



America's Grout and Tile Cleaning, Repair and Restoration Expert

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Franchised Units:	33	In Business Since:	1992	Royalty:	\$12K Avg.
Company-Owned Units:	<u>1</u>	Franchise Fee:	\$19.9K	IFA Member:	No
Total Operating Units:	34	Total Investment Range:	\$27.3-34.4K	Term of Initial Contract:	15 Years

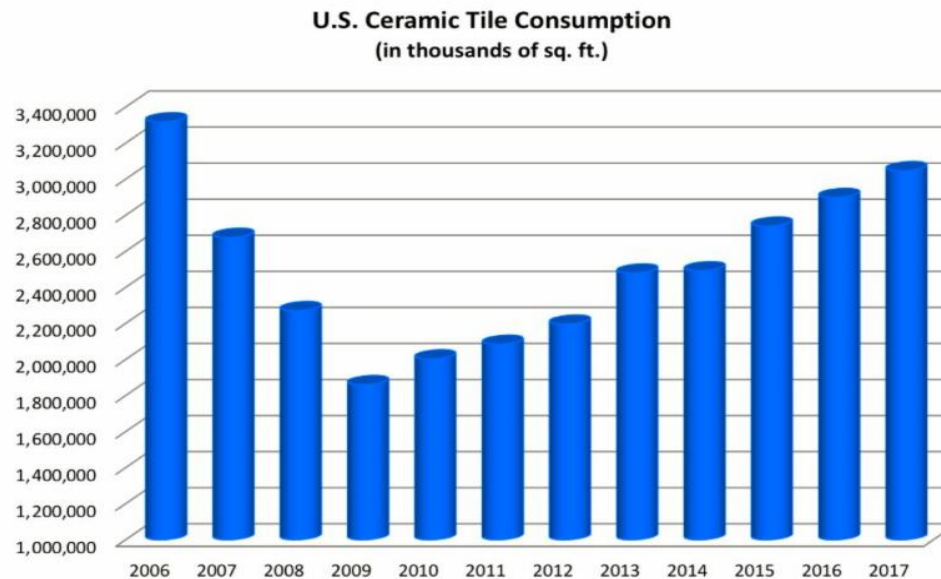
Grout-smith (grout' smith') n. **1.** The profession of restoring and repairing grouted tile floors and showers. **2.** A grout restoration and repair expert. **3.** A certification achieved by highly trained grout and tile technicians. **4.** A grout and tile professional.

The Groutsmith Mission

To provide the highest quality of tile and grout cleaning, restoration, repair and anti-slip services; to enable homeowners and business owners to enjoy and appreciate the beauty and functionality of their tile and grout surfaces.

The Industry

Over 3 billion square feet of new tile and grout was sold and installed in the United States in 2017. Restoration, repair, anti-slip and maintenance services will be needed on all of this new tile, as well as the billions of square feet of grout and tile already in place. This creates an opportunity for entrepreneurs to build a substantial business servicing this demand in both the residential and commercial markets.



The Groutsmith is the Industry leader and their franchise allows individuals and couples to have their own business providing needed grout and tile services, where the demand has been steadily increasing over the last several years. A business that allows them to provide these services at less cost, and produces a better end result than the competition. A very **affordable business** that can be started as a one man operation and grow into a multi-van operation. A business where you are trained and supported by people who have successfully operated this same business for over 25 years. And a business that allows the opportunity to build a **verifiable six figure annual income**.

The Groutsmith restoration processes are not difficult to learn or difficult to perform. Their restoration techniques and **their proprietary Goutsmith professional products** are what separates them from all other competition.

Groutsmith® franchisees are fully trained to become the grout and tile restoration expert in their own exclusive territory. They are fully trained to professionally restore grouted tile floors, showers, counters and walls. The Groutsmith has a process and product for each to insure professional results in less time and for less cost than anyone else.

Conclusion

The Groutsmith is the leader in the grout and tile restoration business and a premier opportunity in the Home Service Industry.



