



Startup Profit & Loss Profile

release date: December 2015

[238220] Plumbing, Heating, and Air-Conditioning Contractors

Sector: Construction

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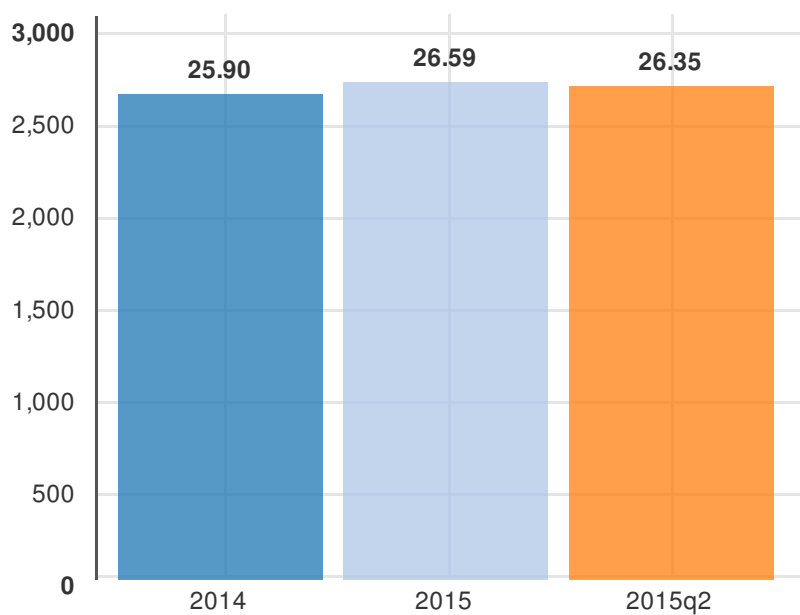
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About the Data

Firms Analyzed	
2010	27,238
2011	27,513
2012	27,994
2013	32,193
2014	37,022
2015q2	39,799

Net Profit (%)



Annual Average Revenue, Income & Expense (\$)						
	2010	2011	2012	2013	2014	2015q2
Revenue	815,382	933,181	879,222	887,697	754,542	744,835
Inventory (% Revenue)	5,922	5,842	6,129	6,188	5,101	5,039
Cost of Sales	284,874	307,427	290,021	293,340	258,512	256,343
COS-Labor Portion	56,505	61,348	58,351	58,390	51,079	50,802
Gross Profit	530,507	625,754	589,201	594,356	495,140	488,768
Salary-Wages	31,411	36,756	35,971	37,169	31,668	31,489
Contract Labor-Commissions	48,869	57,319	62,482	62,560	49,544	49,275
Rent	10,344	13,087	12,179	13,148	10,579	10,516
Advertising	4,094	4,644	4,924	5,822	5,031	4,998
Benefits-Pension	1,246	1,786	2,193	3,065	2,051	2,035
Insurance (non-health)	16,048	18,762	16,907	16,547	13,719	13,542
Taxes Paid	7,890	9,590	8,384	9,316	8,291	8,185
Sales, General, Admin & Misc	156,916	171,072	183,149	184,391	148,251	147,439
EBITDA	253,689	312,738	263,012	262,338	226,006	221,289
Interest paid	5,034	3,362	4,495	4,014	2,362	2,361
Home Office Expense	5,569	5,827	5,110	4,636	3,382	3,339
Amortization & Depreciation	24,598	25,025	22,666	23,736	19,580	19,328
Total Expenses	312,019	347,231	358,460	364,404	294,458	292,506
Net Profit	218,488	278,523	230,741	229,953	200,682	196,262
Total Direct Labor & NP	355,274	433,947	387,545	388,072	332,973	327,827

