

# Novacom deal sparks APC growth

**A**dvanced Power Components plc, a specialist distributor and manufacturers' representative of electronic components, has acquired Novacom Microwave.

The vendor, a distributor and manufacturers' agent for Radio and Microwave frequency electronic components, has been bought for a maximum consideration of some £1.6 million, payable in cash.

The consideration comprises approximately £400,000 for the estimated net assets, subject to adjustment for the actual value of the net assets on completion, and £700,000 for goodwill.

In addition further payments of up to £500,000 are available, conditional on the pre-tax profit performance of Novacom during the 12 months post-deal.

Approximately £600,000 of the initial consideration will be paid on completion, with the remainder to be paid in six equal quarterly payments over a period of 18 months.

The acquisition is expected to be immediately earnings enhancing.

Novacom operates within a highly specialised sector of the electronics market, complementary to that of Advanced Power Components (APC), focusing on the defence and communications markets.

Novacom has built an excellent reputation in this market sector operating a similar business model to APC, utilising a successful 'Design In' approach, following projects from initial design through to production, and providing customers and suppliers with an effective support capability.

In addition, there is some commonality in the customer base that will offer design and cross-selling opportunities from the combined product ranges.

Novacom has a highly qualified sales team, with a number of individuals having extensive experience gained through senior positions at key RF and microwave organisations over the last 25 years.

In Novacom's audited results for the year ended 31 December 2007, the Lincolnshire-based company generated revenue of £2.3 million, with net profit before tax of £220,000.

APC's chief executive, Mark Robinson commented: "Novacom is an excellent fit with our businesses.


This acquisition introduces new products and expertise, broadening our offering to

customers and addressing new specialist markets.

"The 'Design In' strategy common to both businesses has helped to maintain margins during what has been a difficult period for the electronics distribution industry."

Eastwood Anglo Corporate Finance provided lead financial advice to Novacom, after being approached by the vendors who were looking to exit.

Bill Eastwood and Henry Murch represented the advisers.

Eastwood said: "Having initiated discussions, a formula was agreed which suited both parties, giving the directors a fair price for their business with the opportunity to work for a further period to ensure succession and increase the total consideration by an earn-out." 

*This announcement appears as a matter of record only*

## Advanced Power Components Plc acquisition of Novacom Microwaves Limited

**Financial adviser to the acquirer:**

**REEVES & NEYLAN**  
Chartered Accountants Business Advisers

**Financial adviser to the vendor:**

**EASTWOOD**  
ANGLO CORPORATE FINANCE LTD

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## Caring Homes acquisition of Grove Care Partnerships

**Legal adviser to the acquirer:**

**BARLOW ROBBINS LLP**  
Solicitors

**Legal adviser to the vendor:**

**Thomas  
Eggar**