An Excellent Business Opportunity



Industry : **Grout Services**

Major Competitors

A	The Groutsmith
B	The Grout Expert
C	The Grout Doctor
D	The Grout Medic

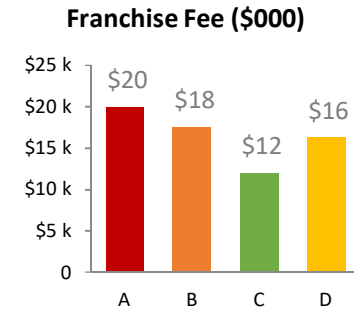
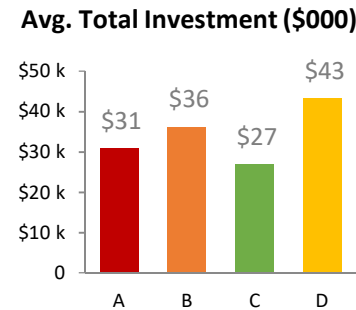
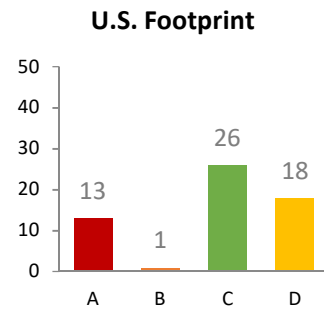
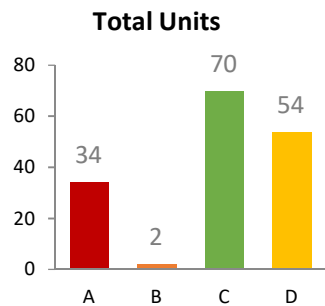
Key Unit Investment Variables 25%

Company	Total Units
A	34
B	2
C	70
D	54

Company	U.S. Footprint
A	13
B	1
C	26
D	18

Company	Avg. Total Investment
A	\$31
B	\$36
C	\$27
D	\$43

Company	Franchise Fee
A	\$20
B	\$18
C	\$12
D	\$16



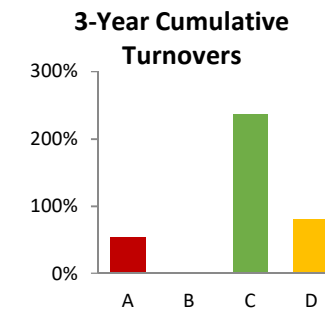
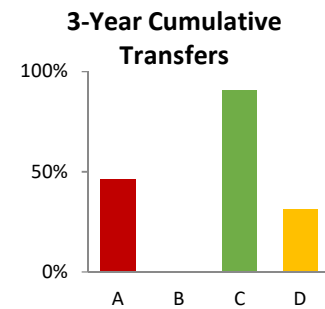
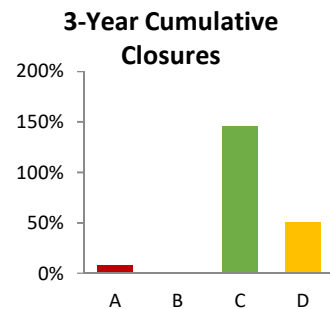
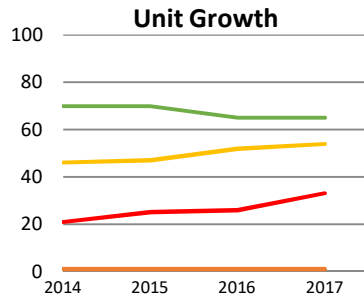
- **Total Units** is a valuable measure if recent growth was accompanied by proper support. Meteoric growth, however, with the help of third parties, frequently means franchisees are left to fend for themselves while management focuses on growth for its own sake.
- The greater the **Footprint/Geographical Coverage**, the better all franchisees are served. Only U.S. states are included.
- For the purpose of the Franchise Matrix™ analysis, the **Average Total Investment** is used in all cases.
- The **Franchise Fee** should not significantly exceed the franchise fee of its primary competitors.

