BUSINESSNEWS
WESTERN AUSTRALIA

Corporate Finance
SPECIAL REPORT

2019 Highlights

- 235 M&A deals worth $12bn
- 498 capital raisings worth $6.5bn
- Northern Star Resources led the largest acquisition

DEALING: Azure Capital director Andrew Johnston (left) with Adrian Arundell, who leads Perth's busiest M&A advisory firm. **Photo: Gabriel Oliveira**

Advisers compete on 733 deals

Azure Capital, Canaccord Genuity and DLA Piper were among the most active advisers on corporate finance deals in 2019.

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4-PAGE FEATURE

THE annual *Business News* review of corporate finance deals has identified some major shifts among key advisers and market trends.

The December quarter was relatively quiet in terms of the number of corporate finance deals in Western Australia, but some large transactions boosted deal values for the year.

The BNiQ database has recorded 45 M&A deals worth a collective $3.9 billion.

That lifted the annual totals to 235 deals worth $12.1 billion.

In regard to capital raisings and other equity capital markets (ECM) transactions, the BNiQ database captured 118 deals in the December quarter worth $3.3 billion.

For the year as a whole, there were 498 ECM deals worth $6.5 billion.

The total value of corporate finance deals in 2019 was greatly boosted by two WA goldminers buying Kalgoorlie Consolidated Gold Mines – the owner and operator of the famous Super Pit.

Saracen Mineral Holdings bought Barrick Gold's 50 per cent stake in November (see table page 21), followed a month later by Northern Star Resources buying Newmont Goldcorp's equal stake.

Northern Star paid slightly more ($1.16 billion) because its stake included the rights to operate the goldmine.

This was the largest completed transaction for the year.

Wesfarmers announced a larger deal – its bid for mining company Lynas Corporation was valued at $1.5 billion – but that never got off the ground.

To put the Northern Star deal into context, there were eight announced deals in 2018 with a larger value.

These included Wesfarmers' demerger of Coles, Santos's purchase of Quadrant Energy, BGH Capital's purchase of Navitas, and the state government's privatisation of parts of Landgate.

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DEALS ADVISED BY STEINEPREIS PAGANIN

Top M&A advisers

Azure Capital was the most active adviser in the M&A segment, having worked on 13 announced transactions in WA with a value of $1.3 billion (see table page 19).

Its 2019 record confirmed its status as the busiest advisory firm in WA.

Azure has advised on 86 publicly announced transactions during the past decade, more than any other advisory firm in the WA market, according to the BNiQ database.

Global firms such as Macquarie Capital, UBS and Goldman Sachs have worked on fewer deals by number but with a higher value.

That pattern continued in 2019, with UBS advising on six M&A transactions with a deal value of $3.8 billion.

That included advising Wesfarmers on its bids for Lynas Corporation and aspiring lithium miner Kidman Resources.

The Perth offices of global firms have continued to pick up work that has little, if any, connection to WA.

A prime example is Peter Watson, who runs Goldman Sachs' national mining practice from Perth.

He led the team that advised Sydney-based goldminer Evolution Mining on its purchase of Newmont Goldcorp's Red Lake mine in Canada.

Goldman also advised Saracen on its Super Pit deal and was joint lead manager (with RBC Capital Markets) for the associated $796 million capital raising.

Among the Perth-based firms, only Sternship Advisers came close to Azure.

The West Perth-based firm, which has just four staff, had a hand in seven M&A deals worth $1.3 billion.

Those numbers were boosted greatly by its role as a joint adviser (with UBS) to Pacific Energy on two competing takeover bids.

M&A advisers

Source: BNiQ.com.au WA's business DATAbase

M&A ADVISERS 2019

Financial advisers	Number of deals	Value of deals ($m)	Key clients
UBS	6	**3,849.4**	Wesfarmers, Automotive Holdings Group, Pacific Energy
Macquarie Capital	4	**1,885.4**	Northern Star Resources, Riversdale Resources, BGC Contracting
Goldman Sachs	3	**1,788.0**	Saracen Mineral Holdings, Evolution Mining, Consolidated Pastoral Company
Moelis Australia Advisory	1	**1,497.8**	Lynas Corporation
Azure Capital	13	**1,334.1**	OPTrust, Panoramic Resources, Pioneer Credit, Australian Finance Group
Sternship Advisers	7	**1,300.8**	Pacific Energy, Echo Resources, MOD Resources
RBC Capital Markets	2	**1,169.8**	Saracen Mineral Holdings, Silver Lake Resources
Greenhill & Co	1	**776.2**	Kidman Resources
Longreach Capital	4	**735.0**	Riversdale Resources founding shareholders, NRW Holdings
Morgans Financial	1	**635.4**	AP Eagers
Gresham Partners	2	**563.0**	QIC, Perth Energy
Legal advisers	**Number of deals**	**Value of deals ($m)**	**Key clients**
King & Wood Mallesons	17	**4,254.7**	Lynas Corporation, Newmont Goldcorp, RCF, OPTrust
Herbert Smith Freehills	19	**3,613.9**	Wesfarmers, Barrick Gold, Independence Group
DLA Piper	20	**3,244.8**	Saracen Minineral Holdings, Pacific Energy, Resolute Mining, Dreamscape Networks
Ashurst	7	**2,472.9**	Northern Star Resources, Automotive Holdings Group, Riversdale Resources
Allens	8	**1,897.9**	Wesfarmers, Evolution Mining, QIC
Gilbert + Tobin	20	**1,701.0**	Panoramic Resources, Kingfisher Investments
Corrs Chambers Westgarth	10	**1,129.6**	Hancock Prospecting, Wesfarmers
Maddocks	2	**1,118.2**	Kidman Resources, Toro Gold
McCullough Robertson	2	**635.4**	AP Eagers
Steinepreis Paganin	12	**286.1**	Creso Pharma, OBJ, Norseman Gold
HWL Ebsworth Lawyers	12	**228.3**	Nzuri Copper, McWilliams Wines

Azure's growth plan

Azure joint managing partner Adrian Arundell described 2019 as a tale of two halves, with a healthy pick-up in activity in the second half of the financial year.

"It's the weight of capital in the markets and the chase for returns," Mr Arundell said.

"Interest rates are lower, the ASX market has been stronger, and confidence starts to come in and people start to do deals."

He said an increasingly important factor in the market was the money in private equity funds.

"There is more money than ever in private equity and those guys are compelled to do deals because they have to dispense their capital.

"We're at an all-time high in terms of unspent private equity and direct super fund investment."

He said the transaction that signalled a shift was BGH Capital's $1.97 billion acquisition of education services company Navitas.

"That was a real moment where people realised the power of private equity," Mr Arundell said.

"They showed that private equity pays more than the public market can value assets, by definition."

Private equity funds were involved in several other takeover deals last year but were not always successful.

A notable example was the bidding war for Pacific Energy, which builds, owns and operates power stations for mine sites and regional towns.

The Queensland government's investment arm, QIC, was ultimately successful but only after lifting its offer to $470 million to match a competing offer lodged by Infrastructure Capital Group and OPTrust.

> **We're at an all-time high in terms of unspent private equity and direct super fund investment** – Adrian Arundell

Mr Arundell said Pacific Energy was an example of investors chasing 'infrastructure plus' assets – it has similarities to traditional infrastructure assets but with higher returns.

Private equity groups are renowned for swooping on distressed assets. A topical example was Carlyle's $120 million acquisition of Pioneer Credit.

Pioneer was effectively a forced seller after it came under pressure to change its accounting policies, leading in turn to breaches of its banking covenants.

Other private equity groups active in WA included Ibaera Capital, which is buying Azumah Resources, and Allegro Funds, which bought a minority stake in Perth Radiological Clinc.

Another buyer was Potentia Capital, which in September acquired a majority holding in Education Horizons Group – a holding company that was established by Joondalup-based SEQTA Software.

That followed Potentia's acquisition last year of a majority holding in Nedlands-based mining software firm Micromine.

Azure's advisory work last year included several defence mandates for takeover targets, including Panoramic Resources, Pioneer Credit and Azumah Resources.

"They are the mandates you want as an adviser," Mr Arundell said.

"A company is saying, at the most sensitive time, that nobody knows us better than you.

"You have to spend time with the company to get to that point. That's really rewarding."

Mr Arundell believes Azure has also been helped by its longevity in the market and the depth of its team.

Azure has one of the largest corporate finance teams in WA, with 27 professional staff including eight partners.

Big accounting firms, led by EY and Deloitte, have more corporate finance staff but they do a lot of back-end work such as valuations rather than leading transactions.

Advisers compete on 733 deals

Capital raisings advisers

Source: BNiQ.com.au WA's business DATAbase

ECM ADVISERS 2019

Lead managers	Number of deals	Value of deals ($m)	Amount raised ($m)	Key clients
Macquarie Capital	7	**1,450.4**	905.8	Northern Star Resources, Karoon, Gold Road Resources, Pilbara Minerals
Canaccord Genuity	62	**1,397.2**	827.2	Northern Star Resources, Next Science, Bellevue Gold, Alita Resources, Arafura Resources
Goldman Sachs	2	**836.0**	438.0	Saracen Mineral Holdings, Ioneer
RBC Capital Markets	2	**846.0**	423.0	Saracen Mineral Holdings, Carnarvon Petroleum
Euroz Securities	19	**533.0**	316.2	Carnarvon Petroleum, IMF Bentham, Paladin Energy, Australis Oil & Gas
Hartleys	38	**405.7**	280.3	Ora Banda Mining, Blackham resources, Perseus Mining, Alkane Resources
UBS	2	**186.7**	186.7	NRW Holdings, Resolute Mining
Bell Potter Securities	15	**245.7**	173.0	Mader Group, De Grey Mining, FBR, Orthocell, Pantoro
Argonaut	14	**268.6**	165.7	Capricorn Metals, Myanmar Metals, Pantoro, Botanix Pharmaceuticals
Petra Capital	8	**193.0**	137.0	Geopacific Resources, Strike Energy, Alkane Resources
Moelis Australia	2	**107.0**	103.2	Primewest, Southern Cross Electrical Engineering
Morgans Financial	12	**149.3**	96.5	Aerometrex, Stavely Minerals, Otto Energy

Legal advisers	Number of deals	Value of deals ($m)	Key clients
DLA Piper	27	**1,300.3**	Saracen Mineral Holdings, IMF Bentham, Kalium Lakes, Capricorn Metals
Herbert Smith Freehills	9	**989.4**	Saracen Mineral Holdings, Capricorn Metals, Perseus Mining
Gilbert + Tobin	31	**931.1**	Gold Road Resources, NRW Holdings, Pilbara Minerals, Carnarvon Petroleum
Ashurst	1	**765.0**	Northern Star Resources
Corrs Chambers Westgarth	15	**649.9**	NRW Holdings, Heron Resources, Carnarvon Petroleum, Kalium Lakes
Steinepreis Paganin	70	**452.3**	Alkane Resources, Consolidated Tin Mines, De Grey Mining, M8 Sustainable
HWL Ebsworth Lawyers	47	**323.7**	New Century Resources, PYC Therapeutics, Aerometrex, Bellevue Gold
Allen & Overy	5	**267.7**	IMF Bentham, Pilbara Minerals, OreCorp
Allion	11	**177.9**	Heron Resources, Geopacific Resources, Triton Minerals
Johnson Winter & Slattery	11	**146.7**	Northern Minerals, Arafura Resources
King & Wood Mallesons	5	**134.6**	Kalium Lakes, Alita Resources, Jervois Mining
HopgoodGanim Lawyers	9	**108.2**	Pantoro, Metals X, Breaker Resources

DEAL: Bill Beament's Northern Star Resources led the largest completed takeover of the year. **Photo: Attila Csaszar**

Other firms with substantial corporate finance teams including stockbrokers such as Argonaut, Canaccord Genuity and Hartleys, which have a principal focus on capital raisings.

Macquarie Capital, UBS and Goldman Sachs have small Perth teams but draw on their global networks.

Mr Arundell said Azure was broadening its business, with help from its 52 per cent shareholder, French financier Natixis.

This includes the two firms working together on transactions.

For instance, Natixis underwrote the debt finance for OPTrust's bid for Pacific Energy.

In December, the two firms were appointed by global energy company Engie to sell its Willogoleche wind farm in South Australia.

A notable initiative for Azure will be the opening this month of its Sydney office, headed by partner Harrison Moore, who joined the firm in 2014.

Legal competition

King & Wood Mallesons and DLA Piper topped the 2019 league table for law firms.

KWM advised on 17 M&A deals and five ECM deals with a combined value of $4.4 billion.

This included advising US-based Newmont Goldcorp on the sale of its 50 per cent stake in Kalgoorlie Consolidated Gold Mines.

It also advised Sydney-based Lynas Corp on the defence of Wesfarmers' takeover offer.

DLA Piper had a busy year, advising on 20 M&A deals and 27 ECM deals with a combined value of $4.5 billion.

Its major clients for the year included Saracen Mineral Holdings, Pacific Energy, Resolute Mining and IMF Bentham.

Other law firms that ranked high on the league tables included Herbert Smith Freehills, Ashurst and Gilbert & Tobin.

Steinepreis Paganin continued to be the busiest law firm, advising on 70 capital raisings and 12 M&A deals worth a combined $730 million.

That kept it ahead of arch competitor HWL Ebsworth Lawyers, which acquired Bellanhouse Lawyers during the year.

HWL advised on 47 capital raisings and 12 M&A deals.

New broker ranking

Canadian broking firm Canaccord Genuity has greatly boosted its profile in the WA market following its acquisition of Perth-based Patersons Securities.

The combined group advised on 62 ECM transactions last year worth $1.4 billion.

That made it the busiest broking firm in the WA market (by number of deals) and a close second to Macquarie Capital in terms of deal value.

Canaccord's deal flow included being joint lead manager (with Macquarie Capital) for Northern Star's $765 million placement, as well as numerous smaller deals that were the traditional preserve of Patersons.

If the merged firm can continue to combine the strengths of its two constituents, it would challenge the standing of local market leaders Euroz Securities and Hartleys.

MAJOR DEALS – December quarter 2019

EQUITY CAPITAL MARKETS (COMPLETED)

Company	Transaction Type	Amount ($m)	Lead managers	Lawyer	Public Relations
Saracen Mineral Holdings	Placement + entitlement offer	796.0	Goldman Sachs, RBC Capital Markets	DLA Piper, Herbert Smith Freehills (for underwriters)	Read Corporate
Northern Star Resources	Placement	765.0	Macquarie Capital, Canaccord Genuity	Ashurst	Read Corporate
Karoon	Placement + entitlement offer	284.1	Macquarie Capital (JLM)		
IMF Bentham	Placement + entitlement offer	138.5	Euroz Securities, Citigroup	DLA Piper, Allen & Overy (for Citigroup)	
NRW Holdings	Placement	120.0	UBS	Corrs Chambers Westgarth, Gilbert + Tobin (for UBS)	Cannings Purple
Pilbara Minerals	Placement + share purchase plan	111.5	Macquarie Capital	Allen & Overy, Gilbert + Tobin (for CATL)	Read Corporate
Primewest	Initial public offering	100.0	Moelis Australia Advisory		
Heron Resources	Convertible notes + entitlement offer	87.4	Canaccord Genuity Patersons, Nascent Capital Partners	Allion Partners, Corrs Chambers Westgarth (for underwriter)	FTI Consulting
Danakali	Placement	73.8		Norton Rose Fulbright	
Alkane Resources	Placement + entitlement offer	40.7	Hartleys, Petra Capital	Steinepreis Paganin	Citadel-MAGNUS
Geopacific Resources	Placement	40.0	Petra Capital	Allion Partners	
Ioneer	Placement	40.0	Goldman Sachs		
Metals X	Placement + entitlement offer	32.7	Canaccord Genuity, Hartleys	HopgoodGanim Lawyers, Gilbert + Tobin (for lead managers)	
Paladin Energy	Placement	31.7	Euroz Securities	Corrs Chambers Westgarth	
Strike Energy	Placement	30.0	Petra Capital		Citadel-MAGNUS
Mincor Resources	Placement	30.0	Euroz Securities, Petra Capital	Gilbert + Tobin	Read Corporate
Australian Finance Group	Block trade	27.6	Macquarie Capital		
PYC Therapeutics	Entitlement offer	26.9		HWL Ebsworth Lawyers	
Adriatic Metals	Placement	25.0	Canaccord Genuity, Tamesis Partners	DLA Piper	
Aerometrex	Initial public offering	25.0	Morgans Financial	Piper Alderman, Bellanhouse Lawyers (for lead manager)	
Salt Lake Potash	Placement	23.5	Euroz Securities, Canaccord Genuity		
Northern Minerals	Placement	23.3		Johnson Winter & Slattery	Cannings Purple
Stavely Minerals	Placement	19.6	Morgans Financial		Read Corporate
M8 Sustainable	Initial public offering	19.5	Canaccord Genuity	Steinepreis Paganin	Citadel-MAGNUS

MERGERS & ACQUISITIONS (ANNOUNCED)

Bidder	Target	Value ($m)	Bidder adviser	Bidder lawyer	Target adviser	Target lawyer
Northern Star Resources	Newmont Goldcorp's 50% stake in KCGM	1,160.0	Macquarie Capital	Ashurst		King & Wood Mallesons
Saracen Mineral Holdings	Barrick Gold's 50% stake in KCGM	1,100.0	RBC Capital Markets, Goldman Sachs	DLA Piper		Herbert Smith Freehills
Evolution Mining	Newmont Goldcorp's Red Lake mine	553.0	Goldman Sachs	Allens		
Independence Group	Panoramic Resources	299.7	Citigroup	Herbert Smith Freehills	Azure Capital	Gilbert + Tobin
Carlyle	Pioneer Credit	120.0			Azure Capital	K&L Gates
NRW Holdings	BGC Contracting	116.4	Longreach Capital	Corrs Chambers Westgarth	Macquarie Capital	Herbert Smith Freehills
IMF Bentham	Omni Bridgeway	89.0	Houlihan Lokey	DLA Piper		
OBJ	Nutrition Systems	70.0	Jindalee Partners	Steinepreis Paganin		DLA Piper
APM	Konekt	68.4		Allens	Miles Advisory Partners	Gilbert + Tobin
Seven West Media	Prime Media	64.0		Herbert Smith Freehills		
Adaman Resources	EganStreet Resources	55.1			Taylor Collison	GTP Legal
Bauer Media	Pacific Magazines	40.0				Herbert Smith Freehills
Pensana Metals	Redomicile in UK	32.4				DLA Piper
Southern Cross Austereo	Redwave Media	28.0				Herbert Smith Freehills
European Cobalt	Maroon Gold	20.7				
AMA Group	ACM Parts	20.0	KPMG Corporate Finance	Clifford Chance		
Bunzl plc	Fire Rescue Safety Australia	WND			KPMG Corporate Finance	Lavan
Telio Group	Comsec TR Pty Ltd	WND	Carlsquare	Macpherson Kelly	BDO	Squire Patton Boggs
Tambrey (WA) Pty Ltd	Tambrey Tavern	WND		Ryan & Durey Solicitors		Herbert Smith Freehills
GenusPlus Group	EC&M	WND	Sternship Advisers	Kott Gunning		Herbert Smith Freehills
Bethanie	Berrington's Subiaco and Como aged care facilities	WND	Azure Capital		KPMG Corporate Finance	Allens

WND - would not disclose

BUSINESSNEWS
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Corporate Finance
SPECIAL REPORT

There are 1,157 results from our index of 101,465 articles, 10,090 companies and 37,969 people.

Corporate finance deals Oct 7 to 11 2019
14 Oct 2019 by Business News

A summary of last week's smaller deals that did not get included in our daily news coverage. ...

Corporate finance deals Sep 23 to 27 2019
30 Sep 2019 by Business News

A summary of last week's smaller deals that did not get included in our daily news coverage. ...

Corporate finance deals Sep 16 to 20 2019
23 Sep 2019 by Business News

A summary of last week's smaller deals that did not get included in our daily news coverage. ...

Corporate finance deals Sep 9 to 13 2019
16 Sep 2019 by Business News

A summary of last week's smaller deals that did not get included in our daily news coverage. ...

Corporate finance deals Sep 2 to 8 2019
09 Sep 2019 by Business News

A summary of last week's smaller deals that did not get included in our daily news coverage. ...

Corporate finance deals Aug 26 to 30 2019
02 Sep 2019 by Business News

A summary of last week's smaller deals that did not get included in our daily news coverage. ...

Corporate finance deals Aug 19 to 23 2019
26 Aug 2019 by Business News

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Corporate finance deals Aug 12 to 16 2019
12 Aug 2019 by Business News

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Corporate finance deals Aug 5 to 9 2019
12 Aug 2019 by Business News

A summary of last week's smaller deals that did not get included in our daily news coverage. ...

Corporate finance deals Jul 29 to Aug 2 2019
05 Aug 2019 by Business News

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Corporate finance deals Jul 22 to 26 2019
29 Jul 2019 by Business News

A summary of last week's smaller deals that did not get included in our normal coverage of the daily news. ...

Corporate finance deals Jul 15 to 19 2019
22 Jul 2019 by Business News

A summary of last week's smaller deals that did not get included in our normal coverage of the daily news. ...

Corporate finance deals Jul 8 to 12 2019
14 Jul 2019 by Business News

Aurora Minerals has closed its fully underwritten 1-for-1 entitlement offer, raising $1.17 million at 1 cent a share. ...

Corporate finance deals Jul 1 to 5 2019
08 Jul 2019 by Business News

Assorted minor corporate finance deals not covered in the previous week's articles. ...

Corporate finance deals Jun 24 to 28 2019
01 Jul 2019 by Business News

Zenith Energy has closed its share purchase plan with applications totalling $220,000 of the total $5 million that was offered. ...