Retail Service Station Opportunities

2014 May
TOPICS

1. Application and Screening Process
2. Business Plan requisites
3. Business Valuation method
Each applicant is to complete the following:

- Personal details
- Educational background
- Employment history and experience
- Financial status – key/critical for application process
- Self assessment questionnaire – 15 questions
- Motivation on brand preference and association

Applications is screened and verified for minimum requirements
Screening Process

1. Application Form (verified)
2. Preliminary Screening Interview
3. Competency Assessment
4. Competency Based Interview
5. Approvals
6. Pre – approved Candidates pool
7. Site Allocation
Funding Structure

Total Capital Required:

Business Acquisition
- Goodwill or
- Right to Trade (RTT)

Working Capital
- Wet Stock: 2 x loads estimate = R1,5m
- Dry Stock: Quick shop & Corner Bakery = R900K, excl. APO’s

Setup Costs
- License Fees
- Training Fees
- Office Furniture
- Staff Uniforms
- Miscellaneous, etc.

Min. 40% EQUITY
- Dealer’s own contribution unencumbered

60% Loan
- Loan repayment period not to exceed 5 years, in line with our standard operating lease agreements
Business Plan requisites

• Key points to be covered in a Business Plan:
  • Business overview
  • Market analysis
  • Customer analysis
  • Promotions
  • Sales forecasting
  • SWOT analysis
  • Staff analysis
  • Financials
  • Key Success Factors

• Main purpose: identification and/or creation of a competitive advantage and should set out the future strategy and financial development of the service over a specific period.
The current business valuation method is applied as follows:

- Monthly Average EBITDA multiplied by 36
- Add stock at cost less expired stock – applicable on takeover date
- Dealer / Operator Assets
  - Profit Generating assets – Dealer/Operator have option of using Net Book Value of assets (SARS spec) as fair value or clean profit formula.
  - Non profit generating assets – negotiated between Seller & Buyer dependent on business need (outside formula).
- New sites / Upgrades
  - Property Department or Roll out team will engage Dealer on related costs prior to project commencement.
  - Costs differ on requirements and needs to change.
  - They are payable before takeover.
Managing Expectations

• **Operator basic requirements**
  • Technical Competency & Business acumen
  • Passion & Commitment
  • Lifestyle change – presence & hands on
  • To ensure long term success and sustainability

• **Availability of sites**
  • Voluntary sale
  • Poor site performance
  • Death
  • New sites – Property department

• **Engen transformation – Women a priority**
**Conclusion**

- **Retail Enterprise Development funding:**
  - Various initiatives are being looked at to assist qualifying BEE applicants
  - These will be communicated on approval including qualification criteria on a deal by deal basis.
  - NEF/ENGEN funding not active, pending NEF Funds availability

**Contact Person**

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Thank you

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