


From: jay P jay@eggpi.com 
Subject: Fwd: Elite home Remodelign in Columbus OH
Date: July 31, 2024 at 8:58 AM
To: Jim Sansburn jsansburn50@hotmail.com

JP

Begin forwarded message:

Paul,

At this stage I didnt want to raise any concerns., Right now, the most important thing is agreeing on the price which (without quoting the exact price) he seems to agree with.

One reason for low Ebit / SDE is that the owner is already making a lot of money for himself and is happy with things as they are. He doesn't spend any money on advertising, which shows he's satisfied.

Another possibility is that the company might have too many employees. He couldn't even tell me the exact number of people working there.

We'll have more clarity on this, once we see the company's financial numbers. After that, we can set up another video call for you to ask more questions.

Jay

On Jul 31, 2024, at 7:58 AM, paul.foster wrote:

Jay,

That all sounds quite positive, but I'm curious why his margins are so low.. 10%-15% SDE likely equates to actual EBIT of 7-10% which is exceptionally low. I'd want to understand this and how (if) it can be improved substantially.

Paul

On Tuesday, July 30, 2024 at 03:29:01 PM EDT, Jay Parteek <jay@eggpi.com> wrote:

Paul,

I had a productive conversation with Robert today. He established the business in 1989 and generates annual revenue between \$5 million and \$6 million.

Robert is interested in selling because he spends a significant portion of the year in Florida and desires to focus on home flipping there. He also wants to spend more time with his grandchildren. His current strategy involves using the business profits to purchase Florida properties, renovate them, and operate as Airbnb rentals.

His daughter also works as a designer (sales person) in the business, she is happy doing her 9-5 job & spend time with her kids.

He is uncertain about the appropriate selling price, but if the sale price is only \$1-2 million , that

he can make it easily by working for one or two years. Since he expressed interest in avoiding capital gains taxes , he expressed enthusiasm for a 100% seller arrangement.

Rather than proposing a specific sale price, I inquired about his cost of living, which he said was \$250,000 annually. I suggested providing him with this amount for a 5 to 10 years period. He can defer to cash out the payment of his business sale & enjoy 6% interest rate which will allow him to eventually cash out when he wants.

I multiplied (SDE) 750k by 3 and which results to 2.25mm. Since he's agree with our proposal, we should consider a sale price of \$3.1 million. If you don't agree with the multiple that we are paying him we can offer a longer payment plan (maybe 8 or 10 years). We can put a penalty clause if he wants to cash out early.

I told him that this structure would require a commitment of at least 5-10 years, so we can plan our business/ next acquisition. He positively received this proposal.

Robert confirmed his serious interest in selling the business and provided additional details:

- Profit margin: 10-15%
- SDE: \$750,000
- Employees: 5-7
- Subcontractors: 8-10
- Services: Primarily kitchen and bathroom renovations, with some additions & 100%% focused on residential.
- Rent: \$4,000/month
- They do use other 1099 guys like electrician and plumbers from time to time.
- Zero Marketing

He said currently his business is doing many jobs that would equate to a minimum of 1mm in the business.

He wants to see the financial details in writing so he can talk it over with his wife.

He'll send me his P&L statements for the current year and the past three years within the next two days.

Jay

On Jul 29, 2024, at 7:47 AM, paul.foster wrote:

This definitely looks like what I was talking about and as a foundational acquisition and looks like an interesting possibility.

Paul S.

On Sunday, July 28, 2024 at 10:53:40 PM EDT, Jay Partee <jay@eggpi.com> wrote:

Home Remodeling Inc

Robert (62)

His business looks great, I think his revenue should be from 3mm to 5mm.



Robert Harmon • 7:38 PM

Jay

My wife and I have considered selling. Love to chat about the possibility. If you give me some days and times that work for you i will check my schedule.
My cell 614-496-3332



Jay Parteek • 7:42 PM

Robert, I'm usually free in the afternoons this week. What day and time works best for you?



Robert Harmon • 7:45 PM

How anout Tuesday 30th at 2:00?