INDUSTRY FINANCIAL PROFILE

[238220] Plumbing, Heating, Air Conditioning Contractors

Market Area: Harrisburg Metro Area

Sales Class: $1m - $2.49m

Release Date: June 2023

Copyright © 2023 Bizminer. All Rights Reserved.

ABOUT THE DATA

Data Sources and Limitations

INFORMATION

Industry Peer Group
Industry In Context: The NAICS Classification System
Ratio Categories

FINANCIALS

Income Statement
Balance Sheet
Sources & Uses of Funds

RATIOS

Cash Flow-Slovency
Profitability
Efficiency
Debt-Risk

VALUATION MULTIPLES

Sales Group: < $2.5m
Sales Group: $2.5m - $24.9m
Sales Group: > $25m
Sales Group: All

Copyright © 2023 Bizminer. All Rights Reserved.

About the Data

DEC-07-2023

Bizminer data is widely accepted for industry analytical work, benchmarking, valuations, forensics and litigation. Bizminer content is accepted in US Tax Court (Bauer vs. IRS: T.C. Memo. 2012-156) and is utilized by state, provincial and national taxing agencies in the US and Canada.

Raw data analyzed for Bizminer reports is sourced from an array of the nation,s government and private statistical sources. None of these raw data sources creates the final measures reflected in Bizminer industry profiles. In total, Bizminer accesses over a billion sourced data points from 15 million business operations for each of its twice annual updates covering a 3-5 year time series. Historical data and Bizminer algorithms are used to inform and test projections for non-reporting firms. Data elements are sourced specifically from the resources listed below.

While 100% firm coverage is desirable for analysis purposes, the greatest value of Bizminer reports rests in discerning patterns of activity, which are reflected in the large samples used to develop our reports. The overall current coverage of the databases surpasses 13 million active business operations at any point in time. As is the case with any databases this large, some errors are inevitable. Some firms are missed and specific information on others is lacking from the database. Not all information received is uniform or complete, resulting in the need to develop projection algorithms for specific industry segments and metrics in some report series. No representation is made as to the accuracy of the databases utilized or the results of subsequent analyses.

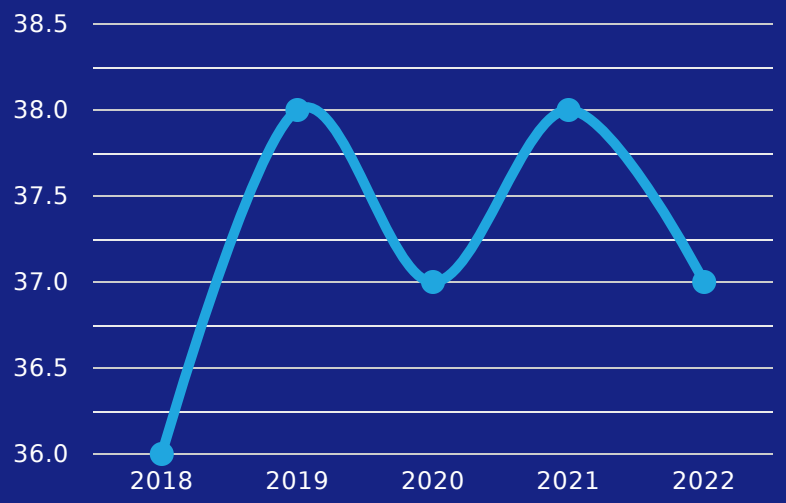
Copyright © 2023 Bizminer. All Rights Reserved.

Information

DEC-07-2023

Industry Peer Group

PROFILE YEAR	FIRMS
2018	36
2019	38
2020	37
2021	38
2022	37



Your Industry In Context: The NAICS Classification System

The industry your selected fits within the official NAICS (North American Industry Classification System) and Bizminer's proprietary taxonomy, which breaks out more detailed industries classifications than NAICS by adding up to eight decimal digits after the NAICS-6 code. The industry you selected fits into this industry hierarchy:

- NAICS: 23 - Construction
- NAICS: 238 - Specialty Trade Contractors
- NAICS: 2382 - Building Equipment Contractors
- NAICS: 238220 - Plumbing, Heating, Air Conditioning Contractors

Copyright © 2023 Bizminer. All Rights Reserved.

Ratio Categories

The Bizminer Industry Financial Profile is based on selected financial ratios that are typically considered to be Key Performance Indicators (KPIs) which includes:

Cash Flow/Solvency:

Cash Flow ratios indicate a company's ability to meet various levels of demand on cash and easily obtainable cash resources against current and anticipated near-term payments due.

Profitability:

Profitability ratios compare levels of return against various expense and balance sheet components to measure your performance against reasonable industry peer group standards, indicating bottom line performance.

Efficiency:

Efficiency ratios measure your success in marshalling resources at hand to effectively manage various components of your business operations. These indicators often point most specifically toward actions that could enhance your bottom line.

Debt-Risk:

Debt-Risk ratios assess the appropriateness of a firm's level of debt against the ability to pay, as well as the risk of insolvency.

Copyright © 2023 Bizminer. All Rights Reserved.

Industry Financials

Income Statement

Percentages	2018	2019	2020	2021	2022
Business Revenue	100%	100%	100%	100%	100%
Cost of Sales	57.15%	55.37%	50.48%	50.98%	50.87%
Cost of Sales - Labor Portion	21.22%	19.67%	15.25%	15.40%	13.06%
Gross Margin	42.85%	44.63%	49.52%	49.02%	49.13%
Officers Comp.	7.26%	8.03%	8.75%	7.93%	8.02%
Salary-Wages	9.63%	9.56%	10.41%	10.10%	11.00%
Rent	2.03%	2.08%	2.31%	2.34%	2.61%
Taxes Paid	3.30%	2.62%	2.62%	2.40%	2.47%
Advertising	0.92%	0.83%	0.92%	0.89%	0.89%
Benefits-Pensions	2.67%	2.75%	2.99%	2.32%	2.98%
Repairs	0.55%	0.51%	0.56%	0.44%	0.82%
Bad Debt	0.07%	0.09%	0.10%	0.08%	0.10%
Sales, General, Admin & Misc.	9.27%	8.71%	9.10%	8.93%	8.42%
EBITDA	7.15%	9.45%	11.76%	13.59%	11.82%
Amortization Depreciation Depletion	1.22%	1.49%	1.80%	2.24%	2.28%
Operating Expenses	36.92%	36.67%	39.56%	37.67%	39.59%
Operating Income	5.93%	7.96%	9.96%	11.35%	9.54%
Interest Income	0.02%	0.02%	0.02%	0.03%	0.25%
Interest Expense	0.38%	0.47%	0.51%	0.60%	0.77%
Other Income	0.27%	0.33%	0.30%	1.48%	1.34%
Pre-Tax Net Profit	5.84%	7.85%	9.77%	12.27%	10.36%
Income Tax	1.23%	1.99%	2.73%	2.58%	2.18%
After Tax Net Profit	4.61%	5.86%	7.04%	9.69%	8.18%
Discretionary Owner Earnings	14.32%	17.37%	20.32%	22.44%	20.66%

