

Grow or Go?



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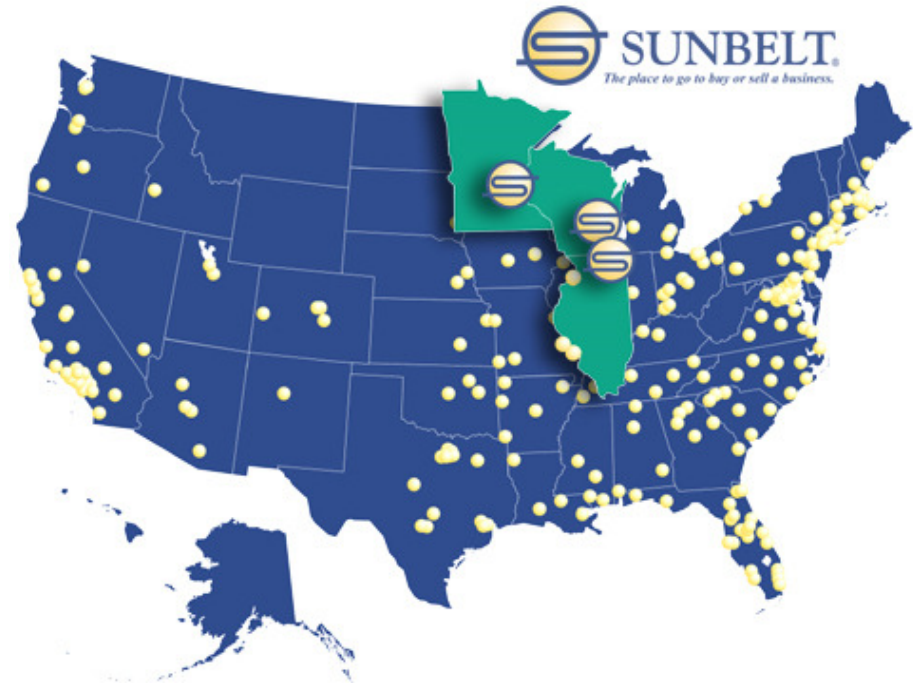
Welcome

- ▶ Welcome
- ▶ Thanks to our sponsors Hellmuth & Johnson and US Bank
- ▶ You will receive an email of this presentation



About Sunbelt

- Founded in 1978
- **Sunbelt sells more businesses than any firm in the world**
- 200+ offices in the United States/North America, South America, Europe, Asia and Australia
- More multi-million dollar businesses for sale than any other firm
- About 2,000,000 buyer visits per year on the industry leading and award winning Sunbelt website
- 50+ Member Regional Midwest Team
- Chris Jones, Managing Partner, 651-288-1624



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Goals for Today

- ▶ Understand your company's Value Drivers
- ▶ Discover how improving these Value Drivers will increase the value of your business while increasing your overall business performance.
- ▶ Walk away with real actions you can take whether you plan to **GROW** or **GO**.





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Begin with the End in Mind

- ▶ What price would it take for you to leave your business now?
- ▶ How would you put that money to use after the closing?
- ▶ What would you DO after the closing?



Write Down Your Goal

- ▶ Write down your Target Price for your business.
- ▶ Write down your Target date.
- ▶ Today we'll help you understand whether your business is “sellable” at your Target Price and if not what Value Drivers it will take to get there.
- ▶ These Value Drivers will also increase your overall business performance today.



Formula for Value

- ▶ Most businesses sell for a multiple of earnings. That multiple is driven by Growth and Risk factors.
- ▶ Value = Income divided by (Risk - growth)
- ▶ $V = I / (R - g)$
- ▶ Therefore, there are three major ways you can increase Value:
 - ▶ **INCREASE** Income
 - ▶ **INCREASE** Growth
 - ▶ **DECREASE** Risk



Valuation multiples are driven by Risk & Growth



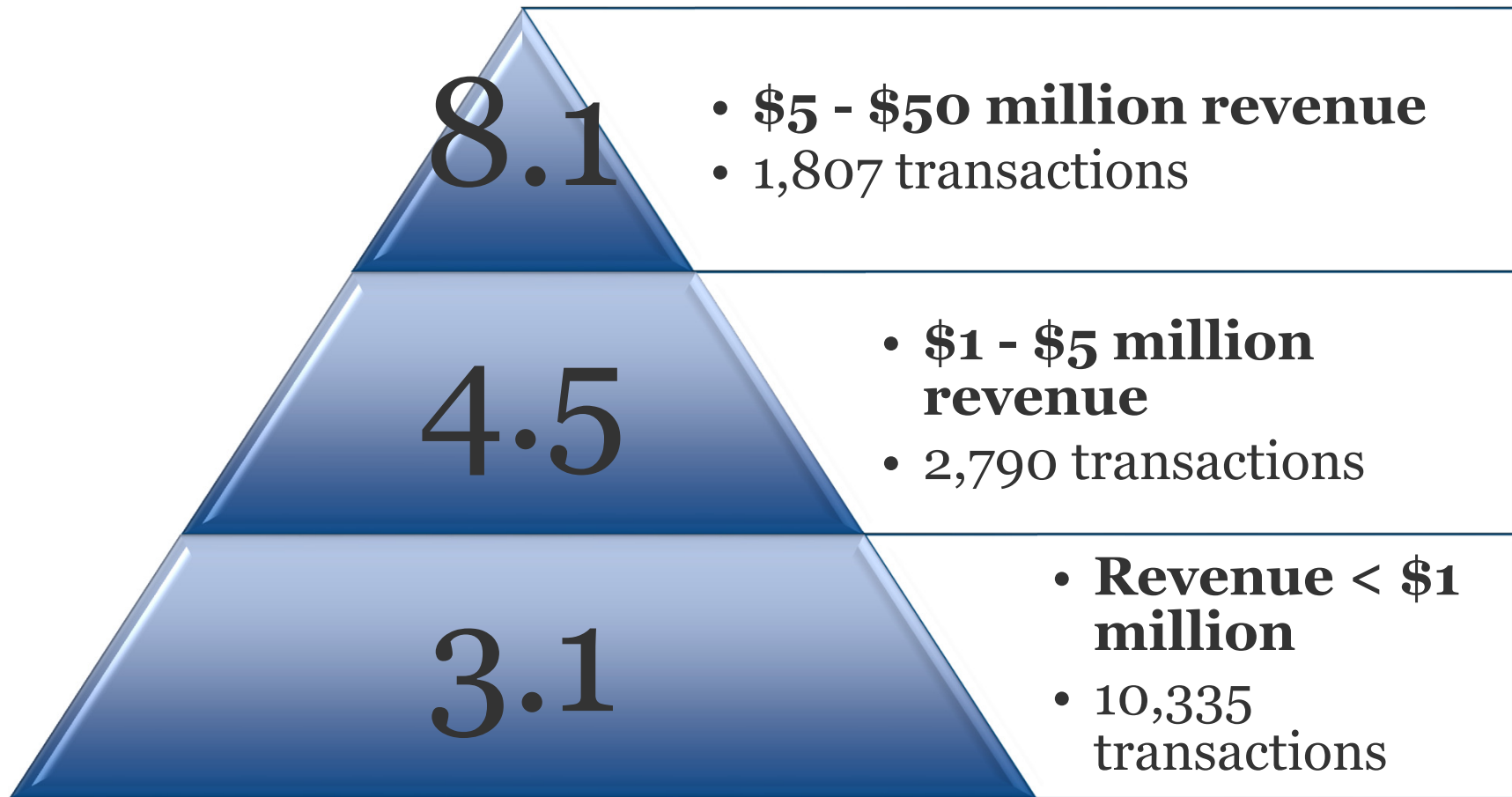
Healthy Economy - Sustainability
Growing Industry
Proprietary Product/High Barriers to Entry
Strong Brand
Intellectual Property / Patents
Consistent and Growing Revenues & Earnings
Customer Diversity
Absentee Owner/Management in Place



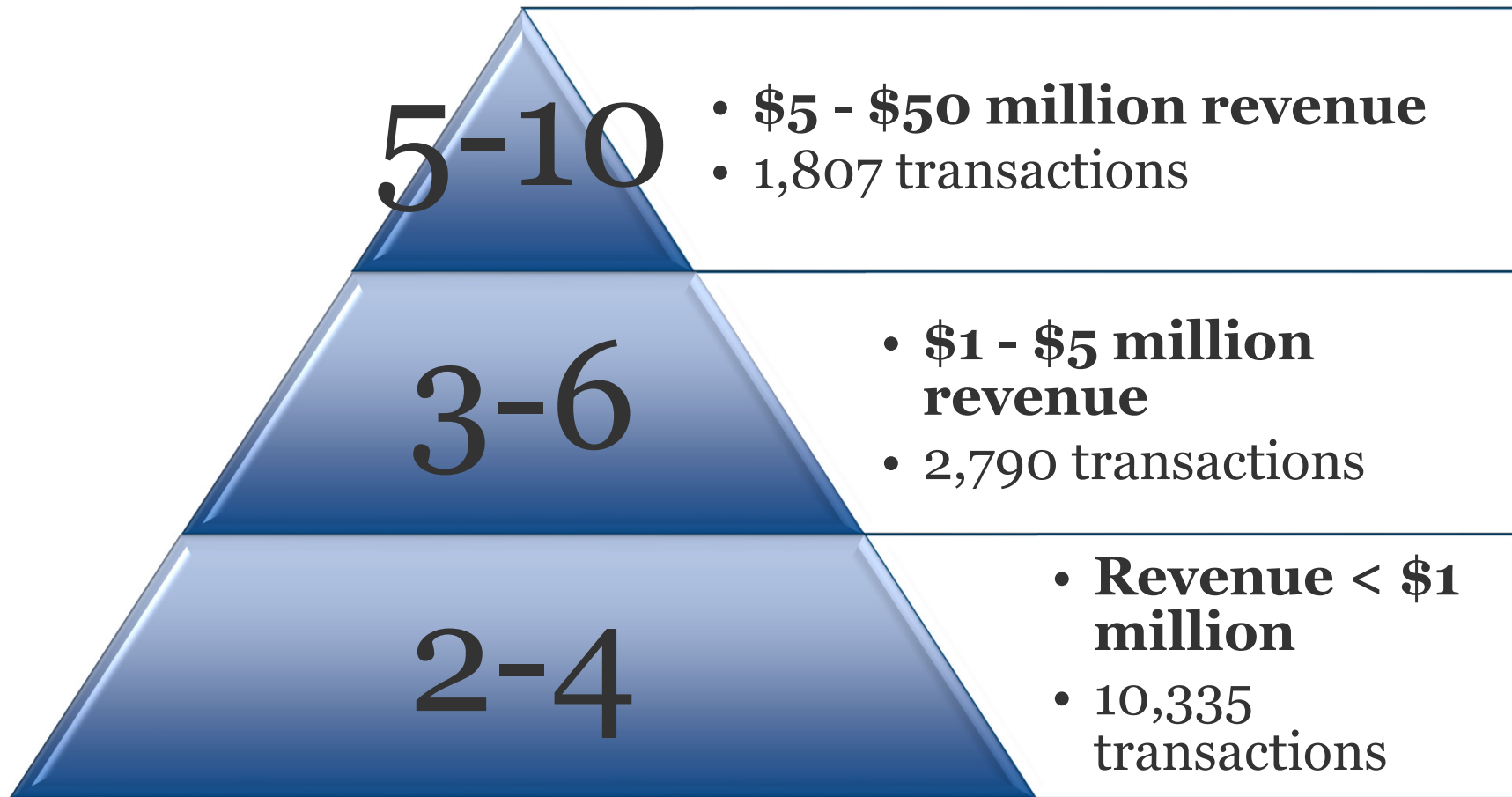
Declining Industry / Revenues
Commodity Products
Inconsistent Revenues and Earnings
Heavily Dependent on Owner
Low Barriers to Entry
Large Customer Concentration
Low Repeat Customer Factor
Compete on Price
Uncertainty



