

# Webinar Part 2: Maximizing the return on your life's work



June 15, 2021



Exit  
Planning  
Institute™



# Agenda

- What will you do after you exit your business?
- Price, terms, taxes – IT'S WHAT YOU NET
- What are your value drivers? Why do similar companies in the same industry sell for much different prices?
- Valuation – purchase price vs risk
- The process of selling a company
- *Takeaway: Receive a no-cost, no-obligation price opinion after attending the webinar (\$5,000 value)*

## Section I

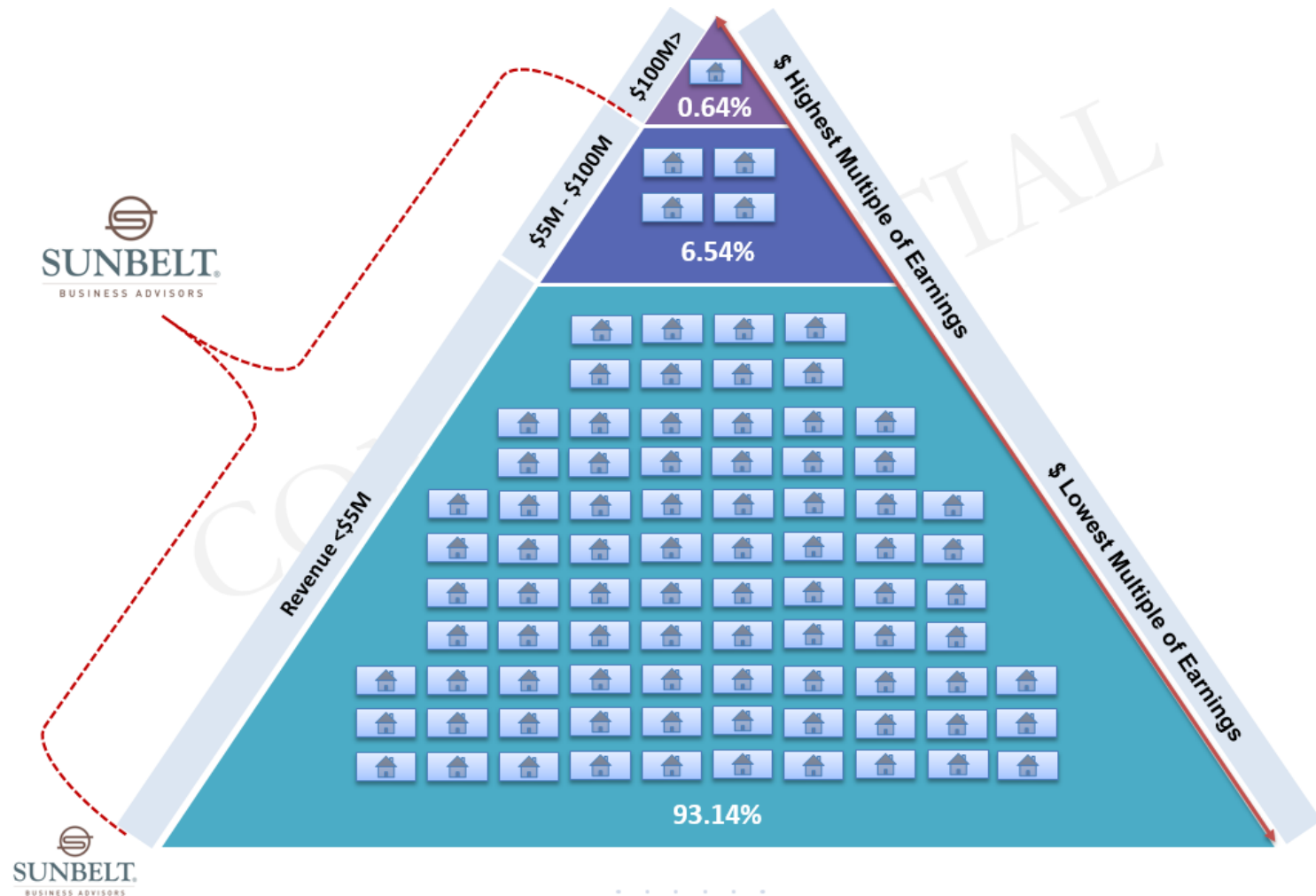
# Introduction



## Local Presence with Global Reach and Industry Experience



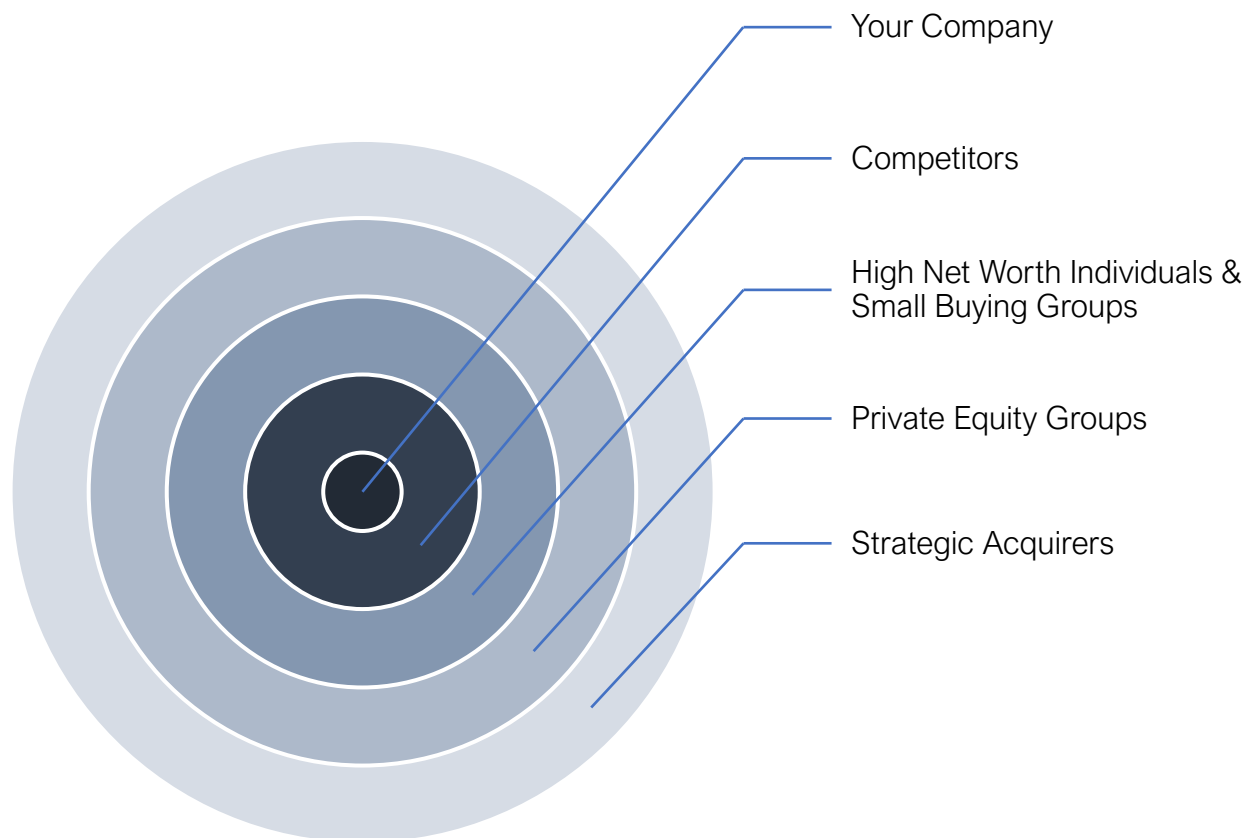
# Target Market



## Price, Terms, Taxes: Understanding Deal Dynamics



## Circles of Value



Closest to  
Seller and Advisor  
(see the least value)



Furthest from  
Seller and Advisor  
(see the most value)



## Recent Closed M&A Transactions



Acquired By:



Acquired By:



Diversified Distributors, Inc.  
"BETTER LIVING BY DESIGN"

Acquired By:

**Solheim  
Investment Partners**



**IT Assist**

Acquired By:



HEALTH DIMENSIONS GROUP

Acquired By:

**Management Team**

**US Medical Device  
Manufacturer**

Acquired By:

**French Strategic Buyer**



O'Keefe Millwork  
A USA MILLWORK COMPANY

Acquired By:



Acquired By:



Acquired By:



Acquired By:



Acquired By:



Acquired By:





## Recent Closed M&A Transactions

**H&H Lumber**

Acquired By:



**energysolutions**<sup>®</sup>

Acquired By:



**MICROPURE<sup>®</sup> FILTRATION**

Acquired By:



**Stewart's Forest Products, Inc.**  
Wood Packaging Specialists

Acquired By:

**Blue Horseshoe Acquisitions**

**TC SERVICES**  
Excellence in Distribution

Acquired By:



**IT'S JUST LUNCH<sup>®</sup>**  
DATING FOR BUSY PROFESSIONALS

Acquired By:

**Proprietors Capital Holdings**

**HomeTechnologyStore**

Acquired By:



**Signature Bank**

Acquired By:

**August Ventures**

- Vision Eye Care MN
- Oxboro Eye Clinic
- Shakopee Vision Clinic

Acquired By:



**AERO COLOURS**  
AUTOMOTIVE PAINT REPAIR SPECIALISTS

Acquired By:

**meineke<sup>®</sup>**

**The QC Group**

Acquired By:



**WR Western Roofing Supply Co**

Acquired By:



# Our Process Creates Interest – Teaser Package Example

## Opportunity Overview:

The Company (code-named “Atlas”) is a leading general manufacturer in the upper Midwest area. The company has been in the business for almost 15 years and is selling a variety of widgets.

The Company is reviewing strategic alternatives related to a possible sale of the business. Having built a growing, profitable business, the founders now seek to pursue other opportunities, and want to achieve it in a way that benefits all stakeholders. Special consideration will be given to buyers who demonstrate a commitment to maintaining quality products and services and continue providing excellent customer service.

## Key Investment Considerations:

- Growing and Highly Profitable
- Multiple, High-Opportunity adjacent markets
- Highly-trained and passionate sales team
- Service offerings' expansion

## Project Director

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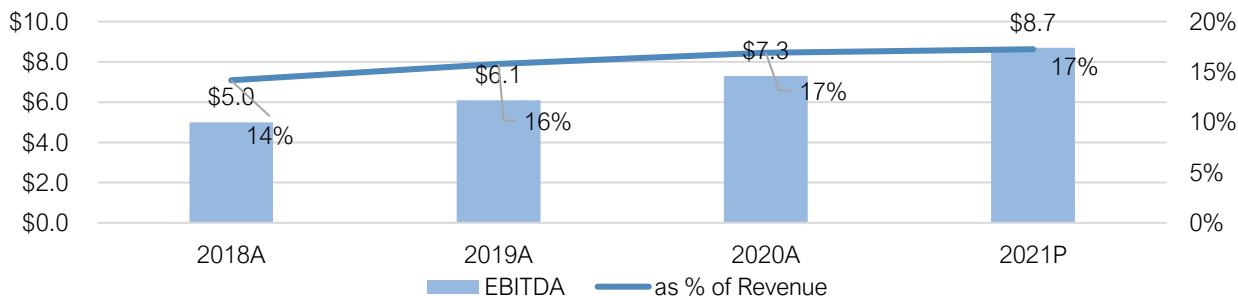
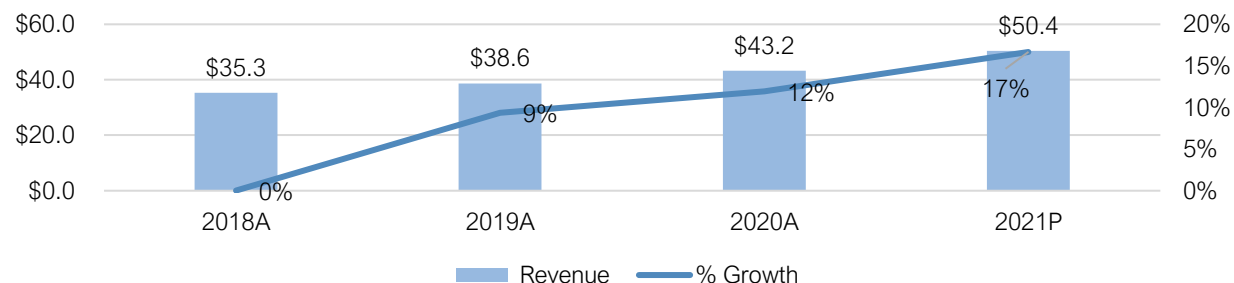
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## Sunbelt Business Advisors

