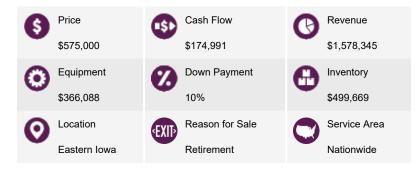


Business Overview

RE: Boat Manufacturer W/ GSA & Municipal Focus

Over 50 years in business and nationwide clients through GSA contract

Specifications





SUMMARY OF THE BUSINESS -

For over 50 years, this custom aluminum boat manufacturer has been creating sought-after designs popular with government and state entities. The seller has just renewed a decades-long contract with the GSA, and continually receives orders from state entities, who have brought clients in from across the nation. Notable purchasers include the Army Corps of Engineers, Department of the Interior, the Bureau of Land Management, Georgia Power and Alabama Power.

Operating out of 2 buildings located in Eastern lowa, there are 12 full-time employees working on the boats from start to finish. Flat sheets of aluminum are crafted into work boats, pontoons, fire/rescue boats and more. Seating is purchased, then embroidered and installed before the final product is delivered. When weather conditions are favorable, the boats are water-tested on the Mississippi. For inclement months, some testing

can be completed indoors.

While the business has an established name and requested product, growth does exist in offering new lines for the private sector. A buyer should consider creating basic fishing boats and motor boats. The full-stocked showroom is set up for anything a boater would need, so adding new lines should fit well into the existing business model. With the efforts to track inventory with more discipline, reduce re-work/overtime and increase contracts are paying off. For example, besides work in process, the business is already scheduled to deliver 12 boats in 2nd quarter 2018 with 2 more pending already

Business Highlights

- Years in Business: Over 50
- Location: Eastern Iowa
- Service Area: Nationwide
- Products: Aluminum boats pontoons, work boats, fire/rescue, and more. Steel trailers. Everything is custom.
- Clients: 40% GSA / 40% State / 20% Private
- Building: Office space & show room are in a 16,160-sq. ft. building, which also has a production area. Paint booth & open storage area in a 7,200-sq. ft. building on the same lot.
- Reason for Selling: Retirement
- Employees: 12 FT
- Seller Training Period: 90 days
- Growth Opportunities: Basic fishing boat line. Motor boat line.
- Current Owner's Responsibilities: Oversee operations, inventory, ordering, bids and light bookkeeping.

Financial Highlights

- List Price: \$575,000
- Gross Sales:
 - o **2017: \$1,578,345**
 - o **2016: \$1,606,638**
 - o **2015: \$1,726,711**
 - o **2014: \$1,429,702**
- 2017 Cash Flow: \$174,991
- 2016 Cash Flow: \$186,524

- 2015 Cash Flow: \$170,742
- Profit Margin: 11%
- Assets Included in Purchase Price:
 - Equipment: \$366,088* furniture, fixtures and equipment *replacement value
 - o Intangible Assets: Contracts, great product and name recognition in the industry
 - Inventory: \$499,669 raw material, motors, boating supplies
 - Work in Progress: \$125,000
 - Backlog: \$200,000

Cash Flow Analysis

Description of Financial Statement	Tax Return	Tax Return	Tax Return	Tax Return	Notes
	2017	2016	2015	2014	
GROSS SALES	\$1,578,345	\$1,606,638	\$1,726,711	\$1,429,702	
Net Income Shown on Financial Statement	\$24,129	\$101,111	\$127,198	\$50,935	
ADDBACKS					
Compensation to Owner	\$35,916	\$35,421	\$0	\$0	
11% Tax on total W2 Salaries	\$3,951	\$3,896	\$0	\$0	
Interest	\$8,334	\$13,871	\$17,034	\$22,459	Non-onward going expense
Contributions/Donations	\$120	\$65	\$365	\$0	Non-onward going expense
Depreciation	\$23,497	\$27,405	\$22,214	\$20,650	Non-cash item
Meals & Entertainment	\$290	\$1,501	\$2,715	\$4,830	Personal items run through the business
Auto-Personal Use	\$754	\$3,254	\$1,216	\$3,671	20% personal
One-time Building Cost	\$7,000	\$0	\$0	\$0	Maintenance one-time cost
Wage Surplus	\$71,000	\$0	\$0	\$0	Wages went up by \$71,000 even though sales were slightly down. This was due to mismanagement which can easily be recolved under new buyer.
TOTAL ADDBACKS	\$150,862	\$85,413	\$43,544	\$51,610	
Seller's Cash Flow = Total Addbacks + Net Incom	e \$174,991	\$186,524	\$170,742	\$102,545	
Profit Margin	11.09 %	11.61 %	9.89 %	7.17 %	

