

Stainless Steel Food Processing Fabrication w/ IP Advantage

Fortune 500 customer list – Niche provider to food processing industry – Patented technology “will change the way meat is processed across the globe” according to industry expert & client – Enormous potential for organic growth!

Financials

Asking: \$3,950,000

Gross: \$2,245,566

Cash Flow: \$542,273

Tangible Assets: \$1,980,000 (included in Asking Price) *

Business Summary

This business offers a unique opportunity to acquire a proven innovator with a reputation for creating ground-breaking solutions for the food industry. This company has recently adapted its own solutions – used successfully in the poultry industry for years – for one of the top-three red meat processors in the world, and has been told that its systems will “change the way red meat is processed across the globe.” One client estimates savings from reductions in labor and down-time after installing this company’s equipment in domestic plants only at over \$100M a year; the company is now retrofitting the first of several U.S. facilities for this client.

Established in 1994, this custom metal fabrication business specializes in designing stainless steel food processing equipment for the meat and poultry industry, and is recognized as a market leader in the controlled infeeding and storage of raw product. Fortune 500 companies rely on this well-known and respected niche player for engineered reliable, custom-designed infeed systems for all types of applications. The company’s patented solutions to labor intensive issues have been quietly revolutionizing the meat processing industry, and saving its customers tens of millions of dollars since its first patent was issued in 1995.

This business currently markets and manufactures five U.S. patents, and has two patents pending. All intellectual properties provide labor saving solutions for the food industry. Five of these solutions are designed for the separation, and single file placement of raw, bulk meat and poultry. One of the patents applies to the de-nesting of bulk frozen product in both buckhorn style baskets and 70-pound totes, while another patent application applies to the weighing and rejecting of boxed product.

This company’s solutions have been sold in front of equipment from Marel, Scanveagt, Sortaweigh, and others for weighing and sorting. The company has extensive experience in spacing whole birds and front halves in the poultry industries; its infeed systems have been sold in the US, Canada, Denmark, Iceland, Australia, and Japan.

At this time, the company is in the process of expanding its patent portfolio and bringing equipment to market for the separation of split breast and butterflies in the poultry industry, and has recently adapted and installed its equipment in one of the country’s largest red meat processing plants. This firm prides itself on its ability to find simple, mechanical solutions to labor intensive problems. To date, all of this company’s patents have been both approved and marketed.

This business offers a unique opportunity to acquire an established innovator that is ready to embark on a new and explosive phase of growth in the company’s history! It is also well positioned in the recession resistant food sector of the economy, with regional access to an abundant labor force.

Company Highlights

- Over the next five years, this company is positioned to increase annual revenue from pure organic growth of its patented equipment from \$2.5M to \$7.8M, with annual revenue potential of \$54M within the next five years.
- The profitability of poultry processors depends heavily on efficient production and distribution. The ratio of capital to labor within the industry is estimated to be 1:5.6. For every dollar invested in the plant and equipment, about \$5.60 is spent on labor costs. Therefore, any kind of automation is a STRONG value proposition!
- This company provides value propositions to its customers in three ways: 1) Direct cost reduction through automation and reduced headcount, 2) custom process redesign and solution, and 3) standard production redesign support at competitive prices.
- The company's competitive edge comes through its patented products, intellectual property, historical reputation for high quality products and labor force, and its solid working relationships with the majority of the key players in the poultry and red meat processing industries.
- This company has just recently expanded into the red meat industry, which represents potential business value of \$37M to \$90M over the next five years. The size of this market in the U.S. alone is enormous, with daily capacity of the top ten beef and pork processors totaling 137,000 head/day and 427,000 head/day respectively.
- Company Snapshot
 - Established: 1994
 - Type: Sub Chapter S
 - Employees: 15 FT
 - Location: South Central U.S.
 - Intellectual Property: 5 patents; 2 patents pending

General Information

Facilities: This business is located in a new and expanding industrial park that was developed by municipal planners. Two primary facilities – both with office space – are housed in approximately 40,000 square feet under roof, and sit on eight acres of highway frontage property. *[FF&E and Inventory are currently valued at \$600,000 and \$250,000 respectively.]*

Market Outlook

Competition: This business has three primary competitors in the south central United States. However, none of these companies offer competing patented equipment solutions to the food processing industry at this time.

Growth/Expansion: Sales for this business could increase exponentially with the creation of a dedicated sales force. To date, the company has been focused on R&D and designing custom solutions for its clients on demand; sales and marketing efforts have been left to the owner and one key employee. The majority of the company's sales come from referrals. There is also enough space at the existing facility to triple capacity, if needed. The business is located in a region that has easy access to a well-trained labor force for additional hiring.

Current efforts have been directed primarily at domestic poultry processors, but there is almost unlimited opportunity to expand into the further processing of red meat, pork, lamb, seafood and non-food related products (i.e. packaging, shipping, pharmaceuticals, baked goods and produce) – both domestically and internationally. Additional capital to support ongoing research and

development efforts for equipment that is currently in patent pending status could result in several additional revenue streams from complimentary equipment and solutions.

This business is located in the south central United States, and is ideally situated in the geographic center of North America. Its principal offices are advantageously located for distribution to all North American markets, and sits on a rail line with a direct route into Mexico, South America, and Gulf ports serving the Caribbean basin.

About the Sale

Support/Training: The owner is willing to stay on in a leadership role for up to two years. The current management team has over 60 years in combined fabrication experience from project engineering, equipment design, and completion. A loyal, young and energetic staff would most likely be willing to stay on under new ownership. This business is also an attractive option for national recruiting efforts.

Reason Selling: Retirement, and expansion of business

Listing Info

Listing #1191

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** Tangible assets include FF&E, inventory and real property assets owned by the corporation.*

Interested parties will be required to sign a Confidentiality Agreement, and document proof of financial ability to complete the proposed transaction. A Confidential Selling Memorandum with quantitative economic model will be made available upon receipt of signed Confidentiality Agreement.

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