

A photograph of industrial water treatment equipment, including blue pipes and machinery, with red poinsettias in the foreground. The image is partially obscured by a yellow text box.

**CONFIDENTIAL BUSINESS
MEMORANDUM**

WATER TREATMENT

\$6,000,000 Asking Price

TABLE OF CONTENTS

Opportunity	3
Executive Summary	5
Customers	7
Marketing & Growth	8
Services	9
Premium Whole Home Service	10
Financials	12
Staff	14
Assets	15
Reviews	16
Location	17
Conclusion	18

HIGHLY PROFITABLE, FAST GROWING WATER TREATMENT COMPANY

Clean water is a vital resource. When government water sources and personal wells don't meet the homeowner's and business's standard in Southwest Florida, they call COMPANY in Florida.

Fixing Water in Southwest Florida for 40 Years

COMPANY is the fastest growing water treatment service and Southwest Florida's leader in residential, commercial, and industrial water systems, whole house reverse osmosis, under counter reverse osmosis systems, water softeners, filtration systems, pumps and more.

The Seller acquired the business in 2019 and increased sales by 272% in just 3 years, 2019-2021! Revenue is projected to reach \$8.0M with \$6.3M Seller's Discretionary Earnings (SDE) in 2024.

Based on YTD numbers and monthly trends, the Seller's conservative projection for 2022 ends with \$3,339,893 revenue and \$2,622,039.

Hyper growth and 58% cash flow margin gives the Buyer a head start on making the business their own. Continue with the current strategy or expand. COMPANY is a vital, highly profitable company in a recession-proof and pandemic-proof industry.

COMPANY offers monthly service, yearly maintenance plans, onetime jobs, and emergency services. Service contracts generate \$40,000- \$50,000 per month, including fees, products, and repairs outside of normal contracted services. At \$40,000-\$50,00 a month, the contracts represent approximately 25% of annual revenue.

There are almost 400 clients on a monthly service contract with more joining every month. While the service contracts vary in cost based on service rendered, most residential clients pay \$125 per month. Commercial accounts typically run \$585 per month.

Clients seldom end their monthly service. Even when they move, the new homeowner often continues the service because of the seller's raving recommendation.

COMPANY is highly rated with an A+ BBB, a 2021 Next Door Neighborhood Favorite, and a 2020 Best of HomeAdvisor award winner.

Customers love COMPANY. Dozens of 5-star reviews prove it. The Seller takes great pride in responding to reviews and posting on social media.

- 5 stars on Facebook
- 4.9 stars on Google
- 4.6 stars on HomeAdvisor
- 4.5 stars on Yelp

Now is the time to take advantage of the growing awareness and need for high quality water and new home construction in Collier and Lee counties. COMPANY only controls 10% of the industry market share in Collier. Increasing advertising, developing a dedicated sales team, and expanding the territory with new offices are great opportunities to grow the business.

The Seller owns a second company, which is a water filtration supply company. COMPANY purchases inventory and supplies at cost through that affiliation. The Buyer will pay a 20% increase in cost of goods, which is approximately \$100,000 per year. The Seller may consider parting with that company separately.

The Seller's decision to explore other business ventures is an exceptional opportunity for the Buyer. COMPANY is a highly profitable company with a 58% cash flow margin in 2021 and 79% YTD in 2022. Sales are projected to reach \$3.3M by year's end 2022.

The Buyer has all the tools they need to start off strong: a 30-day transition with the Seller, \$130,000 in equipment and assets, \$125,000 in inventory, an expert team of 7, and expansive room for growth. The only limitation is the Buyer's imagination.

COMPANY is a rare combination of high profitability, outstanding reputation with dozens of 5-star reviews, and increasing sales in a vital industry: water purity.

Don't wait. COMPANY won't last long.

EXECUTIVE SUMMARY

The Sellers' decision to explore other interests after growing COMPANY 272% in just 3 years is an incredible opportunity for the Buyer.



