













## Business Overview

**RE: Tire & Auto Center Grossing \$770K**

## Specifications

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 Price \$319,000	 Revenue \$773,679	 Cash Flow \$102,996
 Valuation \$319,287	 Profit Margin 13.8%	 Lease \$6,400
 Equipment \$150,155	 Inventory \$20,800	 Down Payment 10%
 Location Lincoln	 Reason for Sale Retirement	 Employees 5 FT



## SUMMARY OF THE BUSINESS –

Located in an affluent part of Lincoln, this auto repair and maintenance business consistently grosses over \$770K in sales and boasts 60% repeat clientele. Part of a national franchise, this location has been open for 14 years. The building measures at 4,500 sq. ft. and includes 5 bays, a lobby, and an office. Looking to retire, the seller has negotiated the lease agreement down to \$6,400/month plus CAM and taxes.

Staff includes 5 full-time personnel, consisting of a service writer/manager, 3 techs and 1 general service person. Some employees have been with the company for many years, providing customers with preventative maintenance, engine repair, exhaust checks, brake service and more.

The current owner is the General Manager, but a new owner does not need to have extensive automotive experience. The franchisor provides plenty of support and information, educating the owner in all areas needed for success.

At a purchase price of \$319,000 and 10% down (\$31,900), the bank loan would be 68% collateralized by the \$173,805 in assets. A first year's profit of \$52,215 would return 163% of the 10% down after all debts.

## Business Highlights

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- Year Established: 2003
- Location and Service Area: Lincoln
- Number of Clients: 60% repeat business
- Services: preventative maintenance, engine, exhaust, brakes, fuel system, oil changes and more
- Lease: \$6,400/mo for 4,500 sq. ft. – includes 5 bays, a lobby and an office
- Reason for Selling: Retirement
- Employees: 5 FT
- Seller Training Period: 90 days
- Current Owner's Responsibilities: General Manager

## Financial Highlights

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- List Price: \$319,000
- Gross Sales
  - 2016: \$773,679
  - 2015: \$760,711

- 2014: \$743,470
- Owner Profit/Cash Flow
  - 2016: \$107,025
  - 2015: \$96,137
- YOY Growth: Steady gross sales over \$700K
- Profit Margin: 13.8%
- Assets Included in Purchase: \$173,805
  - Equipment: \$150,155 – office equipment, security system, various tools and machinery
  - Vehicles: \$2,850 – 2001 Olds Alero courtesy car, Honda V 4-wheeler
  - Intangible Assets: Extremely positive reviews, low employee turnover
  - Franchise Startup: \$61,000 in liquid capital needed to start a location
  - Inventory: \$20,800

*\*amounts may vary*

# Cash Flow Analysis

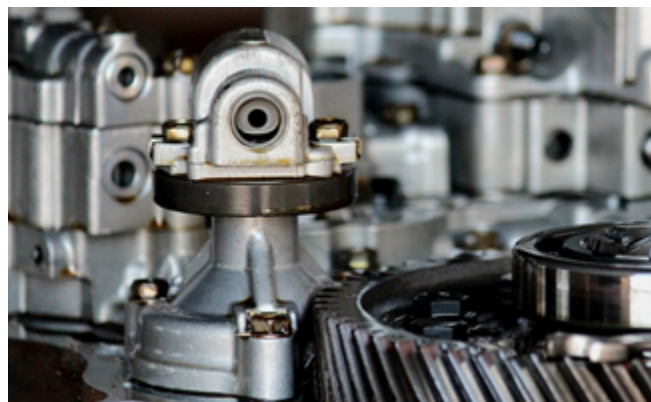
Description of Financial Statement	Tax Return	Tax Return	Tax Return	Notes
	2016	2015	2014	
<b>GROSS SALES</b>	\$773,679	\$760,711	\$743,470	
<b>Net Income Shown on Financial Statement</b>	\$40,014	\$22,024	\$7,037	
<b>ADDBACKS</b>				
Compensation to Owner	\$30,764	\$36,400	\$57,800	
Other unrelated Salaries	\$10,400	\$10,400	\$10,400	Wife's compensation
11% Tax on total W2 Salaries	\$4,528	\$5,148	\$7,502	
Interest	\$570	\$858	\$941	Non-onward going expense
Rent	\$15,000	\$15,000	\$15,000	Ongoing rent \$6,400/mo - renegotiated from \$7,650/mo
Non-Business Telephone	\$1,920	\$1,920	\$1,920	\$160/mo for 2 personal cell phones
Amortization	\$1,667	\$1,667	\$1,667	Non-onward going expense
Depreciation	\$1,595	\$407	\$652	Non-cash item
Travel & Entertainment	\$567	\$2,313	\$2,908	Travel & entertainment unrelated to business
<b>TOTAL ADDBACKS</b>	\$67,011	\$74,113	\$98,790	
<b>Seller's Cash Flow = Total Addbacks + Net Income</b>	\$107,025	\$96,137	\$105,827	

