018	Tax Return 2019	Tax Return 2020	YTD/P&L 2021 Oct
Sales	\$1,553,621	\$1,890,508	\$1,746,370	\$1,690,060
Returns and alloances	\$0	\$0	\$0	\$0
<i>Less</i> Cost of Sales	\$804,437	\$1,062,178	\$1,037,952	\$1,005,790
<i>Less</i> Operating Expenses	\$679,728	\$709,363	\$645,972	\$441,608
<i>Equals</i> Net Income Before Taxes	\$69,456	\$118,967	\$62,446	\$242,662
<i>Plus</i> Depreciation	\$20,116	\$15,978	\$16,634	\$2,776
<i>Plus</i> Amortization	\$0	\$0	\$0	\$0
<i>Plus</i> Interest on Loans to Business	\$9,615	\$9,590	\$8,342	\$1,094
<i>Plus</i> Officer/Owner's Salary	\$161,733	\$168,474	\$124,792	\$110,400
<i>Plus</i> Payroll Taxes on Officer/Owner's Salary	\$0	\$0	\$0	\$0
<i>Equals</i> Preliminary Seller's Discretionary Earnings	\$260,920	\$313,009	\$212,214	\$356,932
Addbacks:				
Salary to Part Time Working Family Member	\$88,993	\$87,896	\$87,056	\$73,888
Salary to replace part time family member	(\$24,000)	(\$25,000)	(\$26,000)	(\$22,500)
Auto Expenses for Owner's Benefit	\$38,364	\$8,208	\$2,835	\$3,049
Insurance Premium - Working Family Member	\$115,163	\$69,916	\$77,034	\$51,093
Owners' Pension Plan	\$7,063	\$7,047	\$7,336	\$6,340
Non-Business Phone, Internet, travel, meals	\$23,364	\$38,742	\$15,134	\$5,960
Sum of Addbacks:	\$248,947	\$186,809	\$163,395	\$117,830
Total Seller's Discretionary Earnings (SDE)	\$509,867	\$499,818	\$375,609	\$474,762
Profit Margin	32.82%	26.44%	21.51%	28.09%

ASKING PRICE

The asking price is determined using a cash flow and asset 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. The asset methodology takes into account what it could cost to open a similar business in equipment and square feet. A multi-factor multiplier is applied to the cash flow based on the condition of the business and the asset value is added to that result.

For this business, a three-year average cash flow is applied, making the business price more favorable to a buyer. The multiplier applied in this case is 2.2x, a highly desirable price to value ratio.

The SDE value takes into account the time to build up goodwill and customer reputation & base. To build out a similar space with like equipment from scratch, it could cost upwards of \$1 million or more for the assets alone.

AVG. CASHFLOW X PRESCRIBED MULTIPLE = FAIR MARKET VALUE

With this information, the computation is as follows:

$$\underline{\$461,675 \times 2.2 = \$1,015,000}$$

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

\$1,015,000 including inventory

FUNDING EXAMPLE

Purchase Price: \$1,015,000

20% Buyer Down Payment	\$203,000	Buyer's equity
80% Bank Loan	\$812,000	10-Year term at a rate of 5.50% = Monthly loan payment of \$8,812

- Cash Flow (SDE in 2020): \$375,609
- Annual Payment to Bank: \$105,744
- Net Profit (After Expenses and loan payment): \$269,865

Numbers above
result in an **75%**
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
\$1,015,000 with the terms listed
above, the coverage ratio is **1.90**

* 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.