

Sliding open new doors

Tested in the world's best crime lab

BRITISH COMPANIES and investors have been showing increasing interest in buying a slice of South African business. Now a private equity fund based in London has bought the company that owns, among other products, a popular homegrown brand – Trellidor, the sliding security door that's become the generic name for security doors in SA.

Hibridge Capital's plan is to assist the Trellidor Security Group (TSG) expand sales of the product into African and overseas markets through an export-led programme backed by the success and reputation for quality the security products have established in SA.

Investors in the private equity fund formed specifically to buy TSG – SA Investment Opportunities Ltd – include institutional heavyweights Fidelity Emerging Markets and Goldman Sachs International. Around 50% of the capital comes from wealthy private investors in Britain, a market Hibridge specialises in by offering “off market” investment opportunities.

But there is a local connection. The founders of Hibridge are both former South Africans who met during their school years at Michaelhouse in KwaZulu-Natal. Mark Olivier, MD of Hibridge, who moved to Britain 15 years ago, is a CA with a long career in corporate finance and consulting, including time with BoE private bank and asset managers and KPMG in London.

His colleague, Mark Faulkner, ran his own firm for many years specialising in financial advice to high net worth individuals, particularly South Africans invested in Britain. Their combined skills and experience look like the ideal recipe for a private equity fund investing in SA.

“It's good to be supporting SA,” says Olivier. “Not that we're being philanthropic about it – we want to make money – but it's a country we know well and support.”

Olivier won't reveal the price paid for TSG. However, TSG CEO Terry Dennison says the Trellidor product accounts for the largest portion of turnover, around R400m. That probably puts total turnover in the region of R600m.

Olivier says the price paid by the fund

“was a multiple on earnings in excess of the current market multiple. We paid a premium because of the quality of the brands and because they are world-class products”.

Apart from Trellidor, TSG also makes Roll-up Serranda, commercial and industrial roller doors and automation, and Coroma, residential garage and industrial sectional doors and automation. The last two products will initially be the focus of expansion into the British market. Dennison says some have already been tested and endorsed by the relevant authorities, including the Loss Prevention Certification Board in London.

But Olivier believes Trellidor, which sadly sells very well in SA as crime levels increase, also has potential in the British market. “During my 15 years in Britain perceptions of the level of crime have increased,” he says. The threat of terrorism should also provide a growing market for TSG's commercial and industrial products.

“Historically, TSG suffered from a lack of capital. We've bought equity in the company, so it's ungeared and it can use its own balance sheet for expansion,” Olivier says.

The company goes back to 1976 in SA. In 1989, two South African investors – Hugh Wimble and Philip Rodwell – bought it. Both are now looking to retire, so they sold their stake in the business to Hibridge.

TSG management also has a stake in the company, raised from the initial 10,5% to 20%. Though details

are still to be decided on in the future, Olivier says Hibridge's exit strategy will probably be to list TSG on the JSE. “We'll be looking at taking the business public. I think it will be a good listing for the JSE once the company has expanded internationally.”

He says that Hibridge will consider further investments in SA if it can find businesses and products of a similar quality to Trellidor. “If we do buy other South African companies, Fidelity and Goldman Sachs have contractual co-investment rights in further South African funds we establish.”

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Don't fence me in.
Mark Olivier (left) and Terry Dennison