



ACG Corporate Advisory

Dr. Michael Lawriwsky
Director

Overview

Current Role

Michael joined The Allen Consulting Group in (ACG) in 2004 after fifteen years as an investment banker and corporate advisor. He is a director of ACG Corporate Advisory, which is the corporate advisory arm of the Allen Consulting Group, and a Senior Associate of the Allen Consulting Group.

Previous Experience

Prior to joining The Allen Consulting Group, Dr. Lawriwsky was a director-corporate finance in ANZ Investment Bank, and prior to that ANZ Securities and ANZ McCaughan Dyson. As an investment banker Michael was involved in numerous corporate advisory assignments for corporate, GBE, government, and regulator clients.

Michael has a wide experience of advising regulated and un-regulated businesses. In the regulated utilities sector he has had wide experience of the electricity, gas, water, ports, airports and rail sectors. He has also advised a number of clients in the airlines, construction, diversified industrial, financial services, horticulture, media, property trust, resources, wagering and gambling, software/venture capital.

Education

Michael completed a Ph.D. in economics at the University of Adelaide and was formerly Professor of Commerce at La Trobe University (where he is currently Adjunct Professor). At university he taught finance, accounting theory, industrial economics and corporate strategy. He is co-author, with Professor Kevin Davis of Melbourne University, of Van Horne, et al, *Financial Management and Policy in Australia* (Prentice Hall 1995). He is a Fellow of the Australian Society of Accountants and a Senior Associate of the Financial Services Institute of Australasia.

A. Airlines

- ***Department of Transport and Regional Services*** – adviser to DoTRS in connection with financial issues associated with the proposed Air New Zealand/Ansett takeover in connection with the FIRB review.
- ***Qantas Airlines*** – float valuation and pricing when ANZ Securities was a joint Lead Manager of the initial float process.
- ***Australian Airlines*** – prepared a valuation and analysis for the purchase of the airline for a private consortium prior to the merger with Qantas.
- ***Indian Airlines*** – on an advisory panel of an ANZ team (based in London and Mumbai) mandated to sell a 26% stake in the Indian Government-owned domestic/international airline.

- **Compass Airlines** – advised on the preparation of an Information Memorandum for an initial private equity raising to fund Compass Airlines (prior to the float by JB Were).

B. Airports

- **Virgin Airlines** – advice on beta estimates for negotiations with airports on landing charges.
- **Federal Airports Corporation** – directed a seven-month regulatory modelling, valuation and capital structure analysis of all 22 airports as part of the Capital Structure Review commissioned by the Department of Transport/Department of Treasury.
- **Brisbane International Airport** – lead financial adviser to the Port of Brisbane Corporation in the course of the successful Schiphol/CBA/POBC bid in 1997.
- **Christchurch International Airport** – adviser to the airport with respect to its negotiations with the NZ Commerce Commission on the cost of capital and implications for landing charges.

C. Construction

- **Adroyal** – prepared a takeover analysis of a potential target.
- **Astec** – prepared an independent valuation of the asphalt and quarrying operations to identify a carrying value in the books of the Standard Rods Group.

D. Diversified Industrial

- **Tourism Victoria** – adviser to Tourism Victoria on identification of potential bidders for a large investment opportunity and strategic advice on negotiations.
- **Australian Tax Office** – independent expert adviser on financial transfer pricing issues for two large companies.
- **GWA International** – preparations for the refloating of 60% of the Anderson family's interest.
- **Futuris Corporation** – prepared an Expert's Report to the stakeholders of Air International Group Limited, an automotive air conditioner manufacturer, on the takeover offer by Keratin Holdings Pty Ltd (a wholly owned subsidiary of Futuris Corporation).
- **Australian Tax Office** – valuation of executive options over a listed company's shares.

E. Electricity

- **Retail credit support arrangements** – advised the Essential Services Commission of Victoria on new arrangements for credit support by electricity retailers.
- **Energex and Energon** – advised the Queensland Competition Authority on cost of capital issues relating to the 2005 access arrangements of these companies.
- **Electricity Commission of Papua New Guinea (PNG Power)** – lead financial/strategic adviser to the PNG Government on the corporatisation/privatisation of PNG Power, managing a team of investment bankers, lawyers, accountants and regulatory consultants.
- **Electricity Trust of South Australia (ETSA)** – lead financial adviser to Edison Mission Energy in their bid for this \$3.5 billion electricity distribution and retailing company, particularly in relation to regulation, valuation, financial modelling and capital structure.
- **Pacific Gas and Electric Company** – lead financial adviser in bids for four electricity distribution/retailing companies totalling \$5.5 billion (United Energy, Powercor, Citipower, Eastern Energy).
- **Electro Power Limited (NZ)** – adviser to the company's board in its merger negotiations with the contiguous Central Power Limited, including valuation and capital structure issues.
- **A Snowy Hydro** – advised the Snowy Hydro Board on cost of capital with respect to acquisitions.
- **Southern Electric International (US)** – advised on cost of capital with respect to Australian electricity generation assets.
- **Energy Developments Limited** – float valuation and pricing for this independent power project underwritten by ANZ Securities.

