

Acquisition Opportunity

DLBA – Highway Electrical Construction Company

Corporation Type: S-Corporation Location: Dallas County, TX SIC Code: 1799

Well-established Highway Electrical Construction Company focused on installation and maintenance of highway lighting, signs, signals, intelligent traffic systems, fiber, and concrete. Business has developed great relationships with the major municipal transportation authorities, which has contributed to healthy growth and has potential for significant further growth. The current owner is looking to retire and has scaled back his role in the business over the past few years, and is currently only focused on the financial management of the business. There is a strong management structure in place. Current owner is looking to retire.

ASKING

\$5,000,000**

**Real Estate can also be purchased in conjunction with the business for \$1,800,000

Terms

- With a down payment of \$500,000 (10%), third party financing is available to finance the remaining balance over 10 years for a buyer with a requisite background that is qualified by the bank (the owner is willing to carry back 10% of the purchase price if needed). It will require a monthly payment of approximately \$48,000. All notes will be personally guaranteed.

Top Details

- Established and well-known company after 12 years in the industry.
- Business has grown at a steady pace over the past 9 years.
- Operations in 4 states (Texas, Oklahoma, North Carolina, and Florida).
- Company has been on the cutting edge of technology and has an extensive background and experience in electrical contracting.
- Main focus on Commercial, Industrial, Design Build and transportation projects primarily on city, county and state projects.
- Very large market for services, with an expanding pool of opportunity for growth.
- Owner has gradually been removing himself from the operation of the business with management structures in place to oversee day-to-day operations.
- Demand for services are expected to grow as implementing more technology into the highway system spreads.

Real Estate

- Land and Building (not included in purchase price) can also be acquired in conjunction with business for \$1,800,000.

Strengths

- Highly-regarded and well-established – Founded in 2007, has developed great industry relationships.
- Qualified management structure in place – owner has limited his functions in the business.
- Experienced management – over 30 years of experience in management.
- Highly trained staff employs innovative methods on work performed.
- Recession resistant – majority of work is government/infrastructure, which tends to carry-on in slower economies.

Weaknesses

- Growth is bound by access to capital to fund jobs, acquire bonding.
- Due to nature of the business there is a finite number of potential clients, though the market of potential clients has infinite prospective jobs.

Marketing Strategy

- There are 3 outside salespeople. New business is acquired 50% through word-of-mouth/50% through outside sales. Services are sold through a bidding process that can either be low-bid and/or negotiated.

Reason for selling:

- The owner is experiencing some health concerns that limit his abilities to run the business. Because of these limitations, he's transitioned his duties to management. He's now wanting to retire.

Key Indicators (Cash Basis):

Year (Financial Year End: 12/31)	TTM Jul '18-Jun '19 \$'000	2018 \$'000	2017 \$'000	2016 \$'000
Revenue	14,240	9,605	9,311	9,161
Gross Profit	3801	1,644	1,477	1,067
Adj. EBITDA*	3,156	1,013	1,025	476

*Profit before interest, tax, depreciation, amortization (non-cash items) including owner salary, one-time and discretionary expenses.

Included in offering:

- Working Capital: up to \$1,500,000
- Assets: \$800,000
- All debts, if any, on the company will be paid off by the seller at closing.

Business Days and Hours

- Monday - Friday: 7:00am to 5:00pm.
- Saturday: As Needed.
- Sunday: Closed

Employees:

- The Company has a total of 63 full time employees. The key employees are 2 Vice Presidents and a Controller.

Support and Training

- The Owner genuinely desires an effective business transition with seamless customer service through to the buyer. They will train a buyer for 30 days. An additional consulting contract can be obtained.

Next Steps

- In order that we may obtain our client's permission to release the Confidential Information Memorandum, please complete the Non-Disclosure Agreement and Buyer Profile and return to:

David Lockey, Managing Director

DavidL@thevantgroup.com

(972) 458-8989 ext. 202



CORPORATE/INVESTMENT GROUP CONFIDENTIALITY AGREEMENT

Highway Electrical Construction Company Sale Price & Down Payment: \$5,000,000

1. For good and valuable consideration, the receipt and sufficiency of which are acknowledged, the undersigned ("The Recipient") enters into this Confidentiality Agreement with and for the benefit of The Vant Group ("the Broker").
2. The Broker has attached hereto or has provided or may subsequently provide to the Recipient in connection herewith certain technical, financial, and/or business information (collectively the "Information") regarding the Company (as above designated) to facilitate an evaluation by the Recipient whether to acquire the Company or stock or assets thereof. The Recipient acknowledges that the Information is highly confidential and proprietary to the Company.
3. The Recipient shall not at any time, without prior written consent of the Company, furnish, copy, reproduce or distribute, in whole or in part, directly or indirectly, the Information to anyone, except Recipient's financial advisors and investors, who may be furnished with the Information for the sole purpose of advising the Recipient as to the structure of any proposed purchase of the Company (or its stock or assets), and it will keep permanently confidential the Information and will use the Information only for the purpose set forth above. The Recipient shall be under no obligation to maintain as confidential any information which (a) Recipient can show by legally sufficient written evidence was in its possession prior to disclosure by the Broker and/or the Company; or (b) becomes generally available to the public in tangible form other than by acts or omissions of Recipient; or (c) is lawfully obtained from a third party. The Recipient shall not contact the Company to discuss the sale or purchase of the Company or the Information without prior written consent of the Broker.
4. The Recipient hereby indemnifies and holds harmless the Broker, and its agents, representatives, employees and attorneys, from and against any and all claims, liabilities, actions, causes of action and damages, arising from or relating to any injury or loss arising out of, from, or attributed to the transactions or matters subject hereof, or the actions, omissions, wrongful conduct or other breach of this Confidentiality Agreement by Recipient, which indemnification shall include, without limitation, reimbursement of attorney's fees and expenses incurred by the Broker in connection herewith.
5. The Recipient shall not enter into any agreement for the purchase of the Company or its stock or assets unless said agreement contains a provision wherein the parties thereto acknowledge that the Broker is the procuring cause of such agreement and the Broker is entitled to a broker's commission as agreed upon by the Company and the Broker.
6. While the Information is believed to be accurate, it is subject to change, error or withdrawal of offering, without notice. The Company and the Broker expressly disclaim any and all liability for representations or warranties, expressed or implied, contained in the Information, or, for omissions from it. The Company reserves the right to require the return of the Information at any time.
7. A facsimile transmission of this document is legal and binding.
8. The Recipient warrants that the undersigned is a duly authorized by the company to enter into binding legal contracts on its behalf.
9. This Agreement contains the entire agreement between the parties hereto with regard to the subject matter hereof. If one or more of the provisions contained herein shall be held to be invalid, illegal or unenforceable, the balance of this Agreement shall remain in full force and effect. This Agreement shall be binding upon the parties' heirs, successors and assigns, where permitted. This Agreement may not be assigned by the Recipient without the prior written consent of the Broker. No ambiguity herein shall be resolved presumptively against any party. This Agreement shall be construed in accordance with the laws of the State of Texas, and the obligations of the parties are performable in Dallas, County, State of Texas, where venue shall lie for any actions brought hereunder.

RECIPIENT:

Company Name

Street

Signature

City State Zip

Print Name

Phone

Date: _____

Fax