



HDM214 – Precision Component Engineering Company For Sale

Business Overview

- An opportunity to acquire a well established and profitable specialist subcontract component manufacturer based in the South East of England.
- The company provides a range of Precision Engineering services including CNC Machining, Milling and Turning, fabrication and finishing's.
- The company uses primarily CNC machining to produce a range of critical precision components to the most exacting of customer standards.
- The company supplies customers in a wide range of high profile sectors including Defence, Medical, Aerospace, Automotive and Scientific.
- The company is involved extensively in prototyping for its key clients as well as providing volume production runs.
- The company works with all types of metals including Stainless Steel (including high tensile), Mild Steel, Brass, Aluminium and Titanium. In plastics the company works with Acetal, Peek, Polypropylene and Polycarbonate.
- Established in 1984 the company has ISO 9002 accreditation and has established itself as a leading sub-contract machining specialist to some of the highest profile companies in the Defence and Medical sectors.
- The business has shown consistent growth in recent years and will show further significant growth in the company's financial year to 31st May 2014. Revenues for the financial year to May 2013 were £901,223 with a gross margin of £322,140 (36%) and a Net Profit before tax of £97,118 (10.8%). Adjusted EBITDA for the same year is £141,268 (16%).
- Over 90% of the business is recurrent work from the existing client base, which leaves significant potential for the new buyer to expand the business through more aggressive marketing.
- The company has medium term volume orders in place for two of its key customers which extend through to 2015. Order book value is in excess of £600,000.
- The main CNC machinery includes Hardinge Bridgeport and Miyano plant and there has also been a continuing programme of investment in technology including CAD/CAM.
- The business currently operates a 12-14 hour a day shift pattern for a 5 day week with occasional weekend work.



Premises

- The company operates from leasehold premises consisting of c.4,000 sq ft of manufacturing and office space and in the South East of England.

Employees

- There is a highly skilled and well trained workforce of 12 staff led by a General Manager (non-shareholding) who has been with the business for 19 years.

Reason for sale

- The reason for the sale is that the Vendors wish to retire however they both expect to work for a handover of up to two years in the business to ensure a smooth transition into new ownership.

Financial overview

<i>YE: 31st May</i>	2012	2013	2014 (for)
Sales revenue	£718,975	£901,223	£1,042,295
Gross Profit	£206,439	£322,140	£375,810
<i>Percentage</i>	29%	36%	36%
EBITDA	£34,620	£141,268	£189,550
<i>Percentage</i>	5%	16%	18%

Offers invited for a company sale