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Texas shale boom sparking Holt Cat expansion

BY SANFORD NOWLIN

San Antonio-based heavy equipment dealer Holt Cat is undergoing a \$77 million expansion, prompted in part by a rush of new business from the Eagle Ford Shale and other domestic oil-and-gas plays.

Among its upgrades, the company — helmed by San Antonio Spurs owner Peter Holt — has begun work on a new, 40,000-square-foot, air-conditioned repair shop at its headquarters campus on South W.W. White Road.



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Holt Cat currently has about 90 openings for technicians as shale activity continues to drive business growth.

The new shop, set for completion next spring, will nearly double the 600-acre campus' repair space for heavy machinery. Holt will convert its existing 25,000-square-foot shop into a component-repair and warehouse extension.

"This is historical for us," says Howard Hicks, Holt's vice president and public affairs director. "It's a real paradigm shift to see us invest this much at one time."

In addition to the new machine-repair See **HOLT CAT**, Page 41



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HOLT CAT: S.A.-based equipment dealer's \$77 million expansion driven by shale activity

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shop, Holt's expansion work this summer includes:

- Opening a 10,000-square-foot track welding and machining shop in Waco;
- Opening a 24,000-square-foot parts facility and starting modifications to a new machine shop in Longview, its primary location for large-scale and natural-gas engine repair;
- Breaking ground on a 38,000-square-foot store in Edinburg and a 52,000-square-foot store near Denton;
- Buying property near Irving, San Marcos, Denton and McKinney for new store sites;
- Beginning due diligence to buy a 45,000-square-foot property for a new store in Cleburne, in North Texas' Barnett Shale.

Shale boom

Driving much of the expansion — which includes both repair shops and dealerships — is Texas' thriving shale activity, which relies on truck-mounted drills, hydraulic fracturing gear and other types of heavy equipment.

Holt, the authorized Caterpillar Inc. equipment dealer for 118 Texas counties, counts oilfield heavy hitters such as Halliburton and Schlumberger among its customers.

Cat engines and transmissions are widely used on the fracking and drill rigs at work in shale plays.

"You go out into the oilfield and look at any frack rig, and there's a pretty good chance it's going to be a Cat engine," Hicks says.

Holt's sales — which slumped during the recession and building bust — will pass \$1 billion this year, returning it to 2008 revenue levels, Hicks says.

The company employs 2,000 people, around 600 of them at its San Antonio headquarters.

While Hicks couldn't quantify how many new workers Holt is hiring as part of the expansion, it has roughly 90 openings for technicians. Given its recent growth, the company is "always hiring," Hicks says.

"We couldn't be doing this if it weren't for the Eagle Ford Shale," he adds.

Sales returning

Heavy equipment dealers have seen modest sales growth over recent years, but few are returning to pre-recession revenue levels, says Chuck Yengst, CEO of Connecticut-based market researcher Yengst Associates Inc.

Holt is fortunate, he adds, that it can leverage its close proximity to the Eagle Ford and Barnett into sales, service and rental revenues.

"Where ever there's a shale, (energy companies) are going to go after it," Yengst says. "And when they do, they'll be buying new equipment or good-quality used equipment."

But, he cautions, not all dealers have such an advantage.

"If you're located in the middle of Kansas, you're not going to see squat doodly," Yengst says.

Indeed, Holt's Corpus Christi, Victoria and Laredo dealerships triangulate a particularly active part of the Eagle Ford, Hicks says.

Plus, the company operates a dozen drop boxes throughout the play so crews

who need parts quickly won't need to drive hundreds of miles to pick them up.

"They call on us at all times of the night for parts," Hicks says. "They can't afford to be down."

Amid the boom, two of Peter Holt's children — Corinna Holt Richter and Peter John Holt — have joined the management ranks, becoming the fifth generation in the family business.

Corinna Holt Richter is parts manager for Holt's machine business and Peter John Holt is service manager for the same unit. Both, Hicks adds, have played key roles in the expansion. "They're young people interested in spending a career in this business," Hicks says. "They're looking to the future of the company."



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Holt Cat technicians work on engines at its W.W. White Road headquarters in San Antonio.

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