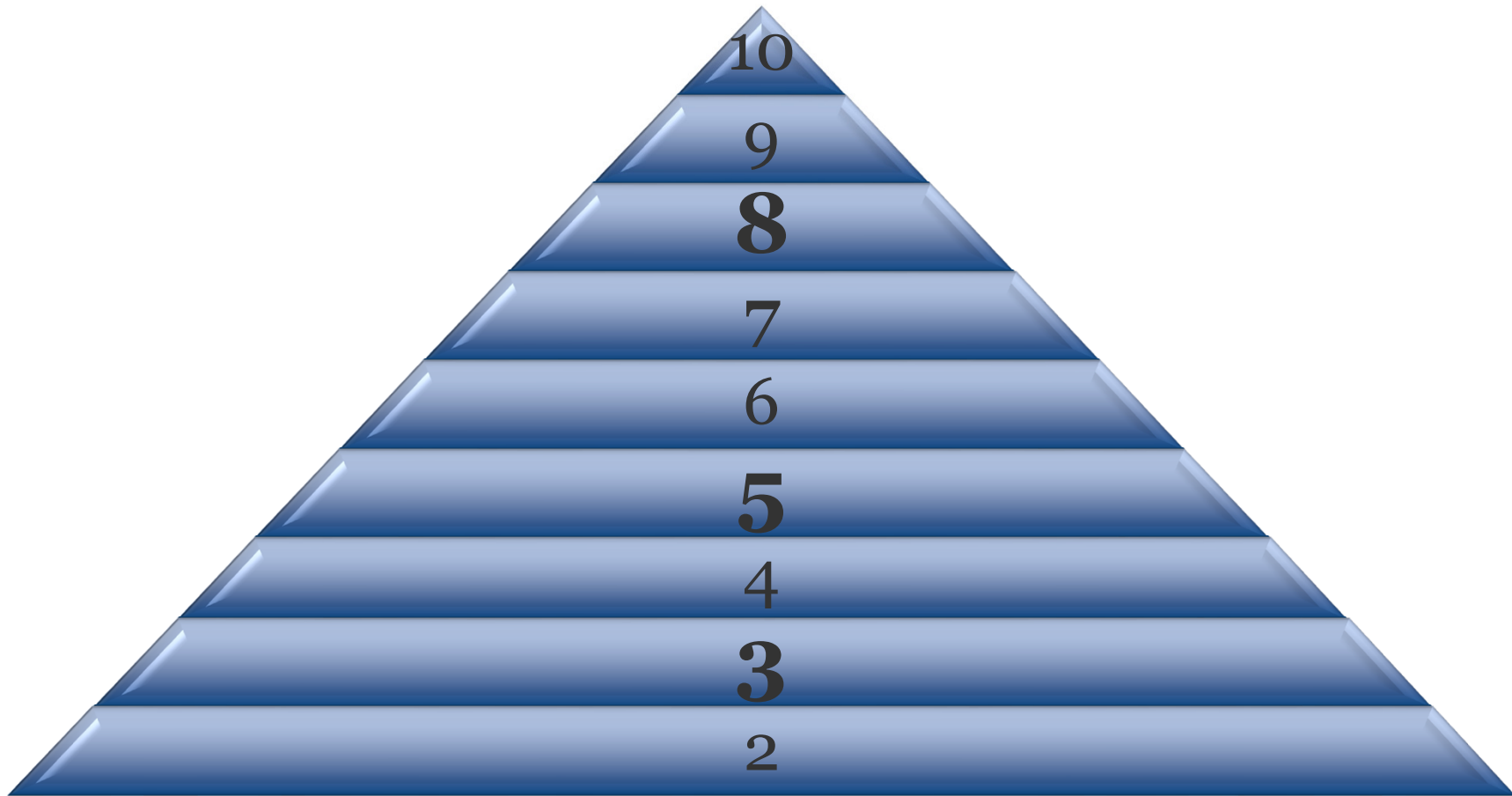
Multiples of Earnings – Median



Multiples of Earnings - Ranges

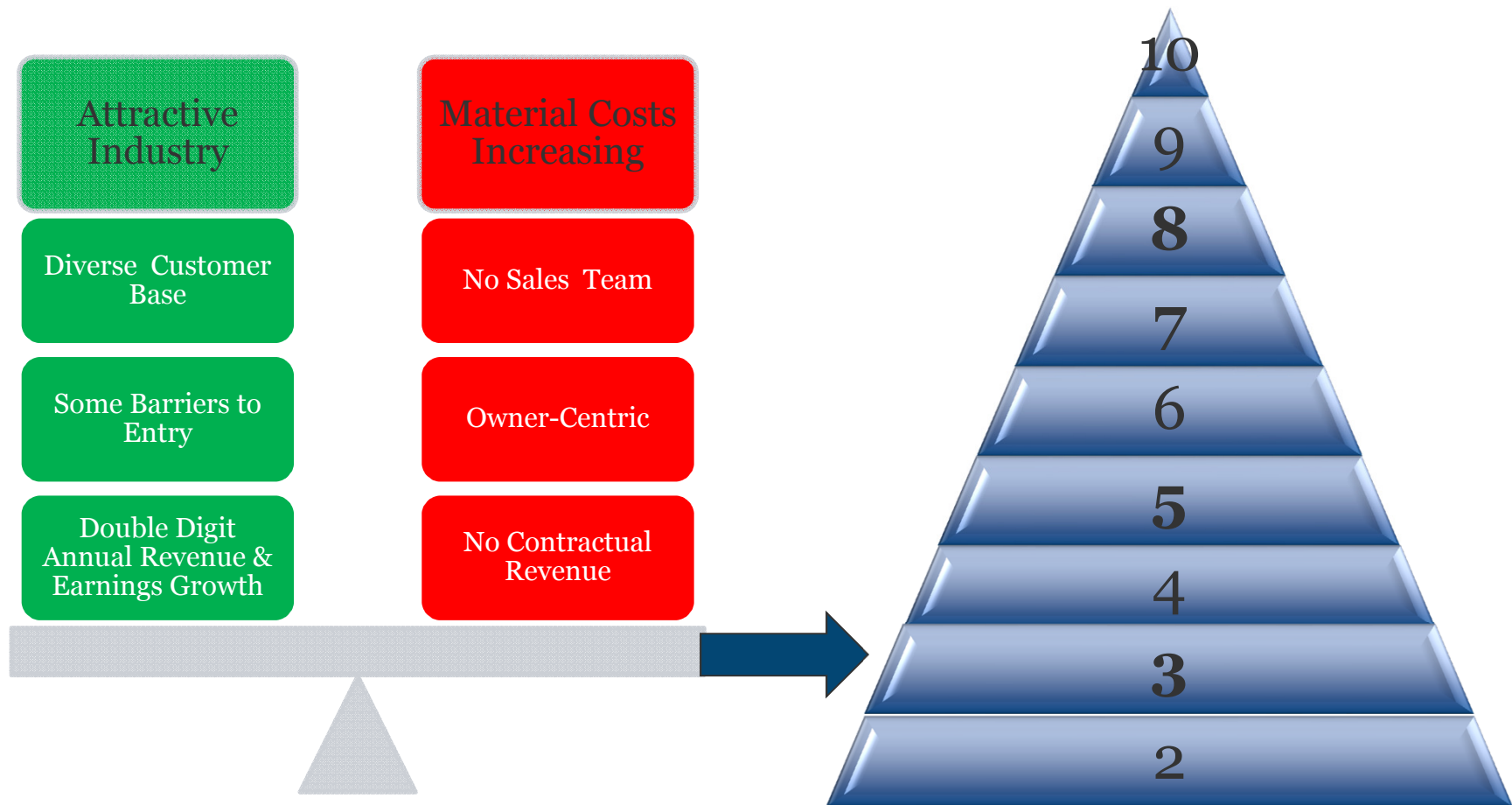


Multiples of Earnings - Ranges

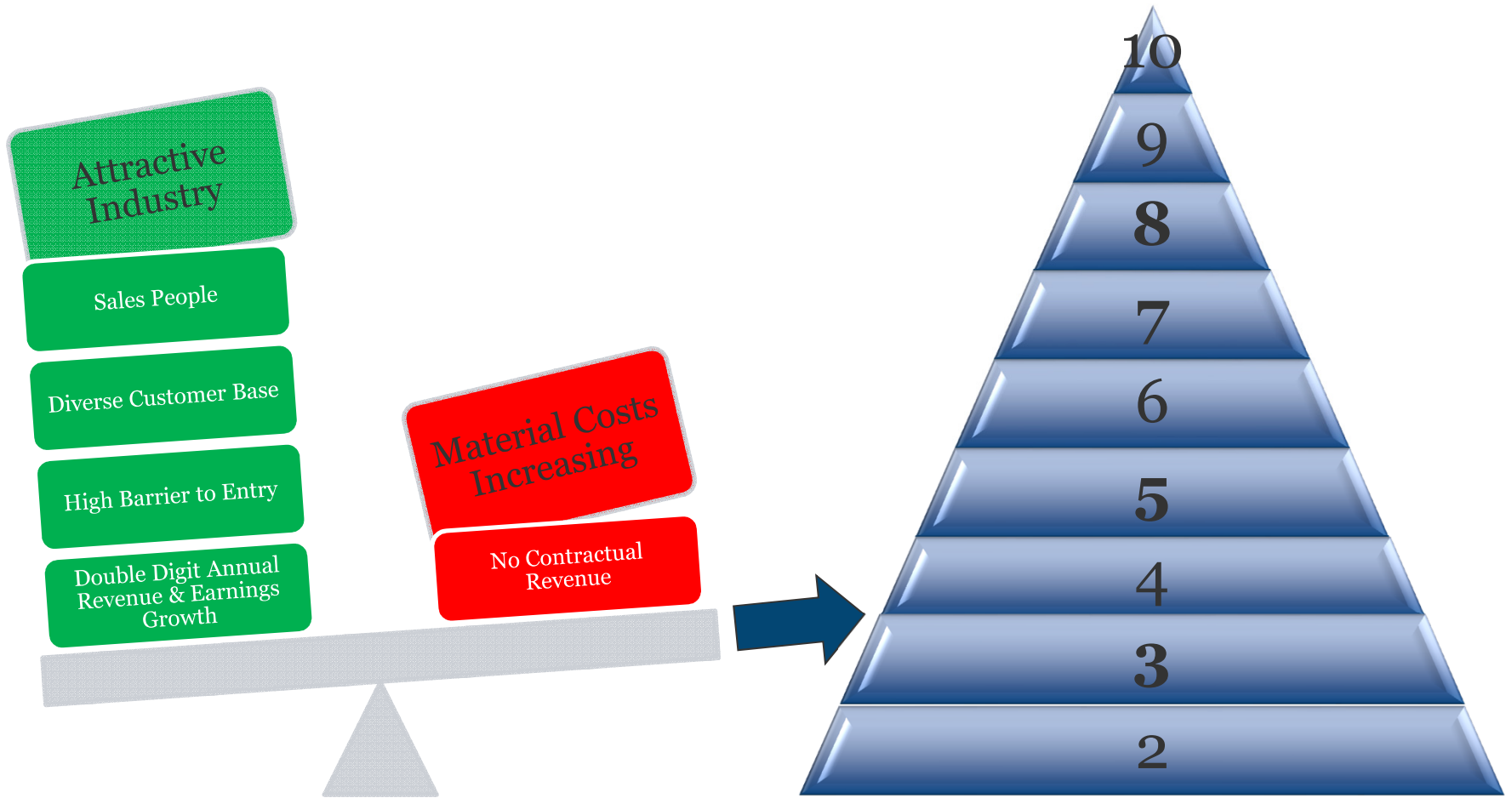


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Value Lever: Simple Example



Value Lever: Removing Risk



Example

- ▶ Service Company < \$1 million revenue
- ▶ Earnings of \$200,000
- ▶ Value = Income * Multiple
- ▶ Reminder that Multiples are driven by Risk & Growth
- ▶ In our original example: Value = \$200,000 * 3.0 = \$600,000
- ▶ In our example where we remove Risk (add a dedicated Sales Person) we increased the multiple to 3.5. Value = \$200,000 * 3.5 = \$700,000.
- ▶ Increased Value by \$100,000 (16%)
- ▶ **This investment strengthens the company and increases future value**



Example #2

- ▶ Service Company 4 million revenue
- ▶ Earnings of \$600,000
- ▶ Value = Income * Multiple
- ▶ Reminder that Multiples are driven by Risk & Growth
- ▶ Value = \$600,000 * 4 = \$2,400,000
- ▶ In our example where we remove Risk we increased the multiple to 5. Value = \$600,000 * 5 = \$3,000,000
- ▶ Increased Value by \$600,000



Value Drivers Exercise

- YOUR TARGET PRICE \$ _____
- Median Multiple of Earnings for Businesses Your Revenue Size* _____
 * Revenue < 1 million = 3x multiple, 1-5 million = 4x multiple, 5 - 50 million = 6x multiple
- Divide #1 by #2. Earnings needed to achieve your Target Price. \$ _____
- Complete the Value Driver questions below. Update #2 and #3 based on results.

Score → Value Driver	2	1	0	-1	-2
Earnings	≥15% annual growth	<10% Annual Growth	<5% growth or flat	< 5% annual declines	≥10% or more annual decline
Barriers to Entry	Significant Regulatory Rec's & Capital Costs	Some Regulatory or Capital Costs	Modest	Minimal	None
Industry Strength	Dynamic Industry Growing 10% or more than inflation	Growing Faster Than Inflation	Industry Keeping Pace with Inflation	Industry Growing Less Than Inflation	Declining Industry Not Expected to Recover
Company History	≥20 years	11-19 years	6-10 years	5+ years	Start Up (<3 years)
Customer Concentration	No customer over 5% of sales	No customer over 10% of sales	No customer over 15% of sales	Customer(s) with 20% or more of sales	Revenue highly dependent on one or few customers
Contracts / Repeat revenue	All revenues is contractual and multi-year	75% more contracts some multi-year	50%+ contractual some multi-year	25% contractual, mostly short term	No contracts
Management & Employees	10+ years avg tenure + Key Employees	Managers with 5+ years avg. tenure	Managers or Key Employees for each Major Department	Owner is Key Manager with some Key Employees	Owner Managed, no other management
Financial Documentation	Audited Financials	Reviewed Financials	CPA Prepared Financials	Some Accountant Prep	Owner/Internal Financial Reporting
Operating Systems	Operations Manual and Integrated Technology	Operations Manuals, Some Software and Reporting	Operations Manual and typical tech for industry	Minimum levels of technology and systems to operate	No operations manuals or technology to run business
Fixed Assets	State of the Art Equipment	Compares favorably to industry standard	Equipment is typical of industry	Some Capital Investment Needed	Immediate Investment Needed
SCORE	TOTAL SCORE				

Total Score

16 to 20	Excellent
9 to 15	Above Average
5 to (-5)	AVERAGE
(-5) to (-15)	Below Average
(-16) to (-20)	Distressed

value#(c)

www.sunbeltmfg.com
www.sunbelt-outillage-estimators.com

CONFIDENTIAL
THIS IS NOT A BUSINESS VALUATION



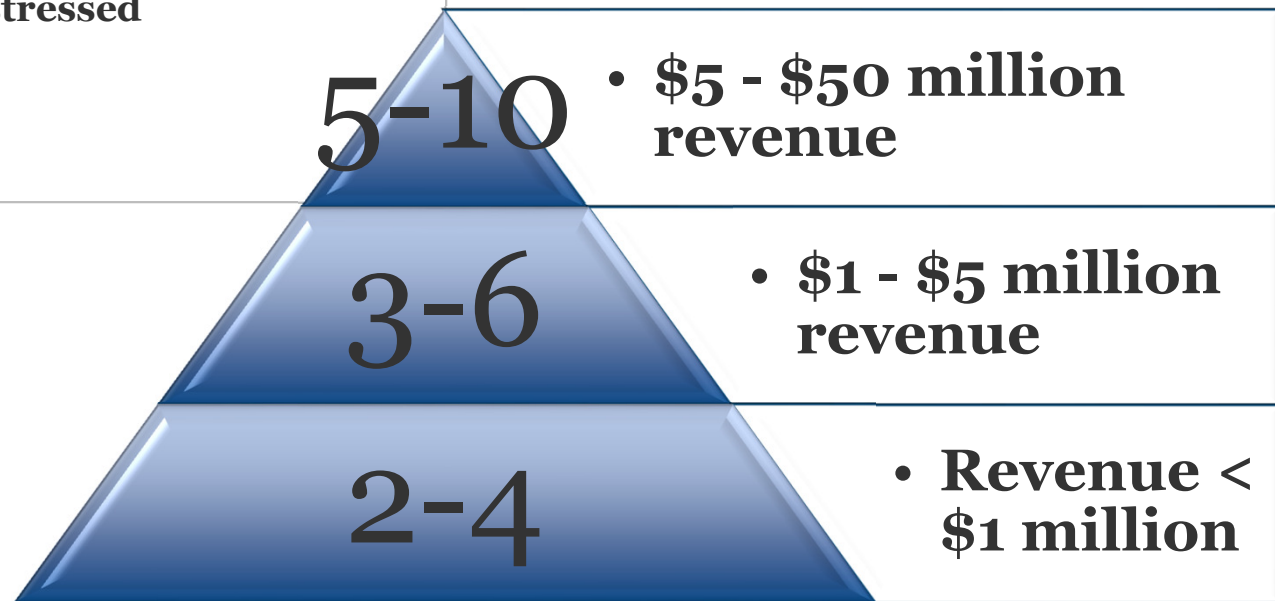
