



# Mergers and Takeovers, ASX Listed Mining and Oil & Gas Companies

## Macquarie, Hartleys top list of corporate advisers in competitive M&A market

This year's survey of mergers and acquisitions activity in WA reveals a new ranking among corporate advisory firms in Perth.



TWO corporate advisory firms have been clear leaders every year that *WA Business News* has surveyed mergers and acquisitions activity in the state – until now.

Azure Capital and Gresham Advisory Services have traditionally topped the rankings, but in the financial year just finished, they faced tougher competition than ever before.

In an industry dominated by a handful of dealmakers, it is no coincidence that Azure and Gresham have also undergone changes in their leadership.

Michael Ashforth, who established Gresham's Perth office 13 years ago, moved to Macquarie Capital Advisers in February last year, since then, his new firm has won more and more mandates.

And at Azure, co-founder Mark Burnara severed his ties too with the firm on June 30, ending a phased exit that was known to Azure's clients but not so well known in the wider business community.

Gresham and Azure remain prominent players in Perth's corporate advisory market, but were outperformed last financial year by Macquarie and local firm Hartleys (see pages 18-19).



**IN CHARGE:** Michael Ashforth leads Macquarie Capital Advisers' resources group in Australia. Photo: Grant Corral

At Hartleys, Grey Egerton-Warburton has led the growth of a strong corporate advisory practice.

Having a star client like Atlas Iron, which has been one of the most active dealmakers in WA over the past 18 months, also helped Hartleys' rise.

Two other firms that feature prominently in this year's survey are Ernst & Young, which has always been close to the market leaders, and international investment bank UBS, which seems to have made a genuine commitment to the WA market.

It means to be seen how many other international groups, which service Perth on a fly-in, fly-out basis, will follow the lead of UBS.

Canada's GMP Capital is due to open this year after recruiting Euroz Securities director Karl Paganin, and there is plenty of market speculation around Credit Suisse, Goldman Sachs, Canada's BDC and others.

Talk in the market is that the biggest challenge facing these firms is the shortage of experienced investment bankers, either in Perth or willing to return to Perth.

**Macquarie's rise**

*WA Business News'* annual M&A survey ranks corporate advisory firms around two main criteria – the number of transactions worked on during the financial year and the value of those transactions.

Layered over that is a third, subjective judgement around the quality of their work and the outcomes achieved.

Macquarie's Perth office advised on nine valuations transactions. This included a joint mandate with UBS to advise on the sale of Griffin Coal and Griffin Power businesses.

The businesses sold for surprisingly large prices – \$750 million and \$1.2 billion – but contractual disputes with the new owner of the coalmine, India's Larsen Infratech, have cast a cloud over completion of the power deal to Japanese interests.

A couple of fresh executives – a divisional director Peter Watson and associate director Sally Ward – were heavily involved in one of the

year's largest deals, Rio Tinto's \$4 billion takeover of Africa-focused coal miner Riverside Mining.

Other clients included mid-tier mining companies such as Catalpa Resources, on its merger with Conquest Mining and the related acquisition of gold assets, and Sandfire Resources, on its response to Ore Minerals acquiring a 19 per cent shareholding.

Mr Ashforth says he goes about his work at Macquarie in the same way that he always has. "I'm applying exactly the same client philosophy to what I'm doing now as I did at Gresham," Mr Ashforth told *WA Business News*.

He says there are some basic principles underpinning success in investment banking. "Winning business is very much about core relationships. You get good people and get them to focus on building long-term relationships as trusted advisers."

Mr Ashforth acknowledges that Gresham's core selling point includes its independence from the major banking and broking groups.

Macquarie, by contrast, is a major debt and equity provider, and Mr Ashforth now plays up its virtues, including its research capability, global reach and involvement in debt, equity and commodity markets.

Mr Ashforth heads Macquarie's resources group in Australia, which includes 13 full-time staff in Perth and 30 in Australia.

The Australian resources group, in turn, can tap into Macquarie's networks in other markets and other regions.

