

Going global in Leeds

The booming global oil and gas industry is driving UK business activity as Andrew Allcock discovered on a visit to Leeds



Celebrations at the opening of the new Lone Star facility. Inspirational businesswoman Michelle Dewberry with managing director Tony Sitek

The pursuit by Texas, US-based Lone Star Fasteners to expand its operations has most recently resulted in the opening of the new Lone Star factory in Leeds, this following UK-based acquisition/merger activity. In a City more used to reading about manufacturing contraction, the opening of this new unit in August this year was a much-celebrated event.

The opening of this new unit was marked by the unveiling of a plaque by Leeds Deputy Lord Mayor, the Reverend Alan Taylor, and local inspirational businesswoman Michelle Dewberry (of *The Apprentice* fame).

Together employing 104 people, Lone Star LWD Precision Engineering and Lone Star Grange are located at the new 35,000 ft² building in Airedale Industrial Estate, Leeds. They part of a global group

with a sales revenue of approximately £80 million and employing some 800 people worldwide.

Indeed, the Lone Star group of companies claims to be one of the largest of its kind supplying into the oil and gas, and power generation industries. The main competences of this global group are fasteners, industrial gaskets, precision machined parts and industrial coatings.

COMBINATION OF STRENGTHS

Lone Star LWD Precision Engineering managing director Tony Sitek explains recent events: "I had two companies in the UK, both called Grange, one a gasket company, the other a precision engineering company. In 2004 I established a joint venture in the US with Lone Star Fasteners, called Lone Star

Sealing Technologies and from that point we worked very closely together.

"In 2005, the majority of Lone Star equity was acquired by \$250 million private equity fund Trinity Hunt, Dallas, Texas. This subsequently allowed Lone Star to go out and acquire other businesses, of which the first were my Grange companies, in June of last year. This gave Lone Star a footprint in the eastern hemisphere. We actively started to look for new premises and this site in Airedale Industrial Estate was chosen. But in February, the acquisition of LWD Engineering, Elland Road, Leeds, was completed by Lone Star and a second, adjacent unit at this site was taken on to house this and the Grange metalcutting activities."

Remaining at Elland Road is the



In addition to a £400,000 investment in buildings, Lone Star has also spent a further £500,000 on machines and inspection equipment. And there's more investment to come

company's surface treatment/coating plant.

In April this year, the UK's PRD Holdings, based in Wolverhampton, merged with Lone Star Fasteners to create what Mr Sitek suggests is the world leader in the manufacture and supply of industrial fasteners.

Over half of the group's £80 million turnover is derived from the oil and gas industry, with the vast majority sold to the energy industry taking in refining, chemical plants, power generation plants and heat exchanger manufacturers.

Lone Star, Leeds, is involved in the manufacture of gaskets and seals (the previous Grange part of the business) in both soft materials and metals, plus the machining of precision metal components, for the global energy industry (the previous LWD Engineering operation) – gates for gate valves represents half of this business.

The surface treatment/plating activity, also previously part of LWD, is still currently located in the old LWD premises in Elland Road, Leeds, while another unit at Lenton Road, Leeds, houses the company's turning machinery, the Airedale Industrial Estate being focused on prismatic machining and grinding.

The investment made in the new

facility has been £400,000 just for the building, a further £500,000 has been invested in new machines – taking in a Doosan VTL and the Dah Lih machining centre (both supplied by Ward Hi-Tech), representing £350,000, with a further £60,000 taken by a Mitutoyo CMM.

Speaking at the official opening, Mr Sitek spoke of further investment, but this will be customer-drive. "Our customers here today are telling us that they would like us to be able to handle longer parts, so we may look at a new CNC lathe with 3 m bed length, for example." And he added that the forecasts for the oil business are "brilliant, with 2008 looking to be a bumper year". He said that his customers already have orders going into 2009 and that the general consensus is that business will be "very, very, very good" in 2008/9/10.

But under consideration right now is waterjet profiling which will offer what Mr Sitek describes as "an innovative approach to expanding our capacity".

JUST THE BEGINNING

"PRD and Lone Star have only been together a few months and it is still very early days for the opportunities that the merger offers," said the managing director. The acquisition journey is still very active, he confirmed, adding that

there is another UK company possibly joining the group in the near future which would also provide a new home for the existing Elland Road surface coatings business.

"Being majority owned by a private equity company, growth is our number one goal. To get us to where we want to be, yes, we could do it by organic growth, but it would take a lot longer than if we make good, strategic, sensible acquisitions. We want to buy companies that make sense. Our biggest customer globally is Cameron, which, in fact, is why Lone Star and PRD came together: each was looking at the other's geographical markets, so a merger made sense."

The growth strategy for £12 million turnover Lone Star in Leeds is for it to be a £20 million business in 2010. While finance for investment and acquisition are available, another important factor, that of people, is presenting a challenge with it getting more and more difficult to find the right people due to competition for skills in the area from large companies like Cameron or Sulzer, reveals Mr Sitek. The company is considering introducing an apprenticeship scheme to help counter this, and the bright new premises are part of making the company more attractive, both to prospective employees and to its customers. □