

Finance

Buyer hopes Zip float plan will hold water

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When Quadrant Private Equity boss Chris Hadley had a Zip Hydrotap installed in his home several years ago, he liked the product so much that he decided to buy the company.

In what may be an Australian first for the Remington phenomenon -- where a shaver bought by the wife of Victor Kiam inspired his buying the company and a series of 1970s TV ads -- Hadley went searching for Zip after he began using the tap that dispensed instant boiling and chilled water.

He says the Hydrotap encouraged his children to drink chilled water rather than fizzy drinks while his wife Sue no longer buys bottled mineral water. More recently, they've bought the latest model which dispenses sparkling water as well.

"The kids stopped drinking sugar drinks and Sue and I stopped buying sparkling water and constantly use the Zip tap. We were doing that for a few months so I came into the office and said to (associate director) Alex (Eady) 'we should look this company up'," Hadley told The Australian yesterday.

The majority acquisition by Quadrant is likely to lead to a float in three to four years, though the short-term investor hasn't ruled out other "exit" options.

Michael Crouch, 80, bought Zip in 1962 when it made hot water systems and employed 12 people. In the late 1970s, he invented the concept of instant boiling water and now exports this product and variants to more than 30 countries. Zip's water systems can now be found in office buildings around the country, and in many others around the world.

This week the company ran a front page advertisement in The Australian under the heading "Which bank chooses Zip". It listed the eight major banks in Australia that have Zip dispensers in their offices. Indeed, Zip's first corporate sale, in the early 1980s, was to the Commonwealth Bank.

The company still manufactures in western Sydney, and Hadley says he has no intention of moving offshore because of the synergies gained from research and development in Australia.

"We intend to put more investment into manufacturing," he said.

Crouch will step aside as chairman and his son George will remain in a senior role. Quadrant has bought a substantial majority share, though the Crouch family will remain a major shareholder.

Crouch said that selling the majority stake to Quadrant was a tough decision that felt "like divorcing your family" but he was happy to see it going to an Australian investor. "Zip is Australian and to have an Australian company come in and take it into the future is very, very healthy," Crouch said.

Hadley said he expected to hold the business for three or four years before looking at a float.

“We would look to take this business and list it, which I think would be a fabulous achievement,” he said, adding that he would not rule out other options.