

Deriving the Highest Return from the Sale of Your Dealership



POSITIONING FOR A SUCCESSFUL EXIT

The Seller's Challenge

Selling a business can be a challenge -- its' a significant financial decision that often involves an emotional life-stage change that impacts your family, employees, and customers. One of the most critical aspects of this transition involves maintaining confidentiality, which on the surface seems to be in direct conflict with the goal of finding a suitable buyer.

Real World Market Insight

The 21st century selling process has changed and there are more buyers in the market than ever. Strategic acquirers, individual buyers, private equity, family offices, and fundless sponsors ... the diversity of potential buyers is downright overwhelming. With the advent of technology, these buyers are now equipped with more information than ever, including access to employees and vendors, valuation comparables, information market dynamics, and alternative acquisition opportunities.

What can a seller do to level the playing field?

The short answer is to properly prepare for the sale by partnering with an experienced, trusted advisor who can navigate through the complexities of the valuation, marketing, and selling process with a customized, end-to-end personalized plan to attract the RIGHT buyer, with attractive terms that meet your goals, on your prescribed timelines. In fact, all of this market change has created an excellent landscape for sellers.

Change and challenge (for example, Covid-19) breed opportunity, and when it comes to selling your business there are still some very powerful market dynamics in your favor:

1. Buyers are active and plentiful
2. Banks have capital to lend and are aggressively positioned
3. Interest rates are at historical lows which improves affordability

Ready to Serve!

I work differently than other brokers ... I spend time in your business, study the financials, identify the hidden value intangibles, develop a compelling proposition, consult with industry experts, design professional materials, arrange buyer financing, qualify buyers, formulate offers and assist the buyer throughout the due diligence phase and onto a successful close. I sweat the details.

I'm client-centric and will begin with understanding your goals, move to developing an aligned strategy, and follow up with a confidential, high integrity execution of our unique, differentiated, and compelling go-to-market proposition that will achieve your objectives.

Thank you for your time, interest, and the opportunity to partner with you in 2020.



Where We Start – Your Business Story



History

- Founding Date
- Mission
- Core Values
- Success Factors



Ownership

- Business Structure
- Owners & Partners
- Operating Performance
- Key Partners



Management

- Organization Structure
- Key Employees
- Compensation Plans
- CRM / BDC



Market

- Competition
- Market Size
- Growth Options
- Demographics



Real Estate

- Own or Lease
- Rent Factor
- Financing Options
- Image / Location



Community

- Recognition/Reviews
- Community Image
- Social Presence
- Owner Loyalty

Where We Finish – Your Goals



Transition Topics

- Reasons For Selling
- Post-Sale Engagement Level
- Non-Compete Parameters
- Timeline for the Sale
- Real Estate Plan
- Tax Planning
- Deal Team
 - Spouse
 - CPA
 - Lawyer
 - Banker/Lender
 - Other Advisors

What Makes a Dealership Valuable?



- Cash Flow
- Strong Management Team



- Clean Financials
- Loyal Customer Base



- Steady Growth Curve
- Market Longevity/Tenure



- Brand Name Recognition / Equity
- Customer Engagement and Contact Lists



- Diversified Revenue Streams
- Image Compliant Facility and Location

Preparing for the Sale



- Create an Exit Strategy – Start Early/Set Timeline
- Prepare Financial Information – Consider Audited Statements



- Identify "Add-Backs" and Potential Issues
- Assess and Bolster the Team – Management Strength is Key to an Effective Sale



