



BUSINESS REPORT

Date: **19th May 2024**

Business Reference: **36310**

About the Business:

Westrand based manufacturer of punches, dies and various blades

Manufacturers and Suppliers of Punches & Dies, Cropping Blades, Notching Blades, Shear Blades situated in the West rand. This price is for the business only but the property of R4,4m should be added

Westrand based manufcaturer of punches, dies and various blades



Sector: **Manufacturing**

Asking Price:

R **1,520,000**

Monthly Profit:

R **60,174**

Asset Value:

R **4,490,617**

Stock Value:

R **180,000**

Yearly Net Profit :

R **722,092**



Business Report

Fully describe the business's activities?

This business specialises in punching, shearing and cropping equipment – the manufacture thereof, the stockists thereof and the final distribution thereof. The products manufactured are used in the structural steel, engineering and sheet metal industries.

They also manufacture hand operated punching machines, hand operated shearing machines and are distributors / agents for a Japanese manufactured portable hydraulic punching machine.

Their products are manufactured by a staff complement of 8 people utilizing 16 machines which include 6 CNC (computer numerically controlled) machines. All products are manufactured in house – from the initial raw material stage through machining and heat treatment, through to the finished product.

Punches and dies are specifically utilised to punch holes in steel as a faster, less expensive alternative to drilling. Cropping, shearing and notching blades manufactured are used to crop (cut) and shear angle iron, flat bar, round bar, square bar and sheet metal. These tools fit into a machine known as a “Universal Ironworker” or more commonly, as a punching and cropping machine.

They are the only manufacturers and stockist of a range of popular punches, dies and blades in South Africa. This has been achieved over the past 40+ years by providing excellent service and quick turnaround times.

How does the business operate on a daily basis?

Operates as a sales entity & manufacturing entity Monday to Friday. Refer to Business Activities question

What Advertising/Marketing is carried out?

google / internet

What competition exists?

Little, if any

How could the profitability of the business be improved?

Great opportunity in hand-held machine repair business not being pursued
Potential to attract numerous new clients via strategic advertising campaign
Large Property with additional space for expansion/storage/leasing opportunities
Potential for solar array as mini-PPP

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

Owner/Manager - 40 years of service
Production staff - all more than 10 years

How involved is the Owner in running the business?

Fully involved from taking orders, managing stock levels, purchasing raw materials and overseeing quality, as well as delivery and collection control, invoicing, debtor management, payroll management and accounts preparation including VAT submissions and SARS interactions.

When does the current lease end?

Building is owned by the seller and also available to be purchased. The price is R4,4m.

This is currently excluded from the listed selling price and should be added. The TOTAL price with the building is R6m

What are the trading hours?

Monday to Thursday 07:30 to 16:45.
Friday 07:30 to 13:30

What are the main assets of the business?

Buildings, inventory and going-concern of the business.
Machines in excellent working condition with low book value.

Strengths?

Established business with long-running track record and reputation for quality products
Perpetual need for products in related manufacturing sectors
Transparent business and processes
International clients
They are also proud to have established themselves as a major manufacturer and supplier of quality tools at competitive prices also providing excellent sales service.

Weaknesses?

Owner run and managed business

Opportunities?

Company can easily merge into existing manufacturing entity to enjoy economies of scale

Great opportunity in hand-held machine repair business

Potential to attract numerous new clients via strategic advertising campaign

Large Property with additional space for expansion/storage/leasing opportunities

Potential for solar array as mini-PPP

Threats?

International entrants undercutting market with inferior products

Declining SA economy

Increasing levels of loadshedding and increased costs of manufacture

What is the reason for the sale?

Reaching retirement