

Business Opportunity Package

ACME Manufacturing company

FO3994

01/21/09

Package prepared by:

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Company Profile

Not verified by Premier Business Advisors

FO3994

ACME Manufacturing company

The company is both a machine shop and a distributor of metals to the machine shop and job shop industry. It is uniquely located in Sacramento County in northern California. The metals and job shop industry is a very competitive and the location is able to take advantage of lower labor and rental rates in the Sacramento valley to service clients from the San Francisco bay area to Reno, Nevada. The company's success and growth rate can be attributed to two factors, geography and speed of service. It is in the heart of agricultural country where industry is largely agrarian. Larger suppliers of metals and machined components tend to be in more urban areas such as 50 miles southwest in the San Francisco bay area. This means that this company can service its local clients quickly and effectively. An order placed with this distributor will be filled and delivered by their trucks in just one or two days. Non local competitors must consolidate smaller orders into larger ones in order to make deliveries cost effective. For machine shops who rely on metals for their production, quick delivery is very important. In addition this company stocks many of the most common material items for their customers, making service and availability key components of their success.

Financial

Not verified by Premier Business Advisors

	2007		2006		2005		2004	
	9.00 months from P & L	%	from taxes	%	from taxes	%	from taxes	%
Adjusted Gross	\$4,960,364		\$5,167,000		\$5,100,768		\$5,000,980	
Cost of goods sold	\$3,357,611	68%	\$3,500,145	68%	\$3,200,745	63%	\$3,100,765	62%
Gross profits	\$1,602,753	32%	\$1,666,855	32%	\$1,900,023	37%	\$1,900,215	38%
Expenses (net of addbacks)	\$744,633	15%	\$1,093,314	21%	\$1,117,980	22%	\$1,056,500	21%
Sellers discretionary earnings, SDE	\$858,120	17%	\$573,541	11%	\$782,043	15%	\$843,715	17%

Operations

Number of employees				Licenses required:									
Full time	Part time					Business							
Non-owners	11	0					Resale						
Owners	3	3					Contractors						
Monday		Tuesday		Wednesday		Thursday		Friday		Saturday		Sunday	
Hours:	8:30 AM	5:30 PM	8:30 AM	5:30 PM	8:30 AM	5:30 PM	8:30 AM	5:30 PM	8:30 AM	5:30 PM	Closed		Closed

Price and Terms - Business

Purchase price:	\$3,000,000
Seller carry available:	\$500,000
Included inventory:	\$650,000
Equipment, fair market value:	\$90,000
Approximate net current, A/R-A/P:	\$0
Debts to be assumed:	\$0

Property

Price:	\$900,000
Lot size, acres:	1.18
Building size, square feet:	9,876
Total rental income, \$/mo	\$0
Total rental income, \$/yr	\$0

Other

Type of Organization:	S-Corp	Training available:	2	Weeks	20	hours/wk
Reason for sale	Retirement					

Contact Information

Bob Brun

Premier Business Advisors

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Fair Oaks, CA 95628

Phone: 800-503-1123

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Email: bbruns@pmbizbrokers.com

Recast Income Statements

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	2007 <small>9.00 months from P & L</small>	2006 <small>from taxes</small>	2005 <small>from taxes</small>	2004 <small>from taxes</small>
Gross receipts or sales	4,960,364	5,167,000	5,100,768	5,000,980
Returns and allowances				
Adjusted Gross	4,960,364	5,167,000	5,100,768	5,000,980
Cost of goods sold	3,357,611	3,500,145	3,200,745	3,100,765
Gross profits	1,602,753	1,666,855	1,900,023	1,900,215
<u>Expenses</u>				
Compensation of officers	306,999	289,990	220,000	220,000
Salaries and wages	450,000	500,000	550,000	530,000
Bad debts				2,500
Rent	87,634	128,000	120,000	120,000
Taxes and licenses		32,789	35,000	35,000
Interest	8,760	3,450	6,900	4,500
Depreciation	5,100	8,970	8,700	8,900
Advertising			10,000	9,000
Pension, profit sharing, retirement plans		56,780	35,000	14,000
Employee benefit programs		34,765	63,000	26,000
Other deductions or expenses		200,990	234,980	220,000
Total expenses	858,493	1,255,734	1,283,580	1,189,900
Net profit or (loss)	744,260	411,121	616,443	710,315
<u>Compensation for EBIT and EBITDA</u>				
Single owner compensation, fair market value	100,000	150,000	150,000	120,000
<u>Addbacks</u>				
Interest	8,760	3,450	6,900	4,500
Depreciation	5,100	8,970	8,700	8,900
Sellers discretionary earnings, SDE	858,120	573,541	782,043	843,715
EBIT	753,020	414,571	623,343	714,815
EBITDA	758,120	423,541	632,043	723,715

Notes: The financial tables presented above were taken from supplied documents and were not verified. Tax forms and P&Ls contain limited information: lines set to zero or left blank may actually contain expenses noted elsewhere in the financials for this company. Single owner compensation, fair market value is used for EBIT and EBITDA calculations and is an estimate used to define these financial figures and differentiate them from sellers discretionary earnings (SDE). The single owner compensation given has no relation to actual owners salary taken or the ability of the company to supply that salary to the owner. SDE = EBITDA plus owners compensation (fair market rate).

