

# ***BUSINESS OPPORTUNITY***

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Dear Friend,

We are pleased to present you with this Portable Sanitation Business Opportunity Manual. Satellite Industries, Inc. is your global resource for information on launching a portable toilet rental and service company anywhere in the world.

Satellite can provide all the equipment you'll need to start a business. From portable toilets to vacuum service vehicles to deodorizers and accessories, our durable and efficient equipment can be shipped easily at low cost anywhere in the world. We also have the experience to be your best information resource as you get started. Our popular training programs facilitated by experts in the industry guide you through every critical phase.

I can tell you from experience as the founder of Satellite Industries that there is a tremendous advantage to being one of the first to introduce these innovative products and services to a marketplace. You'll gain a competitive advantage by being a pioneer in your area. We have assisted hundreds of new companies around the world get started. If you aren't the first, you can benefit from Satellite marketing programs to help you take the lead.

I am confident you will be excited by the business opportunity that awaits your involvement. We are eager to answer any questions you may have!

Sincerely,

A handwritten signature in black ink, appearing to read 'AI Hilde, Jr.', written in a cursive style.

AI Hilde, Jr.  
Chairman of the Board

# *Executive Summary*

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## *Why Portable Toilets?*

The portable toilet industry has grown worldwide because of the important economic benefits it provides to the construction and outdoor event industries. Portable toilets save money on construction and other work sites because they save time and reduce labor costs. Workers are more productive spending less time using the clean and conveniently located portable toilet and more time completing the construction project. The toilets are easily relocatable and can follow the workers as the project progresses. For outdoor events, portable toilets generate money for the event organizer because the spectators will stay longer and thus spend more money.

By managing the proper collection and disposal of human waste, in temporary or permanent locations where sewer-connected facilities are not available, this industry has become important for improving public health, maintaining human dignity and preserving the world's environment using an efficient low-cost system.

This ever-increasing demand for portable toilets provides an excellent business opportunity for entrepreneurs and established businesses who wish to diversify into this business segment. By providing a service that has widespread demand in the marketplace and benefits society, owners of portable toilet companies are finding the portable toilet rental and service business to be a profitable venture with unlimited growth potential.

## *Why Choose To Buy From Satellite?*

It is not often that a supplier develops into a resource for your overall business. There is no similar company in the world which can offer: Complete start-up training programs, new product designs each year, the largest range of portable toilet models and accessories, the largest research and development department of its kind and the most responsive, multilingual, customer service department. We are working to give you more products, options and operating information.

Satellite offers the right combination of toilets, deodorizers, sinks and vacuum service vehicles, all with the features and high performance record to earn your business. Buying Satellite equipment means you are getting the most durable equipment designed to last. We are NOT a one-style-fits-all company. That is why we give you so many choices...More choices and support than any other supplier.

## *Products You Can Depend On*

There are several models of portable toilets to choose from. We can supply you with a range from basic toilets to mid-priced heavy-duty models to deluxe portable toilets complete with flushing systems, sinks, coat hooks and mirrors.

Satellite has a portable toilet model within your price range available in colors and options which complement your business image. The difference is the quality. You'll stand out by offering stylish, well-built and vandal-resistant portable sanitation equipment.

# *The Beginning of the Portable Toilet Industry*

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## *The History Of The Industry*

The industry began in the 1940's in the ship building yards of Long Beach, California. The laborers working on the ships had to go to the dock each time they had to use a toilet. The US Navy, recognizing that it was a great cost for people to go so far to use the toilets, asked the person who was emptying the holding tanks of the dock toilets if he could make a toilet which could be temporarily put on the ship closer to the workers. A wood cabana was developed with a small holding tank which became the first portable toilet. This unique concept spread to the construction industry and to organizers of large crowd events.

The first portable toilets, made of wood and metal, were heavy to transport and, unfortunately, absorbed odors. In the early 1970's, portable toilets made of fiberglass were introduced. They were lighter than wood and easier to transport. Still, problems persisted. The fiberglass toilets required more maintenance due to the brittle nature of the material. In addition, fiberglass also absorbed odors in the holding tank and soon proved to be a poor choice. In the mid-1970's, polyethylene portable toilets were introduced. Polyethylene made the toilets light weight and more durable. Polyethylene is easier to clean, since it is a non-porous, non-absorbing material. It is the most popular material for portable toilets today.

The success of the clean, portable toilet is almost unparalleled. The advantage of having no moving parts, requiring no energy, and the use of colorful non-porous plastic with smooth surfaces, has made the portable toilet superior to many permanent facilities.

