













Business Overview

RE: Highway Contractor with 3.5MM in Sales

Averaging over \$3 million in sales for the last 4 years

Specifications

 Price \$2,100,000	 Revenue \$3,605,755	 Cash Flow \$576,396
 Multiplier 3.65	 Equipment \$1,289,126	 Inventory \$100,000
 Location Northern Wisconsin	 Profit Margin 16%	 Reason for Sale Retirement
 Employees 15 FT, 3 – 4 PT summer helpers, 1 PT Office Administrator	 Service Area Work is done throughout Wisconsin, but most bid work is within a 3-hour radius	 Lease 520-sq. ft. office space with a 4,000-sq. ft. shop attached



SUMMARY OF THE BUSINESS –

Averaging over \$3 million in sales for the last 4 years, this highway maintenance business includes sign installation, beam guard installation, fencing, and shoulder repair. A Wisconsin state highway contractor, they are booked solid from April through November. Showing a 16% profit margin, last years's cash flow was over \$575K, even with 16 employees and seasonal work!

Located in northern Wisconsin, the business takes jobs across the state, but most bids are within a 3-hour radius of company headquarters. Services include landscaping, right-of-way brush cutting, sign and beam guard installation and fencing. Between 60 – 70% of income results from Wisconsin DOT projects, with the remaining income generated through work for sand mines, railroads and more. Work is mostly commercial, so growth exists in actively reaching out to private individuals.

During the season, the company employs 15 FT workers, all of whom are cross-trained to handle all services. Bidding and employee management is handled by the owners, who also have a PT Office Administrator to assist with day-to-day operations.

This is a great opportunity to take a reputable operation and grow it in any number of directions!

Business Highlights

- **Years in Business:** 18
- **Location:** Northern Wisconsin
- **Service Area:** Work is done throughout Wisconsin, but most bid work is within a 3-hour radius
- **Services:** Landscaping, sign installation & beam guard installation for state highway projects, fencing, right-of-way brush cutting
- **Clients:** 60 – 70% of revenue from Wisconsin DOT, 30 – 40% is sand mine, railroad, deer farms, municipalities, and private sector individuals
- **Building:** 520-sq. ft. office space with a 4,000-sq. ft. shop attached
- **Reason for Selling:** Retirement
- **Employees:** 15 FT, 3 – 4 PT summer helpers, 1 PT Office Administrator
- **A/R:** \$568,655
- **Season:** April - November
- **Seller Training Period:** Through a season
- **Growth Opportunities:** More non-union work to increase employee base. Rebuild website. More private work. More snow plowing.
- **Current Owner's Responsibilities:** Bidding, employee management.

Financial Highlights

- **List Price:** \$2,100,000

- 2017 Gross Sales: \$3,605,755
- Cash Flow:
 - 2017: \$576,396
 - 2016: \$573,803
 - 2015: \$821,477
 - 2014: \$603,067
- Profit Margin: 16%
- Assets Included in Purchase:
 - Equipment - \$1,289,126
 - Vehicles - \$640,047 – flatbed, bucket, and hydroseed trucks, trailers
 - Inventory - \$100,000
 - Backlog - \$2,029,775

**replacement value*

Cash Flow Analysis

Description of Financial Statement	Tax Return	Tax Return	Tax Return	Tax Return	Notes
	2017	2016	2015	2014	
GROSS SALES	\$3,605,755	\$4,589,648	\$3,897,759	\$3,383,799	
Net Income Shown on Financial Statement	\$456,331	\$461,292	\$625,235	\$426,491	
ADDBACKS					
Compensation to Owner	\$95,576	\$79,999	\$157,650	\$141,323	
11% Tax on total W2 Salaries	\$10,513	\$8,800	\$17,342	\$15,546	
Interest	\$2,377	\$7,022	\$0	\$847	Non-onward going expense
Depreciation	\$0	\$6,806	\$11,237	\$10,435	Non-cash item
Meals & Entertainment	\$2,399	\$684	\$813	\$589	Non-onward going expense
Non-Business Telephone	\$4,200	\$4,200	\$4,200	\$4,200	\$350/month
Travel	\$5,000	\$5,000	\$5,000	\$3,636	Personal travel expenses
TOTAL ADDBACKS	\$120,065	\$112,511	\$196,242	\$176,576	
Seller's Cash Flow = Total Addbacks + Net Income	\$576,396	\$573,803	\$821,477	\$603,067	

Profit Margin	15.99 %	12.50 %	21.08 %	17.82 %
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- 16% profit margin in 2017
- YOY sales over \$3MM

Services & Clients

Services:

- Landscaping
 - For WisDOT, this consists of restoring shoulders
 - Seeding, fertilizing, erosion mats, mulch
- Sign Installation
- Beam Guard installation
- Fencing
 - All types of fencing
- Machine Brushing

- Right-of-way brush clearing
- Snow Plowing
 - For railroad clients
 - Snow plowing at depots and along tracks

Client Base:

- Wisconsin DOT – 60 to 70% of income
- 30 – 40% Other
 - Sand mines
 - Railroads
 - Deer farmers
 - Municipalities
 - Private individuals

For Wisconsin DOT projects, the company bids as a subcontractor to a prime contractor, who actually gets the WisDOT contract. The prime contractor subcontracts portions of the work out to subcontractors. Bidding for WisDOT is done monthly, as the work is plentiful.

While the company mainly bids as a subcontractor, it has bid as a prime contractor in the past on a statewide signage project. However, projects like that are few and far between, as most have requirements beyond what this company provides.

Employees

- 15 FT employees
 - 2 Operators
 - Run equipment, like post pounding truck
 - Part of Operating Engineers Union
 - 13 Laborers
 - Put in signs, roll out erosion mats, seeding, etc.
 - In Labor Union – hourly pay and benefits are paid into the union
- 1 PT Office Administrator
 - Works 2 days per week
 - Assists with day-to-day operations
- During the summer, there are 3 – 4 PT crew members (usually college aged)
 - Get parts, clean trucks, traffic control on job sites, etc.

Full-time employees are part of Unions as the client base requires Union employees. As this is a seasonal company, employees are laid off for the winter months and collect unemployment during that time.

One seller works in the office, handling about 1/3 of the bids and overseeing day-to-day operations.

The other seller handles 2/3 of bidding, is the company's Superintendent and is also an Operator in the Operating Engineers Union.

Standard Crew Sizes

- Beam Guard Crew – 6 employees
- Landscaping & Sign Installation Crew – 3 employees
- There is 1 Operator on each crew

Growth Opportunities

- More snow plowing
 - Currently this is done for the railroad clients, who need snow plowing at their depots and along their tracks
 - Would be a great way to capture more private sector clients needing snow removal from driveways, or from business owners needing to clear parking lots
- More non-union work
 - A buyer wishing to hire some non-union employees would need to seek out more non-union work
- Build website
 - There is currently a rudimentary website in place, but it does not showcase all that the company can do
 - A new website could be used to drive more private sector work

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:

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

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:

$$\$576,396 \quad \times \quad 3.65 \quad = \quad \$2,103,845$$

The Fair Market Value found above positions the business List Price at **\$2,100,000**.

Funding Example

Purchase Price: **\$2,100,000**

Buyer Down Payment: \$200,000

Seller Financing: \$650,000

Bank Loan: \$1,250,000

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.