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\$, in million	2018A	2019A	2020A	2021P
<b>Revenue</b>	<b>\$35.3</b>	<b>\$38.6</b>	<b>\$43.2</b>	<b>\$50.4</b>
<b>% Growth</b>	-	9.35%	11.92%	16.67%
	2018A	2019A	2020A	2021P
<b>EBITDA</b>	<b>\$5.0</b>	<b>\$6.1</b>	<b>\$7.3</b>	<b>\$8.7</b>
<b>as % of Revenue</b>	14.16%	15.80%	16.90%	17.26%



## Section II

# M&A Market Multiples

# \$1MM - \$100MM M&A Market – IB Survey

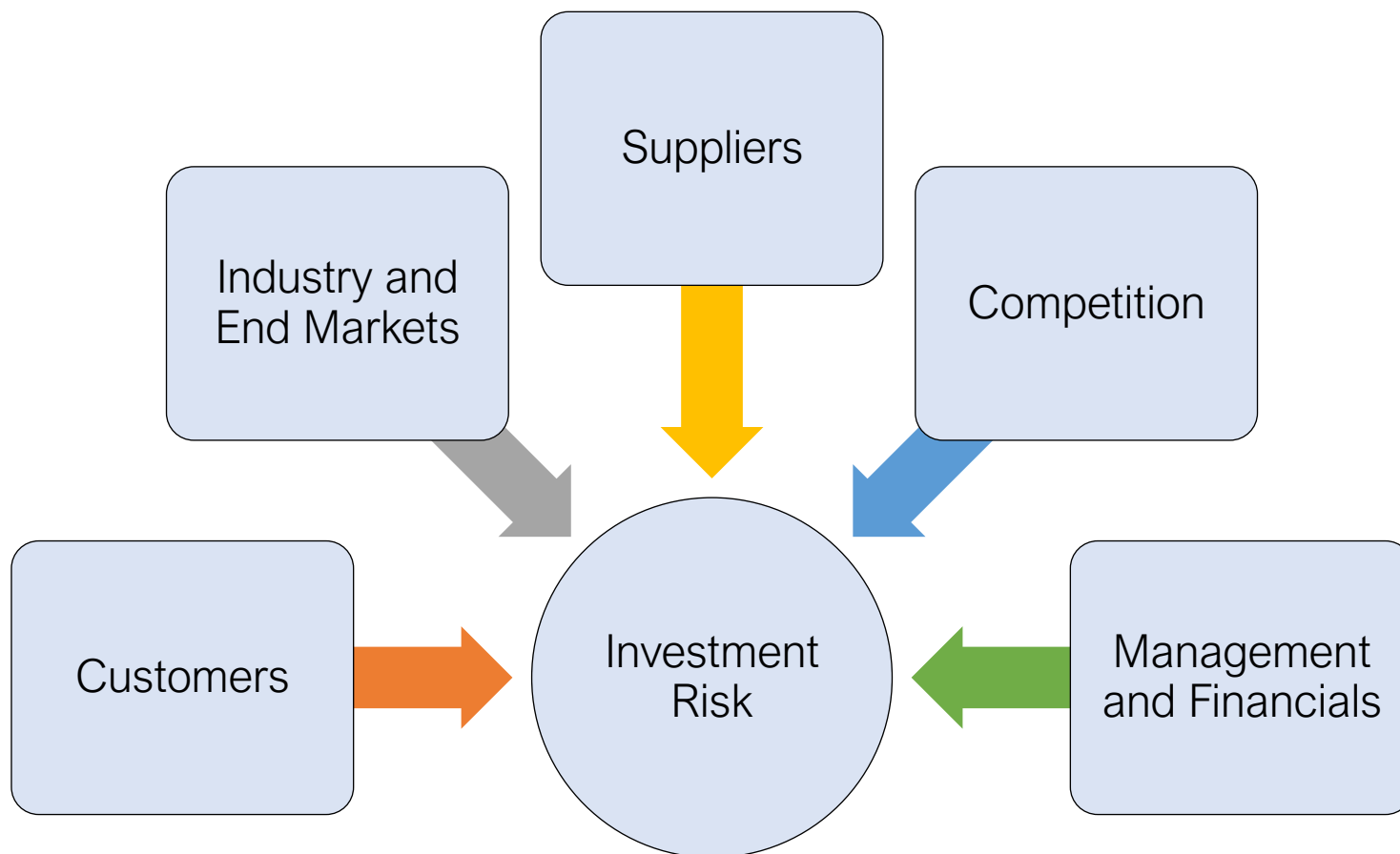
EBITDA	Manufacturing	Construction & Engineering	Consumer Goods & Services	Wholesale & Distribution	Business Services	Basic Materials & Energy	Healthcare & Biotech	Information Technology	Financial Services	Media & Entertainment	Average
\$0K - \$999K	4.0x	3.5x	4.3x	4.0x	4.0x	3.0x	2.5x	4.5x	4.5x	5.0x	3.9x
\$1MM - \$4.99MM	6.0x	4.5x	6.0x	5.3x	6.0x	4.0x	4.8x	5.5x	5.0x	6.0x	5.3x
\$5MM - \$9.99MM	6.3x	5.5x	6.5x	5.5x	6.3x	6.5x	6.3x	6.8x	6.3x	7.0x	6.3x
\$10MM - \$24.99MM	7.0x	6.3x	7.0x	5.5x	7.0x	6.5x	6.5x	7.0x	8.5x	8.5x	7.0x
\$25MM - \$49.99MM	7.3x	8.0x	7.5x	7.0x	8.0x	N/A	8.5x	9.0x	8.5x	9.0x	8.1x
\$50MM+	10.0x	9.0x	8.0x	7.3x	8.5x	N/A	10.0x	10.0x	10.0x	10.0x	9.2x