As part of the cost of renting toilets, the portable sanitation operator services the toilets with a frequency based on the number of toilet users. At service time, the operator sends a pump truck to the toilet site, and the driver of the truck pumps the waste from the toilet into the truck's holding tank. The truck driver then sanitizes the inside of the toilet's holding tank and cabana and "recharges" the holding tank with fresh deodorizer. The driver refills supplies (toilet paper, soap, fresh .water).

# *The History of Satellite Industries, Inc.*

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Satellite Industries, Inc. was founded in 1958 by Al Hilde, Jr. During two years of service with the US Army in Texas, Hilde noticed that the Army supplied adequate food, shelter, and clothing at temporary camps. However, there was just one thing missing: adequate toilet facilities. Hilde made the same observations previously as he played sports and worked on construction sites. The lack of temporary toilet facilities at construction sites and sporting events led Mr. Hilde to believe that supplying portable toilet services would be a valuable service. Mr. Hilde built the first wooden prototype toilet in Texas and hauled it back to Minneapolis, Minnesota where he lived.

Mr. Hilde quickly procured a service truck equipped with a vacuum pump and waste tank. He developed a deodorizer formula to use inside the toilets for odor control. With a fleet of 36 toilets, a service truck and the deodorizer formula, Mr. Hilde began selling the new service to construction companies.

Portable toilets were indeed needed by contractors and quickly caught on. As systems and procedures were developed to handle all of the operational logistics, Hilde opened up his second location within few years. New locations were continuously added from that point forward.

Satellite had the ultimate motivation to make sure the equipment was designed the best it could be. Shaving off minutes, even seconds, on service and repair times immensely improved our profitability. To shorten service times, Satellite redesigned its toilets to be more durable and easier to clean. That same strategy was applied to the design of our vacuum tanks on our service trucks. The trucks were designed for safety to prevent accidents and injuries to our service crews. The hoses, pump and deodorizers on the truck were easily accessible, all helping to shorten service time.

In 1972, Satellite began producing polyethylene toilets, which were much lighter and more hygienic than wood toilets. The equipment we designed for ourselves was sought after by other portable toilet service companies around the US. We also began exporting our products. The industry grew quickly in the US, Germany and Japan.

In 1987, Satellite was the largest portable toilet service company in the world with over 181 locations and approximately 20,000 toilets in our rental fleet. At this time, Satellite had two distinct divisions: the service operation and the manufacturing operation which sold our equipment to other rental and service companies. In January of 1988, we made a strategic decision to focus on the design and manufacturing of equipment. We sold the rental/service operations to Browning Ferris Industries (BFI). This opened the door for us to supply our equipment to rental service companies in the US since we were no longer a potential competitor to them. It also allowed us to begin introducing this valuable industry to other countries around the world.

In 1995, we established our European head office, Satellite Europe, in Brussels, Belgium. The following year, we opened Satellite Asia-Pacific in Hong Kong. In 1996 Satellite became the first portable toilet manufacturer to achieve ISO-9002 certification, an international standard of quality assurance.

Today, we are exporting our equipment and offering training and consultative assistance to companies in 60 countries. We are the world's largest portable toilet manufacturer with the most comprehensive array of products and services. All of our products are the evolution nearly 40 years of continuous quality improvements. Our product designs continue to benefit from the feedback of customers around the world.

# *Why Should I Enter This Business Now?*

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More and more, the world is striving for improved public health which leads to a higher standard of living, increased productivity and safer environmental conditions. Portable toilets and their benefits respond to these trends.

In many countries, this industry is just beginning. Whoever enters now can develop it and become a dominant figure in the local market.

- Take advantage of Satellite's turn-key idea.
- Earn a respectable income with your sales skills and reputation for reliable service.
- Operate a thoroughly proven business with an extensive performance record over the last 45 years in 50 countries.
- Satellite Industries can act as your external information source, enabling you to make quick, smart decision and solve problems fast!

# ***Why Choose To Buy From Satellite?***

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## ***A Training Program on the Service Business***

It is from Satellite's years of experience as a rental/service company that we are able to offer a training program especially for Satellite customers. The goals of Satellite's Education program are to: Show you how to better market and sell portable toilet services. Teach you step-by-step methods for improving day-to-day operations. Provide you with practical tools for effectively managing your business. Give you documents and forms you use to plan and manage your business and train employees on an on-going basis.

## ***One Stop Shopping***

Satellite carries all the service and rental equipment you'll need. Choose from hand wash accessories, lifting devices, and deodorizers. Once you have your portable toilets outfitted with the options you want, service them with a Satellite vacuum tank service truck. Our trucks are designed to pump and transport waste, supply fresh water and deodorizer. Satellite manufactures vacuum tanks available in various sizes to fit on the truck chassis of your choice. The trucks are perfectly balanced for safe operation, and are custom-built with the optional features you want.

