

# Project Fire Guard

For over 16 years, Fire Guard has grown to be a distinguished player in the fire and other safety equipment distribution business. They have cemented their position through strategic partnerships with premier brands from the USA, Japan, and local Thai brands. They are well-known for their high-quality, comprehensive solution at an extremely competitive price, which is enabled by the economy of scale of their business. The owner has grown this business from humble beginnings solely through organic profit-reinvestment, without ever seeking external sources of capital, thus the business has remained debt-free to this day. The company has never made a loss and has also grown profitability-wise steadily until this day.

## Sales Rationale

The owner and her husband, after 16 years of operations and having no heir, are looking to retire at age 60. The owner is open to the idea of a partial acquisition, she wants more time to herself as she wants to look after her husband's declining health.

## Assets

Included Asset Value: ~35 million (4 buildings including land, office, and warehouse)  
Inventory Value: ~ 5 million

## Selling Price

75m THB

## Headquarters

Bangkok, Thailand

## Financial Highlights

**Annual Revenue:** ~108 million baht (up from 85 million baht the previous year).

Gross Margin: ~30%

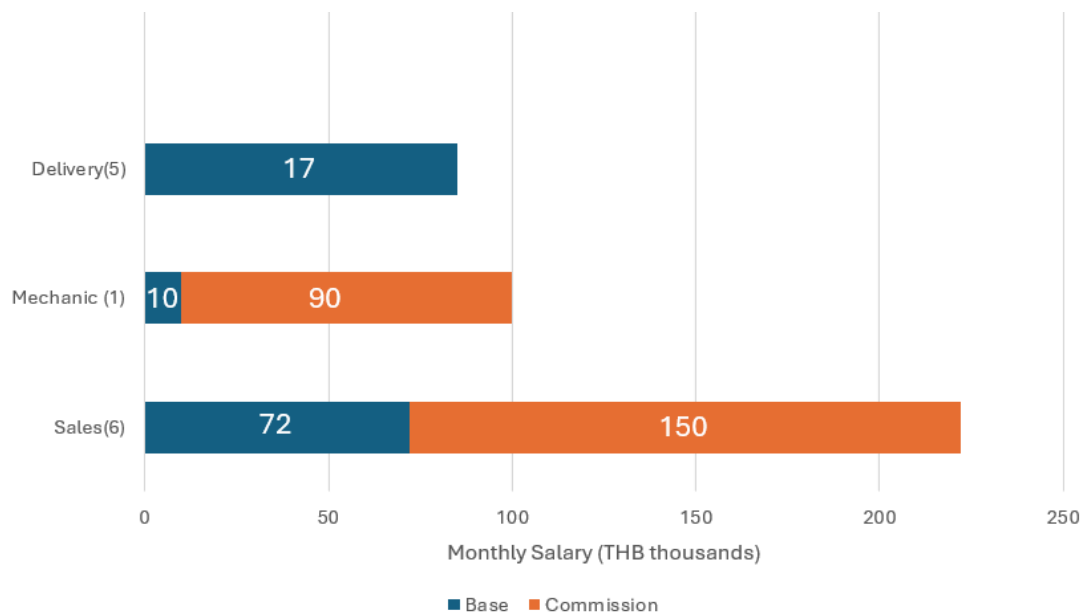
EBIT: 26m THB

Net Profit: 20.6m THB

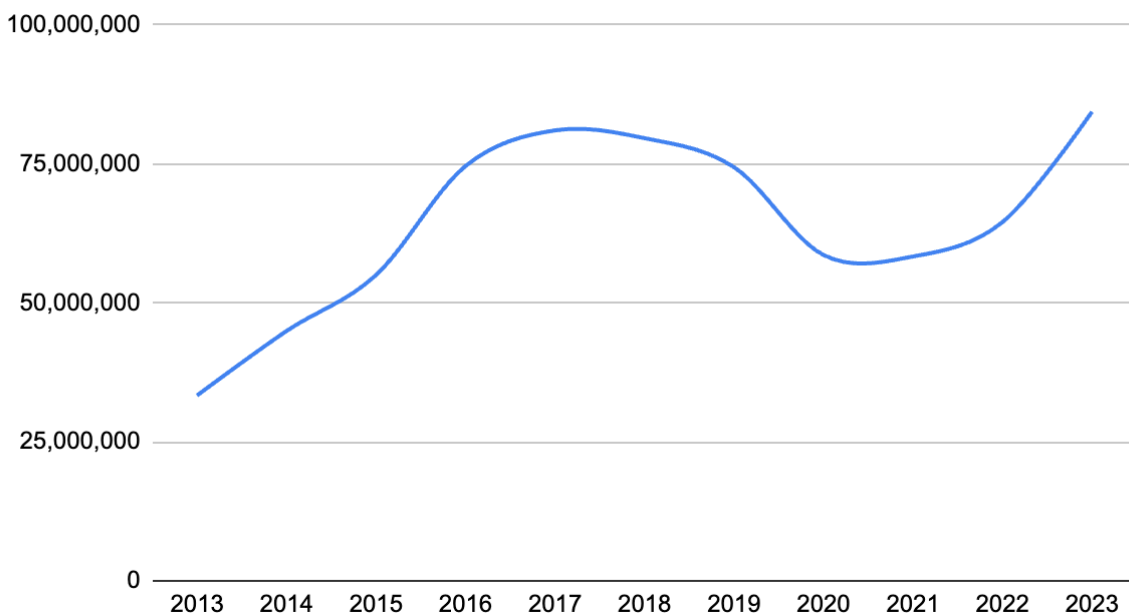
## Employee Count: ~12

With a flat company structure, the cost of labor is generally low with most employees reporting directly to the owner.

### Approximate Personnel Cost Breakdown



### Revenue Trend

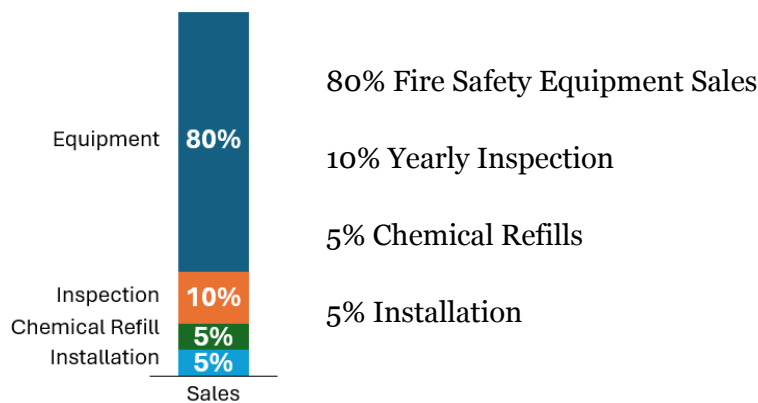


Fire Guard boasts a returning customer rate of 70% for its top 50 customers by revenue meaning that the same customer made repeated purchases on an almost annual basis. Most customers tend to reorder from the same trusted provider for maintenance, upgrades, and replacements. This loyalty, combined with the mandatory nature of fire safety systems in buildings, ensures a consistent income stream for Fire Guard. Consequently, its revenue has been steadily increasing with only a slight decline in the years after COVID-19. Despite the fluctuation, they have never experienced losses, in part from their business model.

