

Australian Financial Review – 12 July 2006
Companies: p2 and p56

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Need to know

John Stone

The outcome yesterday of the H
imbroglio is clearly unsustainab

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FINANCIAL REVIEW BOSS

Inside the mind of the 50-something boss



BUSINESS & FINANCE

Home loans jump

A strong jump in home-loan approvals during May appears to have bolstered the case for the Reserve Bank to raise interest rates again this year. **Report, page 5**

Qld shuns PPPs

The Beattie government has admitted it did not approve any public-private partnerships last financial year despite promises it would embrace them after the release of its 20-year \$66 billion infrastructure program. **Report, page 14**

Market slips on fears

Signs that the slowing US economy is beginning to bite into corporate profits weighed heavily on Australian shares yesterday, with American-focused companies bearing the brunt of renewed concerns for sluggish global growth. **Report, page 23**

Westpac, Santos deal

Santos and Westpac Bank are putting the finishing touches to a deal worth \$480 million that will give the oil company an extra 21 per cent of the oil and gas reserves of the Cooper Basin in South Australia. **Report, page 53**

Emeco's offshore buy

Earthmoving equipment rental company Emeco has highlighted its offshore growth potential with a small acquisition in the United States. **Report, page 56**

Wendy's swallowed

Malaysian-based private equity firm Navis Capital Partners has acquired the Wendy's ice-cream and hot-dogs chain of 300 retail outlets for about \$40 million, to swell the flood of private equity buy-outs. **Report, page 56**

New goldminer

Oceana Gold and Climax Mining have agreed to merge to create a significant new mining company with two operating goldmines, a string of new

projects under construction and a market capitalisation of more than \$500 million. **Report, page 56**

\$2m pay packet

The federal government has set aside up to \$2 million to pay a chief technology architect to steer the Human Services Department's \$1.1 billion access card project. **Report, page 61**

Gold Coast says no

Macquarie Leisure Trust's ambitious plans to develop a \$250 million major regional town centre on the Gold Coast have been stymied by the local council, which has rejected the project, citing a range of technical issues. **Report, page 65**

Record spends up

Listed structured finance group Record Realty is poised to buy a \$570 million property portfolio in Germany and has confirmed it will buy a Sydney office tower for almost \$240 million. **Report, page 66**

INTERNATIONAL

Korea response row

Divisions over how to deal with North Korea widened yesterday as South Korea bitterly attacked Japan's threat to use pre-emptive strikes against the reclusive communist state to destroy its weapons. **Report, page 16**

NZ gloomy

New Zealand companies are pessimistic about their prospects in the third quarter, adding to signs that growth will be the weakest in seven years as record interest rates curb spending. **Report, page 17**

CORRECTION

An article on page 17 on July 10, "Small fish make big splashes", included Coates Hire in a list of companies that had expanded offshore. Coates Hire said yesterday it had sold an investment in the UK two years ago, not bought.

THE DAY'S TRADING



WEATHER

London	
New York	
Los Angeles	
Tokyo	
Hong Kong	
Singapore	thunde
Beijing	thunder

PaperlinX's for



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AOL at the cross



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United Group's

United Group's acquisition Corp illustrates the challenge company. From its origins a grown more than eight time



Australian Financial Review – 12 July 2006
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Wendy's scooped up by Malaysian group

Simon Evans

Malaysian-based private equity firm Navis Capital Partners has acquired the Wendy's ice-cream and hot dogs chain of 300 retail outlets for about \$40 million, to swell the flood of private equity buy-outs.

The new owners plan to expand the number of outlets for Wendy's, which generates annual revenues of \$120 million, and increase sales growth by introducing new products.

Navis director Rodney Muse said the chain was highly profitable and the business included a manufacturing plant in Melbourne which supplied ice-cream to the outlets, all of which are run under franchise arrangements.

It is the second investment in Australia for Navis, which in 2004 bought Dome, the West Australian-based coffee and restaurant chain, for \$15 million.

The buy-out of Wendy's brings the value of private equity deals in the past two months in Australasia to close to \$3.5 billion.

The Wendy's business has been bought from founder, Geoff Davis, who established the first store in 1979 in Adelaide.

Navis will hold more than 90 per cent of Wendy's, with management owning the remainder.

Mr Muse said the Wendy's business had been producing sales growth of around 5 to 6 per cent, but Navis aimed to lift that to more than 10 per cent.

Wendy's would aim to expand in its traditional locations of shopping malls.

"It's got quite a bit of running room in the malls," he said.

Nicola Milne has been hired as chief executive and took over the helm yesterday.

"Every opportunity is going to be looked at," she said.



A tasty investment for the private equity firm that has bought Australia's Wendy's, founded in Adelaide in 1979. Photo: LOUIE DOUVIS

CASHED UP Recent private equity deals in Australia

Date	Buyer	Target	Cost \$(m)
July 7	Navis Capital Partners	Wendy's	40
July 3	Archer Capital	Paradise Foods	85
July 3	Catalyst	49% of Moraitis Group	70
June 21	Affinity Equity	14% of Colorado Group	57
June 19	Kohlberg Kravis Robert	Cleanaways	1830
May 23	Pacific Equity/CCMP	Godfreys	325*
May 19	Ironbridge Capital	Super A-mart	500

* estimate

Source: AFR

Ms Milne said she and other management staff would hold a minority stake in the business. She said a decision by Wendy's to

branch out from its core product of ice-cream into offerings such as hot dogs had taken some of the seasonality out of the business.

"It has been a successful June," Ms Milne added.

There are currently 260 outlets in Australia and 40 in NZ and Ms Milne said there was room for further expansion in Australia.

"I think there's certainly some good upside".

Mr Muse said Navis, which has \$US500 million (\$666 million) in funds under management in Asia, said the firm was searching for other deals in Australia but the market was extremely competitive.

"We like retail, we like consumer goods," he said.

Offshore private equity firms are increasingly attracted to Australia because the country has delivered 15 years of economic growth, has a transparent regulatory system and a strong sharemarket that returns are benchmarked against.