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STREET TALK

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AMA Group crash test dummy for 'friendly' activism

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We've seen what activists can do at Corporate Travel Management, BHP Billiton and others - but apparently effective activism doesn't always have to be hostile.

[Private equity firm Colinton Capital Partners](#), industry super giant AustralianSuper and Myer Family Investments are out to prove activism can be friendly and effective.

As Street Talk revealed on Thursday, the trio has teamed up to take a 15 per cent stake in smash repairer AMA Group, taking the shares off founder Ray Malone and management.

Their pitch is about helping [AMA Group](#) with the next leg of its growth plans. While AMA is already the biggest owner of panel beaters in the country, it's a highly fragmented industry and AMA is best placed to lead further consolidation.

Colinton Capital's Simon Moore - a former senior Carlyle Group dealmaker and adviser to AMA Group's board - will take a seat at the company's boardroom table, and brings with him some serious capital partners.

The move mirrors some similar strategies in the United States, where firms such as ValueAct Capital are both active and friendly in their approach.

It's something Colinton is expected to seek to bring to Australian capital markets - and is understood to have set aside 20 per to 25 per cent of its portfolio for such investments. It's the opposite of how plenty of big hedge funds approach activism, and we'll see whether it can be effective in Australia.

It's understood the trio turned up at AMA spotting an opportunity to help a fast growing small cap transition to a successful ASX200 company. Plenty of others come unstuck in the transition - and it's known to be a rich hunting ground for short sellers.

The deal saw AusSuper take \$50 million worth of the shares put up for sale by Malone and his management team, which is expected to make it the largest shareholder on the register.

Moore and MFI were also expected to pick up a holding.

Other investors working with Colinton, [which was established this time last year](#), include the Michael Carapiet and John Prendiville-run Point Capital.

The group is expected to work together to strengthen AMA's corporate governance, and bring in working capital and a fresh set of eyes to the business that Malone has built from a \$20 million company eight years ago into a firm with a market value of \$500 million.