



Oaklins



Expansion through an
excellent strategic fit

DEAL FLASH | INDUSTRIAL MACHINERY & COMPONENTS | MARCH 2019

DEAL SNAPSHOT

Dormer Pramet, a division of Sandvik Machining Solutions, has acquired Wetmore Tool & Engineering, a US-based manufacturer specialized in round tools for the aerospace industry.

Dormer Pramet combines a program of rotary and indexable tooling with more than 150 years of industry experience. The company delivers the market-leading brands Precision Twist Drill (PTD), Union Butterfield, Dormer and Pramet to its global customer base. With 20 offices worldwide serving over 100 countries, production facilities in Europe and South America and a highly developed logistics network, Dormer Pramet offers truly global coverage.

Founded in 1950 and based in Chino, California, Wetmore Tool & Engineering manufactures round tools for the aerospace industry. In 2017, the company generated revenues of approximately US\$18 million and had 170 employees.

This acquisition expands Dormer Pramet's range of round tools and facilitates an improved position in key aerospace markets.

“We are delighted and proud to have reached an agreement with Wetmore Tool & Engineering and make them part of the Dormer Pramet family. With their local presence, industry expertise and experience in executing cross-border transactions, Oaklins were pivotal for us in successfully securing this deal.”

FILIPPO MAURI
BUSINESS CONTROLLER,
DORMER PRAMET, SWEDEN

OAKLINS' APPROACH DELIVERS **EXTRAORDINARY VALUE**

Oaklins' teams in Sweden and Cleveland acted as the exclusive financial advisors to Dormer Pramet and its owner Sandvik Machining Solutions in the acquisition of Wetmore Tool & Engineering. Through seamless collaboration, Oaklins' teams managed the dialogue with the seller, coordinated the central stakeholders involved within Dormer Pramet and Sandvik, and acted as lead in negotiating and executing the transaction.



MARKET TRENDS & DEAL DRIVERS

The global market for metal cutting tools, valued at an estimated US\$20 billion, is divided into two types: round/rotary and indexable tools. Large consumers of metal cutting tools are found in the automotive, aerospace, power generation and general metalworking industries.

Growth in the metal cutting tools industry is largely driven by continuously increasing demand for high performance and greater customization.

Globally, the market is dominated by large groups such as Sandvik, Kennametal, OSG and Kyocera, while local markets are often fragmented, giving rise to acquisition opportunities allowing players to strengthen their businesses through improved distribution, add product types and technologies, improve turnaround times and solidify service offerings.

M&A VALUATION ASPECTS

Recent transactions in the global metal cutting tools sector have shown a comparatively broad range of multiples.

As valuations in the industry are driven by multiple factors, including product quality and performance, service level, specialty vs standard offering, distribution vs direct sales and customer concentration, the end result varies significantly, with deals ranging from mid single-digit to mid double-digit EBITDA multiples.

Financial details of this transaction have not been disclosed, but were in line with levels previously observed in the market.



OUR INDUSTRY SPECIALISTS



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Mark has extensive experience in the capital goods sector, where he has advised RW Screw Products on its sale to Metal Seal Precision, Ltd., The Robins Company on its merger with Northern Heavy Industries Group Co., Ltd. (NHI) and the acquisition of Plymer Concept Technologies, Inc. on behalf of CARCO S.R.L.



✉ **ADEL KOUBAA**
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Adel has broad experience in cross-border sell-side, buy-side and merger advisory assignments in several industries. Recent deals he has worked on include the acquisition of Dura-Mill, Inc. by Sandvik Coromant and the sale of Scana Steel Söderfors AB to Garden Growth Industries AB.

“This transaction further demonstrates Oaklins’ ability to leverage its global presence and industry specialization in supporting the delivery on strategic agendas of leading international groups such as Sandvik.”

ADEL KOUBAA
MANAGING PARTNER, OAKLINS, SWEDEN

OAKLINS HAS CLOSED 167 DEALS IN INDUSTRIAL MACHINERY & COMPONENTS

Oaklins is the world’s most experienced mid-market M&A advisor, with 800 professionals globally and dedicated industry teams in 40 countries worldwide. We have closed over 1,500 transactions in the past five years.

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