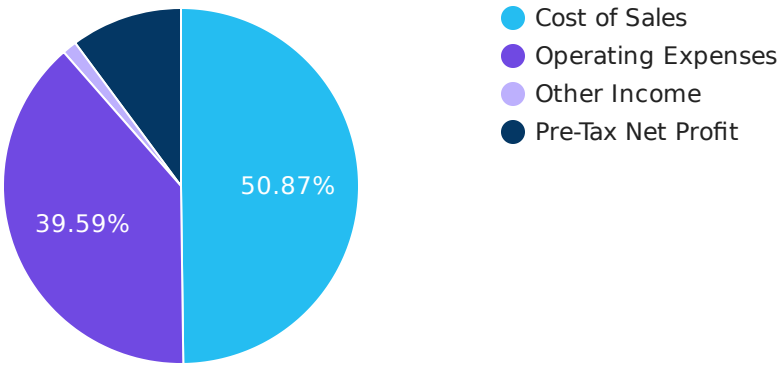
Copyright © 2023 Bizminer. All Rights Reserved.

Dollars (All Figures In USD)	2018	2019	2020	2021	2022
Business Revenue	$1,757,376	$1,565,420	$1,554,239	$1,590,331	$1,740,435
Cost of Sales	$1,004,289	$866,700	$784,595	$810,687	$885,324
Cost of Sales - Labor Portion	$372,902	$307,984	$236,987	$244,868	$227,300
Gross Margin	$753,088	$698,720	$769,643	$779,644	$855,110
Officers Comp.	$127,586	$125,703	$135,996	$126,113	$139,583
Salary-Wages	$169,279	$149,609	$161,734	$160,592	$191,448
Rent	$35,675	$32,561	$35,903	$37,214	$45,425
Taxes Paid	$57,993	$41,014	$40,721	$38,168	$42,989
Advertising	$16,168	$12,993	$14,299	$14,154	$15,490
Benefits-Pensions	$46,922	$43,049	$46,472	$36,896	$51,865
Repairs	$9,666	$7,984	$8,704	$6,997	$14,272
Bad Debt	$1,230	$1,409	$1,554	$1,272	$1,740
Sales, General, Admin & Misc.	$162,892	$136,334	$141,490	$141,937	$146,562
EBITDA	$125,677	$148,064	$182,770	$216,301	$205,736
Amortization Depreciation Depletion	$21,440	$23,325	$27,976	$35,623	$39,682
Operating Expenses	$648,851	$573,981	$614,849	$598,966	$689,056
Operating Income	$104,237	$124,739	$154,794	$180,678	$166,054
Interest Income	$351	$313	$311	$477	$4,351
Interest Expense	$6,678	$7,357	$7,927	$9,542	$13,401
Other Income	$4,745	$5,166	$4,663	$23,537	$23,322
Pre-Tax Net Profit	$102,655	$122,861	$151,841	$195,150	$180,326
Income Tax	$21,558	$31,166	$42,468	$40,982	$37,868
After Tax Net Profit	$81,097	$91,695	$109,373	$154,168	$142,458
Discretionary Owner Earnings	$251,681	$271,889	$315,813	$356,886	$359,591

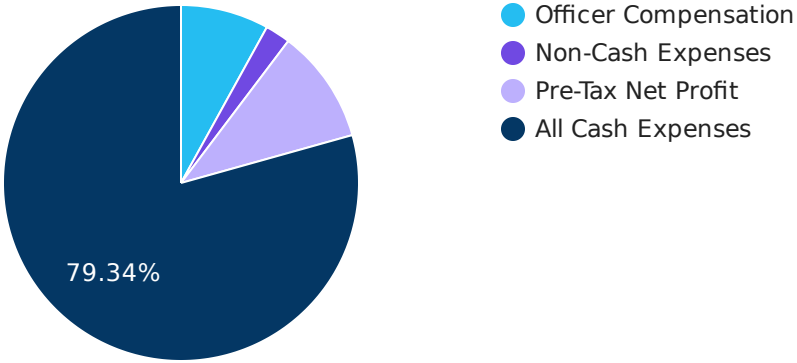
Copyright © 2023 Bizminer. All Rights Reserved.

Charts

Industry Expenses: Sales 2022



Industry Owner Earnings: Sales 2022



Copyright © 2023 Bizminer. All Rights Reserved.

Profit Loss Definitions

Business Revenue includes receipts from core business operations. Interest Income and Other income (such as rents and royalties) are generally detailed separately below Operating Income. While Business Revenue is separated from Interest Income for most classifications, Business Revenue includes interest income from the private sector where it is central to financial industry operations, including Finance and Insurance (NAICS 52xxxx except NAICS 5242xx Insurance Brokers and Other Insurance Activities); Real Estate-Rental-Leasing (53xxxx); and Management of Companies and Enterprises (55xxxxx).

Cost of Sales includes materials and labor involved in the direct delivery of a product or service. Other costs are included in the cost of sales to the extent that they are involved in bringing goods to their location and condition ready to be sold. Non-production overheads such as development costs may be attributable to the cost of goods sold. The costs of services provided will consist primarily of personnel directly engaged in providing the service, including supervisory personnel and attributable overhead.

Cost of Sales-Labor: The payroll compensation portion of Cost of Sales, expressed as a percent of Business Revenue.

Gross Margin represents direct operating expenses plus net profit. In addition to the labor portion of Cost of Sales, payroll costs are reflected in the Officers Compensation and Wages-Salary line items. In many cases, SG&A (Sales, General and Administrative) costs also include some overhead, administrative and supervisory wages.

Officers Compensation: Salary, wages stock bonuses and other compensation paid to officers for personal services rendered. It does not include qualified deferred compensation, such as contributions to a 401(k) plan or a salary reduction agreement, which are included in the Benefits-Pensions line.

Compensation and Wages-Salary line items. In many cases, SG&A (Sales, General and Administrative) costs also include some overhead, administrative and supervisory wages.

Rent covers the rental cost of any business property, including land, buildings and equipment.

Advertising includes advertising, promotion and publicity for the reporting business, but not on behalf of others.

The **Taxes Paid** line item includes payroll other paid-in tax items, but not business income taxes due for the period. Although it can be calculated in many ways and is not a formal measure, the EBITDA line item (Earnings before Interest Expense, income tax due, Depreciation and Amortization) adds back interest payments, depreciation, amortization and depletion allowances, and excludes income taxes due to reduce the effect of accounting decisions on the bottom line of the Profit and Loss Statement. Since some firms utilize EBITDA to "add back" non-cash and flexible expenses which may be altered through credits and accounting procedures (such as income tax), paid-in income taxes from the Taxes Paid line item are not added back in the EBITDA calculation.

