

A large, detailed image of a jet engine from an aircraft, viewed from a low angle looking up. The engine is blue and silver, with the fan blades visible. The background is a clear blue sky with some clouds.

Oaklins

Expanding capabilities in the tooling industry

DEAL FLASH | INDUSTRIAL MACHINERY & COMPONENTS | JULY 2021

DEAL SNAPSHOT

Abrasive Technology, a world leader in superabrasive tooling and bonding technologies, has been acquired by Blue Sea Capital.

Abrasive Technology is a global supplier of high-precision products for the world's top aircraft engine manufacturers and a leading supplier of land-based turbines and dentistry equipment. The company's diversified portfolio ranges from the world's highest performing diamond dental burs, marketed under the Two Striper® brand, to innovative diamond/CBN grinding wheels and coatings for the aerospace, medical and general industrial markets and PCD/PCBN tooling. Abrasive Technology was established in 1971 and continues to be led by its founder, Loyal ("Butch") Peterman. The company has grown significantly over its history to become a premier player in superabrasive products, with plants in Elgin (Illinois), England, Spain and Canada.

Blue Sea Capital is a private equity firm specializing in growth-oriented, lower middle-market companies. The firm targets opportunities in large, dynamic, secular growth manufacturing and service industries, with special focus on sectors where it has prior experience, such as aerospace and defense, healthcare and industrial growth.

"The Oaklins team guided us through this unknown and difficult process to a successful sale. They prepared the compelling story of our accomplishments and growth, engaged with strategics and private equity to ensure what, I believe, is a great outcome for Blue Sea and Abrasive Technology's future together."

BUTCH PETERMAN
FOUNDER AND PRESIDENT
ABRASIVE TECHNOLOGY, USA

OAKLINS ASSISTS IN FINDING THE RIGHT FINANCING PARTNER

Oaklins' team in Cleveland, which has extensive experience with tooling companies, served as the exclusive financial advisor to Abrasive Technology in this transaction. Our client instructed us to focus on a small group of targeted buyers; therefore, we approached only 17 buyers. In addition, we worked with the Oaklins teams in France and Sweden.



MARKET TRENDS & DEAL DRIVERS

Abrasive Technology operates in many segments of the tooling market that were hit hard early on by COVID-19, but was then able to achieve a strong recovery and opportunity for growth.

The dental sector virtually stopped when the pandemic hit. Fortunately, it revived once vaccines became available, a fact Oaklins demonstrated to buyers. The commercial airline and petrochemical markets also weakened during COVID-19, though not as much as the dental market, and they also recovered. Fortunately Abrasive Technology's other markets remained robust throughout 2020–2021.

Underlying Abrasive Technology's success is the fact that the demand for superabrasive tooling is increasing at double-digit annual rates.

M&A VALUATION ASPECTS

Financial details of the transaction have not been disclosed.

However, Abrasive Technology has unique capabilities that other companies cannot replicate. This drove a premium valuation.

TALK TO OUR ADVISOR



✉ **MARK FILIPPELLI**

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Mark brings over 30 years of investment banking and financial advisory experience. He has extensive expertise with specialty tooling as well as with capital equipment companies that use tooling. Recent clients he has advised include Commercial Tube Processing, Welded Tubes, Inc., Nolato AB and Walter AG.

“Butch Peterman and his team built Abrasive Technology from the ground up into a world leader in superabrasive products. It was an honor and a pleasure to be of service to Butch and his team of technological entrepreneurs.”

MARK FILIPPELLI
MANAGING DIRECTOR
OAKLINS, USA



OAKLINS HAS CLOSED 220 DEALS IN INDUSTRIAL MACHINERY & COMPONENTS

Oaklins is the world's most experienced mid-market M&A advisor, with over 850 professionals globally and dedicated industry teams in more than 45 countries. We have closed 1,700 transactions in the past five years.

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