

FINANCIAL TIMES

Brady in £15m deal for Norwegian rival

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Brady, a provider of software to the [commodity trading industry](#), has cashed in on booming investor interest in [natural resources](#) by raising £15m to buy a Norwegian rival in a deal that will double its market capitalisation.

The Aim-listed company is on Monday set to announce the acquisition for £9.9m in cash of privately-held Viz Risk Management, which specialises in software for energy producers and traders.

Brady, whose market capitalisation at the end of last week was £17.3m, has raised £15m to fund the deal through an oversubscribed private placement that attracted significant investments from asset managers believed to include BlackRock, Fidelity, Legal and General, Jupiter and Newton. Brady declined to confirm the identity of the investors.

The deal demonstrates the growing appetite among investors for [exposure to the commodities industry](#) and the companies that service it, as sharply rising prices of raw materials from copper and coal to cotton and soyabeans are delivering huge profits to mining and agribusiness companies alike. Carlyle, the private equity group, last year bought US-based OpenLink, the global leader in the commodity trading software sector.

Gavin Lavelle, Brady chief executive, described the acquisition as a “game changer”, saying it would add a network of energy industry clients to the company’s current focus on metals and agricultural commodities. Cenkos Securities, the company’s nominated adviser, forecast the deal would increase Brady’s revenues by 80 per cent to £18m next year and pre-tax profits would almost double to £3.4m.

The deal, which is subject to shareholder approval, is expected to close by the end of the year.

Brady will use the surplus cash raised for further acquisitions, with the ambition of becoming the clear leader in the sector in Europe. “We have firepower now,” Mr Lavelle said.

The commodities boom is boosting demand for Brady’s services, he added. As the prices of raw materials have become more volatile – oil, for example, spiked to \$147 a barrel in 2008, then fell to \$33, and is now trading at about \$85 – companies are becoming more sophisticated in managing their commodities risk. Moreover, banks and trading companies are expanding their commodities divisions.

Brady counts commodity traders Glencore, Louis Dreyfus and Gerald Metals, as well as miners such as Xstrata, among its largest clients.

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