

Civil engineering firm acquired in £7.9m deal

Pontyclun-based Lewis Civil Engineering
has been acquired by Renew Holdings



A family-run civil engineering firm in Pontyclun has been bought through a multi-million-pound acquisition.

Lewis Civil Engineering been bought by AIM-listed engineering services group Renew Holdings for nearly £8m. Lewis has been operating for almost 30 years and reported an operating profit of £1m and turnover of £20.4m in the year to the end of July last year. The company specialises in construction and maintenance in the water industry and provides work for 180 staff.

Lewis is expecting a 20% rise in turnover for the year ending July 31.

Renew has acquired Lewis for a cash consideration of £7.9m, including £600,000 in respect of two freehold properties used by Lewis.

The acquisition was funded from the group's cash resources and overdraft facilities provided by HSBC.

Lewis works with clients including Wessex Water and Dwr Cymru Welsh Water and provides its services through framework agreements.

A spokesman for Renew said: "Lewis' financial performance is both cash generative and accretive to Renew's Engineering Services operating margin."

Lewis was 80% owned by Jayne Lewis, who has resigned from the company's board.

Managing director David Boden owned the remaining 20% and will continue in that position following the acquisition after signing a new two-year service contract.

Roy Harrison, chairman of Renew, said: "Renew's presence in the environmental market will be significantly strengthened by the acquisition of Lewis. This acquisition accords with the group's clear strategy of growing its engineering services business in sustainable markets, where it can secure strong framework positions with major clients focusing on areas of non-discretionary spend."

In May Renew reported a £30m drop in first-half turnover down to £152.4m, although its pre-tax profits rose 7% to £4.6m.

At the time Mr Harrison spoke of compelling opportunities for both organic and acquisitive growth.

Engineering services now accounts for more than 70% of Renew's revenue and 80% of its operating profit.

It is also the largest mechanical and electrical contractor at Sellafield, working on high hazard reduction, decommissioning and operational asset care programmes delivered through a number of framework agreements.

Professional advisers Broomfield & Alexander in Cardiff acted as corporate finance advisers for the vendors on the takeover deal of Lewis.

Seamus Gates, Broomfield & Alexander's corporate finance director, said: "This is a significant deal for a successful locally-owned company which has been acquired by a major AIM-listed engineering services group, and ensures its financial security and future growth."

Mr Boden said: "Lewis has been supported and assisted by its professional advisers Broomfield & Alexander over the last ten years.

"Without doubt they have added value at every stage of our development culminating with a successful sale to a listed company.

Broomfield & Alexander worked closely with Loosemores Solicitors on the transaction and Michael Culley, senior partner, said: "We are delighted to have been involved in this transaction and supported the company and the vendors through the sale.

"Lewis are a successful local business and we wish them every success in the future."