

— **Street Talk**

Oaktree Capital's drilling company DDHI Strikes acquisition

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Updated Jun 14, 2018 – 4.12pm,
first published at 2.25pm

Global alternative investments giant [Oaktree Capital Management](#) is stepping up its push into the Australian mining services sector.

As revealed by Street Talk, Oaktree-owned DDHI Drilling, a Western Australia-based company that specialises in drilling for mineral resources and water, has agreed terms to buy fellow driller Strike Drilling.

Industry sources said DDHI was seeking to add Strike to its portfolio and capitalise on its specialised air core and reverse circulation drilling techniques. DDHI specialises in deep directional coring and has worked on a number of contracts with Strike.

DDHI is expected to continue to operate Strike under its existing brand and management team.

DDHI has a fleet of more than 50 diamond core drilling rigs, while Strike has eight rigs.

The combined group is expected to have about \$170 million revenue and \$45 million to \$50 million in earnings before interest, tax, depreciation and amortisation.

For context, listed driller Ausdrill reported \$779 million revenue and \$136.8 million EBITDA in the 2017 financial year. Ausdrill has about a \$700 million market capitalisation.

It is understood DDHI's acquisition was funded with debt from Australian lender Challenger Ltd

The deal signals Oaktree's intention to grow DDHI via acquisitions, at a time when drillers are moving back towards full utilisation and getting labor to operate machinery is becoming tougher.

Oaktree invested in DDHI last year, taking a stake alongside company co-founders Murray Pollock and Matt Thurston. Strike managing director Richard Bennett will also retain an equity shareholding in the merged entity.

Oaktree is one of the biggest investors in alternative assets globally with \$US121 billion in assets under management as at March 31. The firm is best known in Australia for taking stakes in companies including Billabong International and Nine Entertainment Co.