Profit Margin	13.83 %	12.64 %	14.23 %
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- 10% increase in cash flow between 2015 and 2016
- 2016 profit margin of 13.8%

## Services

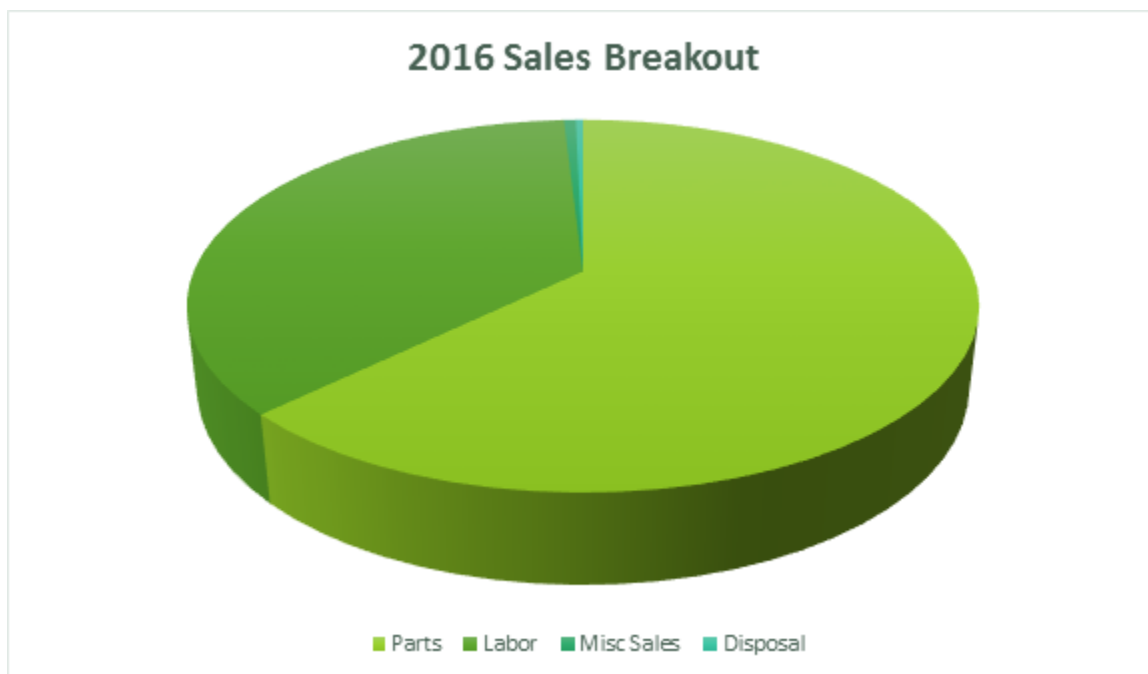
Auto Repair  
 Air Conditioning  
 Brakes  
 Coolant System Services  
 Electrical Service  
 Engine Service  
 Exhaust

