



Media Release

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NEXT CAPITAL IN \$74M ACQUISITION OF STEELFORCE AUSTRALIA

Private equity firm Next Capital today announced its second investment acquiring Brisbane-based steel manufacturer and distributor SteelForce Australia in a deal which values the company at \$74 million.

Next Capital has acquired a 55.6 per cent interest in SteelForce for \$35 million. The interest was acquired from Gladstone entrepreneur and major investor Evan Ryan and SteelForce directors Kevin Seamark and Darren Shelton. The vendors will retain the balance of the equity along with company Managing Director David Lew.

Established six years ago, SteelForce owns and operates a 25,000 tonne per annum steel pipe and tube manufacturing plant mill in Dalian, China. The company also imports product from other South East Asian mills for distribution in the Australian market.

Next Capital co-founder Patrick Elliott said "The firm is delighted to have completed its second investment in as many months and to partner with SteelForce management and staff. We were attracted by the high quality people behind the business and the competitive advantage the company enjoys by offering low cost manufacturing with a high quality product and the ability to better service smaller customers.

"It is an interesting time in the local steel industry with the proposed merger of OneSteel and Smorgon Steel and the increasing prevalence of imports. SteelForce is strategically positioned to take advantage of these changes as the only importer that owns and operates manufacturing facilities.

"Next Capital is well placed to assist SteelForce through the next phase of its expansion which will include building a national distribution network and increasing the range of products that it self manufactures."

SteelForce Managing Director, Mr David Lew, said: "Next Capital brought the best combination of factors to this transaction including a long-term vision and a track record of supporting high growth companies well beyond the provision of capital. Whilst we seriously considered an IPO, our decision to raise private equity we felt was more likely to lead to the development of a stronger business over the longer term."

This second acquisition brings Next Capital's total investment to \$65m in the past month having recently acquired 70 per cent of New Zealand equipment rental and plant management services company, Hirepool.

Next Capital launched in October 2005 having raised an initial fund of \$265 million from institutional investors.

Next Capital was established by three highly experienced principals – Sandy Lockhart; Patrick Elliott; and John White – who have between them more than 30 years of private equity experience and were formerly responsible for Macquarie Bank's private equity division, Macquarie Direct Investment Limited.

At Macquarie they were responsible for a range of successful investments including: JB Hi-Fi; Invocare; The Reject Shop and CH4.

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