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Allegro invests in leading industrial company Questas Group

Australian private equity fund manager Allegro Funds has finalised its latest investment by acquiring a stake in Australian industrial firm Questas, partnering with the company owner to jointly grow the business.

Established in 1996, Questas comprises a group of associated companies operating through a national branch network to provide hydraulic, irrigation, pump and engine solutions to the mining, construction, agricultural and general industrial sectors.

For more than 20 years Questas has successfully acquired, operated and transformed niche industrial businesses. Today, Questas is one of Australia's largest independent hydraulics and water companies with a suite of brands, including Berendsen Fluid Power, The Hydraulic Warehouse, CCA Hardchrome, Beasley's Hydraulic Services, Pacific Hydraulics, Water Dynamics, Malcolm Thompson Pumps, Stalker Pumps, Southern Cross Darwin and EPG Engines.

For Allegro, the investment represents a unique opportunity to support Questas' acquisition led expansion in a fragmented sector poised for further industry consolidation. Questas founder Kede Carboni will continue in his role as a board member and significant shareholder of the Questas group of companies. His industry knowledge and expertise will play an important role in the company's ongoing growth.

This is Allegro's third investment from Fund III, following investments in New Zealand footwear retailer Ngahua Group, which comprises Hannahs and Number One Shoes, and higher education provider Endeavour Learning Group. It is the first time it has deployed its side car vehicle, which was established as part of Allegro Fund III to enable larger investments in the fund.

Allegro has more than \$1 billion of funds under management with a mandate to invest in mid-market businesses within Australia and New Zealand. Allegro's investment methodology involves partnering with company owners and management teams to drive business transformation and operational improvement. Its current fund, Allegro Fund III, has approximately \$400 million of committed capital.

Allegro Managing Director Chester Moynihan said he was pleased to be partnering with a successful company with a history of increasing earnings. "The transaction is an opportunity to facilitate Questas' growth potential, not just through additional capital but also by deploying our investment methodology in the form of operational improvement capabilities and M&A strength," Mr Moynihan said.

"We were attracted by the opportunity to team up with Kede and his industry leading team to help drive industry consolidation via acquisitions. Questas already has a successful acquisition track record but together we can significantly accelerate the company's growth strategy."

Questas founder Kede Carboni said partnering with Allegro enabled the next chapter of growth for his company. “Following the retirement of my long-term business partner two years ago I had been considering the next steps for the company. Allegro’s investment style aligned with what I was looking for from an equity partner to help grow the business,” he said.

“We’ve established a strong position in our sectors and now with additional capital and Allegro’s well developed integration processes we can take the business to the next level. Allegro’s proven and repeatable approach appealed to me and will no doubt appeal to other industry participants either looking to sell to or partner with the Questas Group.”

Allegro’s active investments from Fund II include Everest Food, Terrex Seismic, Carpet Court NZ, Pizza Hut Australia, JSW and Journey Beyond.

Allegro was advised on the transaction by PWC and Ashurst. Questas was advised by Miles Advisory Partners and Holding Redlich.

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About Allegro Funds Pty Ltd

Allegro is an independently owned Australian fund manager investing primarily in mid-market businesses within Australia and New Zealand. Allegro specialises in transformational capital, applying capital, expertise and a distinctly hands-on approach to investing in businesses requiring transformation. Allegro has managed more than A\$1 billion FUM since 2008 and is currently investing from Allegro Fund III, which has ~\$400 million in committed capital from local and international investors including large Australian and New Zealand superannuation funds, institutions and family offices.