



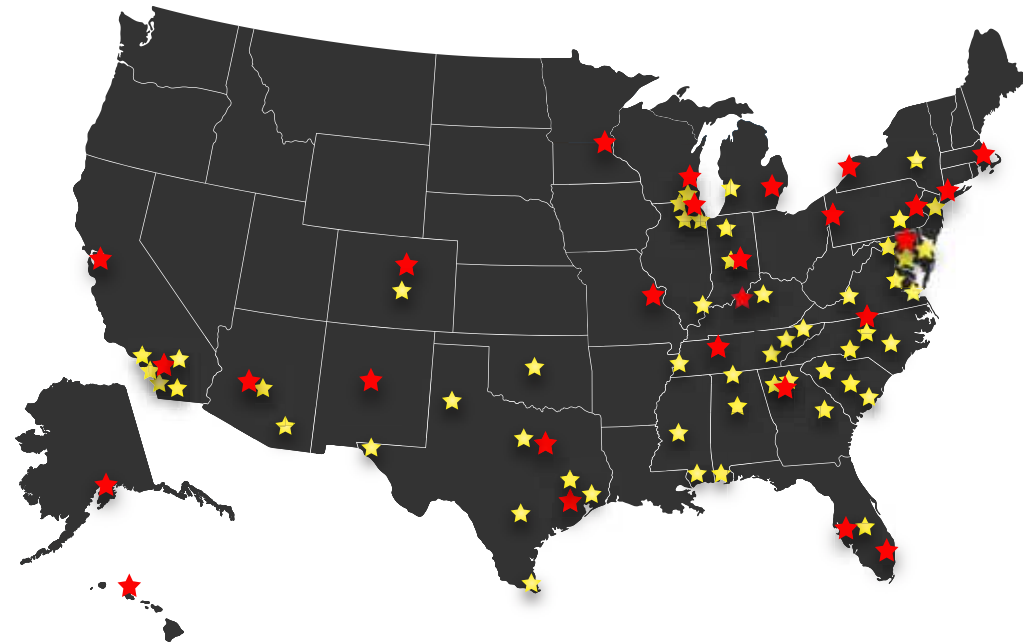
SealMaster[®]

Pavement Products & Equipment

**INTERNATIONAL
LICENSE**

<http://sealmaster.net/international-license/>

ALL ASPHALT PAVEMENTS TURN GRAY AND DETERIORATE



SEALMASTER RESCUES THE WORLD'S PAVEMENTS

When the sun and weather take their toll on a woman's skin, she is ready to try almost any anti-aging remedy to regain her youthful looks. The City of Shanghai is often referred to as China's face to the world. When its beautifully paved roadways started to turn gray and deteriorate due to the elements, the city mothers needed an anti-aging regimen for their pavements. SealMaster Shanghai came to their rescue with sealcoating. Plus, they were able to push the cost of repaving several years into the future.

SealMaster, a sealcoating pioneer, during the early 1990s, solved the problem of expensive transportation and lack of local service by franchising. It is now the largest US

manufacturer of pavement sealers both in terms of volume and service locations. In the process, it has made several of its franchisees wealthy beyond their wildest imagination.

With the US market nearing saturation, SealMaster is set to repeat this success internationally. A limited number of SealMaster manufacturing and distribution licenses, designed to replicate its US franchise program, will soon be awarded to highly qualified candidates who share its vision to make the world's driveways, parking lots, walkways, bicycle paths, and other slow or low traffic pavements beautiful again.

Pavements are a mix of aggregates and, usually dark, asphalt (bitumen) binders. When exposed to the elements, the asphalt binder, which holds the aggregates in place, breaks down.*

The surface first turns gray. Many homeowners and residential neighborhoods realize this makes their properties look old and less valuable. Hotels, restaurants, shopping centers, office parks, and other commercial enterprises operate on a "like-new" basis to attract and keep customers, and that extends to their landscaping and pavements. Even governments like to look their best with black pavements.

Next, aggregates are lost. Cracks appear. Water penetrates into the pavement and causes further damage. Eventually, the pavement has to be replaced. (Resurfacing is but a temporary fix if the structural integrity of the pavement has been lost.) Many government road departments would like to slow down this process to save money even when they are not mainly concerned about looks.

*When traffic is heavy, the vibration of the pavement constantly brings binders to the surface, and sealcoating is not necessary to protect the surface, but it may still be needed for berms and shoulders where traffic is absent, or it could be applied for aesthetic purposes.

Replenishing or maintaining the dark asphalt binder that holds the surface aggregates is key to solving these problems. But you first have to deal with these challenges:

- Purchase or produce the right binder (emulsion or sealer).
- Avoid harmful formulations (even when competitors promote them as a "better" alternative).
- Purchase and store raw materials correctly.
- Have the right mixer, ancillary equipment, and procedures.
- Store and maintain the right kind and amount of sealer.
- Transport sealer to storage tanks and job sites with special equipment.
- Dispense sealer and any additives into application equipment without spills.
- Obtain and make sure the right application equipment is used.
- Make sure contractors have all material, equipment, and tools they need to prepare the surface.
- Work with contractors and end users to make sure material is applied correctly and cleanly.
- Work with contractors and end users to build correct market awareness of products.





