
— Street Talk

Larry Kestelman's Queens Lane Capital cements tiles roll-up

Sarah Thompson and Anthony Macdonald

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Rich Lister Larry Kestelman's new private equity firm Queens Lane Capital has signed its first deal.

Street Talk can reveal QLC will buy controlling stakes in three established Australian stone and tile businesses to create a group it hopes will be one of the country's leading players in the sector.

The combined group, called Petra Industries, is expected to start life with more than \$80 million a year revenue and ambitions to grow strongly nationally.



The country's newest private equity firm Queens Lane Capital, headed by Larry Kestelman (right), Nicholas Tsoumanis (centre) and Boris Rozenvasser. **Eamon Gallagher**

Petra will be home to privately-owned tile and stone importer Signorino, tile supply and installation company Dellermay, and high quality laminate and stone supplier Multiform. It's expected to seek to ride the Australian construction cycle, which is underpinned by a massive amount of infrastructure spending by governments nationally.

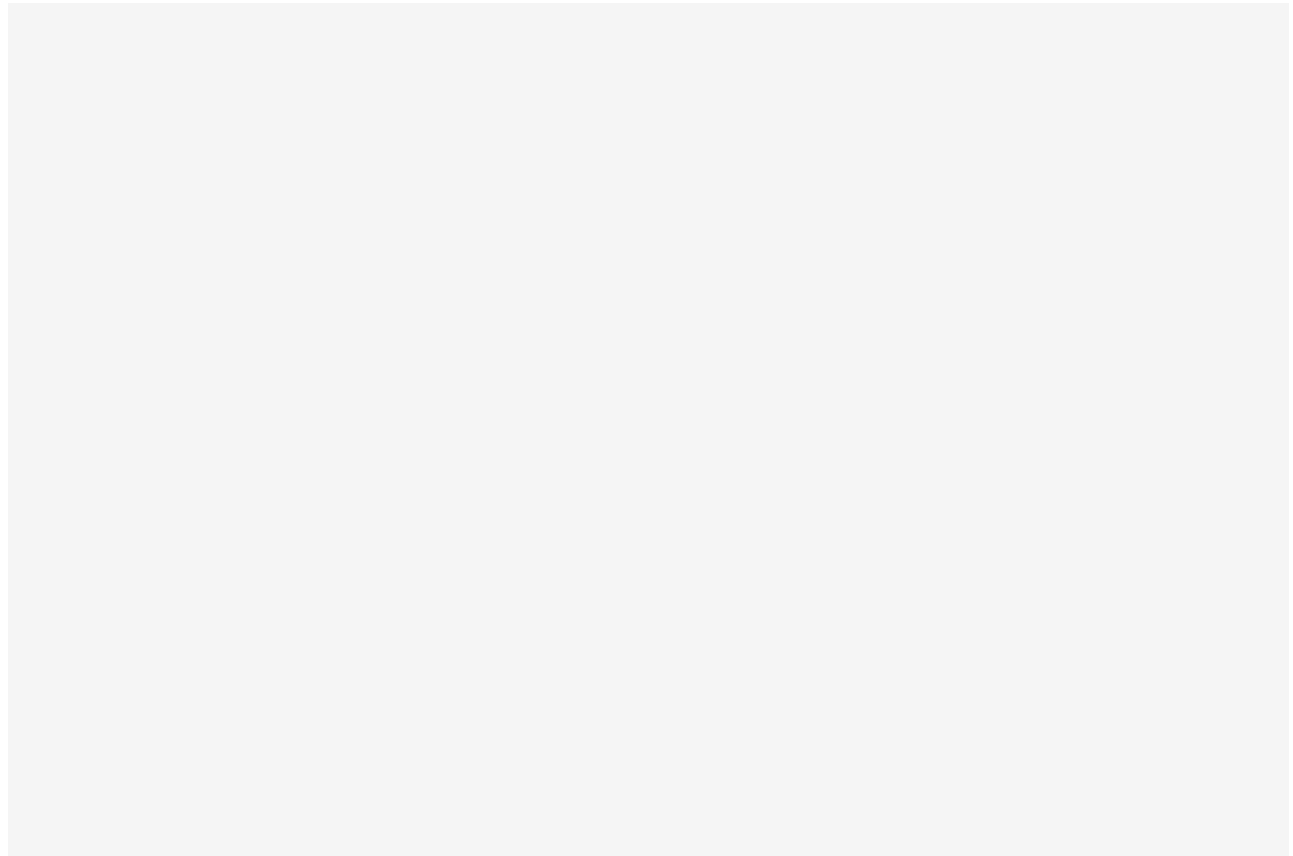
The three brands will continue to be run independently by their founders, who retain minority stakes.

However, QLC is expected to look for ways to bring them closer together and find synergies that can come with being part of a larger group. The benefits could include diversity of operations, greater scale and access to capital to fund growth, as well as operational support of QLC's dealmakers.

"These are successful businesses; their challenge is how do they grow further," Kestelman told Street Talk.

"Our job in this particular deal is not to completely transform what they're doing. They're family owned businesses and our job to help them grow."

It's a big deal for QLC, the Melbourne-based private equity firm set up about a year ago by Kestelman and his partners Nicholas Tsoumanis and Boris Rozenvasser.



QLC has pitched itself as an unconventional private equity firm; its capital comes mostly from founder Kestelman, a Rich Lister best known for selling internet and phone company Dodo and investing in property developments [<https://www.afr.com/brand/afr-magazine/rich-list-overview-20180413-h0yqo5>], there is no closed end fund or fixed time horizon on its investments, and it has the flexibility to consider all types of deals.

It is targeting deals where the company makes up to \$10 million a year in EBITDA and its core focus is on operational improvement and growth rather than leverage or financial engineering, and using Kestelman's wider LK Group.

It means QLC is unlikely to butt heads in asset auctions with traditional Australian small or mid market private equity firms. However, it is expected to make a few sit up and take notice.

Sarah Thompson has co-edited Street Talk since 2009, specialising in private equity, investment banking, M&A and equity capital markets stories. Prior to that, she spent 10 years in London as a markets and M&A reporter at Bloomberg and Dow Jones. *Email Sarah at sarah.thompson@ afr.com*

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