

**HD Corporate: TES-Envirocorp guns for growth in e-waste space with Navis Capital's clout**

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TES-Envirocorp (TES), the electronic waste (e-waste) processing **firm** that failed to go public via a backdoor listing seven years ago, is now a leading player in the industry. It is seeking new growth opportunities through more acquisitions, thanks to the backing and guidance of private-**equity firm** Navis Capital.

On July 16, TES announced the **acquisition** of Australian e-waste **firm** Green Technology Management (GTM) through the issuance of new GTM shares and external debt. Based in Melbourne, GTM specialises in the management of end-of-lease IT equipment, which involves handling IT assets with expired leases and returning the assets to the lessors on behalf of the lessee; as well as asset recovery, which involves deleting all traces of previous data from unwanted IT assets before the hardware is handed over to the secondary market for recycling, to prevent intellectual property (IP) theft. GTM targets revenues of \$14 **million** by FY2015.

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Scott Meekin, chief operating officer of TES and a portfolio director with Navis, says the **acquisition** will boost the IT asset disposal capabilities of TES. In May 2013, Navis bought a 70% **stake** in TES and Meekin was installed as COO as part of the **acquisition** to work with TES on its growth strategy. Navis chose GTM because of its proprietary software OneSource, which Meekin claims will help the multinational and blue-chip clients of TES manage the life cycles of their IT assets more efficiently.

"OneSource sorts out the equipment [specifications] of their IT assets throughout the world and maps everything. Then we can determine the life cycle of the assets — what needs to be disposed of or when to do a tech refresh," says Meekin. Clients can save on IT expenditures by being on top of their IT asset life cycles — instead of replacing their entire IT inventory with newer and faster models, they can retain those that are still performing up to requirements, saving costs in the long run. This is especially so for MNCs, whose IT expenditures form a significant part of their margins.

TES will roll out OneSource as part of its service once the **acquisition** is completed in 1Q2015. The **acquisition** will boost TES' revenues to about \$200 **million** by next year. The software will also give the **company** an edge over its competitors when targeting contracts worth more than US\$1 **million**. "TES will give GTM access to a global network of customers," Meekin adds.

Banking on discarded IT equipment

More importantly, TES gives Navis exposure to the IT asset disposal industry, which is expected to grow 13% annually from US\$24 **billion** in 2012 to US\$43 **billion** in 2017, according to market research. "It's one of the fastest-growing waste streams in the landfill," says Meekin. With that, Navis intends to make more acquisitions in the e-waste management space using TES as a platform, he notes.

For instance, cathode-ray tubes from old TV sets and computer monitors, as well as chipsets, capacitors, batteries and transistors from discarded electronic circuit boards often contain toxic substances that, if not disposed of properly, could damage the environment. "We help consumer electronics brands manage their brand **equity**. If their products end up in the waste stream, it contaminates the environment. And if their IP leaks out, it will compromise the development of new products," says Meekin. In TES' processing plants, hardware is refurbished for resale, and precious metals such as **gold** and silver are recovered and resold to the manufacturer.

To be sure, the IT asset disposal industry is growing on the back of changing IT trends, be it individual users who now upgrade their smartphones, tablets and wearable IT devices more regularly as well as industrywide shifts such as the move towards data centres, cloud computing and the Internet of Things. "There are mountains of waste that come out of these trends," Meekin says.

More countries are also regulating the disposal of e-waste to ensure landfills are free of toxic substances. Over the long term, TES plans to expand in the US, **China** and Europe. **China** and the US are the world's largest producers of e-waste, producing a combined 16.6 kilotonnes in 2012, according to statistics from United Nations think tank Solving the E-waste Problem (StEP). TES has five plants in **China** and one in the US.

In 2007, TES attempted to list on the Mainboard of the Singapore Exchange through the reverse takeover of SM Summit, a manufacturer of CDs and DVDs, when stockbroking pair David Loh and Han Seng Juan, who were controlling investors in TES at that time, tried to sell TES to SM Summit. In March 2009, however, the deal was called off, with both TES and SM Summit citing a "likelihood of a prolonged economic downturn" as both companies reeled from the 2008 global financial crisis. In 2011, Centurion Corp, operator of workers' dormitories and which is also controlled by Loh and Han, eventually came to market via the reverse takeover of SM Summit.

#### Working with Navis

Originally from the US, Meekin obtained Singaporean citizenship in 2009. As COO, he is bridging the needs of Navis and TES, he says. "The first thing to do is build a trust relationship with the management team and founders. We are trying to grow the business quickly," he adds. The **acquisition** of TES is Navis' eighth investment in Singapore businesses. In 2012, Navis took Adampak, a **company** that makes high-performance labels and seals, private for \$110.7 **million**.

Meekin has decades of experience growing start-ups and new business ventures into **million**-dollar companies. He spent 13 years in Singapore as Asia-Pacific CEO of Bossard Group, which makes fasteners such as nuts, bolts and screws, from a start-up into a \$100 **million**-revenue **firm**. He left Bossard in 2009, leaving behind a management team that stayed on several years after his departure. More recently, he co-founded a private investment **firm** called TruFormance and led the **acquisition** of IceTech, a **company** making dry ice blasting equipment. He doubled sales at IceTech and increased the **company's** order book to more than eight months as at end-2011.

Established in 2005 in Singapore, TES is now a leading player in the industry, with 38 processing facilities all over the world, most of which are located in Asia-Pacific. As a well-known brand, it maintains the highest possible standards, says Meekin. "There are small players that are very successful and quick in their turnarounds but don't necessarily meet the standards that global businesses want. What we do is provide a much higher standard, and that's the basis of growth for TES."

**CO** naipal : Navis Investment Partners (Asia) Limited

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