Annual Average Revenue, Income & Expense (%)						
	2010	2011	2012	2013	2014	2015q2
Revenue	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Inventory (% Revenue)	0.73%	0.63%	0.70%	0.70%	0.68%	0.68%
Cost of Sales	34.94%	32.94%	32.99%	33.05%	34.38%	34.38%
COS-Labor Portion	6.93%	6.57%	6.64%	6.58%	6.77%	6.82%
Gross Profit	65.06%	67.06%	67.01%	66.95%	65.62%	65.62%
Salary-Wages	3.85%	3.94%	4.09%	4.19%	4.20%	4.23%
Contract Labor-Commissions	5.99%	6.14%	7.11%	7.05%	6.57%	6.62%
Rent	1.27%	1.40%	1.39%	1.48%	1.40%	1.41%
Advertising	0.50%	0.50%	0.56%	0.66%	0.67%	0.67%
Benefits-Pension	0.15%	0.19%	0.25%	0.35%	0.27%	0.27%
Insurance (non-health)	1.97%	2.01%	1.92%	1.86%	1.82%	1.82%
Taxes Paid	0.97%	1.03%	0.95%	1.05%	1.10%	1.10%
Sales, General, Admin & Misc	19.24%	18.33%	20.83%	20.77%	19.65%	19.79%
EBITDA	31.11%	33.51%	29.91%	29.86%	30.26%	0.00%
Interest paid	0.62%	0.36%	0.51%	0.45%	0.31%	0.32%
Home Office Expense	0.68%	0.62%	0.58%	0.52%	0.45%	0.45%
Amortization & Depreciation	3.02%	2.68%	2.58%	2.67%	2.59%	2.59%
Total Expenses	38.26%	37.20%	40.77%	41.05%	39.03%	39.27%
Net Profit	26.80%	29.86%	26.24%	25.90%	26.59%	26.35%
Total Direct Labor & NP	43.58%	46.51%	44.08%	43.72%	44.12%	44.01%

Inventory (% Revenue): The stockpile of unsold products. Unlike corporate reports which show inventory as a percent of total assets, the sole proprietorship financial format displays Inventory as a percent of Revenue.

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.

COS-Labor Portion: This reporting format details labor from the materials and delivery portion of the total Cost of Sales.

Gross Profit represents direct operating expenses plus net profit. In addition to the labor portion of Cost of Sales, wage costs are reflected in the **Officers Compensation** and **Wages-Salary** line items. The **Contract Labor-Commissions** line item is reserved for non-employee labor, sales and related costs. In many cases, **SG&A (Sales, General and Administrative)** costs also include some overhead, administrative and supervisory wages.

The **Taxes** line item includes the employer portion of payroll tax on wages taken during the year as well as other paid-in tax items. Sole Proprietorships do not accrue federal business income taxes; Instead, **Net Profit** is assessed as owner's wages. As a result, the Net Profit line item represents what is commonly referred to as **Pre-tax Net Profit** or Net Profit Before Tax. Although it is a controversial measure, the **EBITDA** line item (Earnings before interest, taxes, depreciation and amortization) adds back **Interest Paid**, **Depreciation-Amortization** and **Home Office** expense to reduce the effect of "paper expenses" and accounting decisions on the bottom line of the Profit and Loss Statement. Since some firms utilized EBITDA is 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.

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

Insurance (non-health) costs include business liability and property insurance, but exclude employee health insurance, which is covered under the Benefits-Pension line item.

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

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, including repairs and written-off debt, are aggregated under **SG&A (Sales, General and Administrative)**.

The **Total Direct Labor & NP** line is developed to indicate overall labor costs, aggregating them as a percentage indicator for one-person sole proprietorships as well as larger operations. Total Direct Labor & NP sums the labor portion of Cost of Sales, Salary-Wages, Contract Labor-Commissions and Net Profit line items.

The **Time Series:** Financial reports all analyze calendar years as displayed. Our winter release reports display an additional, overlapped year running from the end of the second quarter of the prior year to the end of the second quarter of the release year.

The Sole Proprietor/Startup Profit & Loss series mirrors the more streamlined financial reports of many startup firms and sole proprietorships. Startups which are not structured as Sole Proprietorships, and SPs desiring a corporate-style balance sheet analysis, can utilize the small business and lower sales class versions of the Industrial Financial Profile series.

