

Established Bay Area Pharmaceutical Delivery Service

Home Based. High Profit Margin. Coveted Pharmacy Relationships



SPECIFICATIONS

	Price: \$350,000		Revenue: \$326,387 (2021)		Cash Flow: \$100,049 (2021)
	Location: Bay Area, CA		Service Area: San Francisco Bay Area		Adjusted Net: 30.6%
	Employees: 4 FT Drivers		Reason for Sale: Sellers are Retiring		Goodwill: 26 years

BUSINESS SUMMARY

- Year Established: 1995
- Services: Delivery from pharmacies to home bound clients
- Equipment: Minimal office equipment
- Operation: Monday through Friday deliveries
- Clients: Anyone who needs medications delivered, growing population as boomers age up
- Lease: Relocatable to an extent
- Personnel: 4 to 5 full time drivers as needed

The presented acquisition opportunity is for a well-established, niche delivery business, providing services for contracted pharmacies whose clients are home-bound. The business obtained it's favored relationships within the highly scrutinized, bay area pharmacy industry by developing first-class operations and practices that meet the level of professionalism, organization and care required.

Sales transactions & delivery requirements are received directly from contracted pharmacies.

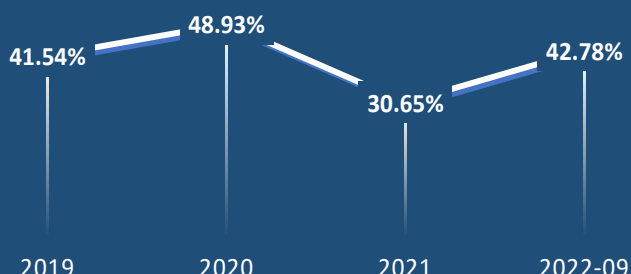
During the pandemic, the business realized growth and is expected to continue this trend throughout the upcoming wave of the retiring US Baby Boomer population. Low contact healthcare options have also become more standard and in-demand in the aftermath of the pandemic.

A buyer for this business must be highly organized and possess some experience in logistics to navigate this highly regulated industry. Accountability and attention to detail are the key elements for the successful future of this geographically focused business. All drivers are 1099 contractors.

VALUE PROPOSITION

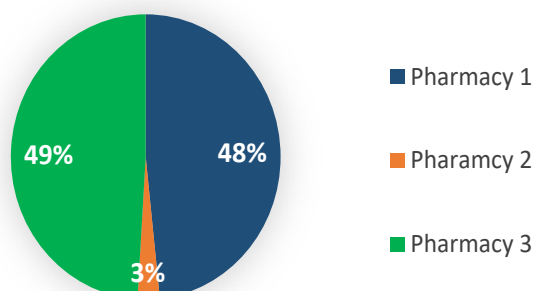
- One of the first Pharmaceutical Delivery Services
- In contract with 3 key pharmacies
- Easily integrated into existing delivery business
- Relocatable
- Key employee can run office
- Buyer will have a high degree of detail and organization
- Business model can be expanded into other territories
- Buyer will run office and be able to deliver when needed
- Very simple to run, attention to detail is key
- Growth can be had by increasing pharmacy relations

