

Introduction to Banksia Capital



A West Australian Private Equity Fund

Banksia Capital Overview

Banksia Capital is a Perth-based, private equity firm formed in 2008

The team has 50 years private equity experience (Perth & overseas)

Since 2003 the team has been responsible for \$100M of equity invested into 10 West Australian private businesses valued at over \$250M

Banksia provides equity finance to fund business expansion, acquisitions, or will purchase from existing owners their equity (all or partial)

We believe WA is underserved by local investors providing A\$3M to A\$15M in equity funds and we seek to plug this gap

We target profitable, private, West Australian businesses valued between A\$5M and A\$50M (enterprise value)

Banksia Capital Approach

- Our mission is ...
 - *“To identify, invest in and add value to market-leading businesses and generate exceptional risk-adjusted returns with our partners”*
- Our local team are quick and transparent in decision-making
 - *The Perth-based, 4-member Investment Committee can meet & make investment decisions at short notice*
- Our networks (local, national & international) add value to our investees
 - *The team members have worked with West Australian businesses for many years to (i) build local market leadership positions; and (ii) achieve national expansion goals*
 - *Our network & register of executives enables us to deal with day 1 succession issues at CEO, CFO, COO*
- We have a flexible mandate and approach
 - *We can and have taken minority or majority ownership positions (typically 20%- 60%)*
 - *We take a long-term view (2 – 7 years, in practice 3-5 years is most appropriate)*

Banksia Capital Team & Investment Committee

Mark Dutton, Director and Investment Committee member

- Prior to founding Banksia Capital Mark was a partner at Navis Capital from 2005-2007 and prior to that a Director at Foundation Capital with responsibility for their later stage fund from 2003-2005.
- From 1994-2002 he worked at BancBoston Capital in Europe and Asia Pacific where he was Managing Director from 2001-2002.
- Previously worked with Price Waterhouse in Audit and Corporate Finance in the UK and Russia.

Yehuda Cohen, Director and Investment Committee member

- Prior to founding Banksia Capital Yehuda was a Director at Foundation Capital from 2004 to date.
- From 2001-2003 he worked as a strategy consultant at Bain & Company.
- Previously worked with AIG in New York from 1996-1999.

Jon Schahinger, Investment Committee member

- Jon is presently a Director of Private Equity for ING where he has been responsible for making over \$500M in private equity commitments into over 30 fund managers and advising portfolios in the Asian region on their private equity exposure.
- Jon has a background in accounting, finance and M&A.

Peter Harley, Investment Committee member

- Peter is on the boards of listed companies Perilya and Gunson Resources.
- Peter was also a director and then Chairman for 5 years of Australia's third largest internet service provide iiNet Ltd from 1999 until his retirement in November 2007 as well as having been director and chairman of a number of private companies such as National Lifestyle Villages
- His private equity experience includes his non-executive Director role at Foundation Capital since 1998.



Banksia Capital Fund I – Investment 1



- In 2008 Western Australia's but now grown to Australia's market leading provider of point of use installed water filters
- In 2008 Banksia Capital committed \$7 million to buy out a number of the business's founding investors and support a "bolt on" acquisition strategy
- Banksia helped shape the business strategy, strengthen management and have led and funded 4 subsequent acquisitions by the business
- The business has achieved a 3X increase in size and generated a 5X increase in profits
- As planned the founder has now moved to a non-executive role
- The business is now a national market leader
- This example illustrates the use of Banksia to partially buyout the founders day 1, lead smart strategic acquisitions, assist with succession and now start to position the business for an ultimate exit to benefit all shareholders

Banksia Capital Fund I – Investments 2 and 3

pioneercredit

- A West Australian market-leader in financial services
- Pioneer provides debt recovery and specialised credit management services nationally
- In 2010 Banksia Capital provided expansion funding to the business to support its growth in purchasing debt portfolios



- An operator and franchisor of a market-leading West Australian café chain with 20 outlets in WA
- In 2010 Banksia provided funds to support the MBO of a silent shareholding partner and to fund expansion of the business
- The business plans to open more franchised outlets and Banksia is assisting with those growth plans

Prior Example Investments Made by the Banksia Team



- A West Australian, market-leading, specialist finance service provider
- In 2003 Banksia team members provided expansion funding to the business alongside the founding investors
- Banksia supported Benchmark tripling its business size whilst successfully organically expanding nationally from Perth
- Banksia team members organised the sale of the business to an Australian trade buyer for a premium exit multiple



- An Australian car rental business with strong West Australian links
- In 2004 the business's MBI purchase and growth into Asia Pacific was organised by Banksia Team members and an offshore investor
- The investors international networks supported the business's growth into Asia Pacific to drive buyer interest in the business
- Further we supported and funded "bolt on" acquisitions to complete the network and so maximise the sale proceeds in 2008

Investment Likes & Dislikes - For Discussion As NOT Prescriptive

Likes	Dislikes
<ul style="list-style-type: none">• organic growth (5 % + pa in revenues pa)• M&A opportunities, particularly if that builds WA market share & leadership• businesses with pricing power and where customer relationship not just about the price (eg can be brand, OH&S driven, meeting regulatory or compliance needs, via owned key locations, have exclusive agencies or IP, or unique assets)• niche service, rental and/or distribution models• recurring customer/revenue models	<ul style="list-style-type: none">• customer concentrations (l/term relationship or contracts can offset this negative)• one-off or lumpy revenue relationships (eg rarely attracted to contracting businesses)• dependence upon personal relationships to “<u>retain</u>” business (addressable though through Banksia achieving shareholder alignment with the “keyman”)

Do not need either a complete management team in place nor the above to be satisfied day 1. Banksia will work to address the above as a fellow shareholder.

Banksia Capital Summary

- Provides equity investment of A\$3 million to A\$15 million into private, operating businesses valued from A\$5 million to A\$50 million
- Flexible mandate to fund growth or sale (100% or partial)
- Local focus : Perth based with decisions taken in Perth
- Value-adding investor given our focus on a small number of investees and many years of experience in the SME space
- Strong track record assisting businesses funding bolt-on acquisitions and moving to future sale (re: strategic positioning, being sale ready and driving any ultimate sale process as appropriate)
- Have an MBI register in place with a senior executive talent pool to assist in succession plans
- Keen to identify businesses with market leader potential where equity funding can help and we will invest time to see if we can add value

Contacts

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Other Australian Investments By Banksia Team Members



2007 Expansion funding to Western Australia's market leader in the development and management of Lifestyle Villages



2000 MBI and expansion funding of Melbourne-based speciality retailer



2004 MBO and expansion funding of Western Australia's largest producer of ready meals and coated products



2001 MBO of Australia's largest provider of funeral and crematory services