

2016
Franchise Grade®
Franchise Investment Profile



**TWO MEN
AND A
TRUCK®**

“Movers Who Care.®”

FRANCHISE**GRADE**COM

Vital Insight for your investment.™

2016 Franchise Grade® Franchise Investment Profile Two Men and A Truck®

This Franchise Grade® Franchise Investment Profile (FIP) was developed by FranchiseGrade.com based upon an analysis of Franchise Disclosure Documents (FDD).

All data in this report is extracted from 2015 FDDs provided to FranchiseGrade.com or FDDs acquired from registration states. All benchmarks and comparative assessments are based on collated data of 2,387 FDDs. This data is deemed to be reliable to the extent of the information provided to FranchiseGrade.com.

Grades are based on benchmarks to the franchise industry or sector and a gradient measurement within the franchise industry against other franchise systems.

Grades are as follows:

A+	Top 10% of the franchise industry
A	Top 20% of the franchise industry
B	Top 30% of the franchise industry
C	Top 40% of the franchise industry
D	Top 50% of the franchise industry
F	Bottom 50%* of the franchisee industry

*An F grade in Item 19 Disclosure means there is no Item 19 Franchisee Performance Representation provided by the franchisor

The grades provided are relational to other franchise systems and the franchise industry.

The FIP is an operational and financial analysis for prospective franchisees, investors and lenders. It represents an assessment and review of the investment risks associated with a specific franchise system and franchisor. Each FIP draws on data and information from Franchise Disclosure Documents from a given year. FranchiseGrade.com utilizes a particular methodology in evaluating the information for investment purposes. The FIP includes the results of the Franchise Grade® Franchise Performance Index™, a proprietary franchise ranking system which represents the most comprehensive evaluation of franchise system performance in the franchise industry. The Franchise Performance Index™ is the basis for the Franchise Grade® Top 500, an annual publication of top performing healthy franchise systems throughout the United States.

PLEASE NOTE: FranchiseGrade.com and the results of the FIP do not represent a recommendation of an investment to a prospective franchisee or other investor. Any proposed franchise investment should be carefully researched by prospective franchisees or other investors and comprehensive due diligence should be performed including seeking advice from legal counsel and a qualified accountant. Additional insights should be gathered by speaking with existing and former franchisees.

The contents of this report have been prepared to provide an analysis and information pertaining to a specific franchise system. The data and benchmarks are based on historical performance and does not represent or provide any forward looking statements.

In preparing the information contained in this report, we have not taken into account and investors objectives, financial situation or needs. Before making an investment decision, the investor needs to consider whether this information is appropriate to your objectives, financial situation and needs.

About FranchiseGrade.com

FranchiseGrade.com is the leading market research company in franchising. FranchiseGrade.com analyzes and benchmarks the performance of individual franchise systems and provides useful data and research for due diligence. Our analyses of specific franchise data utilizes statistically based practices developed by FranchiseGrade.com with the assistance of representatives from two academic institutions. FranchiseGrade.com believes that this Franchise Investment Profile accurately analyzes the performance of the franchise system as a benchmark to other franchise systems and provides an investment risk profile that can be used as part of a comprehensive due diligence effort prior to investing into any franchise system.

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2016

Two Men and A Truck®

Franchise Investment Profile

Two Men and a Truck Franchise Disclosure Document used for this Franchise Investment Profile was issued April 1st 2015.

Two Men and a Truck was founded in 1985 in Lansing, Michigan, by Mary Ellen Sheets, who operated as a sole proprietorship before incorporating and assigning her rights to Two Men and a Truck/USA, Inc., beginning franchising in 1989. The franchisor changed its name to Two Men and a Truck/International, Inc. in 1994. The company provides both residential and commercial moving services and related products and services, including packing, unpacking, and the sale of boxes and packing materials. It does so through 230 franchise locations and one (1) corporate location. The franchise has been recognized as a top performing franchise by a number of franchise industry groups.