- Business Housekeeping
 - Shed Non-Operating Assets



- Analyze Working Capital



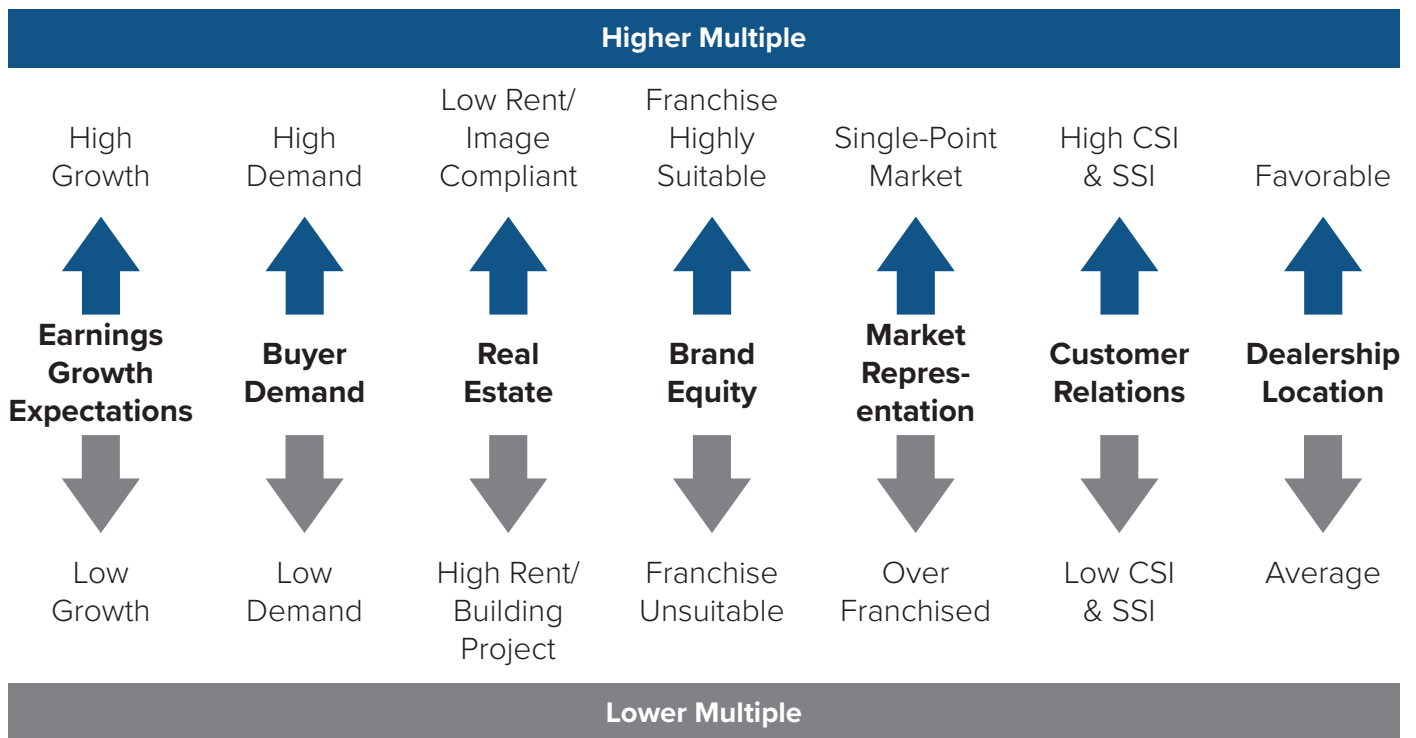
- Corporate Housekeeping
 - Organize Corporate Records
 - Review Corporate Structure, Policies, Employee and Regulatory Issues

Valuing the Dealership

Key Components:

- Goodwill/Blue Sky: Multiple of the Weighted Average Adjusted Annual Cash Flow
- Parts Inventory
- Furniture, Fixtures and Equipment
- Real Estate

Factors Impacting Blue Sky Multiple



Other Factors

- Under Performance
- Metro vs. Rural Markets
- Low Tax/Real Estate Geography

Challenges Dealers Encounter when Trying to Sell their Own Business

Before the Sale

- Valuing the Business
- Developing the Marketing Campaign
- Preparing Marketing Materials
- Remaining Objective

During the Sale

- Finding High-Exposure Listing Venues
- Broad Network of Brokers & Buyers
- Qualifying & Filtering Prospects
- Negotiation with Buyers

Before the Close

- OEM Approval
- Structuring the Transaction
- Exploring Buyer Financing Options
- Managing Due Diligence Process
- Reviewing Closing Statements

Business Broker Key Enablers

- Maintains Confidentiality
- Keeps Deal on Schedule
- Allows You to Run Your Business (While Selling It)
- Reduces Stress & Worry

Buyer Hot Buttons



- Cash Flow – Earnings
- Verifiable Financial Records



- Loyal Customer Base
- Growth Potential



- Non-Compete Covenant
- Transition Plans



- Market Based Price



- Financing Package – Lender or Seller
- Image Compliant Facility



- Reasonable Lease Terms/Rent Factor
- Acceptable Salary/ROI

Why Use a Business Intermediary?



