

GROWERTALKS

GT in Brief

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Gibraltar Buys Greenhouse Manufacturer Nexus

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Gibraltar Industries has bought Nexus Corporation, well-known manufacturer and builder of commercial greenhouses for growers, retailers and institutions. The cash deal is worth \$25 million.

This is Gibraltar's second greenhouse acquisition; in June of 2015 they bought Rough Brothers Manufacturing along with Rough's solar panel division, RBI Solar, for \$130 million.

Headquartered in Buffalo, New York, Gibraltar is a manufacturer and distributor of building products for industrial, infrastructure, residential and renewable energy and conservation markets. They serve customers worldwide through facilities in the United States, Canada, Germany, China and Japan.

Why buy a second greenhouse manufacturer? To find out, we asked Gibraltar CFO Ken Smith.

"That's an easy answer," Ken replied, "They're an outstanding organization. They're a prominent provider of [greenhouse] products and services to customers in the U.S. and we think it would be a great combination with the Rough Brothers organization to become even more important to growers and researchers here in the U.S. We think one plus one will equal three, with their combined forces."

I asked Ken why Gibraltar wanted a second greenhouse company. What synergy did they see?

"There's talent on both sides of those enterprises that, collectively, you always get a richer answer on ideas and initiatives and services for your customers," he answered. "When you get more people in the room to think about how to move forward, you always get a better answer."

Might they decide to combine Rough and Nexus into one greenhouse company?

"We are still thinking through that," he said. "Now that they are officially part of the Gibraltar umbrella, we really want to engage the Nexus team on how to collaboratively and best move forward ... We have some preliminary ideas, but now we want a deeper conversation with their key leaders."

Nexus recently formed a division, NexusCann, specifically to serve the growing cannabis industry. Plus, they're based in Colorado. Was that a factor in investing further in the greenhouse industry and specifically with Nexus?

"I would say it's not a primary one," Ken answered. "Nexus, as well as Rough Brothers, enjoy prominent roles in a variety of sub-markets. Nexus, being in Colorado, seems to have a meaningful exposure [in cannabis] that they are trying to develop. I wouldn't say it's a leading reason, but it was part of the complete package of what interested us about Nexus."

I asked Ken if Gibraltar had any more acquisitions in mind and he admitted that they're looking for "a number of prospects in this particular market, as well as others."

As for why Nexus owners and primary shareholders Mike Porter and Cheryl Longtin wanted to sell the business they acquired back in 1994, it's simple: retirement, says Lynn Hackett, Nexus' Director of Marketing (and Cheryl's sister). They wanted to spend more time doing things together, traveling and volunteering with the not-for-profits that they care about, and wanted to ensure that Nexus' future was secure.

"Gibraltar was a great opportunity," Lynn says. "[Nexus has] been so dedicated to state-of-the-art manufacturing, and making sure we had the latest and greatest equipment to save time, to save money, to make our employees happy ... and Gibraltar can keep going in that direction."

Lastly, I asked Jeff Warschauer, Nexus' vice president of sales and a long-time friend and contributor to GrowerTalks, for his view of the deal—especially the idea that Nexus and Rough might wind up being a new combined company.

"We already are colleagues and long-time buds," he answered via email. "Both companies complement each other with product and people, and with Gibraltar's strength, it's a win-win for everyone! I am very excited, Chris. So many opportunities for both companies!" **GT**