



AEROSPACE & DEFENSE

Deal flash, May 2018

US PIONEER IN HIGH-TECH BALL SCREWS GOES ITALIAN

Deal snapshot

- UmbraGroup S.p.A., the world leader in the manufacture of high-tech recirculating ball screws, has acquired US-based Thomson Aerospace & Defense (Thomson) from the British giant Meggitt PLC.
- Located in Saginaw, Michigan, and with 180 employees, Thomson is a pioneer in recirculating ball screws for a broad range of aerospace applications. Founded in 1939, the company invented this technology, which was applied for the first time on the B-29 bomber.
- Headquartered in Foligno, Italy, UmbraGroup was established in 1972. It has expanded as a result of organic growth and through five strategic acquisitions made since 1996. The group has over 1,000 employees and a steady increase in turnover, reaching US\$210 million in 2017. UmbraGroup has become the world leader in high-tech recirculating ball screws, with over 70% market share. It serves the world leaders in the aerospace industry, including Boeing, Airbus, Bombardier and Lockheed Martin.
- Meggitt is a British engineering company producing a broad range of advanced products and systems for the aerospace sector. It is listed on the London Stock Exchange and is a constituent of the FTSE 250 Index.



What our client said



Antonio Baldaccini, CEO, UmbraGroup S.p.A., Italy

“With the current geopolitics and foreign exchange turbulence, it has become essential to strengthen our direct presence in the US. This means not only increasing our revenues but also ensuring part of the costs are in dollars. It also allows us to better serve our American civil and military aviation clients, which is fundamental for us. Furthermore, it means entering new platforms and extending our presence in those where we are already working, such as the Boeing 787.”

Our role in the transaction

Oaklins' team in Italy, together with Oaklins' aerospace & defense specialist team in the US, acted as the exclusive M&A advisor to the buyer in this transaction.



Market trends and deal drivers

- Synergies and complementary capabilities were crucial in this transaction. Thomson primarily serves military aviation, a niche where UmbraGroup still had room to grow its market share.
- UmbraGroup has constantly invested in R&D over the years and has significant know-how and resources to improve Thomson's production processes and financial performance.

M&A valuation aspects

- Financial data for this acquisition has not been disclosed. However, valuation multiples in the industry have reached record high levels in the last few years. This is contributing to a very interesting M&A market, in particular for companies looking for an exit.
- The valuation for this transaction took into account the industry's valuations in general, the specific niche of the acquired business and its context.

Oaklins industry specialists



✉ **Enrico Arietti**, Partner, Oaklins, Italy

"This is an important deal for the Italian aerospace industry, clearly showing its capacity to compete in every market. This acquisition will consolidate the Italian presence in a highly technological and innovation-driven sector in the US and will boost its international prestige and standing."



✉ **Stephen Perry**, Managing Director, Aerospace & Defense Specialist, Oaklins, USA

Stephen has completed over 50 aerospace & defense M&A transactions valued at over US\$4 billion. He advised 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 recently, he advised Advatech Pacific's Electronics & Communications Division on its sale to General Dynamics. Stephen has extensive relationships with aerospace & defense companies both in the US and overseas. He regularly attends and speaks at various aerospace & defense industry conferences and trade shows.



✉ **Jason Kimball**, Director, Aerospace & Defense Specialist, Oaklins, USA

Jason has extensive experience in the aerospace & defense industry. He has advised multiple clients in the aircraft systems segment, including the sale of Lightning Diversion Systems to Ducommun Corporation (NYSE: DCO) and the divestiture of GE Aviation's Santa Ana business to Admiralty Partners. "UmbraGroup is a world-class business and we were delighted to advise them on this strategically significant transaction. This acquisition further strengthens the group's position in the US and expands upon its robust product portfolio."

OAKLINS HAS CLOSED 53 DEALS IN AEROSPACE & DEFENSE

Oaklins is the world's most experienced mid-market M&A advisor, with 700 professionals globally and dedicated industry teams in 40 countries worldwide. We have closed over 1,500 transactions in the past five years.