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Scores

Total Score

16 to 20
6 to 15
5 to (-5)
(-6) to (-15)
(-16) to (-20)

Excellent
Above Average
AVERAGE
Below Average
Distressed



Thinking Like a Buyer

- ▶ The value of a business may vary widely depending on the needs of the buyer (financial vs. strategic).
- ▶ What is the value of your business to buyers?:
 - ▶ Earnings Stability
 - ▶ Customer Diversity
 - ▶ New Product/Service/Brands
 - ▶ Staff
 - ▶ Current Equipment / Facilities
 - ▶ Established presence in the market
 - ▶ Intellectual Property
 - ▶ Buy vs. Build (avoid start-up/expansion risk)



Acquisitions as a Growth Strategy

- ▶ Acquisitions add Earnings & Capabilities
- ▶ Acquisition may put you higher up the value pyramid
- ▶ Acquisition may help dilute Risk and increase Growth opportunities



EBITDA? SDE?

- ▶ Buyer most often buy to gain future income. Buyer's will focus on past earnings as a major indicator of future performance. Buyers do not like to pay for "growth potential".
- ▶ Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) is a common measurement tool of earnings
- ▶ Seller's Discretionary Earnings (SDE) is more common in smaller businesses. $SDE = EBITDA + \text{one Owner's Compensation}$ and is more often used when the buyer is likely to be an Owner/Operator.
- ▶ An intermediary can help determine whether EBITDA or SDE is more appropriate for your business



Your True Earning Power

Banks consider this...

...but not this.

Every Dollar Gained In Recast Earnings Equals Multiple Dollars In Sales Price

Summary Income Statement & Seller's Discretionary Earnings (SDE)
 Enter Company Name Here _____

SOURCE	2009	2008	2007	2006	NOTES
1 Sales					
2 Cost of Sales \$					
3 Operating Expenses \$					
4 Operating Income					
5 Other Income / (Expense)					
6 Net Income / Unadjusted Pre-Tax Profit	SBA				
7 Depreciation	SBA				
8 Amortization	SBA				
9 Interest on loans to business from all lenders	SBA				
10 EBITDA (Total of Lines 6+7+8+9)					
11 Officer / Owner's salary	SBA				
12 EBITDA + Officer/Owner Salary (Total of Lines 10+11)	SBA				
Seller's Discretionary Earnings include the following additional owner benefits:					
13 Payroll taxes related to owner's salary					
14 Payroll wages, payments or benefits to family members					
15 Payroll Other: employee benefits paid to owner					
16 Auto for owner's and/or spouse personal use					
17 Auto insurance for owner's benefit					
18 Auto repairs & maintenance owner's personal use					
19 Contributions and donations					
20 Fair market rent adjustment					
21 Insurance premiums for owner's health, life, etc.					
22 Professional services (legal / accounting / tax)					
23 Retirement plan contributions					
24 T&E: Meals & entertainment					
25 T&E: Travel					
26 One time expenses or (income)					
27 Other Benefits (see instructions page)					
28					
29					
30					
31					
32					
33 Total Owner Discretionary Add-Backs (Line 13 - 32)	50	50	50		
34 EBITDA + Officer/Owner Salary (Line 12 above)	50	50	50		
35 Seller Discretionary Earnings (SDE)	50	50	50		

The seller is responsible for proving the accuracy of any information provided to the Buyer's satisfaction. Information contained in this statement is provided solely by the Seller. Potential Buyers should seek the counsel of their accountant, attorney and/or other business advisors. The International Business Broker Association defines Seller's Discretionary Earnings (also called Seller's Discretionary Cash Flow) as: "The earnings of a business enterprise prior to the following items:

- Income taxes
- Nonrecurring income and expenses
- Nonoperating income and expenses
- Depreciation and amortization
- Interest expense or income
- Owner's total compensation for one owner/operator, after adjusting the total compensation of all owners to market value

Owner's Signature _____ Print Name _____ Title _____



Don't Leave Money on the Table

Net Income:	\$200,000 (Earnings)	(E)	
BEFORE		(B)	
Interest:	\$50,000		(I)
Taxes:	\$0	(T)	
Depreciation:	\$50,000		(D)
Amortization:	\$0		(A)
EBITDA:	\$300,000		
+ Owner Salary	\$100,000		
+ Owner "Benefits" \$50,000			
+ One Time Exp.	\$50,000		
SDE:	\$500,000		

Using a 3 x SDE multiple the price would equal \$1,500,000

Using a 4 x SDE multiple = \$2,000,000



Don't Leave Money on the Table

- ▶ If you don't recast correctly you could be leaving 3 – 8 times that amount on the table
- ▶ Increase YOUR multiple by increasing growth opportunities and reducing risk in your business.
- ▶ If you want to know what your business is worth, *ask someone who sells businesses for a living.*



Middle Market vs. Main Street Sales



Middle Market

- Typically outbound in nature—Sunbelt calls decision maker to illustrate opportunity
- Subset of team focuses here
- Large number of team members to make initial call and funnel to investment banker
- Sunbelt does more strategic sales than any other boutique firm by far
- Manpower plus leverage of Sunbelt offices internationally creates best price and terms
- **Analyst Team dedicated to identifying best buyers**

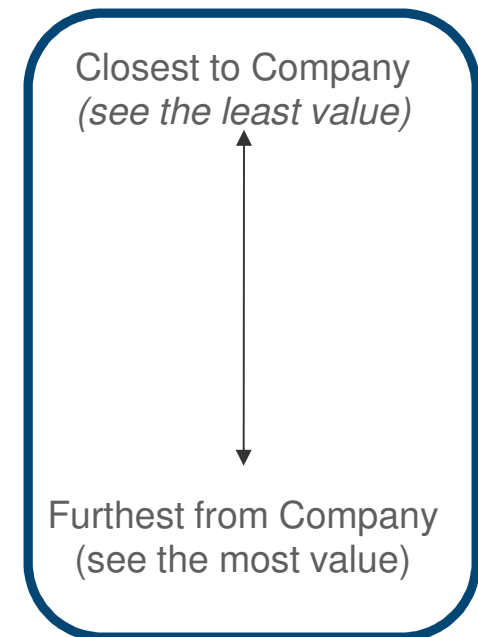
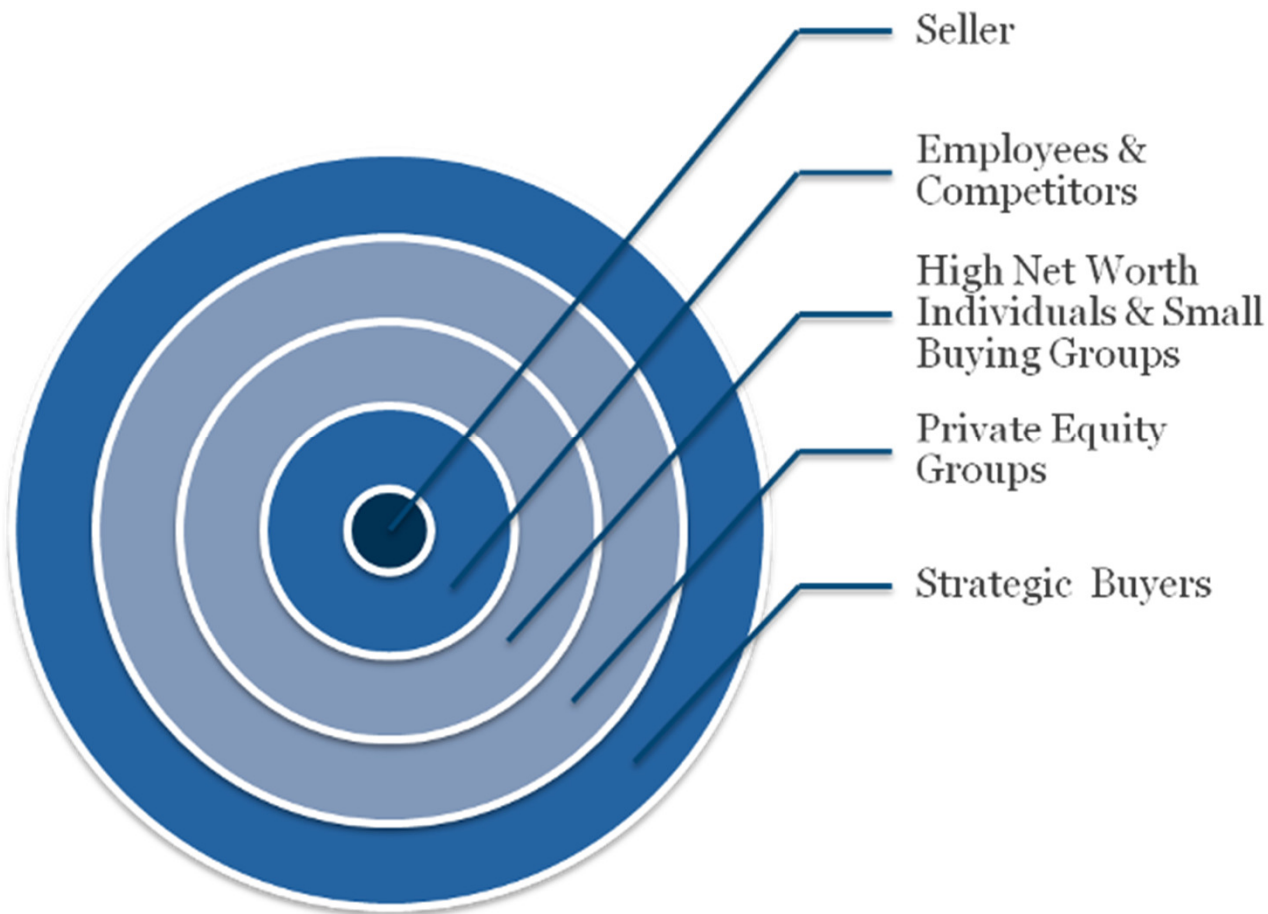


Main Street

- Typically In-bound in nature—buyers respond to Sunbelt mass marketing
- Over 10,000 listings on our web site
- Majority of our 50 brokers focus here, 250 offices internationally
- Marketed through 14 web sites, and 12,000 unique buyers in database
- Brokers Match buyer needs/ability/cash with listings—supermarket effect



Maximize Number of Buyers



Going to Market

- ▶ Clean Up: Inventory write offs, A/R, A/P, personnel, environmental, deferred facility maintenance.
- ▶ Identify and understand your contractual agreements: Property Leases, Equipment Leases, Employment Agreements, Advertising Contracts.
- ▶ Invest time in the **Confidential Business Profile** the business broker/intermediary prepares. You **MUST** show the **GROWTH OPPORTUNITIES** and get the bad news out of the way in a tactful way.
- ▶ **STAY FOCUSED ON YOUR BUSINESS!**
- ▶ **KEEP IT QUIET!**
- ▶ Let your intermediary/business broker cast the net wide to find the most possible buyer candidates.

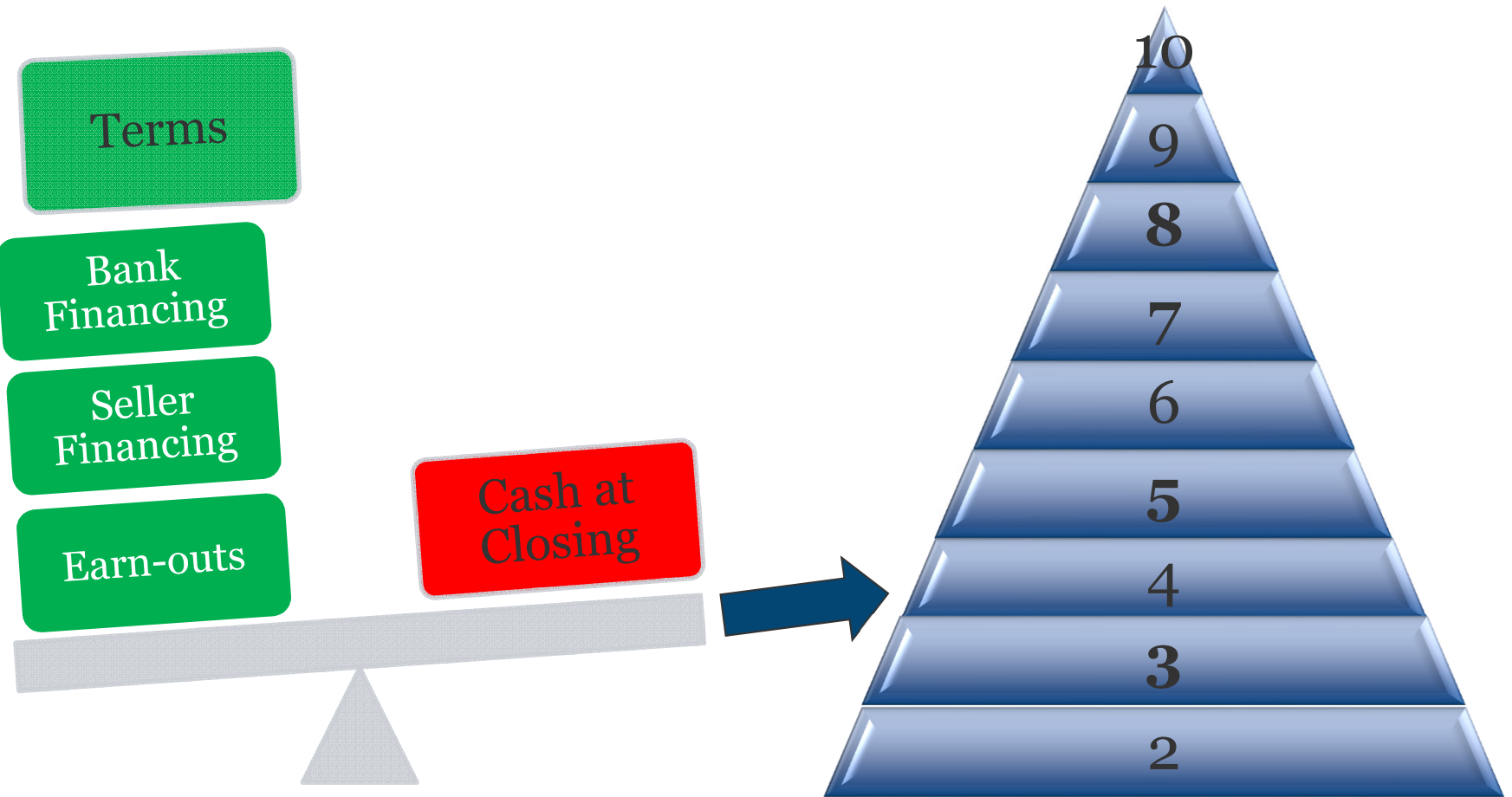


Wait! What About Terms?

