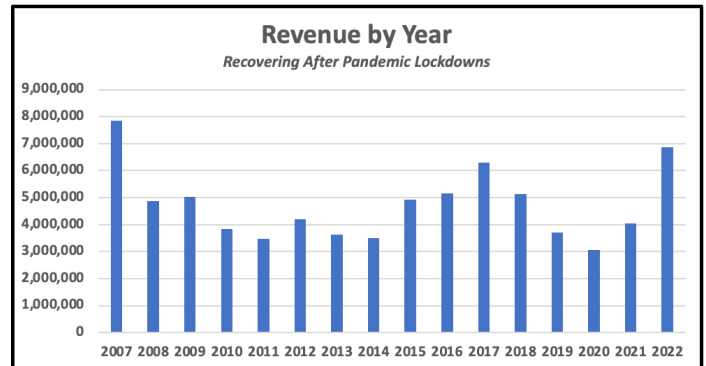


# 40-year-old differentiated structural steel fabricator with stable, reliable repeat customers

Over nearly 40 years, this custom steel fabrication business has developed a great reputation with dealers and customers by providing well-designed differentiated products that meet exacting client, IBC, OSHA, and seismic standards. Its exceptional service, quality (as evidenced by defect-free delivered products that meet specs), and ability to meet or beat deadlines has resulted in satisfied customers who provide long-term repeat business.

The business fabricates mezzanine systems, catwalk systems, access stairways, railing systems and custom material handling systems, amongst other products. Customers include, but aren't limited to, national retailers, fuel centers, general contractors, and dealers.

Its top customer is a \$30+ billion market cap publicly-traded company that's been growing at a ~7% compound annual growth rate from 2020 to present, and is projected to be above 8% growth in the coming years as it executes an expansion strategy that bodes well for generating additional demand for this steel fabricator's products. This customer has been doing business with this steel fabrication company for many years and has produced ~\$1.3 to \$2.6 million in annual revenue for each of the past seven years. This large customer, considers this business to be a top preferred vendor, and has had this steel fabrication company ship its heavy, high-freight-cost products from the pacific northwest to as far away as locations in Virginia. Given that there are many other such businesses in this fragmented industry that are in closer proximity to both this customer's eastern US headquarters and many of its locations, the question is "Why?" It's because this tried and true business offers exceptional in-house design work by CAD experts, is operationally efficient with a lean, well-trained, long-term, low-turnover, well-compensated staff who like working there and provide exceptional service while creating great products which undergo multiple quality control checks before being delivered on-time. *The business is efficient, effective, easy to work with, and delivers industry-leading quality custom products.*



Business Number:	1000014065
Business Type:	Structural Steel Fabrication
General Location:	Pacific Northwest
Organization Type:	S Corporation
Years in Business:	40
Employees:	12
Price:	\$6.7 million*
2022 Revenue:	\$6.81 million
2022 EBITDA:	\$1.67 million
2022 SDE:	\$1.81 million

\*This value assumes that the deal is structured on a cash-free and long-term-debt-free basis and that net working capital excluding cash will be left in the business in an amount of \$200,000 plus outstanding current liabilities.

