



CEC Nameplate for Air Conditioning & Drying Equipment [5/558].

PART-5

DIARY OF A TAKEOVER

HEATING
BY ALL SYSTEMS
HIGH PRESSURE HOT WATER
SYSTEMS FOR HEATING AND PROCESS WORK
AIR CONDITIONING AND VENTILATION
PLUMBING & SANITATION, ELECTRIC LIGHTING & POWER



IN WAR TIME:
A.R.P. VENTILATION
AND GAS FILTRATION
HOT WATER SUPPLIES
FOR CLEANSING STATIONS
PATENT DYEING APPARATUS FOR CLOTHING, ETC.

G. N. HADEN & SONS LTD

★ ★ *Estd. 1816*

FULLY EQUIPPED BRANCHES AT:

Manchester 2, 4 Albert Square	Blackfriars 6338
Birmingham 3, 45 Great Charles Street	Central 5797
Glasgow C.2, 38 St. Vincent Street	Central 3796
Bristol 1, Orchard Street	Bristol 20286
Bournemouth, Avon Works, Avon Road	Bournemouth 412
Torquay, Castle Road	Torquay 1831
Lincoln, Guildhall Street	Lincoln 977
Newcastle-on-Tyne, 15 Stanley Street	Newcastle-on-Tyne 26780

York, 19 Micklegate	York 4230
Aberdeen, 60-62 Upper Denburn	Aberdeen 197

Temporary Addresses

Earlshurst: 19-29 Woburn Place, London, W.C.1	Terminus 2677
Canterbury: 19-29 Woburn Place, London, W.C.1	Terminus 2677
Liverpool: 4 Albert Square, Manchester 2	Blackfriars 6356

WORKS: TROWBRIDGE - Trowbridge 722

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G N Haden & Sons Ltd, from a brochure of 1942 [12-CHG].

5. DIARY OF A TAKEOVER, 1970

Largely from Reference 5/553

1970

- 27 May Archie Heard returns from holiday to find a letter from his Chairman, Sir Steuart Mitchell, advising that the Chairman of G N Haden & Sons Ltd wants to arrange a meeting.
- 11 June Heard and Mitchell lunch with Pullinger and another Haden director, Leslie Jenkins. Pullinger expresses surprise at the amount of metal finishing business carried out by CEC for the car industry and the dissimilarity to building services. However, Jenkins sees it as an alternative profitable business
- 16 June In the morning, Heard receives a telephone call from Pullinger advising that a letter for Sir Steuart was about to be delivered by hand. Although Heard advises Sir Steuart is away, Pullinger insists the letter will be delivered, and a few minutes later Mark Lowth, Haden's Secretary arrives and advises they intended to announce their bid to the Stock Exchange at noon that very day. Heard tells them he thinks the bid is being unduly rushed and will not make future discussions very easy. Haden agrees to postpone the Stock Exchange announcement until 4.30 that afternoon. Heard notes:

"The bid purported to amount to an offer of 31s 6d for each Carrier share, which at that time stood at 23s 9d. At a hurriedly called meeting of the directors it was unanimously agreed to turn down the bid and to oppose it with all the force at our disposal. The market reaction to our opposition put the shares immediately to a figure of 35s showing their confidence that we would either be able to rebuff Haden's claim, or there might be someone else entering the contest."

Analysis of CEC shareholders at this time shows,

Insurance Companies	29%
Investment Trusts & Pension Funds	22%
Nominee Banks & Companies	18%

subtotal	69%
Individual Holdings	31%

	100%

Of the Individual Holdings only 4% had more than 2,000 shares. Holdings above 100,000 shares accounted for 36%, the largest single investor being Britannic Assurance Company with 300,000 shares.

Haden announce in press their offer of 31s 6d per CEC share.

- 17 June Britannic Assurance state they have rejected the Haden offer.