- ▶ Cash
- ▶ Promissory Notes
- ▶ Earn Outs
- ▶ Consulting Agreements
- ▶ Royalties
- ▶ Leases/Rent
- ▶ Generally, the more risk the buyers takes (more cash upfront) the less they will want to pay. Likewise, if a seller takes some of the risk (promissory notes, earn-outs) they should demand a higher price. This is also a strong signal the seller believes in the future of the business.



Leverage in Price and Terms



Financing Creates Leverage



Let's talk about our uninvited guest

- ▶ Uncle Sam
- ▶ It's Really Not About What You Sell For....It's About what you NET
- ▶ A Good Deal is designed BEFORE you go to market. A good design looks like a three legged stool.
 - ▶ Price
 - ▶ Terms
 - ▶ Taxes
 - ▶ Affirm Your Tax Allocation to the Buyer



Confidentiality Is Key



Confidentiality Agreement

THIS AGREEMENT is made and entered into this _____ day of _____, 2008 by and between Maxann LLC d.b.a. Sunbelt Business Brokers, ("Broker"), and _____ ("Buyer"), collectively, the "Parties".

Buyer understands that the Broker represents owners of certain businesses (hereinafter "Sellers") who wish to sell their businesses) and the Broker has an agreement with such Sellers to be paid a fee based on any transaction with the Buyer. The Buyer agrees not to attempt to circumvent this agreement in any way. Broker and Buyer desire to explore the possibility of the acquisition of Sellers of the Broker and, in the course of the Parties' discussions and due diligence investigations, Broker will disclose confidential and proprietary information, both of a financial and business nature regarding its Sellers. The confidential and proprietary information disclosed relates generally to marketing, sales, billing, pricing, accounting, and other operations of the Sellers, as well as other proprietary information including trade secrets of the Sellers, all of which is designated "Subject Matter".

In consideration of the mutual promises, terms and conditions, the Parties agree as follows:

1. "Confidential Information" means information given by the Broker which relates to the above-identified Subject Matter, including without limitation, financial information, business concepts and business plans (whether or not they include intellectual property rights), confidential ideas, trade secrets, software, processes, data, marketing and sales information, customer names, customer contacts, accounting and pricing information, or other business and/or related technical information, or which, although not related to such Subject Matter, is nevertheless disclosed. Confidential Information may be disclosed orally, visually or in tangible form (whether by document, electronic media, or other form). Even though Broker or Sellers may not mark, label or identify any of the above-described information as proprietary or confidential for purposes of this Agreement, it shall not affect its status as part of the Confidential Information protected by this Agreement.
2. Buyer shall hold and maintain the Confidential Information in strict confidence and shall use such Confidential Information only for the purpose of assisting it in the assessment, determination, investigation and or negotiation of terms mutually agreeable for the acquisition of the Broker's Sellers. Buyer shall not reproduce such Confidential Information, or disclose any of such Confidential Information to any third party, or other person or business entity of any kind without prior written approval of the Broker. Buyer shall not approach, write to, discuss or have contact with the Seller's customers, vendors, employees or other agents. Buyer agrees that it shall not use the Confidential Information in any manner in any way inconsistent with the use and purpose described in this Agreement.
3. All Confidential Information disclosed under this Agreement shall remain the exclusive property of the Broker. All such information in tangible form shall be returned to the Broker the sooner of ten (10) days of request, upon termination of this Agreement for any reason, or as soon as Buyer no longer has an interest in the Sellers.
4. Buyer acknowledges and agrees that the Confidential Information is unique and valuable and that disclosure or use of Confidential Information in breach of this Agreement will result in irreparable injury for which monetary damages alone would not be an adequate remedy. Therefore, Buyer agrees that in the event of a breach or threatened breach of confidentiality, Broker shall be entitled to specific performance, injunctive or other equitable relief, including, but not limited to, reasonable attorney's fees. Any such relief shall be in addition to and not in lieu of any appropriate relief in the way of monetary damages.
5. Buyer shall bear its own costs and expenses for conducting the due diligence investigation and negotiations undertaken herein, including but not limited to accounting, tax, financing and legal fees. The Parties shall not be liable to each other for any such costs and expenses in the event an acquisition is not consummated.
6. All obligations undertaken herein by the Parties shall survive termination of this agreement or the contemplated transaction between the Broker's Sellers and the Buyer.



- Customers
- Employees
- Vendors

Buyers are required to sign a Confidentiality / Non - Disclosure Agreement



Confidential Web Marketing

Sunbelt Home
Who We Are
What We Do
How We Do It
Our Team
Events

Sunbelt Midwest Business Brokers

Contact Us
Search Business Listings

Sunbelt Midwest Business Brokers
Experts in buying and selling businesses

We are an elite division of Sunbelt, the largest organization of business brokers and M & A professionals in the world. With our four offices in Minneapolis, Minnesota; Chicago, Illinois; and Milwaukee, Wisconsin, our local experts put Sunbelt's global reach to work for you.



Contact Sunbelt Midwest:

Minneapolis, Minnesota (612) 455-0090
 Saint Paul, Minnesota (651) 484-2577
 Milwaukee, Wisconsin (262) 901-0086
 Chicago, Illinois (773) 249-1893

Quick Resources

- [Grow Your Business](#)
- [Businesses For Sale](#)
- [Business Brokerage](#)
(Under \$5 million in revenue)
- [Sell A Business](#)
- [Buy A Business](#)
- [Franchise Sales](#)
- [Our Team](#)
- [Mergers and Acquisitions](#)

Sunbelt Listing ID: h542

Electronics Manufacturing and Prototyping

Business Description:
Electronics Manufacturing and Prototyping with Niche Product Line.

The subject business was founded as an electrical engineering firm designing and manufacturing test and prototype fixtures for quality control systems. The company supports various manufacturing and development areas for the Industrial, Aircraft, and Military industries, with the ability to utilize low or high power needs. The staff supports onsite technical requirements during development of products or during the test and production phases. The company is also approved by the U.S./Canada Joint Certification Offices Defense Logistics Information Services. The business has branched into another division with a niche in the utility market. Since 1981, this division has expanded it's business into a total of 15 states (one an exclusive rights state) and sends nearly 250,000 bills annually. The use of proprietary hardware and software sets this company apart from the handful doing similar work nationally. The current fiscal year is on track for greater than \$1 million in revenue. The current ownership has decided that after more than 20 years of successful ownership, the time is right to sell the business. Seller financing is an option for well qualified buyers. The real estate is also an option for a buyer interested in a package deal. For additional information on this confidential listing, please contact Mark Kuelther @ 262-901-0086.

Industry:	Manufacturing
Location:	Wisconsin
Annual Revenue:	\$888,511
Listing Price:	\$650,000
Annual SDE (Cash Flow):	\$149,943
Real Estate included:	No
Listing Agent:	Mark Kuelther
Inventory included in sale:	No
Established in:	1989
Is this a franchise:	No
Reason for selling:	Owner Retirement
Seller Financing Available:	Yes
SBA Financing Available:	Yes

Inquire About Electronics Manufacturing and Prototyping
Tell A Friend!
Print This Listing



Blind Profiles Engage Buyers

Precision Machining - \$1 million EBITDA ENGAGEMENT ID: 3-1120

Acquisition Highlights

- Top National Customers in Oilfield Services, Power Generation, Water Management & Medical Manufacturing
- Rapid Growth - 35% compounded for 3 years
- Highly skilled Machinist workforce - Experienced Management
- \$7 million in sales in 2012 - 37% Gross Profit Margin
- State of the Art CNC milling & turning equipment

Business Synopsis

The Company performs precision milling and turning, principally in metal for a diverse range of customers. Currently growing rapidly with customers serving the US Oilpatch, particularly Bakken & Three Forks, as well as the water, power generation, and medical manufacturing industries. Family founded/owned for nearly 30 years, this Company has assembled an excellent workforce and takes advantage of a low cost environment in its strategic Midwest location.

Performance & Growth


Revenue and earnings are trending up.

- \$7.0M+ Revenue in 2012
- 2013 continues growth
- Opportunities for increased sales to conglomerate Fortune 500 customers

For additional information...

Contact Jim Borthwick with Sunbelt Business Advisors, the seller's exclusive representative for the sale of this business.

Jim Borthwick
Sunbelt Business Advisors
jborthwick@sunbelt-business-advisors.com
612.238.1465 (direct)
612.455.0887 (fax)



www.sunbelt-business-advisors.com

Bulk Handling Systems and Engineering

ENGAGEMENT ID: 1-1233

Acquisition Highlights

- Excellent **REPUTATION AND RECOGNITION** internationally
- High **BARRIERS TO ENTRY**
- **INNOVATIVE PROPRIETARY** products that set the standard for the industry
- **DIVERSE CUSTOMERS** spanning a multitude of industries
- **HIGH GROWTH INDUSTRY** rating
- Consistent **PROFITABILITY AND GROWTH**

Business Synopsis

The Company designs and manufactures material handling equipment for a wide range of industries. The Company has excellent recognition and reputation internationally. Its quality, and innovative products set the standard for the industry.

Performance & Growth


Revenue and earnings are trending up.

- \$6.0M+ Revenue in 2012
- 3-Year Average Revenue tripled since 2005
- \$900K increase in EBITDA from 2008-2012

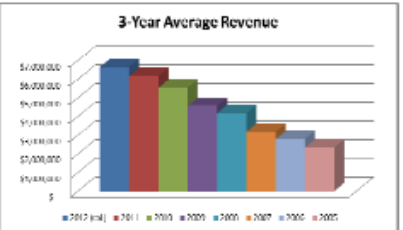
For additional information...

Contact Matt Schroder with Sunbelt Business Advisors, the seller's exclusive representative for the sale of this business.

Matt Schroder
Sunbelt M&A Group
mschroder@sunbeltmidwest.com
651.288.1629 (direct)
651.484.9658 (fax)



www.sunbelt-business-advisors.com



Year	Revenue (\$)
2005	~\$1,500,000
2006	~\$2,000,000
2007	~\$2,500,000
2008	~\$3,000,000
2009	~\$3,500,000
2010	~\$4,000,000
2011	~\$4,500,000
2012	~\$6,000,000



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Confidentiality and Knowing the Acquirer

Bulk Handling Systems and Engineering

Acquisition Highlights

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- INNOVATIVE PROPRIETARY products that set the standard
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For additional information...

Contact Matt Schroder with Sunbelt Business Brokers
 Matt Schroder
 Sunbelt MBA Group
matt.schroder@sunbeltmba.com
 651.288.1629 (direct)
 651.484.9658 (fax)

Confidentiality Agreement

This Confidentiality Agreement will confirm our mutual understanding in connection with Maxxin, LLC d.b.a. Sunbelt Business Brokers ("SBB"), providing and your receipt of information regarding the number-designated Company listed below (the "Company").