## 2016 - 2022 (7 Years)

48% of dealers generated 4-7 years of revenue

23% of direct customers generated 3-7 years of revenue

# Business Highlights

- **Business is generated with little sales and marketing.** The business relies on its brand, reputation, and word-of-mouth to attract new customers, and its quality, customization, service, and on-time delivery results in repeat business from dealers and direct customers alike. No real marketing has been done for years other than the business' website.
- **Design capabilities enable true custom products.** Many competitors provide standardized products that don't truly meet customer specifications, dimensions, and sometimes even code or seismic requirements. In contrast, this business has great CAD designers who are able to take customer rudimentary back-of-envelope sketches, and through an iterative process with input from long-term contract engineers and the customer, produce well-designed products that meet code, seismic requirements, and customer requirements. Dealers and customers appreciate the quality of design and customization.
- **Great reputation / brand built over 40 years.** By consistently providing well-designed products, year after year for four decades, that meet exacting customer standards, delivered on time, with exceptional service, and a low rate of defects this business has built a well-regarded brand. This provides a durable competitive advantage – it doesn't have to do marketing or sales, instead relying on its reputation and dealers selling on its behalf. Because of this reputation, in competitive bid situations it tips the balance in its favor. By focusing on doing things right, this business has become a "machine" that sells itself.
- **The business has survived four recessions.** Given the diversity of customers served and the need-based nature of many of them, this business has tended to fare well during recessions. The most recent COVID recession was a bit more challenging given that it was caused by artificial shut downs rather than economic issues, so it did have a bigger temporary impact on the business, but it has rebounded nicely. Even in the first year of the COVID pandemic it remained profitable.
- **A commitment to simplicity & efficiency.** The business continually strives for simplicity and efficiency. This makes the business easy for customers & vendors to do business with, for employees, and for management of the business.
- **Good vendor relationships.** This company has good relationships with vendors due to volume, timely payment history, quality service, and reputation. There is no dependence on any vendor for which there isn't a suitable substitute.
- **Exceptional, well-compensated, lean staff who are efficient, effective, and safe.** The shop foreman has been with the business since 1994, the processing & shipping foreman started in 2000, the general manager started in 2007, one welder has been employed since 2009, and 5 other employees have been with the company 2-9 years. There have been 1-2 minor workers comp claims since 2019. The workers comp rating is 0.75.

# Opportunities

- **Meet with current repeat direct national customers to better educate them on capabilities and discover additional opportunities.** The business already gets positive feedback from its large repeat customers on its service and quality, but meeting with them may allow discovery of new opportunities to work together or serve additional geographic areas. Some may inaccurately perceive that this company serves only a regional market.
- **Create a training & education program for dealers.** The company's dealers are adept at selling its products and recognize its prime points of differentiation, as evidenced by the amount of business they generate for the company. However, no formal training or education has been provided to dealers. It is likely that with more structured education from this business about its products, capabilities, differentiation, and how to better sell its products, it could equip its dealers to generate additional business. This could be via in-person or video training, a series of web-based videos, case studies, one-on-one meetings, a drip email campaign, or downloadable informational materials.
- **Open new locations in other regions.** While this business has provided products to clients throughout the country, it makes bulky and heavy products that may encourage national customers to seek alternate suppliers that are closer with less freight expense and time. It's possible that using the business' existing customer relationships combined with physical locations in other regions may provide a path to growth.
- **Do a roll-up of businesses in the industry.** This business is in a growing, but fragmented, industry comprised primarily of family-owned businesses with 10-100 employees. It may be possible to acquire such companies and increase efficiency, economies of scale, gain staff & output capacity, and facilitate geographic reach.
- **Targeted marketing of the business.** Given that the business hasn't done much marketing other than its website, it is believed that simply doing proactive marketing to a variety of targeted market segments may be an opportunity to increase business.
- **Use building plan centers to uncover potential needs.** Contractors often rely on plan centers where they upload building plans and invite vendors and subcontractors to submit bids on the project. By utilizing plan centers, this business may be able to identify additional business opportunities.

# Financial

## Summary Income Statements

	2018	2019	2020	2021	2022	TTM June 2023
Revenue	5,074,496	3,698,768	3,024,459	4,081,802	6,810,612	5,845,409
COGS	3,263,230	2,141,406	1,965,067	2,757,368	4,121,982	3,588,527
Gross Profit	1,811,266	1,557,362	1,059,392	1,324,434	2,688,630	2,256,881
SG&A	1,077,700	1,004,766	1,005,112	1,028,646	1,045,210	1,076,196
NOI	733,567	552,596	54,279	295,788	1,643,420	1,180,685
Adjusted EBITDA	827,435	632,672	137,151	333,740	1,669,230	1,203,402

Any financial or operating information relating to the company was prepared by, or from figures, documentation and information supplied by the Seller. Codiligent LLC, its principals, and employees can not guarantee the accuracy, completeness, quality, or reliability of information, financial data, or assumptions provided. A buyer should not rely on Codiligent LLC, its principals, or employees for any investigation, interpretation, or opinion as to the accuracy, completeness, quality, or reliability of said information. A buyer should conduct its own independent investigation and evaluation of this business opportunity, ascertain the accuracy, quality, reliability, and completeness of information provided, and assumptions used, and develop and rely on independently developed projections. Codiligent LLC, its principals, and employees shall neither be responsible for the accuracy, completeness, quality, or reliability of information, financial data, assumptions used, or projections provided, nor shall it be responsible for Buyer relying on said information and data.