BUSINESS NAME

COMPANY



INDUSTRY

Water filtration
Home and Commercial



AREAS SERVED

Southwest Florida
Naples
Marco Island
Bonita Springs
Estero
San Carlos Park
Lehigh Acres
Fort Myers area



WEBSITE



HISTORY

Establish 2017



HOURS OF OPERATION

Mon. - Fri.: 7:00 a.m. - 4:00 p.m.
Sat. & Sun. On Call
Sellers work 40 hours/week



OF EMPLOYEES

5 FTE
3PTE + Owner



REVENUE

\$1,502,952
2022 (Jan. 1 - Jul. 12)
Revenue

\$1,883,329
2021 Revenue

Asking Price: \$6,000,000



FINANCIAL REVIEW

YEAR	REVENUE	CASH FLOW
<i>2022 Full Year Conservative Projection</i>	\$3,339,893	\$2,622,039
Trailing 12 Months (7/13/21 - 7/12/22)	\$2,619,679	\$1,402,414
2022 YTD (Jan. 1 - July. 13)	\$1,502,952	\$866,295
2021	\$1,883,329	\$1,095,377
2020	\$1,055,641	\$581,292
2019	\$506,082	\$42,133



INCLUDED IN SALE

FF&E: \$130,000
Inventory: \$125,000

Website, social media
Seller transition: 30 days





CUSTOMER DEMOGRAPHIC

Residential
Single family
homes
Condos
Luxury Apartments

Business
Media
Manufacturing
Retail
Office Spaces
Restaurants

CUSTOMERS

COMPANY serves both residential customers and commercial clients. As a whole, residential customers comprise that majority of annual revenue.

Collier County accounts for 95% of the customers. The remaining 5% are in Lee County.

The top 3 commercial clients are a beverage manufacturer, a commercial water system, and a high rise condo.

- The beverage manufacturer is on a month-to-month contract and has spent \$69,617 with COMPANY over the past 365 days.
- The Commercial water system for Collier County, engaged COMPANY for \$40,192.
- The high rise condo spent \$33,751 on a booster pump job.

COMPANY competes against 3 larger companies in the area. Two of the top competitors focus on selling and marketing similar equipment as the Company, with limited service options. The third competitor is also larger with a longer history in the community. It both sells and services equipment, but poorly run.



MARKETING & GROWTH

Seller has seen great success with Google Ads. The Company devoted 61% of its 2021 ad spend of \$42,853 to Google Ads. The \$26,000 in Google Ads generated 40% of the total revenue.

