



kitchentune·up[®]

Craig Green
 Director of Franchising
craig@kitchentuneup.com
 813 Circle Drive
 Aberdeen, SD 57401
 (605) 225-4049
www.kitchentuneup.com

Franchised Units:	177	In Business Since:	1988	Royalty:	2-7%
Company-Owned Units:	0	Average Franchise Fee:	\$49K	IFA Member:	Yes
Total Operating Units:	177	Total Investment Range:	\$71.9-105.2K	Term of Initial Contract:	10 Years

Kitchen Tune-Up

Kitchen Tune-Up is a franchise system of committed professionals. Our remodeling experts update kitchens and bathrooms utilizing our customer service Trustpoints to make the experience fun, with little to no hassle for homeowners. We believe you don't have to spend a fortune or be displaced from your home for weeks in order to improve your living space. Kitchen Tune-Up appeals to entrepreneurs transitioning into business ownership from corporate backgrounds. Our standout remodeling concept offers personalized service and incredible results. Kitchen Tune-Up offers multiple options to update kitchens including:

- 1 Day Tune-Up
- Cabinet Painting
- Cabinet Redooring
- Cabinet Refacing
- Custom Cabinets



1 DAY TUNE-UP • CABINET REDOORING, PAINTING, REFACING • CUSTOM CABINETS AND MORE

Our locations get so many requests to do additional work on the home, so we have additional services including Granite Tune-Up, organizers & accessories, roll-out trays, garage cabinets, and custom closets.

Quick Facts

- Low initial investment with all-inclusive start-up package
- Scalable business model with home-based or retail opportunities
- High gross profits and most jobs are completed in one week or less
- Comprehensive training, e-learning, and top-notch marketing
- No remodeling or kitchen industry experience required
- Single unit & multi-unit development opportunities available
- Easy-to-use operations system with in-home quote program

Training & Support

Franchisees in the Kitchen Tune-Up system take advantage of the knowledge experience shared between owners – the domino effect of the expertise is invaluable. Fostering entrepreneurship with minimal overhead, Kitchen Tune-Up franchisees primarily manage their small employee base and consistently oversee effective sales and marketing programs. Kitchen Tune-Up franchisees receive comprehensive training in 3 phases:

Online Pre-Training – You will become familiar with the Kitchen Tune-Up concept well before arriving at training school. Our online Pre-Training will help you to establish your business and to arrive prepared for training school. Pre-training consists of reading manuals, taking quizzes, viewing videos and establishing your new franchise.

Classroom and Practical Training – At the Kitchen Tune-Up Home Office in Aberdeen, South Dakota

Twelve Week Action Plan – In the 12 weeks following training school you'll attend scheduled webinars and weekly online training modules to reinforce and supplement the overall training program. You work one-on-one each week with a member of the Home Office team.

No Remodeling or Cabinet Experience Required

Ideal franchise candidates are creative self-starters who appreciate the system Kitchen Tune-Up has designed and evolved. ***No remodeling or construction experience is needed.*** Less than 6% of Kitchen Tune-Up franchise owners have previous experience with cabinet design, the construction industry, or in the cabinet business combined. Through our comprehensive training program, you will learn all you need to know to run a Kitchen Tune-Up franchise. If you can manage people and tasks, and are interested in being the best, we will help with the rest!

Join a Booming Industry

Everyone has a kitchen, and kitchens are the heart of the home. It is the room where meals, messes, and memories are made. Not all kitchens need a complete renovation in order to be updated into a room that homeowners are proud of and love spending time in. Our clients are anyone with a kitchen, bathroom, or woodwork that wants to improve their home. Join a booming industry with more customer demand than remodelers can meet!