Benefits-Pension includes, but is not limited to, employee health care and retirement costs.

In addition to varying proportions of overhead, administrative and supervisory wages, some generally more minor expenses are aggregated under SG&A (**Sales, General and Administrative**).

EBITDA: Business Revenue: Earnings Before Interest, (income) Taxes due, Depreciation and Amortization divided by Business Revenue. EBITDA: Business Revenue is a relatively controversial (and often criticized) metric designed to eliminate the effect of finance and accounting decisions when comparing companies and industry benchmarks. Tax credits and deferral procedures and non-cash expenditures (Amortization and Depreciation) are not deducted from the profit equation, as are interest expenditures.

Operating Expenses sums the individual expense line items above, yielding the Operating Income or net of core business operations, when subtracted from the Gross Margin.

Pre-Tax Net Profit represents net profit before income tax due. Income Tax calculates the federal corporate tax rate before credits, leaving After-Tax Profit at the bottom line.

Discretionary Owner Earnings sums Officer Compensation, Depreciation and related non-cash expenses and Net Profit before business taxes to represent a practical measure of total return to owners. The D.O.E. metric is mainly used for small businesses.

Copyright © 2023 Bizminer. All Rights Reserved.

Balance Sheet

Income Statement

Percentages	2018	2019	2020	2021	2022
Cash	25.19%	24.08%	22.13%	22.48%	21.84%
Receivables	28.24%	29.14%	31.99%	33.69%	33.14%
Inventory	6.60%	6.97%	7.66%	7.06%	7.61%
Other Current Assets	3.33%	3.38%	3.41%	4.70%	4.51%
Total Current Assets	63.36%	63.57%	65.19%	67.93%	67.10%
Gross Fixed Assets	111.93%	122.21%	109.38%	110.99%	113.71%
Accum. Depreciation-Amortization-Depltn.	89.04%	99.06%	88.65%	89.93%	92.12%
Net Fixed Assets	22.89%	23.15%	20.73%	21.06%	21.59%
Other Non-Current Assets	13.75%	13.28%	14.08%	11.01%	11.31%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%
Accounts Payable	14.00%	14.66%	15.39%	17.22%	18.12%
Loans/Notes Payable	5.67%	5.06%	5.53%	5.48%	5.45%
Other Current Liabilities	11.60%	12.36%	13.75%	14.25%	14.64%
Total Current Liabilities	31.27%	32.08%	34.67%	36.95%	38.21%
Total Long Term Liabilities	17.12%	17.86%	19.19%	18.82%	19.31%
Total Liabilities	48.39%	49.94%	53.86%	55.77%	57.52%
Net Worth	51.61%	50.06%	46.14%	44.23%	42.48%
Total Liabilities & Net Worth	100.00%	100.00%	100.00%	100.00%	100.00%

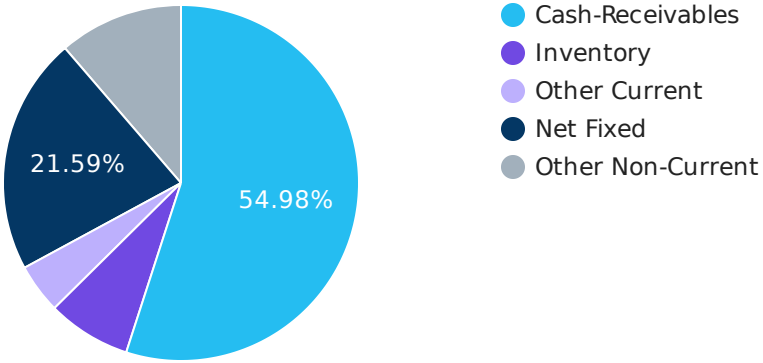
Copyright © 2023 Bizminer. All Rights Reserved.

Dollars (All Figures In USD)	2018	2019	2020	2021	2022
Cash	$116,151	$106,175	$86,676	$90,092	$91,740
Receivables	$130,214	$128,485	$125,295	$135,017	$139,206
Inventory	$30,432	$30,732	$30,002	$28,294	$31,966
Other Current Assets	$15,355	$14,903	$13,356	$18,836	$18,944
Total Current Assets	$292,152	$280,295	$255,329	$272,239	$281,856
Gross Fixed Assets	$516,107	$538,838	$428,426	$444,812	$477,634
Accum. Depreciation-Amortization-Depltn.	$410,562	$436,764	$347,233	$360,412	$386,944
Net Fixed Assets	$105,523	$102,094	$81,181	$84,401	$90,694
Other Non-Current Assets	$63,423	$58,535	$55,158	$44,123	$47,503
Total Assets	$461,098	$440,924	$391,668	$400,763	$420,053
Accounts Payable	$64,554	$64,639	$60,278	$69,011	$76,114
Loans/Notes Payable	$26,144	$22,311	$21,659	$21,962	$22,893
Other Current Liabilities	$53,487	$54,498	$53,854	$57,109	$61,496
Total Current Liabilities	$144,185	$141,448	$135,791	$148,082	$160,503
Total Long Term Liabilities	$78,940	$78,749	$75,161	$75,424	$81,112
Total Liabilities	$223,125	$220,197	$210,952	$223,506	$241,615
Net Worth	$237,973	$220,727	$180,716	$177,257	$178,438
Total Liabilities & Net Worth	$461,098	$440,924	$391,668	$400,763	$420,053

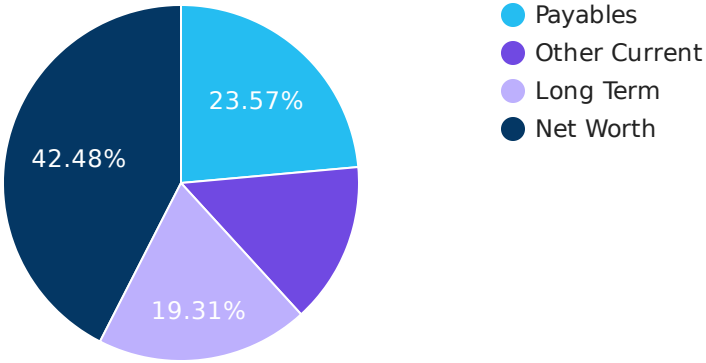
Copyright © 2023 Bizminer. All Rights Reserved.

Charts

Industry Assets 2022



Industry Liabilities 2022



Copyright © 2023 Bizminer. All Rights Reserved.

Balance Sheet Definitions

Cash: Money on hand in checking, savings or redeemable certificate accounts.

Receivables: A short-term asset (to be collected within one year) in the form of accounts or notes receivable, and usually representing a credit for a completed sale or loan.

Inventory: The stockpile of unsold products.

Current Assets: The sum of a firm's cash, accounts and notes receivable, inventory, prepaid expenses and marketable securities which can be converted to cash within a single operating cycle.

Fixed Assets: Long-term assets such as building and machinery, net of accumulated amortization-depreciation-depletion.