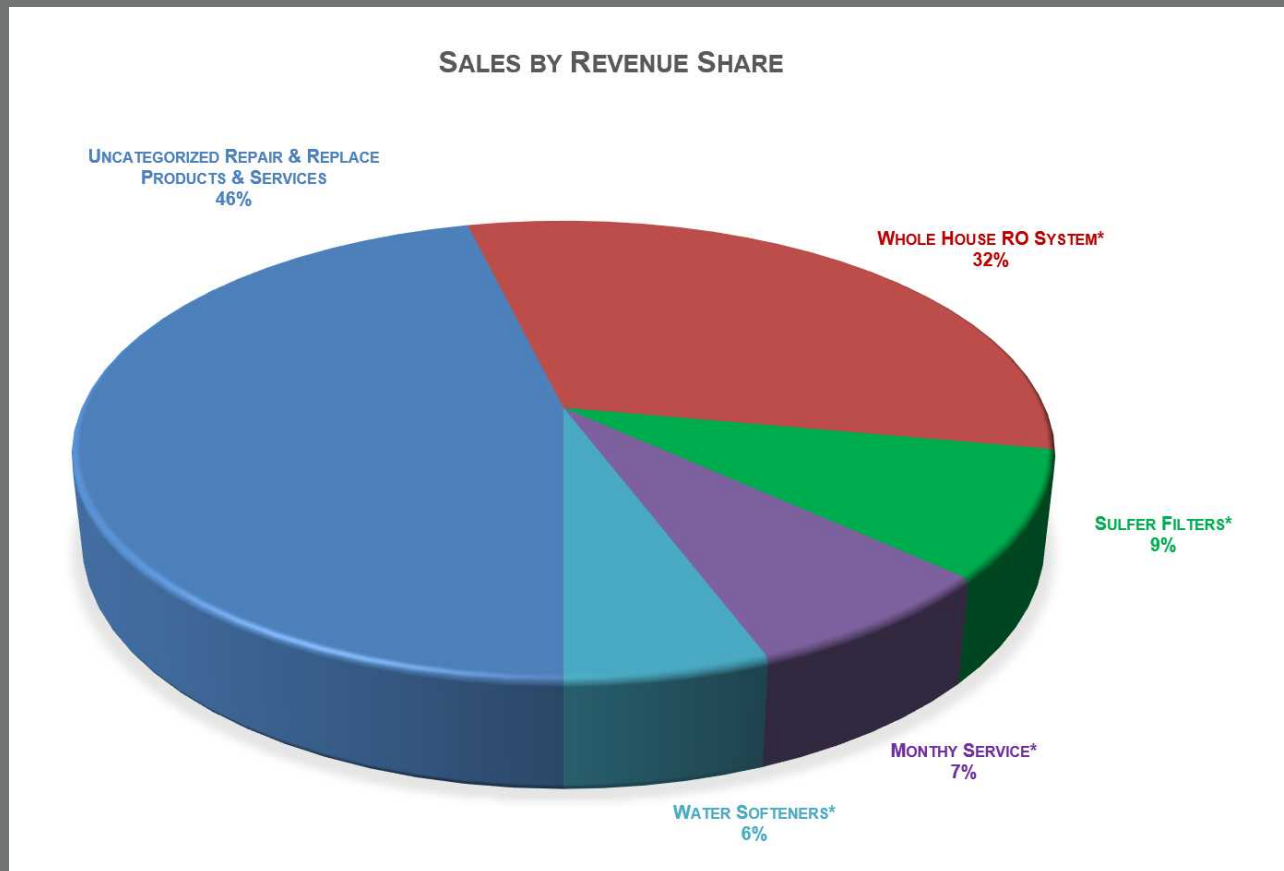
HomeAdvisor ads comprised 25% of 2021 ad spend and generated 6% of total revenue. Combined, the remaining marketing sources account for 14% of the advertising spend.

The Buyer has the extraordinary opportunity to continue the massive growth initiated by the Seller. The company accounts for less than 10% of the total Collier County market share.

- Increase advertising with high return on investment (ROI). Test new methods to determine ROI.
- Develop and staff up technical team in conjunction with increased advertising.
- Hire a dedicated estimator and salesperson to manage growth.
 - Develop two sales strategies: commercial and residential accounts.
- Promote higher quality, new-to-the-market pumps that offer higher profit margins.
- Establish new offices to expand the territory.
- Test increasing prices to be closer to the larger competitors.
 - The current pricing structure is sound and profitable.
 - Consider testing a higher monthly maintenance fee for new customers.

SERVICES BY REVENUE SHARE

PRODUCT / SERVICE	DESCRIPTION
Pumps / Tanks / Switches	Pumping system and components for wells, homes and businesses
Water Softeners / Sulfur & Iron Filters	Water filtration equipment for homes and businesses
Whole House Reverse Osmosis; <i>32% of Revenue</i>	Water purification for whole houses and businesses
Under Counter Reverse Osmosis	Point of use water purification systems
Repair, Replace, Maintain; <i>46% of Revenue</i>	The category spans hundreds of skus in including floats, solenoids, fittings, pumps, chemicals, filters, membranes, and more. The markup on these items is extremely high. For example, a pump costs the Seller \$100, but the retail price in Naples is \$1,600.



