



Adjusted EBITDA¹ Valuation Multiples

	<i><3.0x</i>	<i>3.0x – 5.0x</i>	<i>6.0x or Higher</i>
MANAGEMENT	<ul style="list-style-type: none"> • Heavily owner dependent 	<ul style="list-style-type: none"> • One or two senior management in addition to owner 	<ul style="list-style-type: none"> • Well-rounded management, little owner involvement
FINANCIALS	<ul style="list-style-type: none"> • Poor accounting systems • No CPA involvement • No professional accounting staff 	<ul style="list-style-type: none"> • Limited accounting systems • Compiled/professionally reviewed financials • Controller on staff 	<ul style="list-style-type: none"> • Sophisticated accounting systems • Audited financials • Full-time CPA or CFO
END MARKETS	<ul style="list-style-type: none"> • Completely discretionary • Small, shrinking market • Heavy government pressures or regulatory constraints • Considered a boom or bust business 	<ul style="list-style-type: none"> • Customers need or should have solution • Low market growth • Government pressures promoting solution • Cyclical business or correlated to GDP 	<ul style="list-style-type: none"> • Solution is non-discretionary • Large market, rapid growth • Steady business, grew through recession • Little government involvement
CUSTOMERS	<ul style="list-style-type: none"> • Top 3 customers >90% of revenue • Service agreement with purchase orders • Small, local customers • Owner manages customers • Project-based, lumpy revenue 	<ul style="list-style-type: none"> • Top 10 customers <50% of revenue • Annual contracts • Middle market or regional customers • Dedicated salesman • One-time and recurring revenues 	<ul style="list-style-type: none"> • No customer is over 5% of revenue • Multi-year contracts • Blue chip multi-national customers • Full sales/service team • Small, recurring purchases
SUPPLIERS	<ul style="list-style-type: none"> • Top 3 Suppliers >90% of revenue • No contracts • Core operations outsourced to supplier • Can sell directly to customer base • Heavily reliant on proprietary products 	<ul style="list-style-type: none"> • Top 10 Suppliers <50% of revenue • Annual contracts • Difficult but able to switch • Occasional or hybrid supplier competition • Some reliance on proprietary products 	<ul style="list-style-type: none"> • No supplier is over 5% of revenue • Multi-year agreements with exclusivity • Easy to switch • Exclusivity or non-compete agreements • Not reliant on proprietary products
COMPETITION	<ul style="list-style-type: none"> • Highly commoditized products, low margins • Many competitors, no differentiation • Low entry barriers 	<ul style="list-style-type: none"> • Limited alternatives, average margins • Balanced industry market shares • Significant entry investment 	<ul style="list-style-type: none"> • Proprietary products, high margins • Market leader, few competitors • Hard to recreate significant capabilities

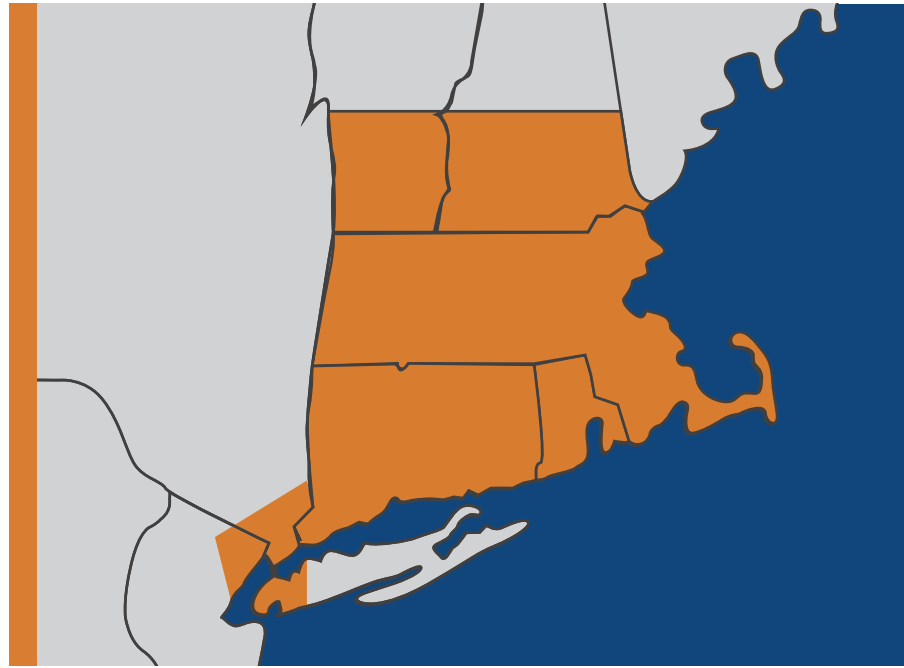
These are only a few variables and do not constitute a complete valuation. A *professional valuation* is strongly recommended to determine an accurate sale price. Industry specific factors also affect valuation multiples, which can be derived from a variety of factors such as EBITDA, EBIT, SDE, and Annual Sales.

¹ Adjusted EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization where the EBITDA is adjusted for unusual expenses and compensation, then normalized to align with market based benefits and compensation required to operate the business.



COMPANY OVERVIEW

VR Business Sales New Haven represents owners of businesses valued between \$500,000 and \$25 million or with annual revenues from \$1 million to \$30 million. Operating within a wide range of industry segments, the office provides exceptional merger and acquisition advisory services to companies in Connecticut, Southern New England and Metro NY. Independently owned and operated, the office consistently ranks within the Top 10 of over 50 offices world-wide within the VR franchise network.



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Jeff has over thirty years of business experience including positions in engineering, manufacturing, marketing, business startup and acquisition. He owned and operated an import/export firm as well as a manufacturing company. Jeff offers a wealth of practical experience when advising clients on selling or buying a business and brings a level of professionalism to the process that makes him one of the best recognized and most admired business intermediaries in Connecticut. Jeff is one of the few business brokers in New England that has secured the prestigious designations of Certified Business Intermediary (CBI) from the International Business Brokers Association (IBBA) and a Mergers & Acquisition Master Intermediary (M&AMI) from M&A Source.

