

Deal Summary

Asking Price:	\$1,930,000	Listing ID:	DAGB
Down Payment:	\$ 386,000	Company Type:	Excellent opportunity to acquire a carved out Intermodal Logistics company
FF&E:	\$ 252,406	Location:	(Panhandle), TX
Total Assets:	\$ 252,406	Adjusted EBITDA:	\$599,145

Terms

With a down payment of \$386,000 (20%), 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 \$17,100. All notes will be personally guaranteed.

Purchase Price	\$1,930,000
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Down Payment (%)	20%
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Down Payment (\$)	\$386,000
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Loan Amount (%)	80%
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Loan Amount (\$)	\$1,544,000
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Interest Rate (Prime + 2.75)	6.00%
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Term of Loan (Y)	10
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	<u>2018</u>	<u>2019</u>	<u>2020</u>
Adjusted EBITDA	\$ (51,531)	\$ 548,215	\$ 770,023
Payments (Annually)	\$ (209,780)	\$ (209,780)	\$ (209,780)
Available Cash Flow	\$ (259,293)	\$ 340,454	\$ 562,263
Debt Service Coverage Ratio	NA	2.61	3.67

Legal Organization

Type of Corporation: Parent Company is a C Corporation. This business is being carved out due to bankruptcy proceedings at the parent company – Buyer will absorb assets into their own entity or Newco
 Year End is December
 SIC Code: 3999
 Accounting Method: Accrual

Top Things to Know About This Business

(This should be in bullet points – Example below)

- **Business Model:** Provides intermodal services for agricultural products shipped by rail
- **Turnkey Operations:** Company is guided by well-defined systems and processes
- **Captive Revenues:** Company is sole provider of intermodal services to a large company in the area and has a long term contract in place
 - The existing contracts do require minimum commitments and do exhibit a degree of exposure to the business
- **Growing Cash Flow:** From starting in 2018, Company has reached \$770,000 in Adjusted EBTDA
- **Robust Cash Flow Margins:** Exceeded 20% cash flow margins over the past 2 years
- **Clean Books and Records:** The seller runs ZERO addbacks through the company.
- **Robust Cash Flow Margin:** Company Has average 20% cash flow margins over the past 3 years
- **Limited Marketing:** 90% - 95% of business comes from single customer
 - There is customer concentration
 - Company has opportunity to market to other potential customers
- **Assets:** \$252,000+ in fixed assets and equipment included – Company has continued to invest in assets needed
- **Workforce:** Solid, experienced employees
- **Training:** Seller will train free of charge for 3 months to ensure smooth transition.

Business Activity

While the parent company has been in operation primarily as a commodities trading company for decades. The parent company eventually logistics assets. This location available for purchase was stood up in 2018. Company provides intermodal services of agricultural products for a large key customer under a long-term agreement. Order sizes tend to be larger than most businesses and average approximately \$6,000.

The parent company provides centralized accounting and other services. During the initial transition period the Buyer will be expected to assume the duties of the Operator (who will return to the parent company), and assess the need to add skillsets or personnel to augment the on-site staff.

With one main customer, there is a customer concentration issue. But this is ameliorated by the multi-year agreement currently in place.

Bank financing is available to borrowers that have a requisite background as dictated by the bank.

Key Strengths

- 1) Multi-year contract guaranteeing ongoing business
- 2) Opportunity to market to additional customers
- 3) Very experienced labor force / cross trained in related work
- 4) Company has made continued investments in equipment and infrastructure

Possible Weaknesses

- 1) Existing contracts require minimum volume of rail car usage.
- 2) Parent company is no longer aggressively pursuing expansion in the marketplace.
- 3) Customer concentration.
- 4) Current General Manager works from the company's out-of-state headquarters. Opportunity for on-site leadership from new owner.

Marketing Strategy

There is currently no sales force as the main customer is captive to Company in this region.

History

The Company was launched in 2018 by the parent company. The business has been in its present location for over 10 years.

Days and Hours:

Monday - Friday: 8:00am to 5:00pm.
 Saturday - Sunday: Closed.

Sales and Adjusted EBITDA

Fiscal Year End	Revenue	Adjusted EBITDA	As a % of Sales
2020	\$2,657,231	\$770,023	29.0%
2019	\$2,486,870	\$548,215	22.0%
2018	\$ 0	(\$51,531)	N/A

** All adjustments to EBITDA were provided by seller*

Employees

The Company has a total of 6 full time employees. The key employees are, General Manager (remote), Lift Operators, and Laborers.

Assets and Liabilities

An asset list is available for the \$252,000 of fixtures and equipment. All cash and accounts receivable will be retained by the Seller. All debts on the company will be paid off by the Seller at closing. If there is any owner financing as determined by SBA underwriting, any such debt is to be personally guaranteed by the buyer. Note however that as a part of the bankruptcy proceedings, the court may not allow deferred consideration.

Facilities

The business occupies a 800 sq ft building and pays \$28,403 per year. The current lease expires in 2023.

Support and Training

The parent company genuinely desires an effective business transition with seamless customer service through to the Buyer. They will train a buyer for 90 days. An additional consulting contract can be obtained.

Reason for Selling

The parent company is undergoing bankruptcy proceedings and has decided to carve out and sell this profitable stand-alone facility. The parent company has full approval and support from the court and the creditors committee for this transaction.

CORPORATE/INVESTMENT GROUP CONFIDENTIALITY AGREEMENT

Intermodal Logistics Company with Captive Customers

Sale Price: \$1,930,000

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