A SEALMASTER LICENSE OFFERS SOLUTIONS

Under a SealMaster license, the local licensee owns and operates a sealcoat manufacturing plant and one or more distribution centers, as well as tanks needed to transport and store materials. ThorWorks, SealMaster's parent, supplies the factory and related tanks and formulates the sealers to be produced based on local raw materials and a proprietary emulsifier, the secret sauce that allows licensee to produce quality sealers at a reasonable cost.

Additionally, a SealMaster licensee supplies all equipment, tools, and related products a licensee's customers need for each project, turning their interaction with licensee into a one-stop shopping experience. This includes everything the contractor needs to prepare the surface for sealcoating and for traffic markings and clean-ups (the finishing touches), as well as some higher end sealers for specialty projects. These are all displayed in a showroom to remind

visiting contractors of what they may need to buy or rent. (Equipment rental is a high-margin, important part of this business.) Moreover frequent contractor training is provided.

This combination is what has catapulted SealMaster into the undisputed leader in its field: local production of high-margin sealer, the main profit driver of this business, a contractor-centric approach to justify convenience pricing of other products and equipment, high-margin equipment rental, and equipment serving as advertising for the brand in the local market. New licensees enjoy the additional benefits of brand recognition and joining a highly successful group of existing franchisees.

SealMaster is now a proven system of operations which has been replicated in most every climate and culture for over 30 years.

THE NUMBERS TELL THE STORY

As of September 30, 2014, based on numbers reported to us, 23 franchised territories in operation more than 5 years experienced average gross sales and margin of USD 5.3 million and 42%, respectively. The corresponding numbers for the remaining 10 franchises, in operation between 1 and 5 years, were USD 1.7 million and 39%. Labor, rent, and other expenses were 10.0%, 1.9%, and 6.0% for the former and 9.7%, 3.8%, and 9.0% for the latter group.*

It is clear from this that high volume and high margin go together, probably because competition is diminished where franchisees follow the system; labor is a variable cost, much as product costs are; other costs are mostly fixed costs, which are dramatically reduced, as a percentage, as volume increases.

Compare this to the anticipated investment of USD 580-925,000 (which includes USD 100-150,000 in working capital)*, and it is clear

that many of the franchisees enjoy exceptional returns on investment, especially when you consider that many of them have access to low cost capital, including government support for manufacturing operations.

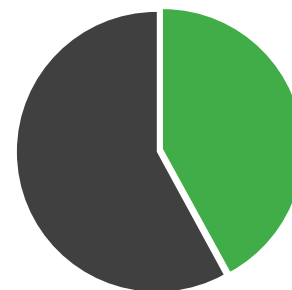
Moreover, in time, they may want to cash out at a significant multiple of earnings and add that to the cash they have already accumulated.

For especially well-qualified international licensees with the ability to obtain low cost financing, a multi-territory development contract could compare favorably to a multitude of other investment choices, and provide the additional advantages of obtaining or extending status as a major industrialist and preempting competition in a larger region.

*More detail is included in our US Franchise Disclosure Document (FDD), which is provided to all qualified license applicants.

23 FRANCHISED TERRITORIES IN OPERATION MORE THAN 5 YEARS

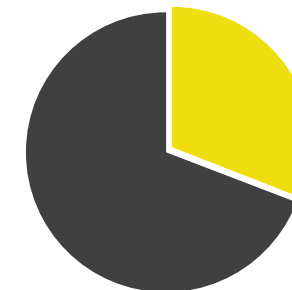
AVERAGE GROSS SALES **\$5.3 MILLION**



AVERAGE MARGIN **42%**

10 FRANCHISED TERRITORIES IN OPERATION BETWEEN 1 AND 5 YEARS

AVERAGE GROSS SALES **\$1.7 MILLION**



AVERAGE MARGIN **39%**

DOMINATE THE INDUSTRY



There is nothing like market domination.

You may already see some early entrants into the pavement maintenance field in your area, but they are likely to follow sub-optimal strategies:

- Their sealers are not water-based clay-stabilized emulsions, and may not be environmentally friendly. An educated market will soon switch away from them.
- If surface preparation is not prioritized, and little time is devoted to proper application, results will show uneven coverage and lack of adhesion.
- Sealcoat manufacturing and distribution is merely an add-on to an existing construction firm, making for a skewed perspective on marketing and distribution and internal conflict with existing operations. (There is a way to do this correctly, and we teach that as part of our system.)
- Existing operations, both on the equipment and product sides, use outdated technology.
- Existing entrants specialize only in one or a few aspects of the pavement maintenance process; many of them don't even realize that sealcoating is the central aspect.
- This list goes on and on.

A SealMaster license is the ultimate solution to enter any market and either set the standard to preempt competition or to drive competition out of the market with local production, one-stop sourcing, and a contractor-centric distribution network, which all reinforce each other and make up a complete system. This is the best way both to gain volume and higher gross and contribution margins.



