Affordable Business Valuations

Valuation Estimate
August 20, 2026

PRELIMINARY BUSINESS VALUE ESTIMATE

Keystone Heating & Air

HVAC / Plumbing / Electrical · 12 years in business · $1,848,000 annual revenue

ESTIMATED VALUE RANGE

$1,304,000 – $1,442,000

Midpoint estimate: $1,373,000

This is not a business valuation. This is a simplified, automated estimate based on general industry benchmarks and the limited information you entered. It has not been reviewed by an analyst, does not consider your balance sheet, market conditions, deal structure, or company-specific risk in detail, and should not be used for financing, legal, tax, litigation, partner buyouts, or transaction purposes. See "Important Caveats" on the final page.

HOW THIS WAS CALCULATED

Valuation method	Seller's Discretionary Earnings (SDE) multiple
Estimated SDE	$421,200
Industry benchmark multiple range	2.5x – 3.5x
Multiple applied to your business	3.26x

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Methodology & Business Quality Score

Small businesses are most commonly valued as a multiple of Seller's Discretionary Earnings (SDE). We estimated your SDE from the figures you provided. We then applied a multiple within the typical benchmark range for HVAC / Plumbing / Electrical businesses. Where your business lands in that range depends on the quality factors below.

EARNINGS RECONSTRUCTION	
Net income / pre-tax profit	$213,400
+ Owner's compensation	$118,000
+ Owner perks / personal expenses	$26,500
+ Interest expense	$9,200
+ Depreciation & amortization	$41,800
+ One-time / non-recurring expenses	$12,300
= Estimated SDE	**$421,200**

BUSINESS QUALITY FACTORS	SCORE
Time in Business	25 / 25
Revenue Trend	25 / 25
Customer Concentration	15 / 25
Recurring Revenue	17 / 25
Total Quality Score	**82 / 100**

Value Strengths

- Long operating history (12+ years) reduces buyer risk.
- Growing revenue trend supports a higher multiple.

Risk Factors

- Heavy owner dependence typically reduces value and limits the buyer pool to owner-operators.

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Balance Sheet Position

The value range on page 1 is a **debt-free** figure — what the business itself is worth before any loans against it. The figures below show your book position and what that range could mean for you personally once long-term debt is settled.

BOOK POSITION	
Current assets	$268,400
Long-term / fixed assets	$412,700
Total assets	**$681,100**
Current liabilities	$143,900
Long-term liabilities	$227,500
Total liabilities	**$371,400**
= Book owner's equity	**$309,700**

LIQUIDITY	
Net working capital (current assets – current liabilities)	$124,500

INDICATIVE PROCEEDS TO OWNER	
Estimated business value (midpoint, debt-free)	$1,373,000
Less: long-term debt to be repaid	−$227,500
= Indicative range to owner	**$1,077,000 – $1,214,000**

What This Says

- Net working capital is positive, which supports the business carrying its own short-term obligations — something buyers and lenders look for.
- The earnings-based estimate exceeds book equity, which is typical for a healthy operating business — the value is in the earnings, not just the assets.
- Debt of $227,500 would typically be settled at closing, which is why the range to you differs from the business value on page 1.

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How to Increase What Your Business Is Worth

Your estimate reflects the business as it is today. Most of what determines the multiple is within your control, and owners who work on these deliberately for a year or two before selling routinely land at a materially higher number.

THE SIZE OF THE OPPORTUNITY

Your earnings of **$421,200** currently support a multiple of **3.3x**. At the top of the benchmark range for HVAC / Plumbing / Electrical businesses (**3.5x**), those same earnings would support roughly **$1,474,000** — about **$101,000** more than today's midpoint estimate, without earning an extra dollar of profit.

1 Make the business run without you

This is usually the single biggest driver of value in a small business. If the owner is the business, the buyer pool shrinks to owner-operators and lenders get nervous.

What to do: Write down how the work actually gets done, hand your top three recurring responsibilities to someone else, and build toward a manager who can run day-to-day operations.

2 Pay down long-term debt

Debt doesn't change what the business is worth — it changes what you keep. It comes off the top at closing.

What to do: Every dollar of the $227,500 currently owed is roughly a dollar less in your pocket. Paying it down is one of the few levers that improves your proceeds without changing operations.

3 Grow earnings — every dollar is multiplied

Value here is a multiple of earnings, so improvements to profit don't add to value one-for-one — they add several times over.

What to do: At your current multiple of 3.3x, roughly every additional $10,000 of annual owner earnings adds about $33,000 to the estimated value. Price increases and dropping unprofitable work are usually the fastest routes.

4 Clean up the books and document add-backs

Add-backs you can't prove get removed by a buyer, and every removed dollar comes straight off the price — multiplied.

What to do: Keep personal expenses out of the business going forward, and keep records for any legitimate one-time or owner-benefit costs so they survive scrutiny.

5 Make sure your contracts and lease transfer

A buyer is purchasing your customer relationships, your location, and your licenses. Anything that doesn't legally carry over is value that evaporates at closing.

What to do: Check whether your lease is assignable and on reasonable remaining terms, get key customer relationships onto written agreements, and confirm licenses and permits can transfer to a new owner.

6 Retain your key people

If one or two employees hold the relationships or technical knowledge, a buyer worries they'll leave right after the sale — and prices that risk in.

What to do: Identify who the business genuinely depends on and give them a reason to stay through a transition, whether that's a retention agreement, a stay bonus, or simply a clear conversation.

7

Tighten your financial reporting

Buyers and lenders move faster and negotiate less when the numbers are clean and arrive on time. Messy books create doubt about everything else.

What to do: Close the books monthly rather than scrambling at year end, keep business and personal accounts fully separate, and consider reviewed or compiled statements as you get closer to a sale.

This is a high-level starting point based only on the figures you entered. A full valuation engagement quantifies each of these for your specific business — what the change is worth in dollars, how long it takes, and the order to tackle them in.

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Important Caveats

- **This is a self-reported, automated estimate** — not an appraisal, opinion of value, or certified business valuation. No analyst has reviewed your financials, industry, or deal-specific facts.
- **It relies entirely on the numbers you entered.** We have not verified your revenue, earnings, or add-backs against tax returns, financial statements, or other records.
- **It does not account for** your balance sheet (assets, debt, working capital), real estate, inventory, deal structure, buyer type, financing availability, local market conditions, or industry-specific nuances.
- **Industry multiples used are general small-business benchmarks**, not appraisal-grade comparable transaction data specific to your market or company size.
- **This estimate should not be used** for financing, tax planning, litigation, estate planning, partner or divorce buyouts, SBA lending, or any transaction. Those situations require a formal valuation or certified appraisal.
- **Actual sale price is ultimately set by the market** — a willing buyer and seller — and can differ meaningfully from any pre-market estimate.

WHAT YOU GOT TODAY	THIS ESTIMATE	FULL BUSINESS VALUATION
Industry-benchmark multiple estimate	✓	✓
Reviewed & adjusted by an advisor	—	✓
Balance sheet & add-back review	—	✓
Comparable transaction data	—	✓
Approx. investment	$300 / year access	$2,950

Want a Number You Can Actually Rely On?

This estimate is a starting point. A full certified valuation reviews your actual financials, applies comparable transaction data, and adjusts for the factors that matter most to real buyers — giving you a number you can rely on for financing, planning, or a sale.

Order a Full Report

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