



## **Navis Capital Partners announces the sale of Modern Star to Pacific Equity Partners**

**Sydney, Wednesday, 9 September 2020** – Navis Capital Partners (“Navis”) confirmed it has signed definitive documentation to sell its interest in the Australian operations of Modern Star (“Modern Star”) to Pacific Equity Partners (“PEP”), an Australia based private equity firm.

The transaction values Modern Star at an Enterprise Value of over A\$600 million with key senior management reinvesting in the business. The transaction is expected to close in Q4 2020.

Modern Star is a digitally enabled e-commerce provider of educational resources to Australian early childhood centres and schools with a 60+ year heritage. The business is the outright market leader with a one-stop shop offering of 30,000+ SKUs across Australia and New Zealand.

Modern Star was acquired from founders in September 2014 in a transaction that valued the business at approximately A\$215 million. Since then, Navis has been instrumental in transitioning the business from a traditional B2B supplier to a digitally enabled e-commerce provider of education resources, which has allowed Modern Star to consistently grow at ~9-10% p.a. organically compared to market growth of ~5% p.a. Key operational initiatives included sales force investment to drive growth into a new channels, supply chain efficiencies and an organisational restructure. During its hold period, Navis also assisted management with 9 strategic bolt-on acquisitions which accelerated expansion and step-changed market share.

As part of the transaction, Navis will retain its stake in Modern Star’s China business (“Wisdom”). Navis continues to see strong long-term prospects for the business as the Chinese early childhood education sector continues to recover strongly from COVID-19 and Wisdom’s premium brand position will likely benefit from any consolidation in the market.

Philip Latham, Head of Navis Capital Australia, commented: "When we invested in Modern Star our objective was to leverage Modern Star's platform to reach almost every K-12 educational institution in Australia, grow share of wallet and double its market share, which we have successfully accomplished. The business also performed strongly during COVID-19, demonstrating the resilience and diversification of the B2B platform. We wish the management team all the best as Modern Star embarks on the next phase of its growth journey with PEP. As for Wisdom, we continue to see strong growth prospects for the brand and the long-term macro thematics underpinning the kindergarten sector in China."

Peter Boyd, who joined Modern Star as CEO in 2017, will continue in his role under new owners PEP. Mr Boyd commented: "We are proud to be the market leader in the Australian education resources sector and believe the last 6 years with Navis has set a strong platform for future growth. We thank Navis for their guidance and stewardship of the business as many growth and operational efficiencies were successfully implemented under their strategic direction. We are also impressed by PEP's deep understanding of the education sector and firmly believe they share our passion for providing teachers with high-quality educational resources that drive learning outcomes and we look forward to a strong partnership."

Navis is being advised by Luminis Partners, Morgan Stanley, Herbert Smith Freehills and EY.

### **About Modern Star**

Modern Star is a digitally enabled e-commerce provider of educational resources to Australian early childhood centres and schools with a 60+ year heritage. The business is the outright market leader with a one-stop shop offering of 30,000+ SKUs across Australia and New Zealand. Modern Star comprises two main divisions, being:

- Education: leading provider of education resources in ANZ, with an unrivalled track record in product curation and innovation. The Education division sells a range of 25,000+ products to early childhood centres, primary schools, high schools and out-of-hours school care centres; and,
- Wholesale: market leader for supplying educational toys to specialty wholesale and independent customers, with exclusive rights to 40+ of the "world's best" toy brands and 5,000+ products.

## **About Navis Capital Partners Limited**

Founded in 1998, Navis manages approximately US\$ 5 billion and focuses on investments primarily in and around Asia. Navis contributes both capital and management expertise to a limited number of well-positioned companies with the objective of directing strategic, operational and financial improvements. Navis has one of the largest private equity professional teams in Asia, comprising over 60 individuals, supported by over 30 administrative staff, in six offices across the region. Navis has a long and proven track record in pan-Asian private equity, with over 80 control transactions across the Asian region completed since its establishment.

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