

Acquisition Opportunity

Premier Floor Coverings Company
US Upper Midwest

Premier Floor Coverings Company With Unique Business Model

Ideal for expanding into this lucrative geographic market or perfect synergistic fit for building suppliers looking to sell product into new markets on a recurring basis.

Company functions as a builder's selection service for building product options for new homes

Est. 2003 Sales: **\$9,300,000**

EBIT: **\$865,000**

Business Description

Located in the Upper Midwest, the Company is a floor coverings company with a unique model allowing homebuyers a complete interior and exterior selection experience. Partnered with large regional builders, the Company provides a selection service allowing the homebuyer to complete optional building feature selection including the floor coverings. The Company "passes through" the other selections back to the builder for vendor ordering and sells and installs the floor coverings. This value added single ticket selection service assures continued relationships with the builders and future sales.

Revenue is derived from carpet, sheet vinyl sales, ceramic tile and wood flooring sales. Approximately 35% of revenues are derived from installation services. Materials are purchased on a project-by-project basis from leading manufacturers such as Mohawk Industries, Shaw Industries and Dal-Tile. Operating from two facilities totaling 25,000 square feet, the Company employs 47 non-union employees and is well known for its dependable base of quality installers.

The Company has carved out a lucrative and protected niche within the market through its focus on regional custom homebuilders and unique service model. The business model can continue in its current form or other building products can be sold through similar to floor coverings.

For more further information regarding **Client #138436** please contact:

eMerge M&A

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Investment Highlights

- The Company's highly regarded reputation with homebuilders combined with its accommodating homebuyer selection process has allowed for a defensible competitive advantage within its region. In fact opportunity exists to cross sell other building supplies and products through this lucrative venue.
- Our client has established two locations that both have showrooms and warehouses. Management indicates the current facilities can support revenues of \$18 million. There is no retail sales operation at present.
- Favorable building trends within the Company's geographic region will provide stable future cash flows and excellent opportunities for explosive growth.

Financial Highlights

Pro Forma Income Statement Summary for the Years ending December 31 (\$000)

	--- Historical ---			--- Pro Forma ---		
	2000	2001	2002	2003	2004	2005
Revenue	7,498	8,560	8,373	9,300	10,000	10,500
Gross Profit	2,479	2,915	2,869	3,181	3,420	3,591
% of Sales	33.1%	34.1%	34.3%	34.2%	34.2%	34.2%
EBIT ^(a)	626	729	711	865	955	1,027
% of Sales	8.4%	8.6%	8.6%	9.3%	9.6%	9.8%

(A) Earnings before interest and taxes

Recast Balance Sheet Summary December 31, 2002 (\$000)

Current Assets	1,503	Current Liabilities	373
Fixed Assets	100	Long Term Liabilities	0
Other Assets	12	Stockholders' Equity	1,242
Total Assets	1,615	Total Assets and Liabilities	1,615

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