Source: Pepperdine University – Private Capital Markets Project – May 2020

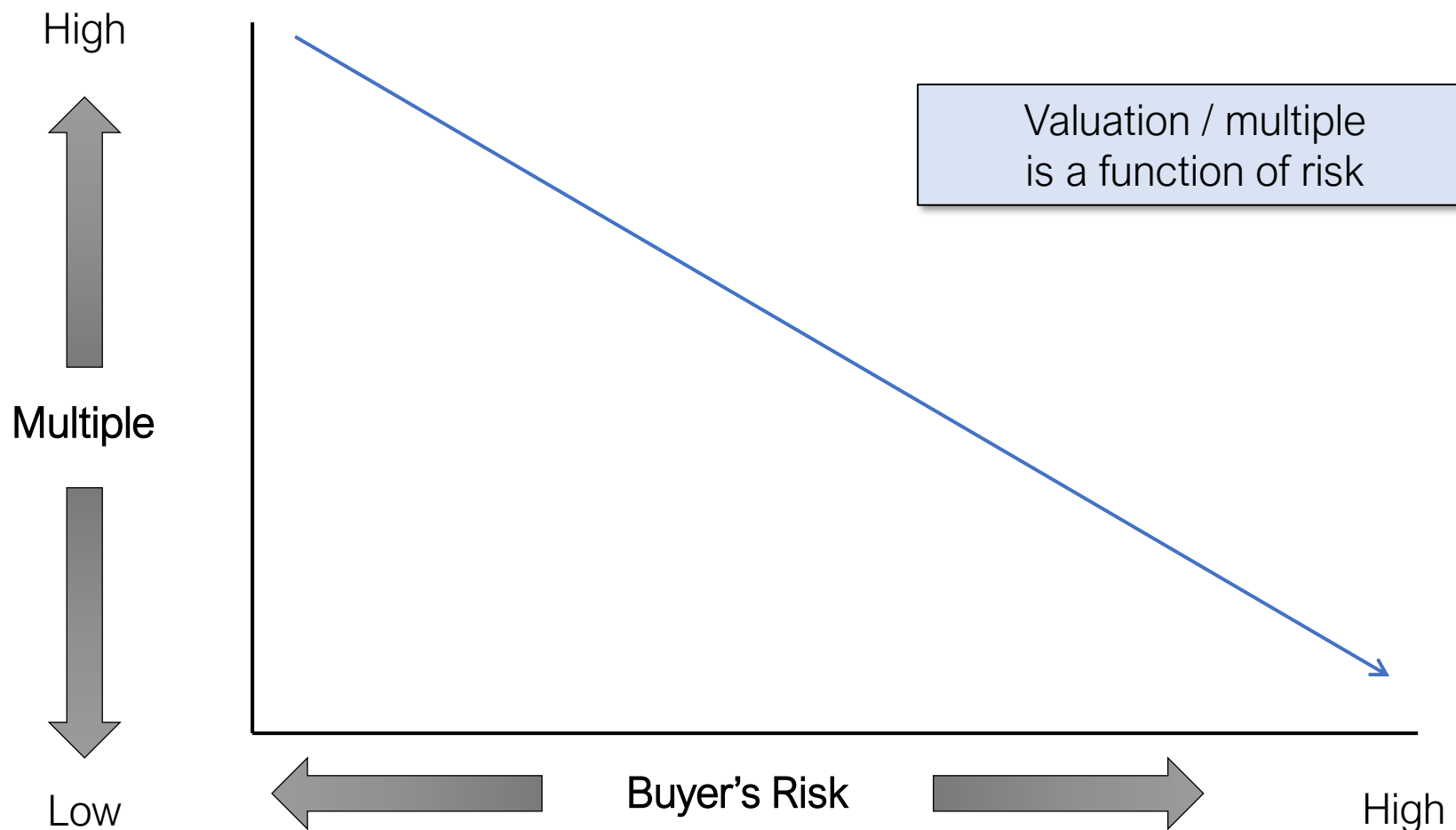
## Section III

# Understanding the correlation between purchase price and risk

## How to evaluate risk?



## How to evaluate risk?





## Value Drivers

# Elevating Business Value

### BUSINESS VALUE

#### HIGH

##### Customers

- National Customer Base
- No customer exceeds 5% of revenue
- Team wins and retains business
- Recurring revenue model

##### Competition

- Market Leadership
- Large rapidly-growing market
- Little government intervention
- High barriers to market entry

##### Capacity

- Experienced management team
- Proven information systems
- Proven processes in place
- Can handle new growth

##### Competence

- Must-have products
- Proprietary products
- No supplier exceeds 10% of revenues
- Redundant & exclusive suppliers

#### MEDIUM

- Regional and Local Customers
- No customer exceeds 10% of revenue
- Dedicated sales people
- Some recurring revenues

- Average market share
- Modest market growth
- Some government intervention
- Business is economy-dependent

- Some management capability
- Ownership still heavily involved
- Moderate systems & processes
- Processes not integrated

- "Should-have" products
- No supplier exceeds 20% of revenues
- Redundant suppliers
- Favorable supplier relationships

#### LOW

- Small local customers
- Large customer sales concentrations
- Owner handles most customers
- Large project-based revenues

- Small market
- Flat or shrinking potential
- Cyclical business
- Many competitors

- Owner-centric
- No management team
- No professional accounting
- Limited information systems

