

# FOR SALE: Passively Owned: Niche Heavy Equipment Rental

*All Inclusive Rental, Sales, and Maintenance Company!*

## Financial Overview

**List Price:** **\$10,250,000**

### Gross Sales

2022 Committed Contracts	2022 Annualized	June '21- May '22	2021
\$18,000,000	\$9,829,533	\$7,393,057	\$6,956,617

### Cash Flow

2022 Contracts	2022 Annualized	2021	2020
\$2,700,000	\$1,437,210	\$1,072,898	\$2,496,494

- **2018-2021 Average Profit Margin: 19%**
- **\*\*2021 anomaly low due to COVID**

**Valuation:** 2020+2022 Avg Cash Flow x Multiple = Valuation  
 $\$2,598,247 \times 3.95 = \$10,263,076$

**Backlog:** \$6,319,587

## Business Information

Year Established: 2007

Location: Phoenix, AZ & Salt Lake City, UT

Service Area: Southwestern United States

Services: Rental, sales, repairs, and maintenance of specialty heavy construction equipment

Fleet: Foundation & directional drilling equipment, cranes, rotators

Clients: General contractors, subcontractors, specialized contractors, foundation companies, electrical companies, waste management, infrastructure contractors, owners of large equipment

Location: Main location: 2 buildings, one for shop labor and the other for admin, with a total of 7 acres fenced in for security. Satellite location: 3 offices and a conference room.

Reason for Selling: After 15 years, the owner is ready to move on.

Personnel: 6: 1 COO/Sales manager, 1 Project and Operations Manager, 1 Accounting and Sales Representative, 1 Office Admin, 1 Lead Mechanic and Technician, and 1 Yard Manager and Technician Consultant.

Seller Training Period: 12-18 months.

Growth Opportunities: Increase rental inventory and add divisions of other specialty equipment, expand service area

Current Owner's Responsibilities: Part-time oversight of sales. 15-20 hours a week is spent in the business. There is an opportunity for the current COO to absorb the owner's responsibilities.

## Funding Example

**Purchase Price:** **\$10,250,000**

<b>15% Seller Earn Out</b>	\$1,537,500
<b>85% Buyer and Financing</b>	\$8,712,500

**\*\$7.8M in tangible assets**

**\*84% collateralized!**

## Assets Included in Purchase: \$7.8M

**Equipment/Inventory:** \$6,845,544

**Parts Inventory:** \$480,000

**Accounts Receivable:** \$479,049

*\*amounts may vary, assets may be depreciated, replacement cost, or fair market value*

## Description

This is an opportunity to purchase a rental, sales, and maintenance company specializing in heavy equipment such as foundation and directional drills. With a primary location in Phoenix, Arizona and a second location in Salt Lake City, Utah, they are able to service general contractors, subcontractors, specialized contractors, foundation companies, electrical companies, waste management, infrastructure contractors, owners of large equipment in the Southwestern sector of the United States. The owner only spends 15 hours a week in the business with the role of general oversight and is offering an 18-month transition period. The team consists of industry experts including the COO/Sales manager, a Project and Operations Manager, Accounting and Sales Representative, Office Administrator, a Lead Mechanic plus his Technician, a Yard Manager and Technician Consultant. Established over 15 years ago, this well-known business offers a solid reputation with only two competitors.

This equipment business has confirmed contracts for 2022 equaling \$2,700,000 in cash flow for 2022. Their current active backlog is \$6,319,587 which is why the current owner is not concerned with the ongoing success of the business after sale. To demonstrate this confidence, the seller has offered a 15% seller earn out when the industry average for seller support is closer to 10%. Continuing to lend to the stability of this transaction, it would also be 84% collateralized by the \$7,800,000 worth of assets included in the purchase. Growth opportunities for the new owner could include expanding their reach into Texas. They have a client base made up of 75% repeat customers: This is primarily due to clients renting equipment, and then realizing they need to continue renting the unit for increased job performance or purchase it outright.

Priced at **\$10,250,000** this business is ready for new ownership to step in and enjoy continued growth. The current owner believes in the business's onward & upward revenues and, as a show of this faith and to mitigate the risk for future ownership, is willing to offer a 15% promissory note.

**- CONFIDENTIAL -**

Last Revised JB 08/18/22

The Firm makes no warranties or representation in consideration to the information provided above. All communication regarding this business must occur directly with The Firm Advisors, LLC.  
 The Firm does not sell real estate. The Firm solely advises on exit strategy.