PREMIUM WHOLE HOME SERVICE

COMPANY offers a Premium Whole Home Service recurring contract. Customers pay a monthly fee with all maintenance equipment, supplies, and inspections included rather than a much higher unexpected expense when an emergency occurs. On average, customers pay \$125 per month for the recurring contract.

The Whole Home Premium service is often used as a hook with new installations and customers requiring repairs as one-off purchases are charged at a much higher retail rate. The combination of the savings on filters, salt, and equipment, combined with the heavy work of maintaining their systems, makes it an easy decision for customers to choose the recurring service program.

Most contracts are for Reverse Osmosis (RO) systems. Customers are unlikely to end the contract as COMPANY's team handles all the heavy lifting related to monthly maintenance. Service contracts account for 25% of annual revenue.

As of the end of 2021, approximately 350 customers had recurring service contracts at \$125 per month for \$43,750 per month.

Consider The Benefits of a Monthly Service Plan

Why consider a Monthly Service Plan?

- Save time and money.
- No trips to the store to buy salt and/or chemicals
- No lifting those heavy bags of salt!
- Monthly service ensures you always have good quality water!
- Monthly service protects your expensive equipment!
- It eliminates unnecessary and untimely breakdowns!
- An experienced water treatment professional will service your equipment **EVERY** month.
- Best of all...If you have a problem with any of the parts of your water system (Including pumps, pressure switches, tanks, broken pipes, etc...) you get a free service call (during normal business hours or a credit toward emergency and after hours) as well as a 10% discount on any parts or supplies you may need!

SERVICE CONTRACTS

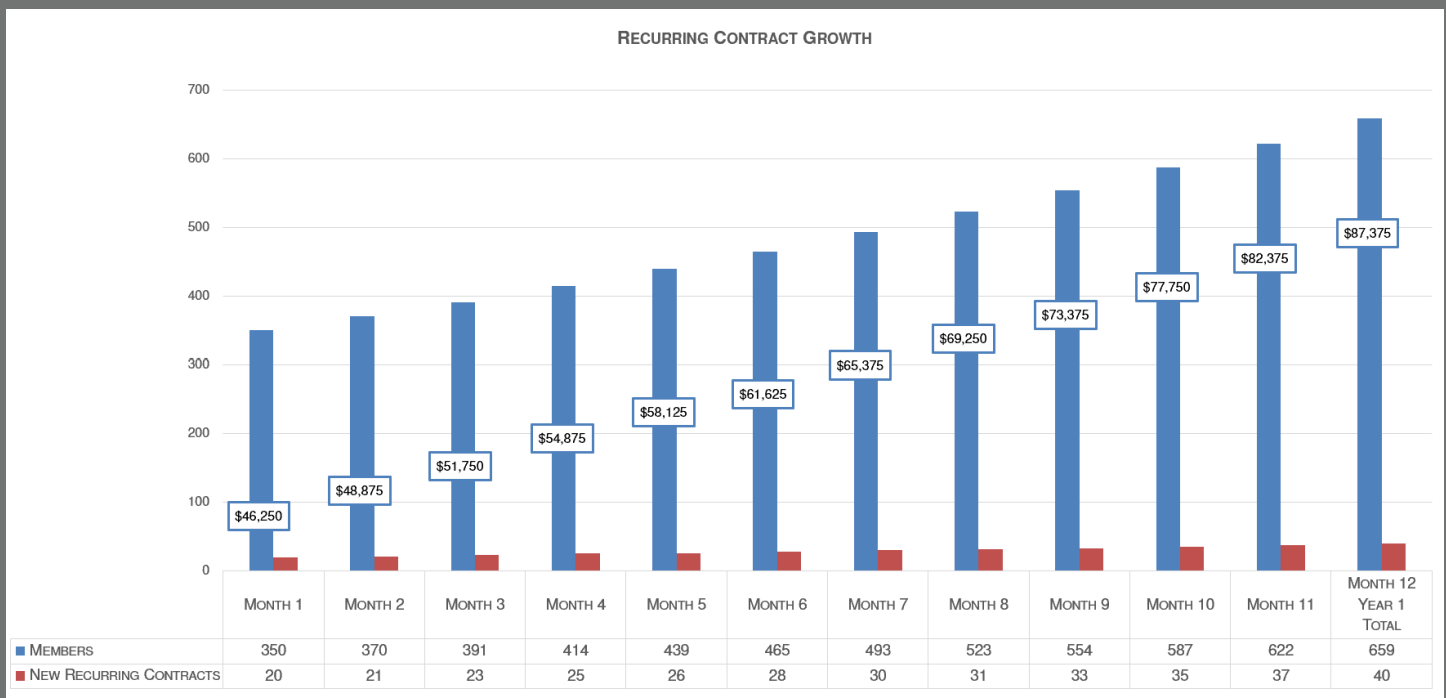
Each month the Company installs about 15 new Reverse Osmosis systems. Most of those clients, plus about 5 more with existing systems, purchase the Premium Whole Home service contract.

