



HFS216 - Commercial Cleaning Services Company For Sale

Business overview

- Profitable and very successful large commercial cleaning services business.
- Clients are based in London, the South and South West of England
- With full year revenue for 2015 of £2.15m and a forecast of £2.2m for 2016
- The adjusted EBITDA for 2015 is £246k and forecast for 2016 is over £270k.
- 214 clients on rolling service contracts of 1 - 3 months' notice with no single client accounting for more than 6 % of revenue.
- Service contracts account for over 92% of revenue, and the business has exceptionally good client retention rates.
- The company has a clear strategy to hold a large number of smaller clients to build in resilience to the business revenue streams.
- In 2014 the business streamlined its client base and divested 4 poor performing larger contracts. This resulted in a drop in revenue from £3.19m to £2.15m but an increase in Adjusted EBITDA from 3% to 11%.
- Clients come from a range of sectors, both private and public, and the company has a strong track record for high quality trustworthy staff.
- The company is CHAS accredited along with 'Contractor Plus' and holds current ISO9001, 14001, 180001 and 27001 accreditations.
- The business has been in operation since 1990. It is owned by a larger business services group.
- Current sales pipeline opportunities are in the region of £740k and a monthly average contract gain of £20k - £25k.
- The business has very good systems and processes in place including using industry standard software such as Easitracker, Cleanlink and SAGE that will be of significant value particularly during the transition period.

Products and Services

The company offers:

- Contract daily office cleaning for businesses in London, the South and South West
- Non contract and specialist cleaning services
- Supply of cleaning materials and other consumable products



Employees

- Managing Director/Operations Director, Business Development Manager, Operations Manager, 3 area managers/supervisors, 2 administrators and 275 part-time cleaning operatives.

Premises

- A leased office – leased until 2020.
- Rent £9k p.a
- Rates £5.5k p.a
- Square footage : 750

Reason for sale

- The business is being sold as part of a strategic review at Group level group and a decision to focus on core activities. The MD is leaving the business and this prompted the review.
- The operations and management team will provide a full hand-over to ensure the successful transfer of the business to the new owner.

Financial overview

<i>Year ending 31st August</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016 Forecast</i>
Sales revenue	£3,465,032	£3,710,107	£3,139,068	£2,157,223	£2,213,200
Gross profit	£868,386	£908,047	£779,081	£546,067	£545,100
<i>Percentage</i>	25%	24%	25%	25%	25%
Adjusted EBITDA	£187,763	£160,034	£83,513	£246,107	£271,100
<i>Percentage</i>	5%	4%	3%	11%	12%

The adjusted EBITDA is stated after having changed the replacement cost for the MD with an Ops Director and removed a number of non-transferring staff and associated costs.

Offers invited