Dollar-based sales and other dollar-based data in this report reflect averages for sales of the industry segment, not total industry-wide averages. As a result, sales levels may vary from year to year, depending on the mix of firms that are relisted as startups (single site firms with one year or less of operation) or sole proprietorships. Because most startups are also sole proprietorships, the sole proprietor reporting format is used for our startup financial series as well. Dollar values may not sum due to rounding.

Annual Cash Ratios (\$)						
	2010	2011	2012	2013	2014	2015q2
Revenue	815,382	933,181	879,222	887,697	754,542	744,835
Cost of Sales	284,874	307,427	290,021	293,340	258,512	256,343
Gross Profit	530,507	625,754	589,201	594,356	495,140	488,768
All Direct Expenses	561,693	620,443	616,210	625,358	528,536	523,546
Net Cash	248,655	309,376	258,518	258,324	223,644	218,928
Net Cash & Labor	385,440	464,799	415,322	416,443	355,935	350,493
Annual Cash Ratios (%)						
	2010	2011	2012	2013	2014	2015q2
Net Cash/ Revenue	30.50%	33.15%	29.40%	29.10%	29.64%	29.39%
Net Cash/ Cost of Sales	87.29%	100.63%	89.14%	88.06%	86.51%	85.40%
Net Cash/ Gross Profit	46.87%	49.44%	43.88%	43.46%	45.17%	44.79%
Net Cash/ All Direct Expenses	44.27%	49.86%	41.95%	41.31%	42.31%	41.82%
Net Cash	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Net Cash/ Net Cash & Labor	64.51%	66.56%	62.25%	62.03%	62.83%	62.46%

All Direct Expenses includes **Cost of Sales** plus **Total Expenses** from the P1 Income & Expense table, less largely non-cash **Amortization, Depreciation** and **Home Office** expenses. **Net Cash** adds back these non-cash expenses. This generally offers a more comprehensive picture of owner compensation, which will also vary with the actual proportion of owner labor.

Average Monthly Cash, Income and Expen tables on the following page are calculated on a **straight-line sales** basis. Different sales patterns alter monthly cash flow (but not annual totals).

Average Monthly Cash, Income and Expenses: 2010

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Retained Cash	0	20,721	41,442	62,164	82,885	103,606	124,327	145,049	165,770	186,491	207,212	227,934
Income	67,948	67,948	67,948	67,948	67,948	67,948	67,948	67,948	67,948	67,948	67,948	67,948
Available Cash	67,948	88,670	109,391	130,112	150,833	171,555	192,276	212,997	233,718	254,440	275,161	295,882
Cost of Sales	23,740	23,740	23,740	23,740	23,740	23,740	23,740	23,740	23,740	23,740	23,740	23,740
Gross Profit	44,209	44,209	44,209	44,209	44,209	44,209	44,209	44,209	44,209	44,209	44,209	44,209
All Direct Exp.	47,227	47,227	47,227	47,227	47,227	47,227	47,227	47,227	47,227	47,227	47,227	47,227
Net Cash	20,721	41,442	62,164	82,885	103,606	124,327	145,049	165,770	186,491	207,212	227,934	248,655
Net Cash & Labor	32,120	64,240	96,360	128,480	160,600	192,720	224,840	256,960	289,080	321,200	353,320	385,440

Average Monthly Cash, Income and Expenses: 2011

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Retained Cash	0	25,781	51,563	77,344	103,125	128,907	154,688	180,469	206,250	232,032	257,813	283,594
Income	77,765	77,765	77,765	77,765	77,765	77,765	77,765	77,765	77,765	77,765	77,765	77,765
Available Cash	77,765	103,546	129,328	155,109	180,890	206,672	232,453	258,234	284,016	309,797	335,578	361,359
Cost of Sales	25,619	25,619	25,619	25,619	25,619	25,619	25,619	25,619	25,619	25,619	25,619	25,619
Gross Profit	52,146	52,146	52,146	52,146	52,146	52,146	52,146	52,146	52,146	52,146	52,146	52,146
All Direct Exp.	51,984	51,984	51,984	51,984	51,984	51,984	51,984	51,984	51,984	51,984	51,984	51,984
Net Cash	25,781	51,563	77,344	103,125	128,907	154,688	180,469	206,250	232,032	257,813	283,594	309,376
Net Cash & Labor	38,733	77,466	116,200	154,933	193,666	232,399	271,133	309,866	348,599	387,332	426,066	464,799