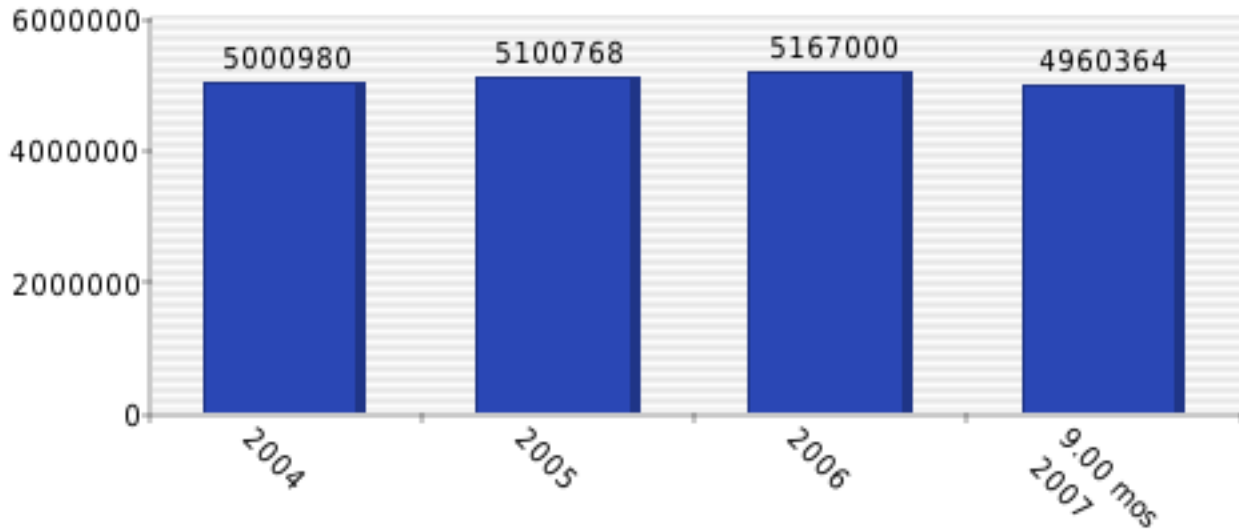
Charts

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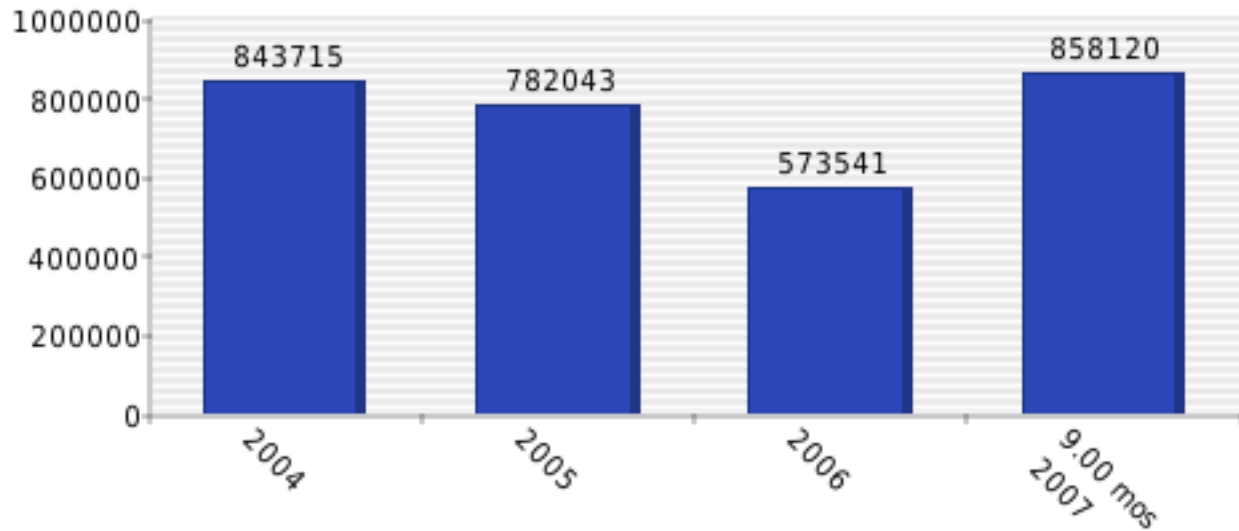
BizValPro.com

