

FOR SALE: Well Established Full-Service Civil Engineering

\$2M of WIP and Pipeline for 2022 and a 23% Profit Margin!

Financial Overview

List Price: \$1,050,000

Gross Sales

| 2022 Annualized | TTM | 2019 | 2018 |
|-----------------|-------------|-------------|-------------|
| \$2,272,846 | \$1,749,570 | \$2,060,332 | \$2,165,735 |

Cash Flow

| 2022 Annualized | 2019 | 2018 |
|-----------------|-----------|-----------|
| \$330,965 | \$358,319 | \$561,914 |

****2020-2021 were anomaly lows due to COVID – with the sellers' ages, they were overly cautious.**

Multiple: 3.5

Valuation: 2022 Cash Flow x Multiple = Valuation
 \$330,965 x 3.25 = \$1,075,636

Assets Included in Purchase: \$500,000

Vehicles & Equipment: \$500,000, including 7 vehicles, 2 trailers, all needed surveying equipment

WIP: \$1,689,000 **Pipeline:** \$300,000

**amounts may vary, assets may be depreciated, replacement cost, or fair market value*

Business Information

Year Established: 1955; under current ownership since 2006

Location & Service Area: Chicagoland (85%) and Northern Illinois (15%)

Services: Civil Engineering, Surveying, Construction Management, Forensic Engineering, GIS and CAD

Clients: Government & Municipal (75%), Education (8%), Contractors (9%), and Private Companies (8%)

Lease: 6,000 sq. ft. office space; \$5,500/month

Reason for Selling: Age/Retirement

Personnel: 2 owners + 10 employees

Seller Training Period: 2-3 years

Growth Opportunities: Hiring another surveyor or EIT to bring on additional projects.

Current Owners' Responsibilities: Owner 1- General management and oversight; Owner 2- Engineer and project manager

****Though there are enough employees to handle the majority of the sellers' roles, there is a replacement cost to retain or replace the owners!!**

Funding Example

Purchase Price: \$1,050,000

| | |
|---|-----------|
| 10% Buyer Down Payment | \$105,000 |
| 25% Seller Financing with Benchmarks | \$262,500 |
| 65% Bank Loan | \$682,500 |

The owners are willing to financing 25% of the deal, which is far higher than the average 10%, showing good faith and a vested interest in the ongoing success of the company.

Description

This full-service civil engineering firm has \$2M worth of work on the books for 2022 and current numbers are annualizing to show that they are set to make \$2.5M in 2022 which is higher than pre-pandemic numbers. With a profit margin of 23%, the 2022 annualized cash flow is \$408,956. Based in Chicago, this firm has been in service since 1955 and with their excellent local reputation and established government contracts, this second-generation company is primed for continued growth. Services offered include Civil Engineering, Surveying, Construction Management, Forensic Engineering, GIS and CAD. They currently have a customer base that is primarily made up of government and municipal work (75%) and also includes education (8%), contractors (9%), and private companies (8%). The two current owners work full time for the business. Owner 1 handles general management and oversight as well as marketing while owner 2 is the managing engineer and senior project manager.

The current team operates out of a 6000 square foot office space. There are 11 total employees on staff, outside of the owners. This includes 3 engineers, 1 surveyor, 1 CADD manager, 3 survey team members, and 3 administrative assistants. Their team boasts impressive credentials and experience beyond many of their competitors. These qualifications, along with the firm's long-established reputation in local governments and municipalities give the firm a strong competitive advantage when bidding on projects. Because of the strong team in place, a new owner would not need to be a licensed engineer, as the staff on hand already has the necessary licenses.

At a price of **\$1,050,000** and a down payment of \$105,000, a buyer would receive \$164,611 after debt payments, resulting in a 157% return on investment in the first year! The existing team is set up to continue operating after the current owners leave. However, the sellers are also open to staying on as strategic partners and helping the new owner grow the business in the years to come. Other opportunities for new ownership include hiring another surveyor or EIT to bring on additional projects. This business is primed for multiple growth opportunities under new ownership!