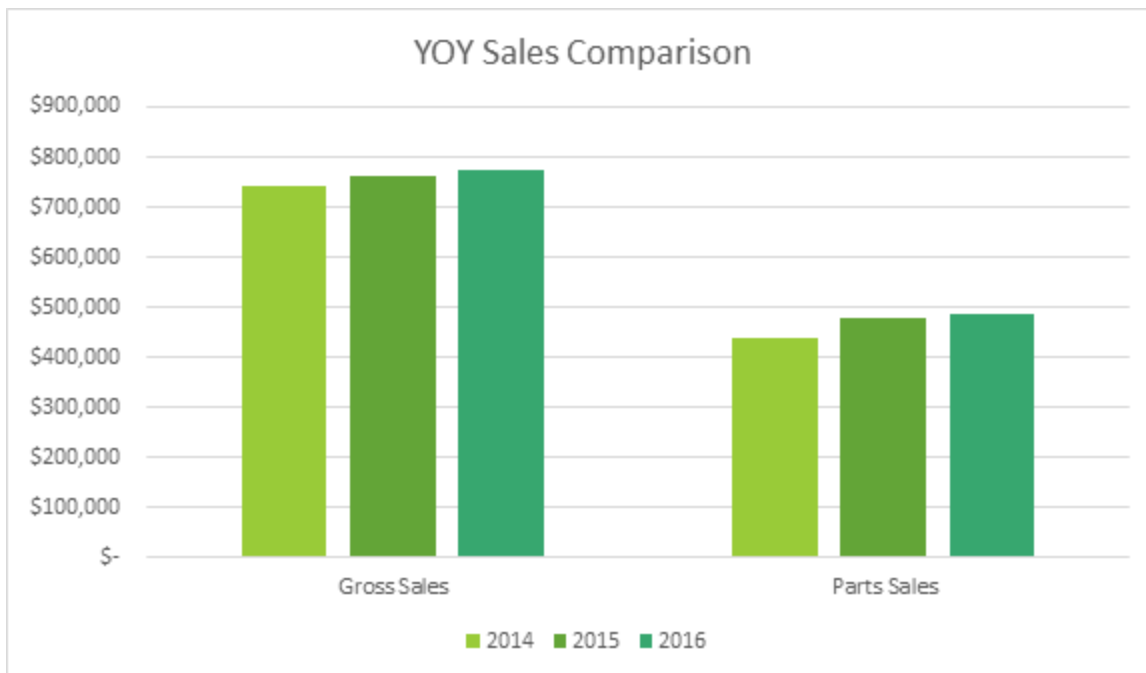


Fluid Service  
Fuel System  
Oil Change  
Preventative Maintenance  
Radiator  
Suspension  
Tires  
Transmission

## Sales Analysis

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*62% of sales generated from parts retail*

*Parts retail sales increased by 9% (\$47,926) between 2014 and 2016*

## Franchise Startup Information

- The initial franchise term of agreement is for 15 years – this location has been in operation since 2003, and the franchise term will be ending in the next couple of years
- Minimum cash required for an initial location is \$100,000 with the ability to obtain additional financing:

Initial Franchise Fee: \$25,000

Initial Advertising: \$5,000 - \$10,000

Lease Deposit & First Month's Rent: \$7,000 - \$35,000

Pre-Opening Expenses: \$13,000 - \$35,000

Travel & Living Expenses While Training: \$1,000 - \$3,500

Additional Funds: \$10,000 - \$50,000

**Total Estimated Liquid Capital Needed: \$61,000 - \$158,500**

- Before opening a location, the franchisee is required to qualify before interviewing with headquarters

***Based on these startup requirements, purchasing an existing store cuts out much of the initial cost. As opposed to spending roughly \$100,000 to get started, a buyer would only need to pay \$31,900 for this location, saving \$68,100!***

## Equipment

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Equipment included in the purchase price is valued at \$129,021

- Front Alignment Lift
- Hunter Computer Alignment Package
- Pro-Cut On Car Brake Lathe
- Bench Lathe with Cabinet Amoco 4000
- Specialty tools and cabinets
- Hoffman 7000s Wheel Balancer
- Firepower FP200 Mire Welder with gas



## Vehicles & Assets

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2 vehicles worth \$2,850 are included in the purchase:

- 2001 Old Alero Courtesy Car
- Honda V 4-Wheeler

Assets of \$21,134 include:

- 2 PC computers
- Alignment Computer System
- Security Camera System
- Furniture
- Racking



## Valuation Details

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

The formula used is as follows:

$$\text{3-Year Average Cash Flow} \times \text{Prescribed Multiple} = \text{Fair Market Value}$$

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:

$$\$102,996 \quad \times \quad 3.1 \quad = \quad \$319,287$$

The Fair Market Value of this business is \$319,000.



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

1. Complete the Qualified Buyer Documents (Non-Disclosure Agreement and Buyer Questionnaire) [on our website](#) or print, scan and return the attachments to [info@TheFirmB2B.com](mailto: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.