PROFIT MARGIN

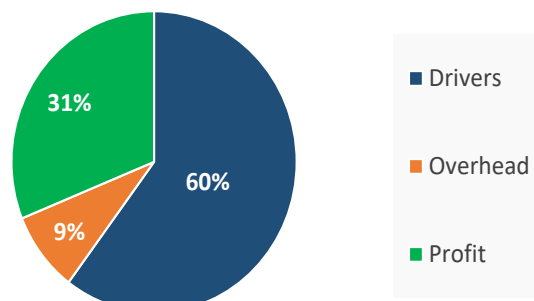


REVENUE BREAKDOWN

Revenue by Pharmacy



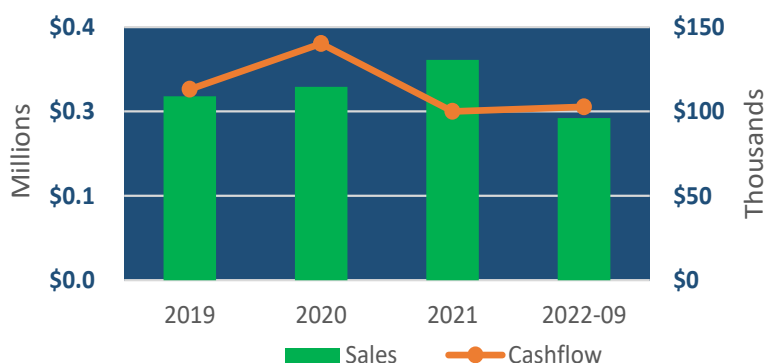
Main Cost Areas



FINANCIAL HIGHLIGHTS

- Listing Price: \$350,000 no inventory
- 2020 Cashflow (SDE): \$140,201
- Average SDE is 40.37% of Gross
- Gross sales increased during pandemic
- Fees are paid directly by pharmacies
- Average of 4 deliveries per hour
- Average delivery rate \$15.00
- Average delivery working hours per day 6
- Average driver makes \$25/hour
- Drivers are delivery area specific
- Main delivery type averages 584 deliveries/month

Sales and Seller's Cashflow



CASHFLOW ANALYSIS

Financial Statement Source	Tax Return	Tax Return	Tax Return	P&L
Accounting Year is July 31- June 30	2019	2020	2021	2022-09
Sales	\$272,404	\$286,530	\$326,387	\$240,123
Returns and allowances	\$0	\$0	\$0	\$0
Less Cost of Sales	\$0	\$0	\$0	\$0
Less Operating Expenses	\$174,221	\$182,772	\$248,525	\$148,968
<i>Equals</i> Net Income Before Taxes	\$98,183	\$103,758	\$77,862	\$91,155
<i>Plus</i> Depreciation	\$6,604	\$4,717	\$0	\$0
<i>Plus</i> Amortization	\$0	\$0	\$0	\$0
<i>Plus</i> Interest on Loans to Business	\$0	\$0	\$0	\$0
<i>Plus</i> Officer/Owner's Salary	\$0	\$0	\$0	\$0
<i>Plus</i> Payroll Taxes on Officer/Owner's Salary	\$0	\$0	\$0	\$0
<i>Equals</i> Preliminary Seller's Discretionary Earnings	\$104,787	\$108,475	\$77,862	\$91,155
Addbacks:				
Salary to Working Family Member	\$0	\$0	\$0	\$0
Auto Expenses for Owner's Benefit	\$2,095	\$5,202	\$11,080	\$8,309
Insurance Premium - Working Family Member	\$0	\$0	\$0	\$0
Owners' Pension Plan	\$0	\$0	\$0	\$0
Non-Business meal, phone, service	\$6,278	\$26,524	\$11,107	\$3,272
Sum of Addbacks:	\$8,373	\$31,726	\$22,187	\$11,581
Total Seller's Discretionary Earnings (SDE)	\$113,160	\$140,201	\$100,049	\$102,736
Profit Margin	41.54%	48.93%	30.65%	42.78%

ASKING PRICE

The asking price is determined using a cash flow and historical sales. 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 historical sales show a multiple of 3x SDE. A multi-factor multiplier is applied to the cash flow based on the condition of the business and the uniqueness 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 3x.

The SDE value takes into account time to build up the goodwill and customer base. If you were to start another like business startup costs would be low, gaining credibility with pharmacies would be difficult.

CASHFLOW X PRESCRIBED MULTIPLE = FAIR MARKET VALUE

With this information, the computation is as follows:

$$\underline{\$117,803 \times 3 = \$353,409}$$

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

\$350,000

FUNDING EXAMPLE

Purchase Price: \$350,000

20% Buyer Down Payment	\$70,000	Buyer's equity
80% Bank Loan	\$280,000	10-Year term at a rate of 6.75% = Monthly loan payment of \$2680

- Cash Flow (SDE in 2020): \$117,803
- Annual Payment to Bank: \$32,158
- Net Profit (After Expenses and loan payment): \$85,645

Numbers above
result in an **81.7%**
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 **\$350,000** with the terms listed above, the coverage ratio is **3.05 not including buyers income**

* 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.