Below is a conservative example showing how recurring service contracts increase revenue over a 12-month period. Note, the example only shows recurring contract activity. It does not account for sales, repairs, or product sold outside of a recurring contract.

2021 revenue, \$1,883,329 was used as the base, which includes 350 contracts. Contracts average \$125 per month, therefore recurring contracts generated \$43,750 in Dec. 2021.

Month 1 adds 20 new contracts to the base, which increases the revenue to \$1,929,579. Contracts account for \$46,250 of month 1's revenue. At month 12, contracts account for \$87,375 of that month's income, which is an 89% increase over month 1. At the end of the year, recurring contracts represent \$777,000 of the total revenue.

The number of recurring contracts increased 88% between month 1 at 370 (350 from end of 2021 + 20 new) and month 12 at 699 (659 from month 11 + 40 new).



Note: Figures on the Members bars are that month's recurring contract revenue.

Financial Highlights

Sales have increased a 272% from 2019 to 2021 under the Seller's direction.

The Seller's Discretionary Earnings (SDE) increased 2500% over the same period through the Seller's masterful management of costs.

NOTE	DESCRIPTION
<p>Sales Strategy</p>	<p>The Seller's strategy was two-fold. First was to increase the number of maintenance contracts. The Company now services 338 contracts, with more being added each month.</p> <p>Second was to increase the investment in marketing and advertising activity.</p> <p>Advertising costs rose from \$10,639 in 2019 to \$42,853 in 2021, which is a 303% increase. While both represent 2% of year-end revenue, advertising precedes revenue. Increases in advertising, if monitored for ROI, increases revenue.</p>
<p>Adjustments</p>	<p><i>Cost of Goods</i></p> <p>The Seller owns both COMPANY and a water filtration supply company. COMPANY purchases filters and inventory from the supply company at cost.</p> <p>The Buyer will expect a 20% increase in inventory fees with the transfer of the business. The additional fees are shown as a reduction of the SDE in the Trailing Twelve Months (TTM) valuation.</p> <p>The Seller may consider parting with the filtration supply company separately.</p> <hr/> <p><i>Lease</i></p> <p>The Seller runs the business out of their home and storage area. Unless the Buyer chooses to maintain COMPANY as a home-based business, they will anticipate a \$30,000 annual cost for 1,500 sq. ft. of office and storage space.</p> <hr/> <p><i>Growth Projections</i></p> <p>This \$130,000 adjustment is reflected in the Trailing 12 Month valuation, which is used as the basis for the 2022-2024 growth projections.</p>

