



## HGH285 - Precision Engineering Company For Sale

### Business summary

- Outstanding opportunity to acquire a profitable, well established Precision Engineering company based in East Sussex, UK.
- The company offers a complete development and manufacturing service capable of producing components from small quantities of prototypes through to 500+ batch size production.
- Founded almost 40 years ago, the company has built up an enviable client base of blue chip companies in the Oil & Gas and industrial vacuum pump sectors as well as the MOD and some aerospace.
- Kanban and buffer stock agreements are in place with key customers.
- Repeat business accounts for over 85% of revenue.
- The company offers a wide range of services including: prototype development and batch production, full CNC machining and turning, conventional machining, precision TIG Welding, mechanical and electrical assembly, leak flow testing, powder coating and bead blasting.
- In addition, the company provides onsite support services in specialist inspection, cleaning, kitting, packaging and labelling.
- The company has taken a consistent approach to investing in new equipment and training over the years which has resulted in a modern looking, well run manufacturing operation.
- A strong Tier2 management team is in place and able to manage operations day-to-day.
- The company has built a solid reputation for their quality control and management systems and is ISO 9001 Quality Management certified by BSI.
- If customers require a rapid response time, the company can offer fast track facilities which are tailored to suit customer requirements.
- The sale represents an excellent opportunity for a larger precision engineering group with a need to expand capacity or looking to grow into other niche markets, or for an investment group an opportunity to acquire a profitable business with minimal outstanding loans, management capability in place and a solid basis and market for growth.
- There is sufficient capacity at the current site to enable potential sales revenue of £6m to £7m should both day and night shifts be fully staffed.



## Services Provided

- Prototype and production
- CNC Milling
- CNC Turning
- Conventional Milling
- Turning and grinding
- TIG Welding
- Mechanical and Electrical Assembly
- Powdercoating
- Leak Flow Testing
- Bead Blasting

## Employees

2 shareholding directors and 44 employees as follows:

- 4 Tier 2 management team (Production, Sales, Quality and Accounts)
- 4 Office staff (Quality and Admin)
- 36 Operations staff

## Premises

- The company's site comprises of three adjoining units one of which is owned by the company, and two of which are leased on 10 year terms.
- Total equivalent rent: £115k. Rates: £36k.
- Total area: 17,500 sq.ft operations + 1500 sq.ft. offices/mezzanine

## Reason for sale

- Retirement. The vendors are happy to stay on as required for a handover period.

## Financial overview

<i>YE 31st Mar</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018 Forecast</i>
<b>Sales revenue</b>	<b>£3,115,034</b>	<b>£3,540,451</b>	<b>£3,834,016</b>	<b>£3,109,245</b>	<b>£3,400,000</b>
Gross profit	£596,053	£789,206	£895,473	£661,639	£647,000
<i>Percentage</i>	<i>19%</i>	<i>22%</i>	<i>23%</i>	<i>21%</i>	<i>19%</i>
<b>Adjusted EBITDA</b>	<b>£170,441</b>	<b>£341,832</b>	<b>£413,081</b>	<b>£195,262</b>	<b>£235,000</b>
<i>Percentage</i>	<i>7%</i>	<i>11%</i>	<i>12%</i>	<i>8%</i>	<i>7%</i>

- Adjusted EBITDA takes account of the directors' replacement costs and equivalent rent on the freehold property.
- The company benefits from a strong balance sheet with minimal outstanding hire purchase and financial liabilities.

## Offers Invited