

FINANCIAL REVIEW

SE Companies and Markets
HD **Coates' new hire eyes infrastructure**
BY Tim Binsted
WC 468 words
PD 8 August 2014
SN The Australian Financial Review
SC AFNR
ED First
PG 16
LA English
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Incoming Coates Hire boss Michael Byrne is eyeing the revenue opportunities from a bulging infrastructure pipeline as he gets set to take charge of Australia's biggest equipment hire **company** in October.

The former Linfox chief executive said he's been brought in to drive revenue growth and shift the business to new product lines and services, but said he has no visibility on whether his transition strategy is groundwork for a float or **sale** of Coates.

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"What the shareholders do with the business is up to them. They've told me to build a world-class business," he said.

"They are committed to the business. They have put a lot of capital into it."

Private **equity** giant Carlyle and Kerry Stokes's Seven Group Holdings took Coates private for \$2.9 **billion** in 2008. Each hold a 46 per cent **stake** in the **company**.

Last year the duo hired Goldman Sachs, Nomura and **China's** CICC to conduct a strategic review of Coates and find a buyer after shelving plans to float the **company**.

Like KKR-owned BIS Industries, Coates is exposed to the resources sector and the downturn in resources investment and construction has been a headwind. At Seven Group's half-year result in May Coates reported a 10 per cent drop in revenue to \$586 **million**.

Mr Byrne said he wants to broaden his revenue streams.

"They've been very focused on construction projects in **mining, oil** and gas. A lot of those projects have come to an end and that's providing some challenges," he said. "I'm thinking about how Coates can be linked to production rather than just construction."

One option on the table is expansion into "wet hire" – which involves leasing operators as well as equipment – rather than equipment only, or "dry hire".

Mr Byrne is also assessing ways to win business from the **billions** of dollars of infrastructure projects earmarked by the federal and state governments on the east coast. "It's an enormous opportunity," he said.

"The strategy is deeper customer penetration, attracting a greater share of wallet and driving growth."

The 49-year-old points to his experience at Linfox. By deepening ties with customers and offering more services, Linfox trebled revenue in 10 years with just 90 customers.

Coates owns more than one **million** different assets – from lighting towers, ladders and scaffolds, to fencing and earthmoving equipment – and operates 230 branches across Australia.

Mr Byrne said he thinks his experience running a large, decentralised and asset-heavy business will stand him in good stead to revive Coates.

After 15 years at Linfox and 10 years as its chief executive, Mr Byrne said he is ready for a new challenge and a few more nights at home.

CO caohi : Coates Hire Ltd | tvaus : Seven Group Holdings Ltd.

IN i84 : Rental/Leasing Services | i97411 : Broadcasting | i9741102 : Television Broadcasting | ibcs : Business/Consumer Services | imed : Media/Entertainment

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AN Document AFNR000020140807ea8800010