

Axia Capital Partners Buys Cable Design & Manufacturing

The firm says it was attracted by strong growth in the outsourced manufacturing sector.

Paul Ziobro
(excerpted article)

Small cap buyout firm Axia Capital Partners LP has bought the assets of Cable Design & Manufacturing, a contract manufacturer that makes cable and wiring harnesses, control panels and electromechanical subassemblies.

The assets will be held by the newly formed Segue Manufacturing Services LLC.

Based in Lowell, Mass., CDM makes products for over 100 customers and also does precision machining for its in-house assembly business.

Axia had been looking at a couple other deals for contract manufacturers but lost out on deals for two other companies in processes led by business brokers, Pelusi said. Those processes, however, brought Axia, which manages a \$10 million fund, to CDM.

Axia found that such companies are growing rapidly as some middle market manufacturers outsource certain engineering and manufacturing tasks, Pelusi said. CDM itself had been growing at almost 50% over the last two years.

With Segue Manufacturing, Axia hopes to expand on the services the company has to offer, especially increasing its engineering and supply side sourcing functions. Segue has already established a relationship with an Indian engineering firm that could pitch in on some projects at a lower cost, Pelusi said.

Segue will also look to establish operations in Asia where it can offer lower cost manufacturing as well.

CDM's former chief executive and owner, Bill Roderick, is keeping an equity stake and staying on to head the sales and engineering divisions.

He has been replaced as chief executive by Peter Frasso, the former COO at FEI and VP of Global Operations at Brooks Automation.

Axia Capital, of Burlington, Mass., buys companies with annual sales of \$50 million or less. The firm says on its Web site that it typically invests \$1 million to \$5 million per deal.

The firm was founded in 2004 and has done five acquisitions since, Pelusi said.

Axia plans on raising its second fund sometime later this year, which it expects to raise up to \$30 million, Pelusi said.

Middlesex Savings Bank, of Concord, Mass., provided debt to support Axia's acquisition of CDM.

Reach Axia Capital at 781-273-6064.

<http://www.axia-partners.com>