

Simworx rides wave of BGF support to target international growth

Black Country design group Simworx is spearheading new ideas for indoor attractions at UK and global theme parks. Managing director **Terry Monkton** and BGF investor **Gurinder Sunner** talk to The Birmingham Post's **Tamlyn Jones** to explain how the firm is exploring new markets both at home and abroad.

Simworx MD, Terry Monkton says...

We design and manufacture a range of media-based attractions for theme parks and visitor attractions worldwide.

'Media-based attractions' is an industry term to describe indoor 'dark rides' which involve projected 3D media upon screens that are combined with moving seats, simulators, vehicles or even robots.

A typical example would be our 'Immersive Tunnel' product.

After entering a pre-show area, guests board a themed vehicle with 30 or 60 seats that then moves along a track into a 360-degree, 3D screen which is huge - typically between 35 and 70 metres in length.

The screen completely immerses guests that are sitting on the vehicle which also incorporates dynamic motion perfectly synchronised with the media.

We often combine such attractions with special 4D effects such as water spray, wind and even bubbles.

We feel we have a competitive advantage over other companies because we are able to offer a turnkey service whereby a client simply provides us with a room and power and we fit out the motion simulation hardware, special effects and all the audio-visual equipment.

In the UK, our clients include Drayton Manor Theme Park, Thorpe Park, Paultons Park and Shrek's Adventure and internationally the new Ferrari Land attraction near Barcelona, Movie Park in Germany and Motiongate in Dubai.

I was originally involved in the business 20 years ago under previous ownership which, at that time, made simulator rides for small venues.

In 2005, I carried out a

management buyout with my co-director Andrew Roberts and we phased out the motion simulators in favour of larger rides targeted at theme parks.

We now have around 45 staff and projected turnover this year is £12 million to £13 million.

Prior to the investment from BGF, we had taken on capital from another investor who was very supportive in our early years.

However, we had started to win some quite sizeable contracts and the relationship manager at our bank thought we needed bigger working capital facilities but we're quite a niche business which isn't typically attractive for a bank.

He suggested we started talking to BGF and, over time, we built a relationship with them. They invested £4.5 million in July 2015, at the right time for the business.

The BGF investment was used for three things - to buy out our previous private equity investor, to acquire a business called RoboCoaster and to boost our working capital.

We brought in additional staff and developed new products such as the AGV (Automated Guidance Vehicle) Dark Ride, and the 360° Flying Theatre which we could take to market.

BGF has been very pro-active in the business, board meetings have been very well organised and productive and I have been introduced to some really good business people through its portfolio.

Both our current executive chairman Peter Bridge and non-executive director Neil James came to us through introductions by BGF.

They are business experts who complement the industry specialists we already have in the team.

We've been very fortunate in that we have secured some really large contracts and agreements covering



Simworx managing director, Terry Monkton and BGF investor Gurinder Sunner

the next four years.

During 2017, we have agreed around £70 million worth of new business to be delivered over the next four years which is really very good for us.

We continue to have a big focus on exports and further expansion into the global market with a strong push into the Far East, and in particular China, where the number of new theme parks being developed is increasing significantly.

BGF Investor, Gurinder Sunner says...

Until the introduction from the bank, this wasn't a business we'd heard of so it was a bit of a surprise when we first visited its base in Kingswinford.

You don't expect to find a company there which is doing some pretty crazy stuff with theme parks but it's great to see we have that kind of innovation in our region.

The business was quite small when we first met but they were about to sign some big contracts in Dubai which was a bit of a game changer.

We spoke at that time about winning those big contracts, and doing more of the same, would require a funder with the resources to back that sort of growth.

They were lacking permanent capital back then.

This is quite a 'lumpy' business in that they could win a big contract but this would represent 30 per cent of their turnover in that particular year so winning the brief or not makes a big difference to the annual results.

This set up doesn't really suit traditional bank lending so trying to arrange working capital facilities from a senior debt perspective is quite difficult. To cope with these financial fluctuations, there needs to be headroom in the business.

Scale also helps. In the year

before we invested, turnover was £4.5 million but it is now around £12 million and the firm has gone from 20 employees to 45.

Culturally speaking, that is quite a big difference. In the old days, the whole business ran through Terry and Andrew but that system doesn't work when you are three times the size.

For us, it was about getting processes and policies in place and helping the team achieve that which is what chairman Peter has helped to bring.

There's now a bit more accountability around the board table and the wider business. We have been involved with the business for two and bit years now and during that time it has trebled turnover and we think we could reach £18 million next year.

This year, 95 per cent of sales are in exports and that is likely to be repeated again next year based on the current order book.

Our more mature markets are in Europe and North America but we see real growth in the Far East.

In recent months, we've signed or agreed multi-million pound contracts for new rides across multiple theme parks in China.

It is a big market and not just China but Indonesia and Vietnam as well.

If we can continue to win these contracts and deliver them then this business will soon be at a completely different scale than it is today.

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