

## BUYOUTS

half of 2004, Baring Asia II Holdings (13) assumed a 6.2% equity position.

Thailand Equity Fund, sponsored by **Lombard Investments, Inc.**, the country's largest fund, made further commitments in the Land of Smiles. It took up a 25.5% equity stake in Siam A&C Company Ltd.. The transaction sum was not disclosed.

A joint venture with Japan's ACOM Co. Ltd., Siam A&C is the Japanese parent company's first overseas subsidiary in Southeast Asia. It was incorporated in September 1996 with a paid-in capital of Baht120 million (US\$3.1 million) and is currently 49%-owned by ACOM Co. According to the Bangkok-based rating agency, Tris Rating, as of June 2003, Siam A&C's assets represent only 0.1% of ACOM's total assets which stood at ¥2.2 trillion (US\$21.35 billion). Siam A&C is regarded as a solid consumer finance company with good systems of credit risk and information management. It was also planning to issue a Baht1 billion (US\$25.6 million) bills of exchange which has a three year tenure.

However, the **International Finance Corp.** (IFC) as well as **DEG**, the development finance arm of Germany's Kreditanstalt fuer Wiederaufbau (Kfw) have both decided not to commit long term equity capital in TRUE Corp's latest round of private placement. Formerly known as TelecomAsia Corp., Thailand's largest private fixed line telephone company, it raised Baht2.7 billion. The IFC and DEG instead acted as financial arrangers (fig.8). ■

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## Down Under Action

*Australia records its largest buyout transaction days before 2004 ends while deals were completed by both local and foreign buyout investors at a breakneck pace*

Days before Christmas, Asian buyout investors were far from slowing down to holiday mode, especially in Australia where a record number of buyout transactions by both local and foreign houses were registered. In particular, the largest buyout transaction of the year in the country was announced two weeks before the calendar year of 2004 went into history. **GS Private Equity Partners** and **Pacific Equity Partners** made public their joint A\$450 million (US\$348.8 million) commitment in Emeco International ('Emeco'), a market leader in Australian earthmoving equipment rental market, with clients including the major mining companies and contract miners.

Eighty percent owned by Dallas-based Darr Equipment, Emeco has been on sale for three months. According to the local press, **The Carlyle Group** was in partnership with the Macquarie Bank as a consortium that expressed keen interest in Emeco. But the deal went to GS Private Equity Partners and Pacific Equity Partners.

Following the completion of the shareholder structure, Emeco will retain its current management team which has an established record of delivering growth through expansion in a "capital constrained environment", according to a public statement from its new shareholders. In the past fiscal years ending June 2002

and 2003, Emeco reported net profits of A\$17.4 million and A\$23.3 million respectively. The private equity investors intend to assist Emeco to access the global market as well as subsequently seek a publicly-listed status in the next few years.

Both GS Private Equity Partners and Pacific Equity Partners are two of Australia's largest buyout firms, with A\$750 million and A\$700 million under management respectively. In December 2003, GS Private Equity Partners sold its Dome Coffees Australia Pty Ltd. ('Dome Coffees') to Malaysia-based **Navis Capital Partners** for US\$15 million, reaping "a tidy profit", according to sources.

Within days after the Emeco deal became public, **DB Capital Partners**, the private equity investment arm of Deutsche Bank Australia Ltd, joined its peers in closing its 2004 books with a buyout transaction. It has entered into an agreement to acquire Tempo Services Ltd., a commercial services provider that is listed on the Australian Stock Exchange. The transaction represents a sizeable A\$148.819 million commitment. Following the completion of the takeover, DB Capital Partners intends to privatise Tempo Services.

Among those included in the Down Under year-end buyout transaction party were two pan-Asian firms, **JP Morgan Partners Asia** and **Navis Capital Partners**. For JP Morgan Partners Asia, manager of the single largest buyout fund outside of Japan, it was a time of celebration as it consummated its maiden buyout transaction in the country. It joined the local Futuris Corp. in assuming a 65% equity position in Global Thermal Systems. The transaction has a value of A\$275 million.

### Down Under Action

Private Equity Investors	Company	Transaction Amount
GS Private Equity Partners & Pacific Equity Partners	Emeco International	A\$450 m (US\$352 m)
DB Capital Partners	Tempo Services	A\$149 m (US\$116 m)
JP Morgan Partners Asia	Global Thermal Systems	A\$275 m (US\$215 m)
Navis Capital Partners	Europcar Asia Pacific	unknown

Fig.9

Source: ASIA PRIVATE EQUITY REVIEW