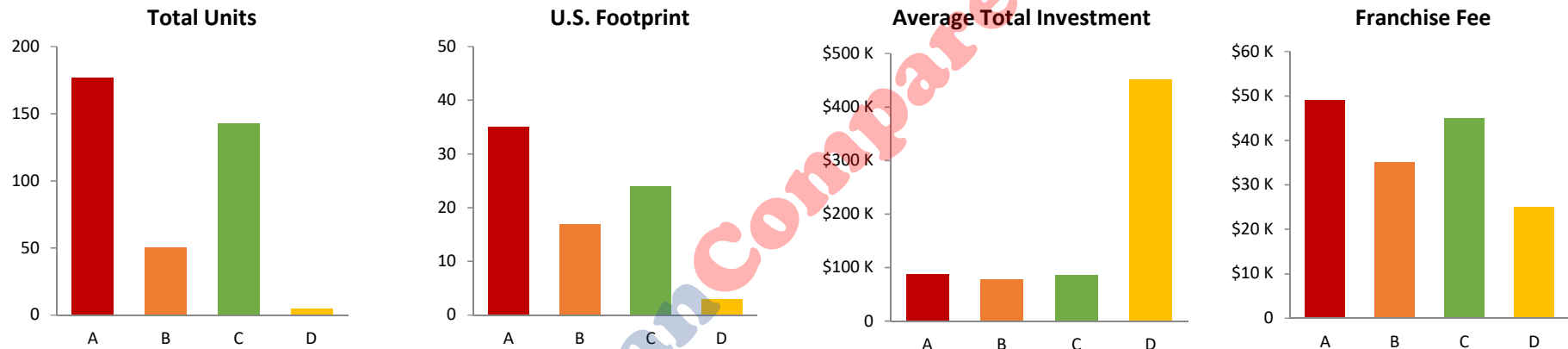
FranCompare™ Franchise Recognition Program 2019

Kitchen & Cabinet Improvement Industry

	Company Name (DBA)	Legal Name	Final Score
A	Kitchen Tune-Up	KTU Worldwide, Inc.	719
B	Kitchen Solvers	KS La Crosse Investments, LLC	664
C	ShelfGenie	ShelfGenie Franchise Systems, LLC	401
D	Granite America (Standard Model - Startup Franchise)	Granite America International, LLC	286

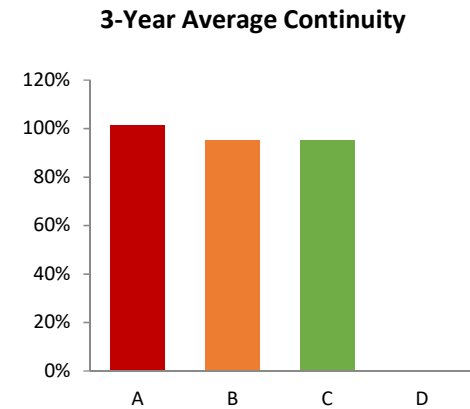
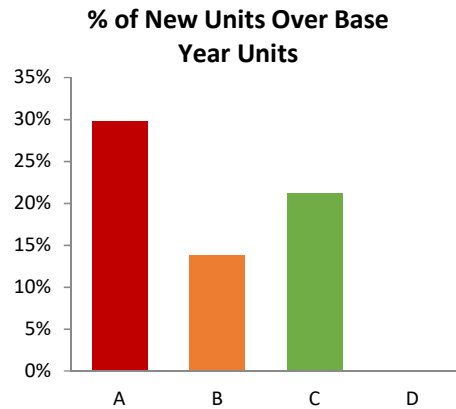
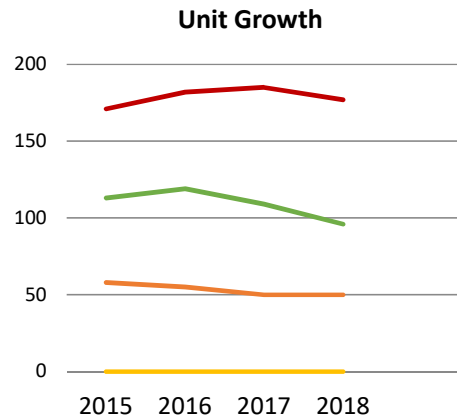
Key Unit Investment Variables

