

## Happy New Year and our best wishes for a successful 2013!

2012 was another successful year for CHAMP Ventures. We closed our seventh fund at A\$475m in June 2012, an increase of 58% over our previous fund. CHAMP Ventures 7 is targeting buyout, expansion and replacement capital opportunities, typically investing between A\$20m and A\$80m.

The fund is off to a solid start. In November 2012, CHAMP Ventures completed the management buyout of Sea Swift, the fourth investment in CHAMP Ventures 7.

The investment follows the successful acquisitions of Ansett Aviation Training in June 2012 and safety products business RSEA in January 2012; and a minority investment in SG Fleet in April 2011. We also welcomed a new associate, Nicholas Chin to our team. Nic joins us from UBS.

We continue to deliver strong returns to investors, with the trade sale of Australian Portable Buildings, generating a return of more than 3.8x CVIT#6's initial investment. We also realised CVIT#5's investment in Intercast through a trade sale to a major customer in January 2012.

Within the CVIT#6 portfolio, Lorna Jane entered the US market, establishing ten stores so far in Los Angeles. Lorna Jane's CEO Bill Clarkson was also recognised as the 2012 Australian Growth Company CEO of the Year.

At the 2012 AVCAL awards, CHAMP Ventures was recognised for the high standard of our Investor Reporting – the CHAMP group's 17<sup>th</sup> award. We are gratified by this achievement.

**CHAMP Ventures partners with entrepreneurs and high quality management teams, backing them to achieve their growth plans. Please contact any member of the CHAMP Ventures team to discuss a potential opportunity.**

### Realising Opportunities



**Gareth Banks**  
Director

[gbanks@champventures.com](mailto:gbanks@champventures.com)  
Phone: +61 2 8248 8859

**Nicholas Chin**  
Associate

[nchin@champventures.com](mailto:nchin@champventures.com)  
Phone: +61 2 8248 8816

**Jonathan Kelly**  
Director

[jkelly@champventures.com](mailto:jkelly@champventures.com)  
Phone: +61 2 8248 8852

**Adrian Kerley**  
Associate Director

[akerley@champventures.com](mailto:akerley@champventures.com)  
Phone: +61 2 8248 8834

**Paul Readdy**  
Director

[preaddy@champventures.com](mailto:preaddy@champventures.com)  
Phone: +61 7 3121 3098

**Greg Smith**  
Executive Director

[gsmith@champventures.com](mailto:gsmith@champventures.com)  
Phone: +61 2 8248 8807

**Melanie Strong**  
Associate Director

[mstrong@champventures.com](mailto:mstrong@champventures.com)  
Phone: +61 2 8248 8835

**Kristin Vaughan**  
Associate Director

[kvaughan@champventures.com](mailto:kvaughan@champventures.com)  
Phone: +61 2 8248 8865

**Stuart Wardman-Browne**  
Executive Director

[stuartwb@champventures.com](mailto:stuartwb@champventures.com)  
Phone: +61 2 8248 8803

**Su-Ming Wong**  
CEO

[smwong@champventures.com](mailto:smwong@champventures.com)  
Phone: +61 2 8248 8822

### CHAMP Ventures closes A\$475m fund

CHAMP Ventures held a final closing of CHAMP Ventures 7 on 29 June 2012. The fund was oversubscribed at A\$475m, exceeding a 'hard cap' of A\$450m despite challenging market conditions. Committed capital increased by 58% over the previous fund which closed at A\$300m in April 2006.

CHAMP Ventures 7 continues our successful approach of investing in established, growing companies with enterprise values up to c.A\$200m. The fund will typically invest between A\$20m and A\$80m in expansion capital, replacement capital and buy-out opportunities; and take a minority or control shareholding.

The fund has a diversified investor base. Asian investors account for 25% of the committed capital, the US 20% and Europe and the Middle East 11%. The remaining 44% was sourced from key Australian investors. Investors include pension funds (40%), 'Fund of funds' (28%) and sovereign wealth funds (15%).



## Exit of Australian Portable Buildings

We are pleased to announce the sale of Australian Portable Buildings (“APB Modular”) to a Canadian consortium, comprising Black Diamond Group Limited (TSX:BDI) and WEQ Britco LP (“BritCo”).

CVIT#6 acquired APB Modular in February 2007, when CHAMP Ventures partnered with Neville Katz and a team of experienced industry executives to complete a management buy-in. Since then APB Modular has grown to become a leading Australian provider of modular building solutions, to a diverse customer base that includes organisations in mining and resources, utilities, building and construction, industrial and government sectors.

During CVIT#6’s ownership, CHAMP Ventures worked with management to significantly expand the scale of the business – EBIT increased at a CAGR of 18% throughout CVIT#6’s ownership. APB Modular established a rental fleet of 913 modular accommodation and workspace units, providing high margins and recurring cash flow. Manufacturing facilities were also upgraded to new, purpose-built sites in New South Wales, Queensland and Western Australia.

The company successfully penetrated the Western Australia market to become an established, major provider to the mining & resources sector, now contributing 45% of group revenue. APB Modular’s product range was extended into specialised market niches, such as electrical switchrooms and healthcare.

The sale was completed on 18 January 2013 and valued APB Modular at \$72.5m. CVIT#6 will record more than 3.8x MoIC on its initial \$12 million investment. The outcome demonstrates CHAMP Ventures’ ability to build successful Australian companies with true strategic value, and our discipline in continuing to deliver strong returns for investors.

[www.apbmodular.com](http://www.apbmodular.com)

CONTACT: **Jonathan Kelly, Director** or **Adrian Kerley, Associate Director**  
Phone: +61 2 8248 8852 Phone: +61 2 8248 8834  
Email: [jkelly@champventures.com](mailto:jkelly@champventures.com) Email: [akerley@champventures.com](mailto:akerley@champventures.com)



## Management buyout of Sea Swift

CHAMP Ventures completed the acquisition of Sea Swift in November 2012, investing A\$51m.

Sea Swift is the largest privately-owned shipping and seaborne logistics business in Australia, employing over 300 people. The company was founded in 1973 to provide mother-shipping services to prawn and fishing trawlers in the Gulf of Carpentaria. Today, Sea Swift is the dominant provider of sea-based cargo services to remote communities in the eastern Gulf of Carpentaria, Cape York, Torres Strait, Far North Queensland and Central Queensland. Most of Sea Swift’s customers are located in remote and difficult-to-access locations, meaning that water is the only method for transport of essential goods and materials.

CHAMP Ventures is partnering with the Sea Swift management team, led by CEO Fred White. Fred joined the business in 2008 following earlier roles in the mining industry and has built a strong team that is successfully delivering on growth.

Equity funds for the transaction were provided by CHAMP Ventures 7, alongside HarbourVest Partners, a leading global private equity firm and a limited partner of CHAMP Ventures 7. Management also invested in the management buyout. Debt financing for the transaction and growth facilities were provided by Westpac and the Commonwealth Bank.

[www.seaswift.com](http://www.seaswift.com)

CONTACT: **Paul Readdy Director** or **Jonathan Kelly, Director**  
Phone: +61 7 3121 3098 Phone: +61 2 8248 8852  
Email: [preaddy@champventures.com](mailto:preaddy@champventures.com) Email: [jkelly@champventures.com](mailto:jkelly@champventures.com)



## Acquisition of Ansett Aviation Training

CHAMP Ventures completed the acquisition of Ansett Aviation Training ("AAT") in June 2012, investing A\$43m. CHAMP Ventures has co-invested with Margaret Jackson, the former chairman of Qantas, along with AAT's existing management team. Mrs Jackson brings a wide network of relationships throughout the aviation sector. Debt financing for the transaction and growth facilities were provided the Commonwealth Bank.

AAT is the largest independent provider of simulator training in the southern hemisphere, housing twelve full-flight simulators and an A320 Cabin Emergency Evacuation Trainer. The business is located near Tullamarine International Airport in Melbourne, servicing regional airlines and non-regional airlines such as Jetstar and Tiger.

Demand for pilot training is driven by a highly regulated industry with mandated training requirements. AAT enjoys long term contracts with many of its customers and the business is well placed to capitalise on industry growth, with its strategic location and capacity for new simulators.