Two Men and a Truck is graded #68 in the [2016 Franchise Grade® Top 500](#) out of 2,387 franchise systems based upon the Franchise Performance Index™, which places Two Men and a Truck in top 3% of franchise systems that were evaluated. The franchisor operates in Lansing, Michigan at 3400 Belle Chase Way. Their website is www.twomenandatruck.com and you can contact them by e-mail at franchiseinfo@twomenandatruck.com. The telephone number is 1-800-345-1070, and their fax number is 517-394-7210. The franchise investment ranges from \$178,000 - \$600,500 with a cash requirement of \$20,500 - \$50,000.

INVESTMENT STRUCTURE

B

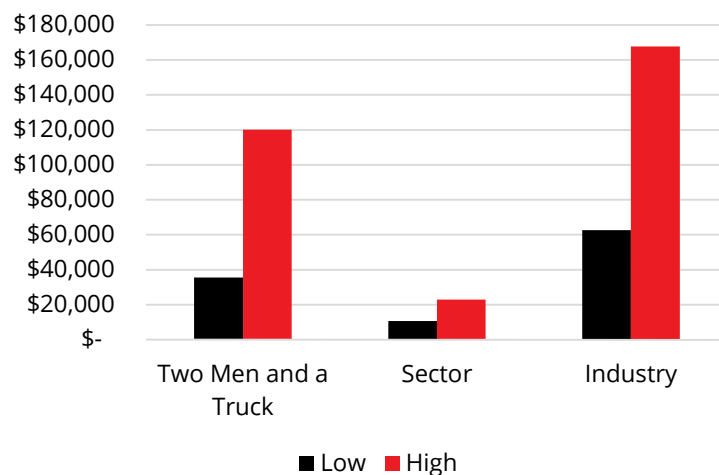
Investment Structure provides an analysis of the initial franchise fees, working capital requirements and annualized costs. A prospective franchisee must analyze a specific franchise investment to ensure that there is a favorable relationship between their available investment capital and the franchise investment required.

The initial franchise fee for Two Men and a Truck is higher compared to most franchises in the Commercial and Residential Services Sector and the Franchise Industry. The fee ranges from \$50,000 for a Marketing Area where there has been no prior presence to \$85,000 for an area where there has been a previous presence. There may be an additional fee for higher population density within the Marketing Area.

Working Capital requirements range from \$20,000 to \$50,000. Although Two Men and a Truck are higher than the sector as a whole, from \$15,092 to \$34,793, this is a positive amount when considering that the Initial Investment range is also higher.

Two Men and a Truck differs from their franchise sector in Annualized Costs. This difference is due in great part to the fact that many of the systems in this sector are home based. When annualized costs are compared against the Franchise Industry as a whole, Two Men and a Truck is below many sectors.

Annualized Costs



ONGOING FEES

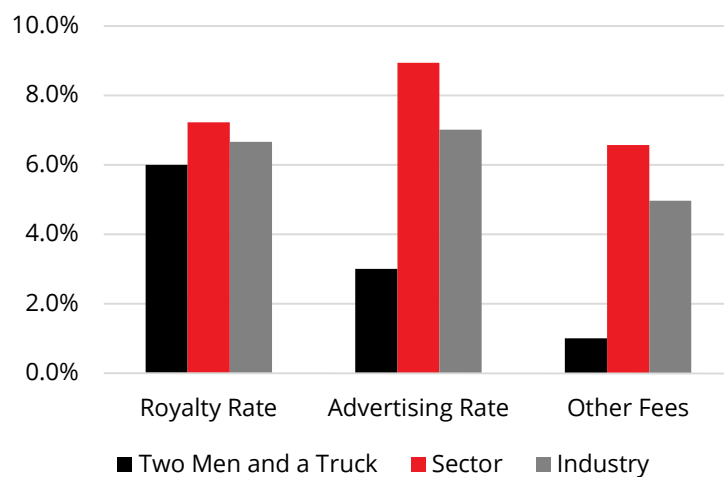
A

Ongoing fees are a benchmark of total royalties and reoccurring fees. It includes a combination of the royalty rate and national and local advertising fund contribution fees. This grade includes an analysis of the types of fees and the degree of complexity within Item 6 and any other franchisee financial obligations to the franchisor.