Total Assets: The sum of current assets and fixed assets such as plant and equipment. Note: Some legacy year asset line items are blended with the closest four-digit industry segment. In local Industry Financial report, some legacy year asset line item percentages are applied directly from US averages for this industry. Local percentages may differ. Other balance sheet percentages and all balance sheet dollar calculations are based on actual local data.

Accounts Payable: Invoices due to suppliers within the current business cycle.

Loans/Notes Payable: Loan amounts due to suppliers within the current business cycle.

Current Liabilities: Measurable debt owed within one year, including accounts, loans and notes payable, accrued liabilities and taxes due.

Total Liabilities: Current Liabilities plus Long Term Liabilities such as notes and mortgages due over more than one year.

Long Term Liabilities: which is due in more than one year, including the portion of loans and mortgages that become due after the current business cycle.

Total Liabilities: Current Liabilities plus Long Term Liabilities such as notes and mortgages due over more than one year.

Net Worth: Current assets plus fixed assets minus current and long-term liabilities.

Copyright © 2023 Bizminer. All Rights Reserved.

Source & Uses of Funds

CHANGE IN:	18-19	19-20	20-21	21-22
Cash & cash equivalents	1,648	3,416	-19,499	-9,976
Accounts Receivable	-4,189	-9,722	3,190	1,729
Inventory	-3,672	1,708	730	-300
Other Curr Assets	-108	-5,480	1,547	452
Net Fixed Assets	-6,293	-3,220	20,913	3,429
Other Non-Curr Assets	-3,380	11,035	3,377	4,888
Accounts Payable	7,103	8,733	-4,361	85
Loans/Notes Payable	931	303	-652	-3,833
Other current Liabilities	4,387	3,255	-644	1,011
Long-term debt	5,688	263	-3,588	-191
Net Worth	1,181	-3,459	-40,011	-17,246
Total Sources & Uses	0	0	0	0
Cash: Beginning Period	90,092	86,676	106,175	116,151
Cash: End Period	91,740	90,092	86,676	106,175
Change in Cash & Cash Equivalents	0	0	0	0

Copyright © 2023 Bizminer. All Rights Reserved.

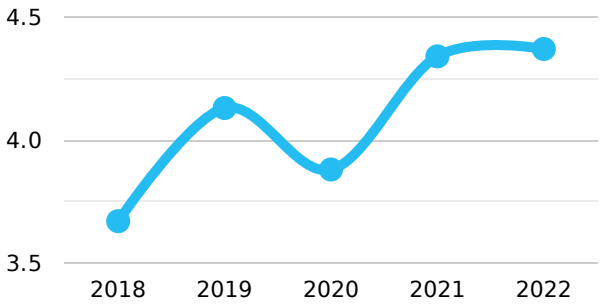
Financial Ratios

Cash flow-Solvency

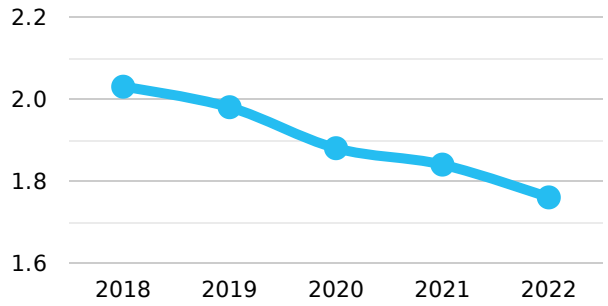
Cash Flow-Solvency	2018	2019	2020	2021	2022
Accounts Payable: Business Revenue	3.67	4.13	3.88	4.34	4.37
Current Ratio	2.03	1.98	1.88	1.84	1.76
Quick Ratio	1.71	1.66	1.56	1.52	1.44
Days Payable	23.46	27.22	28.04	31.07	31.38
Current Liabilities: Inventory	4.74	4.60	4.53	5.23	5.02
Net Working Capital: Business Revenue	0.08	0.09	0.08	0.08	0.07
Cost of Sales: Accounts Payable	15.56	13.41	13.02	11.75	11.63
Cost of Sales: Inventory	33.00	28.20	26.15	28.65	27.70

Copyright © 2023 Bizminer. All Rights Reserved.

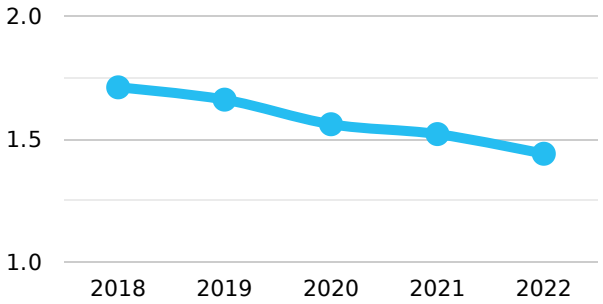
Accounts Payable: Business Revenue



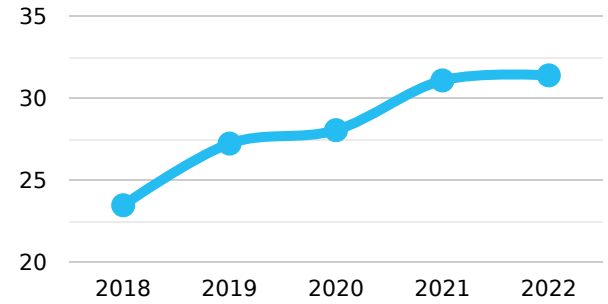
Current Ratio



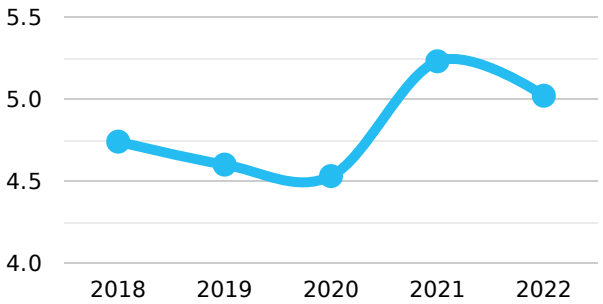
Quick Ratio



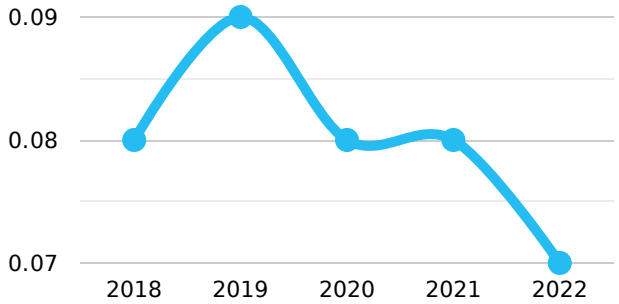
Days Payable



Current Liabilities: Inventory



Net Working Capital: Business Revenue



Copyright © 2023 Bizminer. All Rights Reserved.