30%



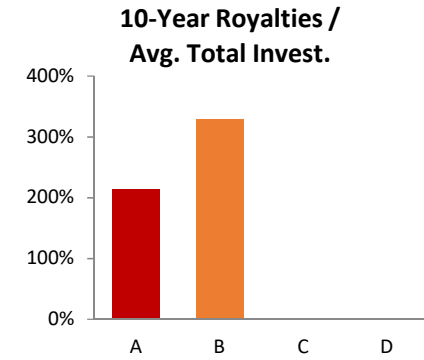
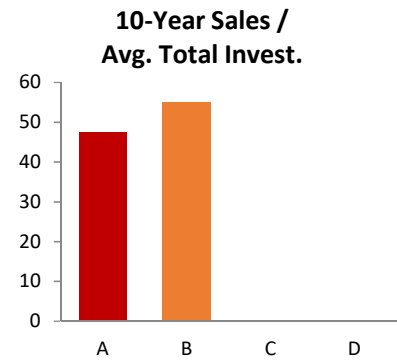
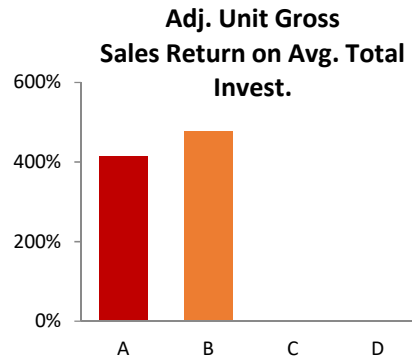
- **Total Units** is a valuable measure if recent growth was accompanied by proper support. Meteoric growth, however, with the help of third parties, frequently means franchisees are left to fend for themselves while management focuses on growth for its own sake.
- The greater the **Footprint/Geographical 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.

	Kitchen Tune-Up		Kitchen Solvers		ShelfGenie		Granite America (Standard Model - Startup Franchise)		
Weighting for Primary FDD Variables (300 Points)	Data	Score	Data	Score	Data	Score	Data	Score	Max. Score
Year-End Total Franchised Units	177		50		96		0		
Year-End Total Company-Owned Units	0		0		47		5		
Year-End Total Units	177	45	50	25	143	40	5	8	50
% of Franchised Units	100.0%		100.0%		67.1%		0.0%		
% of Company-Owned Units	0.0%	0	0.0%	0	32.9%	7	100.0%	0	10
U.S. Footprint (# of U.S. States)	35	35	17	26	24	32	3	8	35
Total Low Investment	\$71,900		\$65,765		\$68,600		\$327,650		
Total High Investment	\$105,150		\$90,535		\$103,750		\$576,200		
Average Total Investment Per Unit	\$88,525		\$78,150		\$86,175		\$451,925		
Low Unit Size Estimate (Square Feet)	No Data		600		No Data		5,000		
High Unit Size Estimate (Square Feet)	No Data		900		No Data		10,000		
Average Unit Size (Square Feet)	N/A		750		N/A		7,500		
Average Total Investment Per Square Feet	N/A		\$104		N/A		\$60		
Average Franchise Fee (Single Unit)	\$49,000	12	\$35,000	24	\$45,000	15	\$25,000	33	40
Average Annual Royalty Fee (On-Going After Trial Period)	4.5%	88	6.0%	80	5.0%	85	6.0%	80	90
Term of Initial Contract (Years)	10	20	10	20	5	10	10	20	35
Term of First Contract Renewal (Years)	10	11	10+10	20	5+5+5	17	10+10	20	20
Average Transfer Fee (Single Unit)	\$4,900	10	\$5,000	10	\$22,500	2	\$10,000	8	10
Year Incorporated	1988	10	1987	10	2000	9	2002	9	10
Franchising Since	1988		1987		2008		No Data		
Issuance Date of FDD (Issue Date)	3/13/2018		4/10/2018		4/27/2018		3/1/2018		



- **3-Year Compound Annual Unit Growth** measures the unit growth from base year to end of 2017. Assuming proper support on the part of the franchisor, higher growth is rewarded. Steady and controlled **Unit Growth** are preferred over meteoric growth. Negative unit growth raises red flags.
- **% of New Units Over Base Year Units** is the Total End of 2017 Units divided by Base Year Beginning Units.
- **3-Year Average Continuity Rate** is an important and commonly used metric within the franchising industry that measures the success of a franchise system over its most recent past. Continuity rate is determined for each year by dividing end-of-year total units by beginning-of-year total units and dividing the 3 annual rates by 3 to arrive at an average. If there are a high number of closures or non-renewals within a franchise, the continuity rate will generally result in a rate of less than 100%, as will a system that cannot support its growth and, accordingly, its franchisees are failing. A high continuity rate is evidence of strong support systems. Continuity rates of over 100% were rewarded and ones with less than 100% were penalized.

