

CASE STUDY: MILLBROOK



Driving Great Potential of a Unique Asset

Millbrook is a leading facility servicing a broad range of UK and international customers and end markets and is one of Europe's leading test, validation and engineering service providers for the automotive, transport, tyre, petrochemical, security and defence markets. Though a unique facility, under General Motors ownership Millbrook had been an in-house operation and so lacked any commercial infrastructure to capitalise on the growing opportunities in test and inspection markets and under threat of closure had been under invested for a number of years.

Creating an Independent Company

Having been identified as a non-core business by GM, the company was put up for sale. However, the carve-out from GM was complex with Millbrook historically an in-house testing facility with over half of the Group's sales still with GM at that point. Post-sale, Millbrook was to remain a material supplier to its' former parent with on-going supply arrangements needed to be agreed. In parallel, a number of operational and transactional issues needed to be addressed to carve the business out from GM including the transfer of GM employees to Millbrook.

Realising Potential

Once separated from GM, Rutland helped refocus the business on the outward market opportunity investing in its' people, with investment in the Senior Management team, supplementing the core operational teams with a new CEO, COO, FD and Commercial Director. The investment included a new sales and business development organisation with a 20-strong team established that proactively targeted new and existing customers, including those who would not have historically traded with a GM facility. Investment in the sales team included establishing sales representation overseas (India, China, Japan, Turkey, UAE and Germany), enabling the business to expand its' customer base by attracting international customers to the site.

In addition, significant investment was made in the company's facilities to take the business forward into new areas and a series of operational improvements were driven through each of the facilities improving utilisation and productivity as well as increasing margins. Complementing the above, was the creation of a meaningful finance function to manage new external stakeholders from banks to investors and relevant management reporting tools.

Challenges and Opportunities

Millbrook had a wealth of engineering talent and exceptionally skilled employees, which needed to be developed to ensure the continued growth of the business. The competition for talented people in the automotive industry represented a challenge to recruit and retain employees. Nevertheless, the investment in engineering talent was key to the organic development of the business and Rutland supported the extended recruitment process that delivered dividends.

In addition to investing in people, Rutland also invested in the physical infrastructure of Millbrook by supporting additional projects including strengthening its PEMS capabilities and investing in its Powertrain and safety testing facilities, with £24m of capital expenditure committed to the business to expand the capacity and capability of Millbrook. This investment was complemented by the acquisition of Test World, a Finnish based winter vehicle and tyre testing business located within the Arctic circle. The Test World acquisition extended the Group's service offering and further expanded its' relationships internationally.

Strong Growth

Post-acquisition, non-GM revenues and EBITDA grew significantly with a three-fold increase in the Group's underlying earnings. Third party revenues are now the driver of financial performance. Through Rutland's support, the business has been fundamentally reshaped, developing an in-house operation into a successful, outwardly focused business with a strong reputation as an independent company. In addition, through extensive completed and planned investment the business is primed to deliver strong growth in the future.

The disposal from Rutland Fund II realised for investors a return of over 6x its' investment (110% IRR).

CATALYST FOR CHANGE



“Rutland Partners has been very supportive throughout by backing us in the development of new facilities that have made good commercial business sense.

Alex Burns, CEO, Millbrook