

# The West Australian

Mining Mergers and Acquisitions

## Ranger deal expands driller DDH1

**Peter Milne** The West Australian  
Tue, 23 April 2019 8:46AM

Peter Milne



The Ranger deal is the first acquisition under new chief executive Sy van Dyk. Credit: DDH1 Drilling

Drilling group DDH1 Holdings has added iron ore-focused Ranger Drilling to its growing stable of companies that now employ more than 700 staff to operate its 84 drill rigs.

The deal reduces private equity giant Oaktree Capital Management's interest in the group from a majority to minority stake.

Perth-based DDH1 yesterday said it had bought Ranger Drilling from Matt and Julie Izett, who founded the company in 2005.

Mr Izett will continue to manage Ranger's 18 rigs under the same brand and both founders will have significant holdings in DDH1.

He said the deal provided cost-effective additional capital to grow the business. Funds managed by Oaktree bought into DDH1 in 2017 and kept on company co-founder Murray Pollock as a shareholder and managing director.

In June 2018 the process was repeated when DDH1 purchased exploration specialist Strike Drilling. Strike managing director Richard Bennett gained equity in DDH1 and joined its board.

---

The Ranger deal is the first acquisition under new chief executive Sy van Dyk, who joined DDH1 in October.

Mr van Dyk, who led Macmahon Holdings in 2015 and 2016, said it was DDH1's intention to continue to grow the Ranger brand.

Mr Pollock said DDH1 and Ranger had worked together on shared contracts and the entry into the iron ore market was a natural move for the WA-based group.

He said Mr van Dyk oversaw the combined group, while he concentrated on running the original DDH1 company. It operates 55 diamond coring rigs across Australia and specialises in deep directional drilling.

DDH1 Drilling reported a 31 per cent increase in net profit to \$11 million for fiscal 2018. Revenue soared 45 per cent to \$125 million.

Mr Pollock said the three companies co-operated but operated separately to preserve their specialised capabilities.

He said DDH1 Holdings would continue to search for acquisitions but few companies met its criteria of a strong brand and continued profitability during the mining downturn.

The volume of work for drilling companies had picked up significantly but pricing remained competitive, as it did for many mining service companies, Mr Pollock said. "We think we are getting to the point where there will be some margin improvement," he said.

Fellow driller Swick Mining Services last month reported a near doubling of its operating margin for the six months to December to 21 per cent.

DDH1 director Bryon Beath, of Oaktree, said the ability of the three companies to grow during the recent downturn was a testament to their high-quality, differentiated service.

Canada's Brookfield Asset Management bought 63 per cent of California-based Oaktree last month.

---