



Network Overview

This document has been prepared to provide you with information to assist you with the consideration of an Automatic Solutions showroom or installer licence.

Although still young in business terms the Automatic Solutions network has seen the successful establishment of Canning Vale (WA), Edwardstown (SA), and Underwood (QLD) branches. We have also commenced issuing installer licences with North MacKay and the Sunshine Coast.

INTRODUCTION

With three showroom licences already in operation, Melbourne due to open in march 2009 and another in Sydney planned for late 2009 our target for ten branches by 2010 seems to be a definite rather than a target. The most encouraging aspect of establishing each branch is how our system creates cash flow from day one much to the surprise of new showroom licensees who all quite wisely expect and budget for a slow start. Not so – In each case we have been able to generate good cash flow from word go.

Hi, my name is Paul Bindon, I own Automatic Solutions Australia. We need good people, people with their own vision of where they want to be, people that are not afraid of hard work and people that know what reward they want and what they are going to do with it.

If this sounds like you and you want to own your own business with the support structure of a network with purchasing power and technical and marketing support then continue to read on. We have limited opportunities to establish showrooms in major centres and installer licences in regional Australia.

We structure each and every showroom or installer application to suit the individual, your region and the way you want to develop your business. We have made our systems to be flexible enough to fit to you and what you need and what you want to develop. Our advice and successful models are there for you to learn from but it is your business and we are happy to listen to your proposals.

The very fact that you are reading this indicates that you are looking for change. Many years back I read and copied down what is perhaps the most relevant statement ever about making change in our lives.

"If you continue to do what you have always done, you will continue to get what you have always got."

Remember this both in life and in business. If you want to change the outcome or result, then change what you are doing.

WHAT ARE THE OPPORTUNITIES?

Successful applicants will have the opportunity to build an exciting and innovative business in one of Australia's fastest growing markets. Ultimately, you will be in a position to build a profitable and in the end a very saleable business with a secure 5 + 5 year licence.

Automatic Solutions showrooms and installers will retail world class product in an expanding Australian market delivering two of today's most sought after emotions, "Convenience and Security".

Successful applicants are provided with training and ongoing support from "hands on" experienced staff and research and development unequalled in this industry.

You will have the opportunity to build a "lifestyle business".

- 5 days per week
- Low start up costs
- Easy to manage
- Good cash flow (Remember "Cash Is King")
- Support, support, support

There are basically two ways you can build your opportunity, either as a showroom or as a installer. A showroom is a licensed Automatic Solutions office ideally suited to large developed areas and an installer licence suits both new and existing businesses in regional areas.

In a showroom or installer licence opportunity there are three different aspects associated to the business that you can select to develop your business. Generally speaking the "sales" component is always a good starting point; "installations" adds another dimension and better profit margins; and finally manufacturing can complete the picture if desired.

In a nutshell the opportunity is what you want to make of it. You can start small or big and add or drop different aspects as you develop. With a diverse product range you can choose to specialise in a particular product.

"Choice, not chance, determines destiny"

SHOWROOM & INSTALLER LICENCE FEATURES & BENEFITS

- Be your own boss in a five day a week business - What everyone who is in business wants is lifestyle, sadly very few achieve it but become a slave to their business. We run our business 5 days a week; we take holidays and close down at Christmas. Obviously individual licensees can do as they wish but if you want to sell your business one day then 5 days a week is a major drawcard that will draw more interest and a better price.
- Limited amount of stock required & good cash flow - There is no need for you to carry large levels of stock. One of the problems that someone going it alone in this industry has is three month lead times on imported stock, enough to break most small businesses. Showrooms will draw from national network stock with seven day delivery and installers draw on the showrooms. Maintain stock control and positive cash flow.
- Good Profit Streams - Basically a showroom or installer makes money by selling their product and/or labour. This industry supports good labour rates and our licence structure allows for margins of 50% plus on off the shelf product alone. Transferred into everyday dollars a typical full install auto sliding gate and track work would return a gross profit of \$2300- .
- Marketing Support - All showrooms and installers are listed by region on the Automatic Solutions web site and support is provided to all outlets on an individual basis to advertise in local publications where desired.
- Free technical support and advice - We constantly research and develop the product range to keep at the forefront of technology and market changes. Our testing programs are rigorous, constantly evolving to reflect Australian conditions and market attitudes.
 - Minimal setup costs and no ongoing fees - Your business can be established with minimal up front outlay. There are no once off joining fees and no ongoing royalty payments. Your initial stock and equipment investment will be dependent on your structure.
- Good ROI - Any good investor is looking for a return on investment, in fact business valuers, brokers and accountants will look for between 25% and 50% return on investment. Every showroom or installer should be aiming for and have the ability to achieve 33% ROI!

- Massive market capture area – Licences are issued sparingly. Our product range is such that customers are prepared to travel to view and purchase, negating the need for a store on every corner. As a consequence it is intended that showrooms should only be allowed in large clearly defined market areas.
- Healthy proven profit margins – The business model and overall concept is structured to deliver between 50 and 100 percent margins to showrooms and installers. Showroom or installer sales are cash with goods, or 50% deposit with remainder on completion in the case of installations. This all works to provide healthy cash flow.
- Low staff numbers required – The business allows for sales of \$500,000 to \$1,000,000- plus using between one and three staff. You can have thirty staff and turnover twenty million if you like but the underlying point is low staff requirements in relation to turnover and profit.
- Exclusive product range – Much of the product range are unique products made for Automatic Solutions Australia. They cannot be purchased anywhere but Automatic Solutions showrooms and installers. This product is made to our specification and is the most competitively priced in Australia.
- Unique DIY and kit packages – In January 2009 Automatic Solutions Australia will commence production of a unique range of kits designed primarily for the DIY market. This range is in response to market demands for delivery Australia wide of DIY type product. These kits will add a further unique and hassle free product to showrooms and installers.

