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Begbies Traynor

Durham aviation business takes off with £750,000 investment



One of the region’s fastest growing new businesses has been cleared for take-off after securing a development capital investment package of over £750,000. Sycamore Aviation secured the package from a syndicate of investors led by regional venture capital company, FW Capital which made a £700,000 equity investment from the North East Growth Plus Fund.

Sycamore Aviation is at the forefront of the rapidly growing end-of-life aircraft recycling industry – dismantling entire planes and re-using complex and expensive aircraft parts. The investment will fund the acquisition of aircraft for parts salvage as well as the company’s expansion into the lucrative engine ‘tear down’ market. Sycamore Aviation also plans to recruit a number of key staff and purchase new equipment and systems. The business was launched by Kevin O’Hare in 2012, and has already reached over £1million in turnover with demand for its services driving this investment for expansion.

Kevin O’Hare, Sycamore Aviation’s founder and managing director, said; “As airlines are expanding their fleets to take advantage of modern composite built aircraft, the number of planes being retired is



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growing exponentially. The traditional answer to this problem was to store the aircraft in the deserts of Arizona.

“Sycamore solves this problem with our ability to decommission aircraft and recycle over 90% of the parts and materials, saving airlines the costs of new parts and reducing environmental impact of the airline industry as a whole.

“This deal is an incredibly exciting step for us with a business that is performing on the international stage. The market potential is huge and we are now perfectly positioned to grab this. I am thrilled that we have managed to base ourselves in the North East and that we have achieved all this with a North East team of professionals and funders.”

With full approval from the Environment Agency and a refurbished 45,000 sq ft hangar at Durham Tees Valley International Airport, Sycamore Aviation has the capacity to store up to 48 airliners and process up to five aircraft per month.

FW Capital investment executive Michael Vassallo, who structured the investment, said: “Sycamore Aviation has gained a valuable foothold in the aviation services sector which is growing rapidly because of environmental and other factors. Since its launch in 2012, it has established impressive facilities at Durham Tees Valley Airport and is also building a pipeline of contracts. The company has a strong management team and with FW Capital’s backing, Kevin and his team will now be able to put a number of key parts of their expansion plan into action.”

Having already successfully processed nine Boeing 737s and Airbuses, Sycamore Aviation will now secure its EASA145 certification to enable aircraft maintenance and to develop its jet engine maintenance, storage and ‘teardown’ capabilities.

The transaction was led by Chris Appleby of BTG Corporate Finance with Ward Hadaway corporate finance partner Robert Thompson and a team from the Top 100 UK law firm advising Sycamore on several specialist areas of aviation law. Accountants RHK provided tax and accounting advice; with Sanderson Weatherall advising on property matters. FW Capital investment was led by Michael Vassallo with legal advice provided by Watson Burton.

The tightly regulated aviation engineering industry, combined with a number of other elements, meant the investment deal was complex and needed high-level expertise to put together.

Chris Appleby of BTG Corporate Finance said: “This North East business has shown so much early promise that FW Capital was keen to back the management to achieve its ambitious growth plans, and the deal will create dozens of new jobs locally.

“This was a complex deal with many elements, not least of which is the very strict regulation of the aviation engineering industry, and it was great to have specialist expertise right here in the region to manage the whole deal process.”



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Robert Thompson from Ward Hadaway said: "This is a terrific example of entrepreneurial flair and determination being backed by committed funders.

"It is great to see a North East company with vision and ability getting excellent support from backers also based in the region."

FW Capital made the investment from the North East Growth Plus Fund which is part of the £125 million Finance for Business North East Fund. The fund is targeted at established businesses in the region and can provide single-round investments of between £350,000 and £1.25 million.

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Photo shows L to R: Kevin O'Hare, CEO at Sycamore Aviation with Chris Appleby of BTG Corporate Finance and Robert Thompson of Ward Hadaway

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