

CORPORATE FINANCE

SELLING YOUR BUSINESS

Why now is a good time to sell

PRIVATE EQUITY: PRIVATE EQUITY FUNDS RAMPING UP INVESTMENT ACTIVITY



► FOCUS ON PRIVATE EQUITY

ANXIOUS FOR OPPORTUNITIES TO INVEST

- Return of private equity buyers into the UK M&A market.
- More capital available than deal flow means business will receive a warm reception.
- Having been 'closed' for 12 months, not investing is not an option for PE funds who have fixed life funds to deploy.

SEEKING OWNERS WHO WISH TO SELL OUTRIGHT OR SELL IN PART

- Investments can be structured as outright purchases, partial purchases or development capital to reduce debt and fund growth plans.
- Flexible capital means partial sales allow owners to remain invested but withdraw significant value. This can be an attractive option if outright exit is to be deferred or shareholders have different objectives.
- Corporate disposals to raise cash or private owners realising value.

SEEKING MANAGEMENT TEAMS TO BACK

- Private equity backs management. These can be existing management or external candidates brought in.
- Management grooming to prepare for private equity backing can add significant value to both owners and management.

SEEKING BUSINESS PLANS WHICH ADD VALUE

- Businesses do not have to be in perfect shape to attract private equity.
- Problems or issues that need fixing are a way of adding value and presented in the right way will actually attract funding.
- Expert preparation, positioning and competitive marketing essential to maximise value and opportunity.



▶ THE M&A ENVIRONMENT: WHY SELL NOW?

TRADE BUYERS RETURNING

- Larger trade buyers looking outward and seeking growth.
- Capital markets expect strategic growth stories.
- Far East, India and Middle East companies keen to buy.

• Effective international auctions key to maximising trade sale valuations.

PRIVATE EQUITY ANXIOUS TO INVEST

- Private equity 'buys to sell' and must do deals.
- Mid market private equity ramping up deal origination activity.
- Debt is cheap by historical standards.

• Business planning, grooming and positioning with the right PE institution essential to maximise value and opportunity.

COMPANY PRICES UP

- Demand for deals outstripping supply.
- Price/earnings multiples returned to sustainable levels.
- Boom year valuations may take 10 + years.

• Good prices are achievable now.

THREAT OF TAX INCREASES AFTER APRIL 2010

- CGT (18%) and income tax (50%) differential at historic high.
- Effective tax rate on dividends to increase by 44 per cent.
- Certain tax planning techniques may be withdrawn after April 2010.

• Higher risk of paying more tax if sale deferred. A partial sale may be an option if full sale not desired.

ABOUT BDO CORPORATE FINANCE

BDO CORPORATE FINANCE M&A TEAMS ARE UK MARKET LEADERS IN ADVISING OWNERS ON COMPANY SALES AND RAISING FINANCE. OUR NATIONAL TEAM REGULARLY TOPS THE LEAGUE TABLES FOR MID MARKET DEALS AND OUR INTERNATIONAL NETWORK OF 600 OFFICES IN 100 COUNTRIES PROVIDES UNRIVALLED COVERAGE OF GLOBAL TRADE BUYERS.

SEMINAR

We are hosting a series of seminars on selling businesses across the UK which will focus on:

- Current pricing and the outlook for valuations
- How to appeal to trade and financial buyers
- Maximising value from a sale process
- Taxation and minimising tax.

DATES

London	10 Dec 8.30am for 9.00am
Birmingham	14 Dec 8.00am for 8.30am
Southampton	19 Jan 4.30pm for 5.00pm
Manchester	21 Jan 9.30am for 10.00am
Gatwick	28 Jan 8.30am for 9.00am

If you would like to attend any of our national seminars please get in contact by emailing events@bdo.co.uk or alternatively call Katie Holmes on 020 7893 2391. Please stipulate which venue you will be attending.

CONTACT US

If you would like further information about this publication or our wide range of services please contact your local BDO office:

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'Audit Team of the Year' 2008
'Tax Team of the Year' 2008
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