

Acquisition Opportunity

KCTR – 4 Location Home Remodeling, Interior Design and Renovation Company

Corporation Type: S-Corp Locations: Southwest US SIC Code: 2671

Operating in multiple locations out of Arizona, this well-established Company provides in home remodeling services: such as kitchen and bath remodeling, interior of home remodeling, interior design, renovation, and restoration. These services offer a variety of options in cabinetry, countertops, flooring, and window covering to fit any style and budget. The company’s top-notch design services ensure each and every customer gets exactly what they envisioned for their home project.

ASKING
\$2,000,000

Terms

- With a down payment of \$206,021 (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. It will require a monthly payment of approximately \$21,652. All notes will be personally guaranteed.

Top Details

- Established brand with 12 years of operational history.
- Excellent reputation and reviews due to their high quality and on-budget work.
- Low employee turnover and key positions are filled with tenured employees that are loyal to the company.
- Steady levels of gross profit and operating cash flow for over 3 years. Currently operates 4 locations with multiple showrooms to better serve its geography.
- 2 Partners own the business. Both partners oversee location operations and one partner also acts as a sales manager. Together, both partners account for less than 20% of the company’s sales.
- Demand for Home Remodeling, Interior Design and Renovation is on the rise in Arizona as more retiree’s continue to move to the company’s region concurrent to an increase in the rate of the nation’s population retiring.

Strengths

- Multiple showroom locations to better serve the areas.
- Low turnover plus majority of employees are well seasoned.
- One-stop shop concept, sales inventory includes; cabinets, countertops, flooring, and construction etc.
- A licensed contractor can do most of the required tasks.
- Employees are honest, company oriented and willing to go above and beyond to help.

Weaknesses

- The company currently rents its retail locations.
- Communication between stores could be improved.
- Selecting inventory could be overwhelming due to the abundance of choices.
- The company doesn’t have a pre-qualification process in place.

Marketing Strategy

- The company attains its sales through referrals, repeat clients, advertising through a few mediums, and its sales force. The sales force consists of both outside and inside salespeople. The co-founder has been working as an outside salesperson but is currently trying to find his replacement as he is transitioning himself out of the business.

Reason for selling:

- Both owners are looking to retire.

Key Indicators (Accrual Basis):

Year <small>(Financial Year End: 12/31)</small>	2019 <small>Annualized \$'000</small>	2018 <small>\$'000</small>	2017 <small>\$'000</small>	2016 <small>\$'000</small>
Revenue*	6,597	6,249	6,566	6,958
Gross Profit	2,155	1,998	2,117	2,145
Adj. EBITDA**	553	453	509	535

*The company’s gross profit experienced an uptick by releasing a salesperson that had a high cost of selling relative to the benefit brought in. Additionally, the company lost a few apartment deals they used to historically receive, the company was able to attain normal and sustainable levels revenue over the course of a few years.

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

Included in offering

- Assets: \$846,000
- All debts, if any, on the company will be paid off by the seller at closing.

Business Days and Hours

- Monday - Friday: 8:00am to 4:00pm.
- Saturday: 10:00am to 2:00pm
- Sunday: Closed

Employees

- The Company has a total of 28 full time employees and very low turnover. The key employee positions are an operations manager, construction manager, and senior construction manager.

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 at no cost. An additional consulting contract can be obtained for up to 1 year.

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:

Ken Clark, Managing Director

Ken@thevantgroup.com

(480) 227-9161



CORPORATE/INVESTMENT GROUP CONFIDENTIALITY AGREEMENT

4 Location Home Remodeling, Interior Design and Renovation Company

Sale Price: \$2,000,000

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