










Business Overview

RE: Auger Manufacturer Sold in 235 Dealerships

Specifications

 Price \$440,000	 Revenue \$3,368,938	 Equipment \$760,000
 Inventory \$1,515,000	 Account Receivable \$26,219	 Employees 15
 Location Great Plains	 Reason for Sale Divestment	 Service Area NE, IA, KS, MO, MN, IL, WI, ND, SD



SUMMARY OF THE BUSINESS –

For nearly 50 years, this portable auger manufacturer has built a strong reputation and fostered brand loyalty. Located in the Midwest, over 230 dealerships across 9 states carry and sell this company's products, which are built from start to finish on the business' premises. Augers of all sizes (from 8" to 92') and types (top drive, portable, direct drive) are delivered to dealerships under net 30 payment terms. So far, 2017 has seen over 50 augers built and delivered, with 240 built and 260 sold in 2016.

Inventory build-up is an important part of this business, and the ag equipment industry in general, as demonstrated by 2016's numbers. All inventory built in 2016 was sold, in addition to 20 carried over from 2015. The company had not planned ahead with inventory and were not able to meet demand in 2016, which was

already a slower year due to a decrease in crop prices. Augers are an impulse buy, so having inventory on hand for dealerships or the occasional customer ordering direct, is a must.

On staff are 15 employees, 11 of whom are skilled or unskilled plant laborers. Laborers, including a Production Supervisor, handle all assembly and painting. The office is staffed by an Office Manager and two salesmen. There is a General Manager who will stay on for transition, but will be leaving to join his family living in a different town.

The business has over \$2M in assets, with much of it comprised of inventory parts and completed machinery. Inventory and equipment are housed across the campus' 11 buildings, which total 69,000 sq. ft. Growth exists in manufacturing longer augers and building up inventory with capital investments.

Business Highlights

- Year Established: 1969, under current owner since 2012
- Location and Service Area: Great Plains, with clients in 9 states (NE, IA, KS, MO, MN, IL, WI, ND, SD)
- Number of Clients: Products sold in 235 dealerships
- Products: Portable grain augers in sizes ranging from 8" to 92' (top drive, portable and direct drive)
- Lease: \$4,500/mo for 69,000 sq. ft. (11 buildings)
- Employees: 15 – 2 Salesmen, 1 Office Manager, 11 Plant Workers (skilled & unskilled)
- Growth Opportunities: Build longer augers, build up inventory by investing capital

Financial Highlights

- List Price: \$440,000
- 2016 Gross Sales: \$3,365,938
- 2015 Gross Sales: \$4,556,141
- Sales in 2016 were affected by the downturn in the ag industry, which saw a drop in crop prices. The current owner did not build enough inventory in 2015 to account for market changes during 2016.
- \$2,787,930 in Assets:
 - \$760,000 in Equipment: includes Plasma Table and ADIRA Hydraulic Press Brake
 - \$265,000 in Vehicles: Sterling semi with 2 trailers, 3 pickups, 2 Chevy Equinox (for salesmen)
 - \$1,515,000 in Inventory: machine parts, completed parts and completed pieces (inventory not included in purchase price, but is negotiable for paid installments to seller)
 - \$26,219 in A/R: due from dealerships 30 days after delivery
 - \$221,711 in Works in Progress

Please note: this is a stock sale, with assets available for purchase in a separate transaction, or to be paid to seller in installments

**amounts may vary*

Stock Sale

Buyer Receives:

\$760,000 in Equipment
\$265,000 in Vehicles
\$1,515,000 in Inventory (wholesale)
\$26,219 in A/R
\$221,711 in WIP

Buyer Assumes Debts of:

\$591,000 in Assets & Vehicles
\$800,000 in Inventory
\$440,000 Purchase Price

Business Equity:

$$\begin{aligned}\text{Assets} - \text{Debts} &= \text{Equity} \\ \$2,787,930 - \$1,831,000 &= \$956,930\end{aligned}$$

Buyer only paying \$440,000 on a business worth nearly \$1M!

