

Venture and Mezzanine Fund Management Buy-Out MPE Limited Knowsley



Merseyside Special Investment Fund



“MSIF’s approach was extremely supportive, both during a relatively fraught deal process and afterwards as an investor. We were always able to discuss problems and opportunities in a constructive way, and they provided real help when it was needed.”

*Peter Cotrill
Managing Director, MPE Ltd*

The company

MPE manufactures high performance electrical filters and capacitors, which are used to suppress interference from other electrical components. Its main customers are in the defence industry, telecommunications, automotive and general industry. Just prior to the MBO the company had undergone a rationalisation and reorganisation, and was on the verge of returning to profitability on a circa £5 million turnover.

The proposition

MPE was part of a quoted plc that considered it to be non-core. The plc set about disposing of the business, or, in the absence of a purchaser would close it. Previous statements made to the city had promised that the issue would be resolved by a particular date, and thus the timescale to achieve a sale was relatively short. Management retained a local firm of Corporate Finance advisors and submitted a bid of just over £1 million. A further £750,000 of debtor finance was required to trade the business forward.

The transaction

MSIF provided funding of £270,000 made up of equity and mezzanine finance. The rest of the funding comprised management’s contribution, debtor finance and a significant element of deferred consideration. A non-executive chairman was introduced to the business, with relevant and complementary skills to the team.

Progress to date

The company began its life as an independent entity well, successfully reducing its traditional over dependence on the defence industry by growing the telecommunications side of the business. The turmoil in the telecommunications industry hit the company hard but good, strong management saw a quick rationalisation of the work force, and a leaner, fitter company eventually emerged. Ultimately a secondary buy out was concluded, resulting in a good return for MSIF and the continuation of a successful business.

The MSIF Group of Funds is managed by Alliance Fund Managers which is regulated by the FSA in the course of investment business.