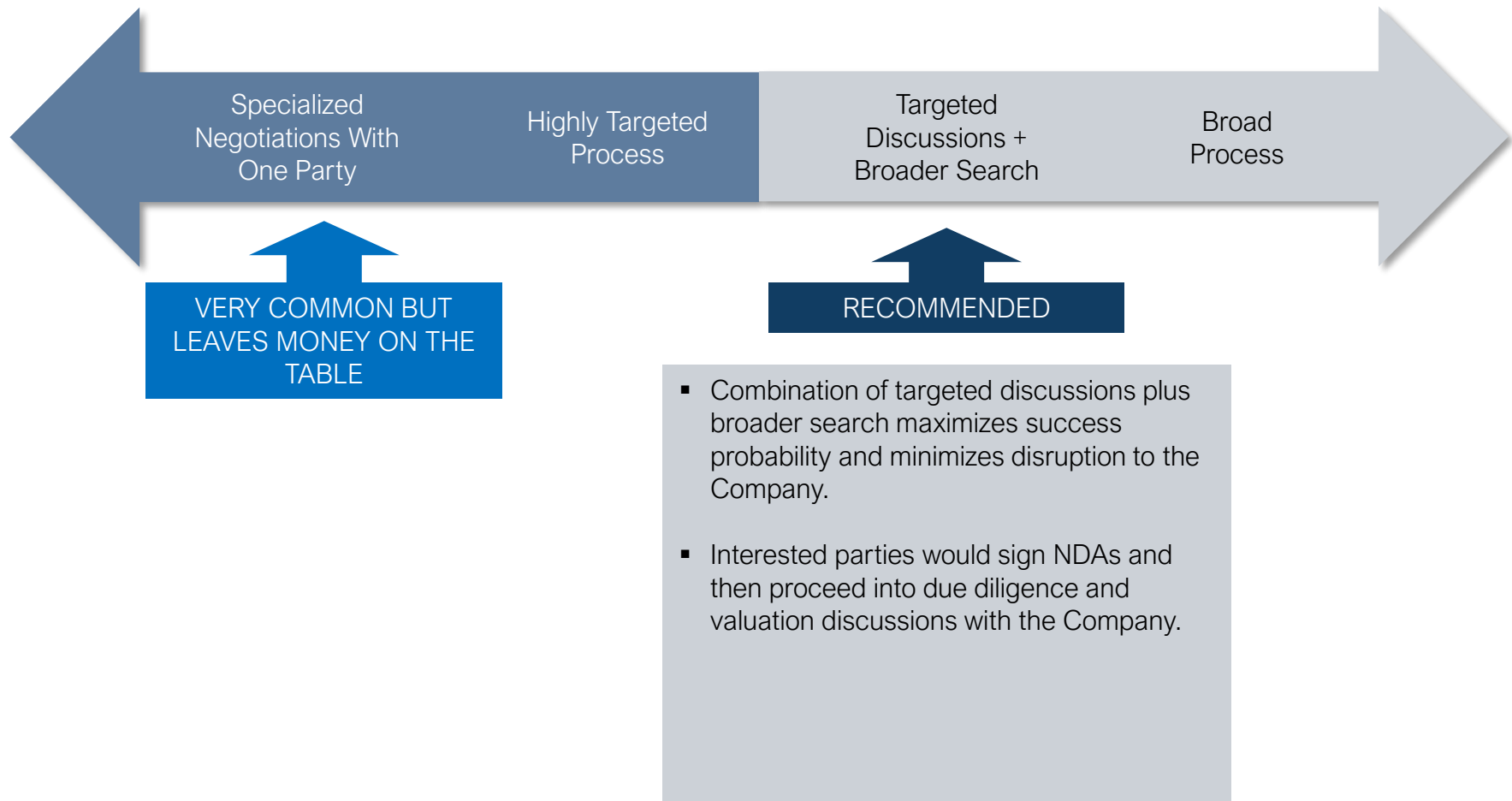
- Product is discretionary
- No intellectual property
- Large supplier concentrations

