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CONTACT US

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

Birmingham
roger.buckley@bdo.co.uk
0121 352 6213

Bristol
andy.butler@bdo.co.uk
0117 930 1512

Cambridge
john.barker@bdo.co.uk
01233 535 000

Chelmsford
john.barker@bdo.co.uk
01707 255 940

Epsom
paul.smith@bdo.co.uk
01372 734 343

Gatwick
simon.keeble@bdo.co.uk
01293 591 140

Glasgow
neil.craig@bdo.co.uk
0141 249 5234

Hatfield
john.barker@bdo.co.uk
01707 255 940

Leeds
tim.clarke@bdo.co.uk
0113 204 1211

London
alex.white@bdo.co.uk
020 7893 3002

Manchester
gordon.lane@bdo.co.uk
0161 817 7504

Northern Ireland
johnny.webb@bdo.co.uk
028 9043 7209

Reading
john.parkinson@bdo.co.uk
0118 925 4433

Southampton
paul.russell@bdo.co.uk
023 8088 1796

www.bdo.co.uk



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

RAISING FINANCE

Spread your wings:
access private equity



► WHERE PRIVATE EQUITY INVESTMENT CAN MAKE A DIFFERENCE

OBJECTIVE	ISSUE	CONSIDER
FINANCING GROWTH	Would additional financing help accelerate growth? Could you successfully acquire and integrate competitors?	Development capital
REDUCING DEBT	Are existing debt facilities inadequate or up for renewal within two years? Are you preoccupied with managing financing headroom rather than growth?	Equity cure
ALIGNING MANAGEMENT AND OWNERSHIP	Would management like to buy the business? Are incentive arrangements appropriate?	MBO
REALISING VALUE	Would some/all shareholders like to realise value but retain involvement and interest in future value creation? Do owners wish to realise value in full?	Partial sale Full sale

► MARKET UPDATE

The UK is blessed with an enormous pool of available private equity that needs to be invested. The private equity industry has a pent up demand to invest with a surplus of £35bn built up in the last few years. Much of the activity in the next year is likely to be in the mid market where there is less reliance on high levels of debt to support transactions.

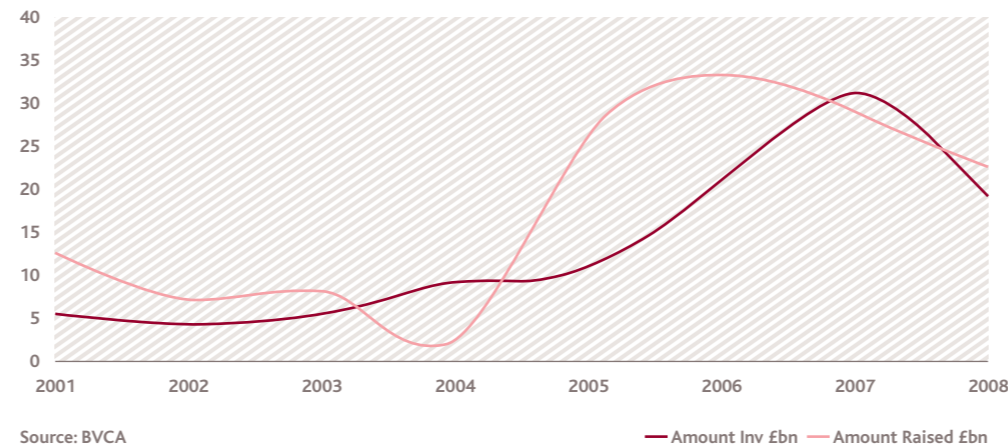
While banks and the capital markets are focused on preserving the largest businesses in the UK economy, mid market businesses are being squeezed. This is an ideal time for mid market businesses to access private equity which remains available in unprecedented amounts to

- re capitalise businesses which need to repay debt;
- acquire businesses – either outright or partial;
- fund expansion plans – both organic and acquisitions.

While the peak valuations of 2006/07 may not be seen for many years there is plenty of investment available at attractive prices when compared to long term historic trends. It is a market feature that there is more money than deals which means mid-market companies will get a warm reception.

On the tax front, the risk of further tax increases and curtailing of tax planning techniques is now higher than ever. Owners who are considering realising value in the next few years may benefit from bringing forward their plans to do so, whether in full or part.

UK Private Equity Funds raised and invested



► COMPANY AND SHAREHOLDER OPTIONS

SHAREHOLDER EXIT OPTIONS			
Ownership horizon	LONG	Partial Sale	Partial Sale
	SHORT	Full Sale	Sale by MBI
		LOW	HIGH
Owners involvement in management			

COMPANY OPTIONS			
Market opportunity	STRONG	MBI	Development capital Equity cure MBO
	WEAK	Turnaround	Development capital Acquisition funding
		LOW	HIGH
Quality of management			

► BDO SERVICES

BDO ADVICE	PLANNING	FUND RAISING OR SALE	POST TRANSACTION
	<ul style="list-style-type: none"> Valuation and review of strategic options Develop grooming programme Develop business plan Identify and deliver operational and working capital improvements Introductions to the most appropriate investors/acquirers 	<ul style="list-style-type: none"> Refine financial and written business plan Run a competitive managed process to optimise value and financing terms Raise and structure finance Negotiate commercial terms Tax structuring 	<ul style="list-style-type: none"> Ongoing operational improvement Acquisitions and integration Sounding board for developments in business plan Audit, tax and general business advice