



## HGM028

# Electrical Contact and Switch Component Manufacturer Company for Sale

### Business Summary

- Outstanding opportunity to acquire an established, high margin manufacturer of electrical contacts, precision presswork and contact assemblies, based in the Home Counties.
- To fabricate its niche range of products, the company uses a range of precious metals, predominately silver but also gold, platinum and palladium products.
- Founded in 1987, the company has grown from initially just 2 employees (the vendors) to a substantive business employing over 20 staff.
- The 22,500 sq. ft. factory is equipped with extensive manufacturing technology and uses innovative quality control methods.
- Their extensive customer base, including many 'blue-chip' clients, covers all sectors of the electrical engineering industry from aerospace and automotive to domestic appliances, both in the UK and abroad.
- There are only 3 other UK-based switch component manufacturers operating in the same niche market supplying uniquely specified components within this high added-value sector.
- The contacts/presswork market is highly competitive and the company hold a commanding position within it.
- All of the business is repeat and many customers have been with the company since its inception.
- In the financial year ending March 2016 the company had 81 active accounts and the largest customer spend was £264k.
- The turnover to March 2016 is c. £1.5m with a gross profit of c.£1.1m.
- The Company is registered under BS EN ISO 9001:2008.
- The company would be an ideal bolt-on acquisition for a larger company in a similar sector, wanting an electrical contacts division.
- A larger company may not need to take on the existing office-based personnel and merely employ the technicians – resulting in large synergy savings.



- With a solid, established platform from which to sell to the UK and Europe, the acquisition may also appeal to an overseas contacts company seeking to develop new markets and business in Europe.

## Products

- Solid and bi-metal headed electrical contacts
- Precision presswork
- Contact assemblies produced by processes including riveting, wire-welding, micro-welding, soldering and brazing.

## Employees

- There are 6 office-based employees including the two vendors, a Sales & Marketing Manager and Works Manager. Additionally, there are 20 operatives, tool-makers and setters, the large majority of whom are full-time.

## Premises

- A 22,500 sq.ft. premises, two-thirds of which is occupied by the business as office and factory space.
- The property is owned by the vendor's holding company, and there is no lease in place.
- The sale does not include the property but the vendors are willing to put in place a short-term agreement to allow time for relocation.
- The vendors believe that a larger, existing company would achieve greater gross margins by absorbing this company within their existing premises.

## Reason for sale

The vendors wish to retire, but will support a full handover.

## Financial overview

<i>Year ending 31st March</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
<b>Sales revenue</b>	<b>£3,043,353</b>	<b>£2,709,373</b>	<b>£2,187,661</b>	<b>£1,527,974</b>
Gross profit	£1,397,497	£1,557,569	£1,408,608	£1,089,000
<i>Percentage</i>	46%	57%	64%	71%
<b>Adjusted EBITDA</b>	<b>£443,574</b>	<b>£420,805</b>	<b>£499,972</b>	<b>£265,832</b>
<i>Percentage</i>	15%	16%	23%	17%

## Offers Invited