

ACQUISITION OPPORTUNITY

Manufacturer of Coal Mining Parts and Components



Providence Group is sponsoring the acquisition of a manufacturer of parts and components for the coal mining industry. The Company is located in “coal mining country” in the Appalachian Mountains. The customer base developed over its 25 year operating history consists primarily of over 50 full service industrial suppliers to coal mining, tunneling and related businesses. The Company operates out of a 31,250 sq. ft. facility on 13 acres of land, with a team of about 10 non-union employees. The Company and related real estate is for sale because the Owner is in his 60’s and wants to retire.

Over the last 3 years the Company has averaged \$3,000,000 in annual sales, with EBITDA in the range of \$1,000,000 per year. The Company and the real estate are debt-free.

<i>*thousands</i>	2008A	2009A	2010A	2011E	2012P	2013P	2014P
Revenues	\$3,577.96	\$2,659.32	\$2,872.77	\$3,182.70	\$3,341.80	\$3,676.00	\$4,227.40
EBITDA	\$1,078.69	\$980.84	\$1,144.17	\$1,002.50	\$985.80	\$1,084.40	\$1,247.10
Margin	30.15%	36.88%	39.83%	31.50%	29.50%	29.50%	29.50%

**Optimistic Scenario (Double sales 5-7 years)*

The Company’s purchase price is \$3,400,000 including the Real Estate (a 2.8x multiple). A down payment of \$500,000 shall be paid at closing, of which Providence Group expects to contribute \$150,000. The Seller will hold a promissory note for \$2,900,000 over 5 years at 8% interest, with payments of \$30,000 per month. The Owner will sign a non-compete agreement and will remain during the transition period, and as a part-time consultant thereafter.

Providence Group believes that the acquisition of the Company represents a significant wealth creation opportunity. The Company has zero marketing efforts, no sales team or branding, and it does not visit nor call on customers. Providence Group has developed a business plan to build the Company into a regional “niche” player with \$10,000,000 in sales over 5 to 7 years. Providence Group believes it can sell the Company at the end of the Investment Term for a 4x earnings multiple.

The Offering: Providence Group is offering 50 non-dilutable, cumulative, non-voting Preferred Shares at \$10,000 each. The Preferred Shares shall be entitled to receive a 12% preferred dividend payable quarterly for 5 years, with a return of the original capital contribution at the end of 5 years. Thereafter, investors shall be entitled to receive a *pro rata* share of a 20% profit sharing distribution for the remainder of the Investment Term.

Projected Investor Returns	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Preferred Dividend Cash Flows:	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200		\$6,000
Capital Contribution Distribution:					\$10,000		\$10,000
Profit Sharing Distribution:						\$5,480	\$5,480
Exit Company at End Of Yr 6 @ 4x Earnings (Incl. Real Estate):						\$26,410	\$26,410
						Total Cash:	\$47,900
						Annualized Rate of Return:	29.83%
						IRR:	35.45%
						Multiple of Capital Invested:	4.8

**Optimistic Scenario (Double Sales)*

Interested investors should contact Nick Sanders at 516-822-9100

THIS INVESTMENT IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. AN INVESTOR COULD LOSE ALL OR PART OF THEIR INVESTMENT. OFFERING BY PROSPECTUS ONLY.

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