



Business Overview

**RE: HVAC, Sheet Metal Fabrication & Plumbing – Commercial Only**

60% collateralized and favorable financing terms! This HVAC and Plumbing company has been serving the Markham, Ontario area for over 15 years! They offer HVAC (50%), plumbing (45%), and refrigeration (5%) services to commercial and industrial customers within a 100-km radius of Markham. Their highly experienced hands-on team is comprised of 6 sheet metal fabricators, 4 plumbers, 5 on the refrigeration/gas crew, 1 administrative assistant, and 1 subcontracted PT bookkeeper. Assets include 9 vehicles, each equipped with various tools and equipment for the task at hand, and the business has a substantial supply of machinery and equipment, including 7 vacuum pumps, 2 coring machines, 8 torches, various drills & die heads, 3 chop saws, 3 air compressors, a generator, and a backflow prevention kit.

With this business having a services and construction side, they offer an extensive variety of services and projects! This business prides itself on being knowledgeable and well-trained to provide the highest level of technical service on systems such as air conditioning, refrigeration systems, process heating, ventilation systems, water chillers, boilers, and indoor air quality monitoring.

With a solid reputation in place, this business gains clients through an ample number of word-of-mouth referrals. Increasing advertising efforts and creating a social media presence would lead to revenue growth. Hiring staff for management positions (Operations Manager, Service Manager, Chief Estimator, Project Manager) would undoubtedly take the company to the next level.

**Business Highlights**

* **Year Established:** 2004
* **Location:** Markham, Ontario
* **Service Area:** Primarily Local: within 100-km radius
* **Services:** HVAC (50%), Plumbing (45%), Refrigeration (5%)
* **Clients:** Primarily commercial, industrial, and institutional, some residential mid-rise buildings
* **Lease:** 2 levels: 1,850 sq. ft, offices, kitchen, washroom, workshop
* **Certification:** TSSA Certified
* **Reason for Selling:** Ready for new endeavors (non-competing)
* **Personnel:** 17: 6 sheet metal fabricators, 4 plumbers, 5 refrigeration/gas workers, 1 estimator/project coordinator, 1 admin + 1 contracted PT bookkeeper
* **Seller Training Period:** 6 months – 1 year
* **Growth Opportunities:** Hiring staff for management positions would take the company to the next level
* **Current Owner’s Responsibilities:** General management & oversight of the business

# Financial Highlights

* List Price: $2,600,000 CAD
* Gross Sales:
	+ 2020: $4,141,776
	+ 2019: $3,036,334
* Cash Flow:
	+ FYE 2020: $701,779
	+ 2019: $452,697
* Assets Included in Purchase\*
	+ Equipment: Vacuum pumps, coring machines, torches, drills, hammer drills, laser with stand, flue gas analyzers, rotary hammer drill, portable threaders, various die heads, lifts, drain machines, reclaim machines, chop saws, air compressors generator, backflow prevention kit, job boxes, snap cutters
	+ Vehicles: 9 vehicles, each equipped with various tools and equipment for the task at hand
	+ A/R: $788,157
	+ Intangible Assets: Word-of-mouth referrals, solid reputation for high quality service

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

**Cash Flow Analysis**



* Profit Margin 2019: 17%

**Clients**

* Commercial
* Industrial
* Institutional

*Specific information regarding clients is available upon the receipt of a signed Non-Disclosure Agreement.*

**Services**

* HVAC
* Plumbing
* Refrigeration

**Current Jobs**

* Construction: retirement home, 6 story storage facility, marijuana distributor, rock climbing gym
* Service: substantial business – maintenance contracts

**Personnel**

* 6 sheet metal fabricators
* 4 plumbers
* 5 refrigeration/gas workers (this includes the owner)
* 1 estimator/project coordinator
* 1 admin (handles clerical duties, collections, invoicing, entries)
* 1 PT bookkeeper (1099)

**Growth Opportunities**

* Increase advertising efforts
* Create social media presence
* Hire staff for management positions

**Valuation Details**

The Firm used a *cash flow valuation* methodology to determine the purchase price of the business.

The formula used is as follows:

Cash Flow x Prescribed Multiple = Fair Market Value

Cash flow is the sum of business net income plus any owner perks and any non-onward going expenses.

A prescribed multiple is determined by a 20 question, 100-point parameter ranking system that is used to analyze the current business health. Each question is based on a scale from 1 to 5: 1 being low, 2 below average, 3 average, 4 above average, 5 high. The average of the responses sum is the business’ prescribed multiplier.

For this business, a 2-year average cash flow was used with a prescribed multiple 4.6. With this information, the computation is as follows:

$577,238 x 4.6 = $2,655,295

The *fair market value* found above positions the business list price at **$2,600,000 CAD**

**Attachments**

* Business Summary
	+ - Identifies important business information in an organized, quick-reference format
* Cash Flow Analysis
	+ - The owner’s profit is the sum of business net income, any owner’s perks, & any non-onward going expenses (cash flow)