

## **BUSINESS PURCHASE OPPORTUNITY**

### **For Sale - Leading Truck Mounted Crane Wholesale Distributor**

#### **COMPANY OVERVIEW**

- Our client is a leading Canadian wholesaler of truck mounted cranes, outrigger stabilizers and other related equipment. With a head office in BC, and a network of dealers and resellers across Canada and the United States, the Company has served the North American market since 1990.
- Over the past five years the Company has developed and marketed its own brand of small cranes and outriggers, increasing sales to \$1.3 million in 2012.

#### **KEY INVESTMENT CONSIDERATIONS**

##### ***Savings on Expense Synergies and Portability of Operations***

- As our client uses a separate fulfillment warehouse from its corporate office, a Purchaser could save indirect and overhead expenses by combining current operations. If a Purchaser had excess warehouse space and staff available for administration, it is estimated that over \$149,000 could be saved from annual expenses.
- Due to sales being conducted primarily by phone and internet, the Company is totally portable.

##### ***Competitive Advantages***

- The Company has a competitive advantage due to its exclusive, trademarked brand.
- The Company sells a line of high quality small cranes with long standing agreements with its suppliers that offer our client preferred pricing.
- As a specialist in smaller cranes, the Company is able to provide competitive pricing and better service for smaller dealers, including faster delivery of cranes from stock, a more comprehensive range of models and options, knowledgeable and accessible staff and an industry-leading warranty.

##### ***Timely Distribution Channels***

- Our client has established long standing competitive agreements with inbound freight forwarders, customs brokers, currency traders, and insurance

providers to ensure products are purchased, containerized and shipped from the factory to Canada in a cost effective and timely manner,

- Outbound shipment of cranes to customers world-wide is handled by two major logistics firms, both of whom have worked with the Company for more than 5 years.

### ***Sales and Marketing***

- The Company has an agreement with an internet marketing firm with SEO (Search Engine Optimization) and social marketing capabilities have been in place for four years.
- Companies and retail consumers are buying more expensive products on-line, including industrial equipment such as small cranes.
- Because of the product price point (ie.<\$10,000), these cranes are often purchased with a credit card, avoiding the cost and risk of collections.
- Given the price point, the cranes can also be purchased with non capital funds, thereby avoiding time consuming competitive bids.
- Small cranes are less expensive as well as simpler to understand and operate than a large crane and so are able to be sold on-line to smaller dealers (e.g. hydraulic shops, truck equipment dealers etc.).
- The Company employs its own, experienced commissioned salesperson.

### ***Growth in the Industry***

This industry, especially the lift equipment sector, is growing as safety standards become more stringent and the workforce ages. Here are several important trends:

- Back injuries are the biggest single WCB payout cost to injured workers. Companies are investing in small cranes as the average age of employees rises along with concerns about back injuries.
- Small cranes mounted on a truck or in an industrial setting can decrease labour costs.
- Growing areas of the market also include safety related accessories such as radio controls. Using a crane with a remote control means that one operator can do the job of two.

- Companies are purchasing stabilizers to retrofit existing equipment that does not meet current safety regulations.
- The larger crane manufacturers offer relatively few models of stabilizers for smaller cranes.
- The small post-type cranes developed more than two decades ago are less viable in today's marketplace because they lack modern safety features such as rotation control, an adjustable boom and overload protection.

### ***Company Growth Opportunities***

To maximize growth over the next two to five years the Company could:

- Expand the current product line to include other truck / mobile equipment such as compressors and lift equipment (i.e. man-lifts).
- Use direct marketing and internet based strategies to increase the number of reseller/dealers in Canada, USA and Central America. A priority would be providing websites and services in Spanish and French.
- Develop fleet sales (i.e. through joint venture arrangements with truck body builders and truck dealers).
- Market a fuller range of stabilizers to a broader target market.
- Expand recently successful markets (ie mining, marine) and increase sales to OEMs (original equipment manufacturers) who use small cranes as robotic arms in their equipment.
- Bundle product offerings (ie cranes with radio controls and winches) at a lower price.
- If the Company were to employ a full time outside sales person, focused on developing new distribution channels, including a dealer network, sales would increase dramatically.
  - Current ownership has somewhat relaxed its efforts in developing direct sales and for the past two years has operated by responding to sales enquiries.

## FINANCIAL HIGHLIGHTS

### *Comparative EBITDA Statement (See Notes)*

(\$,000's)	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
REVENUE	650	1,330	1,303	1,416	1,570
COST OF SALES	424	906	998	1,132	1,217
GROSS PROFIT	225	424	304	284	353
NET EARNINGS	29	77	69	25	(159)
EBITDA	40	130	58	42	(116)

**Notes:-** Company year end is December 31st.

- During 2009 there were some unusual and non recurring events which caused lower than normal results.
- At Dec 31, 2013, inventory & parts value was approximately \$400,000.
- Sales were lower in 2013 due in part to normal business sales fluctuations.

## THE OPPORTUNITY

The sellers wish to sell the Company and retire however will be available to a new owner to transition the business.

## PRICE

The price for 100% of the shares of the Company is **\$650,000**. The sellers will consider offers relating to the terms of the sale.

## CONTACT INFORMATION

To obtain more information on this opportunity please contact:

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