Diary of a Takeover

- 18 June CEC advise its operating divisions of the Haden bid and seek to rally support to remain independent, being confident at this stage that the takeover can be prevented. Sir Steuart considers trying to get the government to disapprove the bid.
- 19 June The decision is taken to approach the Department of Employment & Productivity (DEP), using CEC contacts at Warburgs, the merchant bankers.
- 20 June Sir Steuart seeks to get support to reject the bid from the French companies, but the response is not as positive as hoped.
- 22 June Document package opposing Haden bid passed by Heard to Sir Steuart and to Warburgs.
- 24 June Warburgs prepare documents for approach to DEP.
- 25 June Sir Steuart writes to J R Morley at DEP outlining opposition to Haden bid.
- 26 June Sir Steuart sends notice to shareholders recommending rejection of Haden bid. Meeting with Morley and Potter of DEP, attended by Frank Smith, Sir Steuart and Heard; not promising, but CEC still optimistic Haden's proposals will be turned down.
- 30 June Lazard, on behalf of Haden, submit official offer to all shareholders. Warburgs write to Morley at DEP expressing concern that Haden may use CEC cash reserves to pay out shareholders. Morley expresses view that CEC should oppose all mergers, not just Haden offer. CEC staff kept informed of developments.
- 1 July Sir Steuart again writes to DEP; also advises he is talking to Tube Investments (TI). CEC writes to all shareholders recommending they take no action on Lazard's offer.
- 2 July CEC continue discussions with Warburgs and DEP. Raise question of restrictive practices. An approach to Carrier Corporation, USA, to purchase CEC shareholding unsuccessful.
- 3 July Trading forecasts with 1970 & 71 prepared for Warburgs.
- 6 July Sir Steuart again tells DEP why he considers takeover to be undesirable.
- 9 July CEC advise Warburgs that Group properties show excess over book value of £1.4 million.
- 13 July CEC issue document to shareholders "The Achievements of Carrier prove the Case for Rejecting the Haden Offer." Press reaction not altogether favourable.
- 14 July Sir Steuart reports discussions with TI not particularly hopeful.
- 17 July CEC again advise shareholders not to take action on offer documents. Indications are that Haden may improve offer.
- 18 July Lazard, on behalf of Haden, raise offer to 37s 9d. Heard expresses disappointment that neither Warburgs nor Carrier Corporation are buying shares.
- 22 July CEC write to shareholders saying new Haden offer completely inadequate.

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- 23 July Britannic again advise their rejection of Haden offer.
- 24 July CEC maintain contact with DEP and Warburgs.
- 27 July By now continuous issue of letters by CEC, Warburgs and Lazard.
- 28 July Further request to Carrier Corporation but no help forthcoming.
- 31 July CEC issue future profits statement.
- 3 August DEP announce they are not taking any action. Pessimism and depression setting in at CEC.
- 5 August CEC lobby Haden shareholders on restrictive practices.
- 6 August Increased and Underwritten offer by Lazard giving CASH of 41s 11/2d per CEC Ordinary Share.
- 7 August CEC reject latest offer, but recognise climax imminent. Board decide to call shareholders' meeting, but Heard not enthusiastic.
- 10 August Shareholders' meeting at Westminster Hall. Airways Pension representative urges acceptance of Haden offer. Heard considers meeting "catastrophic." CEC now actively considers alternative advances from Drake & Gorham Scull, and from Adwest Ltd.
- 12 August CEC advises shareholders of procedure for withdrawal of Acceptances.
- 14 August CEC writes to shareholders "desperately" challenging Lazard's cash offer. Frenzied efforts to sort out claims for Drake & Gorham Scull, and for Adwest.
- 17 August. Drake & Gorham Scull withdraw. Adwest make acceptable bid.
- 18 August Further Lazard's letter to shareholders urging acceptance. Heard, tired and depressed, still believes shareholders will not desert. CEC letter to shareholders supporting Adwest bid.
- 19 August CEC to shareholders emphasising Board policy.
- 20 August Signs that increasing number of shareholders accepting Lazard's cash offer.
- 21 August Report from Stock Exchange that Haden have 49% acceptances at Friday close. Staff at Carrier Construction plan demonstration but dissuaded by Board.
- 24 August Monday, Stock Exchange reopens. Haden soon have clear majority, CEC sell all shares. Heard meets with Sir Steuart, Edwards and Frank Smith who decide to resign but ask Heard to stay on to ensure Board profit forecasts are supported.
- 25 August Heard offers his resignation to Pullinger but this is refused.
- 26 August CEC announces defeat.
- 27 August CEC Board Meeting, attended by Haden representatives, followed by staff meeting. Both described by Heard as "bitter."

EPILOGUE

Archie Heard was hostile to any form of takeover right from the outset and was extremely disappointed with the outcome:

"My universal hostility was universally understood and (it was) recognised by all that my strategy would be to thwart all attempts by Haden to undermine Carrier's independence. So long as Haden's required my management to produce Carrier's profits so long would I insist that Carrier continued its specialised existence separate from Haden's structure."

