

### Manufacturer of Custom Tooling/Gauges and CNC Machine Shop with Fabrication Capabilities

Midwest

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2006 Sales: \$6,700,000

2006 EBIT: \$1,245,000

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#### BUSINESS DESCRIPTION

Founded in 1994, our client manufactures custom tooling, air test fixtures, welding machines, pick and pack equipment and precision gauges, primarily for the exhaust and tubing related industries.

Revenues are generated from sales of CNC machining and custom tooling (55% of 2006 revenue), precision exhaust and tubing gauges (20%), sheet metal fabrication (10%), fixtures (9%) and manufacturing specialty machines (6%).

The Company's customer base consists of tier 1 Japanese automotive parts manufacturers (62% of 2006 revenue), tier 1 American automotive parts manufacturers (24% of 2006 revenue) and non-automotive industrial manufacturers (14%). Our client has enjoyed long-term relationships with leading firms in these industries. The Company conveniently located for easy access to its customers.

#### INVESTMENT HIGHLIGHTS

- ✓ *Consistent sales volume and earnings*
- ✓ *Highly profitable niche in the automotive market; foreign and domestic*
- ✓ *In-house capability from design to production*
- ✓ *Excellent location with easy access to key customers*
- ✓ *Long-term customer and supplier relationships*
- ✓ *High rate of repeat business*

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For further information regarding Client # 0910, please contact:

**eMerge M&A**

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### Business Highlights

The Company differentiates itself from its competitors by offering expertise on tooling and gauges as well as modification of exiting gauges, which has become an area of special expertise for the Company. Customers trust the Company because of its high-quality products and workmanship, and particularly for its expertise in these product categories. The Company is well positioned for growth, with the infrastructure in place to facilitate expansion. Furthermore, the Company's ability to effectively serve its clients relative to the competition enhances its ability to secure additional business in the future. Several opportunities exist for the Company to increase revenues and profits, including:

**Increased sales and marketing effort:** The Company attracts sales primarily by referrals from existing customers. Management believes that with the implementation of a comprehensive, strategic marketing plan and an active sales force, the Company's market share could increase significantly. Such a plan could drive sales well beyond the projections in this analysis.

**Enhancement of product offerings:** Management believes that there is ample opportunity for sales growth by expanding the Company's existing product and service offerings. For example, the Company recently began offering such services as CMM gauge certification, and drill and end mill sharpening to its customers.

- **Fabrication Specialists:** The Company has in-house capability for long and short-run fabrication.
- **Full In-House Control:** The Company offers its customers quality and service through complete and full in-house control from design to production.
- **Intrinsic "know how":** The employee base is experienced with average industry experience of 21 years each as well as longevity with the Company of 7 years. The employee team is able to "run" the company including all aspects of design and production.
- **Product Quality:** The Company's products are known as the "Cadillac" of its industry.
- **Environmental Compliance:** Management has indicated that it is in compliance with all known environmental and regulatory requirements.
- **Repeat Customers:** The Company enjoys a high level of repeat business, with customers purchasing several times per year. In all, about 90% of revenue is generated by repeat customers.

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