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Drugs-testing firm sold for £11.5m

David Williamson, Western Mail | Feb 3 2007

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TRICHOTECH - a drugs-testing company regarded as one of Wales' best kept secrets - has been bought for £11.5m.

The Cardiff-based business specialises in testing hair for signs of recreational drug use and was acquired by the investment company Concateno.

TrichoTech's market is estimated to be worth £450m and is growing at up to 30% a year - most quickly in the UK.

Concateno said it was attracted by:

A strong management team who will stay on with the enlarged group;

Unique accreditation for testing oral, urine and hair samples;

Consistent profitable growth since inception, with sales of £3.1m in 2006;

A broad customer base of more than 3,000 law firms, principally in the police force and family services sector with international sales in Brazil, Australia and New Zealand;

Turnover growth of 41.7% in 2004, 78.2% in 2005 and 39.6% in 2006.

The company believes it provides the "test of choice" for family lawyers and child guardians. It is used by the Civil Aviation Authority and by insurance, transport and manufacturing companies.

Founded in 1993, in recent years it has forged close links with the University of Glamorgan's biotechnology department.

Managing director John Wicks launched the company, but before entering business spent 13 years as a biochemist at Guy's Hospital, London. From 1985 to 1989 he set up and ran the toxicology unit at The Riyadh al Kharj Military Hospital in Saudi Arabia.



The laboratory director is Lolita Tsanaclis, who held research scientist positions at university hospitals in Brazil and Wales from 1975 to 1989.

Keith Tozzi, chairman of Concateno, said, "We are very pleased to have reached an agreement with the management of TrichoTech; it is a very impressive high-growth, high-margin business, which will be immediately EPS-enhancing for the group with an excellent track record of profitable growth."

He added, "TrichoTech represents the next piece in the jigsaw that gives Concateno the critical mass that no other player in the highly fragmented drug and alcohol testing arena has. Concateno will continue to consolidate the UK market and will look to expand internationally."

It has recently acquired Medscreen, a global provider of drugs and alcohol testing services, for £30m, and expects to complete the purchase of Altrix, a specialist in the provision of saliva drug testing solutions, for £11m on Monday.

Dolmans Solicitors advised TrichoTech and its shareholders on the sale.

Dean Sheehan, a corporate partner at Dolmans Solicitors, said, "This is a great way to start the year and a great way to show the Welsh corporate community that the Dolmans corporate team can deliver on complex transactions, working closely with venture capitalists and lenders and providing knowledge of stock exchange and placing issues.

"TrichoTech is a fantastic, well-run business and a market leader in its sector. Credit must go to the board of directors who have ensured that a major employer in South Wales is now the jewel in the crown of a really dynamic group."