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Looking ahead, the future appears even brighter for Fire Guard. Ongoing national development, along with increased construction and upgrades to fire and other safety equipment driven by changing regulations, serve as the main drivers for growth. As the country develops, the need for fire safety solutions will only increase, creating a situation where Fire Guard can gain both new customers and retain existing ones through its established recurring revenue model.

### Approximate Sales Breakdown



Fire Guard has a highly diverse customer base. They do not rely on any specific customer to drive revenue.

## Key Investment Considerations

### Unrivaled Market Position

More than 80% of customers in the fire safety industry have specific brands in mind. What websites or resources do you use to research data for clients? and are usually inelastic to other brands, even if they have the same specifications. With its comprehensive offerings of a couple thousand SKUs, Fire Guard has become the distributor of choice in various industries. This is reflected in the influx of customer contacts, which alone occupies Fire Guard’s entire operational capacity.

With their operational scale, Fire Guard can secure lower per-unit costs for their goods and offer shorter delivery times for their clients, delivering directly from their storage instead of waiting for suppliers to ship. This, combined with the breadth of their offering, creates an economic moat, where new competitors would not be able to offer the same value and convenience. This success is reflected in their position as the top distributor among condominiums, public companies, and even government agencies. This growth is likely to continue in the future as safety equipment are required by law, and Fire Guard’s extensive distribution network across Thailand positions them perfectly to capture future growth.

