



STRATEGIC
ADVISORS

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COMPANY BACKGROUND

This client is a one-stop, graphic arts production company in the Piedmont Triad region of North Carolina. The company provides prepress services, digital color printing, conventional printing, posters, banners and storefront web-to-print services. Customers include ad agencies and marketing departments of many of the region's blue chip corporations.

Due to changing technologies, the company's primary services have evolved dramatically in 28 years. However the customer list has remained stable even as corporate accounts have become more significant.

The company was founded in 1982 as a typesetting service. Film for printers and publications was added in 1989. Services included black and white as well as multi-color separations and contract proofs. By this time the company offered complete prepress services that packaged layout, typesetting, film and proofs. The company became known as a film service bureau. By 1990, the MacIntosh computer had diminished the role of traditional type houses. The bulk of the company's work shifted from type to film and prepress.

In 1998, the company introduced Heidelberg's first digital color printing press into the Triad. It was followed by a large format poster setup. The business prospered as a one-stop graphics art production center. An HP Indigo digital color press replaced the Heidelberg. Production equipment and systems were upgraded as the company aimed for faster turnaround and higher customer satisfaction.

Over the past 14 years, the company's top customers have evolved from mostly advertising agencies to a preponderance of corporations. Larger agencies now focus on media campaigns while the corporate marketing departments control design and production of collateral materials.

The company is known for its ability to produce many elements of a marketing campaign quickly. Prepress has remained an important distinction as the company will prepare catalogs and collateral materials that are printed on web presses around the country. The bulk of the company's projects are short to medium runs that are completed within one week. Typical digital printing assignments run 100 to 2500 pages while conventional printing averages are 2500 to 10000 pages. Large format projects range from one to 20 banners and posters. The company often produces a variety of collateral materials that are combined and shipped to retail locations across the country.

Over the five years 2005 through 2009, average revenues were \$3,241,481. Operating cash flow averaged \$362,541. Owner compensation averaged \$296,102. After a disappointing 2009, the company has seen gradual sales improvement in the fiscal year beginning November 2009. The budget for FY 2010 is \$2.2 million revenues, an increase of 10%. Net income for the first three months is more than \$40,000. This is a turnkey operation with excellent customers, staff and state-of-the-art equipment.

Geographic Location

The company is in the Piedmont Triad of North Carolina which includes Greensboro, Winston-Salem and High Point. It is within 1/2 mile of Business 40 with fast on and off access. The company is only 25 minutes to the new FedEx Hub at the Piedmont Triad International Airport. Charlotte is 85 minutes to the south. The RTP is 85 minutes east.

Facilities

The business is in three contiguous buildings.

- Poster/Banner in a 2,835-sq-ft facility.
- Prepress, Sales, Accounting in the 7,050-sq-ft main building.
- Printing in a connected 4,800-sq-ft building.

The first two buildings are leased from the owner at fair market value. The third building is leased from a neighboring business. All buildings are brick and cinder block construction. Electrical, HVAC and roofing are well maintained.

Green Environment

The Company is FSC Certified and SCI Certified. Forest Stewardship Custodianship is a process that identifies and traces certain papers all the way from tree to printed sheet. It supports renewable forestry resources. The Company can display FSC and SCI logos on materials printed on these papers.

HUB Certification

The Company is certified by the State of North Carolina as an Historically Underutilized Business. The majority of the company stock is owned by a woman, the wife of the owner. HUB certification may be an advantage in competing for state and federal government contracts.

THE INDUSTRY

Of the 37,000 graphic arts businesses in the United States a small segment are one-stop centers combining prepress, digital printing, conventional printing, web to print, and large format services. The industry is fractionalized and highly competitive with a half dozen national printers followed by some 400 regional printers and 36,000 local printers and poster shops. Nationally, NYSE printing giants such as Consolidated Graphics have been acquiring regional printers including PBM and Hickory locally. Internet-based operations such as VistaPrint have built significant international print businesses entirely via the web. Overall printing revenues were down in 2009 and are projected to be flat in 2010.

A handful of graphic arts producers have evolved into integrated cross media companies that combine printing, database management, direct response, email, web production and interactive advertising. They aim to provide corporations with complete marketing support except traditional media such as broadcast.