Average Monthly Cash, Income and Expenses: 2012

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Retained Cash	0	21,543	43,086	64,629	86,173	107,716	129,259	150,802	172,345	193,888	215,431	236,974
Income	73,268	73,268	73,268	73,268	73,268	73,268	73,268	73,268	73,268	73,268	73,268	73,268
Available Cash	73,268	94,812	116,355	137,898	159,441	180,984	202,527	224,070	245,614	267,157	288,700	310,243
Cost of Sales	24,168	24,168	24,168	24,168	24,168	24,168	24,168	24,168	24,168	24,168	24,168	24,168
Gross Profit	49,100	49,100	49,100	49,100	49,100	49,100	49,100	49,100	49,100	49,100	49,100	49,100
All Direct Exp.	51,725	51,725	51,725	51,725	51,725	51,725	51,725	51,725	51,725	51,725	51,725	51,725
Net Cash	21,543	43,086	64,629	86,173	107,716	129,259	150,802	172,345	193,888	215,431	236,974	258,518
Net Cash & Labor	34,610	69,220	103,830	138,441	173,051	207,661	242,271	276,881	311,491	346,101	380,711	415,322

Average Monthly Cash, Income and Expenses: 2013

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Retained Cash	0	21,527	43,054	64,581	86,108	107,635	129,162	150,689	172,216	193,743	215,270	236,797
Income	73,975	73,975	73,975	73,975	73,975	73,975	73,975	73,975	73,975	73,975	73,975	73,975
Available Cash	73,975	95,502	117,029	138,556	160,083	181,610	203,137	224,664	246,191	267,718	289,245	310,772
Cost of Sales	24,445	24,445	24,445	24,445	24,445	24,445	24,445	24,445	24,445	24,445	24,445	24,445
Gross Profit	49,530	49,530	49,530	49,530	49,530	49,530	49,530	49,530	49,530	49,530	49,530	49,530
All Direct Exp.	52,448	52,448	52,448	52,448	52,448	52,448	52,448	52,448	52,448	52,448	52,448	52,448
Net Cash	21,527	43,054	64,581	86,108	107,635	129,162	150,689	172,216	193,743	215,270	236,797	258,324
Net Cash & Labor	34,704	69,407	104,111	138,814	173,518	208,222	242,925	277,629	312,333	347,036	381,740	416,443

Average Monthly Cash, Income and Expenses: 2014

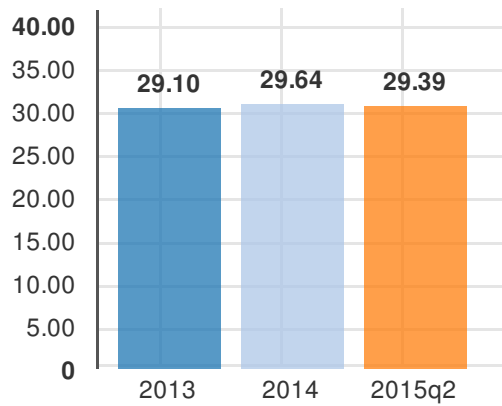
	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Retained Cash	0	18,711	37,422	56,134	74,845	93,556	112,267	130,978	149,690	168,401	187,112	205,823
Income	62,879	62,879	62,879	62,879	62,879	62,879	62,879	62,879	62,879	62,879	62,879	62,879
Available Cash	62,879	81,590	100,301	119,012	137,723	156,435	175,146	193,857	212,568	231,279	249,991	268,702
Cost of Sales	21,543	21,543	21,543	21,543	21,543	21,543	21,543	21,543	21,543	21,543	21,543	21,543
Gross Profit	41,262	41,262	41,262	41,262	41,262	41,262	41,262	41,262	41,262	41,262	41,262	41,262
All Direct Exp.	44,167	44,167	44,167	44,167	44,167	44,167	44,167	44,167	44,167	44,167	44,167	44,167
Net Cash	18,711	37,422	56,134	74,845	93,556	112,267	130,978	149,690	168,401	187,112	205,823	224,534
Net Cash & Labor	29,735	59,471	89,206	118,942	148,677	178,413	208,148	237,884	267,619	297,355	327,090	356,825

