Lesco profits bounce back
Company eyes future growth, brings in new VP, CFO

By ANDREW OVERBECK
ROCKY RIVER, Ohio — Following a rocky 1998 that saw its earnings and market share growth eaten up by rising costs, Lesco, Inc. has turned the corner with second-quarter sales up 12.1 percent and net income up 23.3 percent over comparable numbers last year.

At the root of last year’s profit difficulties were ambitious expansion plans. "We did have a difficult earnings year in 1998," said William Foley, Lesco chairman, president and chief executive officer. "But we also opened 20 new stores, built a new fertilizer plant, started up a joint venture and had two acquisitions. It was a lot to put our arms around, but it was all strategic to position the business for the future."

The largest cost factor in 1998 stemmed from the newly formed Commercial Turf Products, Ltd., (CTP) a 50/50 joint venture between Lesco and longtime consumer lawn care equipment manufacturer, MTD Products Inc.

"We had a number of problems," said Foley. "We missed our sales objective and that cost us $2 million, and we had serious cost start-up issues that cost us another $2 million."

According to Foley, these costs were necessary in order to maintain the performance of Lesco’s equipment business.

"We felt that in the longer term we didn’t have the technological expertise to sustain the equipment business at the proper level," said Foley. "So we worked out this relationship with MTD."

The new plant in Streetsboro produces commercial mowing equipment, renovation equipment, spreaders and sprayers and is now running at expected levels. Increased sales from the joint venture are the key reason behind Lesco’s improved bottom line. "We are getting triple the revenue out of the CTP plant this year, which is a big step up," said Foley.

However the CTP start up was not the only source of profit pressure felt by Lesco. "The construction of a new fertilizer plant in Florida was delayed for 120 days due to El Nino rains and led to horrible cost over-runs," said Foley. "And we have had to continue to factor in significant price pressures and lower margins on ryegrass for the overseeding market."

However, these short-term growing pains are already leading to increased profitability.

Eco Soil secures credit line, announces earnings
RANCHO BERNARDO, Calif. — Eco Soil Systems, Inc. announced that it has obtained a $25 million revolving line of credit for its wholly owned subsidiary, Turf Partners Inc.

"This will better serve Turf Partners’ financing requirements given its significant growth and success in servicing the golf industry," said Mark D. Buckner, chief financial officer for Eco Soil.

The credit line gives Turf Partners working capital financing and allows the purchase of inventory needed to meet the high demand in the summer season. "The line will support our working capital requirements at Turf Partners for the foreseeable future and may improve operating margins by achieving vendor discounts for volume purchases and early payments," said Buckner.

In other news, the company announced revenues for the three months ended June 30, 1999 of $49.7 million compared to $26.9 million during the same period in 1998. Net income for the quarter was $1.1 million. Eco Soil’s turf business reportedly accounted for $34.2 million of its second quarter-earnings.
Bayer awards 1999 scholarships

KANSAS CITY, Mo.—The Bayer Corp. Garden & Professional Care (GPC) business group has awarded scholarships to 15 university students pursuing turf-related degrees at 12 different universities. Students selected for the scholarship have demonstrated superior academic and leadership skills. University professors nominate students who demonstrate promising potential for the turf grass profession.

"Bayer GPC is always looking for ways to raise the bar professionally in the turf and ornamental industry," said Neil Cleveland, turf and ornamental market manager. "These students have demonstrated the drive and the skills to help move us in that direction."

The scholarship recipients are: Ryan Vogler and Matthew Boyce, Penn State University; Eric Hogan, University of Missouri-Columbia; Dave Weston and Mieke Damaske, Cornell University; Eric Watkins, Rutgers University; Kris Urquhart, University of Rhode Island Providence.

Textron signs deal with American Golf

RACINE, Wis. — Textron Turf Care and Specialty Products announced that it has finalized a supply agreement with golf course management company, American Golf. The company operates more than 300 private, resort and daily-fee golf courses and practice centers in the United States and the United Kingdom.

The three year agreement states that a majority of American Golf’s new turf-maintenance equipment purchases will be from Textron Turf Care and Specialty Products.

"American Golf’s agreement with Textron Turf Care and Specialty will help us continue to provide the highest level of maintenance possible at our courses worldwide," said John Meyer, American Golf’s director of fleet management and national accounts.

Lesco Continued from page 39

one Lesco, the company announced that Breck Denny will replace Ware Grove as vice president and chief financial officer.

Denny worked for investment banking firm J.P. Morgan and Co. for 23 years and most recently served as vice president, finance and treasurer for Ohio-based Medusa Corp.

"He has great relationships with the investment community as well as experience in our market," said Foley.

TIED OF BEING HELD UP EVERY SPRING?

Other preemergence herbicides make you wait around after the winter thaw to get your course in shape. But only Dimension® gives you the flexibility to apply in the fall and reseed earlier in the spring.

A fall application for crabgrass control doesn’t interfere with spring re-growth or overseeding. And its low water solubility means it will be ready to head off crabgrass come spring.

Dimension doesn’t stain, is safe for application around ornamentals or landscape beds and has a low use rate and favorable environmental profile. It’s the preferred choice of golf course superintendents.*

So, for season long control of crabgrass and over 20 other tough weeds, including Poa annua, apply Dimension this fall.

For more information, call 1-800-987-0467 or visit us at www.dimensionpro.com.

*Do not mow or seed with bent grass after application of Dimension for 90 days.


Always read and follow label directions. Dimension® is a registered trademark of Rohm and Haas Company. ©1999 Rohm and Haas T-O-299