CONFIDENTIAL MEMORANDUM

Prepared for

Lou Marino

September 17, 2011

EXCLUSIVE LISTING BROKER

Capital Business Solutions

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NOTIFICATION OF PURPOSE

The purpose of this Confidential Memorandum is to acquaint a prospective buyer with preliminary information regarding a client of **Capital Business Solutions** or one of **Capital Business Solutions** cooperative brokers. **Capital Business Solutions,** its employees, agents, brokers, financial recasting consultants and affiliate brokers have made no investigation or verification of the information contained herein and any representation to the contrary is not authorized.

**XXXXXXXXXXXXXXXXX** also referred to as “Client Company,” has elected not to audit financial statements, appraisals of tangible assets or real property. All financial statements prepared are on an income tax basis of accounting, market value presentation and valuation reports that are available for Due Diligence. Accordingly, the documents contained in this Confidential Memorandum are not designed for those who are not informed about such matters. Accordingly, the documents contained in this Confidential Memorandum are not designed for those who are not informed about such matters.

The financial records, equipment lists and operating reports received from management and included in this package are assumed to be accurate. While reasonable tests are applied and unusual results queried, the prospective purchaser should verify accuracy of these numbers. Unless stated otherwise, the financial summaries prepared by **Capital Business Solutions** reflect only regrouping of those prepared by management. By accepting this Confidential Memorandum, the recipient acknowledges the responsibility to perform a due diligence review and make its own evaluation and judgment prior to any acquisitions of or mergers with the Client Company.

Unless stated otherwise, the underlying assets have not been appraised. The cost data provided in the financial statements, before depreciation is deducted, may be used as an approximate replacement cost but should be reviewed in the due diligence process. If a value is included on the asset list, that value is the presumed fair market value of an equivalent asset. Additionally, the list was prepared at a point in time. The ordinary course of business will cause items to be added and disposed of, so any enclosed list of assets should be viewed as an approximation of the total assets of the business.

Inventory is assumed to be at cost. Management’s estimate of value is accepted unless reasons exist to use another value, which will be noted.

Real estate values, building leases, rental agreements, equipment leases and other commitments of the company are management’s estimate and are assumed to be at market rates unless otherwise noted.

NOTICE OF CONFIDENTIALITY

This document is the property of **Capital Business Solutions** and represents general information about a business **Capital Business Solutions** represents for sale on an exclusive basis. This document is not to be copied or distributed, nor its contents in any way divulged to anyone, as it may contain highly confidential financial and operational information and reports that are considered trade secrets by the seller. If you need additionally copies, we will provide them upon qualification of the recipient. Prior to receipt of this Confidential Memorandum, you should have signed a *Confidentiality Agreement, Buyer’s Confidentiality and Warranty Agreement, or a Non-Disclosure Agreement*. **DO NOT PROCEED FURTHER UNLESS YOU HAVE SIGNED ONE OF THESE AGREEMENTS.**

While it is normal for you to seek professional advice concerning this opportunity, you should advise them of their obligation of non-disclosure and to hold this and all other information concerning this opportunity as confidential, since **you will be held liable for the confidentiality of your advisor(s)**.

If you receive this as a potential financing source, you are obligated to keep the information herein as confidential as possible and are to use it only for making lending decisions. The bearer of this presentation is responsible for its confidentiality.

*This information must be held in absolute confidentiality. Any party reviewing this material can be held liable for its improper disclosure and could be held liable for damages if such disclosure proves in any way damaging to the subject company, its owners, employees or suppliers, or to Capital Business Solutions, its principals or agents.*

**DO NOT CONTACT THE OTHER PARTY WITHOUT PROPER AUTHORIZATION**. All contacts, whether by fax, telephone, writing, email or otherwise, require prior approval of **Capital Business Solutions.** Failure to adhere to this requirement prior to contacting the other party WILL jeopardize your ability to pursue this opportunity. If this opportunity involves two brokers, please work only through **Capital Business Solutions**

EXECUTIVE SUMMARY

**Description** Coastal Steel Construction, Inc. has been a successful steel fabrication company in continuous operation since 1947 with three different ownership entities. Present ownership has been in place since 1983. Coastal enjoys an excellent, well respected, and dependable reputation in the Tampa Bay and West Central Florida market. The company has also been involved in many projects in the Caribbean.