- **Loy Yang A** – coordinated a sell-down of \$30 million of equity in Horizon Energy Investments to institutional investors.
- **Southern Hydro Limited** – established a consortium of bidders for this privatisation (Pacific Hydro, Hyder Investments and Hastings Funds Management) and directed financial due diligence/valuation. Including capital structure determination.
- **Electro Power Limited (NZ)** – analysis of the rate of return on investment which would be required by investors in the Gateway Electronic Monitoring System (“GEMS”) – a “smart meter” technology.

F. Gas

- **Essential Services Commission (Victoria)** – provided (with J. Balchin) to the ESC an Expert Opinion on ‘Relative bias of indexed CGS yields as a proxy for the CAPM risk-free rate’.
- **Essential Services Commission (Victoria)** – provided evidence and commentary on the equity betas of energy distribution businesses to the ESCV in relation to the 2007 Price Review for Gas Distribution.
- **Allgas** – provided an independent opinion on the regulatory framework faced by Allgas for an investment bank undertaking a bid for the asset, and reviewed the regulatory component of the financial model used in the bid.
- **Envestra** – adviser to ESCOSA and Queensland Competition Authority on cost of capital and working capital (prepayment) issues relating to Envestra’s 2006 access arrangements in South Australia and Queensland respectively.
- **ACCC** – advised the ACCC on differentials between BBB and BBB+ for a gas utility in connection with an appeal lodged by the East Australia Pipeline Limited.
- **ACCC** – prepared a report on review of studies comparing international regulatory determinations, which was included as Appendix G of ACCC’s submission to Productivity Commission Review of the National Gas Code.
- **BHP Billiton** – advised BHP Billiton on its submission in response to the Draft Report of the Productivity Commission Review of the National Gas Code.
- **Gas and Fuel (Gascor)** – adviser to the company in relation to the potential purchase of the Wagga Wagga Gas Company from the City of Wagga Wagga.
- **Gas and Fuel (Gascor)** – mandated to critique Gascor’s weighted average cost of capital calculation used in regulatory tariff setting.
- **The USA Gas Utility market** – authored this ANZ Securities monograph examining the regulatory structure and market reforms introduced into the US gas industry and implications for Australia.
- **Gas and Fuel Corporation** – co-authored this ANZ Securities monograph.

G. Media

- **John Fairfax Group** - undertook a valuation of the company that was used by the Banking Syndicate in its decision to take control under debt covenants.
- **Austereo** – reviewer of valuations of the Austereo radio licences for the Board of Directors.
- **Australian Tax Office** – valuation of shares in a UK media company for the ATO.

H. Ports

- **WICET** – Provided an independent report to the Wiggins Island Coal Export Terminal on the financial and regulatory issues associated with the WICET proposal to the Queensland Government.
- **BHP Billiton** – adviser to BHP Billiton on its submission to the Prime Minister’s Infrastructure Taskforce.
- **Dalrymple Bay Coal Terminal** – adviser to the QCA in respect of the introduction of economic regulation of DBCT.
- **Port of Waratah** – adviser to Newcastle Coal Infrastructure group (NCIG) in relation to the Prime Minister’s Taskforce on Infrastructure.

- **Port of Brisbane Corporation** – strategic adviser to the port, including a review of strategic options and a valuation of the port's operations.
- **Ports of Portland and Geelong** – advice on cost of capital to the ANZ Investment Bank team bidding for the assets on behalf of the Strang/Hastings consortium.
- **Port of Napier (NZ)** – reviewer of the valuation of the port by the ANZ Investment bank Auckland office.

I. Road and Rail

- **Vietnamese toll road project** – advised on commercial issues relating to a Vietnamese toll road.
- **Queensland Rail** – adviser to the QCA on cost of capital issues relating to Queensland Rail's coal haulage operations.
- **Stagecoach plc** – adviser to Stagecoach on cost of capital issues relating to bidding for rail infrastructure assets in Victoria.
- **Adelaide-Darwin railway** – adviser on regulatory issues to the ANZ Investment Bank project finance team in relation to this financing.

