

Market update

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Australian M&A activity finished 2010 strongly, reaching more than twice the 2009 level and leaving memories of the global financial crisis behind. The first months of 2011 were a little more subdued for Australian markets: natural disasters – including the tragic events in Japan, New Zealand and Australia, along with political unrest in the Middle East – dampened capital market activity. However, reflecting their solid underlying strength, the Australian markets have recently regained their upwards momentum.

A large number of potential IPOs sit waiting in the wings: the local share market remains cheap by historical benchmarks and for now, unattractive pricing is holding them back. There is significant pent-up demand and eventually the Australian IPO market will start up again; a record number of stock market listings are slated for the December quarter and many private equity-backed companies will be among the first to go.

While the impact of the financial crisis still resounds in many Australian industry sectors, there is a sense of optimism that we have seen the worst days of the crisis, with further recovery expected in time. The leveraged finance market opened its doors for business in 2010, and leading private equity fund managers are poised to invest. Over this time, many Australian private equity fund managers have delivered excellent returns through strong exits.

In this issue of Advent's newsletter, we are pleased to announce the sale of SecurePay Holdings to Australia Post, as well as Advent's additional investment in Integrated Packaging Group.

Sale of SecurePay to Australia Post



Last month, Advent completed the sale of Advent III Private Equity Limited's investment in SecurePay Holdings Pty Ltd to Australia Post, delivering a return of 6.2 times the original investment.

This is the second time in 12 months that the Advent team has completed an exit with a return in excess of 6 times our original investment; the sale of SCADA Group to Schneider Electric in April, 2010 chalked up a return of 7 times investment for the Advent IV Fund.

SecurePay – a leading Australian independent payment gateway and e-commerce business – provides electronic payment services and systems for banks, utilities, government agencies, large corporations and SMEs. With initial expansion capital funding from Advent, SecurePay commercialised its payments technology and strengthened its market position via organic growth and a total of seven strategic acquisitions.

With the backing of Australia Post as its new shareholder, SecurePay will be able to continue to pursue its expansion strategy and strengthen its position in the Australian payment services markets. The strategic acquisition of SecurePay fits neatly with Australia Post's plan to expand its online services and offer business and government customers their own online payments channel.

For more information please refer to: [Sale of SecurePay Media Release](#)

Further investment in IPG



Advent recently increased the Advent V Fund's investment in Integrated Packaging Group (IPG), bringing Advent's total funds invested to \$50 million.

The new capital was used to acquire the remaining interests held by funds managed by Hastings Private Equity. As a result of this transaction, the Advent V funds and IPG management now own 100% of the company.

IPG is Australia's and New Zealand's leading manufacturer and distributor of plastic stretch film and other materials handling products and offers a total materials handling solution to industrial and agricultural customers alike.

Advent's first investment in IPG in 2008, provided an exit for former shareholders and enabled IPG to acquire the business and assets of Amcor Flexibles, Kewdale WA, which focused on flexible packaging, including stretch and shrink film.

Since Advent's initial investment, IPG has consolidated its position as the leading supplier in its segments in the Australian and New Zealand markets – achieving double digit growth in both sales and EBIT. With Advent-backing, IPG has made two significant strategic acquisitions, realising substantial synergies from the acquisition of Amcor's stretch film operations alone. All the while, IPG has continued to invest heavily in plant and equipment, warehousing and logistics capabilities, IT systems and efficiency improvements, ensuring it is equipped to deal with market opportunities in the future.

For more information please refer to: [Further Investment in IPG Media Release](#)