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Business Reference: **37296**

About the Business:

## **Bottle manufacturer - biodegradable products made from materials like Bio-PET, PH**

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The company supplies custom bottle shapes/sizes and supports extrusion/thermoforming for bio-based polymers. They produce various biodegradable products made from materials like Bio-PET, PHA, and sugarcane, which are 100% plant-based and compostable..

# Bottle manufacturer - biodegradable products made from materials like Bio-PET, PH



Sector: **Manufacturing**

Asking Price:

**R 20,579,229**

Monthly Profit:

**R 538,310**

Asset Value:

**R 9,500,000**

Stock Value:

**R 4,420,771**

Yearly Net Profit :

**R 6,459,720**



# Business Report

## Fully describe the business's activities?

This uniquely positioned business has been researching and developing for the past 17 years and specializes in manufacturing and importing bio-based and medical product lines that offer alternatives to plastic. Core lines include sugarcane-derived bottles (Bio-PET), plant-based caps/closures, and related biodegradable/compostable packaging components.

The company supplies custom bottle shapes/sizes and supports blowmoulding for bio-based polymers.

They produce a range of biodegradable and recyclable products made from materials such as Bio-PET, PHA, and sugarcane, all 100% plant-based and compostable/recyclable.

This is the future: eliminating plastic

They are the only business of their genre in Africa.

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

Daily operations at this business begin with procuring raw materials, drying and processing them into bottle tubes known as preforms.

HIGHLEVEL: Manufacturing and finishing of bio-based bottles from sugarcane/Bio-PET and related materials, including quality control, warehousing, and distribution to B2B customers.

Enquiries and orders received via website/email; production in Cape Town. From there, the production of the products takes place, which includes the actual extrusion (never done extrusion) and manufacturing with blow molding machines, and the "containers" needed.

Quality control, packaging, and distribution through handling customer inquiries and managing their supply chain is key to ensure timely delivery of products

## What Advertising/Marketing is carried out?

The business uses a combination of online marketing, including social media and SEO, to reach its audience. Their Corporate website, product pages, social media presence (Instagram), and PR/online features highlight biodegradable packaging solutions.

## What competition exists?

The business competes with other manufacturers of biodegradable and eco-friendly packaging. However, their unique focus on plant-based materials and complete biodegradability sets them apart from competitors

They do not have real competitors at their scale in South Africa within the fully biodegradable product range.

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

Expanding their product line, enhancing marketing efforts, and exploring new markets could improve profitability.

Investing in research and development to innovate further in biodegradable materials could also provide a competitive edge.

The business will soon be using its own borehole water, which will also give it a competitive edge in other Blue Chip markets.

Scale volumes on existing molds, optimize material sourcing for bio-based resins, increase direct enterprise accounts, and expand medical/closure lines; evaluate light contract manufacturing (OEM) for steady capacity utilization.

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

Owner as Managing Director

General Manager

2 x Operational Managers

Admin Manager

Filling Staff Members

Printing Department

Blow Molding

Warehouse staff and Drivers

Injection Molding

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

Fully but he is trying to be strategic 'ontop' of the business and not in the business

## What are the main assets of the business?

Full Asset list is on file.

Vehicles, blow and extrusion molding machines

Printing machines

Filling machines etc

## Strengths?

- 1) Eco-Friendly Products: Offering biodegradable and compostable products appeals to environmentally conscious consumers and businesses
- 2) Innovative Materials: Use of advanced materials like Bio-PET, PHA, and sugarcane-based plastics sets the business apart from traditional plastic manufacturers.
- 3) Regulatory Compliance: Aligning with increasing environmental regulations and bans on single-use plastics.
- 4) Brand Image: Strong emphasis on sustainability enhances brand reputation and customer loyalty
- 5) Local manufacturing presence in Cape Town; growing demand for sustainable packaging solutions;

## Weaknesses?

- 1) Higher Production Costs: Biodegradable materials often have higher production costs compared to conventional plastics.
- 2) Limited Durability: Some biodegradable products may not match the durability and performance of traditional plastics.
- 3) Infrastructure Challenges: Lack of adequate composting and recycling infrastructure can hinder effective disposal.
- 4) Market Education: Consumers may need education on the benefits and proper disposal of biodegradable products
- 5) Scale relative to larger packaging players; dependency on bio-based resin pricing; supplier concentration and mold-specific demand.

## Opportunities?

- 1) Growing Market Demand: Increasing consumer and business demand for sustainable products presents significant growth opportunities.
- 2) Expand medical-grade and closures portfolio; secure supply agreements with FMCG and health/beauty brands
- 3) Government Support: Policies and regulations promoting the use of biodegradable materials can drive market expansion.
- 4) Product Diversification: Expanding the product line to include more biodegradable options can attract a broader customer base, export within SADC.
- 5) Global Expansion: Entering new markets with high environmental awareness can boost sales and brand presence.

## Threats?

- 1) Competition: Rising competition from other biodegradable product manufacturers and traditional plastic companies adopting green practices.
- 2) Economic Factors: Fluctuations in raw material prices and economic downturns can impact profitability.
- 3) Misleading Claims: The market is susceptible to greenwashing, where competitors may falsely claim their products are eco-friendly.
- 4) Technological Advances: Rapid advancements in alternative materials could render current products obsolete

## What is the reason for the sale?

The owner would like to pursue New Ventures. He is passionate about starting new businesses and wants to explore new opportunities and industries.

Selling the current business can provide the capital needed to invest in new projects.

He is willing to be in a JV with the purchaser for new product development

The business has experienced exceptional growth, and market conditions for biodegradable products are at their peak. The owner believes the business now needs to be taken to a level he cannot manage.

A larger company might offer to buy the business as part of its growth strategy.

He feels he has family commitments, a desire for a different lifestyle, and that his personal and family well-being, as well as his work-life balance, are important.

Running a business can be demanding, and the owner needs the right staff mix as they scale operations, manage cash flow, or navigate regulatory changes.