THE LICENCE SYSTEM

Showrooms and installers will acquire what is known as a 5 + 5 year licence. A lot like a lease agreement the licence remains in force for 5 years with an automatic 5 year ongoing option. This provides security for you and your investment. Importantly you have the ability to cancel your commitment to the licence at any time with just six months notice should you desire.

What's good about the licence system? -

The 5 + 5 system is purely for your protection. If at any time you don't like our approach and believe you will be better off running on your own then you simply give six months notice to facilitate a smooth transition and you are free of your obligations, you still own your own business, your equipment, your showroom, you keep your client base and records. You simply lose your licence to trade under the Automatic Solutions name and our advertising and marketing support.

Research has shown that businesses using a licence system enjoy the quickest growth because the profits remain with the base business to be reinvested in a growth strategy.

Your licence is clean and simple - you acquire the right to operate under the Automatic Solutions banner in a given territory on a 5 + 5 year basis. In return you sell and promote Automatic Solutions product. You pay no royalties, nor flat fees. You invest in a share of advertising and marketing on an individually agreed basis dependent on area and requirements.

IN SUMMARY

If you like a challenge, don't mind hard work, are looking for a change that is highly rewarding both in lifestyle and financial terms then maybe an Automatic Solutions Showroom or Installer Licence is right for you.

WHERE TO NEXT?

We have a licence application available from our web site.

OR

Got some questions? Drop me a line with as many questions as you like and I will answer them. There is no such thing as a silly question just stupid assumption. Ask anything you like no matter how silly or personal it seems.

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ATTACHMENTS

I have attached three profit and loss statements for demonstration purposes.

They depict a small typical branch that operates as –

- A) Retail sales only and uses contractors to provide install services.
- B) Retail sales and installation service.
- C) Retail sales, installation and manufacture of gates.

They demonstrate the differing levels of profitability but also the flexibility of the business. "A" for instance could be run by one person whilst "C" would be a three person operation.

P&L "A"

AUTOMATIC SOLUTIONS AUSTRALIA
P&L EXAMPLE FOR A SHOWROOM - RETAIL SALES ONLY
NO MANUFACTURE OR INSTALL
(Simplified and adjusted for add backs and true net profit)

<u>INCOME</u>	<u>Annual</u>	<u>Month</u>	<u>Week</u>
Product Sales	557000	46417	10712
Manufacture Sales	0	0	0
Installation Sales	0	0	0
TOTAL SALES	557000	46417	10712
 <u>COST OF SALES</u>			
Purchases	362205	30184	6965
TOTAL COST OF SALES	362205	30184	6965
 <u>GROSS PROFIT</u>	 194795	 16233	 3746
 <u>EXPENSES</u>			
General Expenses	9000	750	173
Advertising & Promotion	5000	417	96
Operating Expenses	40000	3333	769
Wages Expenses	75000	6250	1442
Auto Expenses	0	0	0
TOTAL EXPENSES	129000	10750	2481
 <u>NET PROFIT</u>	 65795	 5483	 1265

Net Profit - In this form net profit represents what is left for the owner / shareholder. How they choose to distribute this is always a personal choice. Options include - reinvest in the business, owners wages, superannuation and so on.

P&L "B"

AUTOMATIC SOLUTIONS AUSTRALIA
P&L EXAMPLE FOR A SHOWROOM - RETAIL SALES & INSTALLATION
NO MANUFACTURE

(Simplified and adjusted for add backs and true net profit)

<u>INCOME</u>	<u>Annual</u>	<u>Month</u>	<u>Week</u>
Product Sales	557000	46417	10712
Manufacture Sales	0	0	0
Installation Sales	364000	30333	7000
TOTAL SALES	921000	76750	17712
<u>COST OF SALES</u>			
Purchases	549405	45784	10565
TOTAL COST OF SALES	549405	45784	10565
<u>GROSS PROFIT</u>	371595	30966	7146
<u>EXPENSES</u>			
General Expenses	20000	1667	385
Advertising & Promotion	1000	83	19
Operating Expenses	50000	4167	962
Wages Expenses	175000	14583	3365
Auto Expenses	25000	2083	481
TOTAL EXPENSES	271000	22583	5212
<u>NET PROFIT</u>	100595	8383	1935

Net Profit - In this form net profit represents what is left for the owner / shareholder. How they choose to distribute this is always a personal choice. Options include - reinvest in the business, owners wages, superannuation and so on.

P&L "C"

AUTOMATIC SOLUTIONS AUSTRALIA
P&L EXAMPLE FOR A SHOWROOM - FULL SERVICES
RETAIL SALES - INSTALLATION - MANUFACTURE
(Simplified and adjusted for add backs and true net profit)

<u>INCOME</u>	<u>Annual</u>	<u>Month</u>	<u>Week</u>
Product Sales	557000	46417	10712
Manufacture Sales	364000	30333	7000
Installation Sales	156000	13000	3000
TOTAL SALES	1077000	89750	20712
<u>COST OF SALES</u>			
Purchases	622050	51838	11963
TOTAL COST OF SALES	622050	51838	11963
<u>GROSS PROFIT</u>			
	454950	37913	8749
<u>EXPENSES</u>			
General Expenses	30000	2500	577
Advertising & Promotion	15000	1250	288
Operating Expenses	60000	5000	1154
Wages Expenses	175000	14583	3365
Auto Expenses	40000	3333	769
TOTAL EXPENSES	320000	26667	6154
<u>NET PROFIT</u>			
	134950	11246	2595

Net Profit - In this form net profit represents what is left for the owner / shareholder. How they choose to distribute this is always a personal choice. Options include - reinvest in the business, owners wages, superannuation and so on.