

Case Study

Producing Results. Building Relationships.

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Headquarters:

Germantown, WI

Sector:

High-Value
Manufacturing
(Plastic Components)

Transaction Type:

Leveraged
Recapitalization

Investment Date:

March 2017

Status:

Exited December 2021

Company Overview

Manufacturer of highly engineered and high precision injection molded components that service diverse end markets.

Transaction Overview

MPE acquired PCI through a limited process conducted by an intermediary. MPE was selected by the founder and management team as their preferred partner due to MPE's experience with family-owned businesses, ability to facilitate a succession plan for the retiring owner, and a highly relevant Executive Council relationship.

Transaction Outcome

MPE successfully onboarded a new CEO and CFO to professionalize the organization, acquired and integrated two strategic add-ons, and generated a strong new business development pipeline, before selling to Rosti Group AB, a Swedish-based strategic, in 2021.

Original Investment Thesis

- Highly automated manufacturing model, which utilizes scientific injection molding processes and removes direct labor input
- Market trend of metal-to-plastic conversions for functional parts, as customers value favorable part cost and weight characteristics
- Talented incumbent management team and identified augmentation opportunity

Company-Building Approach

Human Capital Development

- **Successfully facilitated transition** to retirement for PCI's selling shareholder
- **Recruited new CEO and CFO within six months of closing** to professionalize the business and provide the foundation for growth
- **Identified MPE finance resource** to serve as interim CFO post-closing to ensure a smooth transition to institutional ownership
- **Created stock option program for management**

Operational Improvements

- **Improved asset utilization** by making investments in additional equipment and automation
- **Developed continuous improvement culture** by evaluating opportunities to enhance manufacturing capabilities and implementing operational metrics
- **Expanded systems and talent** by implementing an annual incentive bonus plan as well as employee training and development programs

Strategic Growth

- **Expanded wallet share** with existing customer base by identifying growth potential with core customers
- **Added sales and marketing resources** to increase new business development activities beyond the Upper Midwest
- **Successfully integrated two accretive acquisitions**, thereby expanding geographic presence and entering new end markets
- **Added manufacturing and service capabilities**

Financial Enhancements

- **Used a modest amount of leverage** and preserved flexibility to invest in the business for the long run
- **Developed pipeline of complementary and accretive add-on acquisitions**
- **Developed formal reporting** of monthly financial results and instituted annual budgeting process
- **Conducted frequently analyses** on margins by customer and refined operational KPIs