

CORPORATE FINANCE

SELLING YOUR BUSINESS

Why now is a good time to sell

ACTION OWNERS CAN TAKE NOW TO MAXIMISE VALUE



► FOCUS ON MAXIMISING VALUE

ASSESS THE RIGHT TIME TO SELL

- Confirm personal and other shareholder aspirations.
- Consider impact of taxation on net proceeds.
- Consider trade and private equity interest and suitability as buyers.
- Consider financial performance of business.
- Consider valuations at different future dates.

APPEALING TO TRADE BUYERS

- Consider which trade buyers would have strategic interest and why.
- Prepare sales documentation that addresses the key value drivers.
- Confirm value drivers with trade and key decision makers on board, business development teams and divisional management.

APPEALING TO PRIVATE EQUITY

- Prepare 3 to 5 year business plan and consider private equity investor future exit options.
- Groom management for private equity backing.
- Identify business weaknesses and define plan to fix and position as value add.
- Identify the right private equity institutions and individuals there.

ACHIEVING A STRATEGIC VALUATION

- Clear identification of the market opportunity, buyers needs and how the company solves these.
- Incentivise high quality management team to deliver and be available to purchaser post deal.
- Competitive sale process to maximise value and minimise transaction risk.

RUNNING AN EFFECTIVE SALES PROCESS

- Be clear on what buyer information needs will be and plan for the these.
- Consider vendor due diligence pack to accelerate bidding, enhance quality of bids and enhance control.
- Use the process and advisers to minimise business disruption and negotiate effectively.



► 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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'Tax Team of the Year' 2008
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