



BUSINESS REPORT

Date: **20th May 2024**

Business Reference: **BFS10689**

About the Business:

Business for sale: Plastic Injection Moulding Company with Recycling Division

This is a plastic injection moulding business that includes a recycling division providing polypropylene regrind to the manufacturing division, resulting in reduced material input costs and competitive pricing. The business owns five injection moulding machines of varying sizes, ranging from 140T to 380T, in

addition to a large granulator and three grinding/crushing machines in the recycling division. Additionally, there is a small workshop for managing minor repairs on moulds and machines. The company owns various moulds, with the majority focused on the textile industry, which is beginning to recover, and some moulds related to pet and bedding industries. The business has ongoing partnerships with several companies that frequently utilize their moulds and production services.

Business for sale: Plastic Injection Moulding Company with Recycling Division



Sector: **Manufacturing**

Asking Price:

R 2,850,000

Monthly Profit:

R 142,191

Asset Value:

R 2,600,000

Stock Value:

R 0

Yearly Net Profit :

R 1,706,290



Business Report

Products and Services

How does the business operate on a daily basis?

The business operates injection moulding during the day shift from Monday to Friday, with a reduced night shift from Monday to Sunday depending on customer demand and selected weekends to take advantage of reduced electricity tariffs.

What contract work does the business have?

The business has a long-standing agreement with a national company and several well-known customers that order regularly. It also has an agreement with a major retail company that supplies recycling material monthly and is currently negotiating with an international company to secure an ongoing supply of several types of polypropylene material for recycling.

Are there seasonal trends?

While some customers order seasonally, the business has a constant turnover throughout the year due to overlapping orders.

How does load shedding affect the business operations?

The business has a plan for load shedding, with night shift work planned weekly depending on the level of load shedding. Staff work in the recycling department during loadshedding, manually cutting and sorting plastic material.

What actions have been taken to combat load shedding?

The landlord is finalizing a solar/generator plan to eliminate load shedding during business hours that is expected to be installed shortly.

Assets

What assets does the business have? Is there a complete register available?

The business possesses several assets, with a complete register readily available.

Are all the assets included in the sale? Is there an exception?

All of the assets are included in the sale except for the trailer, which is listed in the asset register but belongs to an individual who may or may not choose to sell it.

What is the overall condition of the assets?

The assets are in good condition.

Do any of the assets need to be repaired?

Maintenance and repairs are regularly performed on the assets, which helps to minimize downtime.

How have the assets been valued?

The assets have been valued at market-related prices and have been assessed to be worth R3,284,000.00. Additionally, the current owners have invested heavily in servicing, upgrading, and repairing a few of the assets.

Employees

What is the total number of staff?

There are currently 11 permanent staff members.

Can you provide a breakdown of their roles and length of service?

1 x Setter (x1 permanent + x2 on a casual basis)

4 x Machine operators

1 x Mixer, packer, and quality controller

1 x Engineer technician/ Recycling manager/ Forklift driver

2 x recycling staff

1 x Code 10 driver/ recycling

1 x forklift driver, metal separator, machine operator

Do any of the staff receive special benefits or incentives?

Yes, there is one staff member who receives special benefits which can be discussed with qualified buyers.

Are the staff on contract?

Yes, the staff are on contract.

Is there potential for management roles within the staff?

No, there are no staff members with management potential.

How involved are the owners in running the business?

The owners are involved in the business for approximately 80% of the time by their own choice. However, as the business is running well, they have been able to spend less time on it. Both of the owners have interests in another businesses and divides their time between the two.

Reason for Sale

The sellers want to focus on other business opportunities and interests that are unrelated to this industry. The one seller is wanting to move to Gauteng to be with family and run a business there.

Conclusion

This plastics industry enterprise has achieved success through its innovative configuration, which incorporates both injection moulding and recycling operations. The advantage of this arrangement is the existing infrastructure that allows for effortless expansion of the injection moulding capacity by adding two to three more machines. In tandem, the recycling division has ample growth prospects, as it has already sold finished material to customers. It is rare to find Injection Moulding companies on the market for acquisition as they tend to be family-owned.