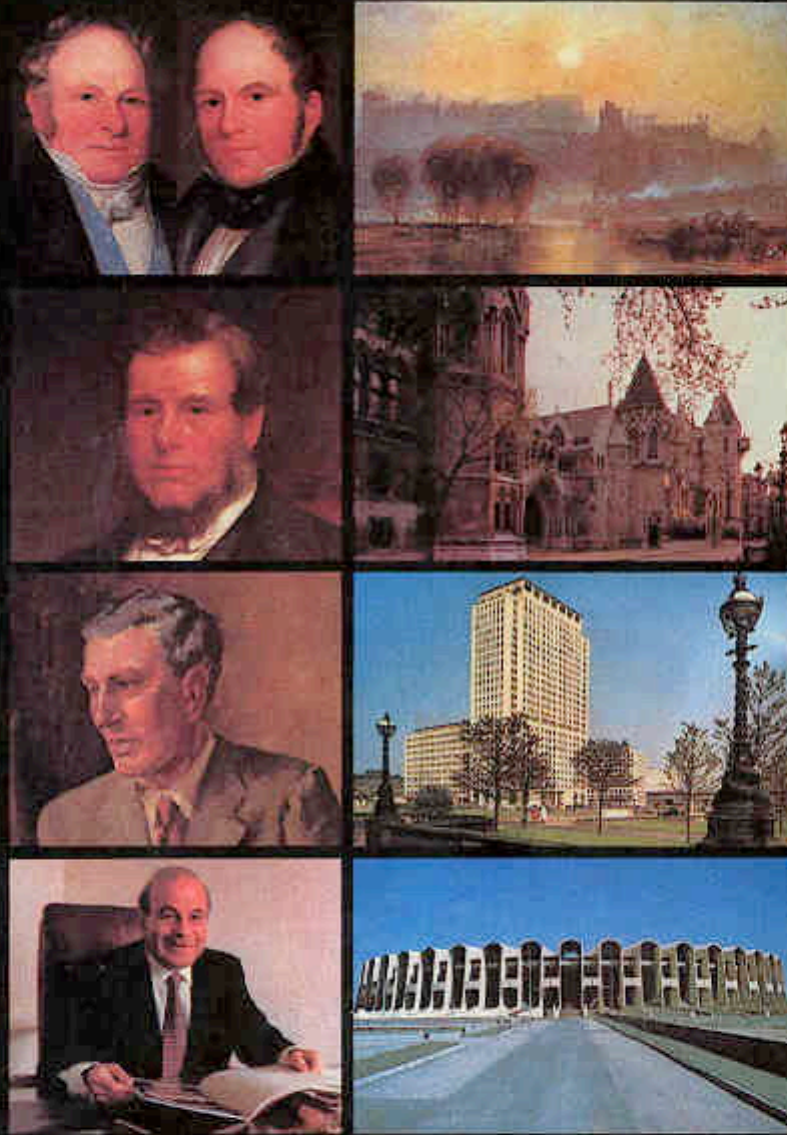
Heard found some colleagues supported this stance, others sat on the fence; the remaining were willing to play, what he called, the Haden integration game. He was against Michiels and Bois selling their personal stake in Société Carrier to Haden for £1,200,000 which made them both very rich men. He also considered that Haden, in buying the French company, was making an expensive mistake. Heard also recalls that Peter Manley and Freddie Young backed him with such fierce loyalty that eventually they had to go.

The takeover battle left Heard, still acting as MD, with two challenges: to bring in the profit before tax promises of £1,350,000 for 1970 and £1,650,000 for 1971. Pullinger announced that Carrier Engineering would continue to operate under their own name as a separate company within the Haden Group. Heard continued to resist what he called Haden putting the screw on CEC to get release of its cash and buildings. That struggle is another story. He and Manley were pleased to be able to present an audited pre-tax profit for 1970 of £1,364,000, which was slightly ahead of the forecast. They were both aware of increasing pressures because of Haden's own poor profit showing at this time and Heard made an issue of the promises made by Haden at the time of the takeover. As a result, the title Haden-Carrier was agreed in July 1971 and he and Michiels joined the main Board in the August. In the October, Peter Manley decided to leave the company. By May 1972, the second hurdle was cleared with a pre-tax profit of £1,686,000 declared for 1971. In December 1972 Archie Heard retired and went off on a cruise to South Africa, having agreed to return as a non-executive director.

In 1981, the name Carrier was dropped from the Group title. In 1984, after a period of making large losses, the French subsidiary was sold. The Weathermaker Company was sold. Then finally, a move which Archie Heard was quite unprepared for, the sale of the UK Carrier Trademark back to the US Carrier Corporation.

Haden

CONTINUITY AMID CHANGE



Haden

*Cover of a Haden brochure, 1979 [15-CHG].
The Company was founded in 1816.*