



## DRIVING HOME THE DEAL ...

*Rounding up buyers and bringing home the successful sale of a major company like Texecom is all in a day's work for Beaufort International LLC. Head honcho Daniel E. Lach talks about "life on the trail" of mergers and acquisitions involving the South African security industry.*

**T**he consolidation of the global security industry continues to gallop on in South Africa, with the latest major deal managed by the industry's leading strategy advisors, Beaufort International LLC.

In November 2005, Johannesburg based Texecom was acquired for the equivalent of R300-million by UK-based Halma plc (best known for their leading fire detector manufacturing operation, Apollo Fire Detectors Limited). The transaction was both initiated and executed by Beaufort International LLC, the world's leading consulting firm that specialises in strategic transactions for the fire and security industry.

Texecom specialises in the manufacture of sophisticated fire and security detection systems, and opened its first office in South Africa in 2001. From Johannesburg, it quickly expanded across the country with offices in Durban, Cape Town, the Vaal Triangle, Pretoria, Port Elizabeth and East London. In 2005, the company had worldwide sales in excess of the equivalent of R200-million. (For more information on Texecom, refer to *Security Focus* September 2004). Beaufort International initiated the deal by identifying and approaching the most suitable acquirers and advising Texecom on the transaction. For Beaufort, it is their second major South African related deal in recent years.

Previously, Beaufort had advised Ziton, South Africa's leading domestic manufacturer of fire detection systems, in its divestiture to US based Edwards Systems Technology, a company subsequently sold to the General Electric Company. Ziton, based in Maitland near Cape Town, was founded by the Macfarlane family and grew spectacularly over two decades to become a leading player in the European and South African fire industry. In that transaction, Beaufort initiated the deal on behalf of Ziton and brought the divestiture home successfully.

Since its establishment in 1997, Beaufort International has grown to become the fire and security industry's most prominent advisor in cross border mergers and acquisitions. In the past eight years, the company has advised on deals with a combined value in excess of R2-billion and has been active in deals involving many of the world's most respected fire and security product manufacturers.

In leading the Texecom transaction along with other security divestitures (such as the sale of UK based Chloride Bardic, ADE, and Viper), Beaufort has shifted its focus from the fire industry to security product manufacturers and distributors.

**Daniel E. Lach**, Beaufort International's managing director stated: "The global fire industry has largely consolidated now, with larger players such as GE, Honeywell, Tyco and Siemens carving out huge chunks for themselves. However, the security sector remains largely fragmented. Many diverse companies with knowledge of CCTV, access control, detection or biometrics are looking for partners to present a one-stop shop for their customers."

"Interestingly", continues Mr Lach, "the market value of mid-sized security companies continues to rise, because major corporate investors are looking to enter the industry by purchasing security businesses that will provide them with global growth opportunities. This means greater financial benefits for owners when they choose to sell their business."

"However," he notes, "good deals don't happen by chance. Understanding the needs of both buyers and sellers is critical in determining the best strategy to bring transactions to a successful conclusion. South African security companies are well positioned to reap the rewards as global investment in the security industry intensifies. We are here to help maximise these opportunities and bring the best deal home successfully for our clients."

**For more information circle 1 on reader enquiry coupon.**