Machine Shop

Name: Dr. William Francis **Link:** BizBuySell listing November 18, 2025

Stage: **Screening** ▷ Broker Eng. ▷ Ownership Eng. ▷ Books & Valuation

Table 1: High-Level Deal Snapshot

Gross Revenue (CF)	Cash Flow (CF)	Asking Price	Projected Growth (As-Is)	Recommended Acquisition multiple
$7,148,886	*$2,340,069*	-	*% YoY*	*3–5x CF*
Location	**Year Established**	**Risk Rank(1-10)**		
PA	1980	*3.75*		

Summary:

- The listing reports **Gross Revenue of $7.15M** and **Cash Flow of $2.34MM**, implying an CF margin of roughly **33%**, which is high for a typical job shop and may reflect operational efficiency built over a long operating history, or short-term unsustainable performance.[7, 16]
- No asking price is disclosed. Using recent guideline transaction work for machine shops—revenue multiples of **0.3–1.4x** and EBITDA multiples of **2.9–8.0x**[16]—a reasonable screening range would place the operating business around **3–5x SDE**, or approximately **$7.0–$11.7M** for the business itself, plus **$2.5M** for the real estate (if acquired), subject to diligence on earnings quality and risk.
- The listing emphasizes a **modern, fully equipped facility** with approximately **$2.0MM of FF&E**, a **state-of-the-art plant**, and a **turnkey team** providing precision CNC machining, welding, and comprehensive assembly services, with a strong and diversified client base. This profile is consistent with a regional platform that is not overly owner-dependent.[7]
- Regionally, the shop benefits from being located in **Massachusetts**, part of a high-value New England precision manufacturing corridor (MA–CT–RI–NH) with dense clusters in medical devices, aerospace/defense, robotics, and semiconductor equipment. This supports sustained demand for tight-tolerance CNC work and complex assemblies, but also means **intense competition for skilled labor and structurally higher wage and occupancy costs** relative to lower-cost manufacturing states.[13, 14, 15]
- Key underwriting blind spots are **customer concentration, end-market mix, certifications, backlog, quality/OTD metrics, workforce skillset and retention likelihood, and detailed capex history**.
- **Given the limited disclosure and absence of Key performance indicators (lead times, inventory turns, on-time completion, first-pass yield, machine uptime), the valuation should initially be anchored toward the middle-to-lower end of our cash-flow multiple ranges; any move to a premium multiple requires verifying that reported Cash Flows are durable and supported by strong operational metrics and customer contracts.**[16]

1 Market

Snapshot. The Machine Shops industry (NAICS Code 332710) consists of firms that machine metal and other materials into custom parts on a job or order basis, typically using conventional and CNC machine tools.[14] U.S. shops sit within the broader fabricated metal product manufacturing sector (NAICS 332). The U.S. Producer Price Index for fabricated metal product manufacturing rose from roughly 205 in early 2020 to just under 300 by mid-2025—an increase of about 45–50% in nominal input prices for domestic shops.[8] Over the same period, the comparable fabricated metals producer price index for China moved only slightly, from around 102 to roughly 101, implying essentially flat pricing and continued import-price pressure.[9]

Seasonally adjusted employment in U.S. fabricated metal product manufacturing dropped sharply during the 2020 shock but has since recovered and stabilized around 1.44–1.45 million workers in 2023–25, modestly below late-2010s peaks.[10] At the same time, average hourly earnings for production and nonsupervisory workers in the sector increased from about $20.55 in 2018 to more than $27 by 2025, implying wage inflation on the order of 30%+ over that span.[11] Purchasing-manager surveys from the ISM indicate that all four demand indicators (new orders, new export orders, backlogs, and customers' inventories) have improved from 2023 troughs but remain near or just below expansion thresholds; customers' inventories are still viewed as "too low," which is typically constructive for future production. Fabricated metal products is among the manufacturing industries reporting growth even while a majority of manufacturing GDP remains in contraction territory.[12]

Industry research expects the U.S. machine shop services market to reach roughly $44–48 billion in 2025, with revenue growing around 2.0% annually over the preceding five years and profit margins broadly stable despite tariff-driven volatility in steel and aluminum.[13, 14] The sector is highly fragmented, with an estimated 17,600+ companies, 17,000+ facilities, and roughly 230,000 employees, and competition is predominantly local and relationship-driven rather than dominated by a handful of national platforms.[14] Net: demand is gradually improving from 2023–24 lows, input costs and wages are structurally higher, and disciplined pricing, mix management, and working-capital control are central to underwriting.

