



Business Profile

Summary

This specialty tool distributor serves the [REDACTED] from its single location based in the [REDACTED] Region. Structured as a sub chapter S corporation, the firm has four equal shareholders. One is recently deceased and shares remain with his estate. Another recently retired. Currently one shareholder is active in the business while the remaining shareholder continues to be an investor. The business is in an approximately 6000 square foot purpose built metal building recently appraised for \$378,000.

In business over 30 years, this company has evolved and moved along with the industry changes providing integrated supply including the use of vending machines and appropriate technology to secure, serve and maintain customers. The company does some e-commerce on their website. At the end of the day, their excellent customer support and technical advice secures and keeps their customers. They have an enviable record in customer retention.

Over the past several years revenue has ranged from \$4.5 million to \$5.5 million due to both economic and market based issues. The company has remained profitable over the long term by carefully managing expenses, inventories and customer activity. Customers rely on them for their service and support that goes well beyond their competitors as a technical resource for for all their customers.

Product Lines

Primary product lines include various cutting tools, inserts and associated supplies such as abrasives saw blades and cutting fluids as well as general supplies and maintenance items. Approximately, 10% to 15% of revenue comes from custom-made tools and equipment available exclusively from them to their customer. This both better meets the customer's needs, but also keeps out competitors and secures that customer.

Customers

Like most companies, 20% of their 1000 customers make up 80% of their overall volume. These companies cross a broad range of industries including equipment manufacturers such as pumps and machines, hydraulics and components manufacturers, parts and devise manufacturers. They service a 150-mile radius of their current location with most customers concentrated in a 90-mile radius. For select corporate contracts, they ship to other regions with customers in Ohio, Virginia, Tennessee and elsewhere in the Midwest and Southeast regions.



Team

Managing partner is in his mid-30s and has been active in the company 12 years. He is highly experienced, has very close relationships with the major accounts, and spends a great deal of time with customers. The company has three additional outside sales people with extensive experience in cutting tools and industrial supply. The sales force is supported by inside sales, warehouse and support staff. Customers rely heavily on the team for technical advice and expertise. They have 12 employees total. Their service level is very high with frequent major account contact at an operations and technical level.

Outlook

Consistent with the industrial supply sector, the company has its experienced customers occasionally drifting in and out of corporate buying programs but consistently keeping some business with and ultimately returning to this supplier due to their technical support and expertise. A key strength includes the ability to build and keep strong customer relationships.

Financials

	2012 Ending 10/31/12	2013 Ending 10/31/13	2014 Ending 10/31/14 Proj
Revenue	\$5,656,000	\$4,582,000	\$4,600,000
Gross Margin	22%	24%	22%
Normalized EBITDA	\$397,842	\$352,050	\$360,000

Expression of Interest

If interested, please contact:

