

A man in a blue suit and patterned shirt stands on a city street, smiling. The background shows a building and a blue trash can.

# BUSINESS REPORT

Date: **3rd July 2024**

Business Reference: **32348**

About the Business:

## Plastic Bag Manufacturing Company

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As a strong manufacturer in a dynamic market, this company has produced impressive results and now seeks a new owner to take the company to the next level.

# Plastic Bag Manufacturing Company



Sector: **Manufacturing**

Asking Price:

R **26,500,000**

Monthly Profit:

R **750,598**

Asset Value:

R **14,861,186**

Stock Value:

R **800,000**

Yearly Net Profit :

R **9,007,180**



# Business Report

## Fully describe the business's activities?

The business manufactures plastic bags, both printed and plain for the refuse, industrial and boutique markets.

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

Company reps visit clients, discuss their requirements and return with orders placed on the company. These are then scheduled into the production plan for manufacture.

## What Advertising/Marketing is carried out?

The major source of business is the sales team who visit existing as well as prospective new customers. The company also receives leads from their website and from adverts placed in newspapers from time to time.

## What competition exists?

There are a number of manufacturers in the greater Durban area, each with their own client base and sections of the market that they appeal to.

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

The business is constrained by their ability to manufacture. The owners feel that by producing 7 days a week would enhance the company's profitability.

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

Staff can be divided into 3 categories.

Shift Supervisors who have an estimated 8-11 years of service.

Machine Operators who have been with the company since inception (11 years).

Assistants who have approximately 5-7 years with the company.

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

There are staff who have management potential but not perhaps to the General Manager level.

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

The owners are 100% involved in the company at present.

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

The owners are currently operating on a month to month lease but the landlord wants to sign a long lease with the company. This will be negotiated between the prospective buyer of the business and the landlord prior to purchase of the business.

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

Currently the business operates between 8am and 4.30pm.

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

The main assets of the business are the various machines that take the raw materials and manufacture bags in an automated process.

### **Strengths?**

The good quality machinery that the company owns provide a substantial barrier to entry and make the company a very competitive manufacturer. The large and regular client base provides ongoing work for the foreseeable future.

### **Weaknesses?**

The owners feel that they are not putting enough effort into expanding their client base. They are not realising the potential growth that the company could be experiencing.

## Opportunities?

New opportunities in the market are continuously arising and an enthusiastic owner could embrace these opportunities and grow the business substantially. The market itself is expanding on a continual basis.

## Threats?

There are few meaningful threats perceived.

## What is the reason for the sale?

The owners have run this business for 11 years and built a substantial and profitable business. They now believe that a new buyer could continue this growth into the future but they wish to sell the business and possibly move overseas.