## ***We Stand Behind our Products***

At Satellite, we don't just process transactions. Your new business is important to us, and so is your satisfaction. The quality systems of Satellite are at the highest standards that distinguish the quality systems of Satellite from others in the industry, so you can be confident Satellite products and services will meet your expectations, time after time. In fact, most of our products are backed by up to a 10 year warranty. We inspect your shipment. to make sure you're getting exactly what you ordered. And if you have questions about the Satellite equipment, today or even after years of use, just call. Our employees want to help you succeed. That way, everyone wins. And isn't that what being in business is all about?

# *How Do I Get Started?*

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**Q: *How much initial capital is required to start this business?***

A: The average investment for a complete equipment package is €30,000 to €60,000 plus local import tariffs and taxes. Since there is no minimum investment, some of our customers have started for as low as €12,000 or as much as €200,000. Initial investment depends upon your needs. Some new business owners establish very aggressive plans while others are more conservative. Other factors to consider are the population of your marketplace, how developed this industry already is, and your business growth objectives. You should also examine how much you are willing to invest during the first 2 or 3 years. For example, with strong marketing and advertising efforts, most new customers place a second major equipment order within 5-9 months.

**Q: *How soon will my company recuparate its initial investment?***

A: The average payback period is 8 to 14 months. If you consider an average toilet price of €600 (including freight) and average monthly rental price of €30, then you can generate €1,560 in revenues for the first 12 months. The asset life of the equipment is 7 -15 years, which is one of the reasons why this business is so attractive.

**Q: *Is there financing available for Satellite customers?***

A: If you don't qualify for open account terms, there are 2 other options available for extended payment terms. Satellite can offer payment by a Letter of Credit payable at 60 to 180 days with a minimum interest charge. Secondly, if your current business is at least 3 years old and financially sound, you may be able to qualify for a 2-3 year loan through the Export-Import Bank of the United States.

**Q: *What is the future of this industry?***

A: Several trends and factors influence the need for more portable toilets on construction sites and at large crowd gatherings. First, as the standard of living improves around the world, people demand better lifestyles and safer environmental conditions. As standards of living increase, so do the labor rates and the need to increase productivity at construction and industrial sites. Many outdoor activities of human life necessitate temporary and portable sanitation in order to protect public health from epidemics and diseases. Regulation also favors industry growth. Several countries have national legislation requiring proper sanitation for permanent human settlements, and other large public gatherings and construction sites.

**Q: *What rate of growth can I expect in this business?***

A: You control the growth rate according to your own ambitions, commitment, and access to financing and capital. After attending the Satellite Customer Training Program, you will have the knowledge to grow at the rate you are comfortable with. Your vision may be to manage a family business with 100- 200 toilets or a multi-branch or multi-national operation with 5,000 to 30,000 toilets. Satellite personnel can help you formulate a 2-3 year business plan to meet your vision. Many of our new customers grow at rates of 50 - 200 units per year during the first 2-5 years.

# *How Do I Get Started?*

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***Q: What statistics indicate the industry's growth trends?***

A: The world market has grown to approximately 1 million portable toilets with 50% of that growth occurring in the past seven years. The most mature markets are in the US, Japan, Germany, Australia, and New Zealand. Market development in most other countries is just beginning. Statistics in the US, Europe and parts of Asia, show one toilet per 1,000 inhabitants. For example, Canada's Population is 25 million. The Canadian portable toilet companies operate a total of around 23,000 units. This ratio of growth is typically achieved after 15-20 years. In the US and Japan, the ratio is estimated to be 1:500.

***Q: Who will be my biggest competition?***

A: In the formative years of this industry, the biggest competitor you will face is probably not another portable toilet company, but rather, the lack of awareness of this new service in your marketplace. Your own ability to promote and advertise your business and educate the marketplace will be a major factor. The public, industry, and the government need to know that it is available and what the specific economic and health benefits will mean to them. In a market or country with many toilet operators, the awareness is greater and will accelerate your growth. Also, if you use the ratio of 1:1,000 and calculate the number of existing toilets in the marketplace, you will probably find much room for growth - perhaps hundreds or thousands of toilets.

