

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

- 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, it is estimated that over \$12,000 could be saved from annual warehousing expenses and potentially an additional \$48,000 per year could be saved by staffing synergies, should a purchaser currently employ office personnel.

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.

FINANCIAL HIGHLIGHTS

Comparative EBITDA Statement

(\$,000's)	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
REVENUE	1,330	1,303	1,416	1,570	2,324
COST OF SALES	924	998	1,132	1,217	1,763
GROSS PROFIT	406	304	284	353	562
NET EARNINGS	89	69	25	(159)	(55)
EBITDA	117	35	19	(106)	19

Note: Company year end is December 31st.

During 2009 there were some non recurring events which caused lower than normal results.

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 **\$600,000**.

CONTACT INFORMATION

To obtain more information on this opportunity please contact:

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