

# The Detroit News

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## Local spotlight

### Cequent pulls weight in tough economy

*Towing and cargo business looks at foreign markets, keeps eye out for strategic acquisitions.*

Neal Haldane / Special to The Detroit News

BLOOMFIELD HILLS -- Acquisitions, growth outside of North America and new products represent some of the strategies the Cequent Group has hitched its fortunes to as the company traverses rough economic times.

The towing, trailer and cargo management business expects annual revenues to surpass \$500 million this year, according to CEO Ed Schwartz. The Cequent Group, a TriMas company, employs almost 2,500 people including 380 in Michigan at facilities in Plymouth, Tekonsha and at its Bloomfield Hills headquarters.



Cequent President Tom Benson, left and technician Dave Hesh do structural tests at the company's Plymouth facility on Wednesday. The company expects to exceed \$500 million in revenue this year. (John M. Galloway / Special to The Detroit News)

Cequent acquired Parkside Towbars, an Australian company with annual revenues of about \$5 million, on Jan. 31.

"We'll continue to look at acquisitions that we find appropriate -- small, affordable acquisitions that provide a certain amount of strategic advantage to us," Schwartz said.

Parkside Towbars will be integrated with Cequent's already existing Australian business, which accounts for about 12 percent of company sales. The rest comes from the United States and Canada, Schwartz said.

Cequent opened a production facility in Thailand 18 months ago to make products for Australia and other markets, and looks for additional international growth, especially with its line of cargo management products, Schwartz said.

The company also looks to grow by introducing new products, which should generate \$60 million in revenue this year, he said.

"We'd like to have that grow as we continue to fuel the pipeline with new products," Schwartz

said. "In about every product category we have something new going on." Those new products include a marine jack and components designed for customers who do heavy-duty towing of recreational, industrial or agricultural vehicles.

"Cequent has been a positive surprise for us this year," said Albert Kabili, a stock analyst for Goldman Sachs & Co. His firm expected earnings would be down 10 percent but Cequent came in about 10 percent higher. That helped TriMas, because Cequent represents almost half of the parent company's total revenues and 30 percent of its earnings, Kabili said.

The company has taken market share from competitors and has been able to cross-sell its products thanks to strong brands that include Draw-Tite, Hidden Hitch, Reese, Fulton and Tekonsha.

"They have the broadest portfolio in the industry and customers and retailers want those brands," Kabili said.

After having trouble filling orders when Cequent outsourced some production to China, the company resolved that issue and has improved profits on those products, but still could face pressure from low-cost imports, he said.

Kabili expects the company's earnings to be flat this year, but Cequent could grow its business 3 percent to 5 percent annually in the future as baby boomers retire and purchase recreational vehicles and boats that need hitches and other accessories.

Neal Haldane is a Metro Detroit freelance writer.

#### Cequent Group

- ▶ **Business:** towing, trailer and cargo management product design, manufacture and distribution
- ▶ **Brands:** Draw-Tite, Hidden Hitch, Reese, Fulton, Tekonsha
- ▶ **Parent company:** TriMas of Bloomfield Hills
- ▶ **Michigan employees:** 380
- ▶ **Michigan facilities:** Plymouth, Tekonsha
- ▶ **Information:** [www.cequentgroup.com](http://www.cequentgroup.com)