- Trusted Advisor/Advocate
- Skilled Facilitator



- Knowledgeable Market Professional
- Extensive Network Background



- Discerning Prospect Qualifier
- Excellent Negotiating Skills



- Experienced At Making Deals Happen
- Enabler to a Successful Transaction and Close

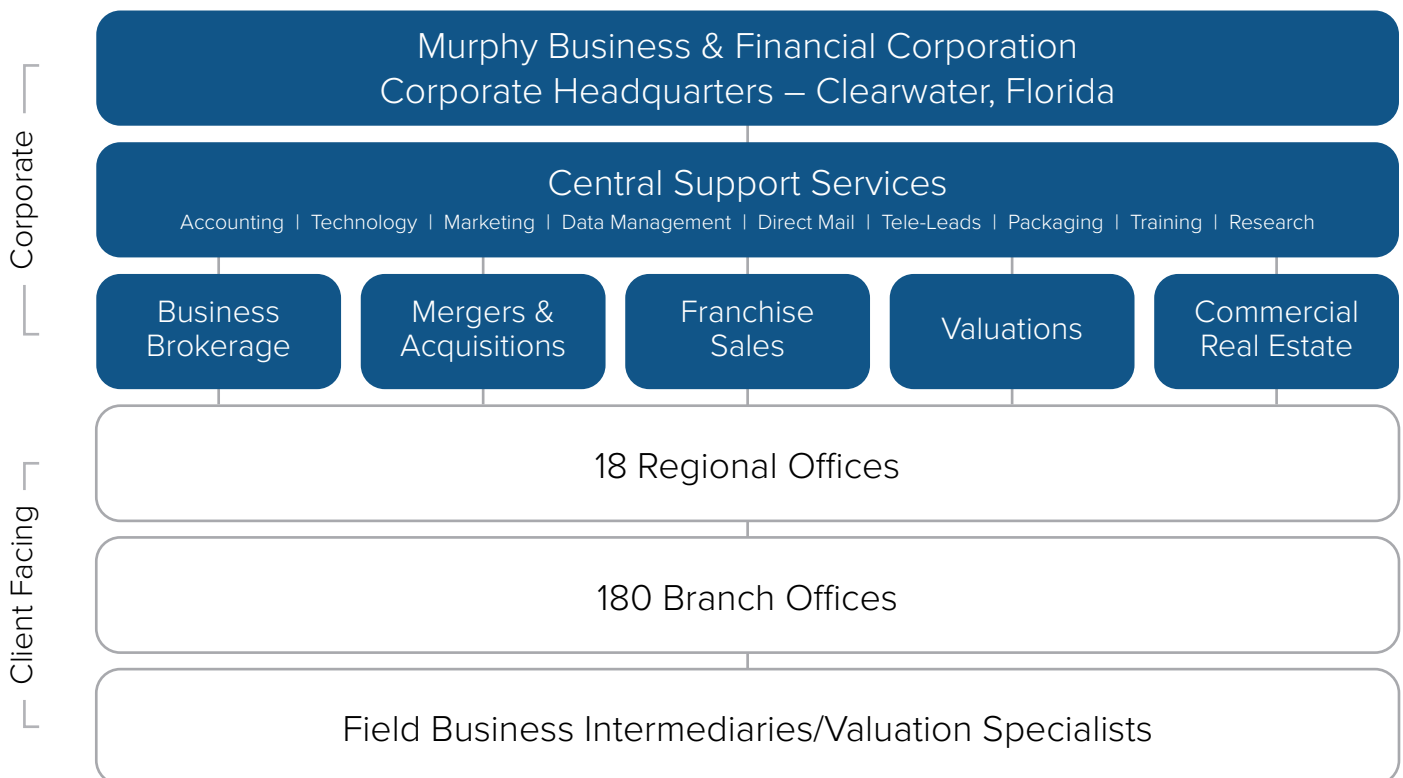


- Maintaining Confidentiality is a Key Consideration
- Expert at Factory Approval Process