[www.ansettaviationtraining.com](http://www.ansettaviationtraining.com)

CONTACT: **Greg Smith, Executive Director** or **Melanie Strong, Associate Director**  
Phone: +61 2 8248 8807 Phone: +61 2 8248 8835  
Email: [gsmith@champventures.com](mailto:gsmith@champventures.com) Email: [mstrong@champventures.com](mailto:mstrong@champventures.com)



## Acquisition of RSEA

CHAMP Ventures completed the acquisition of a majority stake in RSEA in January 2012, investing A\$36m. RSEA is a specialist provider of workwear, personal and work safety products; and a hirer of road safety equipment. The business has operations across Australia, including 20 super stores and 6 hire depots which service a range of industries including mining, infrastructure and construction.

Demand for work safety products is growing due to increasing Occupational Health and Safety (OH&S) legislation throughout Australia, increasing awareness of safety issues in the workplace and growth in underlying customer segments. RSEA is expanding its store network, by opening new stores and by acquisition. Since the investment in January, the business has opened four new stores and completed one bolt-on acquisition in Queensland.

CHAMP Ventures partnered with management shareholders Brandon Chizik (CEO) and Sally Lewis (CFO), who rolled over their shareholding, alongside two other key managers. Debt financing for the transaction and growth facilities were provided by Westpac.

[www.rsea.com.au](http://www.rsea.com.au)

CONTACT: **Paul Readdy, Director** or **Kristin Vaughan, Associate Director**  
Phone: +61 7 3121 3098 Phone: +61 2 8248 8865  
Email: [preaddy@champventures.com](mailto:preaddy@champventures.com) Email: [kvaughan@champventures.com](mailto:kvaughan@champventures.com)

## Exit of InterCast by Trade Sale

CHAMP Ventures completed the sale of InterCast in February 2012 to a Pandrol, a division of Delachaux Group. Details of the transaction remain confidential but the sale generated a return to CVIT#5 investors of 1.2 times their cash investment.

InterCast is Australia's largest independent casting operation supplying high integrity, high volume cast components to engineering customers in the rail, automotive, mining and construction sectors.

CVIT#5 invested in InterCast in 2005 alongside management. The business experienced challenging automotive market conditions and a strengthening Australian dollar which reduced export competitiveness. CHAMP Ventures was actively involved in adding new management skills through the appointment of a new CEO, selling the automotive foundry, and refocussing the business on the global rail industry.

CHAMP Ventures and senior management had the full support of the senior lender to execute their profit improvement initiatives, which culminated in the sale of the business to Pandrol, who is able to take the business through its next phase of growth.

[www.intercast.com.au](http://www.intercast.com.au)

CONTACT: **Gareth Banks, Director** or **Melanie Strong, Associate Director**  
Phone: +61 2 8248 8859 Phone: +61 2 8248 8835  
Email: [gbanks@champventures.com](mailto:gbanks@champventures.com) Email: [mstrong@champventures.com](mailto:mstrong@champventures.com)



## Lorna Jane expands into the US

CHAMP Ventures is pleased to announce that Lorna Jane has opened their first ten stores in California. Working closely with CHAMP Ventures, the business prepared a detailed strategy to grow organically in the US and opened its first store in March 2012. Lorna Jane has plans to open 20 stores by June 2013. Though early days, the US expansion is off to a great start with the concept being well received and the US stores trading in line with comparable Australian stores.

The Australian business continues to go from strength-to-strength. Lorna Jane is the premier women's 'athleisure' brand in Australia and the first Australian retailer to gain over half a million Facebook fans. This reflects Lorna Jane's dedication to engaging with and inspiring customers and encouraging a healthy, active way of life.

[www.lornajane.com.au](http://www.lornajane.com.au)

CONTACT: **Paul Readdy, Director** or **Adrian Kerley, Associate Director**  
Phone: +61 7 3121 3098 Phone: +61 2 8248 8834  
Email: [preaddy@champventures.com](mailto:preaddy@champventures.com) Email: [akerley@champventures.com](mailto:akerley@champventures.com)



## New Associate: Nicholas Chin

Nic Chin is the newest member of the CHAMP Ventures team, joining as an Associate. Nic was previously an Associate Director at UBS Investment Bank where he spent over four years, initially with the General Industrials team based in Sydney, then the Metals, Mining and Resources team in Perth. During this time, Nic worked on a number of public and private M&A, debt and equity raising transactions.