• The company spent time in 2016 streamlining fabrication and assembly as well as investing in plant facilities

Products

- About 20 25 boats are built each year, ranging in price from \$25,000 to \$200,000.
 - $_{\odot}$ It takes 2 1/2 weeks to complete a standard boat
 - Pontoons take 4 weeks
 - Larger boats (i.e., 45') take 6 8 weeks

- Each boat is built to exacting custom specifications.
- The hull and superstructure are hand crafted from high-quality aluminum and assembled.
- Customized electrical installations support unique lighting, audio and instrumentation requirements.
- A wide range of motor systems are accommodating with industry-leading support structures and factory-certified installation standards.
 - The company is a Mercury dealer, but will use whichever motor the customer wants. However, they do not sell Yamaha, as they would then be required to bulk purchase about 100 Yamaha motors per year, which run at a steeper price.
- Upholstery for seating is fabricated and installed on site.
- Each boat is tested on the Mississippi.

Work Boats

- Styrofoam floatation
- Front deck partially filled
- Two flotation boxes in rear
- Flat or V front
- Flat or V bottom

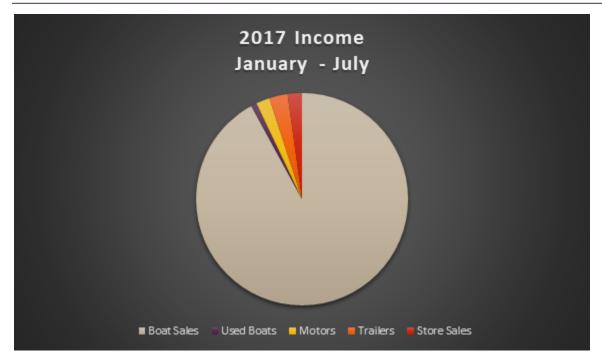
Fire/Rescue Boats

- Mercury outboard or jet drives
- Flat or modified V front
- 6-degree V bottom
- Side boarding ladders
- Roller or bunk drive on trailers

<u>Trailers:</u> boat, single, tandem, tri-axle, utility – all with or without brakes

- Patrol boats
- Water taxi
- Pontoons
- Trailers
- Houseboats
- Duck boats

Sales Analysis



- 92% of sales are custom boat orders
- In the past, some customers were able to trade in their boats, which the company would then refurbish as needed to resell
 - o This is rarely done anymore, but could be a revenue stream to consider

Clients

- GSA 40% of revenue
 - Seller has just renewed this contract for another 5 years
 - Past projects have included:
 - Dump boat and trailer for Department of Interior
 - Pontoon barge work boat for the Army
 - Orders for the EPA and the Navy
 - Anything not included in the GSA specifics for a basic boat is charged extra (for example, dive tank holders)
- State Governments 40% of revenue
 - Clients come from across the nation, including New York, Arizona, Georgia, Minnesota and Nebraska
- Private 20% of revenue

- Duck boats, pontoons, houseboats and custom trailers are popular with individuals
- The showroom retails parts, such as bilge pumps, fire extinguishers, life preservers and more for just about any boating needs

Notable clients include:

- Nebraska Game and Parks
- Alabama Power
- Dresden Nuclear Plant
- Minnesota DNR, USACE
- Bureau of Land Management in Arizona

Customization includes cranes, buoys, outfitting of boats for diving and electroshocking, and more.

Employees

12 full-time staff

- 1 Mechanic
- 1 in Painting/Vinyl Lining
- 2 in Pontoons
- 3 in Finishing
- 1 in Hull
- 1 in Trailer Framing/Finishing
- 3 in Rigging

Employees build boats and trailers from the ground up, taking a flat aluminum sheet and crafting that to customer specifications. Seats are embroidered with the company logo, and the boat is painted as desired. Employees are also responsible for water testing the boats, using either nearby water sources or indoor testing equipment.

Growth Opportunities

- Build up private clients
 - The business has been so busy with GSA contract work that there has not been a concerted effort to build up the private client base
 - o Introduce a basic fishing boat line

- o Add a motor boat line
- Improve website
 - Updating the website and SEO capabilities should drive more traffic to the company
- Attend trade shows
 - Great way to meet industry contacts and to build up the private base

Valuation Details

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

The formula used is as follows:

2017 Cash Flow x Prescribed Multiple = 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.

For this business, the 2017 Cash Flow was used with a prescribed multiple of 3.3. With this information, the computation is as follows:

\$174,991 x 3.3 = \$577,470

The Fair Market Value found above positions the business List Price at **\$575,000**.

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

1. Complete the Qualified Buyer Documents (Non-Disclosure Agreement and Buyer Questionnaire) <u>on our</u> <u>website</u> 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.