# Valuation

## Market Comparable Approach Estimate of Value

Sold business comparables from DealStats ~\$4-15 million in revenue described as most similar to target business

Number of sold comparables: 9

Sold Comparable Businesses		
Count: 9		
	Mean	Median
Revenue	7,266,168	6,966,493
EBITDA	1,045,145	756,411
EBITDA Margin	13.9%	11.0%
Revenue Multiple	0.96	0.68
EBITDA Multiple	6.15	5.49

Target Company	
	TTM End 6/30/23
Revenue	5,845,409
Re-Cast EBITDA	1,203,402
EBITDA Margin	20.59%

Est. Value Based on DealStats Mean & Median Multiples for Sold Comps of Steel Fabrication in SICs 1791, 3441, 3446, and 3448										
	Target Company TTM End 6/30/23	Mean Multiple	Estimated Value	Weighting	Weighted Value	Median Multiple	Estimated Value	Weighting	Weighted Value	Total Estimated Value
Revenue	5,845,409	0.96	5,637,572	15%	845,636	0.68	3,974,878	15%	596,232	
Re-Cast EBITDA	1,203,402	6.15	7,396,412	85%	6,286,950	5.49	6,606,679	85%	5,615,677	
<b>Total Weighted Value</b>					<b>7,132,586 *</b>				<b>6,211,909 *</b>	
Weighting of Mean and Median					50%				50%	
Weighted mean and median component					3,566,293				3,105,954	
<b>Total Estimated Value</b>										<b>6,672,247 *</b>

\* This value assumes that the deal is structured on a cash-free and long-term-debt-free basis, and that net working capital excluding cash will be left in the business in an amount of \$200,000 plus outstanding current liabilities.

## **BUYER REGISTRATION FOR CODILIGENT LISTING #1000014065**

Thank you for inquiring about Codiligent listing #1000014065.

Confidentiality in this transaction is of utmost importance. A more comprehensive package of confidential information is available to qualified buyers who complete and submit the following forms to Codiligent LLC. You are welcome to submit an alternate certified personal financial statement in place of using the provided form.

**Please submit these forms by email: [e@codiligent.com](mailto:e@codiligent.com) or Fax: 888-324-5888**

Name:	<input type="text"/>	Company:	<input type="text"/>
Email:	<input type="text"/>	Address:	<input type="text"/>
Phone:	<input type="text"/>	City, State, Zip:	<input type="text"/>
Mobile Phone:	<input type="text"/>	Website:	<input type="text"/>

Are you an owner, director, shareholder, manager, employee, advisor, or consultant to any other businesses in this business' industry? YES or NO (please circle one)

If you answered "Yes" to the last question, name the business(es) and describe your affiliation:

Please describe your career background in 2-3 sentences:

What's the source of your down payment:

What is the minimum average annual return on equity that you require?  %

What are your top acquisition criteria?

1	<input type="text"/>
2	<input type="text"/>
3	<input type="text"/>
4	<input type="text"/>

What is most appealing about this business based on information you have already reviewed?

What concerns do you have about this business based on the information you have thus far?

What businesses / industries or geographic locations are of interest for an acquisition?

Businesses / Industries:	<input type="text"/>
Geographic Locations:	<input type="text"/>

# **CONFIDENTIALITY AGREEMENT FOR CODILIGENT LISTING 1000014065**

## ***THIS IS NOT AN AGENCY AGREEMENT***

Neither this agreement nor any other communications between Codiligent LLC and you will establish a Principal-Agent Relationship, unless explicitly stated in writing. Codiligent LLC represents the Seller. Nothing in this agreement shall be construed to create a Principal-Agent Relationship between you and Codiligent LLC. You agree and acknowledge that you will engage professional advisors as you deem necessary and appropriate in connection with a potential acquisition, and that Codiligent LLC is only providing you with certain information. You agree and confirm that you have neither engaged Codiligent LLC to provide any advice to you about an acquisition, nor will you rely on information provided by Codiligent LLC in making a purchase decision. Codiligent LLC makes no representation or warranty, express or implied, as to the truth, accuracy, or completeness of any information provided to Codiligent LLC by the Seller. You further agree that you have not established a Principal-Agent relationship with Codiligent LLC.