Company	3-Year Compound Annual Unit Growth
A	16.3%
B	0.0%
C	-2.4%
D	5.5%

Company	3-Year Cumulative Closures
A	7.7%
B	0.0%
C	145.5%
D	50.0%

Company	3-Year Cumulative Transfers
A	46.2%
B	0.0%
C	90.9%
D	31.3%

Company	3-Year Cumulative Turnovers
A	53.8%
B	0.0%
C	236.4%
D	81.3%

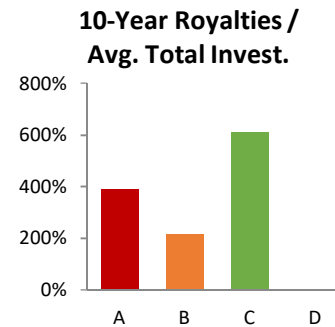
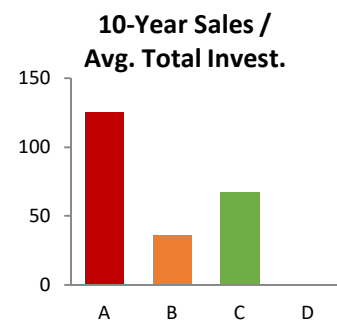
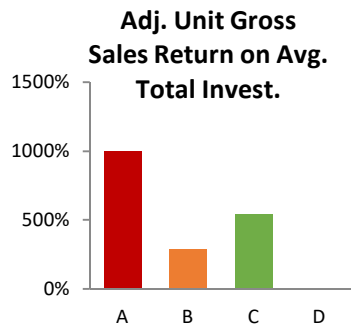


- Steady and controlled **Unit Growth** are preferred over meteoric growth. Negative unit growth raises red flags.
- **Closures** are generally a negative factor and include terminations, non-renewals, units acquired by the franchisor (beware of "churning") and ceased operations. This chart compares the cumulative closures over the 3-year period as a % of the 2014 Start of Year units. The lower the %, the better.
- **Transfers** are generally negative and reflect the number of franchisees who have decided, for whatever reason, to sell (or transfer) their unit(s), to a new owner. This chart compares the cumulative transfers over the 3-year period as a % of the 2014 Start of Year units. Legitimate intra-family transfers involving many units could unfairly penalize the franchisor. The lower the %, the better.
- **Turnovers** are the sum of both closures and transfers. The lower the %, the better.

Company	Adj. Unit Gross Sales Return on Avg. Total Investment
A	999.2%
B	285.3%
C	538.8%
D	No Item 19

Company	10-Year Sales / Avg. Total Investment
A	125.7
B	35.9
C	67.8
D	No Item 19

Company	10-Year Royalties / Avg. Total Investment
A	389.0%
B	215.3%
C	609.9%
D	No Item 19

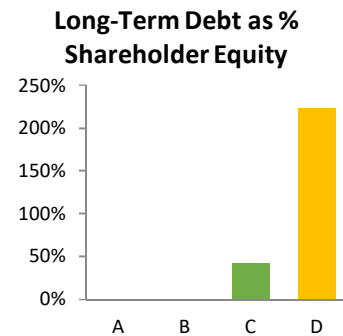
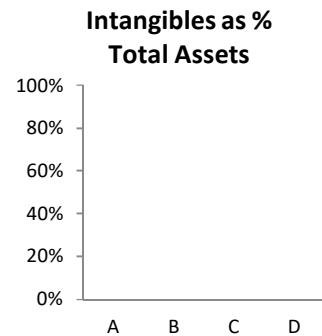
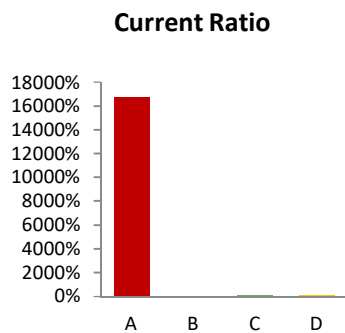


- Adjusted Unit Gross Sales by itself is not as important as **Adjusted Unit Gross Sales as a % of the Average Unit Investment**. Sales and profits must be evaluated as a function of the total investment.
- Whereas a modest difference in Year 1 **Sales as a Function of the Average Investment** might be considered of minor importance, a 10-year time horizon puts these differences into perspective.
- Similarly, while a modest difference in Year 1 royalty rates between franchisors might be considered of minor importance, cumulative **Royalty** payments over a 10-year time frame as a **% of Average Total Investment** put these differences into perspective.

Company	Current Ratio
A	16700.0%
B	N/A
C	88.3%
D	160.0%

Company	Intangibles as % Total Assets
A	0.0%
B	0.0%
C	0.0%
D	0.0%

Company	Long-Term Debt as % Shareholder Equity
A	0.0%
B	0.0%
C	42.1%
D	223.5%



- The **Current Ratio** reflects the franchisor's ability to pay back its short-term liabilities. A ratio of less than 1 raises a red flag as to whether a franchisor can pay its short-term obligations when due.
- **Intangibles**, including Goodwill, are long-term assets represented by non-physical assets. Franchisors whose brands are household names may justify a higher value for intangibles than a relatively new brand.
- **Long-term Debt as a % of Shareholder Equity** reflects the franchisor's long-term capital structure. Over time, one would expect the % to decrease. A lower % is preferred over a higher %.

