

# ACQUISITION CASE STUDY

If you're considering purchasing an existing business, Live Oak Bank can help guide you through the process. With our dedication to efficiency, collaboration and deep knowledge of acquisition financing, we'll take you where you need to go.



## Challenge

Business identified with:

- \$1M in revenue
- \$200k in EBITDA
- \$800k Purchase Price
- Purchase price based on multiple of EBITDA
- Not fully secured by collateral



## Solution

- Live Oak finances purchase of business assets
- Loan amount totals \$945k – to include loan soft costs and \$100k in working capital
- No down payment required as this is an expansion of existing HVAC company
- Payments stretched over 10 years



## Outcome

- Buyer able to expand into new service area
- Assumption of customer list
- Company A increases sales from \$3MM to \$4MM based upon past performance
- Profits increase from \$253k to \$464k (after debt of \$328k)
- Significant operational enhancements to acquired company will increase return for buyer, such as:
  - New operating system
  - Newly implemented service agreement program
  - Increased sales tactics
  - Creation of a more established brand
  - Consolidated historic financials below showing Company A with and without the acquisition:

	Without Acquisition			With Acquisition		
	2016	2017	2018	2016	2017	2018
Year	2016	2017	2018	2016	2017	2018
Revenue	\$2,500,000	\$2,500,000	\$3,000,000	\$3,400,000	\$3,475,000	\$4,000,000
Net Income	\$212,500	\$215,000	\$251,000	\$438,000	\$412,000	\$461,000
Cash Flow after Debt				\$302,500	\$276,000	\$325,000

To learn more, visit [liveoakbank.com](http://liveoakbank.com)

## Deal At-A-Glance

### Business Type

Service Contractor

### Product Type

Acquisition

### Loan Amount

\$945K – purchase price, soft costs and working capital

### Wins

Expansion into new service area, revenue grew from \$3 million to \$4 million