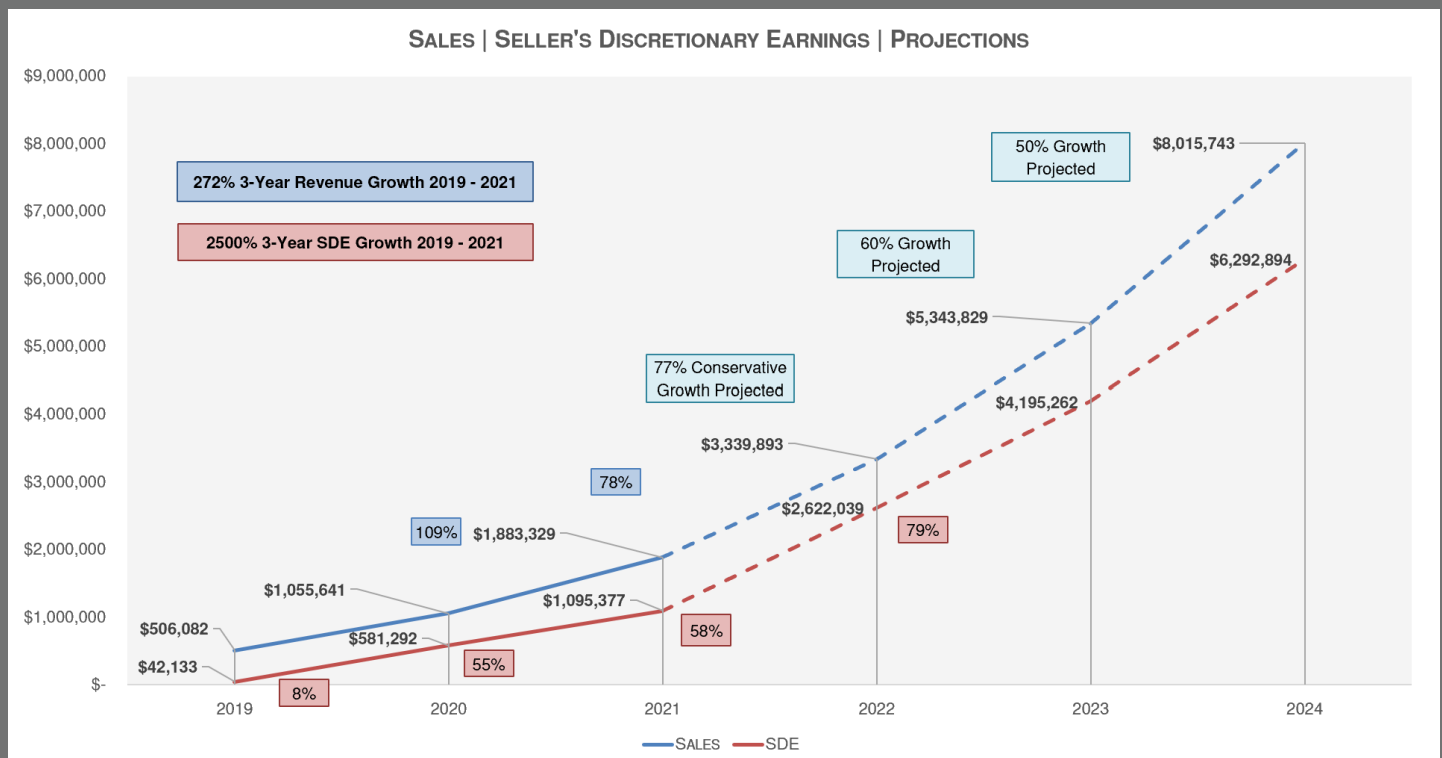
EXPONENTIAL GROWTH

COMPANY has experienced hyper-growth between 2019 and 2021.

- 272% revenue increase
 - 109% increase in 2020 alone
- 2500% increase in Seller's Discretionary Earnings (SDE)

Exponential growth is projected to continue with a 326% increase from 2021 to 2024.

- 2022 revenue is \$1,502,952 from Jan. 1 - Jul. 12, 2022
 - Revenue increased from \$150,000 per month in Mar. to \$300,000+ in Jun.
- 2022 revenue projected to reach \$3,339,893
- 77% growth in 2022 over 2021
- 60% growth in 2023 over 2022
- 50% growth in 2024 over 2023
- Significant gains reach \$8.0M revenue and \$6.3M SDE in 2024



Note: Percentages above Sales are year-over-year growth. Percentages under SDE are the cash flow margin.