financial ratios: Cash Flow - Solvency						
	2010	2011	2012	2013	2014	2015q2
Net Cash/ Revenue %	30.50	33.15	29.40	29.10	29.64	29.39
Net Cash Turnover (x)	3.28	3.02	3.40	3.44	3.37	3.40

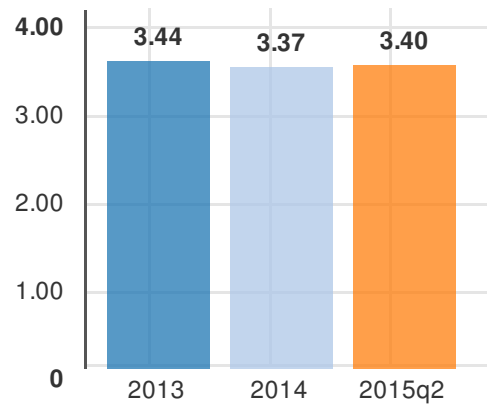
Net Cash: Revenue: (Retained Cash plus Net Profit) divided by Revenue. Adds back non-out of pocket items (e.g., depreciation, amortization, home office) which show as expenses but largely do not reduce liquid assets.

Net Cash Turnover: Revenue divided by Cash. Cash totals taken from the Cash Flow table less out of pocket expenses. Results too far from the benchmark may indicate overly conservative or aggressive liquidity policies.

Net Cash: Revenue



Net Cash Turnover



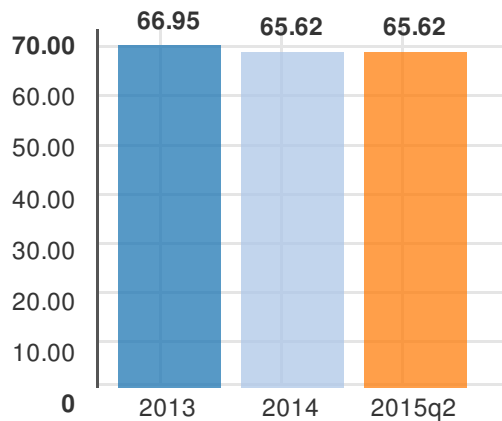
financial ratios: Profitability						
	2010	2011	2012	2013	2014	2015q2
Gross Profit: Revenue	65.06	67.06	67.01	66.95	65.62	65.62
EBITDA: Revenue	31.11	33.51	29.91	29.55	29.95	29.71
Return on Revenue	26.80	29.85	26.24	25.90	26.60	26.35

Gross Profit: Revenue: Gross Profit: divided by Annual Revenue. This is the profit ratio before direct expenses. This ratio can indicate the "play" in other expenses which could be adjusted to increase the Net Profit margin.

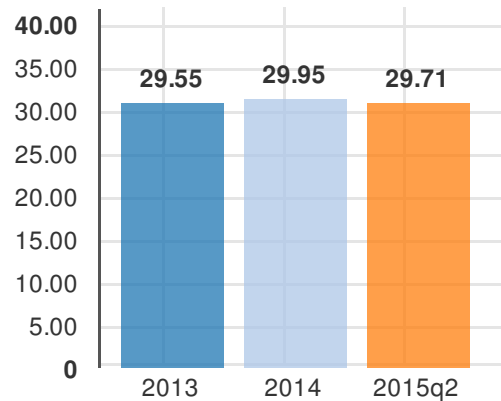
EBITDA: Revenue: Earnings Before Interest, income taxes due, Depreciation and Amortization divided by Revenue. EBITDA: Revenue is a relatively controversial (and often criticized) metric designed to eliminate the effect of finance and accounting decisions when comparing companies and industry benchmarks. Tax credits and deferral procedures and non-cash expenditures (Amortization and Depreciation) are not deducted from the profit equation, as are interest expenditures. In the case of sole proprietor reporting formats, the "before tax" refers to owner federal income taxes resulting from Net Profit, rather than federal corporate income taxes.

