



HGS255 – Mechanical and Electrical Infrastructure and Building Services Company, UK Metropolitan Areas

Business Summary

- Opportunity to acquire a mechanical and electrical infrastructure and building services company with a nationwide client base in London and the main UK metropolitan areas.
- In the 12 months to 31st October 2016, the business has achieved a total revenue of £1.99m with an adjusted EBITDA of £283k.
- The Gross Profit, Net Profit margins and Adjusted EBITDA have increased year-on-year.
- The 2017 forecast turnover is expected to be £2.98m an adjusted EBITDA of £542k or 18%.
- There are a good number of desirable clients (13) and the turnover is strong and growing. Clients are mostly drawn from transport and construction sectors in the major UK cities.
- Our client is the only mechanical and electrical services partner with a Framework Agreement with its largest transport sector client; this will roll-out over 4 years and see 72 projects at a value of £9.6m to our client. Additionally there is also the possibility of a 2 year extension to the framework.
- Its largest client is a major UK constructor heading up large scale projects across the UK's major cities and conurbations. Our client is a preferred supplier to this large group.
- The business was started in 2003 and has grown at a strong but steady pace from a very secure client base. It therefore has an enviable track record for year-on-year growth for those 14 years.
- They have an excellent reputation and are highly regarded for being small and reactive and getting the job done. It has a very loyal client base because of its reputation and their sector specific experience is highly regarded.
- Our client's strength lies in Project Management and Delivery using sub-contractor services. It is a small organisation size for projects of this scale and relies instead on sub-contractors. This makes it very lean and agile.





- The new framework agreement moves the business to a new level and our client has the people, processes and structure to deliver these well and this secures a guaranteed revenue stream to the business.
- This business will be of interest to other infrastructure services companies wishing to acquire contracts, client base, sector experience/track record and revenue. It also represents a good investment for a "micro-Private Equity" firm, or group of sector experienced investors, looking to build a portfolio.

Products and Services:

- Mechanical and electrical infrastructure and building services to constructors and infrastructure owners.

Employees:

- A Managing Director with 1 full-time Contracts Manager, 1 full-time Senior Projects Manager, 1 full-time Sites Supervisor, 1 part-time HR, 2 full-time electrical engineers/operatives and 1 part-time FD. The MD, Contracts Manager and the FD are the share-holders in the company.

Premises:

- Office premises in Plymouth of 100 square meters, plus two storage facilities, in Plymouth and one in London.
- Rent and rates is £12,200 per annum plus a £5,220 service charge per annum. The lease has 2 years and 6 months remaining and 3 months notice.

Reason for sale:

- The Vendors/Directors wish to focus on other unrelated business interests however they are committed to a full handover of the business to ensure a smooth transition into new ownership.

Financial overview

YE 31st October	Year 2014	2015	2016	Forecast 2017
Sales revenue	£1,969,858	£2,354,777	£1,990,068	£2,983,000
Gross Profit	£544,901	£713,738	£834,426	£1,289,440
Percentage	28%	30%	42%	43%
Adjusted EBITDA	£232,183	£244,163	£283,035	£542,070
Percentage	12%	10%	14%	18%

Offers invited