



BUSINESS REPORT

Date: **18th May 2024**

Business Reference: **36413**

About the Business:

Well known Water Drilling - Water Filtration - Water Backup Systems business for sale

Looking for a business that provides services in South Africa that will have a lot of future relevance then this is it! Servicing the water and energy sectors this business is well positioned and well known in the market.

Well known Water Drilling - Water Filtration - Water Backup Systems business for sale



Sector: **Services**

Asking Price:

R **4,500,000**

Monthly Profit:

R **146,319**

Asset Value:

R 3,256,500

Stock Value:

R 0

Yearly Net Profit :

R 1,755,823



Business Report

Fully describe the business's activities?

Their main business is borehole drilling and pump installations. They also install water backup and filtration systems. Water surveying is offered as an in-house service but a subcontractor is used. Other services rendered include drilling holes for solar farm installations where they also assist with piling where there is unstable ground. Currently, solar farm drilling is a strong growth point for the business. The drill rig is unique and driven by the skid steer's hydraulics, enabling it to reach drill locations other drillers can't reach. Because of this unique setup they regularly drill for other drillers who can't reach the drill location because of space constraints. They can drill up to 160 meters. This unique setup makes them the ideal urban drilling outfit.

How does the business operate on a daily basis?

Leads and enquiries are followed up by the office, and those that result in jobs get planned on a weekly roster which is then shared with the operations personnel. The office makes sure that all equipment and supplies necessary to execute the work are on hand. The office is also responsible for all invoicing and money collection.

The foreman is very knowledgeable and handles all operational tasks and delegations on-site. He makes sure that the work gets done to standard and that the client is happy with the service rendered.

How are the clients attracted to the business?

Mainly referrals and word of mouth from satisfied customers (25 year of goodwill).
Social Media Marketing

How could the profitability of the business be improved?

Better marketing campaigns with specific reference to water harvesting which is a growing service in a drought stricken country like South Africa.

Exploit current and past customers for filtration installations.

Approach more solar farm developers.

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

1 x Admin

1 x Drilling Foreman

3 x Drilling Assistants

Do any have management potential?

The drilling foreman manages the actual on-site drilling and all operational tasks associated with the function. He is a very loyal member of staff.

How involved is the Owner in running the business?

The owner is involved 100% day to day in the running of the business.

When does the current lease end?

The current owner is the landlord. The landlord will provide the buyer with the option to stay on and lease the premises.

Is there an option of renewal & what period?

A new lease agreement will be negotiated with the owner, the cost however is already worked into the financials.

What are the main assets of the business?

Freight liner – Argosy.
Low Bed Triaxle Trailer 13m.
21Bar – 850 CFM Atlas Capco Compressor 2x ±50m pipes.
Mantitou skid steer loader.
Armadillo Drill Rig.
75 – 2m drill rods.
9 inch hammer, 6 inch hammer, 8 inch hammer, 2x 5½ inch.
Riland Co2 + Tig Welder,

Strengths?

It's a unique drill rig that can access small spaces.
Water harvesting is a growing industry in a drought stricken country like South Africa.
Solar farm drilling is growing rapidly delivering good profits.
Failing infrastructure results in inhabitants solving water supply themselves.
Well-established drilling business with lots of goodwill.

Opportunities?

Grow other drilling opportunities - solar array drilling, solar farms.
Grow the water harvesting and filtration side of the business.
Exploiting poor and inferior workmanship - fixing and delivering products that work.

Threats?

Newcomers in the market with dilapidated and inferior plant & equipment under pricing current players.

What is the reason for the sale?

The current owner was running the business with her husband. Her husband passed away a year ago and the owner no longer wants to continue with the business on her own.

Why is this a good business?

With the ever-increasing water outages, water contamination, reality of water shedding, etc. there is a growing demand for alternative water supply and it will continue to grow in South Africa. In addition to water solutions, the business is also making good profits out of solar farm hole drilling and piling which is also a rapidly growing industry in South Africa.