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## New public firm a bright sign for state

*Bloomfield Hills' TriMas Corp. has ambitious plans*

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Today, for a welcome change, the people ringing the opening bell at the New York Stock Exchange will be from a newly public company that hails from .... (drumroll please) ... Bloomfield Hills, Mich.!

Yes, a Michigan company going public, not private.

A company that wants to stay in Michigan, not leave.

One with ambitious plans to grow, not shrink.

TriMas Corp.'s executive chairman, Sam Valenti III, said that TriMas' return to the public equity market -- it was created in 1988 as one of several spin-offs from Taylor-based Masco Corp. and later sold to private buyout firm Heartland Industrial Partners -- will mark a new period of growth for the diversified manufacturer.



Samuel Valenti III, executive chairman of TriMas Corp., stands near the display wall at Valenti Capital in Bloomfield Hills on Monday. He recently took TriMas public again. "We were the Silicon Valley of the early 20th Century," Valenti said of Michigan.

TriMas stock (ticker symbol TRS) began trading Friday at \$11 a share and rose 6.8% that day to \$11.75, with 11 million shares sold. The stock rose again early this week before closing Wednesday at \$12.10, down 10 cents on the day.

Successful completion of the IPO prompted Standard & Poor's to raise the credit rating of TriMas debt a notch to B+ from B on Wednesday.

TriMas had sales of \$1 billion last year and posted a first-quarter profit of \$7 million this year, but also carried a substantial debt load of \$723 million at the end of March.

David Sowerby, chief market analyst for Loomis Sayles & Co. in Bloomfield Hills, said it's encouraging to see a Michigan-based company go public again, since the state has been losing publicly traded companies via bankruptcy, like Kmart and Tower Automotive, or to relocation, as in the case of Comerica Inc. moving its headquarters to Texas.

Promising signs for TriMas, he said, include the fact that it is "in the sweet spot for investors" as a small-capitalization stock with a total market value of about \$380 million, and that it's still relatively unknown because it just started trading a few days ago.

"I'd like to see a little more free cash flow, though," Sowerby added, noting that TriMas reported negative cash flow of \$13 million during 2006 before bouncing back with \$7.5 million in positive cash flow in the first quarter this year. Sowerby does not own any TriMas stock.

Valenti, 60, one of Michigan's most respected money managers, said in an interview this week that going public now makes sense for TriMas for several reasons:

- It helps the firm's balance sheet by reducing debt.
- It helps finance product development.
- And it will help the firm grow via acquisitions. Being public not only raises money, it also raises credibility in the world of mergers and acquisitions, where

#### **ADDITIONAL INFORMATION**

##### **TriMas timeline**

**July 1988:** Masco Industries Inc., itself a 1984 spin-off from Masco Corp., says it will spin off its defense, fastener and gas cylinder businesses as a new public company, TriMas Corp., based in Ann Arbor. TriMas stock begins trading at year-end.

**January 1998:** TriMas is bought by MascoTech (Masco Industries until a 1993 name change) for \$920 million.

**August 2000:** Heartland Industrial Partners, a private buyout firm run by David Stockman, buys 80% of MascoTech, which includes TriMas, taking the companies private.

**January 2001:** Heartland merges MascoTech with Simpson Industries and Global Technologies into a new firm, called Metaldyne and based in Plymouth, which operates TriMas as a subsidiary.

**May 2002:** Metaldyne sells TriMas to Heartland for \$840 million.

**March 2004:** TriMas files for an initial public offering of stock but later delays the IPO due to an adverse market.

**May 18, 2007:** TriMas IPO launches on the New York Stock Exchange, with \$11 million shares offered at \$11 per share. Stock price rises to \$11.75 in the first day of trading. Heartland's ownership stake in TriMas drops from 72.7% to 47.5%; Masco owns about 10%, with the public and several investors and executives holding the rest.

many deals are done with stock swaps or a combination of stock and cash.

"This is a step back into the light. This will allow us to be a baby Masco again," said Valenti, who joined Masco 40 years ago and still runs Masco Capital Corp., the firm's investment arm, along with Valenti Capital, his own investment firm. Masco, the building products giant that was a hot growth stock in the 1980s, owns about 10% of TriMas, he said.

TriMas has 5,000 employees -- about 10% of them in Michigan -- at 80 facilities in 10 countries. Its products range from towing hitches and roof racks to fasteners and oil-drilling equipment. It has a strong position in some high-profit-margin niches, Valenti said.

Valenti, who helped manage the State of Michigan's pension funds during the Blanchard and Engler administrations and later was a founder of the Michigan Venture Capital Association, said he hopes that TriMas will be just one of a growing group of firms that fuel an economic resurgence in Michigan.

"We're in a jam in Michigan," he said, adding that the psychological low point for the state came with Comerica's headquarters move on the heels of a wave of bankruptcy talk about General Motors Corp. and Ford Motor Co.

But he vows that entrepreneurship will boom again in Michigan.

"We were the Silicon Valley of the early 20th Century," he said. "We've been the arsenal of democracy in world wars. This is our third act. I'm confident we'll be back."

Sounds good. Let's hope that TriMas' promising start in its second tour as a public company is a sign of things to come.

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