Two Men and a Truck has an ongoing fee structure in Item 6 of the FDD that's easily understood. The Two Men and a Truck continuing fees are below their franchise sector and the franchise industry. Their royalty rate of 6.0% is much lower when compared to the overall sector average of 7.2%, and closer to the Franchise Industry royalty average of 6.7%.

Advertising Fund Fees can be a costly component of ongoing franchise fees. Two Men and a Truck has a clearly defined advertising fund fee of 3.0% of gross sales. This is quite low compared to their franchise sector at 8.9% and the franchise industry at 7.0% of gross sales. Two Men and a Truck disclose a 1.0% Monthly Technology and Support Fee, recorded here as "Other." According to the FDD, this fee is 1% of gross sales with a minimum payment of \$1,200 per month for the development and support of the operating system and other programs.

Ongoing Fees



FRANCHISEE RIGHTS

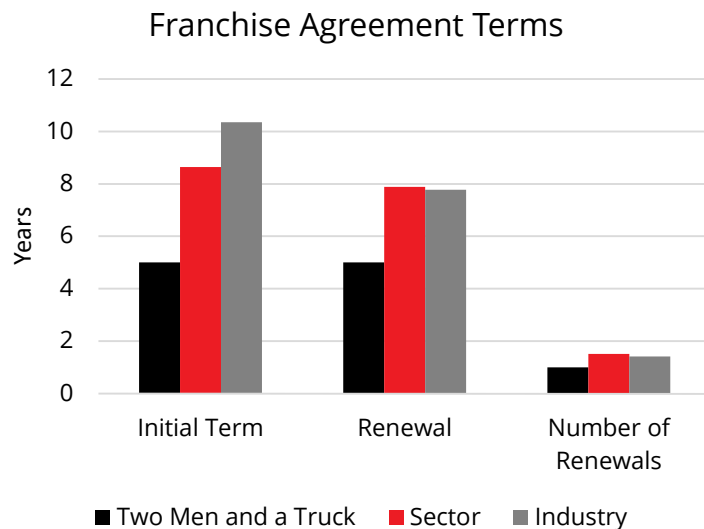
A

Franchisee territory and related contractual rights represent one of the three top priorities to consider when evaluating a franchise opportunity. The key attributes of a franchisee territory include; the quality of the territory, the potential for continued growth and whether the territory is both protected and exclusive. The term of the franchise agreement and the annualized cost of the investment are included in this grade.

Two Men and a Truck received the grade of "A" under Franchisee Rights. The franchisee will be granted an exclusive territory to perform direct marketing that other franchisees are not ordinarily allowed to do. In the Commercial and Residential Services Sector only 21.4% of franchise systems grant an exclusive territory, which compares to only 12.8% for the Franchise Industry as a whole.

The "A" letter grade is also attributable to the clear definition of a territory, or Marketing Area in the FDD. The territory includes a population of approximately 420,000, defined by zip codes. The Population Density and distribution of available advertising mediums are a consideration when defining a territory.

Potential Franchisees must consider the length of the initial term of a franchise agreement. A higher investment coupled with a 5-year term and one renewal of a 5-year period can be defined as risky by some franchise candidates.



FRANCHISE RELATIONS

A

Franchise litigation provides information regarding current and prior legal actions between a franchisor and franchisee. A lack of significant litigation in the FDD of a mature franchise system can be considered an indicator of a successful franchise system with satisfied franchisees. We refer to this measure as the Litigation to Outlet Ratio, which can be used to compare the amount of litigation for franchise systems.

There are 64% of systems within the Commercial and Residential Services Sector with zero litigation.

