

# Case Study: The Cool Clear Water Company

## Investment to Exit, Success for Banksia Capital

Banksia Capital's original investment in 2008 grew into a sale for \$60 million some 5 years later.

The Cool Clear Water company, a point-of-use business of installed water systems, was selected as a fit for Banksia Capital's investment model. For an initial investment of \$7 million, Banksia Capital took an equity stake and Cool Clear Water gained a partner to grow and drive the business.

To reach their goals, Banksia Capital stepped in with their Value Added Business Development Strategies. With the support of Banksia Capital, Cool Clear Water grew to become the national market leader in POU water coolers. By the years 2011-12, Cool Clear Water's earnings were \$9.3 million (EBITDA) and revenue reached \$16.9 million.

The sale to Waterlogic, a UK-listed company, is a perfect example of how Banksia Capital's model works.

Banksia Capital implemented a three pronged approach:

### Business Development

- Strategic planning
- Leading investees mergers & acquisitions programs
- Organising and managing investees exit planning processes
- Aligning management and shareholder interests

### Finance

- Negotiating funding packages to reduce or remove any personal guarantees by founders
- Providing further funding or assisting in securing debt or other equity funding on attractive terms

### Operations

- Providing access to our network of talented executives
- Our investment and involvement has often assisted in securing quality, senior employees
- Our wide network of contacts nationally and internationally supports business development

Unlike many of their competitors, Banksia Capital will take a minority stake.

Banksia Capital is a fund manager specialising in making \$3 million to \$15 million equity investments in private West Australian businesses.

## The Strategy

Cool Clear Water was 1 of 4 among Western Australian competitors with water purification systems. In 2008, Banksia Capital stepped in to help create systems that were robust enough for scaled growth.

Banksia Capital implemented a planned solution, allowing Cool Clear Water to emerge into the national market as a leader.

- In 2008 Banksia committed \$7 million to buy out a number of founding investors.
- Banksia helped set strategies, strengthen management and support a “bolt on” acquisition plan.
- Banksia organised debt funding.
- Banksia led and funded eight subsequent acquisitions and a merger.
- In 2013 Banksia managed the \$60M sale process.



## Executive Summary

### Customer Name

Cool Clear Water Company

### Industry

Water filtration systems for commercial and home

### Business Challenge

- Funding constraints
- Succession issues
- Unclear strategy

### Business Input Solution

\$7 million

### Business Value

- Increased EBITDA from \$2M to 10M+ in five years
- Increased cooler base from 7,000 to 26,000
- Grew to become the national market leader
- Sold for \$60M

*“The BC team have been a real asset to CCW as well as great partners and trusted advisors. They are smart, high integrity, practical operators who understand what it takes to develop value in the SME space.*

*Moreover when tough times arose they rolled up their sleeves and could be relied upon to practically and sensibly advise and work through issues.*

*I’d happily team up with them again and would recommend them to others seeking to build & realise value in the SME space.”*

*- Adam Cornell Cool Clear Water CEO & major shareholder*