**Hartleys: resources**

Hartleys, which is best known for its stockbroking and capital raising activity, has enjoyed a purple patch in the corporate advisory market.

### WA PLAYMAKERS

	DEALS	STAFF
Macquarie Capital	9	13
Hartleys	14	8
Azure Capital	9	41
Gresham Advisory	9	9
Ernst & Young	8	65
UBS	6	6
Argent Capital	6	16
IPMS	3	30

Does = data for number in 2012-11. See pg 18-19. Staff = separate figure staff. See pg 20-21.

The firm has built on its strong relationships with small to mid-tier resources companies, such as Shaw River Resources and Peninsula Energy, to advise on 14 M&A transactions.

The largest contributor was its client Atlas Iron, which has been particularly active during the past 18 months, buying Aurion Resources (announced in 2009-10) and Griffin Resources, and recently launching a plan to acquire Ferrua.

It also advised Jabiru Metals on its agreed sale to Independent Group. Arguably the most interesting was its work for Gold One International, which was the subject of a \$92 million takeover offer by a China-backed consortium that included Citic Group and China Development Bank.

Mr Egerton-Warburton said this was the first major investment by Chinese interests in the gold sector.

**Azure: on track**

Azure managing director Geoff Rozumescu insists it is business as usual at the firm, with Mr Barroba having progressively wound down his involvement.

"Mark sold down his equity back in early 2009 and then stepped back from the business in early 2010 and

has been in a non-executive role since June 2010," he says. "The only thing that's changed [on June 30] is that he sold his last equity and it is no longer a non-executive director, but it's been a gradual transition for a couple of years now."

"He's no longer a shareholder and no longer a director, but he's still close to us all, he is still in our offices and involved with various things we're doing."

Mr Rozumescu says executive chairman John Payton is still engaged with the firm.

"John does a fair bit of travel and he has diverse interests, but he's as engaged as he has been for a long time," he says.

Mr Rozumescu says Mr Payton is heavily involved in marketing and raising the firm, and plays down his role as a "rainmaker" who wins new mandates.

"John has got an amazing network and is involved in a lot of our marketing and opens doors for us, but it's not as if we're reliant on John to find the transactions," Mr Rozumescu told *WA Business News*.

"Chris was the person who sells the mandate to deliver the mandate. All of our senior team are responsible for bringing in deals."

Highlights for Azure last year included its advice on two takeover deals.

It won higher prices for Anitza and Territory Resources, which were the subject of takeover offers.

The Anitza case was particularly notable because the bidder, Campbell Bros, was compelled to lift its price even though a competing proposal was not forthcoming.

Territory shareholders have also had a good result, with Noble Group snapping the initial bidder Exaro Resources with a superior cash offer of 50 cents per share.

It also came very close to delivering an outstanding \$1 billion-



**ADVICE:** Hartleys' Grey Egerton-Warburton has built a strong corporate advisory practice. Photo: Grant Corral

Mr Saywell has continued to service the WA market on a fly-in, fly-out basis but his role has been diminished by the appointment of six full-time people in Perth.

The Perth office is now headed by Tim Day, who worked in Sydney and New York before returning to his hometown last November.

Coinciding with his move was the recruitment of veteran company director Neil Hamilton as a senior adviser. Mr Day says Perth staff will increasingly be looking after the Perth market.

"The whole reason we are investing in Perth is that fly-in, fly-out doesn't work," he says.

"It's me and my team now."

Mr Day says Mr Hamilton has a key role.

"He's in our office virtually every day when he's not travelling," he says.

"We very much develop the strategy of the office together."

Mr Hamilton is not involved in deal execution, focusing on building the business.

"He can provide introductions to people we may not have relationships with," Mr Day says.

"It's also a great error onto those long relationships."

UBS is looking to leverage its brand, including its status as a market leader in Australian equities and global banking.

"I think in this game capital is king," Mr Day says.

"Resource companies are keen to work with someone who has funding capabilities, knowing that you can provide a real solution."

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