

Widget Engineering Ltd

Overview

Successful engineering firm supplying steel for the construction industry. Based in the East Midlands, they have a workforce of 102 and supply to more than 200 clients, with no client being more than 5% of income. Owners wanting to sell because they are approaching retirement age.

Strengths

- Not reliant on a few major clients
- Steady growth over the past few years
- Low debt levels
- All shareholders are willing to sell
- The site is owned by Engineering Ltd
- 40 years of trading

Weaknesses

- Low margins
- Increased international competition
- Small range of products
- Buyer would find it hard to relocate business
- Shareholders not willing to stay on after sale

Exit Recommendations

With a good financial history going back decades and a clear commitment to sale, we have good reason to believe that you are fully prepared. The past 5 years of financial performance is consistent with reasonable growth in both profit and turnover, because of this we believe that you could achieve a high multiple for the engineering sector. However if the 2015/16 accounts fail to maintain this trend, and a lower profit figure occurs then the asking price may be as much as 20% lower

Summary recommendation:

**Aim to sell before 2015/16
accounts are completed**

Sale Projection

Valuation Range

Based on financial information provided to Firm Gains on 25/09/2015, using normal multiples for this size of business and sector.

£2,000,000 - £2,500,000

Sale Success Potential

With Help	Without Help
33%	20%

Your Time Investment

50 Hrs	240 Hrs
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Estimated Cost of Sale

£20,000	
+£3,000	£3,000
+4%	
£123,000	£3,000

Factored Financial Risk

£15,410	£2,400
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Projected Final Income

£2,500,000	£2,000,000
- £123,000	- £3,000
£2,377,000	£1,997,000

Why these figures?

For most business owners there is a choice - whether or not to use a sale side advisor. In our experience the sale side advisor will not only increase the chances of sale substantially, but is also likely to negotiate better terms for the vendor. The cost and associated fees are larger but the sale value also increases incrementally and, for most businesses of your size substantially outweighs the cost.