Two Men and a Truck received a grade of "A" under franchise relations for their negligible Litigation to Outlet and Litigation to Net Growth Ratios. Two Men and a Truck have a Litigation to Net Growth Ratio of 0.04%, compared to the sector at 0.09%, which is just higher than the Franchise Industry at 0.06%. The Litigation to Outlet Ratio of 0.01% is below the sector at 0.02%. Both Two Men and a Truck and the sector as a whole are well below the Franchise Industry figure of 0.16%.

According to Item 3 of the FDD, Two Men and a Truck disclose zero legal actions against them and 2 legal actions brought against former franchisees, for enforcement of Post-Termination Obligations.

The two legal actions against former franchisees places Two Men and a Truck above the sector and industry averages of 0.37 and 1.56 respectively, but this does not reflect negatively in our analysis.

SYSTEM TURNOVER

A+

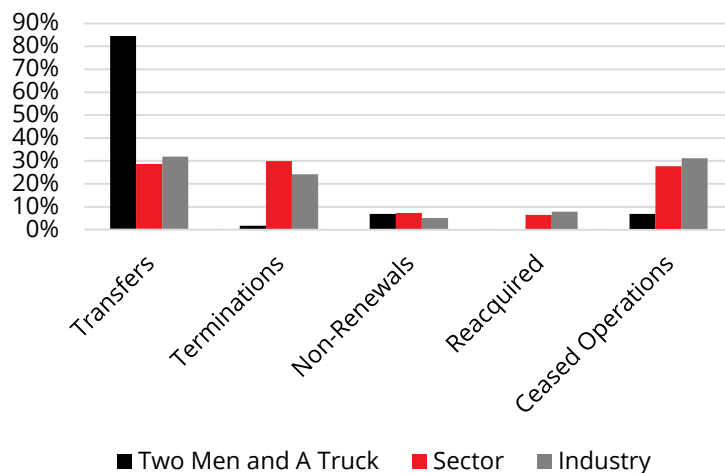
Franchisee turnover is an important consideration for a candidate to review. It includes franchisee terminations, franchisee ceased operations and franchisee transfers. A high percent of terminations and ceased operations relative to franchisee locations is an indicator of an unhealthy franchise system. A high number of transfers can indicate a vibrant franchise system where there is a convergence of franchisees seeking to cash out their investment and buyers seeking to invest in a franchise operation.

Opening to turnover ratios are used to study the outlet growth activity for a franchise system. The result can indicate if a franchise system has consistent net growth or has high turnover, including transfers.

The turnover rate is substantially low with only 5.03% Franchisee Turnover in 2014 in comparison to both the franchise sector and industry turnover rates at 9.97% and 10.98% respectively. Year over year, Two Men and a Truck has remained under a 6.7% Franchisee Turnover rate going back to 2010.

A point to note is that 84.48% of Franchisee Turnover is attributed to Transfers. Only 1.72% of turnover is due to Terminations, and only 6.9% to Ceased Operations. For comparison, the Commercial and Residential Services Sector attributes only 28.64% of all turnover to Transfers, 29.96% to Terminations, and 27.7% to Ceased Operations.