Cash flow-Solvency Definitions

Accounts Payable: Business Revenue: Accounts Payable/Business Revenue: Measures the speed with which a company pays vendors. Ratios significantly higher than the industry average may indicate that suppliers are used to float operations. Very low ratios may indicate cash management issues.

Current Ratio: Current Assets/Current Liabilities: Measures current assets available to cover current liabilities, a test of near-term solvency. The Current Ratio indicates the extent to which cash on hand and disposable assets can pay off near term liabilities. Higher is better unless it constrains necessary investment.

Quick Ratio: Cash plus Accounts Receivable/Current Liabilities. A more stringent version of the Current Ratio, indicating liquid assets available to cover current debt. This is a harsher version of the Current Ratio. Higher is better unless it constrains necessary investment.

Days Payable: 365/(Cost of Sales/Accounts Payable ratio). Reflects the average number of days for each payable before payment is made. High ratios may indicate cash flow difficulties.

Current Liabilities: Inventory : Current Liabilities/Inventory. A high ratio relative to the industry average may indicate over-reliance on unsold goods to finance operations.

Net Working Capital: Business Revenue: Net Working Capital (Current Assets-Current Liabilities)/Business Revenue. Indicates if a company is maintaining a reasonable level of liquidity relative to its Business Revenue volume. Higher is generally better, but very high ratios may indicate an overly conservative reliance on liquid assets, while low ratios suggest the opposite.

Cost of Sales: Accounts Payable: Cost of Sales/Accounts Payable: Measures the number of times payables turn over in the course of the year. High measures may indicate cash flow concerns.

Cost of Sales: Inventory: Cost of Sales/Inventory: Reflects the number of times inventory is turned over during the course of the year. High levels can mean good liquidity or Business Revenue, or shortages requiring better management. Low levels may indicate poor cash flow or overstocking.

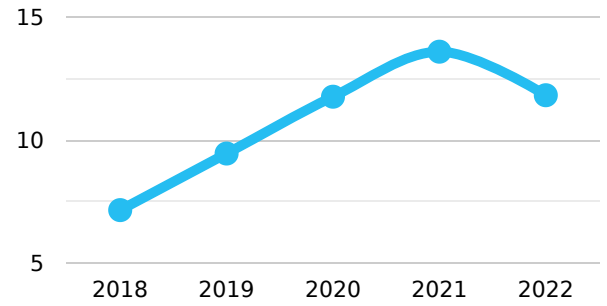
Copyright © 2023 Bizminer. All Rights Reserved.

Profitability

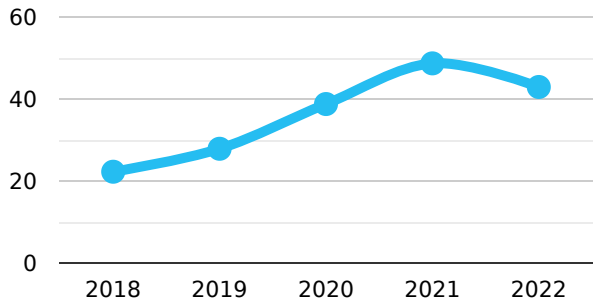
Profitability	2018	2019	2020	2021	2022
EBITDA: Business Revenue (%)	7.15	9.45	11.76	13.59	11.82
Pre-Tax Return On Assets (%)	22.26	27.86	38.77	48.69	42.93
Pre-Tax Return on Net Worth (%)	43.14	55.66	84.02	110.09	101.06
Pre-Tax Return on Business Revenue (%)	5.84	7.85	9.77	12.27	10.36
Discretionary Owner Earnings	14.32	17.37	20.32	22.44	20.66
After-Tax Return On Assets (%)	17.59	20.80	27.92	38.47	33.91
After-Tax Return On Net Worth (%)	34.08	41.54	60.52	86.97	79.84
After-Tax Return On Business Revenue (%)	4.61	5.86	7.04	9.69	8.18
Profit/Employee	11,678	16,414	20,835	27,027	25,875
Owner Earnings/Employee	28,632	36,323	43,334	49,426	51,597

Copyright © 2023 Bizminer. All Rights Reserved.

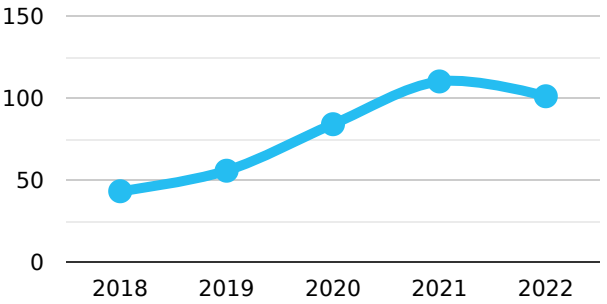
EBITDA: Business Revenue (%)



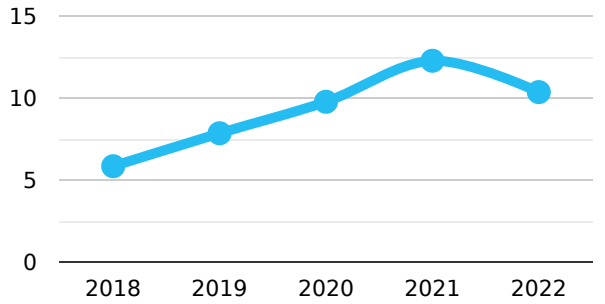
Pre-Tax Return On Assets (%)



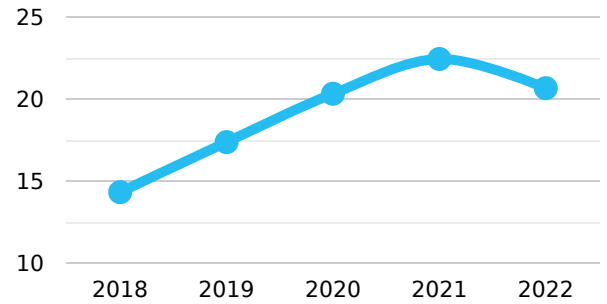
Pre-Tax Return on Net Worth (%)



Pre-Tax Return on Business Revenue (%)



Discretionary Owner Earnings



Copyright © 2023 Bizminer. All Rights Reserved.

Profitability Definitions

EBITDA: Business Revenue (%): (Earnings Before Interest, Income Taxes Due, Depreciation and Amortization)/Business Revenue. A metric designed to eliminate the effect of finance and accounting decisions when comparing companies and industry benchmarks. Tax credits and deferral procedures, non-cash expenditures (Amortization and Depreciation) and interest expenditures are not deducted from the profit equation.

Pre-Tax Return On Assets (%): Pre-Tax Net Profit/Total Assets. A critical indicator of profitability. Companies which use their assets efficiently tend to show a ratio higher than the industry norm. This ratio can be used as a predictor of the company's ability to withstand changes in prices or market conditions. The ratio may appear higher for small businesses due to owner compensation draws accounted as net profit.