Return on Revenue: Net Profit divided by Annual Net Revenue, indicating the level of profit from each dollar of Revenue. Income taxes attributable to the Net Profit portion of proprietor income have not been deducted from Net Profit. This ratio can be used as a predictor of the company's ability to withstand changes in prices or market conditions. The ratio is often higher for startups and sole proprietorships due to owner compensation draws accounted as net profit.

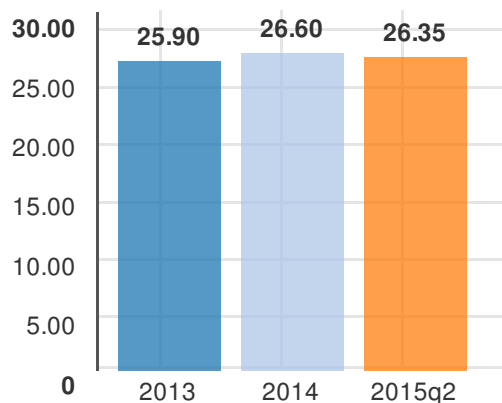
Gross Profit: Revenue



EBITDA: Revenue



Return on Revenue



financial ratios: Efficiency:						
	2010	2011	2012	2013	2014	2015q2
Cost of Sales: Inventory (x)	48.10	52.63	47.32	47.40	50.67	50.87
Days Inventory	7.59	6.94	7.71	7.70	7.20	7.17
EBITDA: Interest	50.40	93.01	58.52	65.35	95.67	93.71
Inventory Turnover	137.68	159.74	143.45	143.45	147.91	147.82
Total Labor: Revenue	16.78	16.66	17.83	17.81	17.53	17.66

Cost of Sales: Inventory: Cost of Sales divided by Inventory. This ratio reflects the number of times inventory is turned over during the course of the year. High levels can mean good liquidity or sales, or shortages requiring better management. Low levels may indicate poor cash flow or overstocking.

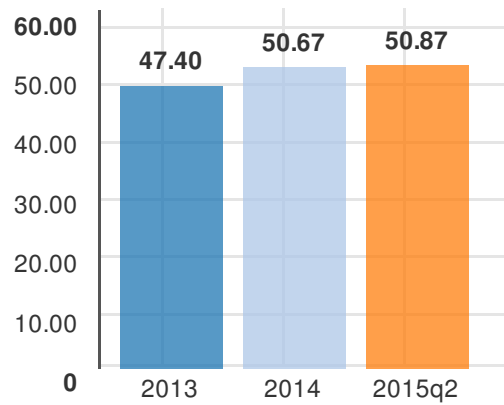
Days Inventory: 365 divided by (Cost of Sales: Inventory): Shows the average number of days of items in inventory. Positive inventory balance will align most closely with industry benchmarks.

EBITDA: Interest: Earnings before Interest, income tax due, Depreciation and Amortization divided by Interest expense. This ratio assesses financial stability by examining whether a company is at least profitable enough to pay interest expense. A ratio >1.00 indicates it is. See cautions in the listing for EBITDA.

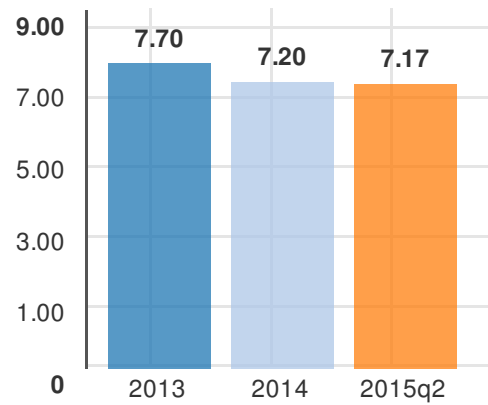
Inventory Turnover: Revenue divided by Inventory. Target at or slightly above industry level. This ratio indicates how quickly inventory turns over. Ratios below the industry norm suggest high levels of inventory. High ratios could indicate product levels insufficient to satisfy demand in a timely manner.

