

Airborne attracts Growth Capital

Holland Private Equity finances new production line in Rotterdam

Financieel Dagblad, by Hans Maarsen

Amsterdam, 21 August 2010

Composite manufacturer Airborne will use growth capital of Holland Private Equity to build a new plant in the harbor of Rotterdam. The investors are providing EUR 9 M in exchange for a minority stake in the company. With the new capital the company is in the position to scale to mass production its existing composite tubular business for the oil and gas industry.

Airborne was founded in 1995 by 2 aerospace engineering graduates, then developed into a small engineering advisory firm and has now grown into a manufacturer of composite products with an annual turnover of EUR 12 M and 120 employees.

The company, headquartered in the former Fokker Aerospace plant in Ypenburg (near The Hague), manufactures panels for satellites and components for chip-manufacturing machinery. It is also selected to provide dish antennas for astrophysical research in the Andes.

Upon request of Shell, Airborne has researched, since 1998, the feasibility of composite tubes as an alternative to steel. This has led to technology that is now ready to move from small production to large scale manufacturing. The new tubes are predominantly made for use on off-shore deepwater oil wells, for example to unclog wells or to inject water into an oil-well. "Up until now, oil companies needed to use expensive ships to complete these tasks. Now a simple supply ship will do the job" says Arno van Mourik, CEO and founder of Airborne. Ultimately, this high-tech pipe can also be used in deep-sea oil production.

According to Van Mourik (37), Airborne's deep-sea technology is many years ahead of any competition. The planned facility in Rotterdam is the first of its kind and will use a patented production process. Current customers lined up, include Shell, Chevron, BP and Norwegian Statoil. Conservative projections set the tubular turnover at EUR 20 M in 3 years.

Holland Private Equity's investment is equity only. "During a phase of rapid growth, we do not want to depend on Bank financing" explains Van Mourik. The balance sheet of the company improves substantially with the investment. In 2007 the company's equity accounted for EUR 1.8 M of the total balance sheet of EUR 8 M. Up until this point most activities of the company were bank financed and development costs of the composite tubulars of EUR 15 M have been expensed. This in combination with the current order book represents a huge upside for the company.

“Holland Private Equity (HPE) is an investor that suits us well since it understands and acknowledges the importance of our technology” says Van Mourik. The Fund, founded in 2008, is financed by institutional investors and large family offices. The cornerstone investor is IMQubator, a fund-of-fund financed by APG pension fund.

HPE’s goal is to invest EUR 10 to 15 M to acquire minority stakes in technology companies in the Netherlands, Germany and Belgium. To date the fund has raised EUR 77 M. The goal is to ultimately raise EUR 150M.

Subsequent to the investment of Holland Private Equity, shareholders in Airborne will retain a majority stake. Van Mourik values this. “We are very convinced of our own strategy and we want to remain at the helm”. He is not afraid of friction with his new investor. “We will work closely together. The fund has a lot of in-house expertise which is relevant to us”.

The capital injection of Holland Private Equity allows for bank financing to be saved for later growth investments. “Our products for the oil and gas industry are aimed to become a new global standard in 3 to 4 years from now” says the CEO. To that end, Airborne will have to set up manufacturing facilities at large oil and gas centers in the world, such as Texas and Brazil.

The composite manufacturer has a subsidiary in Gerona, Spain, led by Marco Brinkman (40), co-founder of Airborne. This facility provides mostly testing components for plane manufacturer Airbus and is projected to grow rapidly in the years to come.