STAFF

COMPANY employs an expert staff of 8 and the owner.

Expanding the staff is key to the Company's growth plans. Special attention should be made to evaluating new hires for expertise, experience, and fit within the company culture.

ROLE	PAY RATE	WEEKLY HOURS	TENURE (YEARS)
Lead Technician Works without assistance - Helps other techs	\$26	50	1
Field Technician	\$20	45	1
Field Technician	\$23	40	New Hire
MS Route and Technician Works without assistance - Helps other techs	\$18	37	2+
Office Manager Very skilled new hire	\$20	40	Recent Hire
Office Administrative	\$19.50	28	3
Office Administrative	\$19.50	18	2
Office Administrative	\$18	17	1
Owner			

ASSETS

The Buyer is starting with a strong foundation of \$130,000 in equipment and \$125,000 in inventory.

ASSET	YEAR PURCHASED	CURRENT NET BOOK VALUE
2019 Chevy 2500 Cargo Van	2022	\$29,000
2019 Chevy 2500 Cargo Van	2021	\$28,000
2018 Trailer	2021	\$21,000
2016 Chevy 2500 Cargo Van	2019	\$18,000
2012 Chevy 2500 Cargo Van	2019	\$14,000
Office Furniture & Equipment	2019	\$20,000
2010 Chevy 2500 Cargo Van	2019	\$13,000
Custom Aluminum Cargo Carriers	2022	\$1,070


REVIEWS

COMPANY has an excellent reputation with dozens of 5-star reviews over Facebook, Google, HomeAdvisor, and Yelp.

It is one of the highest rated water filtration and treatment companies in Collier County.


Dozens of 5-star Reviews

5 Stars	Facebook	<p>★★★★★ a month ago</p> <p>We have have called [REDACTED] for service on two different occasions. Both times they were very professional, knowledgeable and timely.</p> <p>We called on a Sunday for service on our well for the irrigation system. We intended to leave a message for them to call us back on Monday, but nope... answered on second ring. [REDACTED] was at our house within 20 minutes.</p> <p>I know... you are probably thinking, "that must have cost a lot being it was a Sunday," but they were very reasonable and got the job done quickly.</p> <p>Highly recommend these guys!!!</p>
4.9 Stars	Google	
4.6 Stars	Home Advisor	
4.5 Stars	Yelp	

 **Robyn**
1 review · 3 photos

★★★★★ 10 months ago

If there was a way to give a rating higher than five-star, I would. From [REDACTED] too his office staff all the way to his technician [REDACTED] is a five-star experience. I called on a Wednesday and scheduled on Friday, which is an amazingly short wait for a total house Reverse Osmosis System. But that's not the best part, I got called today on Thursday less the 24hrs later; asking if the unit can be installed today [REDACTED] and [REDACTED] came out and did an amazing job! So, if you're perusing the reviews to help decide on this company, let me help you. You found the best!

