
John Haddock's CPE Capital sells Jaybro, StraitNZ for \$1.1b

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It's been a busy day at private equity firm CPE Capital.

Just as the city heads into the holidays for Christmas, CPE Capital is understood to have signed two deals on the same day, selling StraitNZ and JayBro for a combined \$1.1 billion-plus.



John Haddock is popping the champagne early. **James Brickwood**

Morgan Stanley Infrastructure Partners is understood to have stumped up more than \$NZ500 million (\$472 million) for freight business StraitNZ.

On the same day, it is understood Quadrant Private Equity picked up CPE's construction supplies business, JayBro, for \$600 million to \$650 million.

CPE Capital mailed out flyers for StraitNZ in June, after owning it for about four years. The 30-year-old company has a 56 per cent market share in vehicle freight in the Cook Strait (up from 24 per cent a decade ago) and 31 per cent of the passenger market (up from 24 per cent). It is one half of a duopoly with state-owned Interislander.

It makes about \$NZ175 million a year in revenue and \$NZ45 million in earnings before interest, tax, depreciation and amortisation, with EBITDA forecast to hit \$NZ81 million in the 2030-31 financial year.

CPE bought Strait Shipping (which operated Bluebridge Cook Strait Ferries) and Freight Lines from New Zealander Jim Barker, as well as freight forwarding business Streamline, to create StraitNZ. Macquarie has been a minority shareholder, with a 25 per cent stake, since mid-2018, when it was valued at about \$NZ400 million. Tuesday's sale to Morgan Stanley means Macquarie will also exit its stake.

With its growing profile, market share and CPE-linked contracted revenues, StraitNZ was expected to draw attention from infrastructure investors, who've had a busy year of deal-making.

JayBro, on the other hand, is a supplier to the infrastructure and construction sector. The 20-year-old business sells products in consumables, safety and geosynthetic fabrics to the two sectors.

CPE bought 100 per cent of JayBro for about \$170 million in November 2017, when the business booked about \$100 million in annual revenue and a touch more than \$20 million in annual earnings.

This is understood to have grown to \$70 million in annual earnings.

CPE Capital's investment was through its eighth fund.