

You are an M&A investor with expert CPA skills. Summarize the attached CIM in 10 bullet points, focusing on financials, key risks, customer concentration, and growth potential. The business is in the auto repair and maintenance industry in the Dallas, Texas area. Replace the real estate value of 2.25M in the CIM with \$387,220 as the assessed market value. Assess the industry outlook for this company in the current location. Is this business in a growing or declining market? Is this company a good buy or not and why?

10 CIM Summary Bullet Points:

1. Financial Snapshot (Last Full Year):

- Revenue: **\$727,717**
- Seller's Discretionary Earnings (SDE): **\$229,235**
- FF&E: **\$95,000**
- Asking Price: **\$500,000** for the business (not SBA pre-qualified)
- Seller Financing: Offered up to **\$250,000**

2. Adjusted Real Estate Valuation:

- Originally listed at **\$1.75M**, but **replace with current market value of \$387,220** for realistic valuation purposes.

3. Revenue Mix:

- Auto Repair: **40%**
- Oil Changes: **35%**
- Tires: **25%**

4. Growth Potential:

- Untapped fleet business post-COVID
- Opportunity to expand into **heavy line repair** and **paint/body work**
- Space available to add services (e.g., **OEM certified repairs** or paint booths)

5. Customer Base & Concentration:

- Primarily retail customers; no major B2B contracts or fleet concentration
- No mention of key customer reliance—positive for revenue diversification

6. Staff & Owner Involvement:

- 6 employees (1 mechanic, 5 techs) with tenure between 6 months and 6 years
- Low turnover; owner works **~25 hours/week** handling inventory, scheduling

- 2-week transition training offered; manager can take over operations

7. Facility & Lease:

- 5,000 sq ft facility **owned** (no lease), 19 years at location
- Suitable for expansion; fenced lot with 30-car overnight parking

8. Competitive Positioning:

- Known for quality service and repeat customers
- Holds **largest tire inventory** locally
- Competes with nearby independents—not national chains

9. Key Risks:

- **Single location** risk; no brand diversification
- Business highly tied to owner relationships, even with partial manager delegation
- Real estate overvalued in asking price unless adjusted to assessed market value

10. Deal Structure:

- **Asset sale**
- Asking price breakdown: **\$500K (business) + \$1.75M real estate** → realistic adjusted valuation with **\$387,220** for real estate makes deal **more attractive**



Industry & Local Market Outlook (Auto Repair – Dallas, TX, 2025)

- **Auto repair remains a stable, recession-resistant industry**, especially for vehicles 4+ years old—exactly this shop’s target demographic.
 - Dallas and the broader **Dallas–Fort Worth metroplex** is **growing**, with a strong **car-dependent population** and expanding suburban footprint.
 - Increased average vehicle age (~12.5 years in U.S.) continues to **fuel demand** for independent auto repair over dealerships.
 - Competition in Dallas is **moderate**; Express Auto’s established history and location mitigate market saturation risk.
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✓ Investment Verdict: Is This a Good Buy?

✓ Yes, IF you consider the business-only price (\$500K) and adjust real estate to market value (\$387,220). Here's why:

✓ Pros:

- **Strong cash flow:** \$229K SDE on \$727K revenue (~31% margin)
- **Low employee turnover**, semi-absentee potential
- Clear room for **growth via fleet services and additional repair lines**
- **Real estate ownership** adds equity upside if acquired at fair market value
- Long-standing business with strong reputation and customer base

✗ Cons:

- **Real estate is overpriced** in the CIM (\$1.75M); must be adjusted to \$387K for fair ROI
 - **Limited marketing and digital presence**—could be both a weakness and opportunity
 - No SBA pre-qualification, requiring buyer liquidity or alternate financing
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Final Recommendation:

Pursue acquisition **at adjusted pricing**:

- **Business:** \$500,000 (may be negotiable)
- **Real Estate:** \$387,220 (vs. \$1.75M asking)

Total adjusted deal value: ~**\$887,220**, yielding a solid ROI on current SDE with upside from untapped service lines. With competent management and light marketing investment, this deal is a **strategic buy** in a growing market.