Nic holds a Bachelor of Commerce (First Class Honours, Accounting and Finance) and a Bachelor of Laws (Distinction) from the University of Western Australia.

We welcome Nic to the CHAMP Ventures team.

CONTACT: **Nicholas Chin, Associate**  
Phone: +61 2 8248 8816  
[nchin@champventures.com](mailto:nchin@champventures.com)

## CHAMP Ventures portfolio companies



### Sea Swift

Sea Swift is the largest privately-owned shipping and seaborne logistics business in Australia, employing over 300 people. Sea Swift is the dominant provider of sea-based cargo services to remote communities in the eastern Gulf of Carpentaria, Cape York, Torres Strait, Far North Queensland and Central Queensland.

[www.seaswift.com](http://www.seaswift.com)



### Ansett Aviation Training

AAT is the largest independent provider of simulator training in the southern hemisphere, housing twelve flight simulators and an A320 Cabin Emergency Evacuation Trainer. The business is located near Tullamarine International Airport in Melbourne and services regional airlines and non-regional airlines.

[www.ansettaviationtraining.com](http://www.ansettaviationtraining.com)



### SG Fleet

SG Fleet is a leading provider of fleet management and salary packaging services to corporate and government customers, across a broad range of industry sectors in Australia, New Zealand the United Kingdom. SG Fleet's reputation for quality and customer service comes from its dedicated staff and best-in-class operational systems.

[www.sgfleet.com](http://www.sgfleet.com)



### RSEA

RSEA is a specialist provider of workwear, personal and work safety products and a hirer of road safety equipment. Much of this is non-discretionary spend due to Occupational Health and Safety legislation. The business has operations across Australia, including 20 super stores and 6 hire depots which service a range of industries including mining, infrastructure and construction.

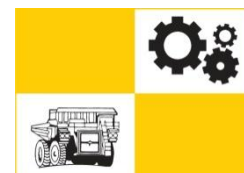
[www.rsea.com.au](http://www.rsea.com.au)



### Lorna Jane

Lorna Jane is a Brisbane-based designer, wholesaler and retailer of its own proprietary range of women's fitness and leisure apparel. Lorna Jane is the leading brand in women's fitness apparel in Australia and principally positions itself as an aspirational brand for active women in the 25-45 year old demographic. The business has 120 stores throughout Australia and recently established a growing store portfolio in the United States.

[www.lornajane.com.au](http://www.lornajane.com.au)



### H-E Parts International

H-E Parts is the world's largest supplier of non-OEM reconditioned and new aftermarket parts for heavy machinery used in the mining, quarrying and heavy construction industries. The Group has offices in North and South America and Australia and supplies mining companies around the world. H-E Parts was founded in 2006 by Frontenac, a Chicago-based private equity firm and Jean-Paul Richard, CEO. Since then it has acquired eight parts businesses in the US and Australia.

[www.h-partsinternational.com](http://www.h-partsinternational.com)



### **Taura Natural Ingredients**

Taura Natural Ingredients is a leading provider of reconstituted fruit pieces and pastes to worldwide manufacturers and marketers of nutritional snack foods such as muesli bars, extruded fruit snacks, cereals and confectionery.

[www.tauraurc.com](http://www.tauraurc.com)



EMPLOYMENT SERVICES HOLDINGS  
PTY LTD

### **Employment Services Holdings**

Employment Services Holdings (ESH) is a leading provider of welfare-to-work services to government. The business was formed through the merger of four leading providers in Australia and the United Kingdom.

[www.eshgroup.com.au](http://www.eshgroup.com.au)



### **Vesco**

Vesco Foods a leading manufacturers of frozen meals and meal components. The business supplies a range of innovative products, under its own brands as well as to other food companies, for sale through the national grocery, food service and petrol and convenience markets.

[www.vescofoods.com.au](http://www.vescofoods.com.au)