



HGS027 – Commercial Cleaning Services Company for Sale

Business Summary

- Profitable and highly successful commercial cleaning services business.
- Clients are restaurants, pubs, offices, schools, medical practices and leisure facilities.
- Main areas: Milton Keynes, Northampton, Hertfordshire. Plus, the M1 corridor, London, Croydon and areas of Kent and Essex.
- For 2015 the company achieved a turnover of £466k and an adjusted EBITDA of 18% or £84k.
- Forecast revenue to 30th September 2016 of £760k, which is a 63% increase on 2015, with an adjusted EBITDA of 12% (£92k).
- The company has achieved a significant increase in sales over the last year through hiring a business development manager (BDM). The BDM is expected to stay with the business post sale and is targeted to deliver £500k new business per annum; the BDM achieved £444k in 2015/16
- 96 part-time cleaners who currently service 66 contracted cleaning sites
- Majority of clients on rolling service contracts with 3 months' notice; all others have long established (3 years+) relationships.
- Contracted cleaning services account for 78% of all revenue with 6% coming from consumables and paper product supplies.
- The business also has a security manned guarding contract for an existing contract cleaning customer who is a Blue-chip/household name; this accounts for 16% of revenue.
- The company is registered with the British Institute of Cleaning Science, and has both ISO9001 and 'Safe Contractor' accreditation.
- The business has been in operation since 2005.
- The business has very good systems and processes in place that will be of significant value to the buyer in order to replicate the service levels and profitability.



Products and Services

The company offers:

- contract daily office cleaning for businesses Milton Keynes, Northampton, Hertfordshire and the M1 corridor
- supplies of cleaning materials and other paper disposables
- other specialist on demand services (e.g. carpet, window, deep cleans)

Employees

- Full-time: Managing Director, Business Development Manager, and Administrator, and 2 Area Supervisors.
- Part-time: Admin assistant and 96 part-time cleaning operatives.

Premises

- A rented office/workshop with direct links to M1 corridor, on a one-month rolling contract, at £730 per month.

Reason for sale

- The Managing Director wants to focus on different and unrelated business interests.
- The director will provide a full hand-over to ensure the successful transfer of the business to the new owner.

Financial overview

				<i>Forecast</i>
<i>Year ending 30th September</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
Sales Revenue	£334,454	£378,793	£466,073	£759,622
Gross profit	£321,529	£354,326	£440,317	£716,095
Percentage	96%	94%	94%	94%
Adjusted EBITDA	-£4,342	£33,194	£84,618	£92,833
Percentage	-1%	9%	18%	12%
Further Adjusted EBITDA for strategic buyer	£25,658	£63,194	£114,618	£122,833
Percentage	8%	17%	25%	16%

The adjusted EBITDA is stated after having charged the replacement cost for the vendor.

The Further Adjusted EBITDA does not allow for a replacement cost as the vendor's function is absorbed within entity trade/strategic buyer's organisation.

Offers invited