- Information ("Information") shall mean all oral or written data, reports, records or materials obtained from SBB or the Company including the name, address, and type of business of the Company; the knowledge that the Company may be considering or even the fact that information has been provided. Information shall not include, and all obligations as to non-disclosure or the undersigned shall cease to be any part of such information to the extent that such information: (i) is or becomes public other than as a result of acts by the undersigned; (ii) can be shown was already known to the undersigned at the time of its disclosure hereunder; (iii) is independently obtained by the undersigned without use of any information supplied hereunder; or the Company; (iv) is independently developed by the undersigned without use of any information supplied hereunder; or obligated to be disclosed pursuant to applicable law regulation or legal process.
- The undersigned agrees that information is being furnished solely in connection with the undersigned's consideration of acquisition of the Company and shall be treated as "secret" and "confidential" and no portion of it shall be disclosed to or except to those employees and agents whose knowledge of the information is required to evaluate the Company as a potential acquisition and who shall assume the same obligations as under this Agreement. The undersigned hereby assumes responsibility for the compliance of such employees or agents to the terms of this Agreement.
- It is understood that both SBB and the Company are the intended parties and beneficiaries whose rights are being protected and either or both SBB and Company may enforce the terms of this Confidentiality Agreement as if they were a party to the Agreement. SBB represents and has a contract with the Company only and not with the undersigned. The Company shall compensate SBB. In the event of a dispute the venue shall be, unless otherwise agreed upon, Ramsey County, Minnesota and the prevailing party shall be entitled to recovery of reasonable attorney's fees.
- There shall be no visits and no employee, supplier or customer contacts without express permission of SBB. The undersigned agrees that it will not hire any of the Company's employees; nor, interfere in any way with any of the Company's business knowledge acquired under this Confidentiality Agreement; nor, use any such information in a manner in any way harmful to the Company. All communications shall be directed through SBB unless otherwise specified in writing. Any attempt to circumvent SBB's contract with the Company shall be actionable at law for tortious interference with contract.
- All information shall be promptly returned by the undersigned to SBB upon the earlier of (a) SBB's request or (b) the undersigned's decision to no longer pursue the acquisition of the Company or its assets.
- It is understood that (a) no representation or warranties shall be made solely by the Company in a signed acquisition agreement and (b) any and all representations and warranties shall be made solely by the undersigned and the undersigned will hold SBB harmless from any purchase contract and then be subject to the provisions thereof (c) the undersigned will hold SBB harmless from any obligations related to a transaction with the Company. The undersigned understands SBB represents the Company and the undersigned.
- The undersigned acknowledges the responsibility to perform a due diligence review at its own cost and expense prior to acquisition and to verify all information.
- The obligations of the undersigned under this Agreement shall survive for a period of three years following the date of acquisition.

Sunbelt Business Brokers Client # 1-1233 Bulk Handling Systems & Engineering (Company)

SIGNATURE: _____ Date: _____

Name of Individual (Print): _____ Title: _____

Organization: _____ Email Address: _____

Telephone: _____ Fax: _____ Lead Source: _____

Address: _____ Street _____ City _____ State _____ Zip _____

SUNBELT BUSINESS BROKERS

Date: _____

Corporate Acquirer Profile

Entity Name: _____ Broker: _____

- Type of Company
 - Private Public, stock symbol: _____
 - C Corporation S Corporation Limited Liability Company
- In what industry is the Firm presently active? _____
- Please give a brief description of the Firm's present business _____
- Please list the following officers of the Firm:
 - Chairman: _____ CEO/President: _____
 - COO: _____ CFO: _____
- Do you have a website? _____ If so, what is it _____
- What are the Firm's current annual sales? _____
- Why is the Firm looking to buy a business? _____
- In what industries does the Firm have interest: () Manufacturing () Distribution () Service () Retail () Hospitality () Food () Technology () Other, please describe: _____
- What amount does the Firm have for a down payment? _____
- What is the Firm's available cash to be leveraged for Business Acquisitions that can be substantiated at the time of making an offer? _____
- Has firm ever filed bankruptcy? _____ Had a foreclosure? _____ Had a judgment filed against it? _____
- Is there any reason the Firm might be declined a loan for a business acquisition? _____
- Will anyone outside of the Firm's officer's advise in the review of business records and the decision to purchase a business? _____ If so, who? _____
- What is the Firm's timeframe to purchase? Immediate No Hurry
- Will the Firm supply management for an acquisition? _____ Or, does it want management in place? _____
- What are the Firm's geographic limitations? _____

Signature _____ Date _____

Printed Name _____ Title _____

I certify that the above information is true and correct; that I represent and warrant that I have the authority to sign this profile on behalf of the said entity and its owners; and acknowledge receipt of a copy of this profile.



Dominant Marketing

Targeted Marketing

Target list of buyers receives blind profile

Proactive outbound telephone calls

Select Industry and Strategic Buyers receive solicitations based on matching criteria

Proprietary Websites

Regional www.sunbeltmidwest.com

www.chicagolandsunbelt.com

www.sunbelt-business-advisors.com

National www.sunbeltnetwork.com

Industry Websites

More than a dozen industry websites sites to confidentially match your business to interested buyers

Traditional Advertising Brings Acquirer Traffic

Corporate Branding, direct mail, magazines, newspapers and social media as applies

The Sunbelt Midwest Team

50 brokers in Minnesota, Wisconsin and Illinois



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New Business Alerts

Email marketing 'New Business Alerts' reach approximately 15,000 buyer prospects



New Businesses for Sale

Staffing Company, \$4.8+ Million Revenue, \$288k+ Cash Flow 3-1123

\$600,000 in Cash Flow, Plumber Business, Significant Seller Financing 1-1410

Metro Area Trucking Company, \$3.14+ Million Revenue, \$179+ Cash Flow 1-1411

Home Based Commercial Cleaning with \$45k Down & Seller Financing 1-1403

Established Residential Cleaning Business- Low Down Payment with Seller Financing Available 3-1123

Price Reductions & Updated Listings

Tire & Auto with Real Estate, Olmstead County 1-1343 New Reduced Price: \$700,000

West Metro Fitness Franchise 3-1105 New Reduced Price: \$49,500

High Profit Electric Contractor 3-1102 New Reduced Price: \$125,000

Upscale Full Service Salon, South Metro 1-1377 New Reduced Price: \$95,000

Beauty Boutique Specializing in Cosmetics, Southeastern MN 1-1317 New Reduced Price: \$185,000

West Metro Skincare Business 3-1079 New Reduced Price: \$35,000

Upcoming Events

Seminar: Growing Your Business so You Can Exit in Style, July 30th, 2013 10:00am - 11:30am More Information

Franchise Opportunity

National Surface Refinishing Franchise looking to grow in MN

Surface refinishing is remodeling without replacement and this franchise model has been the leader in the industry for 32 years. Voted best in category by Franchise Business Review 2009 - 2011 this franchise offering is looking to grow in the MN market.

Total Investment ~ \$100K

Contact John Grappoli @ 651-454-5332 ext 12 or jgrappoli@sunbeltmidwest.com

50 DEAL UPDATE

M & A ADVISOR FOR COMPANIES OF \$5-\$50 MILLION IN REVENUE

Upcoming Events

✔ **"Growing Thru Acquisition"**

April 30, 2013
10:30AM to 11:30AM

Midland Hills CC
2001 Fulham Street
Roseville, MN

Sell Side Engagements

Value-Added Distributor of Commercial Building Products
Revenue: \$24,700,000
Adj EBITDA: \$1,300,000
Teaser & NDA

Sunbelt Business Advisors closes sale of Foodservice Company

We are pleased to announce the sale of Appert's Foodservice, to Sysco, Inc. Sunbelt Business Advisors' Dan Mulvaney was M&A advisor to Appert's in bringing the transaction to closing.

Appert's Foodservice, founded in 1935, is a St. Cloud-based broadline distributor and foodservice processor serving restaurants and institutions throughout Minnesota.

The transaction was characterized by:

- Due diligence by the largest foodservice company in the world,
- Strong negotiating to achieve the best price and terms for Appert's owners, and
- Persistence to bring the transaction to the closing table on a year-end driven timetable.



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Case Study – Overview

Situation:

- Manufacturer, multiple shareholders, many at or nearing retirement age. Company had been approached with unsolicited offers.

Issue:

- Lack of an exit strategy led to indecision on unsolicited offers.

Decision:

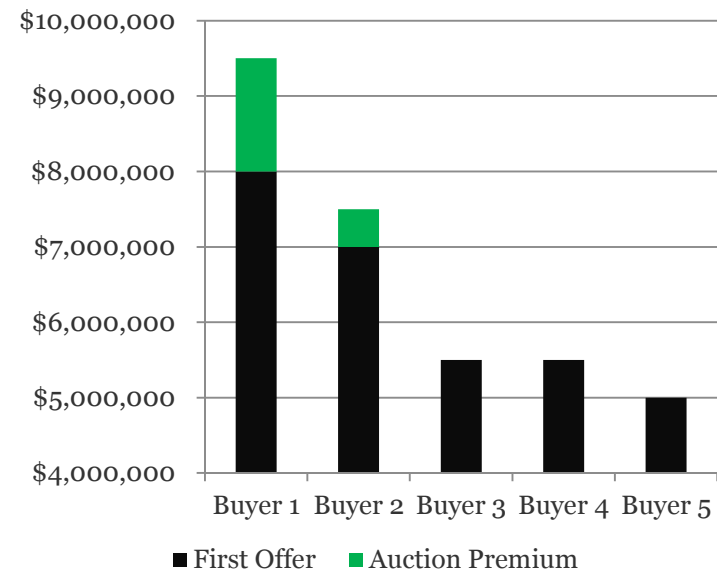
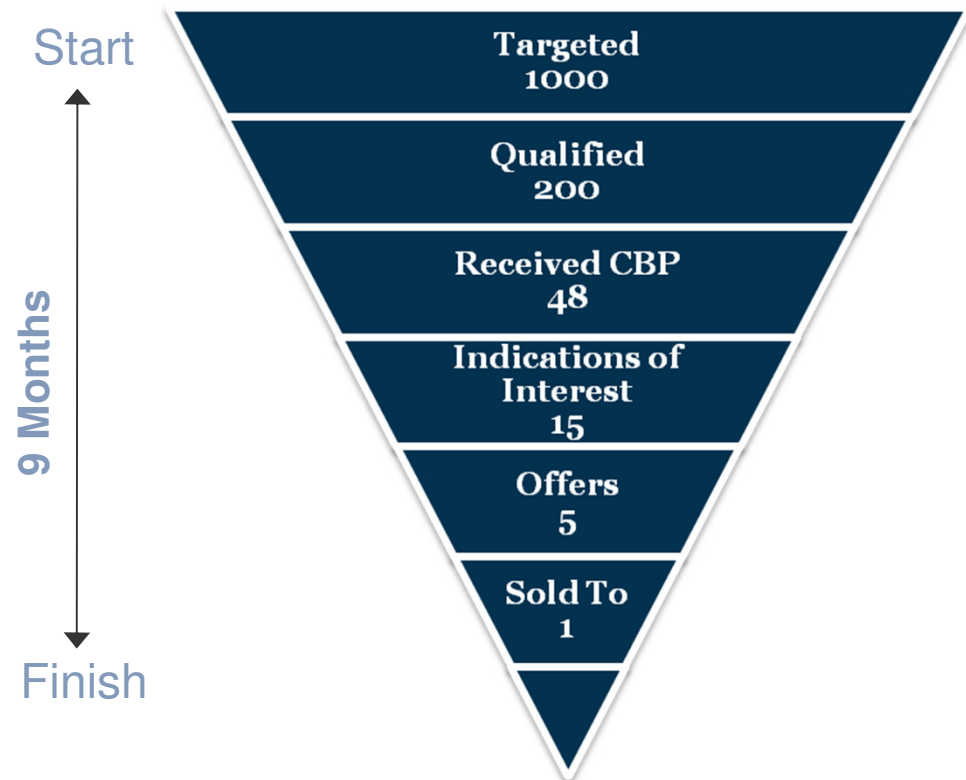
- Engaged Sunbelt to comprehensively approach the universe of buyers.

