



Date: **3rd July 2024**

Business Reference: **36218**

About the Business:

Profitable, well established, specialist retail electrical contractor business in Pretoria for sale

This specialist retail electrical contractor business, with a 12 year history, provides a nationwide service to well known retail chains for the establishment of new shops, the revamp and closure / relocation of existing stores. It also provides off-the-grid solutions to its clients to minimise the impact of load shedding on their operations. Electrical maintenance service levels agreements are also in place for certain clients.

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Sector: **Services**

Asking Price:

R 13,425,000

Monthly Profit:

R 413,892

Asset Value:

R 2,090,789

Stock Value:

R 75,000

Yearly Net Profit :

R 4,966,708



Business Report

Fully describe the business activities

The business is a Pretoria-based, well established and profitable. electrical service provider to certain retail chains in South Africa.

The majority of work is the electrical service installation for new retail stores, the revamping of retail stores and, when required, the closing of stores.

Electrical maintenance service level agreements are also in place with certain clients

The installation of generators and inverters with batteries is also offered to clients to ensure trading continues during periods of load shedding.

The business's unique selling proposition is its ability to provide a nationwide electrical service to retail chains

The owner formed the business 12 years ago

How does the business operate on a daily basis?

- Management and operational staff meet at Pretoria premises at 07:30 each day to discuss and allocate both planned and emergency work. Administrative and other support staff also attend the meeting to keep abreast of new jobs / emergency work and provide feedback on queries raised, when necessary.

- Staff at sites outside of Pretoria communicate daily to management to report progress, discuss and resolve unexpected problems, delays etc.

- These meetings are managed / chaired by owner.

- Telephonic interactions occur daily with clients regarding breakdowns, request for quotations, feedback on work in progress and issues arising therefrom.

How are the clients attracted to the business?

- Word of mouth is the major source of new work

- The retail industry continues to grow and the years of networking within the current customer base leads to additional work as the chains expand their footprint.

What Advertising/Marketing is carried out?

None

What competition exists?

The retail clients have different policies regarding their electrical service providers which impacts the competitive environment:

- One or two clients allocate geographic areas to specific electrical companies which then , limits the competition to that area. Pricing is negotiated annually.
- For the balance of clients who prefer a service provider that can provide a national countrywide service, there are very few electrical companies that are able to provide this service and there is therefore very little competition in these cases.

What are the seasonal trends?

Business is constant throughout the year, with the exception of a reduction over the Christmas period because of the builders' holidays and because it is the peak retail trading time of the year.

What VAT documentation is on file?

Monthly VAT returns / statements and compliance status confirmations
The Vat computation is derived from the Xero accounting system

Are there up-to-date Management Accounts available?

Yes

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

1 Manager
1 Bookkeeper
2 x Administrative staff
1 x Storeman
7 x Team leaders
14 x General workers
4 x other (incl casuals)

Do any have management potential?

Yes, to a limited degree

How involved is the Owner in running the business?

The owner is totally hands-on

When does the current lease end?

A new lease has been entered into for 36 months (i.e. with effect from 1 December 2023)

What are the trading hours?

24 hours access is available to a secure property

What is the square meters of the business?

Rented area is 450m

What lease deposit and/or other surety is required?

R120 000 bank guarantee

What are the main assets of the business?

Stock and motor vehicles (11)

Are any items not included in the sale?

Two personal motor vehicles

What is their overall condition?

Good.
Vehicles are serviced as per maintenance plan.
Vehicles are replaced on a regular basis

Which assets are on lease/HP and with whom?

Seven motor vehicles are on HP with Wesbank

Will Seller settle or Buyer to take over?

The buyer to take over the agreements.

Are they presently insured?

Yes - Santam

Strengths?

- A well respected and reliable service provider that has major retail chains as long standing clients
- Very experienced and knowledgeable staff who understand the retail sector's electrical requirements and standards extremely well

Weaknesses?

- Eskom disruptions that impact operational efficiency

Opportunities?

- Acquisition of new clients and hence, increasing the existing customer base
- Continuous growth of the retail industry in South Africa
- Existing and new of the retail business in the rest of Africa
- Eskom weakness and disruptions resulting in an increasing demand for alternative power supply within the retail and other business sectors

Threats?

- Retail closures should the South African economy shrink
- Shortage of material supplies e.g. inverters and batteries

What is the reason for the sale?

The owner is nearing 60 years of age and wanting to retire.