***Q: What kind of support does Satellite offer its customers?***

A: Satellite has a Customer Training Department which is dedicated to giving you information to start your business, then improve and expand it on an ongoing basis. Our start-up and training program will allow you to save 12-15 months of time by learning how to avoid the common mistakes of a start up operation. Satellite offers a complete 1-2 day training program for a reasonable fee at your business or at our headquarters in Minneapolis, MN. Our training knowledge is derived from 30 years of our own toilet rental business as well as our experience with customers in over 60 countries. Satellite has conducted training programs to companies with as few as 20 toilets or up to 80,000. Satellite also publishes a quarterly newsletter with articles about our customers' activities, industry trends, and training tips. With Satellite's large international customer base, you can be in contact and collaborate with fellow toilet operators in other countries.

***Q: What are the risks to starting this business?***

A: The greatest risk is losing money by not knowing your costs and expenses of doing business. It is also important not to forget that this is a service business and not a product sales and distribution business. Your product really is not a toilet. Rather, you are selling convenience, cleanliness, relief, public health, improved dignity and comfort among other benefits. Operating our business with sufficient capital for growth in the first 1-2 years is also crucial. Without plans for growth capital, it-will be difficult to acquire the equipment needed to meet the market demand. Finally, a portable toilet company must completely understand the requirements and location of the municipal dump sites for waste disposal.

# *Estimated Investment Requirements and Income Potential for Portable Sanitation Operations*

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## **Estimated Investment Requirements**

	<i>Operation Size</i>		
	<i>25 Units</i>	<i>150 Units</i>	<i>1,000 Units</i>
Portable Toilets: €1000 each	€ 25,000	€ 150,000	€ 1,000,000
Module (Waste/Fresh split 850/400 liters )	€ 4 000	€ 4000	Non applicable
Module ( Waste/Fresh split 1500/860 liters)	Non applicable	Non applicable	€7500
Chassis purchased locally	€25,000	€25,000	€100,000
Misc. Expenses	€15,000	€75,000	€250,000
<b>Total Estimated Investment</b>	<b>€69,000</b>	<b>€254,000</b>	<b>€1,357,000</b>

## **Income Statement (Annual)**

	<i>Average Rented Units - Long Term</i>		
	<i>25 Units</i>	<i>150 Units</i>	<i>1,000 Units</i>
Assume 80% rental rate	20	120	800
Average revenue per unit	<u>x100</u>	<u>x100</u>	<u>x100</u>
Total long term rental (75%)	€ 24,000.00	€ 144,000.00	€ 960,000.00
Special Event Revenue (11%)	€ 3,600.00	€ 21,600.00	€ 144,000.00
Multi-Service Revenue (9%)	<u>€ 1,440.00</u>	<u>€ 8,640.00</u>	<u>€ 57,600.00</u>
<b>Total Revenue (100%)</b>	<b>€ 29,040.00</b>	<b>€ 174,240.00</b>	<b>€ 1,161,000.00</b>

## **Annual Operation Expenses**

Direct Costs	€ 15,000.00	€ 62,500.00	€ 433,000.00
Indirect Costs	€ 3,300.00	€ 25,000.00	€ 200,000.00
<u>General, Administrative, and Promotions</u>	<u>€ 1,600.00</u>	<u>€ 12,500.00</u>	<u>€ 85,000.00</u>
<b>Total: Operation Costs</b>	<b><u>€ 19,900.00</u></b>	<b><u>€ 100,000.00</u></b>	<b><u>€ 608,290.00</u></b>
Net Revenue before Taxes	€ 9,140.00	€ 74,240.00	€ 552,710.00
Net Return of Sales	31%	42%	47%
Net Return of Investment	13%	29%	40%
Average number of Workers	2	3	15

## *Footnotes on Operating Expenses*

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1. Direct costs include route driver, wages, truck expenses, repairs, chemicals and supplies.
2. Indirect costs include depreciation, facility cost, utilities, insurance, licenses, wage benefits, and professional fees.
3. Employees for 300 unit operation: 1 manager/sales, 3 drivers, 1 telemarketing/customer service/accounting.
4. Employees for 1,200 unit operation: 1 General Manager, 1 Assistant Manager, 1 administrative/ accounting, 10 drivers, 1 telemarketing, 1 customer service, 1 sales manager, 2 shop and maintenance.
5. Employees for 2,400 unit operation: 1 General manager, 1 Assistant Manager, 2 administrative/accounting, 20 drivers, 1 sales manager, 2 sales, 2 shop personnel, 1 mechanic, 1 telemarketing, 2 customer service.

These estimates are provided to give prospective investors in the portable toilet service business a general idea of the magnitude of investment and return based upon the specific assumptions made above. These examples are not guarantees and actual results would depend upon management factors, density of the service area, and the competitive situation in the specific market. If tariffs, taxes or other factors cause higher costs than indicated, prices would need to be increased accordingly.