CLICK HERE TO VIEW THE SEALMASTER CATALOG!



CREATE OR EXTEND YOUR LEGACY

An industrial enterprise is almost always the true sign of legend.

Although technology moguls are the main attractions of the day, some of them are first and foremost industrial enterprises, howbeit outsourced in many directions. A SealMaster license is no different.

It differs from wholly outsourced firms, or pure distribution firms, by squarely producing its main product in the local community. It uses storage tanks and delivery vehicles prominently

displaying its main brand. It has the opportunity to make its brand synonymous with beautiful pavement surfaces in a wide market area. Not a bad legacy at all.

Plus many a SealMaster operation is passed on to the next generation. Family members are routinely approved to continue the license when the original owner retires, and they may even renew and extend the license for another generation and continue to reap the benefits of a fully developed business.

DELIVERABLES

The SealMaster license and system may be likened to a well-oiled machine. It has been replicated with success in most every market and condition.

The process starts when an application is received and the applicant preliminarily approved.

At that time, a copy of the SealMaster Franchise Disclosure Document, or Prospectus, which is required in the US, is sent to the license applicant. This FDD contains detailed explanation of the license and investment, background and financial information on our company, and contact information for the franchisees. Although it is prepared for US franchise applicants it should answer most due diligence questions international applicants may have, as well. In follow-up discussions, we will get into what may differ internationally.

Next, a suitable territory and approximate location for the licensed facilities are determined, as well as timing for production and shipment of factory parts, securing and preparing the location, training of the licensee, and opening for business. For multi-territory developments, a development schedule is agreed upon.

At that time, a license agreement is prepared, largely in line with the franchise agreement contained in the FDD which was sent to the license applicant. The most significant differences are licensees use our trademarks to identify the products they make and sell, not to identify their business, and royalties are included in the product cost, and not collected as a percentage of sales. Because of that, we do not need to police international licensees as much as we do domestic franchisees.

Most applicants choose to visit us to execute the license agreement. At the same time, we get to show them the actual operation, and they have an opportunity to get acquainted with our

headquarters support staff. This is also when we start to firm up on actual dates for delivery of the factory and inventory. And a team is formed for accomplishing the requisite set-up tasks. A time to train the licensee and his staff is often decided upon at this time.

Training classes for franchisees, licensees, and their staff are usually conducted each February. This covers manufacturing, retail operations, and marketing and sales. A new licensee is loaned a copy of the SealMaster Operations Manual, which is used as a text book for the classes, and later as a handy reference book. In addition, licensees will travel with experienced SealMaster sales representatives to learn the in-field sales and contractor training operations. Much of the product knowledge and sales training is now available on DVDs and online, as well, which can be used to prepare for the main training and for refresher training.

After the initial training, our dedicated Operations Manager, International Division, provides follow-up support, directly or by calling on technical experts within our company. Our experienced franchisees are also a good source of support, and they all find it extremely helpful to be able to call upon each other. International licensees partake in this network on an equal footing with domestic franchisees. Experienced domestic franchisees are also eager to visit foreign countries to lend a hand when needed.

Not only are international licensees listed on our various websites, but we generate numerous leads every day and pass these on to our franchisees and licensees. Similarly, we attend several trade shows every year and have many inquiries from foreign countries. Franchisees and licensees, too, cross-reference inquiries among themselves. As our network grows, these activities are multiplied. We also conduct frequent public relations activities and include international operations as much as possible.

SELECTION CRITERIA

Being able to make the necessary investment almost goes without saying. As part of the initial application, we need to see that adequate funds are or will be made available for this purpose.

Licensees do not need to be chemists or have construction industry experience to succeed. Willingness to follow the SealMaster system is the main criterion.

Following the system to a large part comes down to making the required sales and quality control calls. This, in turn, means being in the field and meeting with contractors and end users, demonstrating equipment and products, and working closely with contractors to monitor

the end user experience. This is definitely not for the one who wants to sit in an office and wait for customers to find their own way.

A second, and equally important requirement, is running a clean operation, literally and figuratively. It is highly important to overcome an image of sealcoating being a dirty industry ran by dubious individuals. We conduct due diligence on applicants to make sure they have a history or integrity and neatness.

Finally, an ever so rudimental business plan for a SealMaster license in your area goes a long way to show us your intentions.

Three testimonial boxes are arranged horizontally. Each box has a white background with a red header and footer. The first box on the left contains a quote from Mike Bashir, SealMaster Chicago & St. Louis Franchise Owner. The middle box contains a quote from Dave Musgrove, SealMaster Franchise Owner. The third box on the right contains a quote from Bob Krebs, SealMaster Franchise Owner.

NON-COMMITAL APPLICATION

To find out more, write or call Vegard Vevstad, our Corporate Development Advisor. His email is vevstad@thorworks.com, and his mobile phone is +1 419 239 4672.

You can also go directly to the application, which is totally non-committal on your part. You

find it here: <http://sealmaster.net/franchise-opportunities/franchise-application/>. This will speed up the process. If you are unsure of what to say, just approximate and indicate you may have to adjust later.