Pre-Tax Return on Net Worth (%): Pre-Tax Net Profit/Net Worth. This ratio measures return relative to investment and how well a company leverages the investment in it. May appear higher for small businesses due to owner compensation draws accounted as net profit.

Pre-Tax Return on Business Revenue (%): Pre-Tax Net Profit/Business Revenue. Indicates the level of profit from each dollar of Business Revenue. This ratio can be used as a predictor of the company's ability to withstand changes in prices or market conditions. May appear higher for small businesses due to owner compensation draws accounted as net profit.

Discretionary Owner Earnings: (Officer Compensation+Depreciation+Pre-Tax Net Profit)/Business Revenue. This ratio measures the in-pocket return to owner(s) of privately held companies. Most useful for small company measurement and rule-of-thumb valuation.

After-Tax Return On Assets (%): After-Tax Net Profit/Total Assets. A critical indicator of profitability. Companies which use their assets efficiently tend to show a ratio higher than the industry norm. This ratio can be used as a predictor of the company's ability to withstand changes in prices or market conditions. The ratio may appear higher for small businesses due to owner compensation draws accounted as net profit.

After-Tax Return On Net Worth (%): After-Tax Net Profit/Net Worth. This ratio measures return relative to investment and how well a company leverages the investment in it. May appear higher for small businesses due to owner compensation draws accounted as net profit.

After-Tax Return On Business Revenue (%): After-Tax Net Profit/Business Revenue. Indicates the level of profit from each dollar of Business Revenue. This ratio can be used as a predictor of the company's ability to withstand changes in prices or market conditions. May appear higher for small businesses due to owner compensation draws accounted as net profit.

Profit/Employee: Pre-Tax Net Profit/Full-time Employees

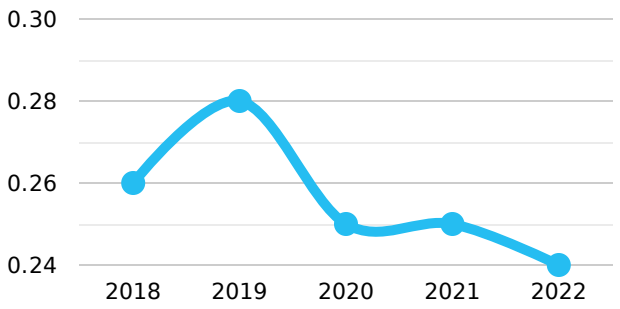
Owner Earnings/Employee: Discretionary Owner Earnings (Officers' Compensation+Depreciation+Pre-Tax Net Profit)/Full-time Employees

Copyright © 2023 Bizminer. All Rights Reserved.

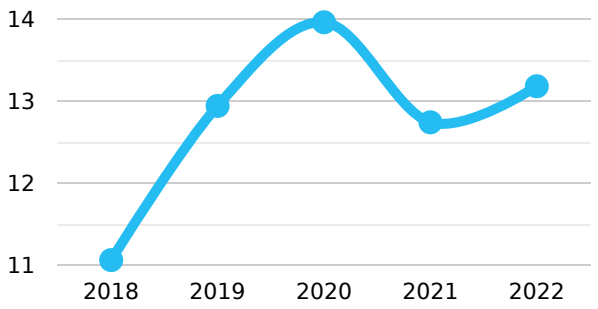
Efficiency

Efficiency	2018	2019	2020	2021	2022
Assets: Business Revenue	0.26	0.28	0.25	0.25	0.24
Days Inventory	11.06	12.94	13.96	12.74	13.18
Days Receivables	27.04	29.96	29.42	30.99	29.19
Current Asset Turnover	6.02	5.58	6.09	5.84	6.17
Fixed Asset Turnover (Business Revenue/Fixed Assets)	16.65	15.33	19.15	18.84	19.19
Gross Margin: Business Revenue	42.85	44.63	49.52	49.02	49.13
Sales Per Employee	199,922	209,133	213,264	220,249	249,731
Inventory Turnover	57.75	50.94	51.80	56.21	54.45
Receivables Turnover	13.50	12.18	12.40	11.78	12.50
Total Asset Turnover	3.81	3.55	3.97	3.97	4.14
Working Capital Turnover	11.88	11.27	13.00	12.81	14.34
Days Working Capital	30.73	32.37	28.07	28.50	25.45
Cash Turnover	15.13	14.74	17.93	17.65	18.97
Efficiency Index	3.03	3.36	3.43	3.42	3.64

Assets: Business Revenue

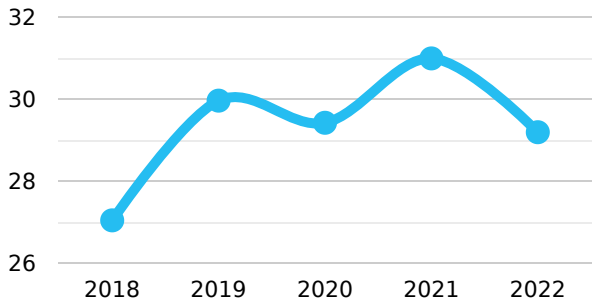


Days Inventory

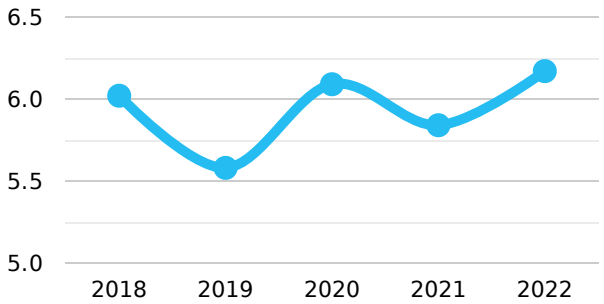


Copyright © 2023 Bizminer. All Rights Reserved.

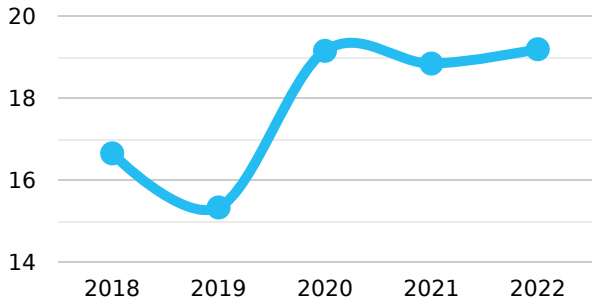
Days Receivables



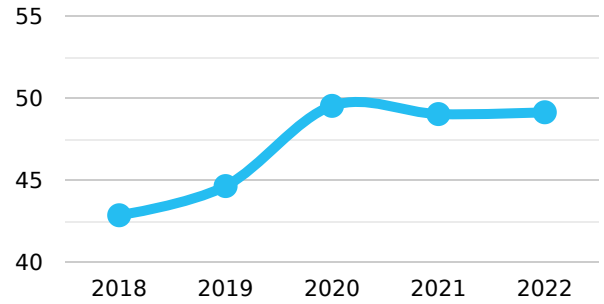
Current Asset Turnover



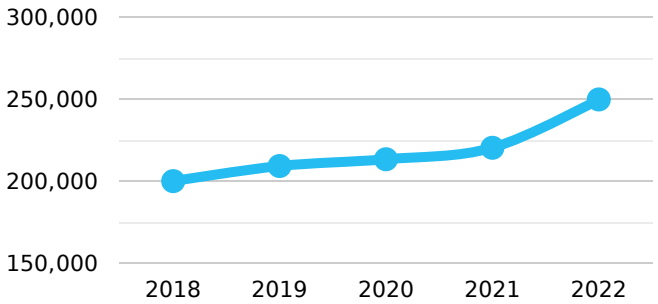
Fixed Asset Turnover (Business Revenue/Fixed Assets)



Gross Margin: Business Revenue



Sales Per Employee



Copyright © 2023 Bizminer. All Rights Reserved.