Total Labor: Revenue: All direct compensation costs as a percentage of sales, including the labor cost portion of cost of sales, salary & wages, contract labor and commissions. Net Profit is also included for sole proprietorship and most startup operations because it is considered owner compensation.

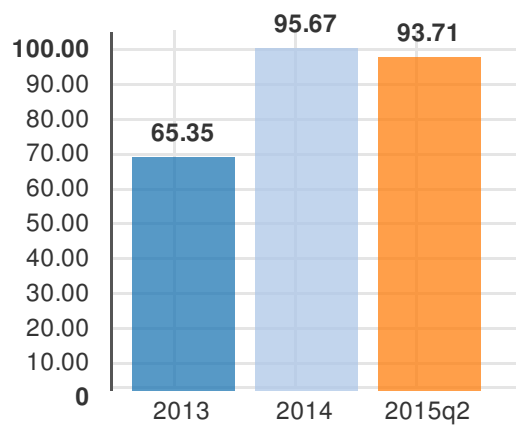
Cost of sales: Inventory



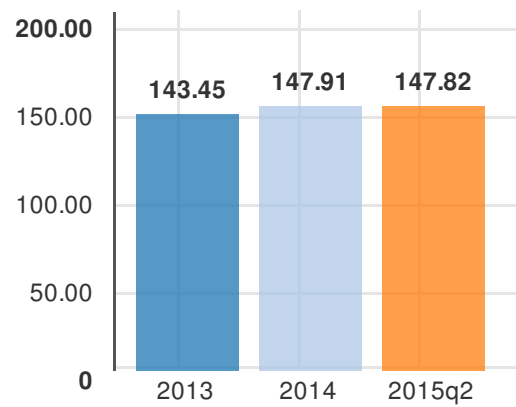
Days Inventory



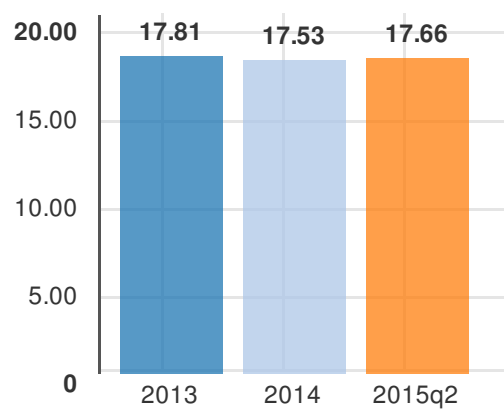
EBITDA: Interest



Inventory Turnover



Total Labor: Revenue



About the Data

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:

- IRS SOI Corporation Income Tax>Returns
- IRS SOI Corporation Tax Book
- IRS SOI 1040 Schedule C Income Tax Returns
- IRS SOI Statistics of Income
- Individual Tax Statistics
- US Economic Census of Manufactures
- US Census Economy Overview
- US Census Annual Survey of Manufactures
- US Census Annual Retail Trade Survey
- US Census Annual Wholesale Trade Survey
- US Census Quarterly Financial Reports
- US Census County Business Patterns
- Bureau of Labor Statistics Monthly Employment Reports
- Bureau of Labor Statistics Monthly Unemployment Reports
- US Census Wholesale Trade Report
- US Census Quarterly (New Housing) Sales by Price and Financing
- US Census Total Construction Spending
- US Census Retail Trade Report
- US Census Quarterly Services Survey
- Commercial Real Estate Survey
- Credit Reporting Agencies
- InfoGroup, Inc.
- Business Directories
- American Community Survey

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. Neither the Brandow Company nor its resellers has undertaken independent primary research to confirm the accuracy of the data utilized in the Profile analyses. Neither the Brandow Company nor its resellers are responsible for conclusions drawn or decisions made based upon this data or analysis. In no event will the Brandow Company or its resellers be liable for any damages, direct, indirect, incidental or consequential resulting from the use of the information contained in BizMiner reports.