

High-growth precision aerospace manufacturer acquired by PE-backed industry 4.0 platform

DEAL FLASH | AEROSPACE, DEFENSE & SECURITY | OCTOBER 2022

DEAL SNAPSHOT

IDL Precision Machining (IDL), an engineering-focused manufacturer of highly complex precision components and assemblies primarily for the aerospace & defense end market, has been acquired by CORE Industrial Partners portfolio company Cadrex Manufacturing Solutions (Cadrex).

Founded in 1987, IDL offers computerized numerical control (CNC) machining, including horizontal and vertical milling and turning, from initial design and concept engineering through product development, prototyping and qualification to full-scale production. IDL is a key development partner for its customers, often securing single-source positions on prominent high-growth platforms and mission-critical applications in the aerospace & defense and industrial end markets. IDL serves a variety of subsegments and applications, including C4ISR, electronic warfare, space, commercial avionics, aircraft controls, interiors and in-flight entertainment. Headquartered in Mukilteo, Washington, IDL operates an AS9100- and ISO 9001-certified and ITAR-registered facility with a fleet of over 50 machines.

Cadrex is a leading provider of complex sheet metal and machined production parts, assemblies and weldments for a variety of end markets, including aerospace & defense, ICT, energy transmission & distribution, food production & agriculture, medical, material handling, and electronic gaming & kiosks. With locations in eight states and Mexico, Cadrex offers comprehensive in-house manufacturing capabilities, including laser cutting, sheet metal fabrication, injection molding, electromechanical assembly, CNC punching and machining, robotic welding, stamping, fastener insertion, and tool and die manufacturing.

“We would like to express our thanks to Oaklins Janes Capital Partners for their hard work and professionalism. They did an outstanding job guiding us through the M&A process and facilitating a successful transaction. They really understood our business, knew how to position it and who to talk to and why. The outcome comfortably met our expectations and we could not be happier as we partner with Cadrex and CORE Industrial Partners going forward.”

ROBERT PEHA
CO-PRESIDENT
IDL PRECISION
MACHINING, USA

OAKLINS PLAYED A KEY ROLE IN FACILITATING THIS TRANSACTION

Oaklins Janes Capital Partners, our aerospace, defense & security team in Irvine, acted as the exclusive sell-side advisor to the shareholders of IDL Precision Machining. The team was engaged throughout the entire sale process from the drafting of marketing materials and presentations, development of potential strategic and financial buyer lists, due diligence management, negotiation and overall guidance through closing of the transaction.



MARKET TRENDS & DEAL DRIVERS

The aerospace & defense precision manufacturing M&A market remains robust, particularly within the defense vertical. With global conflict and threat rising, levels of support remain strong in the USA and elsewhere for increased defense spending — driving growing demand for the production of military aircraft, ships, missiles and other defense systems. In addition, the commercial aerospace market is rebounding as air travel resumes in the post-COVID-19 world.

Private equity is currently the most active buyer in the aerospace and defense machining market, with several large PE-backed platforms consolidating the industry as many business owners reach retirement age without a succession plan.

M&A VALUATION ASPECTS

Among the major factors driving purchase price multiples in the aerospace & defense market are growth, profit margins, programs/platforms supported, intellectual property, barriers to entry and forecast visibility.

IDL has undergone rapid growth as a result of recently secured single-source positions on several high-growth military programs. Oaklins was able to capitalize on the company's growth trend throughout the process, materially improving the initial offer from LOI to closing. Terms of the transaction were not disclosed.

TALK TO OUR ADVISOR



✉ **STEPHEN PERRY**

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“IDL is an outstanding company with a passionate and performance-driven management team, many of whom we had the privilege of working with during this transaction. CORE emerged as the preferred bidder among a number of interested parties. Beyond valuation, this preference was based on alignment of interest, shared strategic vision, management philosophy and cultural fit. They were also great to work with.”

Stephen leads Oaklins' aerospace, defense & security and aircraft systems teams. Having started his career on Wall Street, Stephen has over 25 years of corporate finance and investment banking experience. He has completed more than 50 aerospace, defense & security M&A transactions valued at over US\$4 billion. Notable transactions include advising Frontier Systems in connection with its sale to the Boeing Company, as well as industry legend Burt Rutan in connection with the sale of Scaled Composites to Northrop Grumman. More recent transactions include the acquisition of Thomson Aerospace & Defense, a subsidiary of Meggitt PLC (LSE: MGGT), by UmbraGroup S.p.A; the sale of Matrix Composites to ITT Inc. (NYSE: ITT); and the sale of IntelliPower to AMETEK, Inc. (NYSE: AME). Stephen regularly attends and speaks at various ADS industry conferences and trade shows.

**OAKLINS HAS CLOSED 79 DEALS IN AEROSPACE,
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United by a strong belief that we can achieve the extraordinary. Oaklins is a global team of 850+ financial advisory professionals in 45 countries providing M&A, growth equity, ECM, debt advisory and corporate finance services to support entrepreneurs, corporates and investors in reaching their goals.

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