



Case in Point

Management buy-out gives new lease of life to PE Composites

Bright future forecast

An Isle of Wight manufacturer has gone from strength to strength since undergoing a management buy-out in 2003 with help from Business Link.

At that time P E Composites had eight employees and forecast an annual turnover of £500,000. By May 2007 staff numbers had grown to 22 and turnover was £1.9 million.

Within the next two years, with continuing support from Business Link, P E Composites expects to take on more staff and almost double its turnover.

Specialist expertise

The Newport-based company's success is founded on its extensive expertise in the design and manufacture of specialist composite components and structures used by military and commercial markets in the most extreme environmental conditions.

Clients include the Ministry of Defence, BAE Systems, Thales Defence and QinetiQ.

As well as the electrical and mechanical design of military equipment, P E Composites also undertakes precision machining of ferrous and non-ferrous materials to support customer requirements.

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It is not, however, a company that rests on its laurels – research and development programmes, funded through venture capital,

are underway to identify new materials for a range of composite applications.

Funding secured for MBO

The business began life as Patrick Engineering Ltd in 1955, supplying precision machined components to a range of military and commercial customers. In 1982 it acquired the design and GRP manufacturing facilities of J Samuel White & Co Ltd.

Business Link first became involved in 2003 when Graham White, Business Link Adviser, helped the management put together a buy-out of the composites division. Funding was secured through the Small Firm Loan



Guarantee.

At that stage P E Composites had just eight employees. By the end of the first full year's trading this figure had grown to 14, turnover was £1.23 million and profit £107,000. A year later, in May 2006, turnover had risen to £1.51 million, profits were £145,000 and there were 18 employees.

By 2008 the company expects staff numbers to reach 28 and by 2009 turnover is forecast to be £3.5 million.

Continued growth and expansion

The company developed a strong marketing strategy and commissioned a first-class website, accessing a grant to help pay for it through the Business Link service.

In 2006 P E Composites moved from its rented premises after spending nearly £1 million on buying two factories. Again, Business Link was instrumental - in helping the management team obtain mortgages and a SEEDA grant for the premises and equipment.

The company has made use of UK Trade & Investment (UKTI) to assist its push into overseas markets and is currently using Train to Gain to maintain the high level of workforce skills that put it at the forefront of the specialist composite sector.

P E Composites' managing director Steve Smith has found the Business Link service to be invaluable.

"They are extremely helpful and I can't sing their praises enough," he said. "Graham White is very supportive - whenever I need help he knows exactly where to look."

Graham is equally complimentary about Steve: "He is a clever, highly-experienced man who has comprehensive hands-on knowledge of composite manufacture and costs. This allows him to maximise profitability. Our support gives him the confidence and know-how to take the company forward."

Company overview

Established : 1955

MBO in: 2003

Sector: GRP Lamination

No. of employees: 22

Turnover: £1.9M

Growth Aspirations: 50% within 2 years

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