

FOR SALE: Pipe Fitting & Plumbing for Commercial Clients

Michigan based with tenured staff!

Financial Overview

List Price: **\$1,025,000**

Gross Sales

Sales	Cash Flow
\$2,167,310	\$347,503

- **Low Multiple:** 2.95

Valuation: Cash Flow x Multiple = Valuation
 \$347,503 x 2.95 = \$1,025,133

Assets Included in Purchase: \$588,297

Vehicles: \$291,678

Equipment, Tools, and Trailers: \$48,910

Working Capital: \$247,709

WIP: \$1MM

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

Business Information

Services: Pipe-fitting (25%) and plumbing (75%)

Clients: 80% general contractors and 20% direct customers

Client Type: Industrial, Healthcare, Municipal, and Commercial

Service Area: Centrally located between Ann Arbor, Flint, Detroit, and Toledo

Location: Detroit, Michigan

Personnel: 11 employees which includes 7 field technicians, 2 estimators, 1 bookkeeper, and 1 admin

Lease: 5,000 sq ft, 3,500 shop, 1,500 office for \$2,250/mo

Seller Training Period: 2-3 years

Reason for Selling: Seeking to sell to strategic new owner who will grow the business and overcome competition

Year Established: 2006

Growth Opportunities: Increase marketing and advertising presence. Hiring campaign to bring in more laborers

Current Owners' Responsibilities: Is active in the business overseeing estimates and visits job sites once a week!

Funding Example

Purchase Price: **\$1,025,000**

10% Buyer Down Payment	\$102,500
10% Seller Financing	\$102,500
80% Bank Loan	\$820,000

A 10% down payment of \$102,500 returns \$195,260 in the first year after debt payments!

Description

Based in Detroit, Michigan, this well-established business is centrally located between Ann Arbor, Flint, Detroit, and Toledo. The company comes with a well-established team of 11 including 7 field technicians, 2 estimators, 1 bookkeeper, and 1 admin. This business has a client base made up of 80% repeat customers in a variety of industries including the industrial sector, the healthcare field, and municipal clients. Services that are offered include plumbing (which makes up 75% of service base) and pipefitting (25% of service base). The master plumbing license is not held by current ownership but instead is held by one of the team members. This business is for sale at an extremely low multiple of 2.95 times the cash flow! This is because the current owner is looking for a strategic partner to grow the business further and is planning to stay on with the business for 2-3 years to assist in this anticipated growth and ensure a smooth transition. This plumbing and piping business is primed for new ownership, with the projected \$1,000,000 in backlog and \$600,000 of new projects in their pipeline to be bid on. The current owner is active in the business overseeing estimates and visiting job sites once a week.

The team works out of 5,000 sq. ft. building with 3,500 sq. ft. dedicated to the shop, with the remaining space dedicated to the office for \$2,250 per month. There is plenty of room to expand operations both in the amount of space currently leased and in the opportunities that a buyer could easily take advantage of to see an ongoing development. With their exponentially high rate of return clients, an added marketing or advertising campaign could be expected to result in ongoing dividends of returning clients for years to come. A well-planned hiring campaign to bring in more laborers offers another path of growth.

Priced at **\$1,025,000** the purchase of this company includes all the assets that new ownership will need to continue and grow the current business operation. This includes vehicles, equipment, tools, trailer, and a working capital of \$247,709 which, altogether, add up to be valued at \$588,297.

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