Textron makes play for Ransomes PLC

By MICHAEL LEVANS

LONDON — What has been a four-company race to control the global golf course "iron" market is about to become a three-company race.

On November 10, Providence, R.I.-based Textron Inc., the parent company of Jacobsen and E-Z-GO, offered 60 pence for every Ransomes ordinary share, valuing the British group at 83.2 million pounds ($144 million). At that time, Ransomes' directors agreed to sell their shares.

While not yet set in stone, Ransomes is about to fall under the Textron umbrella after 212 years of independent operation.

"Our share prices started to drift back in late spring, early summer, partly as a result of the general movement in the stock market," said Peter Wilson, president and chief executive officer of Ransomes.

Ransomes issued a release in March stating that the company's results would be below the previous year. This was due, Wilson said, to the fact that European markets, namely the municipality markets in Germany and France, dropped off as those governments attempted to align their economies for the convergence into a common European currency.

"That meant there was far less spending in the municipality market," said Wilson. "The result of all that was that our share price dropped down a bit."

It was at that point, said Wilson, that Ransomes had "an opportunistic approach." This first approach, however, was not Textron.

"The rule on the stock exchange here is that if a share price moves more than 10 percent of its price in a day the exchange asks various questions; one of which is 'Are you talking to anybody.' We had to say 'Yes.'"

Ransomes was forced to issue an announcement in the British press that it was, in fact, up for sale. Textron picked up the scent and a few days later a friendly phone call was placed to Wilson's office.

"They [Textron] asked if we could have a bit of a chat and we came to the situation we're in today," said Wilson.

"As a board we had to decide if Ransomes was going to be better off independent or were we going to be better off as part of a combined grouping within Textron. When you consider the financial strength of Textron, when you consider that they have someone similar to ourselves in Jacobsen with the diversity of the E-Z-GO range of products, I think it's a good opportunity to move forward," he said.

Similar product lines aside, Ransomes offers Textron expansion opportunities through a well-plowed path into the European market. According to James Hardymon, chairman and chief executive of Textron, those global in roads will not be missed.

"This acquisition is consistent with Textron's strategy to expand core businesses on a global basis," said Hardymon. "The combined group will contribute to Textron's growth objectives by leveraging our product technologies, manufacturing capacity, marketing and distribution networks and commercial financing capabilities."

Word of the deal quickly reverberated around the industry. However, according to Don St. Dennis, director of corporate public relations at The Toro Co., it's still too early in the game to say how the market dynamics might shift.

"This wasn't a big surprise," said St. Dennis. "Ransomes was struggling somewhat to stay in the four company race and it was becoming apparent that they needed to do some kind of consolidation. In this case, it was number two buying number four."

"If Jacobsen was going to survive against Toro and Deere then it better buy Ransomes." said Clarke Staples, president of Greentalk International, a consulting and sales organization, and ex-Ransomes employee. "Otherwise the two of them are going to dilute the waters enough that they'll both go belly up."

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