J. Regulatory and risk analysis

- **Travel Compensation Fund** – advised on the development of a risk-based premium model for the travel agent members of the TCF using Monte Carlo analysis.
- **Exceptional circumstances** – advised the Queensland Competition Authority on appropriate regulatory responses to exceptional circumstances.
- **Monte Carlo analysis** – adviser to a regulatory agency assessing the efficacy of Monte Carlo analysis as a methodology to be employed in cost of capital studies for regulatory purposes.

K. Water

- **Gladstone Area Water Board** – adviser to the QCA on cost of capital issues relating to the GAWB.
- **Melbourne Water** – adviser to Melbourne Water on its financial strategy, including capital structure, dividend policy and financial benchmarks.
- **SA Water** – adviser on its capital structure review and review of dividend policy.
- **SA Water** – adviser on commercialisation, and dividend policy in negotiations with the SA Treasury.
- **Auckland City Council (NZ)** – advice on the corporatisation of water and waste water assets.
- **Gippsland Water** – adviser on pricing policy with respect to future capital funding requirements.
- **South Gippsland Water** – prepared a benchmarking analysis of corporate performance relative to peers.
- **United Water** – advised the company on the potential for listing on the stock exchange pursuant to requirements under the United Water Management Contract.

L. Resources

- **Review of hostile takeover** – acted as adviser and expert witness to a party potentially seeking damages in a large hostile takeover bid of a resources company, involving analysis of bid documents and valuation/modelling analysis.
- **Ashton Mining** – adviser to Ashton Mining Limited on the implementation of its 1999-2000 5% share buy-back and prepared a report on capital management options for the Board of Directors.
- **MIM Holdings** – participated in a comprehensive strategy report recommending divestment of non-core assets, debt reduction and restructure of shareholdings.

M. Software/Information Technology/Venture Capital

- **Comindico** – advised AGL with respect to the acquisition of a \$40 million equity interest in Comindico, overview of financial modelling and coordination of production of due diligence report.
- **Financial software developer** – advised a financial software developer on merger and IPO options.

N. Wagering/Gambling/Leisure sector

- **Tasmanian TAB** - undertook an analysis and valuation of a Joint Venture proposal between the Tasmanian TAB and an internet gambling business.
- **TAB Limited** - Authored 'TAB Limited – The Key value drivers', while a director of ANZ Securities, which was the first comprehensive monograph on the Australian wagering industry.
- **TAB Limited** - co-ordinated ANZ Securities role as a co-manager of the float of TAB Limited.
- **Tasmanian TAB** - directed a Strategic Planning Analysis for the Tasmanian TAB including an econometric analysis of demand and interactions with competing gambling forms such as casino, Keno and EGMs.
- **Tasmanian TAB** - advised the Tasmanian TAB on corporatisation, including alternative balance sheet structures and payment and incentive relationships (EBITDA percentages) for negotiations between the Racing Industry, the Government and the TAB
- **Tasmanian TAB** - undertook a valuation of the Tasmanian TAB under a specific set of assumptions regarding its pending corporatisation.

O. PPPs

- **New Royal Children's Hospital** – Advisor to the Victorian Auditor General's Office on financial, planning, probity and procurement procedures on the new Royal Children's Hospital PPP.
- **Infrastructure Partnerships Australia** – led the recent major study of the Relative Performance of PPPs and Traditional Procurement for IPA.
- **Tulla-Calder interchange** – independent advice to Victorian Auditor-General's Office regarding the cost of capital for a toll road operation and the redemption price of notes.

P. Miscellaneous/PPPs

- **Queensland Cane Growers' Association** – advised the Association on the formula for the division of revenues between growers and millers and developed a new formula for negotiations with the millers.
- **Godfrey Pembroke Financial Services** – valuation of Godfrey Pembroke Financial Services Pty Ltd for FAI insurances Limited.
- **Venture Stores** – advised the ANZ Bank on a capital restructure including valuation, the establishment of equity swaps in connection with negotiations between creditors and debt holders.
- **Colonial Mutual Property Trust** – advice on the fair terms for a merger of three listed and two unlisted property trusts.

Experience – Public Policy and Regulation

A. International Air Services Commission

In December 1997 Dr. Lawriwsky was appointed as a part-time Commissioner of the International Air Services Commission. The appointment was renewed in 2000 and again in 2004 until 2007. The IASC was established in 1992 as an independent body regulating new entrant airlines and allocating capacity to Australian international airlines with an objective of strengthening competition.

B. Review of Business Programs (Mortimer Report)

In November 1996 the Minister for Industry, Science and Tourism, the Hon. John Moore MP, appointed Dr. Lawriwsky to the Review of Business Programs under the leadership of Mr. David Mortimer (Mortimer Report). This was a major review of Government support programs for business with a 15 person secretarial staff. The process included public forums, stakeholder interviews with key government and business groups and analysis of numerous submissions.