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Key Equipment buys AmEx unit Superior firm says deal will add local jobs

By Alicia Wallace
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Superior-based Key Equipment Finance is hoping an acquisition of a \$1.5 billion company will help it live up to its hometown's name.

Key Equipment, which is an affiliate of Cleveland-based KeyCorp (NYSE: KEY, \$32.27), announced Friday that it has acquired American Express Business Finance Corp., the equipment leasing arm of the company's small business division.

"It's part of our normal strategy to be out looking for acquisitions and this fit right in our sweet spot," said Paul Larkins, Key Equipment's president and chief executive officer.

Key Equipment helps coordinate equipment leasing plans for other businesses worldwide and has an equipment portfolio of \$10 billion with annual originations of \$4 billion.

Along with a \$1.5 billion portfolio and growth of about \$750 million per year, American Express Business Finance has about 400 employees and more than 70 sales offices nationwide.

Larkins said the unit's size and scale will move Key Equipment - which already employs about 675 people worldwide and about 210 people locally - into a stronger position in the small business leasing segment.

"We, are leapfrogging in terms of the sheer size of the organization and our ability to serve vendors," he said.

During the past three years, the New Jersey-based American Express' business finance unit

has experienced significant increases in revenues and margins, but in order to grow, it needed additional investment, said Tom Sclafani, an American Express spokesman.

"Business financing was doing extremely well, but then we also have our core business, which is charge and credit cards," he said. "We realized that (the business finance unit) would reach its maximum growth potential as part of another company whose core is business leasing."

The transaction is pending regulatory approval, but the companies said it should close in the fourth quarter. Larkins said he doesn't expect any hurdles and Key Equipment is planning to have control of the unit by December 1.

This move follows a strong 2003 for Key Equipment, which acquired a Canadian financial group and was named the decade's fastest growing lessor by the Monitor, a trade publication covering the equipment leasing and financial industry.

Larkins said he expects that growth to benefit the Superior operation as well. He said the company plans to add jobs and office space.

American Express Business Finance "is a well-received, well-run property that we're very proud to own," Larkins said. "We're going to do great things with it... It bodes well for the future of our organization."

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