Service Scope

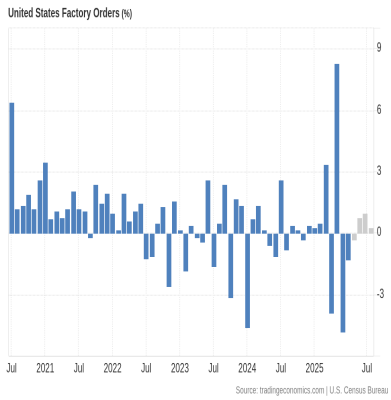
- **Core offerings:** Computer numerical control (CNC) or CNC machining is the automated control of machine tools by a computer. Live-tool lathe work uses a CNC lathe with an independently powered tool. prototyping to short/medium production runs, tolerance-critical components, fixture/toolmaking, welding/fab, and mechanical subassembly. Equipment specialization for long-term purchase contracts
- **Adjacencies:** DFM/DFX support, CAD/CAM programming, quick-turn services, vendor-managed finishing (anodize, passivate, plating, grinding), light kitting, and on-site service for installed assemblies.

1.0.1 Customers & Geography

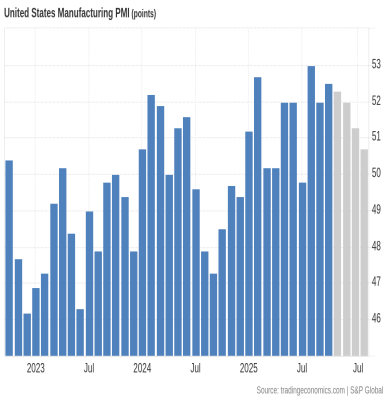
Primary Segments	Aerospace/defense primes and tiers, medical device OEMs, industrial/automation OEMs, transportation/aftermarket, energy and infrastructure.
Regions	Core local radius for recurring work; national accounts feasible for certified, tight-tolerance shops with proven quality and lead-time performance.
Sales Channels	RFQs via online marketing/portals and associates, approved-vendor lists, long-term agreements (LTAs), distributor/rep relationships, and selective public procurement.

1.0.2 Market Dynamics

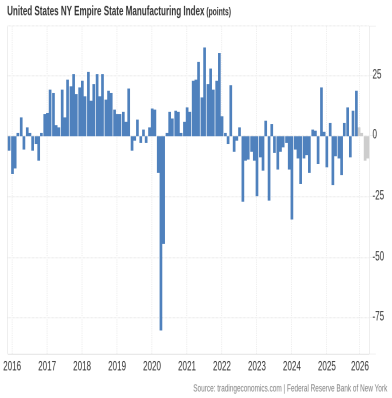
- **Demand drivers:** Capex cycles in automotive, aerospace, construction, heavy machinery, defense, and healthcare drive most machining volume; North American precision machining is expected to grow through 2030 as these sectors require more tight-tolerance components and multi-axis CNC capacity.[13, 15] Reshoring and domestic-content preferences in the U.S. further support demand for certified local shops.[17]
- **Constraints:** Skilled machinists, CNC programmers, and QC technicians remain in short supply, with wages for production workers in fabricated metals rising by more than 30% since 2018.[11] Tariffs and input-price volatility in steel and aluminum, plus longer lead times for advanced CNC equipment and tooling, weigh on margins and capex planning.[13, 14]
- **Pricing/Costs:** Fabricated-metal producer prices in the U.S. have increased by roughly 45–50% since 2020, while comparable price indices in China have been essentially flat, tightening spreads versus imported components and limiting pass-through on commodity work.[8, 9] Shops with automation, higher-value niches, and strong QA metrics are better positioned to defend pricing.



