FAI TAKES HOLD OF HORWOOD BAGSHAW

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FAI Insurances Ltd has been forced to take over one of Australia's oldest farm machinery groups, Horwood Bagshaw, bailing the company out of receivership and recouping $15 million of about $21 million in loans.

FAI owned 30 per cent of Horwood Bagshaw and was the group's principal financier, but in 1987 it sought the appointment of a receiver in the face of high stock levels after several years of depressed rural conditions.

FAI has, in effect, paid $6 million for the plant, land and buildings and stock of the 152-year-old farm machinery manufacturer, although the stock alone is worth $6 million after being run down from $16 million in 1987.

The insurance group - which turned coal miner and tourism property developer courtesy of a series of failed loans in the past six months - also received assistance amounting to $400,000 from the South Australian Government in the takeover.

Horwood Bagshaw has 100 employees and is the mainstay industry of the River Murray township of Mannum.

Joint receivers and managers of Horwood Bagshaw, Mr John Heard and Mr Stephen Young of Arthur Andersen, were unable to find other buyers for the group, but since their appointment 2 1/2 years ago they have boosted sales 168 per cent to about $12 million, closed down retail operations and sold stock holdings.

The Horwood Bagshaw business - to be known as Horwood Bagshaw Australia - now centres on the design, manufacture and marketing of farm machinery, under largely the same management team.

The group is the only remaining manufacturer of harvesters in Australia, with more than 17 per cent of the national market, and is the world's only manufacturer of a vacuum seeds harvester.

The local farm machinery manufacturing industry has a natural advantage in Australia, but its viability is very much in question because of the increasing level of imported machinery.

Horwood Bagshaw is now cash-flow positive, although is yet to turn a profit.

Arthur Andersen's Mr Bruce Mulvaney said yesterday a shift back to wheat production was expected and was likely to boost Horwood Bagshaw's fortunes.
FORCED PURCHASES

DECEMBER 1989: Took control of $27m of Qintex tourist development properties which FAI held as loan security.

DECEMBER 1989: "Bought" Bond Corp's St Moritz Hotel in New York for $US175m ($225m) held as security on loans worth $US155m.

JANUARY 1990: Bond's Pacific Copper and Rhondda Collieries group, held as security on a $179m loan, purchased for $198.8m.

FEBRUARY 1990: Acts to take control of Emu Brewery site in Perth held as collateral for a $130m loan.

MAY 1990: Takeover of 30%-owned Horwood Bagshaw, recovering $15m of almost $21m in loans.