

AIP sounds out infrastructure investors for sale of Molycop



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6:33PM APRIL 4, 2021 •  NO COMMENTS

American Industrial Partners is understood to have been courting infrastructure investors to buy its \$2bn Australian mining consumables business, Molycop.

It is understood that parties interested in investing in so-called “core-plus” infrastructure were approached last year as part of a move by advisers to test interest.

“Core-plus” infrastructure assets are similar to typical infrastructure assets but have a greater risk and earnings profile, with examples being data centres, car parks, student accommodation and social infrastructure.

However, some suspect that global trade buyers will be the most likely groups interested in buying the portfolio, with core-plus investors so far not known to be biting.

The dilemma for American Industrial Partners is that core-plus infrastructure investors are more likely to meet its price expectations than other industry buyers, but most see Molycop as a straight industrial company.

American Industrial Partners has already been making improvements to the business, so another question remains as to whether there is the earnings upside private equity suitors would be hoping for.

Promotional material for the sales process of Molycop was out in the market at the start of the month, with the process to be run through Record Point and Morgan Stanley.

Molycop was previously part of steel manufacturing company Arrium and was considered the jewel in the crown.

US-based private equity firm AIP purchased Molycop in 2016 for \$1.6bn after Arrium was placed into administration earlier that year.

Molycop, which manufactures steel balls used in mining, dominates the global market and held about 80 per cent market share when it was sold last time.

One of the parties that competed for the business when it was up for sale last time around was Pamplona Capital Management, of which David Lang was a founding member and partner based in London.

However, Mr Lang moved to Kohlberg Kravis Roberts based in Australia in 2018.

Blackstone earlier looked at the business, along with Platinum Private Equity, Argand, Cerberus, KPS Capital, Apollo, Rhone Capital, Carlyle, Sigdo Koppers, TPG Capital and Bain Capital.

By 2016, Arrium had increased Molycop's annual earnings before interest, tax, depreciation and amortisation from about \$160m to \$211m.

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Bridget Carter has worked as a writer and editor for The Australian's DataRoom column since it was launched in 2013, focusing on capital markets, mergers and acquisitions, private equity and investment banking... [Read more](#)

