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Quadrant completes CQMS buyout



Scooping up a winner . . . Quadrant director Justin Ryan says CQMS products have set ‘new standards’.

Photo: CQMS

Quadrant Private Equity completed the acquisition of CQMS Razer from Macquarie Group and Thomas Meyers on Wednesday. The deal was first revealed by The Australian Financial Review’s Street Talk column on July 13.

The management team of CQMS, led by chief executive David Haslett, has also invested in the buyout and now has a shareholding of about 8 per cent.

The enterprise value of the deal is roughly \$170 million, according to market sources. Quadrant was advised by KPMG and received legal counsel from Gilbert + Tobin.

CQMS director Thomas Meyers, whose family established CQMS in Queensland’s Bowen Basin in 1979, owned roughly 45 per cent. Macquarie Capital bought into the business in 2008, when it paid \$28million for a 55 per cent interest.

“With the support of Quadrant as our partner, we are well placed to capitalise on further growth opportunities,” Haslett said.

CQMS, or Central Queensland Mining Supplies, is a leading player in the supply of mining wear parts and consumables to the mining extraction and mineral processing industries, according to the press release.

The company and its controlled entities made a \$910,259 loss for the year to June 2011 on revenue of \$132.5 million, according to its most recent filed accounts.

This is the third investment for Quadrant Private Equity No.3 – the firm’s \$750 million fund which it raised in December 2010.

“We were impressed with the level of intellectual property in the CQMS product and CQMS in-house R&D team,” said Quadrant’s managing director, Chris Hadley.

CQMS was initially a supplier of dragline buckets and associated rigging and ground engaging tools into the coal sector on Australia’s east coast.

In more recent years, it has developed a proprietary range of hydraulic excavator lips and ground engaging tools that are said to have received strong support from the major coal and iron-ore mining houses including operations in West Australia and overseas.

Quadrant director Justin Ryan said CQMS products have set “new standards for improving large hydraulic excavator and drag-line productivity and performance as well as in monitoring wear part performance”.

This is the second deal Ryan has been instrumental in executing since he joined Quadrant from Alesco, where he was chief executive in 2010.

Last September Ryan clinched the purchase of Burson Auto Parts, a competitor to Repco, paying an enterprise value of \$148 million.

More recently, Quadrant signed a \$272 million outdoor advertising joint venture with APN News & Media and is in negotiations to invest in Ironbridge Capital’s furniture and bedding retailer Super A-Mart and Barbeques Galore.

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