## ***CONFIDENTIALITY***

This Agreement is made between the undersigned individually, and any business entity in which the individual is employed by, an officer of, or has a financial interest in, as well as any such entity's officers, directors, employees, agents and advisors ("The Buyer") and Codiligent LLC for the benefit of Codiligent LLC and the owner ("The Seller") of the number-designated business listed above ("The Business") of which information is being requested.

In consideration of the disclosure of confidential information regarding The Business by Codiligent LLC to Buyer, it is understood and agreed that:

1. Confidential Information is defined as: all information received by The Buyer from Codiligent LLC or The Seller now and in the course of future investigations or due diligence, which is not available to the general public. This confidential information includes all oral, written, or electronic data inclusive of, but not limited to, records, reports, analyses, photos, plans, financial statements, policies, procedures, ideas, customers, samples, notes, and studies. Anything prepared by Codiligent LLC, The Seller, or another party pertaining to The Business is to be considered Confidential Information unless explicitly stated in writing otherwise by Codiligent LLC or The Seller. If there is any reasonable doubt whether anything is, or may be Confidential Information, it is.
2. The Buyer will not disclose any Confidential Information or make known by confirmation, that this company, division, or product line is for sale or that financing is being sought, either before or after termination of investigations or negotiations to any person or organization not authorized in this agreement.
3. Without specific prior written approval of Codiligent LLC or The Seller, The Buyer shall not provide any Confidential Information to any broker, intermediary, lending institution, prospective equity partner, syndication member, investor, or other financing source. If disclosure to such parties is desired, Codiligent LLC may require the execution of a separate confidentiality agreement with those parties.
4. The Buyer will not contact the The Seller's employees, customers, suppliers, competitors, accountants, bankers, or attorneys to discuss The Business or seek information about it, without written permission from Codiligent LLC or The Seller.
5. The Buyer will not contact The Seller directly unless authorized by Codiligent LLC.
6. All Confidential Information provided by Codiligent LLC or The Seller to The Buyer shall be used solely for the evaluation of a potential acquisition or financing decision, and shall not be used for any other purpose.
7. All Confidential Information shall be promptly returned or destroyed, as directed by Codiligent LLC or The Seller.
8. The Buyer shall not enter into any agreement for the purchase of stock or assets of any companies about which Codiligent LLC furnished information to The Buyer, unless said agreement contains an acknowledgement that Codiligent LLC is the procuring cause of such agreement and Codiligent LLC is entitled to a commission as agreed upon by such company and Codiligent LLC.

Dated at \_\_\_\_\_ am/pm this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_.

Name (printed): \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_

# **CERTIFIED STATEMENT OF PERSONAL WORTH AND INCOME**

Name (printed): \_\_\_\_\_ Date: \_\_\_\_\_

Address: \_\_\_\_\_ Phone: \_\_\_\_\_

I certify that the following information is true & accurate (please sign) \_\_\_\_\_

## **ASSETS**

### **AMOUNT IN US\$**

Cash on Hand  
US Government Securities  
Other Stocks & Bonds  
IRAs & Tax Deferred Retirement Accounts  
Accounts, Loans & Notes Receivables  
Cash Surrender Value of Life Insurance  
Real Estate  
Equity in Business Owned  
Automobiles  
Plane, Boat, RV, Motorcycle  
Household Furnishings and Personal Effects  
Other Assets


## **TOTAL ASSETS**

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## **LIABILITIES & NET WORTH**

### **AMOUNT IN US\$**

Credit Card Debt  
Line of Credit Balance  
Notes Payable  
Auto Loans  
Liens on Real Estate  
Plane, Boat, RV, Motorcycle Loan  
Other Liabilities


## **TOTAL LIABILITIES**

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## **TOTAL NET WORTH (ASSETS - LIABILITIES)**

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## **SOURCE OF INCOME**

### **AMOUNT IN US\$**

Salary  
Bonus & Commissions  
Dividends & Interest Income  
Business Income  
Real Estate Income, Royalties  
Other Income


## **TOTAL INCOME**

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