Percentage of All Turnover



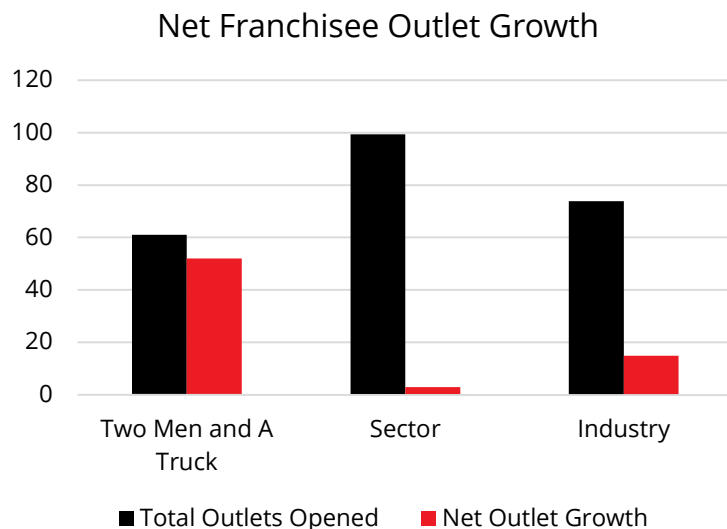
SYSTEM GROWTH

A+

One of the most important measures of a franchise system is the growth of the franchise network. A major difference between healthy and unhealthy franchise systems is where there is positive franchise outlet growth over a sustained period of time. Although there are examples of franchise systems with dynamic outlet growth, some of these systems were labeled as unsuccessful franchise systems.

Two Men and a Truck have experienced a substantial increase in their Franchisee Growth Rate for 2014. The Growth rate nearly tripled, at 11.11% in 2014, after 4.55% in 2013.

An important statistic regarding the health of their franchise system is Net Franchisee Outlet Growth. Two Men and a Truck opened 61 franchised outlets over the last five years, with only 9 closing for various reasons. This resulted in net outlet growth of 52. In comparison, the Commercial and Residential Services Sector opened 99 franchised outlets, closing 96 in the same time span, resulting in a net outlet growth of 3. As illustrated in the chart below, Two Men and a Truck performs well in terms of franchisee retention compared to their sector as a whole.





ITEM 19 DISCLOSURE

B

The grading platform is based on the following criteria: Can a prospective franchisee create a reasonably accurate proforma and cash flow analysis utilizing the data provided in Item 19. Each grade is based on the ability of a franchisee candidate to analyze financial data based upon the financial information disclosed in Item 19. To receive an A grade, a franchise system must provide more detail than simply gross revenues.

As more franchisors make an Item 19 disclosure (up to 52.5% in the Commercial and Residential Services Sector) commonly referred to as an earnings claim or Financial Performance Representation ("FPR"), it's important that the information is thorough and able to pass scrutiny. From a franchisee candidate perspective more and more franchise consultants and advisors are informing franchise candidates to avoid franchises that don't make an Item 19 disclosure. In addition, franchisors continue to provide more detail in their FPR. Franchisors that make an FPR should expect that the information will be analyzed by franchise candidates that engage the services of an accountant or qualified financial advisor.

The key component of an FPR that enables a prospective franchisee to create a cash flow analysis and proforma statement is the inclusion of expense data. Only 5.7% of the Commercial and Residential Services Sector and 9.4% of the Franchise Industry disclose expense data.

Two Men and a Truck's Item 19 was graded as "B" despite providing detailed expense data because their disclosure of the top performing 25% of franchised locations in charts 2 and 4 could cause a prospective franchisee to mistake these numbers for the system wide average. Charts 2 and 4 are not needed to create a cash flow analysis and can be misinterpreted. As a result, the Item 19 was graded lower when compared to a more detailed Item 19 disclosure.

OVERALL GRADE

A

Two Men and a Truck have received an overall grade of “A” based upon our assessment of their Franchise Disclosure Document (with the issuance date of April 1st 2015) and a comparison to franchises in their franchise sector and the franchise industry. In addition, this franchise was graded as #68 in the [2016 Franchise Grade® Top 500](#).

The “A” Grading was based upon:

- Favorable results in System Growth and Turnover
- Positive Franchisee Rights and Franchise Relations
- Ongoing Fees
- Minimal Litigation to Outlet Ratio
- An Exclusive and Clearly Defined Territory

FRANCHISEGRADE.COM DOES NOT ENDORSE ANY INVESTMENT TO A PROSPECTIVE FRANCHISEE OR OTHER INVESTOR AND HIGHLY RECOMMENDS THAT COMPREHENSIVE DUE DILIGENCE IS PERFORMED, INCLUDING SEEKING PROFESSIONAL SUPPORT AND SPEAKING WITH EXISTING AND PAST FRANCHISEES.
