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NEWSLETTER

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Latest News from CSA

**CSA supports WestBridge Capital and HSBC on the management buyout of Aero Stanrew**

**Carlton Strategy Advisors has successfully supported WestBridge Capital and HSBC by providing full-scope commercial due diligence in connection with the £8.5m management buyout of Aero Stanrew Ltd, a specialist manufacturing business, active in the design and manufacture of electromagnetic components and electronic assemblies supplied to a core addressable market in aviation and defence.**

**INVESTMENT SITUATION: Investment to support business growth and expansion**

Headquartered in Barnstaple, Devon, and with further manufacturing in Tunisia, Aero Stanrew employs approximately 170 staff. The business serves a demanding customer base comprised of a range of primary (tier-I) manufacturing organisations, such as Goodrich, Rolls Royce, Thales and GE - organisations that themselves feed top-end supply chain demand created by the programme build requirements of the major original equipment manufacturers, such as Airbus, Boeing and a number of important defence contractors.

**PROJECT SCOPE: To provide commercial insight on identified business and market issues**

CSA's commercial due diligence examined the Aero Stanrew business plan, prepared by company management in support of the buyout. A key feature of the plan was the business's ability to further develop its position as an integrated supply chain partner to tier-I customers across the fields of subcomponent design, materials/parts procurement, assembly and document control. The focus of the diligence was therefore on such matters as the perceived willingness of the industry to adopt a supply chain partnership model, particularly, in the areas of technical and commercial collaboration - and the resulting benefit to the business from improved market visibility and predictable demand.

**THE RESULT: A report and opinion given about the main commercial risks/opportunities behind the deal**

The CDD, which included extensive market/competitor analysis and customer referencing, provided an overview of the main sources of industry competition and assessed Aero Stanrew as a business which, according to CSA's interpretation, could develop its partnership model and successfully grow sales over the next five years.

Sandy Smart led the deal for WestBridge and comments: "It was the first time that we had used CSA after they were introduced by one of the major corporate banking teams in the West Country. CSA was brought into the transaction at short notice, but this proved little difficulty. We sat down with them along with our prospective banking partners and agreed the due diligence scope. CSA delivered on time and to cost budget, communicated well throughout the due diligence process, and delivered a well-thought-out report with clear conclusions based on thorough analytical evidence."

Bob Nicholls, senior commercial manager at HSBC's North Devon and South Somerset Commercial Centre, said: "CSA's report was comprehensive and fully met our requirements. The thorough content confirmed our own early, but much less detailed analysis of the Aero Stanrew business. I hope that we have the further opportunity to work together with CSA again at some time in the future."

Clive Scott, Managing Director of Aero Stanrew, said: “Reading CSA’s draft report, it is good to say that I recognised my own business. CSA quickly understood Aero Stanrew’s business and industry, and I think its reporting of it reflects accurately the opportunities and challenges we face.”

*David McClelland is Director of Carlton Strategy Advisors Ltd. CSA is a commercial due diligence and business strategy consultancy, with clients across the Private Equity, Bank and Corporate sectors.*