

RECHARGING THE FUTURE

Turning a specialist vehicle business into a cleaner version of the same needs management drive and determination. David Prosser gets under the bonnet of Rutland's investment in WN VTech





What’s in a name change? In May, Woodall Nicholson, an automotive manufacturer that can trace its origins back 200 years to when it started life building horse-drawn hansom cabs, changed its name to WN VTech. Today, it’s at the cutting edge of green technology, designing and manufacturing vehicles that are cleaner and more efficient than ever before. And the name reflects that.

The business’s brand has been preoccupying Nick Morrill, managing partner of Rutland Partners, ever since the private equity firm acquired Woodall Nicholson (as was) in March 2020, just as the UK and the world entered the first lockdown. “Woodall Nicholson had a long and proud history,” he says, “and the name carries weight with those who know it. Technology is at the heart of everything we do and every strategic partnership we have.”

Rutland investment manager Will Southgate adds: “The problem is that it doesn’t speak to who we are today. Management was first to propose a name change and we were delighted to accelerate that to help external perception of the business and what it was doing.”

Tech leader

Indeed, it was WN VTech’s intellectual property and focus on innovation that were major attractions when Rutland first began considering an acquisition of the business. It was previously majority owned by investment fund BGF.

“Automotive was a sector we understood, having made previous

investments,” Morrill explains. “But two things stood out about WN VTech. The strength of the management team was impressive, as was its aspiration for the business to become a world-class technology developer – something we could really get behind.”

At the time when the deal was being negotiated, WN VTech was coming to the end of a busy period of M&A activity, which had strengthened each division of its business, as it pursued a green agenda. The company’s activities span three distinct and specialist automotive areas: buses; emergency vehicles; and hearses and limousines. The management team realised about a decade ago that it needed to move towards developing cleaner vehicles.

In simple terms, there are two ways to achieve that goal, whether followed individually or in combination. One is to work with lighter materials, building vehicles that weigh less and therefore consume less fuel and produce fewer emissions. The other is to focus on the drivetrain, developing cleaner electric and hydrogen-powered vehicles and moving away from the traditional internal combustion engine and petrol or diesel.

One challenge for WN VTech is that the specialist vehicles it makes are heavier than standard mass production cars or vans. They also come with exacting performance requirements and are regarded as niche by the automotive industry, which is therefore less inclined to invest in innovating them. Having built a collection of businesses focused on these specialist markets, the company



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Anatomy of a deal

Rutland Partners announced completion of its acquisition of Woodall Nicholson (now WN VTech) in March 2020, paying an undisclosed sum to buy the business from BGF and other shareholders through its Rutland Fund III.

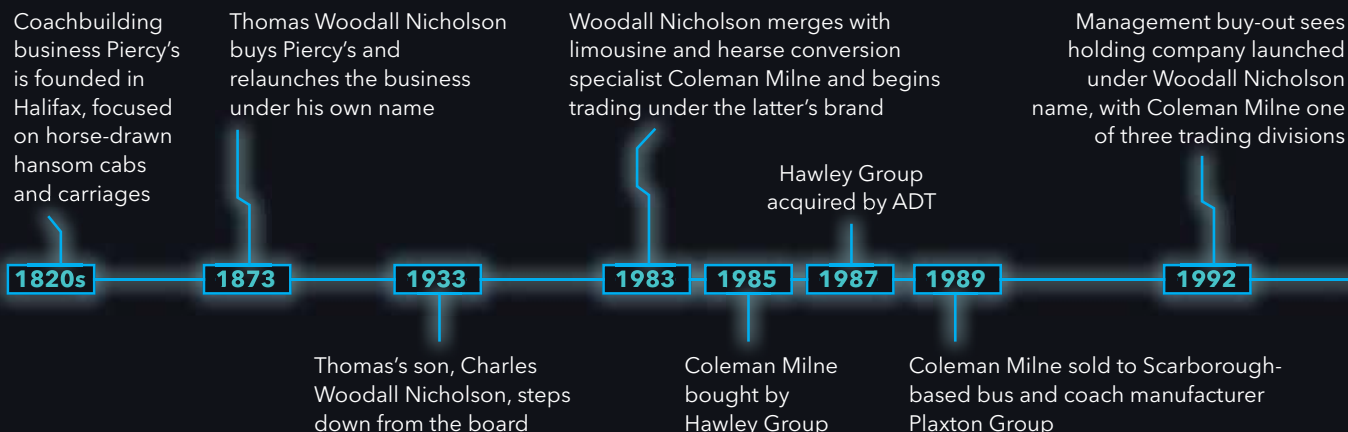
The deal was signed just days before the UK government announced that the country would go into lockdown to combat the COVID-19 pandemic, recalls Nick Morrill, managing partner at Rutland. “I’m sure it crossed the minds of management that we might decide to step back, but we absolutely didn’t want to do that,” he says.

In fact, different parts of the business would be impacted by the COVID-19 crisis in different ways. While public transport was heavily restricted during

the pandemic, the emergency services organisations that the company serves were very much in the spotlight. And the funeral sector was affected by restrictions on gatherings, which meant many families had very restrained ceremonies, the business’s customers in this area reported.

