

## HKMo74 – Stainless Steel Stockholder & Supplier for Sale – Midlands, UK

### Executive Summary

An opportunity has arisen to acquire a Stainless-Steel Stockholder and Supplier based in the West Midlands. With decades of trading history this Company has developed a robust market presence producing and stocking Stainless Steel Bar, Sheet and Box Sections for a wide variety of sectors and applications.

The company has built a client base of solid customer relationships and has a number of key client contracts in diverse sectors including Oil & Gas, Marine, Telecommunications, Transportation, Automotive, and Construction. The portfolio of clients is located across the UK but also with a growing overseas base reflecting the Company's well-established market presence and potential for expansion.

The business has based its success on the diversification of sectors targeted. This strategy has enabled the company to offer different types of stainless-steel related products that appeal to a wide customer base, facilitating sustained profitability and growth of company revenues.

The business has continued to demonstrate consistent performance through investing in new machinery and developing a solid business structure to support this. This investment in new machinery in a leading-edge manufacturing facility has enabled the company to retain its above-industry average gross margin of 23% - 25% and it currently holds a range of equipment assets with an approximate net book value of £2.5m but with a current market replacement cost of in excess of £5.0m.

The company benefits from a mature and highly skilled team of 47 employees managing the key operational areas of the business. The team includes a strong second tier management team within a well-established and efficient organisational structure.

The company is advantageously positioned for further opportunities for increased growth and has recently received planning permission to extend the main factory which is already nearly 50,000 sq.ft. with an additional 11,000 sq. ft of warehouse space that will offer significantly improved efficiencies.

### Highlights

- Decades of trading history with a robust market presence
- Stainless Steel products across a wide variety of applications
- Diverse client base across key industries

- Sustained profitability and revenues
- Limited impact from Covid-19 with no staff furloughed, no loans or grants
- Strong second tier management team
- Well-established and efficient organisational structure
- Expensive plant assets with strong underlying market value in excess of £5m
- Strong and long-term trading relationships with two of the key global steel suppliers
- Steel supply relationships and the extensive range of plant create strong barriers of entry to any potential competitors
- Advantageously positioned for increased regional and industry growth

## Financial Overview

Y/E: 31 <sup>st</sup> December	2016	2017	2018	2019	2020(F/C)
<b>Sales revenue</b>	<b>£10,240,875</b>	<b>£13,237,677</b>	<b>£12,114,468</b>	<b>£13,845,092</b>	<b>£12,605,872</b>
Gross profit	£2,254,438	£2,818,883	£2,964,693	£3,390,928	£3,093,530
<i>Percentage</i>	22%	21%	24%	24%	25%
<b>Adjusted EBITDA</b>	<b>£595,952</b>	<b>£858,585</b>	<b>£850,437</b>	<b>£949,691</b>	<b>£726,022</b>
<i>Percentage</i>	6%	6%	7%	7%	6%

## Offers invited