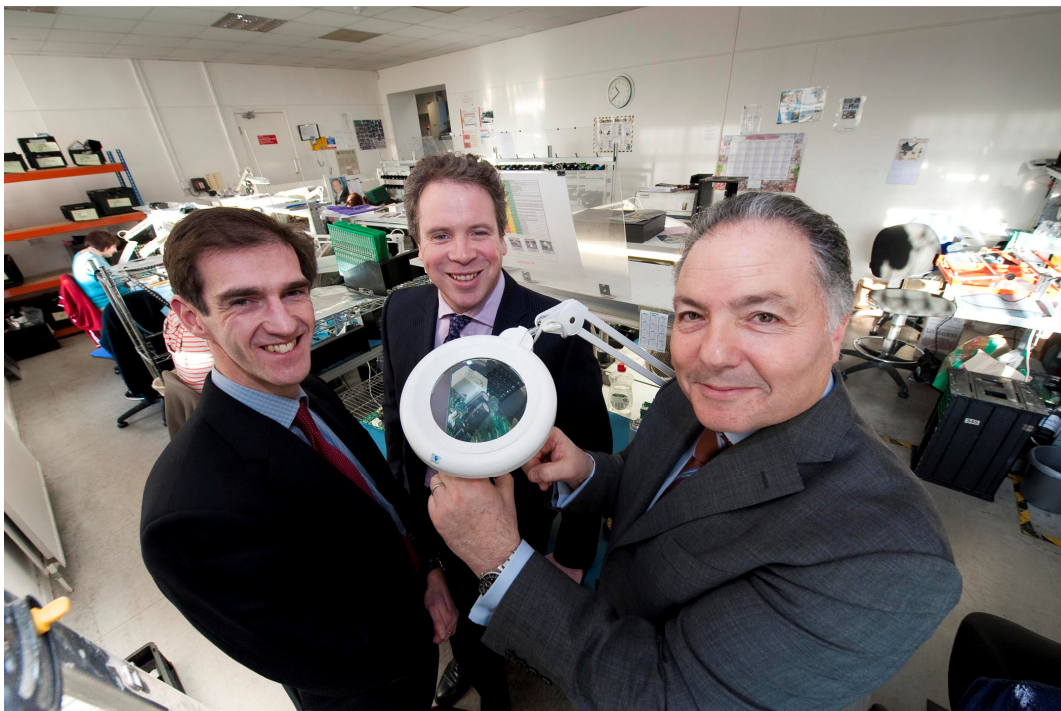


BTG McInnes Corporate Finance

MONDAY 12 JANUARY 2009

MBO and Relocation at Controlled Speed



Leading manufacturer of electronic motor control products Controlled Speed Ltd has been bought by chief executive Phil Burns for an undisclosed seven figure sum in a deal backed by The Co-operative Bank and Partnership Investment Finance (PIF).

The £3m turnover West Yorkshire firm was established in 1984 and supplies some of the world's leading manufacturers of mobility products. Controlled Speed's motor controls and assemblies are used in domestic stair lifts, bath lifts and scooters. It also has a rapidly expanding contract electronics manufacturing division which produces bespoke electronic assemblies for a variety of industries.

Burns has taken majority control of the company after buying out his 50 per cent business partner and commercial director Mike Fitzgerald in a cash deal structured by BTG McInnes Corporate Finance.

Burns and Fitzgerald bought the firm in a management buy in deal in July 2000 and since then the business has doubled in size to become a market leader.

“This is a great business with a terrific workforce that we have been able to grow over the past eight years, and the new funding gives us a fantastic platform to take the company to the next stage,” said Phil Burns, CEO.

“We have grown significantly in the last few years but it was becoming increasingly challenging for us to cope with the demand as we had reached capacity in our Brighthouse plant. We knew that we needed to make significant investment to take advantage of the opportunities presented to us. This deal, coupled with the relocation to larger premises, marks a whole new chapter for us and will allow us to fulfil our potential,” he added.

Controlled Speed employs 36 staff including highly skilled design and assembly experts. It had reached its production capacity at its Brighthouse base and will relocate to a new, purpose-built 15,000 sq ft manufacturing facility in Batley. The new facility will be fully operational by April this year and will allow the business to expand with management planning to grow turnover and the workforce over the coming 12 months.

The board of Controlled Speed is strengthened by the appointment of local business figure David Gravells as chairman, Luke Bigham as technical director and Jim Whittaker of BTG McInnes who advised on the structure of the deal.

The MBO and the relocation have been funded by a package of finance from The Co-operative Bank and Partnership Investment Finance. The Co-operative Bank, whose team was led by Jeff Fryer, provided senior debt and working capital facilities and PIF, led by Duncan Gray, provided equity and mezzanine funding.

“This business is a Yorkshire success story, and the backing from the Co-op and PIF is proof that, despite the general climate there are still good deals to be done for quality businesses. The increased production capacity is the catalyst the business needed and once the firm has relocated it will be able to accelerate its growth,” said Sonia Alghita of BTG McInnes who advised management on the deal.

Jeff Fryer, business development manager at the North East corporate banking centre of the Co-operative Bank, said: “Despite the uncertain economic climate, the Co-operative Bank is still very much open for business and is keen to work with and fund companies with sound business strategies.

“We are in a strong position to provide funding for existing and new customers, unlike some other lenders who seem to be more reluctant to provide funding at this current time,” he added.

“Controlled Speed is a Yorkshire business designing and manufacturing world-class, innovative electronics for a global market. We are delighted to be backing a quality management team and providing funding and support to help them take full advantage of the opportunities available to them,” said Duncan Gray of PIF.

Alex McWhirter, assistant director of business at Yorkshire Forward said: “At a time when there are concerns about British manufacturing it is encouraging that PIF is backing the management buyout of a local company whose prospects for growth and further skilled job creation are very good indeed.”

Management were advised by David Strachan and Emma Garland of Schofield Sweeney in Leeds and other legal advisors involved in the deal included Cobbetts, Keeble Hawson and HLW.

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Photography

Controlled Speed 015.jpg Left to right - Jim Whittaker (BTG McInnes Corporate Finance), Duncan Gray (PIF), Phil Burns (CEO, Controlled Speed)

Notes to Editors

PIF is funded by the regional development agency Yorkshire Forward. PIF can make loans of up to £100,000 and debt-equity investments of up to £0.5m. Partnership Investment Finance is the trading name of Partnership Investment Fund, whose sub-fund is managed by YFM Venture Finance Limited, which is authorised and regulated by the Financial Service Authority and is part of the YFM Group.