Efficiency Definitions

Assets: Business Revenue: Total Assets/business Revenue. Indicates whether a company is handling a reasonable volume of business revenue in relation to investment. High ratios realative to industry norms might indicate overly conservative slaes efforts or lagging sales management. Low ratios may indicate lagging investment in business resources.

Days Inventory: 365/(Cost of Sales/Inventory) Reflects the number of times inventory is turned over during the course of the year. High levels can mean shortages in the ability to deliver on a timely basis. Low levels may be a sign of poor cash flow or overstocking.

Days Receivables: 365/(Business Revenue/Receivables). Reflects the number of days that receivables are outstanding. Higher than average ratios may indicate a problem in the collection process. Target average or lower.

Current Asset Turnover: Business Revenue/Current Assets. An indicator of the effeciency of short-term asset use. In general, higher is better.

Fixed Asset Turnover: Business Revenue/Fixed Assets. An indicator of the efficiency of investment in fixed assets such as plant and equipment as a sales generator. Higher (but non-extreme) ratios indicate more efficiency while lower ratios suggest over-investment in fixed assets.

Gross Margin: Business Revenue: Gross Margin/Business Revenue. This is the profit ratio before discrestionary expenses which could be adjusted to increase the Net Profit margin. It also suggests whether the costs of product or service delivery are in line with industry norms.

Sales Per Employee: Business Revenue/FTE Employees. A basic efficiency measure developed outside the formal financial statement, often reflecting relative value-added. Higher is usually better.

Inventory Turnover: Business Revenue/Inventory. Ratios below the industry norm suggest high levels of inventory. High ratios could indicate product levels insufficient to satisfy demand in a timely manner. Target: at or slightly above industry level.

Receivables Turnover: Business Revenue/Receivables. An indicator of how efficiently invoiced sales are collected. Target at or slightly above industry level.

Total Asset Turnover: Business Revenue/Total Assets. Target at or slightly above industry level.

Working Capital Turnover: Business Revenue/Net Working Capital (current assets minus current liabilities).Ratios higher than industry norms may indicate a strain on availible liquid assets, while low ratios may suggest too much liquidity. Target: at or above industry level.

Days Working Capital: 365/(Working Capital Turnover). Expresses the coverage in number of days availible working capital.

Cash Turnover: Business Revenue/Cash. Indicates efficiency in the use of cash to develop business Revenue. A more stringent ratio than Working Capital Turnover. Target at or slightly below industry level.

Efficiency Index: Sales per Employee/Average annual employee wage.

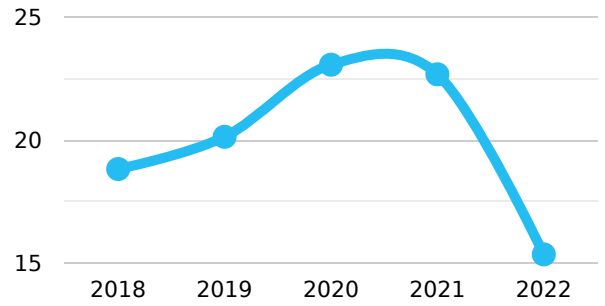
Copyright © 2023 Bizminer. All Rights Reserved.

Debt-Risk

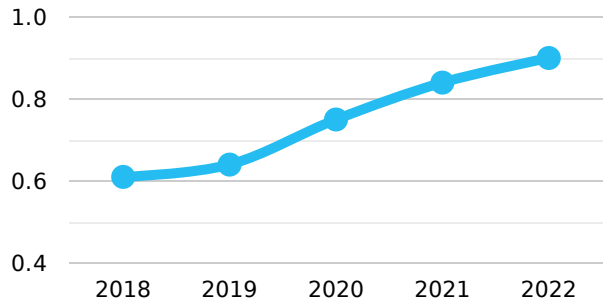
Debt-Risk	2018	2019	2020	2021	2022
Interest Coverage	18.82	20.13	23.06	22.67	15.35
Current Liabilities: Net Worth	0.61	0.64	0.75	0.84	0.90
Long-Term Liabilities: Net Worth	0.33	0.36	0.42	0.43	0.45
Loans-Notes Payable/Net Worth	0.11	0.10	0.12	0.12	0.13
Modified Z-Score	6.50	7.01	8.17	8.78	8.10
Total Liabilities: Net Worth	0.94	1.00	1.17	1.26	1.35
Fixed Assets: Net Worth	0.44	0.46	0.45	0.48	0.51

Copyright © 2023 Bizminer. All Rights Reserved.

