

Pontyclun printing firm secures six-figure investment to fund shareholder buy-out

A Pontyclun-based printing specialist has secured a six figure investment to fund a shareholder buy-out and secure capital expenditure for future growth.

Reel Label Solutions secured £1.2 million investment, which is a mixture of debt and equity, from the Development Bank of Wales.

Jonathan Wright, co-founder and newly appointed managing director, will become the majority shareholder in the business following the exit of fellow co-founders Paul Prothero and partial exit of Chris Duffin.

As specialist printers in the pharmaceutical sector, Reel Label Solutions had been offered a trade sale but wanted to pursue a shareholder buy-out instead to avoid any potential relocation from South Wales.

Mr Wright, Mr Prothero and Mr Duffin first established the business in 2002 specialising in high-quality digital labels, particularly short-run production of digital adhesive labels and flexographic label printing.

The firm now employs 27 staff at its unit on Cambrian Industrial Estate. It is on target to achieve a turnover of £3.5m this year.

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Mr Wright said: “Chris, Paul and I have worked tirelessly over the last 20 years to build the business. We’ve got a very loyal and hardworking team who have played a significant role in helping us to get to where we are today.

“We’ve always been mindful of the need to think long-term about our succession planning. We had the opportunity to proceed with a trade sale but none of us were comfortable with what this might have meant for the team.

He added: “That’s why we turned to the Development Bank of Wales – we wanted to understand our options and do what was right for us as individuals and the business as a whole. In turn, they’ve structured a deal with a mix of debt and equity that works for all shareholders and creates a sustainable future for the entire team here in Pontyclun.

“Our focus is now on maximising efficiency and developing opportunities in existing and new markets. This is going to require investment in new equipment so the loan from the Development Bank gives us the extra capital required as we focus on growing the business over the coming years.”

The Development Bank investment was structured by deputy fund manager Joanna Thomas and investment executive Scott Hughes.

Ms Thomas said: “Jonathan, Chris and Paul have built a robust and sustainable business that is on target to achieve a turnover of £3.5 million this year. With unrivalled experience in the packaging printing industry and a reputation for being able to deliver high quality labelling, there is capacity for

further growth and the creation of more jobs over the coming months.”

She added: “There are many different ways to plan for succession and fund exit strategies. In this case, we’ve been able to retain ownership of Reel Label Solutions in Wales; helping Jonathan to take over the reins and keeping the business local. Importantly, we have given the business additional headroom for future growth by enabling them to invest in new equipment and machinery.”

The funding for the deal came from the £25m Wales Management Succession Fund, financed by the Welsh Government and Clwyd Pension Fund, and the £204m Wales Business Fund financed by both the European Regional Development Fund and the Welsh Government.

SME Finance Partners acted on behalf of Reel Label Solutions while law firm Geldards advised the Development Bank of Wales.

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