## **Scalable Operations**

As an import and distribution business, Fire Guard Operations is quite simple. Despite their revenue of THB 85M, they only employ 12 people and does not spend any money on advertisements. For years, they have grown their customer base steadily through word-of-mouth and referrals. In recent years with the owner's declining health, however, they have not scaled their operations to meet the demand. Currently, Fire Guard does not have active marketing activities and has multiple floors of storage space empty. This poses a lucrative growth opportunity for potential acquirers with little investment.

## **Full-Service Solution**

Fire Guard captures the entire value chain, from product sales and installation to annual inspection and refilling of consumables. This approach not only creates a strong and recurring revenue base that has been growing steadily but also nets them with a profit margin of 15%.

## **Strong Customer Base**

Fire Guard is a prominent company with a significant customer base both inside and outside Thailand. Its LINE OA alone holds a customer base of nearly 30,000 individuals. The company has achieved remarkable growth, with approximately 25 new members joining every day (excluding other contacts from emails and phone calls). The owner's commitment to customer service is evident, as they have primarily relied on word-of-mouth and inbound requests rather than actively seeking new customers. Fire Guard has gained recognition for its comprehensive product offerings of many thousands of SKUs, positioning itself as a one-stop shop for customers. Furthermore, the company has expanded its reach globally, exporting its products to various countries such as Dubai, Singapore, Saudi Arabia, Vietnam, Laos, and Cambodia (these oversea customers are all inbound which means that there is a big room for expansion under new management).

## **Notes**

### **Does Fire Guard have exclusivity deals with their suppliers?**

Currently, Fire Guard does not have exclusivity with its suppliers. However, several manufacturers have previously expressed interest in such agreements, but the current owners did not pursue them due to declining health and short term strategic initiative aimed at maximizing market breadth. For prospective acquirers, exclusivity deals could likely be negotiated in the future.

In addition to achieving lower costs through economies of scale, Fire Guard benefits from other barriers to entry into the market. These include the licenses required for importing rescue equipment, such as stretchers.

### **How does Fire Guard compete against local brands such as Imperial?**

Both Imperial's and Fire Guard's offerings meet the regulatory standards. Customers in this space are highly loyal and often have specific brands in mind when making a



purchase. Thus, Fire Guard developed its product offering to cater to those brand-specific demands, unlike Imperial, which restricts its inventory to partner and self-branded products. Another point of differentiation is Fire Guard's competitive pricing, which appeals to customers looking to comply with regulatory standards cost-effectively.

**Who is the decision maker in choosing fire safety products?**

Typically, the procurement department of the client's company selects a product specification and searches for the best value. Most customers approach Fire Guard with specific requirements in mind, relying on the company's extensive portfolio of over a thousand brands to meet their needs. Interviews with customers reveal that price and product options are top considerations. Given the quantifiable nature of fire safety equipment's quality, clients are inclined to opt for more cost-effective solutions, provided the technical quality remains consistent.



## Process Considerations

Interested parties should submit a written indication of interest (“Indications”) no later than 6:00 pm GMT+7 on Tuesday, August 20, 2024 detailing:

1. Proposed purchase price
2. Proposed transaction structure
3. Proposed sources of financing, including timing and steps to secure committed financing (if it is part of a potential proposal)
4. Detailed due diligence and information request list, including the amount of time required to complete the due diligence investigation
5. Any material terms or conditions that a proposal would be subject to
6. Detail of any anticipated corporate or regulatory approvals and associated timing

Following receipt of Indications, Max Solutions will notify a limited number of parties (“Invited Parties”) that they have been invited to continue to work towards a transaction. After signing a non-disclosure agreement, Invited Parties will have the opportunity to conduct additional due diligence, including access to a data room containing business and legal information

This overview may include certain forward-looking statements and estimates, which are based on assumptions by Fire Guard that may or may not prove to be correct, and the business contains various risks and uncertainties. Accordingly, there can be no assurances that such statements or estimates are accurate, and actual results may vary materially. This teaser is not, nor is it intended to be, an offer to purchase any assets of Fire Guard.

All communications regarding interest in this opportunity should be directed to one of the representatives of Max Solutions listed below, and we request that prospective buyers refrain from attempting to identify the entity herein referred to as Fire Guard or contacting the management or employees of Fire Guard directly.

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