**Purchase Price** $5,000,000-Presented as an asset sale including approximately 6 acres and multiple buildings

The ideal situation is for the owners to sell 100% of the steel fabrication business, the land, and the buildings. The land and buildings are owned by the owner’s family and are leased to the company.

**Assets Included** Approximately 6.0 acres with a 40,000 sq ft production facility, a 3,040 sq ft office building built in 2003, fabrication equipment, computer equipment, office equipment, and transportation equipment.

**History** Originally opened in 1947. The current ownership has been in place since 1983

**Facilities** The production facility, office building, and land are located at 950 31st St South, St Petersburg, Florida 33712.

BUYER’S OPPORTUNITY

Acquisition of this business includes the following buyer’s opportunity:

* Established market position in Tampa Bay, West Central Florida, and the Caribbean
* Priced Right: purchase price less than 3x Seller’s Average Discretionary Cash Flow plus land, buildings, and equipment
* Loyal customer base
* Reputable business relationships with customers, industry vendors, and suppliers
* Growth opportunities via land consolidation in surrounding properties
* Growth opportunities through expansion and economic rebound

COMPANY DETAILS

**Business Essentials**

Name of Business: Coastal Steel Construction, Inc.

Tax ID #: 591210075

City, State, Zip: St Petersburg, Florida 33733

**Owner Information**

Name: Dwayne Best

Title: PD

Name: Gregory Best

Title: EVD

Name: Carra Best

Title: STD

**Business Data**

Company’s Legal Entity: Coastal Steel Construction, Inc.

Company’s DBA: Coastal Steel Construction, Inc.

Years Established: 63 years

Years Owned: 27 years

State of Incorporation: Florida

Date of Incorporation: May 9, 1968

Company Legal Status: Corporation

Business Categories: Steel Fabrication

Years at Current Location: 63 years

Days and Hours of Operation: Monday-Friday

BUSINESS OVERVIEW

**Employee and Benefits Information**

The business employs between 20-30 fulltime depending upon backlog.

**Environmental/Legal**

The new buyer needs to verify the environmental issues with the property.

**Products and Services**

The company provides specified steel fabrication

**Marketing Strategy**

Good customer relations are vital to the success of the business.

**Growth Strategies**

Leverage existing historical goodwill to add customers via geographic market expansion and being poised to take advantage of economic rebound

**Training/Consulting**

The seller is looking for an exit strategy and is flexible to the best situation for a new buyer.

To successfully own and operate this business, a new owner will need the following skills:

* Steel Fabrication Industry background would be a plus
* General management
* Employee supervision
* Financial management
* Engineering or Construction

FINANCIAL OVERVIEW

**Historical Cash Flow Analysis: 2010 Tax Return, 2009 Tax Return, and 2008 audited financials**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **2010**  **Tax Return** |  | **2009**  **Financials** |  | **2008**  **Financials** |  |
|  |  |  |  |  |  |  |
| Sales Revenue | $5,716,529 |  | $10,022,989 |  | $10,587,325 |  |
|  |  |  |  |  |  |  |
| Net Income (before Taxes) | -$467,709 |  | $553,613 |  | $114,036 |  |
|  |  |  |  |  |  |  |
| Plus Customary Lender Add Backs: |  |  |  |  |  |  |
| Owner Family Salaries | 296,299 |  | 296,299 |  | 296,299 |  |
| Vehicles, Insurance, & Taxes | 127,269 |  | 127,269 |  | 127,269 |  |
| Facility Rent | 156,000 |  | 156,000 |  | 156,000 |  |
| Depreciation & Amortization | 161,057 |  | 140,515 |  | 30,968 |  |
| Other Expense Add Backs | 45,152 |  | 63,917 |  | 49,277 |  |
| Interest | 14,198 |  | 33,875 |  |  |  |
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| Total Add Backs | $799,975 |  | $817,875 |  | $659,813 |  |
|  |  |  |  |  |  |  |
| Seller’s Discretionary Cash Flow (SDCF) | **$332,266** |  | **$1,371,488** |  | **$773,849** |  |
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