Employees

There are currently 15 employees with 1 General Manager who will stay on during transition. He will not remain with the company as he has been commuting and needs to work closer to home. He currently earns between \$90,000 to \$95,000, but a replacement could earn as little as \$80,000. General Manager is also open to remote consultation after the sale.

- Office Manager
 - \$35,000/year
- Salesmen (2)
 - \$60,000/year plus commission and company car (Chevy Equinox)
 - Salesmen start with a specific territory and branch out from there
 - Commissions are earned as follows:
 - 2% for sales with existing dealers
 - 4% for sales with new dealers
- 12 Plant Laborers (including Production Supervisor)
 - 7 welders earning between \$17 - \$20/hour
 - 4 general laborers earning \$10/hour
 - Assembly

- Parts shipping/receiving
- Painter
- Floater

The company currently works with nearby community colleges to obtain recent grads for employment. Increasing the visibility of internships or work programs is an area for growth.

Products



- Direct drive & top drive augers
 - Drive options
 - PTO
 - Electric
 - Gas
 - Hydraulic
 - 17 models

		Approximate Dimensions at 30 deg elevation						Approximate Dimensions at 35 deg elevation						Approximate Dimensions at Max elevation						
		H		A-D		F-D		H		A-D		F-D		Angle	H		A-D		F-D	
Size	Length	ft	in	ft	in	ft	in	ft	in	ft	in	ft	in	deg	ft	in	ft	in	ft	in
8/10'	56'	30'	7"	24'	2"	21'	6"	34'	10"	23'	3"	22'	10"	40°	38'	6"	22'	6"	N/A	N/A
8/10'	61'	33'	1"	26'	10"	23'	11"	37'	9"	25'	10"	25'	0"	41°	41'	11"	24'	7"	N/A	N/A
8/10'	66'	35'	7"	29'	0"	25'	3"	40'	8"	27'	11"	26'	8"	41°	46'	3"	26'	7"	N/A	N/A
8/10'	71'	36'	1"	31'	2"	28'	5"	43'	6"	30'	2"	30'	1"	41°	49'	10"	28'	10"	N/A	N/A
10"	76'	40'	7"	35'	6"	32'	9"	46'	5"	34'	3"	34'	2"	41°	53'	1"	32'	7"	N/A	N/A
10"	81'	43'	8"	36'	7"	34'	1"	49'	9"	36'	4"	35'	0"	41°	54'	5"	36'	4"	N/A	N/A
12"	72'	31'	1"	N/A	N/A	28'	6"	43'	7"	N/A	N/A	27'	0"	40°	48'	3"	N/A	N/A	25'	4"
12"	82'	43'	4"	N/A	N/A	32'	8"	49'	3"	N/A	N/A	31'	0"	41°	56'	3"	N/A	N/A	28'	4"
12"	92'	48'	7"	N/A	N/A	38'	9"	55'	7"	N/A	N/A	36'	8"	41°	63'	5"	N/A	N/A	33'	11"

- Portable truck hoppers
 - Hydraulic flow control valve option
 - Rear caster wheel

- 2 models
- Used for dairies, feedlots and microbreweries

	8"	10"
Tube Length	5'	5.5'
Tube Angle	25°	25°
Discharge Height	2'	2' 5"
Hopper End Height	10.75"	12.25"
Hydraulic Flow Requirement	12 gpm 2000 psi	
Electric HP Requirement	2 HP (5.5" Pulley Recommended)	3 HP (4.5" Pulley Recommended)

Specifications and design are subject to change without notice.

Parts & Assembly

- Pieces are assembled on the company's premises by laborers
- Raw materials purchased for assembly include:
 - Gearboxes
 - PTO shafts
 - Winches
 - Cylinders
 - Tires/wheels
 - Raw flighting
 - Mounted on axel
- Dedicated building space for assembly, welding and painting (electrostatic painting)
- Assembly takes anywhere from a few hours to 2 days (24 man hours)
 - Smaller machines can be built at a rate of 6 per day
 - 9 – 12 augers/week built on average for most pieces

