



# BUSINESS REPORT

Date: **27th April 2024**

Business Reference: **33188**

About the Business:

## Manufacturer of Ducting products

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Large construction companies place orders for the supply of ducting requirements in major new shopping malls, hospitals etc

# Manufacturer of Ducting products

Sector: **Manufacturing**



Asking Price:

R **7,500,000**

Monthly Profit:

R **215,435**

Asset Value:

R 2,000,000

Stock Value:

R 200,000

Yearly Net Profit :

R 2,585,225



# Business Report

## Fully describe the business's activities?

This business was started in 2017 mainly to supply a large well established Air Conditioning company that is owned by the same owner. It manufactures ducting for large developments such as shopping malls hospitals and blocks of flats etc. It has recently started supplying other customers in the area who do not have the manufacturing capability.

## How does the business operate on a daily basis?

The business receives orders from contracts that the air conditioning supplier has secured. The plans for the construction development are assessed and staff are tasked with manufacturing the ducting products to the orders generated. The ducting products are then packaged and sent to site for a team of installation staff to install

## What Advertising/Marketing is carried out?

There is a web site that is utilized, but the majority of the work comes from the large projects that the major contractors are awarded, and who in turn sub-contract this company to supply the ducting requirements.

## What competition exists?

There are a few smaller suppliers, but these do not have the capacity to get involved in large development requirements, so they place smaller orders for smaller construction requirements.

## How could the profitability of the business be improved?

Growth in the construction environment would require larger orders for the manufacturing of ducting products to be supplied. Marketing to other smaller suppliers of Air conditioning developments is an ongoing process of new business development.

## Give a breakdown of staff/ functions/ length of service?

Each phase of the ducting manufacture has a skilled operator who fits into a "supply chain" process for the ducting products. Once completed the unit is packaged and transported on to site of the development by the Air Conditioning contractor.

### **Do any have management potential?**

There is a supervisory structure in the production cycle.

### **How involved is the Owner in running the business?**

The owner visits the factory site on a regular basis. The owner is currently based in Cape Town involved in a multi international company for a development that is taking place in the Western Cape. He does however have a management structure here in KZN factory that is responsible for the ongoing manufacturing and production for the contracts that are secured.

### **When does the current lease end?**

2021 The business plans to move into larger premises due to the fact that the growth in production has outgrown the current site.

### **What are the trading hours?**

0730 hrs to 1630 hrs Monday to Friday

### **What are the main assets of the business?**

A variety of manufacturing machinery is already in place and all are fully functional, as well as welding, packaging and hoisting equipment . All assets are unencumbered and form part of the selling price.

### **Strengths?**

Very well known for quality ducting products and is the major supplier to the large construction development companies, as a preferred supplier

### **Weaknesses?**

Due to the growth in orders the business will require to be relocated into larger premises when the lease expires in 2021

## Opportunities?

Once in larger premises the growth in the business will be able to be focussed on, and due to the track record of this company there is capacity for expansion, as many other developers require ducting products.

## Threats?

There is no real threat perceived. A BEE owner could experience a massive growth in new business.

## What is the reason for the sale?

The owner is very involved in the Air Conditioning aspect of his main business and would like a BEE buyer to assist in the manufacturing of the ducting supply.. See above for the international development that the owner is involved in. The project is a 5 year project and is a massive incentive and accolade for the business to be awarded.