



"The Best Way to Buy or Sell a Business"

BLIND BUSINESS PROFILE

AYTOMOTIVE PARTS DISTRIBUTOR

SOUTHERN CALIFORNIA

Presented by

Vasilis Georgiou

CBI, MBA, CIRM

Ph: 949-753-2825

Fax: 949-266-8495

vgeorgiou@CrossRoadsBusiness.com

www.CrossRoadsBusiness.com

BUSINESS OVERVIEW

This is an opportunity involving initially 2 franchise locations for one of the most established and dominant Automotive Parts Distributors in the aftermarket in Southern CA. **(WE MAY BE ABLE to combine all 9 Franchise locations in California into one offering, pending negotiations with the franchisor).**

These 2 Franchise businesses have an exclusive, well-defined and well-protected territory in Southern CA. An additional adjacent 300 sq. miles territory is available and can be negotiated with the Franchisor. Customers comprise of various Auto Repair Shops as well as well known Auto Retail Chains, such as Pep Boys and Car Quest. It is estimated that in the current territory the business has 45 to 50% market penetration.

Support from the Franchisor is excellent, including an integrated system (Autologue), for inventory control and financials.

The facility is combined 18,200 square feet. The 2 warehouses, contain 95% of the products shipped to customers.

The business is open seven days a week: Monday to Friday, from 8 am to 5:45 pm, Saturday from 8 am to 4:30 pm, and Sunday from 9 am to 4 pm. It operates with about 40 employees as well as an outside delivery service with 28 contract drivers complimenting internal Drivers.

Business Facts

Business Type: Automotive Parts Distributor/ Asking Price: \$9MM+
Business Name: XYZ, Inc./ Present Owner: 1997 & 1993
Bus Address: SOUTHERN CA
Ownership Type: C-Corporation and S Corp, Year Established: 1997, 1993 resp.
Owner Participation: Owner-Operator, Reason for Sale: New Ventures
Employees: FT: 40, Contract Drivers: 28
Lease Information: 2007, Long Term Lease Available, Rent: \$6,200/Mo, \$4,000/ Mo, Size: 9,200 Sq Ft. , \$9,000 SF respectively
Hours of Operation: 7 Days, 9AM - 5PM.
FF&E at Fair Market Value: \$100,000, Inventory: \$1,8MM (Both Incl. in Price)
Annual Revenues: \$12MM, Annual Seller's Cash Flow: \$1.9MM+
Franchise Fee: 5% of Gross Sales

Business Environment

The aftermarket for motor vehicles includes products and services purchased for vehicles after the original sale, and includes replacement parts and accessories. It is a significant sector of the economy: In 2005, total automobile aftermarket sales were almost \$200 billion. According to the Automobile Aftermarket Industry Association, this was due to continued growth in the number of registered vehicles, licensed drivers and miles traveled.

Customers

The business sells aftermarket automobile parts wholesale to mechanics, who order them by telephone or over the Internet. Its guarantee to deliver anywhere in its service area within one hour has earned it a loyal customer base: all their customers

are repeat customers. There is no delivery charge and no minimum for customers to order. Its customer base is diverse, estimated to be over 1,000 in number. Although customers include large auto retail chains like Pep Boys, Sears and NAP A, its largest customer accounts for only 3% of its sales. Sales are somewhat seasonal. The busiest season is from June to September, when weather is hot, cars need more repairs and people travel more.

Products

The business sells a broad range of aftermarket products for both domestic and foreign automobiles, including brake, chassis, ride control and clutch components. Because brakes wear out faster than other car parts, 60% to 70% of their sales are brake-related. It sells original branded products from manufacturers such as Tenneco Automotive, Almco and Raybestos, many of which come with lifetime warranties. The warranty expense is typically carried by the vendor, in the form of either a return policy or a vendor allowance on each invoice. The warranty expense has never been a significant factor for the company. It also sells generic (or 'knock-off) products from China.

Vendors

The business buys 60% of its products from either the franchisor or local vendors who have a financial relationship with the franchisor. When the business buys from such a vendor, the vendor bills the franchisor, who bills the franchisee. This enables the chain to qualify for volume rebates, which since January 1, 2004, have been credited to each franchisee. Ninety five percent of its sales come directly from the inventory in their warehouse. The other five percent is sourced from other franchisees or other suppliers, and delivered to customers. The business pays a franchise fee of 5% of sales adjusted for discounts given to customers.

Competition

Competition is other aftermarket suppliers. It has many advantages over its competitors, most of them related to customer service: Since the warehouse is owner-operated, immediate decisions can be made on issues such as warranty claims, sourcing hard-to-find parts, issuing credit memos and making deliveries after business hours. Employees know all the qualities of the products the Business offers and are able to advise mechanics on the different grades or qualities of the various parts. Because it has such a large inventory, it can frequently deliver in less than one hour. It also has very competitive pricing.

Franchisor Support

Support from the franchisor includes an integrated system for inventory and financials. An efficient accounting system avoids confusion and mistakes and saves money. In addition, the franchisor has a central warehouse a strategic location. This allows the franchisor to buy products in bulk from China and other distant vendors and then quickly supply them to franchisees on an as-needed basis.

According to www.aftermarketbusiness.com, Wall Street sees the future of the aftermarket business as stable and reliable.