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Sky's the limit for Aero Stanrew following MBO

THE management team at Aero Stanrew, one of the UK's leading designers and manufacturers of specialist electronic components for the global aerospace industry, will exploit emerging overseas markets to increase sales and profits at the company following a management buyout.

A four-strong management team, led by managing director Clive Scott, has acquired a majority stake in the company following the £8.5 million MBO which was backed by WestBridge Fund Managers (WestBridge Capital) and advised by Momentum Corporate Finance.

With a workforce of 172, Aero Stanrew supplies complex electromagnetic modules and electronic systems to blue chip customers including Rolls Royce, GE, Goodrich and Thales from its headquarters in Barnstaple, Devon, and manufacturing site in Tunisia.

Clive Scott and his team – Chris Evans, Owen Rolfe and Peter Vaughan – mounted the buyout after being with the company for a combined total of forty years. Scott said:

“Although Aero Stanrew is already in a very strong position with a strong order book and recession resistant business model, this deal provides us with the opportunity to pursue ambitious plans for further growth.

“We are particularly pleased to have backing from WestBridge Capital because the team there already has a proven track record in our sector and have a refreshing approach to investment.

“They have a network of industrial investors who deliver practical, hands-on advice and guidance that is borne out of experience. It's truly an added-value service that provides much more than just money.”

In fact, it is a member of WestBridge Capital's co-investment club, Phil Crawford-Smith, who will take on the mantle of independent chairman of Aero Stanrew (see notes). He said:

“I'm delighted to have been invited to take up this role. Clive and the team are strong operators who've built an exceptionally well positioned business. I'm looking forward to working with them to develop Aero Stanrew even further over the next few years and take full advantage of the comprehensive market opportunities available to the company.”

Guy Davies from WestBridge Capital, said:

“We are pleased to support the entrepreneurial vision of Clive and his management team by providing funding that enables them to pursue ambitious and realistic plans for continued growth.

“This is a very robust business and its value will be considerably enhanced as the team builds on its strategic approach to business development. The directors have strong knowledge and experience of the sector.

“Working closely with them, we have already identified and agreed a number of key strategies for growing the business over the next few years.

“Emerging markets, particularly in the Far East, are expected to drive future growth in the global civil aerospace market and we fully intend to exploit all the opportunities this presents.

“Aero Stanrew will also extend its product range, enter new markets and the team will continue adopting a proactive approach to marketing and new business development. In fact, we’ve already got a number of exciting opportunities in our sights.

“Add to this, the fact that conservative estimates predict the production of 26,000 new passenger aircraft by 2029, and we see a very bright future indeed.”

Rob Crews from Momentum Corporate Finance, added: “This deal illustrates perfectly why MBOs are still possible – an experienced management team with good visibility of future revenues in an exciting sector.

“We are pleased to have secured a majority equity position for Clive and his team, particularly in partnership with WestBridge Capital which is a high quality private equity house that we believe will provide real value add to the management going forward.

“The management team at Aero Stanrew is precisely the type of high quality team that Momentum Corporate Finance enjoys advising – experienced, enthusiastic and entrepreneurial.”

Ends

Notes to editor:

- The number and value of deals completed in 2011 decreased slightly to 176, although the number of lower value deals increased to 81, bolstering the market.
- Although the overall M&A market was sluggish, the level of private equity buyouts was healthy and accounted for 64% of the total value of activity in 2011.
- The number of private equity exits increased to 151 with a total value of £8.5bn.

Source: Centre for Management Buyout Research (CIMBOR)

About WestBridge Capital:

- Formed in 2008, WestBridge typically invests between £1m and £5m in fast growing, profitable UK SMEs.
- The four founding partners all have circa 20 years' experience in the private equity market along with proven track records of successful investment and the creation of dozens of robust and valuable businesses.
- The partners have created a network of 'engaged and hands-on' industrial investors, successful entrepreneurs and business angels who deliver far more than money to investee companies.

About Momentum Corporate Finance:

- A leading corporate finance boutique advising on transaction between £5 million and £100 million.
- Based in Bristol and led by ex-PWC colleagues Rob Crews, Alastair Boorman and Tony Kenny.
- Founded in 2005, Momentum has one of the largest and most experienced teams in the South West solely dedicated to providing corporate finance advisory services, mainly on management buy outs, business sales and acquisitions.

About Phil Crawford-Smith:

- Held position of UK managing director of Thorn Security before selling the business to Tyco in 1997. In 2003, he became managing director of Romarsh, a business that designs, manufactures and sells specialists transformers and inductors to global markets, and grew sales from £3.6 to £9 million and established an independent manufacturing facility in India with sales of US\$5 million before selling the company to Tamura Corporation in 2010.

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