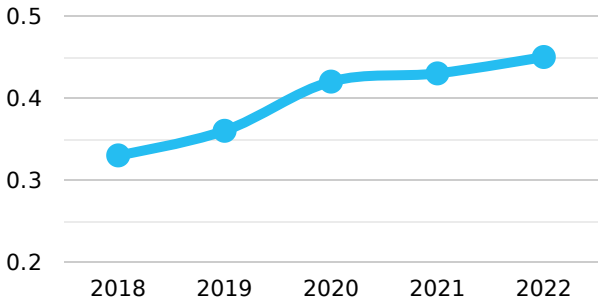
Interest Coverage



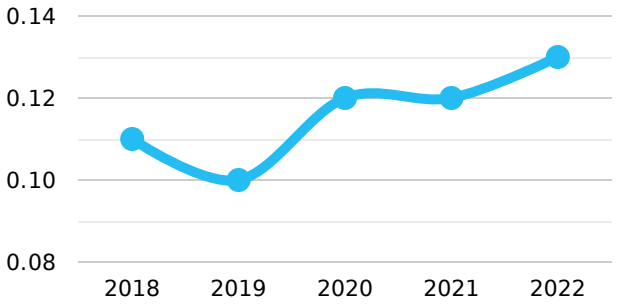
Current Liabilities: Net Worth



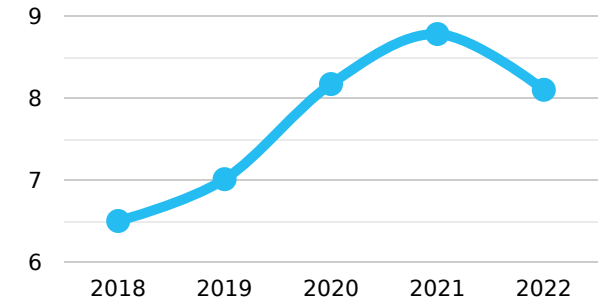
Long-Term Liabilities: Net Worth



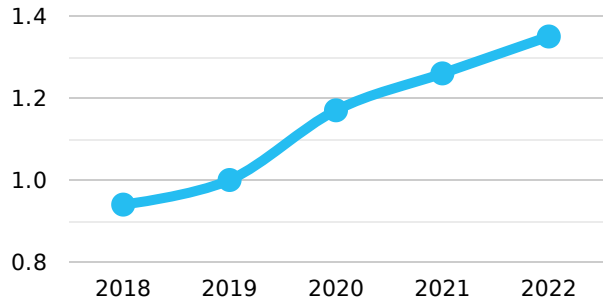
Loans-Notes Payable/Net Worth



Modified Z-Score



Total Liabilities: Net Worth



Copyright © 2023 Bizminer. All Rights Reserved.

Debt-Risk Definitions

Interest Coverage: [Earnings before Interest, Income Taxes due, Depreciation-Amortization]/Interest expense. Assesses financial stability by examining whether a company is profitable enough to pay interest expense. A ratio > 1.00 is desirable.

Current Liabilities: Net Worth : Reflects a level of capability to satisfy short-term debt. The larger the ratio relative to industry norms, the higher the risk and the less security there is for creditors.

Long-Term Liabilities: Net Worth : A measure of debt coverage. Indicates the business capability to satisfy long term debt. The larger the ratio relative to industry norms, the higher the risk.

Loans-Notes Payable/Net Worth : The loans plus notes payable portion of current liabilitie, a measure of short-term debt coverage. In general, lower is better.

Modified Z-Score: A modified form of the Altman Z-Score which evaluates default risk. The modified Z-Score substitutes Discretionary Owener Earnings for Net Profit and Net Worth for Retained Earnings to better capture small businuess operations. In all caswes higher(at or above industry level) is desired. Modified Z-Score calculations for this industry are: ([Operating Income/Total Assets]*6.72) + ([Net Worth/Total Liabilites]*1.05) + ([Working Capital/Total Assets]*6.5) + ([Discretionary Owner Earnings/Total Assets]*3.26)

Total Liabilities: Net Worth: This ratio helps to clarify the total risk impact of debt. Total liability levels should be comfortably less than Net Worth except in special circumstances. The most advantageous ratios are around or somewhat below industry norms, balancing current and long term liability values.

Fixed Assets: Net Worth: Unusually high ratios relative to the industry suggest the possibility of either low working capital or high levels of debt or both.

Copyright © 2023 Bizminer. All Rights Reserved.

Valuation Multiples

DEC-07-2023

About Valuation Multiples

Business Value Insight Terms: The Bizminer Valuations Value basis is derived from projected company sales; peer group average earnings %; and industry valuation multiples. Median ranges reflect a range of market conditions and business performance at this revenue scale.

You should not use Bizminer Valuations in place of a professional valuation or as the basis of any specific business-related or other financial transaction; nor to secure a business or personal loan.

Owner Earnings (Cash Flow) Approach: Revenue/Owner Earnings market valuation approach

Sales Approach: Revenue/Annual Sales market value approach

Note: Median is the point at which 50% of a sample is above and 50% of the same below the value. Quartile 1 lies at the mid-point between the median and the lowest value; Quartile 3 between the median and the highest value.

Multiples Definitions:
Our multiples are derived from the Dealstats database of more than 30,000 historical business sale transactions. Bizminer cleans and filters the database for locations and anomalies, and applies standard outlier protocols and exclusion calculations to the raw data to determine median and quartile values at the NAICS-4-5-6 levels.
The Earning Multiple calculation is:
Sale Price / Discretionary Owner Earnings
where:
Discretionary Owner Earnings = Operating Profit + Owner's Compensation + Depreciation/Amortization)

Sale Price is the total consideration paid to the seller and includes any cash, notes, and/or securities that were used as a form of payment plus any interest-bearing liabilities the buyer assumed. The Sale Price includes the non-compete value and the assumption of interest-bearing liabilities and excludes: (1) the real estate value; (2) any earn-outs (because they have not yet been earned and they may not be earned); and (3) the employment/consulting agreement values.

Asset Sale Note: In an Asset Sale, the assumption is that all or substantially all operating assets are transferred in the sale. In an Asset Sale, the Sale Price may or may not include all current assets, non-current assets, and current liabilities (liabilities are typically not transferred in an asset sale).

Selling Price: The selling price is the total consideration paid to the seller and includes any cash, notes, and/or securities that were used as a form of payment plus any interest-bearing liabilities the buyer assumed. The selling price includes the non-compete value and the assumption of interest-bearing liabilities and excludes the real estate value; any earn-outs; and the employment/consulting agreement values. In an Asset Sale, the assumption is that all or substantially all operating assets are transferred in the sale.

Bizminer Valuation Multiples Limitations
You should not use Bizminer Valuation Multiples or the Toolkit in place of a valuation. Bizminer does not suggest using Valuation Multiples or the Toolkit as the basis of any specific business-related or other financial transaction. You should not attempt to use a Valuation Multiples or other Toolkit elements to secure a business or personal loan. Our data sources may be incomplete or incorrect; nor have we physically researched or inspected many important details necessary to the valuation of a specific enterprise. Neither the Valuation Multiples nor other Toolkit tools consider the market environment details nor the idiosyncrasies of a firm's performance that can influence the actual value or selling price.

Copyright © 2023 Bizminer. All Rights Reserved.

Multiple values are presented at the most detailed available industry level. In some cases, detailed NAICS or sales group transaction records do not include the minimum number of transactions required for our multiples calculations. In those cases, we may display multiples which reflect values of the directly related NAICS parent industry or

Valuation Multiples (continued)

DEC-07-2023

Sales Group: < $2.5m

	SALES MULTIPLES	EARNINGS MULTIPLES
Q1	0.29	1.56
Median	0.40	2.18
Q3	0.53	2.84

Sales Group: $2.5m - $24.9m

	SALES MULTIPLES	EARNINGS MULTIPLES
Q1	0.31	2.47
Median	0.46	2.98
Q3	0.60	3.78

Sales Group: > $25m

	SALES MULTIPLES	EARNINGS MULTIPLES
Q1	0.29	2.05
Median	0.43	2.08
Q3	0.61	2.94

Sales Group: All

	SALES MULTIPLES	EARNINGS MULTIPLES
Q1	0.29	1.70
Median	0.41	2.44
Q3	0.55	3.12