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Allegro positions West Australian drilling business for growth

Australian private equity fund manager Allegro has acquired mine production and specialist drilling services business JSW Australia Pty Ltd (“JSW”), a subsidiary of Hughes Drilling Limited (under Administration), via a Deed of Company Arrangement.

Allegro received approval from JSW creditors to acquire all the shares in the company at a creditors’ meeting held in Perth today.

Based in Western Australia, JSW currently operates a fleet of 18 drill rigs, employs approximately 140 staff, has broad commodity exposure, and long term relationships with tier 1 customers in mining, government and private enterprise.

Backed by institutional investors, including Australian superannuation funds, Allegro invests in mid-market businesses within Australia and New Zealand, with more than \$650 million of funds under management. JSW will be the fifth investment from Allegro Fund II, following investments in Great Southern Rail, Carpet Court NZ, Custom Bus and Pizza Hut Australia.

Allegro will now deploy its successful investment methodology of combining growth capital with management expertise to ensure JSW is appropriately capitalised with low levels of external debt and well positioned to take advantage of opportunities in the sector.

Allegro Managing Director Adrian Loader said the recapitalisation offer approved by creditors today followed extensive engagement with the Administrator and JSW management, and meant JSW could continue to operate, providing a positive outcome for all stakeholders.

“JSW is a great platform in the mining services sector with strong operational capabilities and deep sector relationships. Despite being in voluntary administration since September, JSW has continued to win work and has a promising contract pipeline, which shows the underlying strength of the business,” said Mr Loader.

“We intend to build on this by allocating capital for development and growth and improving governance and systems, further enhancing our capacity to service new and existing customers.”

Consistent with its investment approach, Allegro is partnering with JSW’s management team, which includes long-serving CEO, Jeff Branson, a recognised industry leader in the west coast drilling industry.

“We are excited to be partnering with Allegro and look forward to continuing to provide our customers with our specialist drilling services following the recapitalisation,” said Mr Branson.

The transaction is expected to complete on or around Friday 9 December 2016.

Media Enquiries

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About Allegro Funds Pty Ltd

Established in 2004, Allegro is an independently-owned Australian private equity fund manager investing primarily in private mid-market businesses within Australia and New Zealand.

Backed by a team of experienced investment professionals, Allegro deploys capital, expertise and a distinctly hands-on approach to investing in businesses requiring transformation.

The firm is based in Sydney, New South Wales.