United States Factory Orders



United States Manufacturing PMI



NY Empire State Manufacturing Index

1.0.3 Outlook by Horizon

Short term (0–12 mo)	Through 2026, U.S. fabricated metal prices look to have leveled off at a high plateau after a sharp run-up since 2020,[8] while employment in fabricated metal manufacturing has mostly recovered and then gone sideways, even as hourly wages keep rising.[10, 11] ISM manufacturing surveys show demand slowly improving from the 2023–24 slump, but most readings remain close to the line between contraction and expansion, and managers are still "managing headcount" rather than hiring aggressively.[12] For U.S. CNC and machine shops, that points to a slow-but-steady environment: orders should be serviceable but uneven by customer, pricing power is mixed, and the focus should be on protecting margin with good accounts, insisting on clear surcharge/indexing language where possible, and staying disciplined on quotes and working capital.
Medium term (12–36 mo)	Over the next 1–3 years, most research points to modest real growth for U.S. machine shops, roughly low single digits per year, with profits holding up for shops that stay busy in higher-value work.[13] Growth is expected to be led by aerospace and defense, medical devices, robotics/automation, and infrastructure and energy projects, with North American precision machining benefiting from reshoring, EV adoption, and more complex parts and assemblies.[15, 17] For Massachusetts and the broader Northeast, the opportunity is in complex, low-volume parts for engines, medical, semiconductor, and robotics customers in a dense "precision corridor," but the trade-off is higher labor and facility costs.[18] In this window, the shops that pull ahead will be the ones that invest in multi-axis cells, simple automation (pallets, bar feeders, robots), in-process inspection, and better scheduling, so they can earn strong margins without relying on across-the-board price hikes.
Long term (3–7+ yr)	Looking 3–7 years out, the bigger forces are favorable for U.S. precision machining: more critical parts are likely to be sourced domestically, defense and aerospace spending should remain important, and factories will keep adding automation and digital tools.[17, 14] At the same time, the shop landscape stays very fragmented, many owners are aging out, and buyers are more careful about what they pay for a business.[14, 16] In that world, value flows to well-run shops that can prove durable quality, on-time delivery, sticky customer relationships, and smart use of automation and lights-out capacity; "average" job shops that compete mainly on price and cannot show strong KPIs are more likely to face margin pressure or be acquired at mid-range rather than premium multiples.

1.1 How Competition Works in This Market

Table 2: Porter's Five Forces — concise assessment (Machine Shops, NAICS 332710)

Force	Key Rationale	Assessment
Threat of New Entrants	Capital intensity (advanced CNCs, metrology), certification/QA requirements (ISO/AS/ITAR), and buyer qualification slow entry; digital lead-gen and used-equipment markets lower some barriers.	Medium
Bargaining Power of Suppliers	Metals, tooling, and CNC OEMs are concentrated in key categories; specialty alloys and premium tooling have few substitutes; multi-sourcing possible for common materials/consumables.	Medium
Bargaining Power of Buyers	Qualified buyers can dual-source and pressure price on commodity work; switching costs are high for audited/regulated parts and where change control is tight.	Medium
Threat of Substitutes	Import substitution is feasible for commoditized fab/long-lead parts; limited for quick-turn, tight-tolerance, or ITAR/regulated components. Additive manufacturing is complementary more than substitutive in most metals.	Low
Rivalry Among Competitors	Fragmented local market; rivalry intense on price/lead time for undifferentiated SKUs; differentiation via QA metrics (PPM/OTD), engineering support, capacity flexibility, and certifications.	Medium

Implications For underwriting, assume flat to modest growth near term, improving to low- to mid-single-digit CAGR over 1–3 years in quality-sensitive end-markets, consistent with industry forecasts.[13, 15] Model wage inflation at 3–5% and maintain material/tariff pass-through mechanics (surcharges or indexed pricing) in LTAs. Revenue mixes shifted toward certified, tight-tolerance work with quick-turn capability, measurable quality, and a diversified customer base are favorable. Long-term, resilient local customer relationships are favorable. Capex plans should emphasize automation (pallets, probing, and tool monitoring), and if too much revenue comes from just a few customers, knock the valuation down.

2 Company

2.1 Our Strengths, Challenges, Opportunities & Risks

Table 3: SWOT Overview

Strengths • Established **1980**; long operating history with a **strong client base** and solid reputation. • **Modern, fully equipped facility**; **FF&E $2,000,000** included—cutting-edge CNC machining assets. • **Full stack of services:** precision CNC machining (custom to large-scale), **welding** across materials, and **comprehensive assembly** (end-to-end). • **Turnkey operation** with **well-trained staff and managers**. • **Strategic location** in Southeast MA with access to Routes **195/24/95**.	**Weaknesses** • **Limited disclosures:** customer concentration, certifications (ISO/AS/ITAR), building SF, and end-market mix *not disclosed*. • **Asking price** not disclosed; introduces valuation opacity.
Opportunities • **Certification pathway** (ISO 9001/AS9100/ITAR, as applicable) to access higher-margin aero/defense/medical work. • **Capacity & mix lift** via automation (probing, palletization), CAM optimization, and expanding assembly/kitting. • **Geographic expansion** across MA/RI leveraging highway access and existing reputation. • **Real-estate control** option ($2.5MM) for stability and potential landlord economics.	**Threats** • Import pressure on commodity fab/long-lead items; tariff/policy volatility. • Skilled-labor scarcity and wage inflation for machinists/programmers/QC. • Potential customer concentration or sector cyclicality (*unknown from listing*). • Higher replacement costs/lead times for advanced CNC equipment.

2.2 Customers & Revenue Quality

The shop serves **clients across multiple industries** with precision machining, welding, and comprehensive assembly. Specific customer counts, sector mix, concentration, contract terms, and backlog are *not disclosed* in the listing.

