



### **LAUNDROMAT ECONOMIC ANALYSIS FOR A TURN-KEY STORE**

H K Laundry Equipment distributes Huebsch Laundry Equipment in the Lower Hudson River Valley area. Since 1967, the HK companies have built or renovated over 500 Laundromats. In all our years of building stores and selling equipment, none of these Laundromats have failed. The salesmen of H-K Laundry take great pride in having every laundromat owner a Successful Owner!

H-K Laundry has a dedicated factory trained installation and service staff. We are Large enough to handle any of your needs, but small enough to care and provided that extra Quality of workmanship.

In the following analysis there are the following terms:

- Washer & Dryer Gross - The actual amount of money removed from the washers & dryers.
  
- Gross Revenue - The Washer and Dryer Gross plus Wash, Dry & Fold revenue (if applicable).
  
- Turns or Turns Per Day - The number of cycles that the average washer is used per day.
  
- Leasehold Improvements or Soft Costs - Improvements made to the laundromat that improve the building but that are necessary for the Laundromats operation (i.e.. plumbing, electrical, etc.) but are unrecoverable and generally remain with the landlord.
  
- Utility Expenses - Utility Expenses for Gas, Water, Electric and Sewage costs.
  
- Operating Profit - Gross Revenue, less all debt service, and less all operating expenses. Operating Profit does not include any Salary for the investor (yourself). Operating Profit is before Taxes and equipment depreciation.
  
- ROI (Return On Investment)- The annual percentage of the Operating Profit divided by your Investment (Down Payment). R.O.I. does Not reflect any salary or compensation to the investor (yourself).

The above figures are ONLY projections and cannot predict real life situations, such as varying utility rates, unanticipated lease expenses, management of operations, environmental changes, competition and seasonal variations.

This Laundromat Economic Analysis was prepared by H K Laundry Equipment Inc. who retains ownership of this analysis. I acknowledge the above statements and shall view the following Analysis as a Guideline and Not a representation of performance.

Signed \_\_\_\_\_ Date \_\_\_\_\_.

HK Sample Laundromat  
\$2,015.00

REVENUE ANALYSIS

REVENUE PER WEEK  
(based upon the Number of Turns per Day)

Equipment	number	\$	3 turns	4 turns	5 turns	6 turns	7 turns	8 turns	9 turns
HC-20	8	\$3.25	\$546.00	\$728.00	\$910.00	\$1,092.00	\$1,274.00	\$1,456.00	\$1,638.00
HC-30			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
HC-40	6	\$5.75	\$724.50	\$966.00	\$1,207.50	\$1,449.00	\$1,690.50	\$1,932.00	\$2,173.50
HC-60	6	\$7.00	\$882.00	\$1,176.00	\$1,470.00	\$1,764.00	\$2,058.00	\$2,352.00	\$2,646.00
HC-80		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
30 lbs. Stacks	6	****	****	****	****	****	****	****	****
45 lbs. Stacks	6	****	****	****	****	****	****	****	****
Washer Gross			\$2,152.50	\$2,870.00	\$3,587.50	\$4,305.00	\$5,022.50	\$5,740.00	\$6,457.50
Dryer Gross			\$861.00	\$1,148.00	\$1,435.00	\$1,722.00	\$2,009.00	\$2,296.00	\$2,583.00
Weekly Washer & Dryer Gross			\$3,013.50	\$4,018.00	\$5,022.50	\$6,027.00	\$7,031.50	\$8,036.00	\$9,040.50
Monthly Washer & Dryer Gross (4.3 wk/mo)			\$12,958.05	\$17,277.40	\$21,596.75	\$25,916.10	\$30,235.45	\$34,554.80	\$38,874.15

Est. Wash, Dry & Fold Weekly Gross Revenue	\$800.00
Est. Vending (Soda, Food & Soap) Weekly Gross Revenue	\$250.00
Est. Arcade Video Game Weekly Gross Revenue	\$100.00
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(owner supplied figures)	

SUMMARY OF LAUNDROMAT & CONSTRUCTION COSTS

	ACTUAL COST
Huebsch Washers	\$131,432.00
Huebsch Dryers	\$81,438.00
Debit Card System	\$0.00
Soap Machine	\$2,275.00
Bill Changer	\$6,270.00
Hot Water Heating System	\$15,000.00
Tables, Scale, Carts, etc.	\$6,140.00
Construction Costs (Leasehold Improvements)	\$125,000.00
Misc.:	
Concrete Washer Base	\$7,100.00
Drainage Basin	\$5,500.00
Freight	\$7,000.00
Installation	\$3,500.00
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Total	\$390,655.00
Tax Rate           8.000%	\$21,252.40
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Total Project Cost	\$411,907.40
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RENTAL APPROXIMATIONS