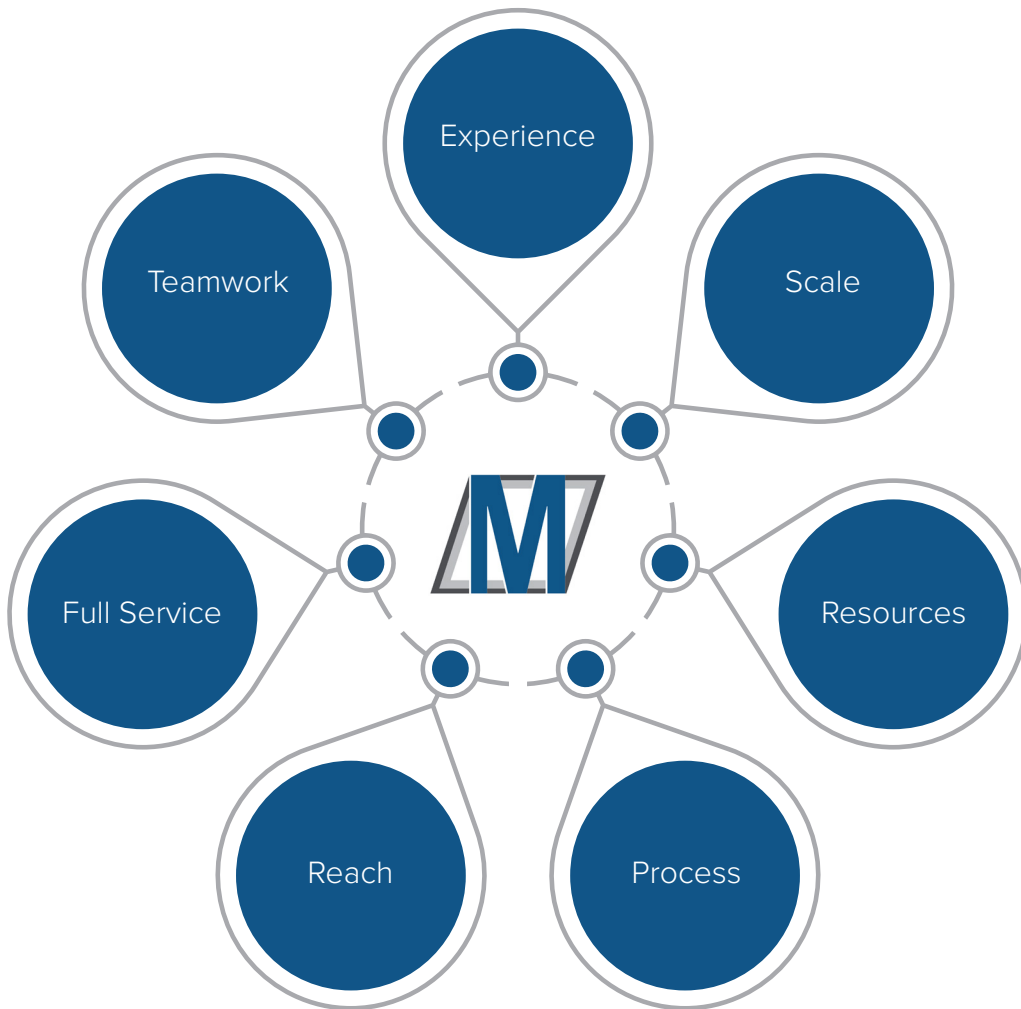
Murphy Business and Financial Corporation

- Founded in 1994 in Clearwater, Florida
- One of the Largest and Most Successful Business Brokerage Companies
- Full Complement of Business Services:
 - Business Valuations
 - Buy-Sell Consulting
 - Exit Strategies / Succession Planning
 - Franchises
 - Commercial Real Estate

Structure and Resources



The Murphy Value Proposition



The Murphy Process

The Selling Process



The Buying Process



Sweating the Details



Listing Process Milestones

- 1.** Seller Provides Background Documents
 - Current YTD/Past 3 Years Financial Statements
 - Current Balance Sheet
 - Parts Inventory and Equipment List
- 2.** Broker Conducts Opinion of Value (BOV)
- 3.** Refine BOV with Client “Add-Back” Input (Re-Cast Financials)
Optional Valuation Products:
 - Calculation of Value Report,
 - Business Valuation Report (BVR)
 - Business Appraisal Report
- 4.** Alignment on Final Pricing, Transition Plan, Non-Compete Parameters
- 5.** Sign Listing Agreement
- 6.** Broker – Seller Business/Market Visit
 - In-Person Interview
 - Competitive Assessment / “Why Buys”
 - Team Review and Facility Plan
- 7.** Prepare Marketing Materials & Campaign Elements
- 8.** Lender Pre-Qualification – Develop Loan Term Sheets
- 9.** Listing Material Sign-Off By Client
- 10.** Listing Placement/Marketing Kick-Off
- 11.** Prospect Pre-Screening/Qualification
- 12.** Buyer – Seller Meeting (when requested)
- 13.** Purchase Agreement Preparation (Broker assists Buyer)
- 14.** Offer Presentation/Negotiation
- 15.** Buy-Sell Acceptance → Submit for OEM Approval(s)
- 16.** Due Diligence and Deal Structure
- 17.** Closing
- 18.** Business Transition

Hal S. Feder, Jr.

