

# Modern wins from PCH exodus

Mark Beyer

TWO months after UK company Cape plc completed its \$250 million takeover of Malaga scaffolding and formwork supplier PCH Group Ltd, nearly the entire management team has left PCH.

Another Malaga company, Modern Industries, is aiming to win from the management exodus. It has recruited 10 senior managers from PCH to set up a competing scaffolding business.

Modern managing director Andrew White said his company was planning to invest up to \$40 million over the next 18 months in the new business, Modern Access Services.

"We plan to be fully up and running in the first week of March," Mr White said.

"Not too many businesses could react that quickly."

The new business will be headed by Jim Anderson, who was previously PCH's director major projects.

He has been joined by Paul Rudd, previously PCH's major projects contract manager, Paul Gregory, previously PCH's operations manager, and seven other PCH managers.

Other recent departures from PCH include its chief executive James Cullen and its chief financial officer Will Cuperus.

PCH's director formwork Doug Weir has also left the business.

It was widely expected that some managers would leave PCH after last year's bitterly-fought takeover battle, but the scale of the departures is unusual.



**MOVES:** Former PCH director Jim Anderson (left) has joined Andrew White's Modern Industries to establish a new scaffolding business. *Photo: Grant Currell*

Cape's purchase of PCH was part of a six-month acquisition spree in Australia.

Cape also paid \$85 million for Kwinana-based TCC Group and \$101 million for Melbourne-based Concept Hire, which had previously bought Balcatta company Blackadder Scaffolding.

Cape's strategy was to link its acquisitions in Australia and build a large scale business with a strong presence in Australia as well as Asia and the Middle East.

PCH, which has grown to become a major supplier of scaffolding and

formwork services to mining and energy projects in Australia, Asia and the Middle East, was a central plank of the strategy.

The opportunity to acquire PCH arose after PCH's earnings slipped despite the strength of the resources boom.

Cape's new investments marked a return to the Australian region after nearly a decade away.

Coincidentally, it operated a joint venture with Modern Industries during the 1990s but sold its interest to a large privately owned South African industrial group, which

continues to be Modern's major shareholder.

Mr White said Modern generated \$50 to \$60 million in annual revenue in Australia, and up to \$100 million if the group's Asian subsidiaries are included.

"We are aiming to grow that to \$200 million-plus over the next two to three years."

Modern historically has operated two core businesses: industrial painting, insulation and scaffolding, using PCH as a sub-contractor, and commercial heating, ventilation and fabrication.

Mr White joined Modern 18 months ago to build its structural, mechanical and piping contracting capabilities.

The establishment of Modern Access Services, which will be jointly owned by Modern and the new management team, adds a fourth leg to the group's business.

Mr White emphasised that the contracting businesses were built on having the right people with industry connections and market knowledge.

"We have put good people on board and the clients recognize that," he said.

Mr Anderson said Modern Access was planning to purchase 20,000 tonnes of scaffolding material over the next 18 months.

He commented that PCH's egalitarian and open management style had changed since the takeover by Cape, which has extensive operations in Asia and the Middle East.

*WA Business News* approached Cape's senior executive in Perth, Phil Maurer, for comment.