End Markets	Multiple industries (exact mix not disclosed).
Service Lines	Precision CNC machining; welding for various materials; comprehensive assembly (end-to-end).
Quality/Certifications	Not disclosed (verify ISO/AS/ITAR status during diligence).
Customer Concentration	Not disclosed.
Payment Terms / Backlog	Not disclosed.

2.3 Operations

State-of-the-art facility with **cutting-edge technology**, staffed by **experienced managers and well-trained employees**. Strategic Southeast MA location provides efficient logistics via

Routes 195/24/95. Detailed machine list, metrology, CAM stack, and capacity metrics are *not disclosed* and should be confirmed in diligence.

2.4 Human Capital & Intangibles

Turnkey team in place; reputation and client relationships are highlighted in the listing as **strong** and expected to transfer. Formal training systems, retention plans, and key-person dependencies are *not disclosed*.

2.5 Long-Term Assets

Real Estate: *Owned by seller*, offered separately at **$2,500,000** (*not included* in business asking price). **FF&E: $2,000,000** (included), reflecting a modern, fully equipped plant. Building square footage is *not disclosed*.

2.6 Legal & Compliance

Standard OSHA/environmental compliance for machining and welding operations expected; specific permits, certifications, and insurance levels are *not disclosed*.

3 Financials

3.1 Pro-Forma (Years 1–5)To be determined.

	Year 0 (Base)	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Flow (SDE)	$2,340,069					
Gross Revenue	$7,148,886					
COGS						
Gross Profit						
OPEX						
EBITDA						
Depreciation/Amort.						
EBIT						
Interest						
EBT						
Taxes						
Net Income						

3.2 Leverage(To be Determined)

Metric	Est.	Note
Net Debt	000	
Interest Rate	0.0%	
DSCR	0.00x	
Net Leverage	0.0x	

3.3 Taxes

- **Corporate excise (C-corps).** Two-part tax: (i) **8.0%** on MA-apportioned net income, plus (ii) **$2.60 per $1,000** of the greater of taxable MA tangible property or net worth; **minimum $456**.
- **Pass-through entities (LLC/partnership/S-corp).** Owners are taxed at the personal level (flat **5%** state rate). MA also offers an elective **PTE excise at 5%** (SALT cap workaround) with a refundable owner credit (generally 90% of the owner's share of PTE tax).
- **Sales & use tax.** Statewide rate **6.25%**; no local sales taxes. Common manufacturing exemptions include machinery, parts, materials, and certain fuels used *directly and exclusively* in manufacturing (documentation required).
- **Property/personal property.** Real estate is locally taxed. Manufacturing corporations may qualify for broad **personal property tax exemptions on machinery** (classification required); verify status with DOR/local assessor.
- **Payroll-linked items. UI** rates vary by schedule and experience (new non-construction employers: **2.13%** in 2025). **PFML** total contribution **0.88%** of eligible wages in 2025 (employer share applies if $\geq$25 employees).

Appendix — Glossary & Notes

Key Deal Terms

Cash Flow (CF). Normalized, recurring cash generated by the business before financing. In small business deals, CF may refer to SDE or EBITDA depending on context.[3, 2]

SDE (Seller's Discretionary Earnings). Earnings available to a single owner-operator: net income plus one owner's compensation and typical add-backs (interest, taxes, non-cash, non-recurring).[3]

EBITDA. Earnings before interest, taxes, depreciation, and amortization—used as a proxy for operating cash generation independent of capital structure.[2]

Acquisition Multiple. Purchase price divided by a financial metric (e.g., Price/EBITDA, Price/SDE). Interpreted as years of CF required to "earn back" the price, before growth or synergies.[2]

Enterprise Value (EV). Value of the core operations, typically equity value plus net debt and certain adjustments.[5]

Working Capital. Current assets minus current liabilities; deals often include a normalized level at close.[6]

Credit & Coverage

Net Debt. Total interest-bearing debt minus cash and cash equivalents.[5]

DSCR (Debt Service Coverage Ratio). Cash flow available to service debt divided by total principal+interest due over a period.[4]

Market Structure (Five Forces shorthand)

New Entrants. How hard it is for new competitors to start (licenses, capex, safety culture, reputation).[1]

Suppliers. How much leverage input vendors have (concentration, lead times, switching costs).[1]

Customers. How much leverage buyers have (concentration, price sensitivity, switching frictions).[1]
Substitutes. Ease of alternatives that solve the same job.[1]
Rivalry. Intensity of competition among incumbents (number of rivals, growth, differentiation).[1]

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