FranCompare™ Franchise Recognition Program 2018

Industry: **Grout Services**

Franchise Matrix™

Major Competitors

A	The Groutsmith
B	The Grout Expert
C	The Grout Doctor
D	The Grout Medic

Company Name (DBA):

The Groutsmith

The Grout Expert

The Grout Doctor

The Grout Medic

Legal Name:

Groutsmith Franchising, Inc.

The Grout Expert Franchising, Inc.

Grout Doctor Global Franchise Corp.

The Grout Medic, LLC

Weighting for Primary FDD Variables

	Data	Score	Data	Score	Data	Score	Data	Score	Weight
Key Unit Investment Variables 25%									
Year-End Total Units (Franchised)	33		1		65		54		
Year-End Total Units (Company-Owned)	1		1		5		0		
Year-End Total Units	34	18	2	2	70	25	54	22	25
% Franchised	97.1%		50.0%		92.9%		100.0%		
% Company-Owned	2.9%	8	50.0%	6	7.1%	10	0.0%	0	10
US Footprint (# US States)	13	11	1	1	26	15	18	13	15
Total Investment (Low Investment)	\$27,300		\$23,550		\$20,435		\$29,500		
Total Investment (High Investment)	\$34,400		\$49,000		\$33,445		\$57,000		
Average Total Investment Per Unit	\$30,850	55	\$36,275	50	\$26,940	60	\$43,250	46	60
Franchise Fee (Single Unit)	\$19,900	25	\$17,500	27	\$12,000	30	\$16,250	28	30
Annual Royalty Fee (On-Going After Trial Period)	\$12,000	40	6%	33	9%	20	10%	17	40
Term of Initial Contract (Years)	15	25	10	20	7	17	10	20	25
Term of First Contract Renewal (Years)	15	15	10	10	7+7	14	10+10	20	20
Transfer Fee (Single Unit)	\$3,500	8	\$4,375	7	\$2,000	10	\$5,000	6	10
Year Incorporated	1992	15	1999	14	2001	13	2008	9	15
Franchising Since	2010		2010		2001		2009		
Issuance Date of FDD (Issue Date)	1/21/2017		3/15/2017		4/1/2017		3/2/2017		
Real Unit Growth - Item 20 Performance Analytics 30%									
Base-Year (2014) Beginning Franchised Units	21		1		70		46		
New Franchised Units Over Following 3 Years	13		0		11		16		
Total Franchised Units End of 2016	33	12	1	1	65	20	54	18	20
% New Units Over Base Year Units	61.9%	25	0.0%	0	15.7%	11	34.8%	16	25
3-Year Compound Annual Unit Growth	16.3%	25	0.0%	0	-2.4%	0	5.5%	16	25
3-Year Average Continuity Rate	116.7%	25	100.0%	10	97.6%	7	105.6%	15	25
3-Year Total "Closures"	1		0		16		8		
Cum. Closures As % of 2014 SOY Units	4.8%	23	0.0%	18	22.9%	16	17.4%	18	25

Cum. Closures As % of Total New Units Over 3 Yrs	7.7%	17	0.0%	16	145.5%	0	50.0%	8	20
3-Year Total " Transfers Rate"	6		0		10		5		
Cum. Transfers As % of 2014 SOY Units	28.6%	18	0.0%	22	14.3%	30	10.9%	32	35
Cum. Transfers As % of Total New Units Over 3 Yrs	46.2%	12	0.0%	18	90.9%	4	31.3%	16	30
3-Year Total "Turnovers"	7		0		26		13		
Cum. Turnovers As % of 2014 SOY Units	33.3%	38	0.0%	32	37.1%	32	28.3%	40	50
Cum. Turnovers As % of Total New Units Over 3 Yrs	53.8%	20	0.0%	30	236.4%	0	81.3%	12	45
Real Unit Performance - Item 19 Unit Financial Analytic									
35%									
Company-Wide Average Gross Sales or Revenue	\$268,055		\$90,000		\$145,152		No Item 19		
Calculation Based on Franchised Units or Total Units	Franchised		Co.-Owned		Franchised		No Item 19		
% Adjustment*	115%		115%		100%		No Item 19		
Adjusted Average Gross Sales or Revenue	\$308,263		\$103,500		\$145,152		No Item 19		
Period Covered	Over 1 Yr.		Over 1 Yr.		Over 2 Yrs.		No Item 19		
Calc. Based on # of Units Evaluated	22 of 33		1 of 1 Pro Forma		54 of 65		No Item 19		
Adjusted Unit Gross Sales Return on Avg. Total Investment	999.2%	175	285.3%	165	538.8%	172	No Item 19	0	175
Cum.10-Year Gross Sales (Compounded at 5% Growth/Year)	\$3,877,302		\$1,301,812		\$1,825,706		No Item 19		
10-Year Sales / Average Total Investment	125.7	75	35.9	52	67.8	65	No Item 19	0	75
10-Year Total Royalty Payments	\$120,000		\$78,109		\$164,314		No Item 19		
10-Year Royalties / Average Total Investment	389.0%	12	215.3%	22	609.9%	0	No Item 19	0	50
Detailed Income Statement (EBITDA All Units Optimal)	0%	0	0%	0	0%	0	No Item 19	0	50
Real Financial Strength - Key Balance Sheet Ratios									
10%									
Current Assets (\$000)	\$167		\$10		\$98		\$144		
Current Liabilities (\$000)	\$1		\$0		\$111		\$90		
Current Ratio	16700.0%	25	N/A	20	88.3%	9	160.0%	18	25
Total Assets (\$000)	\$167		\$10		\$554		\$145		
Total Debt (\$000)	\$1		\$0		\$242		\$128		
Total Debt As % Total Assets Ratio	0.6%	20	0.0%	17	43.7%	12	88.3%	6	20
Intangibles & Goodwill (\$000)	\$0		\$0		\$0		\$0		
Intangibles & Goodwill As % Total Assets	0.0%	35	0.0%	35	0.0%	35	0.0%	35	35
Long-Term Debt (\$000)	\$0		\$0		\$131		\$38		
Shareholders' Equity (\$000)	\$167		\$10		\$311		\$17		
Long-Term Debt As % Shareholders' Equity Ratio (\$000)	0.0%	20	0.0%	17	42.1%	12	223.5%	0	20
Ending Date for Financials (Closing Date on Balance Sheet)	12/31/2016		12/31/2016		12/31/2016		12/31/2016		
Total Score									
		797		645		639		431	1,000

* To adjust stated Average Gross Sales to a "Standard" of Greater than 2 Years, the following adjustments were applied:
Over 1 Year = 115%; Over 2 Years =100%; Over 3 Years = 95%; Over 4 Years = 90%; Over 5 Years = 85%.

FranCompare™ and the World Franchising Network have been in the franchising business for over 30 years. During that period, we have gained some meaningful insights into what separates great franchise systems from mediocre ones. The FranCompare™ Franchise Recognition Program is the result of those decades of experience. The underlying analysis relies upon a unique template called Franchise Matrix™. The Franchise Matrix™ allows a prospective investor, analyst or lender to prioritize which objective factors in each franchisor's FDD are most important in analyzing competing systems and to compare systems side-by-side. Keep in mind that the methodology and results of the Franchise Recognition Program are solely the opinions of FranCompare™ and are based solely on what we consider to be the key factors taken from each franchisor's 2017 FDD. If you want to modify the weighting of the variables or change the variables themselves, please [click here](#) for a customizable worksheet that can accommodate your personal priorities. Considering the weight given to Item 19s in the analysis, free copies of the 2017 Item 19s of the "winner" in each category can be found at www.Freeltem19s.com. To better evaluate competing franchise systems, over 2,300 2017 FDDs and over 800 2018 FDDs can be found at www.FranchiseDisclosures.com.

Please [click here](#) for the detailed methodology used in the Franchise Matrix™.

FranCompare™ also provides custom side-by-side analyses for clients. Call (888) 612-9908 to discuss.

Source: All information in the FranCompare™ Franchise Recognition Program, the Franchise Matrix™ and related charts and graphs was compiled from publicly available Franchise Disclosure Documents (FDDs).

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