










Business Overview

RE: Electrical Contractor w/ 4M in Upcoming Work

40+ years in West PA serving 3 states with an Electrical Engineer on staff!

Specifications

 Price \$1,063,000	 Revenue \$3,463,515	 Cash Flow \$273,992
 Equipment \$164,875	 Inventory \$99,093	 Account Receivable \$37,019
 Location Western Pennsylvania	 Employees 30 Employees	 Service Area Pennsylvania, Ohio, New York



SUMMARY OF THE BUSINESS –

For over 40 years in western Pennsylvania, this electrical contractor has been servicing the area's commercial and industrial businesses with new construction projects, design build engineer services and more. On staff are 30 full-time employees. The business has distinguished itself with on time and on budget completions, and has developed an outstanding apprentice program.

Offices and a warehouse are housed in a 15,000-sq. ft. facility with a loading dock and overhead doors.

Electrical services include electrical construction, design build services, electrical maintenance and more. Over half of revenue comes from construction jobs, with other services sharing the remaining mix. Please note that the in-house Engineer is qualified to obtain a Master Electrician's license.

The company maintains steady work in the area, but growth opportunities are possible outside the existing 50-mile radius typically covered in the past. These include construction project opportunities in Pennsylvania, Ohio and New York, if current licensing is updated. As a long-standing Associated Builders & Contractors member, additional construction sales are available.

This business has 4M in upcoming work for 2018!

Business Highlights

- Years in Business: Over 40
- Location: Western PA
- Service Area: Pennsylvania, Ohio, New York
- Clients: 100's on a continual basis
- Services: Electrical construction (new & remodel), design build services, electrical maintenance, and energy
- Building: 15,000 sq. ft.
- Reason for Selling: Retirement
- Employees: 30
- Seller Training Period: Transition will last while Electrical Engineer obtains Master Electrician's license
- Growth Opportunities: Electrical construction beyond a 50-mile radius. Development of current experience in special systems and services contracts.
- Current Owner's Responsibilities: Sales & employee management. Seller is **not** an Electrical Engineer.

Financial Highlights

- List Price: \$1,068,000
- Gross Sales:
 - 2016 – 2017: \$3,463,515
 - 2015 – 2016: \$3,010,156
 - 2014 – 2015: \$3,604,478
- Cash Flow:
 - 2016 – 2017: \$273,992
 - 2015 – 2016: \$142,168
- Sales Breakdown:
 - Construction – 56%
 - Commercial Service Work – 16%
 - Energy/Residential Service Work – 28%
- Assets Included in the Purchase:
 - Equipment: \$164,875 – trailers, scissors lifts, ladders, scaffolding, drill units and more
 - Vehicles: \$62,500 – 9 Chevy Cargo Vans, 1 Ford Transit
 - Inventory: \$126,635
 - A/R: \$579,326
 - Retainage Receivables: \$87,876
 - Upcoming: \$2,615,000 Bids / \$2,427,805 Contract / \$520,600 Pending

**amounts may vary*

Cash Flow Analysis

Description of Financial Statement	P&L Statement August-July	Tax Return	Tax Return	Notes
	2016-2017	2015-2016	2014-2015	
GROSS SALES	\$3,463,515	\$3,010,156	\$3,604,478	
Net Income Shown on Financial Statement	\$142,881	\$59,724	\$-59,724	
ADDBACKS				
Compensation to Owner	\$31,000	\$31,000	\$76,000	
11% Tax on total W2 Salaries	\$3,410	\$3,410	\$8,360	
Vehicle Payments	\$9,947	\$0	\$0	\$828.96/month
Wife's Work Package	\$15,000	\$15,000	\$15,000	\$15,000/year salary
Interest	\$0	\$6,768	\$4,169	Non-onward going
Depreciation	\$37,469	\$14,905	\$24,988	Non-cash item
Contributions/Donations	\$434	\$1,873	\$0	Non-onward going
Thrivent	\$2,918	\$0	\$0	\$243.22/month
Cincinnati	\$2,325	\$0	\$0	\$193.75/month
Health & DDS Insurance	\$3,871	\$0	\$0	\$74.46/week x 52 weeks
Auto-Personal Use	\$1,299	\$0	\$0	\$108.33/month
Meals & Entertainment	\$6,017	\$3,528	\$3,555	Personal expenses
Non-Business Telephone	\$1,421	\$960	\$960	\$118.49/month
Personal Club Membership	\$3,784	\$5,000	\$5,000	Travel & Lodge Expense (\$2,379/year + 5 months x \$281)
Dish	\$2,256	\$0	\$0	\$188/month
Landscaping	\$3,960	\$0	\$0	\$330/month
Rent Adjustment	\$6,000	\$0	\$0	\$116,000 onward rent
TOTAL ADDBACKS	\$131,111	\$82,444	\$138,032	
Seller's Cash Flow = Total Addbacks + Net Income	\$273,992	\$142,168	\$78,308	
Profit Margin	7.91 %	4.72 %	2.17 %	

- Fiscal year runs August through July
- While sales were slightly higher during the 2014 – 2015 FY, net income was 139% higher during the 2016 – 2017 FY
- 2015 saw a drop in sales as a major customer retired

Services

Electrical Construction

- Construction and project management for general contractors, architects, professional engineers, and building managers
- Past projects have included work with an imaging center, an elementary school, office buildings, and sports facilities

Design Build Services

- Electrical Engineering with Computer Aided Drafting

Service and Maintenance

- Service crews available 24/7
- Services include electrical maintenance, repairs, and installations.
- Special systems

Lighting Systems

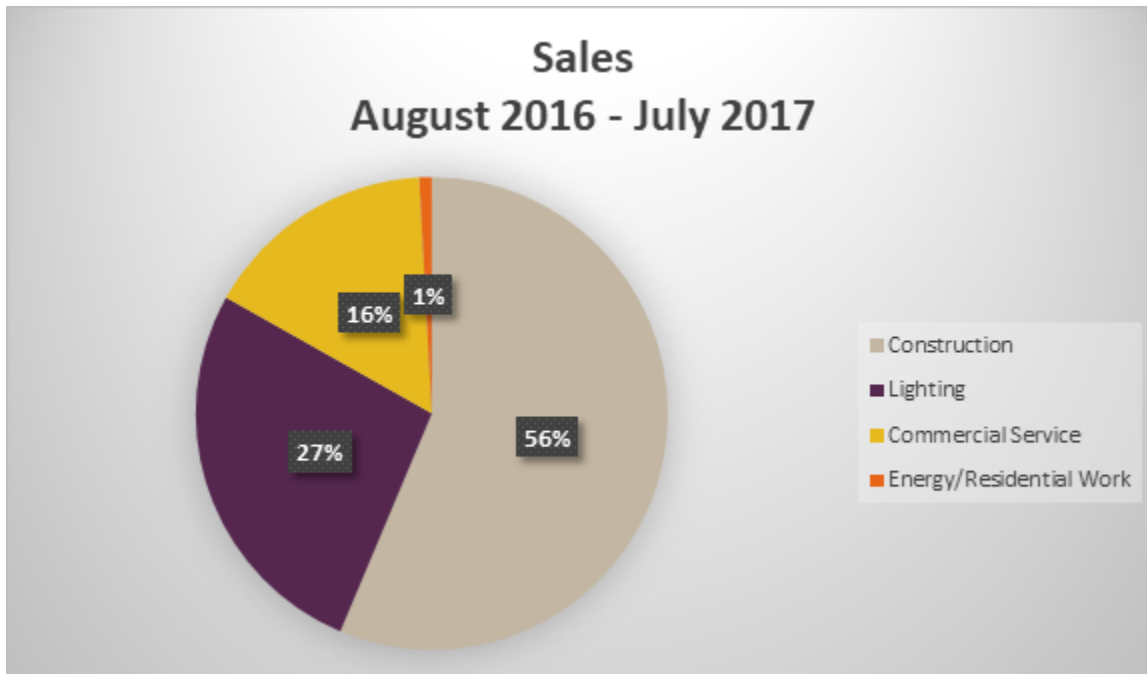
- Customers have included major manufacturing concerns, colleges, and government agencies.

Special Systems

- Design, engineering, installation and support of voice/data structured cabling
- Certified with several manufacturers for Cat5, Cat5e, Cat6 and optical fiber solutions
- Leviton-certified installations and Hubbell-certified installations
- While currently a smaller part of the company's income, special systems such as lighting controls,

fire alarm, security and entry access offer great potential due to higher percentage profit

Revenue Analysis



- Over half of revenue is generated from construction jobs
 - Construction and project management for general contractors, architects, professional engineers and building managers
- Lighting, producing 27% of income, aims to replace existing lighting systems through improving lighting levels and energy savings

Fiscal Year Comparison

August – October 2017

Income: \$986,259

Net Income: \$34,994

August – October 2016

Income: \$532,605

Net Income: (\$60,831)

- FY 2017 – 2018 is outshining 2016 – 2017 by an 85% increase in sales!

Employees

- 30 Employees
- Office

- Receptionist
- Business Manager
- Operations Manager
- Warehouse Manager
- Warehouse Delivery person
- Electricians/Field Workers
 - Electrical Engineer/Project Manager
 - Project Manager
 - Service Manager
 - Journeyman
 - Apprentices

Valuation Details

The Firm Business Brokerage used a Cash Flow Valuation to determine the Purchase Price of a business.

The formula used is as follows:

$$2016 - 2017 \text{ Cash Flow} \quad \times \quad \text{Prescribed Multiple} \quad = \quad \text{Fair Market Value}$$

Cash Flow is the sum of business net income plus any owner perks and any non-onward going expenses.

A multiple is prescribed by a 20 question, 100-point parameter ranking system that is used to analyze the current business health. Each question is based on a scale from 1 to 5: 1 being low, 2 below average, 3 average, 4 above average, 5 high. The average of the responses sum is the business' prescribed multiple.

With this information, the computation is as follows:

$$\$273,992 \quad \times \quad 3.88 \quad = \quad \$1,063,089$$

The Fair Market Value found above positions the business List Price at **\$1,063,000**.

Funding Example

Purchase Price:	\$1,063,000
15% Buyer Down Payment:	\$159,450
10% Seller Financing:	\$106,300
75% Bank Loan:	\$797,250

Seller Financing 5-year term at a rate of 4.5% equals a monthly loan payment of \$1,982.

Bank Loan 7-year term at a rate of 6% equals a monthly loan payment of \$11,647.

After business expenses and loan payments, a buyer with a 15% down payment of \$159,450 would retain a profit of \$110,451, a 69% return on investment in the first year!

A lender is required to have a minimum 1.5 coverage ratio for any business loans extended. At a proposed Purchase Price of \$1,063,000 with the terms listed above, the coverage ratio is 1.68.

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.

To receive a full financial package and specific information regarding this business:

1. Complete the Qualified Buyer Documents (Non-Disclosure Agreement and Buyer Questionnaire) [on our website](#) or print, scan and return the attachments to info@TheFirmB2B.com
2. Call The Firm Business Brokerage at 402.998.5288 to schedule an appointment or conference call with a Broker.

The Firm currently has over 90 cash flowing businesses available. If you find that this is not a fit for you, please let us know and we would be happy to provide you with other opportunities.

The Firm makes no warranties or representation in consideration to the information provided above. All communication regarding this business must occur directly with The Firm Brokerage, LLC.