Result:

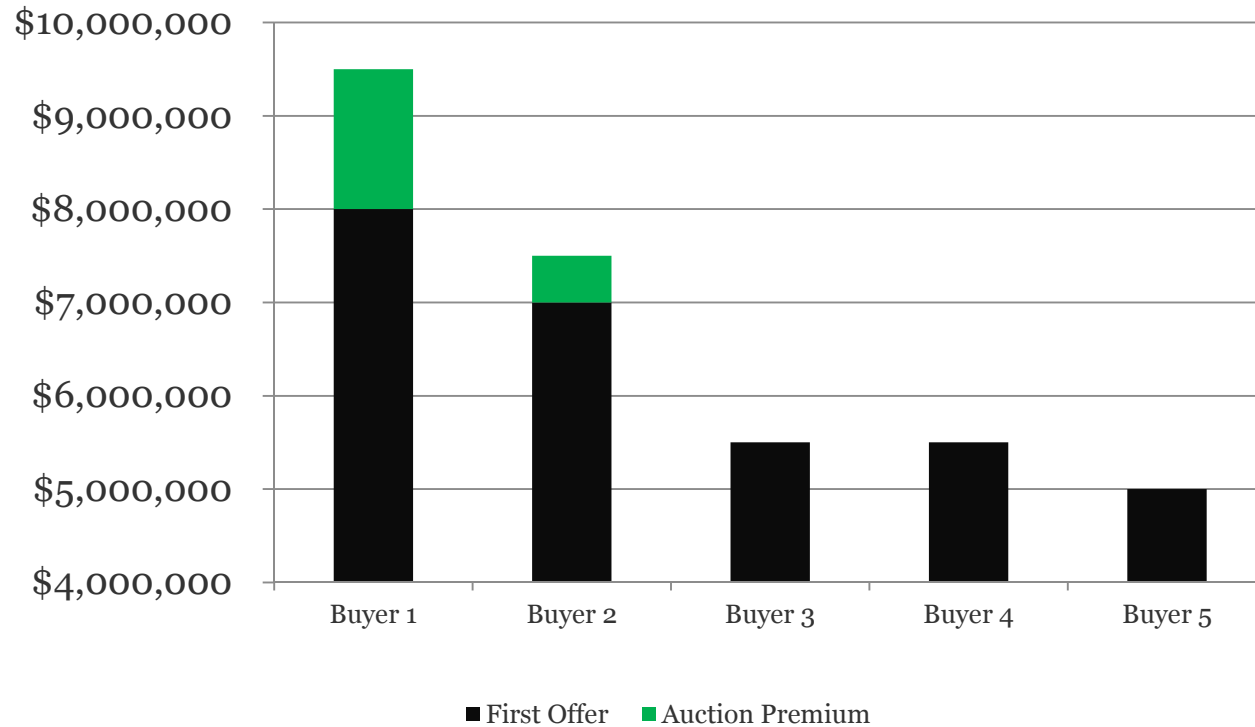
- 5 written offers and a sale price above the company's target price and terms.



Case Study – Maximizing Value



Case Study – Maximizing Value



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ONE Buyer = NO Leverage

- What happened to the Price when a major customer reduced it's orders by 40% the week before closing?

- **Answer:** ?



MULTIPLE Buyers = Leverage

- What happened to the Price when a major customer reduced it's orders by 40% the week before closing?

- **Answer: NOTHING**

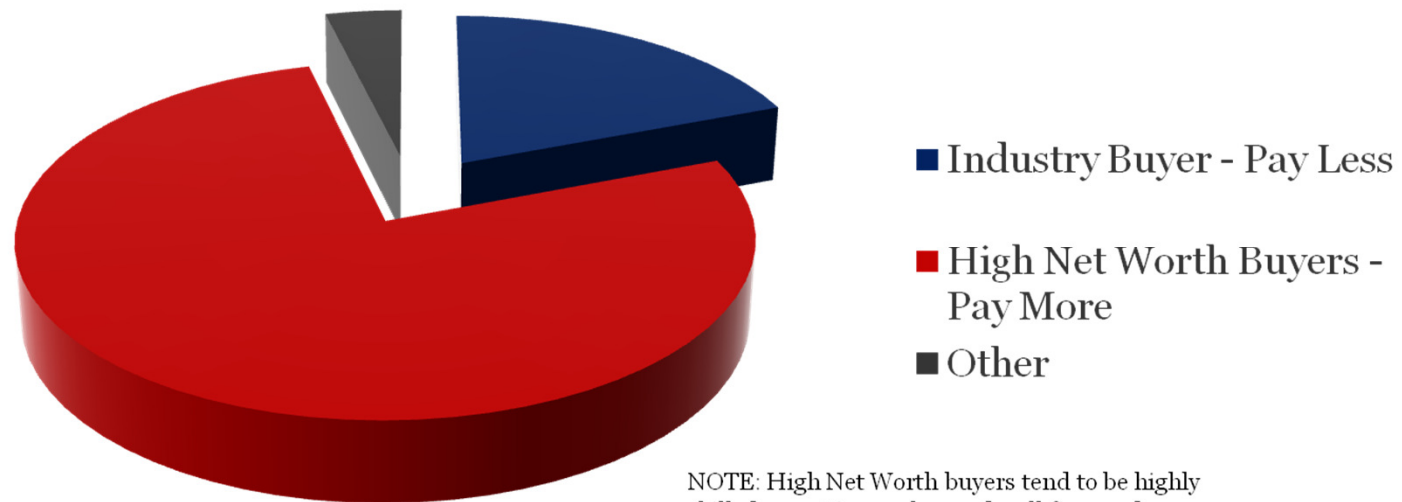


Bank Financing & Seller Financing

Banks restrict the largest pool of buyers

Every Dollar Gained In Recast Earnings Equals Multiple Dollars In Sales Price
Every Dollar You 'CAN'T COUNT' because of a bank costs you Multiple Dollars

Population of Buyers



NOTE: High Net Worth buyers tend to be highly skilled, great in number and well financed, however, banks are less likely to finance them unless they have specific experience in the acquired company's industry



Advantages of Seller Financing

Certainly, you would not want to offer financing to just anyone.

We will show you how to conduct due diligence on a buyer by checking business experience, financial resources and other factors.

- Offering financing for a credible buyer will help you by:
- Getting you a dramatically higher sales price and overall net proceeds for your business in most cases
- Earning you higher interest rates on the note than you would earn in a money market account
- Allowing your business to be accessible to a substantially larger pool of buyers
- Deferring ordinary income to a later tax year – potentially at a lower tax rate if you are retiring
- Increasing the speed of closing by avoiding delays and price restrictions of bank financing
- Keeps you in first lien position to reduce risk



Seller Financing – Nets You More

	Bank Financing	Seller Financing
Cash Flow/SDE (banks may not recognize all add-backs)	\$150,000	\$200,000
Multiple of SDE	3.00	3.50
Sales Price	\$450,000	\$700,000
Seller Note	\$90,000	\$490,000
Seller Financing (7.0%, 10 yr. amo, 5 yr. balloon)	20%	70%
Cash at Closing	\$360,000	\$210,000
Monthly Payment to Seller	\$1,045	\$5,689 (\$68,272 annually)
Total Note Payments	\$115,472	\$628,681
Total Pre-Tax Proceeds (after broker fee)	\$428,472	\$766,681

Extra **\$338,209** Seller Advantage • **79% HIGHER**



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Seller Financing: Why Lend if a Bank Won't

Banks Lend on Tax Return Income

Owner's run books to pay lower taxes. Many discretionary expenses are not considered by bank loan programs.

Banks May Limit Sales Price

Strict guidelines and Debt Coverage Ratio formulas limit the price of a bank financed transaction.

Sales Must Be Trending Upward

If your sales or profits are trending downward, SBA guidelines will likely not allow bank financing on your business.

Experienced Buyers Get Disqualified

If a buyer's occupation and work history don't line up with stringent SBA guidelines, he won't qualify. Buyers with years of management experience and no direct industry experience won't qualify for SBA.



Seller Financing: Protect Yourself

Most business owners have heard horror stories about seller financing.

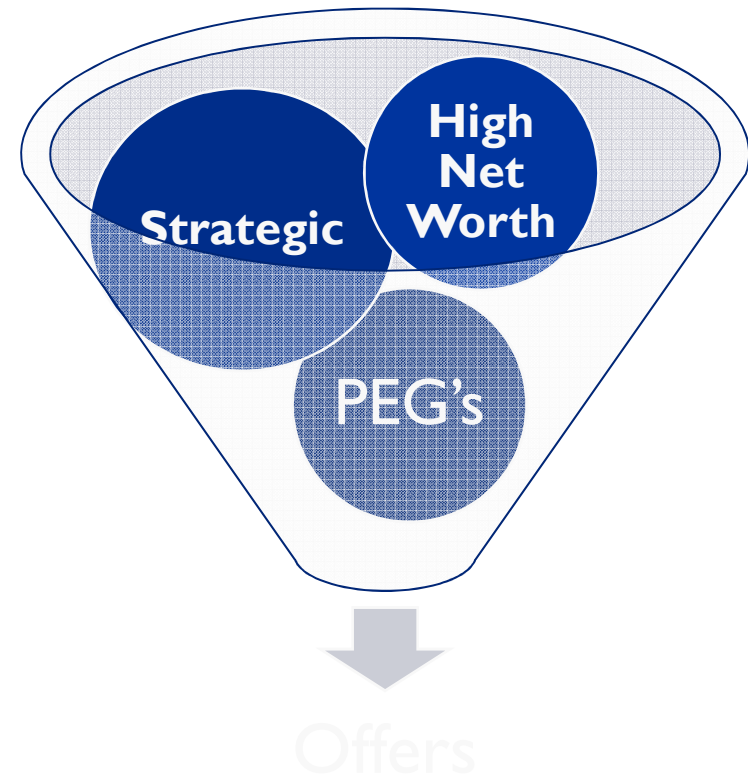
By being proactive and smart, you can avoid many problems.