Initial Rent (\$ per sq. ft. / year)	\$30.00
Size (in sq. ft.)	1600
Base Rent per month	\$4,000.00
Taxes per month	\$0.00
Additional Charges per month	\$0.00
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Total Rent per month	\$4,000.00

Rental Annual % Increase, or           2.5%  
Rental Annual \$ Increase

FINANCING TERMS

Cash Required	\$136,907
Principle Amount Borrowed	\$275,000
Payment per Month	\$4,017.35
Loan Length (in months)	84
Interest Rate (% APR)	6.00%

SUMMARY OF MONTHLY FIXED COSTS

<u>Fixed Costs per Month</u>	
Rent	\$4,000.00
Note - Equip.	\$4,017.35
Payroll	\$4,150.00
Supplies-WDF	\$200.00
Supplies-Vend	\$430.00
Equip. Maint.	\$250.00
Insurance	\$300.00
Cleaning	\$0.00
Adv / Promotic	\$100.00
Garbage	
TV/Cable/Alarm	\$200.00
Misc.	\$150.00
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Total Monthly Expenses	\$13,797.35
Monthly Revenue Offset (WDF, Vending, Arcade)	(\$4,945.00)
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Adjusted Monthly Fixed Costs	\$8,852.35
% Utilities (utilities as percentage of gross)	20.0%
<b>Weekly Break-Even Point</b>	<b>\$2,573.36</b>
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<b>Turns per Day to reach Break-Even Point</b>	<b>2.6</b>
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ESTIMATED CASH FLOW PROJECTIONS FOR NEXT 10 YEARS

Revenue (% increase / year) 3.0%  
Expenses (% increase / year) 3.0%

Number of Turns/day (1st year) 4.5

Weekly Gross Revenue (1st year) \$5,670  
Annual Gross Revenue (1st year) \$294,853

Year	1	2	3	4	5	6	7	8	9	10
Annual Gross	\$294,853	\$303,699	\$312,810	\$322,194	\$331,860	\$341,815	\$352,070	\$362,632	\$373,511	\$384,716
Operating Exp.	\$116,371	\$119,862	\$123,458	\$127,161	\$130,976	\$134,905	\$138,953	\$143,121	\$147,415	\$151,837
Lease Exp.	\$48,000	\$49,200	\$50,430	\$51,691	\$52,983	\$54,308	\$55,665	\$57,057	\$58,483	\$59,945
Equipment Loan	\$48,208	\$48,208	\$48,208	\$48,208	\$48,208	\$48,208	\$48,208	\$0	\$0	\$0
Total Expenses	\$212,579	\$217,270	\$222,096	\$227,060	\$232,167	\$237,421	\$242,826	\$200,178	\$205,898	\$211,783
Operating Profit	\$82,274	\$86,429	\$90,714	\$95,134	\$99,692	\$104,394	\$109,244	\$162,454	\$167,613	\$172,934
R.O.I. (profit/dwn paymnt)	60.09%	63.13%	66.26%	69.49%	72.82%	76.25%	79.79%	118.66%	122.43%	126.31%

The above figures are ONLY projections and cannot predict real life situations, such as varying utility rates, unanticipated lease expenses, management of operations, environmental changes, competition and seasonal variations.

ASSUMPTIONS

- 1.) Useful life of Huebsch Washers and Huebsch Stack Dryers under normal use is approximately 20 Years.
- 2.) Dryer Gross is between 30-50% of the Washer Gross revenue. In this example the Dryer % is 40.0% (The percentage is dependent upon Dryer Vend Pricing vs. Washers & Washer Extract speed.)
- 3.) 52 weeks/year; 4.3 weeks/month.
- 4.) No additional Fixed Costs per month.
- 5.) 20.0% Ratio of Utilities as a percent of Gross Revenue for front loading washers.
- 6.) Assumes a steady APR interest rate of: 6.00%
- 7.) Break-Even Point calculated as relationship between Variable Costs to Monthly Fixed Costs.
- 8.) R.O.I. is annual Operating Profit divided by Initial Investment (down payment).
- 9.) No attempt has been made to consider the Tax implications of owning a Laundromat. HK Laundry Equipment recommends contacting your accountant or tax advisor who is qualified to advise you on your individual tax situation.
- 10.) Laundromat will be building equity at a rate of \$39,290 per year.