



BUSINESS REPORT

Date: **20th May 2024**

Business Reference: **36176**

About the Business:

Manufacturer of Rubber Products

Easy-to-run manufacturer of Rubber Products that are in high demand, with a consistent client base. The business is fully staffed and has been established in excess of 10 years.

Manufacturer of Rubber Products



Sector: **Manufacturing**

Asking Price:

R **24,000,000**

Monthly Profit:

R **619,551**

Asset Value:

R **12,054,511**

Stock Value:

R **750,000**

Yearly Net Profit :

R **7,434,607**



Business Report

Fully describe the business's activities?

The business was founded in 2008 with the aim of being an environmentally responsible company specialising in the manufacture of high-quality rubber moulded products.

The company initially manufactured solid rubber tyres for “wheelie bin” wheels, supplying major manufacturers of industrial and domestic refuse bins.

Early In 2009 it commenced a strategy of diversification and expanded its product range.

Today the company is a major supplier of conveyor Impact Rubber Discs for the mining industry.

The customer base is constantly increasing and covers a wide range of industries, including transportation, mining and general engineering.

The business helps the environment by reworking uncured rubber compounds from the tyre industry and recycles rubber shavings in the manufacturing of its high-quality, hard-wearing, and cost-effective products which significantly reduces the amount of these products that could end up in landfills.

How does the business operate on a daily basis?

The owners oversee the business with staff in place to handle manufacturing, selling and distribution. The owners are involved and keep a close eye on the business and relationships with the clients.

What Advertising/Marketing is carried out?

Website, Google ads

What competition exists?

Few smaller rubber manufacturers

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

1 Admin/Accounting person - 13 years

1 Technical Manager - 12 years

1 Factory supervisor - 13 years

1 Electrical and maintenance person - 13 years

1 Driver - 8 years

19 general factory workers - Varying between 2 and 13 years, most on the longer side

Do any have management potential?

No

How involved is the Owner in running the business?

Day to day oversight

When does the current lease end?

There are two premises, the main factory ends July 2024, and the storage premises November 2023

What are the trading hours?

Office open from 07H30 to 16H00 on weekdays. Factory operational 24 hours a day from 07H00 on Mondays to 07H00 Saturdays

What are the main assets of the business?

2 x Rubber roller mills, 18 x electrically heated hydraulic presses, 2 x hydraulic bale cutters, 1 x 8 Ton truck, and 2 x LDVs

Strengths?

The company is well known in the industries it operates in and has a good reputation for quality, service, and price.

A strong and dominant player in the segments it operates in.

Excellent relationships with suppliers of raw materials, and manufacturing equipment

Strong management, experienced manufacturing personnel, and low turnover of staff.

Excess manufacturing capacity to drive future growth would need additional personnel.

Weaknesses?

Most products are produced with excess materials from current suppliers. The company has not entered in specific compounded material field, and product opportunities this presents, are covered under opportunities.

Opportunities?

Current Product Range:

1. Impact Rubbers

- a. Export to e.g. Australia, South America, current product range
- b. Acquire small moulders of Impact Rubbers.
- c. Produce Impact Rubbers from specifically compounded material for customers that require specific and consistent quality parameters.

Customers that may also require rings in Fire Resistant (FR) and Fire Resistant Anti-Static (FRAS) material, currently supplied to existing customers

2. Solid Tyres

- a. Revise pricing to attract customers that currently import from China.
- b. Manufacture/ Supply complete wheels by obtaining and inserting Hubs/Rims in tyres currently moulded.
- c. Acquiring current manufacturers of complete solid wheels e.g. a Wheel & Castor division.

3. Miscellaneous

- a. Keep adding products that avail themselves to current equipment such as Solid Blocks, Coupling Rubbers, and Wheel Chocks.

New product ranges

- a. Products for mining such as Mill Liners, Roller Lagging, Pump Lagging, and skirting strips would require some new equipment such as bigger presses, extrusion equipment, and autoclaves.
- b. Seals, grommets, and small high-volume products especially for the automotive industry, would require injection moulding equipment and ISO certification. The business is close to the Rosslyn Automotive Manufacturing Hub.
- c. Analogous products produced in polyurethane e.g. Impact Rings, Solid Wheels, and other items, would require a new skill set and some extension of the manufacturing setup.

Threats?

The current political climate in SA and the government's struggle to drive economic growth.
ESKOM, although there is no load shedding at the factory.
Crime

What is the reason for the sale?

Owners wish to retire