 **Lindsey ..**
Naples, FL
0 1

★★★★★ 11/1/2020

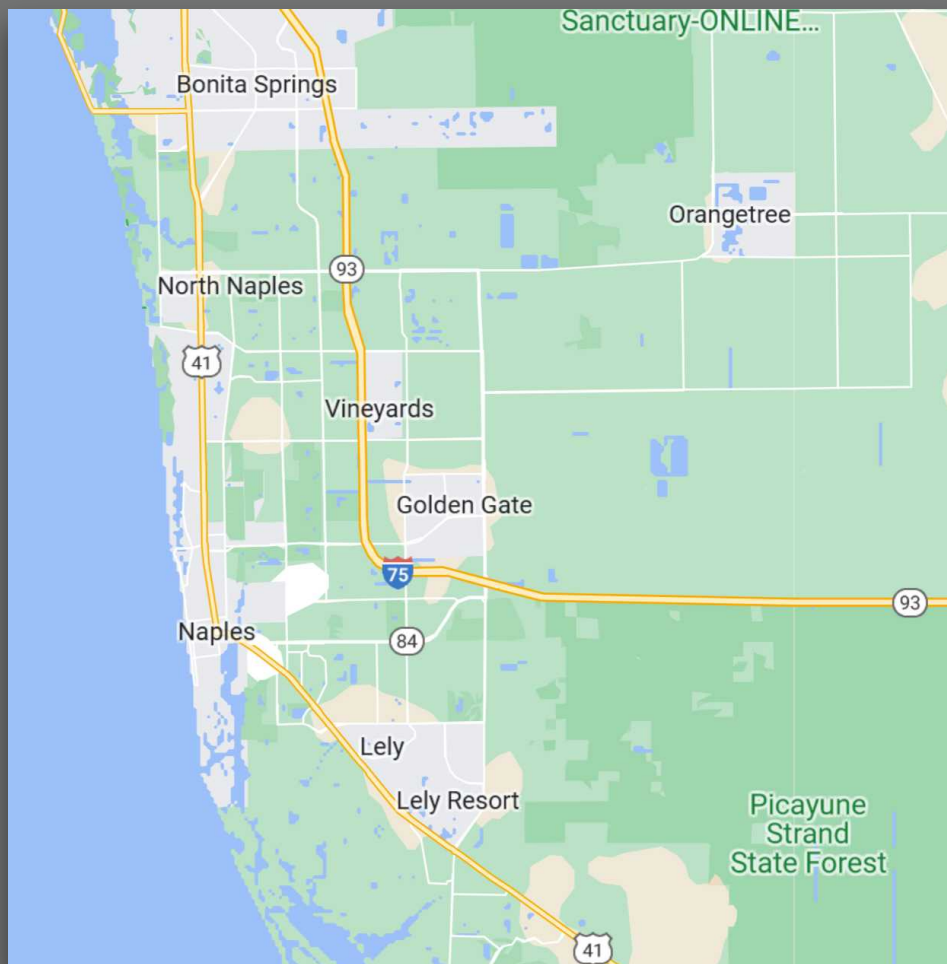
You have to use [REDACTED] do a lot of research before I make a big purchase, so I got a dozen quotes for a whole house reverse osmosis system before we took the plunge. Not only was [REDACTED] Water one of the most affordable, but they took so much time explaining everything to us, making sure the process went smoothly, getting everything out together quickly, and even reaching out afterwards to make sure we weren't having any problems. I've never had a company so responsive to emails, calls, questions, etc. When we had a different problem later, they immediately had someone out who helped fix our hot water heater the very next day. I have never been so impressed by a company -- if I ever have a problem even remotely water-related, these guys will always be my first call in the hopes it's a problem they handle.

LOCATIONS SERVED

The Seller runs the Business out of their home and a storage facility in Naples, FL. Approximately 1,500 sq. ft. are needed for the office and storage space.

The Business serves Naples, Marco Island, Bonita Springs, Estero, San Carlos Park, Lehigh Acres and the Fort Myers area. Collier County represents 95% of the business. The remaining 5% reside in Lee County and beyond.

Opening offices at the edges of the current radius will expand the number of target homes and businesses.



CONCLUSION

This is an outstanding opportunity to step into a thriving, highly profitable water filtration and purification company.

COMPANY has grown exponentially under the Seller's vision, with revenue increasing 272% between 2019 and 2021. There is incredible room for growth as the Company only holds 10% of the market share in Collier County.

Revenue is projected to reach \$8.0M by 2024!

The sale includes a 30-day transition with the Seller, \$130,000 in assets, and \$125,000 in inventory. The Buyer couldn't ask to start with a stronger foundation, outstanding 55-60% cash flow, and brilliant reputation.

Don't wait. COMPANY won't last long.

Next Steps

Contact the broker to discuss the business and receive complete financial disclosure.

The buyer is advised to respect the non-disclosure agreement. Please do not contact the business or speak with customers without a representative of brokerage.