- Demand enough of a down payment. After investing a large portion of their net worth, months of hard work and note payment, buyers can't afford to walk away.
- Look at a pool of potential buyers. Don't just offer the business to an employee, brother-in-law or friend for a low down payment.
- Carefully interview buyers and choose the buyer with the best mix of experience, potential and financial ability.
- Perform due diligence on a buyer, including a credit report and buyer's personal financial statement.
- Use a broker. If a buyer gets in trouble, he'll call the broker to resell before defaulting.
- Get a personal guarantee from the buyer.
- Make sure to file security interests and include conditions in the note to receive regular financial updates from the buyer.



Evaluation of Offers

- ▶ Maximize net after-tax sales proceeds
- ▶ Have your intermediary coordinate your attorney and tax advisor to address tax planning strategies and other important transaction structure issues
- ▶ Target: Not necessarily the highest price, but the highest NET after taxes AND the most likely to make it to the closing table
- ▶ Keep control with the “Sunbelt LOI”.
- ▶ Protect your price in due diligence and keep back up buyers warm. Avoid aggressive “no shops”.
- ▶ Which buyer helps you achieve your personal and financial goals?



Successful Transactions



•Marek Group Acquires Digital Marketing Company *Brandspring*

•EBSCO Acquires *Lindy*
•Northern Tool Acquires Ag Equipment



•Manufacturer *K&M Manufacturing*
•Metal Fabricator *Atlas* Acquires



Disability Furniture Mfg.
•Sysco Acquires *Appert's*



•Material Handling Company Acquires En Masse Conveying Manufacturer



Sunbelt has helped hundreds of business owners successfully exit their companies

Sunbelt Midwest Sells Minnesota-based Educational and Childcare Service Business
[Read the Press Release](#)

Sunbelt Midwest Sells Temporary Labor Company
[Read the Press Release](#)



Sunbelt Midwest Sells Wisconsin-based Trucking Company
[Read the Press Release](#)



Sunbelt Midwest Sells Milwaukee Grocer and Delicatessen
[Read the Press Release](#)



Sunbelt Midwest Completes National Sale of Northern Wisconsin Cemetery and Mausoleum Complex
[Read the Press Release](#)



Sunbelt Business Brokers concludes the sale of Minnesota-based Home Technology Store to Perm-a-Store, a manufacturer and distributor of media transport and storage products.
[Read the Home Technology Store press release](#)



Sunbelt Business Brokers concludes the sale of Symtec, a Minnesota-based manufacturer of outdoor comfort products to The Harlan Company.
[Read the Symtec press release](#)



Sunbelt Business Brokers concludes the sale of Canamer International, a Minnesota-based industrial firm, to David Packard, a multi-business owner entrepreneur.
[Read the Canamer press release](#)



Sunbelt Business Brokers concludes the sale of K & M Manufacturing to Great Northern Equipment Distributing, Inc., a wholesale distributor of gasoline and diesel small engines, outdoor power equipment, parts and accessories.
[Read the K&M press release](#)



"Sunbelt has a tremendous amount of resources that helped sell my business."- Jim Spellmire, former owner Aero Colours



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Main Street Transactions - Tech



Quality Business Solutions
IT Consulting

SHOWINGS | 48

OFFERS | 4

SOLD IN | 4 months

ACQUIRED BY | Private Investment Group



System Support Solutions
Connectivity VAR

SHOWINGS | 64

OFFERS | 7

SOLD IN | 1 year

ACQUIRED BY | Private Investor



Home Technology Store
Residential Tech Solutions

SHOWINGS | 41

OFFERS | Multiple

SOLD IN | 6 months

ACQUIRED BY | Strategic Buyer



Yerkotech Computer Solutions
Managed Services Provider

SHOWINGS | 14

OFFERS | 2

SOLD IN | 1 month

ACQUIRED BY | Private Investor



Main Street Transactions - Distribution



Janitorial Supplies

SHOWINGS | 29

OFFERS | 4

SOLD IN | 3 months

ACQUIRED BY | Strategic Buyer



Specialty Trim & Extrusions

SHOWINGS | 15

OFFERS | 2

SOLD IN | 5 months

ACQUIRED BY | Private Investor



Commercial Building Hardware

SHOWINGS | 60

OFFERS | 6

SOLD IN | 22 months

ACQUIRED BY | Strategic Buyer



Gas & Filtration & Purification Systems

SHOWINGS | 63

OFFERS | 3

SOLD IN | 8 months

ACQUIRED BY | Strategic Buyer



Main Street Transactions – Construction



Thin Air Construction
SHOWINGS | 46
OFFERS | 1
SOLD IN |
ACQUIRED BY | Private Investor



Gardner Fence
SHOWINGS | 55
OFFERS |
SOLD IN | 9 months
ACQUIRED BY | Private Investor

Premier Services

Premier Services
SHOWINGS | 35
OFFERS |
SOLD IN | 4 months
ACQUIRED BY | Private Investor

Stone Master Scapes

Stone Master Scapes
SHOWINGS | 11
OFFERS |
SOLD IN | 7 months
ACQUIRED BY | Private Investor



Granite Transformations
SHOWINGS | 28
OFFERS | 3
SOLD IN | 6 months
ACQUIRED BY | Private Investor



Minnesota Irrigation
SHOWINGS | 8
OFFERS | 1
SOLD IN | 3 months
ACQUIRED BY | Private Investor

Main Street Transactions – Food



Take N Bake Pizza Franchise
3 locations

SHOWINGS | 83
OFFERS | 5
SOLD IN | 11 months
ACQUIRED BY | Private Investor



Bar & Grill

SHOWINGS | 48
OFFERS | 3
SOLD IN | 7 months
ACQUIRED BY | Private Investor




Restaurant & Bar

SHOWINGS | 43
OFFERS | 3
SOLD IN | 11 months
ACQUIRED BY | Strategic Buyer



Pizza Franchise

SHOWINGS | 35
OFFERS | 2
SOLD IN | 9 months
ACQUIRED BY | Private Investor



Bagel Franchise

SHOWINGS | 65
OFFERS | 3
SOLD IN | 13 months
ACQUIRED BY | Private Investor



Pizza Franchise

SHOWINGS | 21
OFFERS | 2
SOLD IN | 4 months
ACQUIRED BY | Private Investor

Main Street Transactions - Manufacturing



Restaurant Furniture Manufacturer

SHOWINGS | 23

OFFERS | 4

SOLD IN | Less than a year

ACQUIRED BY | Financial Buyer



Custom Manufacturer

SHOWINGS | 99

OFFERS | 1

SOLD IN | Less than 6 months

ACQUIRED BY | Private Investor



Custom Metal Fabrication

SHOWINGS | 38

OFFERS | 2

SOLD IN | 6 months

ACQUIRED BY | Private Investor



Agricultural Equipment Parts Manufacturer

SHOWINGS | 90

OFFERS | 1

SOLD IN | Just over 1 year

ACQUIRED BY | Strategic Buyer



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Main Street Transactions - Retail



Retail Fruit Bouquets

SHOWINGS | 40
OFFERS | 4
SOLD IN | Less than 4 months
ACQUIRED BY | Private Investor



Pet Store

SHOWINGS | 9
OFFERS | 1
SOLD IN | 2 months
ACQUIRED BY | Private Investor



Sears Store

SHOWINGS | 32
OFFERS | 1
SOLD IN | Less than 1 year
ACQUIRED BY | Private Investor



Liquor Store

SHOWINGS | 62
OFFERS | 2
SOLD IN | Less than 1 year
ACQUIRED BY | Private Investor



E-Commerce Sales

SHOWINGS | 48
OFFERS | 2
SOLD IN | 6 months
ACQUIRED BY | Strategic Buyer



Retail shipping, postal & business service

SHOWINGS | 12
OFFERS | 1
SOLD IN | 4 months
ACQUIRED BY | Private Investor

Main Street Transactions - Auto



Collision Repair & Auto Body Painting

SHOWINGS | 9

OFFERS | 2

SOLD IN | 4 months

ACQUIRED BY | Private Investor



Auto Repair Service

SHOWINGS | 17

OFFERS | 4

SOLD IN | 6 months

ACQUIRED BY | Private Investor



Transmission & Auto Care

SHOWINGS | 17

OFFERS | 2

SOLD IN | 11 months

ACQUIRED BY | Strategic Buyer

Go Gas N Wash

Gas Station, C-Store & Car Wash

SHOWINGS | 25

OFFERS | 2

SOLD IN | 6 months

ACQUIRED BY | Strategic Buyer

Hydraulic Component Repair

Hydraulic Repair

SHOWINGS | 23

OFFERS | 2

SOLD IN | 6 months

ACQUIRED BY | Strategic Buyer



Aero Colours







SHOWINGS | 21

OFFERS | 1

SOLD IN | 8 months

ACQUIRED BY | Driven Brands

Main Street Transactions - Service

 <p>Clear Homes. Clear Earth.</p>	<p>Residential Cleaning Services</p> <hr/> <p>SHOWINGS 28 OFFERS 2 SOLD IN 5 months ACQUIRED BY Private Investor</p>		<p>Electronic Document Management</p> <hr/> <p>SHOWINGS 81 OFFERS 8 SOLD IN 18 months ACQUIRED BY Private Investor</p>
	<p>Collection Services</p> <hr/> <p>SHOWINGS 14 OFFERS 2 SOLD IN 2 months ACQUIRED BY Strategic Buyer</p>		<p>Home Services</p> <hr/> <p>SHOWINGS 48 OFFERS 3 SOLD IN 5 months ACQUIRED BY Private Investor</p>
	<p>Installer & Service Supplier</p> <hr/> <p>SHOWINGS 11 OFFERS 2 SOLD IN 2 months ACQUIRED BY Strategic Buyer</p>		<p>Event Production Company</p> <hr/> <p>SHOWINGS 19 OFFERS 1 SOLD IN 2 months ACQUIRED BY Strategic Buyer</p>

Panelists

- Chad Johnson – Hellmuth & Johnson
- Craig Veurink – SVP, US Bank
- Ken Saddler – Partner, B2BCFO
- Brad Lantz – Inner Circle Twin Cities
- Darrin Gear – Director of Sales, IAC





**1000's OF
BUSINESSES
SOLD**

THREE MIDWEST OFFICES



TWIN CITIES | CHICAGO | MILWAUKEE

WWW.SUNBELTMIDWEST.COM

Manufacturing A-Firms Hotels
Dental-Clinics Me Door-Products
Automoti Convenience-Stores
Restaurants Assisted-Living
Pharmacies Veterinarians Transportation
E-Commerce Business-to-Business
Contractors Advertising
Franchises Distribution IT-Firms
Retail Business-to-Consumer
Hospitality Lawncare

St. Paul: 651-484-2677 | Minneapolis: 612-455-0880
Chicago Downtown: 312-878-1231 | Chicago O'hare: 773-243-1603 | Milwaukee: 262-901-0086



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