

NorthEdge completes sale of Cutwel to leading mid-market private equity firm following period of strong growth

2 years ago



Regional private equity firm [NorthEdge](#) has completed the sale of Cutwel, the UK and Ireland's market leader in specialist value-added cutting tool distribution to the SME precision engineering sector, to Inflexion Private Equity Partners (Inflexion) following a period of strong growth.

Cutwel, based in Cleckheaton, West Yorkshire, serves over 13,000 customers across a wide range of sectors through a disruptive sales model. The business provides the largest range of cutting and machine tool accessories stocked in the UK for next day delivery, together with providing its suppliers with go-to-market support in the UK.

The exit was led by Andy Ball, Partner, and John Hammond, Director, alongside the Cutwel management team. The deal provides a strong return for NorthEdge Fund II, delivering over a 3x gross return, and represents the ninth divestment from the Fund.

Since the initial investment in May 2018, NorthEdge has supported Cutwel to refine and accelerate its disruptive commercial model, alongside building a scalable platform fit for future growth through investment in people, technology and operational infrastructure.

Alongside appointing a Chair and CFO to complete the Board, the business built out the operational leadership team with six critical hires. This included a Head of Operations, who has driven a process and technology transformation to improve efficiencies, deliver operational leverage and create a platform for growth, and a Head of Sales and Marketing, who has built out the marketing, sales and account

management team from 15 to over 45 people.

Alongside headcount growth, the business has placed a significant focus on improving digital customer acquisition and embedding a data-driven account management culture – resulting in a resilient and re-occurring revenue model, which enabled the business to take market share and provides resilience through economic cycles.

The business also recognised the importance of ESG in supporting its long-term growth ambitions, becoming one of the first NorthEdge portfolio companies to publicly commit to a net zero target and ensuring it remained an employer of choice in the region. From a social impact perspective, the business contributed over £31m of GVA to the UK economy in 2023(1), with the majority of this contribution concentrated in Yorkshire and across the North of England, achieved Great Place to Work accreditation and won a Yorkshire BVCA Vision Award.

Cutwel's well-invested platform enabled the business to grow its headcount by 60% and its customer base by 50%, resulting in c.70% revenue growth, c.90% EBITDA growth, 14% EBITDA margin improvement & over 100% average Net Revenue Retention. It is this platform that will support the business to continue to grow market share during its next phase of investment.

Adam Gillard, CEO of Cutwel, said: "With NorthEdge's support we have built a platform that is fit for future growth and we are excited to build on this momentum with our new partners, Inflexion.

"Our growth plan is focussed on building deeper relationships with existing customers; utilising our digital and data capabilities to acquire new customers; continuing our focus on operational excellence and expanding our product range. It is thanks to NorthEdge's belief in our team and our plan, alongside their local, practical and commercial support that we are in the position to take this business to the next level."

John Hammond, Director at NorthEdge, added: "We are proud to have played our part in supporting Cutwel achieve strong top and bottom line growth, despite the challenging market conditions the business has faced since our initial investment. By refining and investing in its disruptive sales model and operational platform, the business has continually outperformed competitors whilst retaining its focus on being a great place to work for its people.

"Cutwel is a great example of a regional business creating local and national impact, ready for the next stage of its growth journey. We are delighted to have delivered another strong exit for Fund II and remain excited to see what Adam and the Cutwel team achieve over the coming years."

NorthEdge and Cutwel were advised by Sentio Partners (corporate finance) and Womble Bond Dickinson (legal).