Net income levels are improved in those cases where the physical plant, indirect expense, selling, general and administrative costs are shared with an enterprise which is already functioning.

# ***Events and Natural Disasters Around the World Need Portable Toilets***

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Around the world, Satellite customers have provided portable sanitation to the following large outdoor events or circumstances

<b>Event/Disaster</b>	<b>Year</b>	<b>Number of Toilets</b>
Seoul Olympics (Korea)	1988	1200
Barcelona Olympics (Spain)	1992	1100
Hurricane Hugo (USA)	1992	3500
Rollings Stones Concert (Germany)	1992	750
Papal visit (Mexico)	1993	400
50th Anniversary VE-Day (England)	1995	2000
Pan American Games (Argentina)	1995	60
Papal visit (Guatemala, El Salvador, Venezuela)	1996	50-120
Atlanta Olympics (USA)	1996	200
Papal visit (Slovenia)	1996	800
Papal visit (France)	1996	500
Earthquakes (Turkey)	1999	400
War (Afghanistan)	2002	3,000
Gulf War (Iraq)	2002-2004	5,000
Giubileo (Rome, Italy)	2000	10,000
Forest fires (France)	2003	80
D-Day 60 <sup>th</sup> anniversary (Normany, France)	2004	750
Papal visit (Lourdes, France)	2004	500
Athens Olympics (Greece)	2004	1000
Carnival (Brazil)	Annual	100-200
Paris Marathon (France)	Annual	90
Formula Indy Formula 1 (Brazil)	Annual	220
Octoberfest (Germany)	Annual	1000
Fête de l'Humanité (France)	Annual	300
Bol d'Or motorbike race (France)	Annual	150

## **Market Prices**

<b>Market</b>	<b>Monthly Rental Prices</b>	<b>Service Frequency</b>
Argentina	€150-200	1 / week
Belgium	€110-120	1 / week
Brazil	€130-150	1 / week
Chile	€95-115	1-2/ week
France	€90-200	1 / week
Germany	€70-90	1 / week
Hong Kong	€150-200	1 / week
Italy	€120-140	1 / week
Mexico	€130-160	2-3 / week
Filipinas	€170-190	2 / week
Spain	€140-150	1 / week
UK	£67-£150 (€100-225)	1 / week
United States	€45-125	1 / week
Venezuela	€180-200	2-3 / week

\*Note: Rental in the U.S. and Europe normally includes service once (1) weekly. In Latin America the standard is twice (2) weekly in many countries. Rental prices for short term events are different and normally require daily service.

## Market Segments

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### Construction - 60%

Buildings, highways, bridges, apartments, etc.

### Special Events – 20%

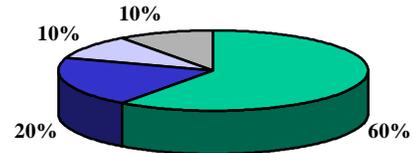
Concerts, carnivals, weddings, fairs, sports events, political gatherings, etc.

### Recreation – 10%

Beaches, parks, sporting grounds, zoos, etc.

### Commercial –10%

Bus stops, mining operations, agriculture, military training and other commercial and industrial sites.



- Construction and Commercial are typically long term rentals.
- Events and recreation are normally short term rentals.
- These percentages are averages and vary accordingly to your market and focus.

## *Cost Savings for the construction company with Satellite Toilets*

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# OF WORKERS	SALARY/ MINUTE*	MINUTES USED PER DAY**	NUMBER OF WORK DAYS	COST	RENT OF 1 SATELLITE	SAVINGS PER YEAR
100	x €0.10	x 12 min	x 240 days	= € 28,800.00	- € 4,836.00	= € 23,964.00
250	x €0.10	x 12 min	x 240 days	= € 72,000.00	- €12,084.00	= € 59,916.00
500	x €0.10	x 12 min	x 240 days	= €144,000.00	- €24,156.00	= €119,844.00
750	x €0.10	x 12 min	x 240 days	= €216,000.00	- €36,228.00	= €179,772.00
1,000	x €0.10	x 12 min	x 240 days	= €288,000.00	- €48,300.00	= €239,700.00

\* Based on an average salary of € 6.00 per hour, per worker.

\*\* Based on 2 uses a day per operator, the average time used to go to the bathroom is 12 minutes (9 minutes x 2 daily uses = 18 minutes). By placing Satellite portable restrooms on-site, you diminish the time of coming and going by more or less 2/3 (2/3 x 18 min. = 12 minutes each day).

\*\*\* This chart does not include a decrease in absences of the workers due to sickness. Furthermore, an increase in productivity exists due to the best conditions of the workers.