Inventory Cycle

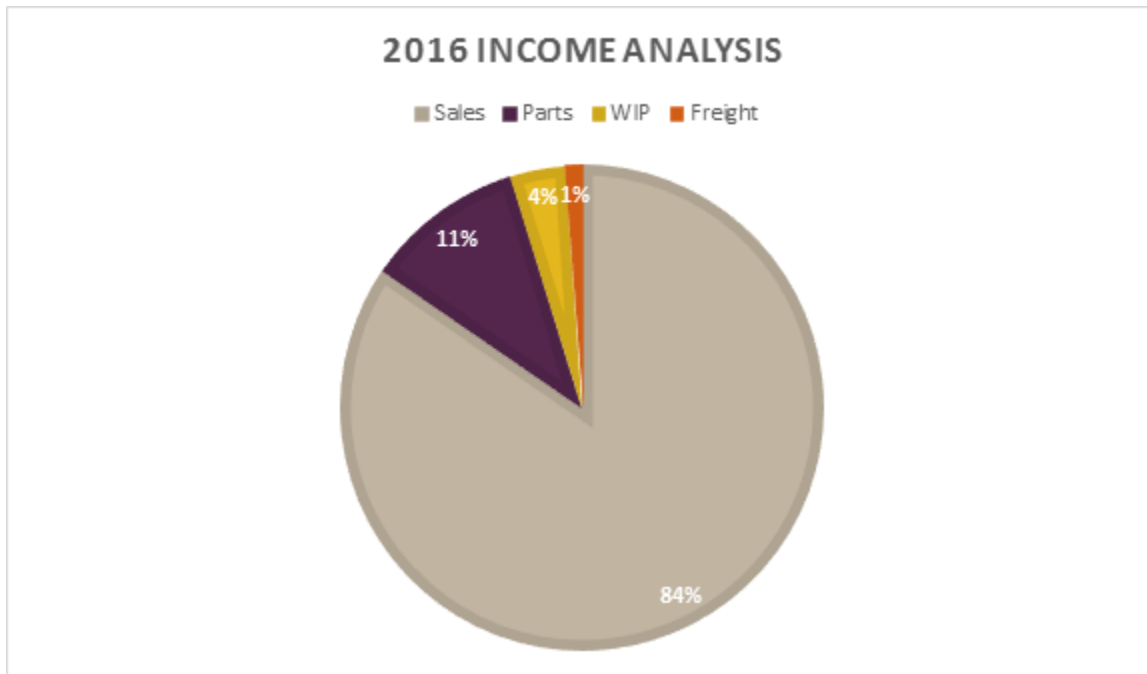
- January – August is spent building the bulk of inventory in preparation for harvest demand
- August onward is focused on building to replace what has been sold
- 2010 & 2011 were great years with good grain prices
 - Inventory built up enough to fulfill demand to last through 2013

- When prices spiked in 2012, producers were taking grain directly to end user and bypassing the need for augers
- The nature of the game is impulse purchasing
 - Augers are vital during harvest, and when they break a replacement is immediately required
 - Farmers buy whatever is on the dealership lot and take brand loyalty seriously

Dealerships

- Products delivered to and sold from 235 dealerships across 9 states:
 - Nebraska - 75
 - Iowa - 101
 - Illinois - 4
 - Kansas - 24
 - Missouri - 12
 - Minnesota - 11
 - North Dakota - 1
 - South Dakota - 2
 - Wisconsin - 5
- Dealerships include:
 - Plains Equipment Group
 - Green Line Equipmen
 - Edney Distributing
 - AgriVision
 - Horizon Equipment

Sales Analysis



- \$2,236,579 in total revenue with \$2,880,710 in sales income
- Parts and Work in Process sales comprised 15% of revenue in 2016

To receive a full financial package and specific information regarding this business:

1. Complete the Qualified Buyer Documents (Non-Disclosure Agreement and Buyer Questionnaire) [on our website](#) or print, scan and return the attachments to info@TheFirmB2B.com
2. Call The Firm Business Brokerage at 402.998.5288 to schedule an appointment or conference call with a Broker.

The Firm currently has over 90 cash flowing businesses available. If you find that this is not a fit for you, please let us know and we would be happy to provide you with other opportunities.

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