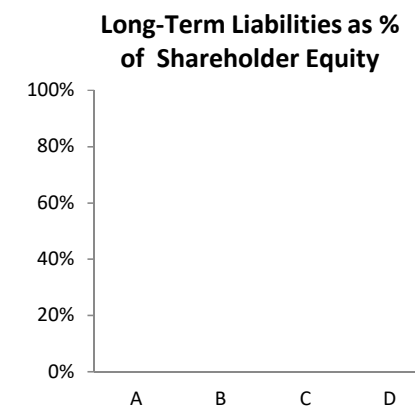
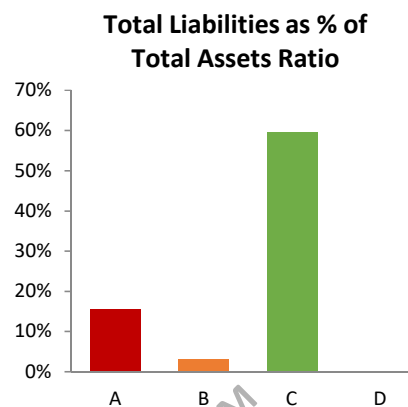
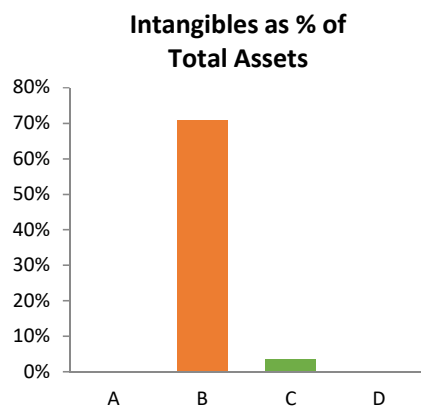
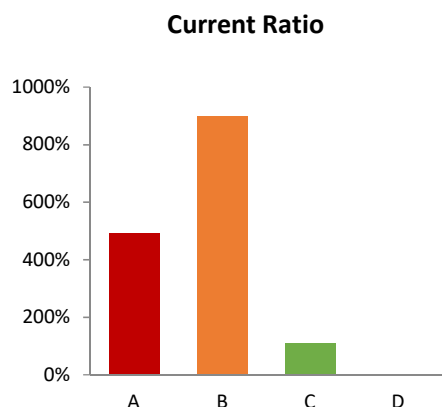
Weighting for Primary FDD Variables (250 Points)	Kitchen Tune-Up		Kitchen Solvers		ShelfGenie		Granite America (Standard Model - Startup Franchise)		Max. Score
	Data	Score	Data	Score	Data	Score	Data	Score	
Base-Year Beginning Franchised Units	171		58		113		0		
New Franchised Units Over Following 3 Years	51		8		24		0		
Total Franchised Units at the End of Year 3	177		50		96		0		
% of New Units Over Base Year Units	29.8%	13	13.8%	6	21.2%	10	N/A	0	40
3-Year Compound Annual Unit Growth	1.2%	10	-4.8%	0	-5.3%	0	N/A	0	70
3-Year Average Continuity Rate	101.3%	105	95.2%	93	95.0%	85	N/A	0	140



- Adjusted Unit Gross Sales by itself is not as important as **Adjusted Unit Gross Sales as percentage of the Average Total 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 percentage of Average Total Investment put these differences into perspective.

