

# Mediaportal Report

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▶ **Banksia signs first \$7m deal**  
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# Banksia signs first \$7m deal

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NEWLY established venture capital firm Banksia Capital has struck its first deal, raising \$7 million for Malaga-based water filtration company Cool Clear Water Beverages Pty Ltd to assist the company's expansion.

Half the funds will be used to buy out 10 of Cool Clear's original shareholders, with the other half providing capital for future acquisitions locally and interstate.

In July, Cool Clear bought rival water supplier Billabong Water Quality Management Pty Ltd for an undisclosed sum, and is currently considering a number of other prospects.

Banksia director Mark Dutton said the deal was a good fit with the firm's investment strategy.

"As a first investment, it fits neatly with our mandate. The company is a market leader in WA and has well-developed plans to grow," he said.

"It also operates in a market which is fragmented nationally, which provides opportunities."

The deal represents a change in direction for Cool Clear, which earlier this year had been planning to raise capital through an ASX-listing.

The company later abandoned the IPO, partly due to difficult

market conditions, although Cool Clear managing director Richard Bevan said the private equity route had other benefits.

"Regardless of the volatility in the stock market, we began to realise that as a business, private equity would suit us.

"We found we could access private funds readily – we had a couple of offers on the table when we did the Banksia deal – and there were benefits in keeping certain information private," he said.

"This was particularly important with the acquisitions we're looking at, because it removes the risk of [those companies] pushing up their prices. There's also the issue of compliance costs."

Mr Bevan said the deal also allowed some of the company's 45 founding shareholders, many of whom were elderly, to realise their assets.

Cool Clear, which installs mains-fed water filtration systems, has 30 staff and more than 5,500 clients nationally, with operations in Brisbane as well as Perth.

Mr Bevan said the company estimated that the market for filtered water in Australia had grown at about 15 per cent a year over the past four years,

based on its own performance and that of its competitors.

In the UK and US, the growth rate is about 23 per cent.

"I would think the trends [in those countries] will be followed here, and I think it shows there is reasonably robust growth in the medium term," Mr Bevan said.

He said Cool Clear's business strategy was to grow its existing contracts, capitalising on the market for conversion from bottled water to filtration systems, as well as acquisitions of other water suppliers.

Banksia Capital was established in July to finance WA-based companies in deals worth \$3 million to \$15 million.

Mr Dutton, who founded Banksia along with former Foundation Capital colleague Yehuda Cohen, said he believed the firm could close another transaction before the end of the year.

"The general investment environment is subdued, but we're still intending to invest in businesses with good growth," he said.

"That's not necessarily correlated to the broader economic climate."



**DEAL:** Cool Clear Water's Richard Bevan (left), chairman Rod Evans and Banksia Capital's Mark Dutton have signed a \$7 million deal. *Photo: Grant Curran*