

Austal Ships



Investment Stage Money In Money Out IRR on equity	Expansion capital \$7.5 million \$29.25 million 40%+
Company Description	<p>Austal Ships was formed in 1987 by entrepreneur John Rothwell, to build 15 meter lobster fishing craft for the local Western Australian market. The business grew strongly from 1987 to 1994, expanding its operations and production capabilities to designing, building and marketing 40 meter vessels for use as passenger ferries, cruise ships and work craft for domestic and international markets. Austal began discussions with private equity firm CHAMP Ventures in 1994 to explore the possibility of raising external capital to fund the company's growth plans.</p>
Deal Description	<p>CHAMP Ventures led a syndicate of investors that provided a total of \$15 million in equity capital (CHAMP Ventures \$7.5 million). Other participants were Prudential Asia, based in Hong Kong (who invested \$6.5 million) and Foundation Capital from Perth who invested \$1 million to complete a strong syndicate of financial investors.</p> <p>In exchange, Austal issued the investors with 10 per cent dividend yielding convertible preference shares, convertible into a maximum of 30 per cent and down to a minimum of 20 per cent of the company's ordinary equity, based on future profit performance.</p> <p>The company performed extremely well in the period that CHAMP Ventures was a shareholder with revenues growing from \$87.7 million in 1994 to \$212.1 million in 1999. The net profit after tax rose from \$6.0 million to \$39.8 million over the same period. This performance allowed the company to undertake a successful Initial Public Offering (IPO) on the Australian Stock Exchange in October 1998. CHAMP Ventures, Prudential and Foundation sold their shareholding at this time.</p> <p>The private equity syndicate achieved an internal rate of return of 40%+ per annum and a cash on cash multiple of 3.9 times their initial investment. One pleasing aspect of the IPO process were the profits enjoyed by several hundred members of Austal's workforce who acquired stock prior to and during the IPO.</p>
Manager Description	<p>CHAMP Ventures is the expansion capital arm of the CHAMP private equity group. The CHAMP group manages in excess of \$800 million in private equity, making it one of the largest independent private equity providers in Australia. CHAMP Ventures provides expansion capital and management buy-out funding of \$3 million to \$20 million in equity capital to Australian businesses.</p>