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JANUARY 2007
News

ADVENT
private capital

Dear Client,

"It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price" - Warren Buffett

2006 was a buoyant year for private equity with a record level of activity in the sector leading to speculation of a market bubble. Yet while commentators reflected on the high prices being paid for deals at the top end of the market, Advent Private Capital maintained an unwavering focus on the middle market, seeking out attractive companies with quality management teams at fair valuations.

As a result, the last twelve months have been a rewarding time for the team at Advent, which completed four new investments, realised an exit from one investee and finalised a successful new fund raising. We are pleased to profile all of these achievements in this newsletter.

With 2006 behind us, the Advent team is looking forward to a productive 2007. Importantly, we would like to take this opportunity to thank all our valued business partners, including investee management teams, investors and advisory and service providers for their continued support, and look forward to working with you all again in 2007. We also welcome all our new investors and anticipate making our new Fund a stellar success. Finally, we are always eager to hear from business owners and/or advisors interested in exploring private equity funding opportunities.

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New Fund

Following a strong year filled with investment successes, Advent rounded off 2006 with the final close of Advent V, a \$300m wholesale private equity fund. This fund will continue the traditional Advent middle market focus and target expansion and buyout opportunities across a range of industry sectors. Concurrent with the close, we opened the new fund by investing in two new businesses, which we discuss in more detail below.

New Investments

Locker Group

Advent's most recent investment, Melbourne headquartered Locker Group, is a manufacturer and distributor of perforated plate, expanded metal, woven wire, wire belting, walkway and platform systems, as

well as grating and screening products. Locker sells these products across a wide range of applications for the general industrial, architectural building, commercial construction, and infrastructure and resources sectors.

Advent V's investment in the management buyout of Locker in October 2006 provided liquidity for several existing investors. Together with the high calibre management team, we have already begun realising some of the available organic growth opportunities while maintaining focus on identifying selective acquisitions.



Date of investment:
October 2006
Investment Stage:
MBO
Revenue:
\$108m
Advent Investment:
\$24m



Solomon Food Group

Solomon is a Queensland-based independent broad-line wholesaler engaged in the supply and distribution of fresh, frozen, dried and chilled foods to all segments of the food service industry. Solomon is an established, profitable business with an experienced and energetic management team with a plan to consolidate the industry through acquisition.

Date of investment:
August 2006
Investment Stage:
Expansion
Revenue:
\$110m
Advent Investment:
\$10m (initial investment)

Advent V's initial investment in August 2006 funded the acquisition of two complementary businesses and the replacement of an existing shareholder. Since then, the business has made a further three acquisitions.

We will continue to provide capital and support as the roll-up gathers pace and expect to guide the business to a market leading position on the Eastern seaboard.

Serck Controls

Serck is a leading provider of systems integration solutions and supervisory control and data acquisition (SCADA) products to water utilities and oil & gas businesses. These solutions allow Serck's clients to monitor and control their valuable infrastructure assets, meet legislative and regulatory standards, and improve safety, efficiency and security of supply.

Advent IV's investment in Serck in March 2006 funded the replacement of the existing private equity investor. Since we made our initial investment, the business has completed the acquisition of a Canada-based SCADA hardware manufacturer, turnover has grown from \$60m to \$100m, and profits have doubled.

Serck is actively considering further domestic and cross-border acquisition opportunities.



Date of investment:
March 2006
Investment Stage:
Secondary Buyout
Revenue:
\$100m
Advent Investment:
\$10m

TR Corporation



TR Corporation specialises in the short term rental, sale and service of scientific, test and measurement equipment, business and communications products. Advent IV's investment in February 2006 facilitated the acquisition of a number of complementary businesses, with further acquisitions to follow.

The acquisitions have provided TR with the mass and capability to deliver a composite service and product offer to the market. The strategic direction of the business is focused on continuing to enhance and grow the service and engineering component of revenue whilst achieving 'world class' operating efficiency.

Date of investment:

February 2006

Investment Stage:

Expansion

Revenue:

\$80m

Advent Investment:

\$15m

Investment Exit

Tesa Group

Advent IV completed a sale of its investment in Tesa to Skilled Engineering Limited in August 2006, achieving an IRR of 40% over two years. Tesa employs skilled and unskilled blue collar workers and on-hires them to clients operating in both light and heavy industry sectors.

When Advent first invested in the business, Tesa was generating some \$18m in revenue and \$0.8m in EBITDA. Advent funded three initial acquisitions and the subsequent purchase and integration of a further five complementary labour hire businesses. At the time of our exit, Tesa was generating more than \$180m in revenue and \$8m in EBITDA from operations that spanned the Eastern seaboard of Australia.

We would like to thank Craig Ransley, the Managing Director of Tesa, and his team for all their efforts in driving the roll-up and congratulate them on achieving a highly rewarding exit for both themselves and Advent's investors.



Investment Stage:

Expansion

Investment:

\$13m

Investment Period:

2 years

IRR:

40%

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