

Prospectus - Financial models

The total set up cost provides you with a complete turnkey operation.

You will need +/- R600 000 excluding VAT, depending on store type, store size and water quality in the area.

The total amount is made of these costs:

Franchise fee: From **R135 000 plus VAT** paid on signing the franchise agreement, depending on area. This is a once-off payment for each franchise that is opened. It secures the rights to operate a franchise, using the H2O International trademarks and business systems for a specified canvassing area.

Additional Fees & Costs:

- One week training at Head Office in Tokai : **R10 000 plus VAT**
- One week in store sale training after opening : **R15 000 plus VAT**
- Monthly management fee: **6%** of monthly turnover by the franchisee (excluding rentals and free usage contracts)
- Management Franchise fee for Rentals and Free Usage contracts : **3%**
- Monthly national marketing fee: **3%** of monthly turnover by the franchisee.
- Opening stock order: **R150 000 plus VAT** (varies according to the type and size of outlet).
- Shop fittings: **R150 000- 250 000 per outlet** (depending on the size of the outlet).
- Store Shopfitting Design Costs: **R 15 000 + Vat.** (excluding cost of site inspection)

Working Capital

We recommend **R200 000** as initial start-up working capital. This amount can either be provided in the form of an overdraft or your own funding can be used. These funds will support your cash flow in the initial start-up phase.

Please note that the franchisor will provide an account to approved franchisees on 30 days terms. A 2.5% early settlement discount will be offered to those Franchisees who pay their accounts within 15 days of Statement.

Assistance with finance

We can assist you to raise finance through several major banking institutions.

Examples:



For You and Planet Blue.



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The financial projections of what a typical franchise can achieve have been provided. Although we believe them to be realistic, they have been compiled to present prospective franchisees with an idea of the financial aspects of purchasing an H2O business.

There is no guarantee that a franchise will achieve the same results. The success of the operation is largely dependent on the franchisee's commitment & drive and the franchisee's ability to build, motivate and manage a sales team. We cannot guarantee that the franchisee's canvassing area will produce similar figures to those shown in the projections.

Contact Ian Morris Operations Director, he will supply you the spread sheet needed so that you can tailor it to your operation using actual data.