Adjusted Gross Revenue



BizValPro.com

Sellers Discretionary Earnings, SDE



Business Fact Sheet

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Business type:	Machine Shop and Distributor	Sales:	\$4,960,364	Cash flow:	\$858,120
Business category:	Service Misc	For:	9.00 Months ending	from	P & L
Asking Price (bus only)	\$3,000,000	Commission:	10-8-6-4-2	Minimum:	50000
Reason for selling	Retirement				
Down payment:	\$500,000				
	% mo.				
Owner finance amount:	\$500,000	10.00%	60	Inventory (inc):	\$650,000
SBA finance amount:	\$2,000,000			Receivables:	\$0
SBA Lender:	Preferred SBA lender			Payables:	\$0
				Net current	\$0
Type of sale:	asset	Real estate?:	yes	Price	\$900,000
Debts to be assumed		If yes, income/mo		\$0	\$0 Year
Assets not included	See equipment lists	Assets, Fair Market Value:		\$90,000	

Business name:	ACME Manufacturing company	Building size:	12000 sq. ft.	Land:	1.18 Acre
Address:	4096 Bridge St. Suite 3	Rent:	\$10,000	CAM	\$0
City:	Fair Oaks	Rent/ft	\$0.83	Insurance	\$0
State, Zip:	CA 95628			Taxes	\$0
Business Phone:	800-503-1123	Monthly payroll:	\$12,345	Annual:	\$148,140
Website:	none	Lease expires			
Org type:	S-Corp	Option years:		Deposit	\$0
		Landlord:	Landlord name		
		Landlord phone:			
Seller name:	Bob Bruns and Wanda Midnight	Established:	01/1998	Current Owner:	05/2001
Owner address:	4096 Bridge St. Suite 3	Training:	2 weeks	20	hours/week
Owner city:	Fair Oaks	Covenant:	5 years	100	miles
Owner state, zip:	CA, 95628	Franchise?:	no		
Owner home phone:	916.961.6275				
Owner cell phone:	916-801-7640				
Owner email:	bbruns@pmbizbrokers.com				

Number of employees		Full time	Part time	Licenses required:				Business						
Non-owners		11	0					Resale						
Owners		3	3					Contractors						
Hours:	Monday		Tuesday		Wednesday		Thursday		Friday		Saturday		Sunday	
	8:30 AM	5:30 PM	8:30 AM	5:30 PM	8:30 AM	5:30 PM	8:30 AM	5:30 PM	8:30 AM	5:30 PM	Closed		Closed	

Employees

# of pos.	Title	Job Description	Hrs/wk	Compensation		Start
1	GM/Owner	Overall Management of company	40	\$150,000.00	year	6/2001
1	Bookkeeper	AR AP and collections	40	\$9.00	hour	1998
3	Driver	Delivery Driver	40	\$12.00	hour	2001
2	Warehouseman	Stock shelves and fill orders/stock shop with supplies	40	\$8.50	hour	2003
4	Machinist	Machine parts to drawings, program CNC machines	40	\$26.00	hour	2006

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The property for this business is available for purchase:

Company address: 4096 Bridge St. Suite 3 Fair Oaks 95628

Business size:	12,000
Rent, FMV:	\$10,000
Total building size, sq ft:	9,876
Rental income, total:	\$0
Lot size, acres:	1.18
Price, real estate only:	\$900,000

Balance sheet (items that transfer)

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Net Current Accounts that Transfer

Accounts Receivable	\$0
Accounts Payable	\$0
Notes Payable	\$0

Other Assets that Transfer

Saleable Inventory	\$650,000
Furniture Fixtures and Equipment	\$90,000
Leasehold Improvements	\$60,000
Other assets that Transfer	\$0

Questionnaire

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Risk Factors, 1 = high risk, bad 10 = low risk, good

Stability of historical earnings	8
Profit Trend	7
Industry Trend	5
Type of business	9
Location and Facilities	9
Stability and Skill of the Employees	5
Competition	6
Diversification: products, services, markets	3
Desireability & Marketability	7
Depth of Management	7
Terms of sale	5
Perception of Risk	7
Ease of Replication	7
Can you raise your prices?	4

Other Factors

Number of customers in the top 70% of sales	50
Number of years in business	10

Valuation results

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Estimated Enterprise Value

Current Assets, Fair Market Value

Accounts Receivable	\$0
Inventory	\$650,000
Furniture, Fixtures and Equipment	\$90,000
Other Assets	\$0
Leasehold Improvements	\$60,000

Liabilities

Accounts Payable	\$0
Notes payable	\$0
Calculated questionnaire SDE multiple	2.12

Financial data

Sellers Discretionary Earnings	\$836,518
Gross Profit, weighted	\$1,895,948

Valuation Estimate

Low Value Estimate	\$2,738,511
High Value Estimate	\$3,041,136

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Assembly Tables



Paint Booth



Metal Punch



Welding, cutting, machining

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5 Items included

1. Metal Lathe. (4)
2. Drill Press .(12)
3. Welder. (4)
4. Punch Press, various sizes. (5)
5. Cut off saw and table.

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4 Items not included

1. Personal golf items and artwork.
2. Main desk in office.
3. Collection of stuffed animals.
4. Personal tool box.