

Wales Environmental managing director Llyr Williams and BGF investor Paul Oldham



BGF's £2m Investment is helping Wales Environmental to clean up

BGF made a £2 million investment for a minority stake in Wales Environmental. Here BGF investor Paul Oldham and Wales Environmental managing director Llyr Williams tell David Clensy the story of the firm's extraordinary growth and ambitions.

Wales Environmental MD, Llyr Williams says...

Wales Environmental was established in 1980 as a family company dealing with septic tanks in Pembrokeshire. The company remained quite small scale throughout the Eighties. A new partner with ambitions to grow the business came on board in the 1990s and the firm expanded its offering into a broader range of waste services.

The company grew gradually, taking on a wide variety of work, from emptying septic tanks and cesspits, decommissioning old chemical factories to scrapping cargo vessels. In 2002 the firm secured a contract to manage assets on a range of MoD sites in Wales and England. The company also won a large contract with Royal Mail to clean their waste water interceptors. It was a period of significant period of growth.

I joined Wales Environmental in 2010, with ambitions to grow and expand the company even further.

I was particularly keen to relocate to Cardiff from Pembrokeshire in order to gain access a greater range of clients. The opportunity to acquire Cardiff Drain Cleaning Company arose in 2014, operating initially from Cardiff docks. In September 2014, we relocated the offices to new

premises at Regents Court.

In early 2015 we sought a foothold in the South West of England to improve our position for tendering in the region. We found a great deal of synergy with a company called Drainology, which specialised in drain repair, and we came to an agreement to acquire them in April 2015.

Later the same year we also acquired Drains Direct UK which allowed us to expand in the North West of England.

Finance Wales had invested in the growth of the company in the past and they remain a 20 per cent shareholder. We partnered with BGF in August 2016, which gave us a significant investment. They put £2 million into the business, enabling us to buy out the former MD who was ready to retire and giving us the capital needed to invest in the growth of the company.

Our turnover is currently £7 million, but I'm confident we can double that within the next five years, thanks to the investment BGF has made in the company.

Working with Paul and BGF has been a very positive process. They have really been a supportive partner when it comes to the decisions we are making on the evolution of the company.

BGF Investor, Paul Oldham says...

I'd been told by a few mutual acquaintances that Wales Environmental was a good company, one that was well run and was growing steadily. So I was already feeling pretty good about the prospect of there being an opportunity to invest when I first met Llyr for a chat while watching a rugby match a couple of years ago.

The more I learned about the way in which the company had grown and evolved and the opportunities for future expansion, the more I could see the potential for BGF to play a role.

The time was right for BGF make its investment of £2 million and help take the business to the next stage. One of the current shareholders was ready for retirement – so that was really a catalyst for the investment. But that has also changed the dynamic of the firm, allowing Llyr to lead it in a much more ambitious way when it comes to expansion. The aim is to create a significant business operating across Wales and England.

BGF has deep pockets, and the great benefit of that, is that it allows us to help companies develop their scale. I could see straight away that Wales Environmental had a fantastic

opportunity to achieve significant growth – it was expanding across an understandable geography and building its presence in the west of England in the same way it had done in Wales – through both organic growth and sensible acquisitions that brought a lot to the firm.

It now has 102 employees and a turnover of £7 million. But I can see that growing to £20 million with the right kind of organic growth and a few more good acquisitions. We would be keen to invest further capital to support that growth.

BGF is very different to private equity companies. We're actually all about patient capital. There is no required end-date to our investment. We take a long term view and we're not going to start pressurising for a sale of the company. We're happy to work alongside Llyr and his team to ensure that the sort of growth we all would like to see can be achieved over the next few years.

BGF is the most active and influential investor in growing companies across the UK. BGF provides long-term capital for a minority stake, from earlier stage investments to established, private and AIM-listed companies.