	Kitchen Tune-Up		Kitchen Solvers		ShelfGenie		Granite America (Standard Model - Startup Franchise)		
Weighting for Primary FDD Variables (350 Points)	Data	Score	Data	Score	Data	Score	Data	Score	Max. Score
Company-Wide Average Gross Sales or Revenue	\$318,594		\$325,145		Insufficient Data		No Item 19		
Period Operated	1 Year		1 Year		Insufficient Data		No Item 19		
Calculation Based on # of Units Evaluated	70.8 of 177		12 of 22		Insufficient Data		No Item 19		
Calculation Based on Franchised or Company-Owned Units	Franchised		Franchisees		Insufficient Data		No Item 19		
% Adjustment*	115%		115%		Insufficient Data		No Item 19		
Adjusted Average Gross Sales or Revenue	\$366,384		\$373,917		Insufficient Data		No Item 19		
Adjusted Unit Gross Sales Return on Avg. Total Investment	413.9%	175	478.5%	175	Insufficient Data	0	No Item 19	0	175
Cum.10-Year Gross Sales (Compounded at 5% Growth / Year)	\$4,207,608		\$4,294,121		Insufficient Data		No Item 19		
10-Year Sales / Average Total Investment	47.5	75	54.9	75	Insufficient Data	0	No Item 19	0	75
10-Year Total Royalty Payments	\$189,342		\$257,647		Insufficient Data		No Item 19		
10-Year Royalties / Average Total Investment	213.9%	5	329.7%	0	Insufficient Data	0	No Item 19	0	50
Detailed Income Statement (EBITDA All Units Optimal)	10%	5	40%	20	10%	5	0%	0	50

* 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%.



- The **Current Ratio (or Working Capital Ratio)** is a liquidity ratio that 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 with limited experience in the marketplace.
- **Total Liabilities as percentage of Total Assets Ratio** reflects the long-term strength of the franchisor's balance sheet. Over time, one would expect the percentage to decrease. A lower percentage is preferred over a higher percentage.
- **Long-term Liabilities as percentage of Shareholder Equity** reflects the franchisor's long-term capital structure. Over time, one would expect the percentage to decrease. A lower percentage is preferred over a higher percentage.

Balance Sheet Items (\$000)	Kitchen Tune-Up		Kitchen Solvers		ShelfGenie		Granite America (Standard Model - Startup Franchise)		Max. Score
	Data	Score	Data	Score	Data	Score	Data	Score	
Weighting for Primary FDD Variables (100 Points)									
Ending Date for Financials (Closing Date on Balance Sheet)	12/31/2017		12/31/2017		12/31/2016		12/31/2017		
Current Assets	\$1,551		\$144		\$3,240		\$89		
Intangibles & Goodwill	\$0		\$367		\$169		\$0		
Other Assets	\$461		\$6		\$1,457		\$0		
Total Assets	\$2,012		\$517		\$4,866		\$89		
Current Liabilities	\$315		\$16		\$2,896		\$0		
Long-Term Liabilities	\$0		\$0		\$0		\$0		
Total Liabilities	\$315		\$16		\$2,896		\$0		
Shareholders' Equity	\$1,697		\$501		\$1,970		\$89		
Total Liabilities & Shareholders' Equity	\$2,012		\$517		\$4,866		\$89		

Key Financial Ratio (%)s	Kitchen Tune-Up		Kitchen Solvers		ShelfGenie		Granite America (Standard Model - Startup Franchise)		
	Data	Score	Data	Score	Data	Score	Data	Score	Max. Score
Current Ratio (or Working Capital Ratio)	492.4%	25	900.0%	25	111.9%	15	Infinite	25	25
Intangibles & Goodwill as % of Total Assets	0.0%	20	71.0%	0	3.5%	19	0.0%	20	20
Total Liabilities as % of Total Assets Ratio	15.7%	35	3.1%	35	59.5%	30	0.0%	35	35
Long-Term Liabilities as % of Shareholders' Equity Ratio	0.0%	20	0.0%	20	0.0%	20	0.0%	20	20

Total Score	719	664	401	286	/1000
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FranCompare™

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 2018 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.

FranCompare™ also provides custom side-by-side analyses for clients. You can choose from over 2,100 2018 FDDs and over 2,300 2017 FDDs listed on www.FranchiseDisclosures.com. If you have an interest in a custom FranCompare™ analysis, please give us a call at (888) 612-9908. The minimum charge for 4 companies is \$600 and each additional company is \$150.

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). FranCompare™ permits no reproduction, electronic transmission or other distribution of the FranCompare™ Franchise Recognition Program or Franchise Matrix™, in whole or in part, except as authorized by separate signed Agreement.

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Feel free to contact us at:

FranCompare™

1814 Franklin Street, Suite 800

Oakland, CA 94612

(888) 612-9908