## Section IV

# Potential Process Possibilities



## Potential Process Possibilities



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# Case Study: Building Products Distributor – Getting to the next chapter

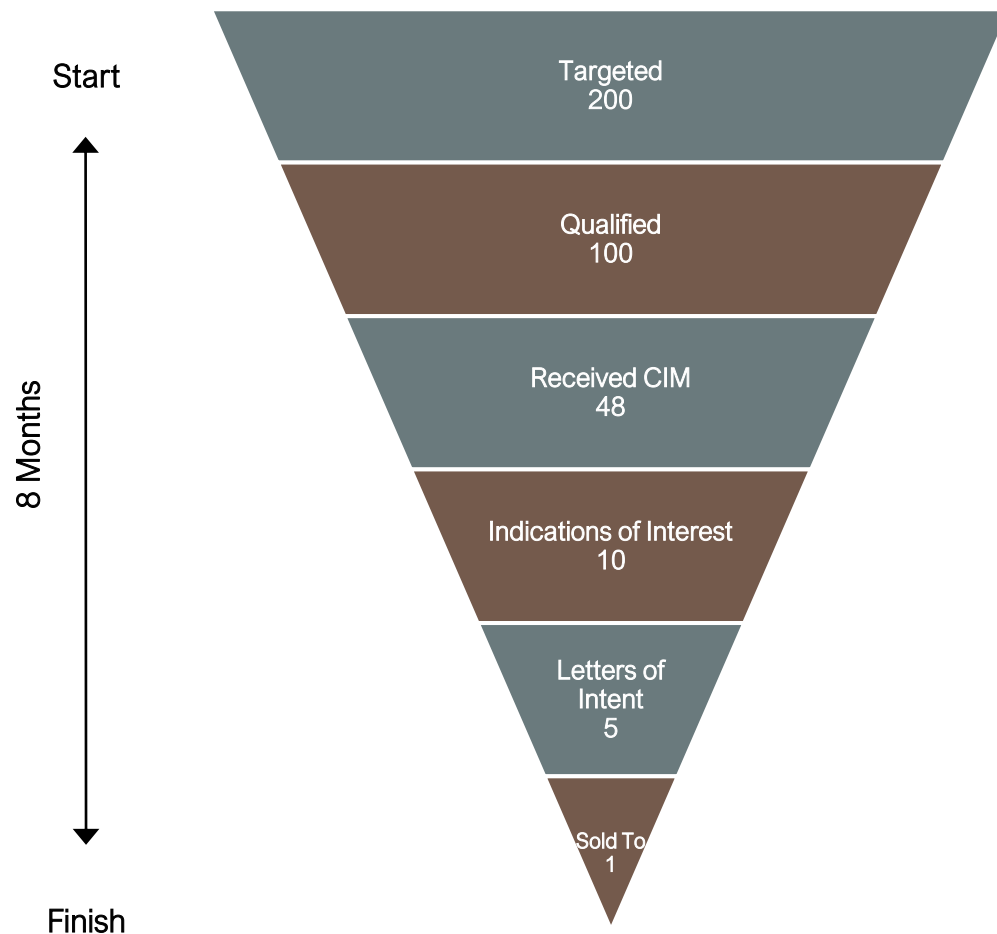








# Maximizing Value



\$, in million





## Contact Information



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## Q&A Session

### Q&A Session

*If we run out of time, please send your questions to KG at*  
[kgraminschi@sunbeltmidwest.com](mailto:kgraminschi@sunbeltmidwest.com)

## Next Steps

1. *Discover what your business is worth now using the offer on the next page*
2. *Join us next week to learn how to preserve and grow your sale proceeds*

*If we run out of time, please send your questions to KG at [kgraminschi@sunbeltmidwest.com](mailto:kgraminschi@sunbeltmidwest.com)*

## Takeaway

*Receive a no-cost, no-obligation price opinion after attending the webinar  
(\$5,000 value)*

*For details contact KG at [kgraminschi@sunbeltmidwest.com](mailto:kgraminschi@sunbeltmidwest.com)  
or 507-351-2994*