After 3 decades as a global leader with the Ford Motor Company, as well as serving as the President of RMA Automotive, a privately-held portfolio of retail automotive distributorships in Asian and African emerging markets, my aim is to leverage my experience working as your trusted advocate -- whether you are selling your store, investing in a new store, or need counsel getting the most out of your hard-earned investment.

Hal Feder grew up in the auto business as the son of a Ford District Manager, earned his Bachelor of Science in Business Administration and Masters of Business degrees at the University of Kansas and Florida respectively, and then set out on a very successful Ford career himself. Hal's sales and marketing background placed him in many dealer-facing positions both in the USA and abroad working directly with independent, entrepreneurial business owners in every functional discipline – sales, service, distribution, marketing and business development.

Hal served in Ford's Regional teams in the Louisville, Atlanta, Orlando, and Memphis field offices and was responsible for managing million dollar buy-sell transactions involving the ownership transfer of Ford and Lincoln franchises. Hal has consulted thousands of business owners across the USA and was named General Sales Manager in January 2010. Hal also served as President and CEO of Ford's South African operation (2007-2009), managed Ford's North American Fleet business (2003-2004), and led the Global Export business (2012-2013), overseeing 84 emerging markets.

Hal left Ford in May 2013 to pursue the retail side of the business and was appointed President of RMA Automotive, a privately held, family owned portfolio of retail distributorships. From 2013-2015, Hal oversaw all product development, manufacturing, marketing, sales, and service operations for an automotive business whose footprint spanned 20 countries and 5,000 employees. Headquartered in Bangkok, Thailand, Hal was responsible for the development, execution, and delivery of the automotive growth plan, including in-market retail dealerships in Thailand, Cambodia, Myanmar, Laos, Kenya, Afghanistan, and Kazakhstan representing eight automotive brands. In addition, Hal was responsible for oversight of 62 global markets for the Jaguar Land Rover brands through RMA's subsidiary company, Guava, located in the United Kingdom.

Hal brings a wealth of global experience, leadership, and consulting skills to any business partnership. His experience in both the wholesale and retail sectors of the automotive business enterprise, his consulting experience covering small and large dealers, and his proven leadership for delivering business results makes him an ideal candidate to assist you with any challenge you may be facing. In addition, Hal is a licensed commercial agent should your business interests involve the transfer of real property. Hal is married, has three grown kids, and resides in Williamsburg, Virginia where he enjoys his family, dogs, sports, and travel.



Why Choose Hal as your Automotive Business Partner?



Global Automotive Experience – over 3 decades of both factory and dealer know-how; understands brands, products, pricing, customers, and distribution on a global landscape.



Dealer Advocate – has always valued the important role of the dealer and worked to deliver effective solutions.



Extensive Industry Network – has a built-in automotive prospecting network of dealers, factory colleagues and industry experts..



Hands-On Operational Knowledge – knows the inner-workings of the dealership financials, how the dealer creates value and how to convey that value to prospects.



Lender Network – has access to a variety of lending sources who can initiate business loans, create working capital credit lines, and fund used vehicle floor plans to finance the venture.



Confidential, Trustworthy and High Integrity – in every engagement, protects your data, reputation, and wealth ... never compromises you or your business interests.



Easy to Do Business With – will listen to understand your goals and work hard to deliver the results.



Success Based Pricing – never charges a buyer fee, retainer reimbursed at closing and will co-broke with reputable business brokers which translates to great value for your money.



Factory Approval Expert – knows the factory approval process and can qualify and package prospects to meet and exceed OEM approval criteria.



Deal Team – will assemble a “selling team” that will work with your CPA/Attorney to deliver higher proceeds from your sale (for example, deferred sales trusts to manage tax liability).



Murphy World-Class Resources, Processes, and Tools – over 200 national broker agents, utilizing top business transactional web-sites, with unmatched marketing reach/impact.



Customized 24/7 Service – personally delivered, never out-sourced, accessible service from the first engagement and thereafter.