

COST

ANALYSIS

PROFIT & LOSS

1. Turnover 7% of our fleet horsepower.

Remove five 651B scrapers.

2. Retrofit sixteen machines with level 3 VDECS.

A. Cost to retrofit sixteen machines \$1,045,447.06

B. Remove five 651's out of our fleet – based on 1,200 hours per year.

1,200 x 5 = 6,000 hours x \$159.85 = \$959,100.00 gross revenue for one year. Estimated net profit \$153,865.00

Gross company revenue \$52,000,000.00

Net company profit \$1,800,000.00 = 3.4615%.

The net loss in profit to remove 5 – 651B's \$153,865.00 = 8.548% of profit.

Cost to retrofit 16 machines \$1,045,447.06 = 58.0803% of profit.

Total loss in profit based on revenue of \$52,000,000.00 = 66.628% of net profit.

Net profit \$1,800,000.00

Less loss \$1,199,312.06

= \$600,688.00 left in total profit