Most printers are franchised copy centers with revenues under \$1 million.

The customer mix has shifted dramatically over the last 20 years. Advertising agencies and design companies once controlled the bulk of commercial printing. Now, corporations of all sizes tend to have a promotion department that designs collateral materials. Many also have internet designers who maintain the company website and online catalog.

REASON FOR SALE

The owner wishes to retire. After 14 years of day-to-day Company management and over 30 years in a marketing and advertising career, the owner and his wife are ready to step back.

He is prepared to work with the new owner to insure a successful transition. With his background in marketing with national advertisers, the owner can be an asset in customer development.

OUTLOOK

The company has prospered by changing quickly and anticipating the future needs of its customers. It has successfully transitioned from its original role as a type house to a film service bureau to a prepress specialist to a one-stop graphic arts provider.

In the future, the Company is likely to add web development and interactive advertising production to its services. Cross media ability will be a necessity. Email campaigns, targeted marketing and database management will be integrated into a complete modern production company.

The Company already has web-to-print, data asset management and an up to date operating system in place. With an excellent customer base the Company has an opportunity to expand the business dramatically simply by developing its current clientele.

The new FedEx Hub at Piedmont International Airport will enable the Company to process last minute orders and to produce materials for delivery to the Hub by midnight the same day. For example, a 5 PM order for banners or printed color brochures can be completed in time for the last shipment and for next day delivery.

ADVANTAGES

Customers

Customers include most of the blue chip corporations and advertising agencies in North Carolina's Piedmont Triad. Customer relationships are deep and in many cases extend over 20 years. Web To Print and the Company's fast turnaround have enabled it to extend its sales across the country.

No customer accounts for more than 11% of the total sales. Customer payment records are excellent. Virtually every customer pays its invoices within a predictable time frame.

The Company's best growth opportunities are to develop its current accounts. Sales to larger corporations tend to only scratch the surface of potential services.

Employees

There are 15 employees including the owner. The Operations/Sales Manager, Production Manager and Office Manager are key employees.

There is a very positive team spirit throughout the organization. Average tenure is more than 11 years. Every employee is trained to perform two or three jobs. Each member of the staff is expert at their primary job and will willingly fill in wherever needed most. There is a "Can Do" attitude toward excellent quality and meeting deadlines. The Company has a very good project management reputation

Facilities

The Company owner owns two of the buildings through a LLC that leases the buildings on a triple-net basis to the company. The owner will either sell them to the buyer of the business or enter into a long term lease. An option to buy will be available.

The Company has made ongoing improvements to the buildings, electrical, internet and HVAC systems. There is room to grow in both these buildings.

The third building is leased on a long term triple net agreement with a neighboring business. Relationships between both parties have been excellent.

Suppliers

The Company has long and successful relationships with numerous paper, ink, plate, poster materials, equipment, electronics, repair and systems suppliers. The Company operates on a Just-In-Time supply basis with key vendors. For example, paper delivered in the morning is often running through a press on the same day.

CONTACT INFORMATION

**Bob Biggerstaff
Strategic Advisors, LLC
336-854-9006 (o)
336-255-7072 (c)**

Strategic Advisors has been engaged by client to act as their Seller Advocate, and not as a Broker. Client and Advisor prefer a discrete sales process, and will hold all inquiries in a strictly confidential manner.

NON-DISCLOSURE AGREEMENT

The agreement is entered into effective as of _____ between Strategic Advisors, LLC (the "Company") and _____.

It is understood and agreed to that the below identified discloser of confidential information may provide certain information that is and must be kept confidential. To ensure the protection of such information and to preserve any confidentiality necessary, it is agreed that

1. The Confidential information to be disclosed can be described as and includes:

Financial information, and any other business model information that pertains to employees, vendors, subcontractors, and other service providers.
2. Recipient agrees not to disclose the confidential information obtained from the discloser to anyone unless required to do so by law.
3. This Agreement states the entire agreement between the parties concerning the disclosure of Confidential Information. Any addition or modification to this Agreement must be made in writing and signed by the parties.

Recipient of Confidential Information:

Discloser of Confidential Information:

Name (Print or Type):

Name (Print or Type):

Signature:

Signature:

Date:

Date: