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M-Group on look-out for acquisitions ahead of IPO in 18-24 months - director

M-Group of Companies, a Brisbane-based Australian group providing integrated product and service solutions for the construction, mining, and infrastructure sectors, is on the look-out for acquisitions as it gears for a listing in 18-24 months to support global growth, said Director and sole owner Mike Wilkes.

The group, which is working with Brisbane-based investment banking corporate advisor **BlueMount Capital** on acquisitions and funding, is yet to flesh out details for the listing including financials and potential pre-IPO raises, Wilkes said. The listing is most likely to take place on the ASX in Australia, but the US and Canada are also options, he added.

Started in 2013, M-Group currently comprises five Australia-based entities namely oil and gas equipment manufacturer **Drillman**, civil and mining services business **Civil 2 Resources**, product companies **Hose and Duct Australia (HDA)** and **Hose Suppliers Australia (HSA)**, and labour hire specialist **Mangroup People**. All were started organically except for HSA, which it acquired earlier this year for an undisclosed sum, Wilkes said.

The group, which is in the process of completing integration of its acquisition of Swedish industrial company **Sandvik's [STO:SAND]** exploration business under the Drillman entity, will consider acquisitions to bolt on to its existing businesses or to create new complementary entities in line with its goal to create a AUD 200m (USD 145m) revenue group in the next three to four years, Wilkes said.

The group forecasts 2022 group revenue of AUD 70m following the Sandvik acquisition, which gave it operations in some 15 countries including the US, Canada, Netherlands, Mexico, Chile, Peru, Indonesia, South Africa, Finland and Sweden, Wilkes said, noting that it will consider acquisitions in any of these markets.

It welcomes approaches from advisors with introductions to potential targets and is seeing numerous opportunities not least as a result of companies like Sandvik divesting smaller divisions deemed non-core, he said. It is looking at a number of these as well as a Canadian manufacturing business and two Australian gasfield service providers, he noted.

The group is keen to hear about potential targets that not only support offshore growth but can also improve its B2B industrial products and services offerings, Wilkes said. Potential targets also need to be culturally aligned in terms of being agile and quick-to-respond to customer demands.

This agility is also M-Group's key differentiator in a market dominated by large global entities like **Boart Longyear [ASX:BLY]** and Sweden's **Epiroc [STO:EPI-A]**, he added.

Funding for organic and acquisitive growth in the run up to the IPO could include equity or debt options, Wilkes said, noting that its acquisition of Sandvik's exploration business, which was larger than M-Group, was completed with debt funding facilitated by Sydney-based **Arbitrium Capital Partners**.

M-Group (previously known as Manufacturing Group Holdings) used 2020 after the onset of COVID-19 to rebrand and define its strategy as an integrated group with global aspirations in the B2B industrial products and services space, Wilkes said. The pandemic also facilitated the global Sandvik transaction as it was able to be done quickly and easily over Zoom rather than via costly and time-consuming face-to-face travel, he added.

by Louise Weihart in Sydney

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