Lincoln International acted as corporate finance adviser to Woodall Nicholson (as was) on the deal; a Manchester-based Deloitte team, led by partner Jodi Birkett, provided vendor financial due diligence; CIL provided commercial due diligence; and DWF provided legal advice. PwC corporate finance partners Darren Jukes and Joanne Hartley led a team providing lead advisory services to Rutland Partners. Legal advice to Rutland came from Taylor Wessing; Alvarez & Marsal provided financial and tax advice; and PwC did the tax structuring work.

The WN VTech (née Woodall Nicholson) story



had to drive innovation through all of its businesses to ensure it would remain relevant in the future.

Selling the IP

This relevance has been one of the most important priorities for WN VTech under its new ownership. Last year, it launched Promech Technologies, a new business unit within the group with a mandate to pursue innovation. Promech not only works with the other businesses in the company to meet their technology needs, but it also sells its expertise to external clients through consultancy work.

“We didn’t just take a tablet that converted us to the value of technology,” explains chief technology officer John Randerson, who runs the Promech business. “This expertise already existed within the company, but we wanted to bring it together under one banner. We realised that if we wanted to sell our expertise externally, we’d need a brand through which to do it.”

Based in Scarborough, Promech works out of a state-of-the-art facility

that’s purpose-built for the business and which it’s currently in the process of expanding. It has already proved highly successful in attracting external clients. For example, French automotive giant Renault has commissioned it to work on integrating hydrogen fuel cell technology into light commercial vehicles and buses.

The launch of Promech has proved to be a step change for the business, says Frank Barrett, WN VTech’s CEO. “Our intellectual property has increased dramatically,” he says. “We’re not just the vehicle supplier of choice for our customers, we’re also now the technical partner brought in when customers are working on these projects.”

The sharpened focus on innovation is also boosting the constituent businesses of WN VTech. Its emergency vehicles division, for example, is investing in new manufacturing capacity in Bradford, following a series of successes. It’s now the number one supplier of ambulances on the NHS procurement platform, with a successful trial of a zero-emission ambulance in Birmingham expected to lead to multiple orders. It’s also a key supplier to the Metropolitan Police.

Mutual support

Barrett is also pleased with the way each group business is supporting the growth of its counterparts. Again, the emergency vehicles business has been a beneficiary. It’s supplying a fleet of new bariatric ambulances to the St John Ambulance service – these use low-floor technology originally developed in the bus division, so that heavier patients do not need to be hoisted aboard.



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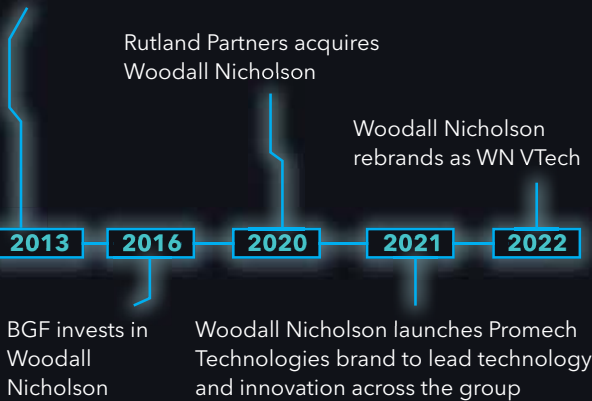


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Woodall Nicholson acquired by investors Mosaic Private Equity, RooGreen Ventures and Enterprise Ventures, supporting management buy-in deal



New territories

International expansion is also an increasing priority for the company. It appointed Gustavo Marqueta as its first international development director last year. Marqueta’s brief is to build the business’s brand in the global market, where the feeling is that WN VTech has only scratched the surface so far.

The bus division has been a trailblazer in this regard, with a major presence in Scandinavia and partnerships across Europe. It has also recently signed a deal with a Chinese bus builder, which wanted a technology partner to support the development and European sales of its zero-emission Mellor Sigma range.

Nevertheless, Barrett believes there’s scope to build a much more substantial overseas business. “It’s all about brand awareness,” he says. “We’ve got to do more to ensure these customers know who we are and understand what we’re about.”

It’s a prospect that Rutland Partners’ Morrill is looking forward to. In retrospect, he reflects, acquiring the business just as the UK was going into lockdown has had its advantages. The company had a natural breathing space to work out how to pursue its goals of pushing technology through the group and focusing on the next round of growth opportunities.

“Now we’ve emerged from two years of pandemic, there’s such a market opportunity,” Morrill says. “We just need to get a full year of post-COVID-19 trading under our belts, hit our profitability targets and show what this business is really capable of achieving.”

500
staff across
nine separate
production
facilities

More than a sum of the parts

With two centuries of experience designing and building vehicles, WN VTech has a rich history. But its business today looks to the future, with a series of acquisitions in recent years shifting its focus towards high-tech, green and efficient vehicles. The business encompasses three distinct vehicle divisions.



Buses

WN VTech trades under the Mellor and Treka brands, focused on innovation in areas such as ultra-low floor vehicles, lightweight structures, fuel economy and electric vehicles.



Ceremonial vehicles

This division is concerned with vehicles for the funeral trade, including hearses, as well as limousines. Brands include Coleman Milne and Binz International. It produces a range of hybrid vehicles.



Emergency services

Also known as ‘blue light’, this division includes VCS and CMSV, and is the UK market leader in vehicle conversion for front-line emergency service and support vehicle fleets.

Tech consultancy

In addition, the company launched **Promech Technologies** in 2021. This part of the business is focused on innovation and technology, and provides consultancy services. It has offices in the UK and Germany and a worldwide customer base.